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HOUSE OF REPRESENTATIVES

SATURDAY, SEPTEMBER 7, 1940

The House met at 11 a. m. and was called to order by the Speaker.

Rev. O. A. Geiseman, S. T. D., pastor, Grace Lutheran Church, River Forest, Ill., offered the following prayer:

Dear Heavenly Father, we thank Thee for the blessing which Thou has bestowed upon us as individuals and as a people.

We pray Thee, forgive us all our sins and every abuse of Thy generous gifts.

We beg Thee preserve unto us the blessings of peace; guard us against everything which would destroy our liberty or our appreciation of the dignity of the humblest individual.

Give to each of us the moral and spiritual strength to live godly lives so that our Nation's weal may rest upon the firm foundation of sound morality.

Bless the leaders in the various branches of our Government with such faith, wisdom, courage, integrity, and love that our Nation may increasingly become a blessing with the peoples of the earth. Let our national symbol be a sign of peace, justice, and love to men everywhere. Let, O Lord, Thy benedictions rest upon this legislative body, and its individual Members, so that all which is here said and done may contribute to the upbuilding of our land to the increase of human happiness. Hear us for Jesus' sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Baldridge, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 4272. An act to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

Mr. DISNEY. Mr. Speaker, on February 14, 1940, I introduced H. R. 8549. I ask unanimous consent to withdraw that bill, which is now in the Committee on Indian Affairs, but on which no action has been taken.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. DISNEY]?

There was no objection.

EXTENSION OF REMARKS

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter that I have written Attorney General Jackson giving Harry Bridges' record on perjury.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LELAND M. FORD]?

There was no objection.

HARRY R. BRIDGES

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LELAND M. FORD]?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I have here today's paper, in which appears a quotation from Mr. Wallace as follows:

"G. O. P. obstructs defense plan," Wallace says.

I have just had inserted in the RECORD Harry Bridges' record of perjury. I might ask Mr. Wallace who it is that protects Mr. Bridges. I might ask Mr. Wallace if he knows that Mr. Bridges is today trying to organize all the aircraft industry in the United States in order that he may stop all this industry when he sees fit. I might ask Mr. Wallace what the Attorney General is going to do with Mr. Bridges under these conditions.

Mr. Wallace is constantly making these statements about the G. O. P. stopping defense plans. I ask him, How about these subversive influences, such as Harry Renton Bridges? [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a short pertinent statement on the third term by one of our noted American authors.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. MASON]?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I have two unanimous-consent requests, one to extend my own remarks in the RECORD and to include a short excerpt from an article by Lt. Col. A. H. Lane, and the second request is to extend my own remarks in the RECORD and to include a short excerpt from the Alien Menace.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. THORKELSON]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I do not know whether the Members of the House are interested or not, but I think they should be informed that last night during the closing moments of the session of the House, an amendment was adopted which takes out of the hands of the Department of Justice the task of making uniform determination as to the good faith of conscientious objectors and puts it back into the hands of each local board where, it would seem to me, there is likely to be a great deal of difference in this determination. One board may be lenient, another board may not be of any inclination to consider conscientious objectors at all, and so on. It seems to me that the terms of the bill as originally drawn were very good on this point and should have remained. The Department of Justice could have made fair and uniform decisions all around. I do not believe that more than 10 Members of the House know what happened last night, but I think they ought to know. In my opinion, a mistake was made. The Senate bill, as a matter of fact, is in the same language as the original House bill.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, in the Committee of the Whole House today I desire to quote from certain documents, and I ask unanimous consent to include them in my remarks, which permission I cannot get in the committee.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. BURDICK]?

There was no objection.

Mr. OLIVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to incorporate therein an article by Mr. Willis A. Overholser, of Libertyville, Ill.

The SPEAKER. Is there objection to the request of the gentleman from Maine [Mr. OLIVER]?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Washington Post of today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. FERGUSON]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. FERGUSON]?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I am glad the House is taking some time to consider this bill, because I feel that the Members will realize the mistake they made in the Committee of the Whole in adopting the Fish amendment.

Let me read in part this editorial from the Washington Post of today:

A POLITICAL TRICK

Representative FISH'S amendment would write one word in large letters across the military-training bill. That word is "politics."

Enactment of this amendment would be inevitably regarded as a cheap political trick. Does the House want the country to understand that it is afraid to take a stand for effective national defense until the campaigns are over? If not, it will hasten to reverse this thoughtless vote and send the military-training bill to the President.

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I have not said much on the bill now pending, but when any Member of the House gets up here and quotes an editorial and says that because we want to give the people of this country 60 days to decide whether they want to join this Army of ours, it is a political trick, I say it is pure bunk—I cannot find words, and I dare not say the words here that will explain my feeling against such a ridiculous statement as that. I voted for that amendment, and I tell you that anybody who says I did it because I am afraid of the vote that is coming in November just does not have any sense. I try to do the right and honest thing, and I do not do it in fear of votes. One must vote his conscience and conviction; and if the constituents do not like it, you will hear from them.

No newspaper writer or Member of Congress can judge the motives of all the Members. It is not fair, it is not just, and it probably is not honest. Anyone who comes in the House of Representatives and says that it is politics just does not have any sense; that is all there is to it, because the Republicans on this side of the House, did not vote for that amendment because they are afraid to assert what they think is right. They vote their convictions; they are not being driven to support a draft bill in peacetime, and they are not "rubber stamps" for a President nor for a third-term candidate for President. I am sure if you give the people of this country fair pay and the opportunity to get military training for 1 year, you will get good men, and plenty of them—men who will do honor to themselves and to their country. We will also probably save this country from being a militaristic Nation. We may turn down the three-term candidate for President, get him out of office before he takes the country over as a dictator. This is the most important thing for Americans to keep before them at this time. Americans, before it is too late, I warn you—stop the third term—stop the dictator. It is he only salvation for our Constitution, for our people, and for the country we Americans love and want to keep as it has been the past 150 years. [Applause.]

[Here the gavel fell.]

IMPORTATION OF MEAT FROM THE ARGENTINE

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I notice in the Washington Post this morning that the storm over the importation of Argentine meat into this country is revived. It is reported that a representative of the Argentine used these words:

"I am going to be indiscreet," said Melo. "Mr. Roosevelt told me that the present hour of political struggle is not propitious to raise this issue because some western Senators are possibly more inclined to listen to the aspirations of their voters than to the facts of the case as explained by the voters."

May I say to the Members of the House that I do not believe the President of the United States ever uttered those words or any part of them, either directly or indirectly, and never will I believe that he uttered those words unless he admits that he said them. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I am cognizant of the article the gentleman is quoting, and also the story appearing in the New York Times this morning as coming from South America. I was called from Hyde Park this morning by Mr. Steve Early, who said he was speaking for the President of the United States, and that if I desired, I could quote his statement as the words of the President about the sanitary treaty now pending in the Senate. Mr. Melo had lunch with the President some time ago and discussed this treaty. He now quotes the President as saying that the treaty would in all probability pass the Senate. I am authorized by the President to say that he did not say any such thing to this representative from South America but that he did tell him there was no chance on earth for such a treaty to pass the United States Senate. [Applause.]

[Here the gavel fell.]

Mr. HORTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. HORTON. Mr. Speaker, I do not have the advantage that our distinguished and beloved majority leader has in that I have not had an opportunity to talk with the President, and do not know whether these words he is purported to have said are true. Like Will Rogers, "All I know is what I read in the papers." However, we do know that secret understandings and agreements have been made, and things have been done within the last week that the Congress of the United States by law has said should not be done. I am referring to the transfer of the 50 destroyers. I do not happen to be a lawyer, and I do not know the law as do you, but I remember very distinctly that the chairman of the Committee on Naval Affairs stood right there on that very spot less than a month ago and said no further transfers would be made. In view of that statement, and because of the fear that other transfers may be made, this Congress passed a law saying that no vessels should be sold or transferred. [Applause.] The President ignored the law and flouted the will of Congress.

In a conversation at Hyde Park a few weeks ago with Dr. Leopoldo Melo, chairman of the Argentine delegation to the Pan American conference in Habana, President Roosevelt, according to Dr. Melo, is reported as saying that after the election—meaning, of course, after he had become even more firmly established—a sanitary convention now pigeonholed in the Senate would be approved which would permit the importation of fresh meats from the Argentine.

The President assured Dr. Melo that he would do all he could personally to persuade the Senate to approve the convention.

At the present time there is an embargo against every country—not just the Argentine—that prevents the importation of live or fresh meat where foot-and-mouth disease exists.

The sanitary convention referred to above would modify this embargo so far as the Argentine is concerned. And by so doing expose every cloven-footed animal, both domestic and wild, in this country to this disease, the most deadly and revolting known to animals.

Every section of the Argentine is infected with foot-and-mouth disease, so just as sure as this embargo is raised, foot-and-mouth disease will again ravage the herds of this country.

Our President has promised to do what the representatives of the people have consistently refused to do.

Our President has made another secret agreement with a foreign country which, if carried out, will certainly cost the livestock producers of this country millions of dollars.

The gentleman from Texas states that the President denies ever having said what Dr. Melo reports him as saying. No one doubts the word of the gentleman from Texas. The fact remains, however, that these rumors of secret agreements made and denied are occurring with increasing frequency. Where there is so much smoke there is bound to be some fire.

One recalls that in 1938 Dictator Batista visited President Roosevelt, was received royally, entertained lavishly, and left all smiles and friendly. That is as it should be.

Once home, he told his people with great joy how President Roosevelt had promised to reduce the tariff on Cuban sugar from 90 cents to 75 cents.

The President immediately denied ever having made any such promise.

We wonder, and subsequent events increase our wonder to amazement.

SHENANIGANS IN OHIO

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, politics has always made strange bedfellows, but strange is not the word for what is happening these days. Out in Ohio a few years ago the Democratic Governor of the State was threatening to throw New Dealer Harry Hopkins into jail if he showed up to make a speech. A few months later that same Governor was all but thrown out of the Democratic Party by the New Deal. When he was licked for renomination by his own party in 1938 new dealers in Washington were tickled silly.

Well, today, that same ex-Governor is running against Republican Gov. John W. Bricker in Ohio. And just to help his cause along somebody in Washington is furnishing this discredited candidate with a complete list of old-age pensioners for political purposes. Every Ohio man and woman who receives public assistance from old-age-pension funds is getting a flood of mail from the Democratic Party; but here is the irony of it: All this stuff is being done to elect a Democratic Governor whose handling of old-age-pension funds smelled so high that it even reached Washington. This same fellow misused his office so badly in the handling of these funds that $1,300,000 in United States pension money was withheld from Ohio because of what he had done.

But apparently all is being forgiven today. You bet it is, because the New Deal Party here in Washington knows that it is going to take the biggest licking it has ever taken out in the Buckeye State. You can be sure that the folks on old-age pensions in Ohio have not forgotten the mess they had before Governor Bricker came along. Their pensions were late, they had a peculiar habit of jumping just before elections, and the folks who worked in the old age pension offices never knew a day of peace. Their jobs were on the block.

It is all part of one pattern. The holy New Deal is getting itself awful muddy playing around with Kelly, Nash, and Hague. It is going to be still dirtier when it pals up with the same Democrats they threw out a few years ago. [Applause.]

[Here the gavel fell.]

Mr. FADDIS. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. RAYBURN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 209]

Arnold	Darrow	McGranery	Sweeney
Bradley, Pa.	Dempsey	McLeod	Wallgren
Brewster	Dies	Murdock, Utah	White, Idaho
Buck	Fernandez	O'Day	
Caldwell	Fish	Schaefer, Ill.	
Chapman	Garrett	Smith, Va.	

The SPEAKER. On this roll call 407 Members have answered to their names, a quorum.

On motion by Mr. RAYBURN, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a table showing the relative rate of enlistment and income per capita.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMPULSORY MILITARY TRAINING AND SERVICE

Mr. MAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10132) to protect the integrity and institutions of the United States through a system of selective compulsory military training and service.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10132) with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

SEC. 7. All persons called, ordered, or inducted into the land and naval forces of the United States pursuant to this act shall be subject to the laws and regulations concerning that branch of the land and naval forces to which they are assigned from the date they are required by the terms of such call, order, or induction to obey the same.

Mr. ENGEL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this time to point out a fact that seemed to me important with regard to the adoption of the Fish amendment. The Washington and other papers have criticized Congress unfairly for the passing of the Fish amendment on the ground that it would cause delay in the securing of adequate men for the Army. I think that is the argument which has been and is being advanced against the Fish amendment in an attempt to have the House reverse itself on a roll-call vote.

I want to call attention to the fact that the entire argument against the Fish amendment by the introducer of the Burke-Wadsworth bill, the gentleman from New York [Mr. WADSWORTH] was directed not to the argument that it would or might delay action but was directed to the argument that it would bring men into the Army faster than the Army could take care of them.

I call attention to the statement of the gentleman from New York [Mr. WADSWORTH] on page 11588 of the RECORD of September 5:

Mr. WADSWORTH. Mr. Chairman, I want to call the attention of the members of the committee to the situation we would be up against if this amendment should be adopted.

Sixty days from the passage of this bill will bring us to about the middle of November. It is proposed to enlist 400,000 men by that time. If you do it and induct these volunteers into service, there will not be sufficient clothing or housing. There will not be cantonments. There will not be tentage.

It is impossible for the Department to handle any such number.

Now, on the one hand the opponents of the Fish amendment argue that it will delay the securing of the men, while on the other hand the entire argument of the introducer of the bill was directed to the fact that it would bring men into the Army faster than they could handle them.

If the Fish amendment will give us more men than the Army can handle, then the volunteer system must be a success and conscription will be unnecessary. The fact is that the Army can accept volunteers as fast as they sign up and then call them to the colors as they need them and as fast as they can house, train, and clothe them.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 8. No bounty shall be paid to induce any person to enlist in or be inducted into the land and naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable to service in such forces shall be permitted or allowed to furnish a substitute for such service; nor shall any substitute as such be received, enlisted, enrolled, or inducted into the land and naval forces of the United States; and no person liable to service in such forces shall be permitted to escape such service or be discharged therefrom prior to the expiration of his term of service by the payment of money or any other valuable thing whatsoever as consideration for his release from service in the land and naval forces or liability thereto.

SEC. 9. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land and naval forces pursuant to this act, and except as hereinafter provided, the provisions of such act of March 18, 1918, shall be effective for such purposes.

(b) For the purposes of this section—

(1) the following provisions of such act of March 8, 1918, shall be inoperative: Section 100; and paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

(2) the term "persons in military service," when used in such act, shall be deemed to include persons inducted into the land or naval forces pursuant to this act;

(3) the term "period of military service," when used in such act, when applicable with respect to any person inducted into the land or naval forces pursuant to this act, shall be deemed to mean the period beginning with the date on which such person is so inducted and ending with date of his discharge.

(c) Any member of any Reserve component of the land or naval forces who is on active duty, and any person inducted into the land or naval forces under this act who, in the judgment of those in authority over him, satisfactorily completes the service required under this act, shall be entitled to a certificate to that effect upon the completion of such service, which shall include a record of any special proficiency or merit attained.

(d) In the case of any such person who has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within 40 days after he is relieved from such service—

(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

(C) if such position was in the employ of any State or political subdivision thereof it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

(e) Any person who is restored to a position in accordance with the provisions of paragraphs (A) or (B) of subsection (d) shall be so restored without loss of seniority, insurance participation or benefits, or other benefits, and such person shall not be discharged from such position without cause within 1 year after such restoration.

(f) In case any private employer fails or refuses to comply with the provisions of subsection (d) or subsection (e), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of persons who have satisfactorily completed their service under this act, and to aid such persons in finding employment elsewhere if such replacement in their former positions is impossible or unreasonable.

(h) Any person inducted into the land or naval forces for training and service under this act shall, during the period of such training and service, be permitted to vote in any general, special, or primary election occurring in the State of which he is a resident, if under the laws of such State he is entitled to vote in such election even though he is outside of such State at the time of such election.

Mr. HARNESS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARNESS: On page 27, following line 14, add a new paragraph to be known as section (4) of subsection (b) of section 9:

"(4) Article III of the act of March 8, 1918, chapter 20, United States Statutes at Large, entitled 'Rent, Installment Contracts, Mortgages,' is amended by the addition of a new section to be known as section 303, as follows:

"'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancelation of contracts by mutual agreement of the parties thereto, or their assignees, executed in writing, nor the repossession of property pursuant to such agreement.'"

Mr. MAY. Mr. Chairman, I do not think the committee has any objection to that amendment, but I would like to have a brief explanation of the gentleman's understanding of it. As far as I am concerned, I understand the purpose of it is this, that due to the very large amount of installment buying throughout the country of automobiles, refrigerators, household goods, and one thing and another, the amendment as offered by the gentleman from Indiana [Mr. HARNESS] would simply provide that the seller and the purchaser, which might in some instances be one of these inductees, might make any arrangement they wanted to make about the unpaid installment or the equity of the man in the article purchased?

Mr. HARNESS. That is exactly what this amendment proposes to do, as section 301 of the Soldiers' and Sailors' Act as it exists today does not specifically give the buyer and the seller the right to agree as to repossession of the property. This merely clarifies that section and gives the purchaser and the buyer the right to make any agreement that they see fit concerning the disposition of the property.

Mr. MAY. We have no objection to the amendment, Mr. Chairman.

Mr. HAWKS. Will the gentleman yield?

Mr. HARNESS. I yield.

Mr. HAWKS. That in no way provides for any moratorium on these installment payments?

Mr. HARNESS. The act itself provides for a moratorium. This merely clarifies one section of the Moratorium Act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 28, line 13, after the word "impossible," strike out "or unreasonable."

Mr. O'CONNOR. Mr. Chairman, the purpose of this amendment is to go as far as Congress can go in guaranteeing the jobs of the persons who are drafted into service. When a man comes back to get the job that he had at the time he was inducted into service, as a rule, somebody else has got the place. In subdivision (a) of this paragraph you will find that it is made obligatory on the part of the Government to reemploy the draftee upon his return, but in subdivision (b) the language is used that he will be reemployed unless it is unreasonable to do so.

Now, let us get down to cases. Suppose I am employing a man who has been inducted into service and he returns and I say to him, "Now, as a matter of fact, I have another man who is taking your place. He has a family. It will upset the economy of my plan if I reemploy you and let him go. He has got to have a job the same as you have." Therefore I am let out under the provision of subdivision (b) because it would be unreasonable, as I would contend, for me to let that man go and employ the man who had been drafted. As a matter of fact, what I want to do is to shut out, if I possibly can, the right that an employer has, unless it is impossible for him to employ a man—to shut it out and guarantee this man his job if it is possible to do so. It would be impossible to do that in the event I had gone into bankruptcy or in the event the employer had died or gone out of business. Then it would be impossible. We cannot cover a case of that kind, but we can cover a case where an employer is doing business, where he is engaged in business and has to employ somebody else in place of the man who is drafted.

Mr. CELLER. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. CELLER. Simply to clarify the meaning of your amendment, suppose a businessman has a reduction in business, in distribution or sale, and he cannot afford to reemploy the man, what would be the effect of your amendment then?

Mr. O'CONNOR. The effect of my amendment would compel him to reemploy that man, and that is is what he should do. We are taking these men out of their work. We are putting them into the Army at $30 a month. We ought to go the limit in trying to guarantee their jobs when they come back.

Mr. CELLER. I agree with you. I am simply trying to get your point of view.

Mr. O'CONNOR. We have a judicial interpretation as to what the courts say is "unreasonable." They say what is unreasonable is what reasonable men will do or not do under some circumstances.

Under the phrase "or unreasonable," if the employer has hired a person instead of a draftee, and, say, he in turn had other employees under him and had a family, bought a home, and incurred other obligations, then it could be in such a case said to be unreasonable to reemploy the soldier—and turn the other man out. Hence these words should go out. There is an "out" in this bill as written to save the employer from reemploying the man when he comes back to work.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DONDERO. Suppose a man came back maimed or insane, how could an employer reemploy him in his former position?

Mr. O'CONNOR. In the first place he would not be asking for it if he were maimed. If he were insane he would have a guardian appointed.

Mr. DONDERO. Is not that the purpose of placing the word "unreasonable" in the bill?

Mr. O'CONNOR. No. The term "unreasonable" applies to the conduct of the employer, not the man drafted. Now, get this, under subsection (a) the Government is required to hire him, but if he is employed by a private employer he does not have to employ him if it is unreasonable to do so.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana.

The amendment was rejected.

Mr. O'CONNOR. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 29, line 3, after the word "business", insert "and the courts of the several States of unlimited jurisdiction."

Mr. O'CONNOR. Mr. Chairman, I am going to appeal to the lawyers in this House. This is a vital amendment. When the soldier goes back to secure reemployment, to secure his job, under the provisions of this bill he must go into the Federal court if his employer refuses to employ him. In my part of the country there are not Federal courts in every county; in some instances it is a long way to the Federal court. Let me call attention to another thing which is an absolute fact: The average person has a fear of a Federal judge that he has not of a district judge; in other words, he would sooner go to his district judge than to a Federal judge for relief. This amendment is offered simply for the purpose of giving to the courts of the several States concurrent jurisdiction over the rights the draftee, when and if he has to go to court to enforce his rights.

The gentleman from Kentucky, I know, is a very able lawyer, and I think he should agree to this amendment. I call attention in this connection to the fact that under the Federal Employers' Liability Act passed by Congress in 1910 the Federal court was given concurrent jurisdiction with the State courts. That was an act of Congress to enforce the rights of an injured employee as a result of negligence of railway corporations engaged in interstate commerce. Every court in the United States has upheld the constitutionality of that law. Why was it passed? It was to give a cause of action to the injured employee so that he could go into the court that was closest to enforce his rights. You will find that in the Thirty-sixth Statutes at Large at page 291. My amendment is the identical language taken from the act of Congress passed in 1910.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. McLAUGHLIN. I am very much interested in what the gentleman has to say, and I believe there is a great deal of merit in it. There is a further provision in this section providing that the United States district attorney shall act as attorney for the employee. Would the gentleman have the United States district attorney go into the local court?

Mr. O'CONNOR. Yes; I would do that for this reason——

Mr. McLAUGHLIN. If the gentleman will permit, would he not further provide that the local State attorney might be selected to represent the employee in the event the employeee should elect to proceed in the State rather than the Federal court?

Mr. O'CONNOR. No. The Congress of the United States has no authority to require a State county attorney to do anything.

Mr. McLAUGHLIN. I realize that. It would be purely directory, just as the provision with respect to the State court would be directory.

Mr. O'CONNOR. We should give the State court concurrent jurisdiction, which is jurisdiction for all purposes in causes of action arising under this act.

Mr. McLAUGHLIN. I agree. I think the gentleman has a very strong point, for if the law is enacted as it now stands these young men in various parts of the various States will have to go to the United States district court for relief, and this might put them to considerable inconvenience and expense.

Mr. O'CONNOR. That is right.

Mr. McLAUGHLIN. And they may find that point is far removed from the place where they live.

Mr. O'CONNOR. The gentleman is right.

Mr. COLE of Maryland. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. At the time the National Guard legislation was being considered on the floor of this House, I offered a similar amendment to that bill.

Mr. O'CONNOR. Yes.

Mr. COLE of Maryland. Which the committee adopted and it was carried through. If the gentleman's amendment is agreed to there will be a difference in the way we treat the National Guard boys and the ones drafted under this act.

Mr. O'CONNOR. That is true, however, these young men are being inducted by draft, and, in addition, there was nothing to prevent the same provision being written in the other bill. It should have been.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

Mr. CELLER. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from New York.

Mr. CELLER. I may say to the gentleman that there is something in this amendment for the following reason: Take his own State, there are only two Federal judges. Maybe one judge is sick or on vacation. A man might have to travel five or six hundred miles to get redress.

Mr. O'CONNOR. Yes.

Mr. CELLER. In the State of Kansas there is only one Federal judge. It would be rather impossible or most difficult for a man seeking relief to go that distance to a Federal judge. Many States only have one Federal judge. So there is something to the gentleman's amendment.

Mr. O'CONNOR. This language I have taken word for word from the Federal Employers' Liability Act, an act of Congress approved April 5, 1910, and it states as follows:

> The jurisdiction of the courts of the United States under this act shall be concurrent with that of the courts of the several States, and no case rising under this act, brought in any court of competent jurisdiction, shall be removed to any court of the United States.

This act has been approved by every Federal court and by the Supreme Court of the United States. It was attacked by various railroads throughout the United States, and has held water. Give the draftee, give the man you are going to take out of his job, the same right that the Congress of the United States gave to injured employees of interstate-commerce railroads as the result of the negligent acts of railroads. I hope the amendment will be adopted.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Montana [Mr. O'CONNOR].

Mr. Chairman, may I begin my statement by saying that there is no one more anxious to preserve every legal right of these people who are to be inducted under this act than I am. The committee gave careful and painstaking study to this provision and we wrote into the National Guard bill a provision which required the United States district attorney in each district to appear and represent any one of these men who have difficulty with their employer. May I say that if the State courts have concurrent jurisdiction on that question, we will have district attorneys, probably busy men, nearly always busy men, being brought from one court to another. The State court will be in session somewhere at the same time the Federal court is in session. If you scatter this jurisdiction, or if you give it to a number of courts, you will have confusion and lack of ability on the part of the men whom we have said should represent these individuals to be present to represent them.

I realize that in some of the far Western States, where the population is rather sparse, as, for instance, the gentleman's State, which does not rank with Pennsylvania or New York, there will be some inconvenience perhaps to individuals; but we have to remember that under this bill the quotas are based on the number of men in the Army from each State and due to the small population of the State of Montana there would only be a few men from that State, perhaps, as compared with some of the other States that have large quotas. We feel this ought to be centralized in the Federal courts where the district attorney is always present.

Mr. SACKS. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Pennsylvania.

Mr. SACKS. Under this amendment, would it not be just the same for the district attorney to go into local court as if he had to go to the Federal courts? This might take him four or five hundred miles from his home. But we are inducting these men into the service, and should we not consider him first, and the fact that the district attorney is busy as a secondary proposition?

Mr. MAY. No. I am trying to guard against his being called to some court without his lawyer being present. If you give jurisdiction to the State courts and induct a dozen, two dozen, or thirty-six or forty men into the service, the district attorney might be in a State court in the west end of my State and another one in the east end and another one somewhere else, whereas, if this jurisdiction is lodged in the Federal courts only, their sessions are regular and the district attorney can be there at all times. I am doing this in the interest of the enrollee.

Mr. SACKS. Except I would like to point out, I would not care how busy he was or how many he had to attend. I think the important thing here is taking care of those that we are taking away from their regular employment.

Mr. MAY. That is what we are trying to do. We are not looking after the employer. We are looking after the enrollee—the man that we impose the burden on.

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Chairman, I rise in support of the pending amendment. I am a country lawyer and I know what it means to go into the Federal courts. I have been in all of them, from the justice of the peace up to the Supreme Court mausoleum over here. I have had cases also in the Federal courts of my State. I remember one distinctly where we had to go a great distance and spend 2 or 3 days in a Federal court in order to protect a little girl from a high school who had played a few strains of music at a public meeting. The copyright laws were invoked by a combination of high big-wigs. They dragged her from the high school to the Federal court, and this alone was a hardship.

We had to go 75 miles away to defend the little girl for having committed the atrocious crime of playing a few strains of music at a public meeting.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield to the gentleman from Kentucky.

Mr. MAY. I know there is no difference between the gentleman and myself on the question of whom we are trying to protect. We are trying to protect the man who is to be conscripted under this legislation. We have provided in the National Guard bill that the jurisdiction shall be in the Federal court. Suppose we provide in this bill that it shall be in both the Federal and the State courts, then we have done something for these enrollees that we have failed and refused to do for the National Guard. The National Guard Act has been passed and approved by the President.

Mr. GILCHRIST. I will say, upon that question, that there is no reason to deny a just thing to the enrollees under this bill because somebody else has not yet received that just thing. I know what it means to go away to a Federal court and stay 2 or 3 days, with a poor client, and pay hotel bills and wait for the Federal court to assign your case and then wait for the judge to listen to your case. That alone makes it important that you should not go into the Federal court in a hundred places in this country, including the northern district of Iowa. I do not say that the judges there are not fair and honest, but I do say you cannot get the business done. You will have to go to the Federal court two

or three times during two or three terms of that court in order to get a hearing.

Mr. MAY. Mr. Chairman, will the gentleman yield further?

Mr. GILCHRIST. I yield to the gentleman from Kentucky.

Mr. MAY. The bill we passed for the National Guard provides that no cost or fees of any kind shall be paid by the guardsman. We cannot say to the State courts that the guardsman shall not pay these costs, because we cannot control that matter. If it is left in the courts of the United States, we can control it.

Mr. GILCHRIST. I believe the gentleman is in error. Here is the Federal law. We simply give jurisdiction to a State court to do what? To put into force that law, and the State court has the right to put into force this law and to take it just exactly as it finds it and enforce it, with all of its provisions, just exactly as is now done in a score of other Federal statutes.

Remember, if you want to give these boys, when they come back, any rights at all, do not put them to such an unjust expense and such an unjust waste of time in order to be heard in a Federal court. I had a case in the Federal court at one time that continued for 2½ years. They did not have the right to have that case take that long. There should have been some way of getting it up sooner. But please do not put this hardship upon the boys when they come back. Do not give them a stone when promising them bread. [Applause.]

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, unlike my friend from Iowa who has just preceded me, I have never tried any cases over here at this mausoleum to which he refers, meaning the Supreme Court, but I have messed around a little bit in the State and Federal courts. It just strikes me as a matter of practical judgment that this amendment ought not to be adopted. Let me recall to your mind that the Senate bill came to us with the provision that the National Labor Relations Board was to take care of all these boys and see to it that they got their jobs back. Frankly, the principle involved in that was sound. There was so much opposition on both sides of the House to the personnel of the National Labor Relations Board that the Members were not willing to trust them with it.

This Committee has given very patient consideration to this question, and heaven knows if we cannot have confidence in the Federal courts of this country as to their being both honest and impartial, I do not know just whom you could trust.

Bear this in mind, too. I do not profess to be a constitutional lawyer, but I cannot figure out from my limited experience just how we could confer jurisdiction on State courts to try this kind of matter and direct that there shall be no costs or anything like that when the State officials are going to administer it. And I do not believe you can place a United States district attorney in charge of the prosecution of cases in State courts.

Let me call your attention to another feature. You direct in this bill—and the gentleman from Montana seems perfectly agreeable to leaving it in there—that the United States district attorneys shall go into these countless State courts in an effort to enforce this law. You have another situation, too, where you ought to be practical. We have already passed the National Guard bill, and you put this same provision in that law. It is like the matter I referred to yesterday; you will have the National Guard boys going into the Federal courts for redress. At least they will be fair and they will not be subject to the charge of local political influences. I do not reflect upon the State courts because I have had lots of dealings with them and I respect them, but at the same time I believe there are some State judges who are more subject to local and political influence than Federal judges. You have to lodge this authority somewhere, and there ought to be uniformity in a matter of this importance.

I live in the desert West. I have followed the Federal courts around a little bit, and it is 250 or 300 miles from my city to the next nearest Federal court. But do not forget when you talk about these desert sections out in my part of the country, or the sections in Wyoming, Nebraska, Iowa, and whatnot, that there are several divisions of the Federal court in every district. Frankly, this section is, in my judgment, not much more than a gesture. It ought to have a fine effect, because public sentiment and the attitude of the neighbors will make it hard on any unfair employer.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. The gentleman will recall that at the time the National Guard bill was on the floor this amendment was offered. I offered it myself.

Mr. THOMASON. I remember it.

Mr. COLE of Maryland. The very question we are discussing here was raised then, and it was overwhelmingly defeated; in fact, it was not seriously considered by the House. I agree with the gentleman that it is a very dangerous step to take to impose in this bill a situation different than we have provided for the National Guard, and provide that these men may also go into the State courts to enforce their rights.

Mr. THOMASON. Not only is it a different situation, but can you not visualize the situation that would arise by compelling a United States district attorney to go into every State and county court throughout this land, courts that are elected by the people of the respective communities, some Democrats, some Republicans, but all subject to some sort of local influence?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MAY. The gentleman will recall that we discussed the matter of not humiliating these men by having to sue in pauperis.

Mr. THOMASON. That is true.

Mr. MAY. And we could not prevent that if it had to be done in the State courts.

Mr. THOMASON. They do not even have to pay a cent of court costs where they go into Uncle Sam's court. This is Uncle Sam's law, this is Uncle Sam who is drafting these men, and he ought to be fair enough to see that the law is fairly enforced. After all, a lot of this section is just a gesture, but this amendment ought to be defeated. I do not know how you can reach it with certainty unless you declare the failure to reemploy a trainee an unfair labor practice.

[Here the gavel fell.]

Mr. DISNEY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have asked for this time mainly to inquire of the committee with reference to this section. I think one of the important features is to determine what we are arriving at in this section rather than what court we put it in. I would like to know what kind of action this is. It sounds like an action for specific performance, but, of course, specific performance is a real action. Is there any such action as this known to the law where the court can specifically require somebody to do something without a basic cause of action? What is the basis of the legal action, damages, tort, or equity?

Mr. MAY. The Congress is undertaking to say that a man, when he is drafted into the Federal service and had a certain status as an employee of some corporation——

Mr. DISNEY. I understand that.

Mr. MAY. And he has expressed a desire to have himself reinstated in his job, I imagine when he gets back and goes to his employer and states, "I am back home and I want my job back," the employer will say, "Conditions have changed and we cannot reemploy you."

Mr. DISNEY. The gentleman is not talking to the point.

Mr. MAY. Then the only thing he will have to do is to go into the court or file a petition and ask the court to determine his rights and determine whether the employer shall restore him to his job.

Mr. DISNEY. Let me ask you the question now, what kind of action is this?

Mr. MAY. It would be an action in equity and it would go to the court and not to the jury and the court would consider all the facts. It is not for specific performance of a contract.

Mr. DISNEY. Of course not. Now, are you going to enforce this by proceedings in contempt of court?

Mr. MAY. That will be left to the court and the district attorney to figure out under the procedure in the different States and, particularly, in the Federal court where it is always the same.

Mr. DISNEY. Does not an injunction action, as this would appear to be, have to have some basis in tort or contract or damages or equity—a basic cause of action?

Mr. MAY. The right to the injunction is based upon the allegation by the plaintiff that he has no adequate remedy at law, and would therefore suffer great and irreparable injury, and I think, possibly, it would be an injunction proceeding.

Mr. DISNEY. Very possibly.

Mr. MAY. It would be a mandatory injunction to compel the employer to restore him in his job. In some States called a mandamus proceeding.

Mr. DISNEY. I did not want this provision to go by without at least some question being raised about this very unusual type of action that would be called for here. I do not know what we can do about it.

Mr. MAY. It is not the type of injunction, if the gentleman will pardon me, that is important; it is the right or the rights of the individual that is important.

Mr. DISNEY. I know that the rights of the individual are paramount, but it ought to be done in a legal way if it is capable of being done at all. If it is not capable of being done, then we ought to be courageous enough to say that we cannot do it. If there is no basic cause of action in tort, contract, or equity, upon what will injunction, and consequent contempt proceedings, be based?

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. DISNEY. I yield.

Mr. COX. The gentleman's question very clearly demonstrates how absurd and foolish the whole provision is.

Mr. MAY. May I clarify that statement by saying——

Mr. DISNEY. Wait a moment, I have the time.

Mr. MAY. Every good lawyer knows that it is an injunction procedure——

Mr. COX. The gentleman knows he cannot enforce any such provision by law.

Mr. DISNEY. It seems to me the gentlemen who are lawyers in this body ought to consider this section seriously and not be absurd about it, even though the objective is of the very highest. The boys ought to have their jobs back when they return from service. However, if it cannot be properly or legally done, then let us say so and abandon it.

Mr. THOMASON. The gentleman is exactly right, because, after all, this probably does not amount to any more than a statement of policy or a gesture.

Mr. DISNEY. A statement of policy only; yes. But to pretend to put it into enforcible law, knowing it cannot be done, or is not being done by this provision, does not reflect credit on this body.

Mr. THOMASON. But to put it in the hands of the local court would not make very much difference, and, as I view it, unless you put it under the National Labor Relations Board, you cannot enforce this statute except by some means or manner of contempt proceedings.

Mr. DISNEY. I would not want it put under the National Labor Relations Board under any circumstances.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

Mr. McLAUGHLIN and Mr. LEAVY reserved the right to object.

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. McLAUGHLIN. Mr. Chairman, I should like to discuss the specific amendment before the Committee at the present time.

Mr. Chairman, this amendment merely extends the provision of the act so as to grant the employee, for whose benefit the act is being enacted, the right to go into a State court as well as into the Federal court.

There has been some discussion in the colloquy which just preceded my remarks as to the advisability of this whole section. We are discussing the amendment and not the section. Let us see what the amendment does. The section provides as follows:

(f) In case any private employer fails or refuses to comply with the provisions of subsection (d) or subsection (e), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading, and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

Now, that is the section. The amendment simply adds to the section the provision that an employee may go into the local State court as well as into the Federal court. That is the amendment we have before us for discussion.

Now, let us see what the situation is with respect to that amendment. If the law is passed requiring the employee to go into the Federal court, it means, out in the sparsely settled sections of the country, that it may be a young man who desires to take advantage of this section and is compelled to take advantage of it in order to protect himself may find that he will have to travel half way across his State to go to a Federal court in order to protect the rights which this Congress has set up for him. We simply suggest in this amendment that the law be so changed as to permit the young man to go into the court in his own county. Why should a young man who comes back from this training period and who cannot get his job back and who asks the protection of this law which Congress has set up for his benefit, be required to travel long distances and suffer a hardship in order to get the benefit which the Congress wants him to have by this pronouncement and by the enactment of this law? Certainly we should provide every safeguard for that young man.

I think this is a most meritorious amendment and should be adopted. [Applause.]

[Here the gavel fell.]

Mr. MASSINGALE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I am opposed to this amendment because I believe that the proposal of the committee itself is futile. My colleague from Oklahoma [Mr. DISNEY], I think, went at the very heart of this matter in his suggestions as to what kind of remedy of law or equity you are trying to create here. I do not believe any lawyer ever heard anything of the kind before. There is no tort in it. The cause of action is against the employer. He has committed no tort against the boy that is taken into the Army. Therefore he could not recover and the United States could not enforce anything against him. But suppose it did. Suppose a Federal judge would order this boy reinstated in this job. All right. That ends the affair. What is to prohibit this employer, as a matter of fact, on the day following the decree of reinstatement, firing that man for some reason or for no reason, if he wanted to keep the man who took his place? We might just as well look at it realistically.

There is no equity involved in it because, again, the employer has done no wrong. The Government of the United

States simply with its power to induct a man into service came down there and drafted him.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. MASSINGALE. No; I am sorry. I do not have time.

Now, there is no contract in it—no cause of action founded upon a breach of contract, because when this boy was taken into the service the employer did not violate any contract of employment with him.

Mr. O'CONNOR. Will the gentleman yield?

Mr. MASSINGALE. No, sir; I do not have time.

He did not violate any contract. Now, what have you got? You have simply got a proposition on the part of the committee first to do something that cannot be done.

Mr. COX. Will the gentleman yield for a question?

Mr. MASSINGALE. Yes, just briefly.

Mr. COX. Suppose the employer has gone out of business or his operations have been reduced and he has no place for the man; he has no need for the service, or suppose he has engaged someone else, what is he to do with him?

Mr. MASSINGALE. I understand the proposition that the gentleman from Georgia has put up and he is eminently correct about it. Here is what it amounts to: If there is anybody that has injured or given a cause of action to this boy it is the Government of the United States. The Government of the United States is the guilty party and it is not the employer. If we are going to do justice by this boy we ought to provide in the law——

Mr. TABER. Will the gentleman yield for a question?

Mr. MASSINGALE. Just for a question, I will.

Mr. TABER. Does the gentleman think that we can confer power upon State courts to do this without the specific consent of the State court?

Mr. MASSINGALE. I doubt very much whether it is constitutional or not. It does not make any difference about that, I am not concerned in that. My opposition to this bill rests upon this statement, that if anybody has done any inequity or any wrong of any kind it is not the employer, it is the Government of the United States; and if we want to make amends for any wrong we may do, let us provide in this bill or some other that in case any draftee cannot get his job back we will issue him a policy of insurance or indemnity of some kind to protect him.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, in addition to the time that has already been allotted I ask unanimous consent that all debate on this section and all amendments thereto close in 15 more minutes.

Mr. MILLER. Mr. Chairman, I object.

Mr. LEAVY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we are now considering legislation that is most far reaching and perhaps the most vital of any legislative proposal that we have had in many, many years.

This is a conscription bill in peace times. It is an unheard-of proposal to the American people. In ordinary times to merely mention it would be followed by an announcement that we were opposed to it. I certainly am opposed to conscription in peacetimes. However, we must be realistic and practical, and we must examine to see if there is a national emergency of such magnitude as to warrant a departure from the ordinary processes in a normal world.

We know that the world at large is everything but normal. We know that the brutal philosophy of "might makes right" is rapidly being carried forward by the dictators of the old world. We do not know just how soon, if ever, it might reach us. We are greatly alarmed that it might. We must not permit the greatest and richest nation on earth, with the finest and most altruistic government of the world to be allowed to fall an easy prey to international outlaws and bandits, and for that reason we must prepare and likewise for that reason I have supported all preparedness legislation.

I have opposed the original Burke-Wadsworth bill because it did not give due consideration and regard to the young men who were going to be brought into the military arm of the Government. This original proposal has undergone tremendous changes up to this point. I am hopeful that there will be at least one additional great change made, and that is a proper provision for drafting of industry and wealth where the national necessity requires. If this is done, with a full recognition of the serious emergency prevailing, and in order to make our national safety secure, I would feel warranted in supporting this legislation, but in so doing, I want to see every protection and safeguard and likewise every consideration given the human element in this legislation, that is, the men that are going to be called to the colors. We must realize that the human side of this picture must always be paramount and the property side is a secondary element.

I shall support this amendment for the reasons just stated. This amendment just gives a further protection to the men who will be involved.

Mr. Chairman, if the language in this bill is anything short of a snare and a delusion to the draftees, then the amendment proposed should be adopted. I am not going to adopt the position taken by the gentleman from Oklahoma [Mr. MASSINGALE] who has just preceded me, wherein he stated that this language means nothing at all. It means something. I believe it is an important part of this act, and proceeding upon that assumption I think the Committee should gladly accept this amendment, because its provisions simply confer a right upon the draftee that he would not have without it. The amendment proposes further to broaden that right given the draftee and make it more workable. It provides that the State courts of general jurisdiction shall have concurrent jurisdiction with Federal district courts. The United States attorney or his assistant is made attorney for the draftee.

This amendment applies with equal force to the employer. It safeguards his rights, too. The employer might be required to travel miles and miles in some States under this provision as it now stands. An employer in my State with a little sawmill up in the distant corner of the State might be required to go 200 miles to answer a charge made under this bill in order to be heard in a Federal court while in the State court the matter could be disposed of almost at home. It would be a matter of good judgment on the part of the United States attorney and his assistants as to where justice could be more expeditiously and economically secured for the draftee and likewise for the employer, because under this act there undoubtedly will be instances now and then where an employer is unjustly charged, and he should not be required to go a long way for the hearing any more than the draftee. I am looking at it primarily, however, from the interest of the draftee.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I cannot yield.

Should a case arise under this act today where our Federal courts are so behind in their work it might result in the interested having to wait 6 months or a year. The poor and unfortunate young man would be forced to abandon his remedy and go elsewhere for work.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. No; I have not time to yield.

Mr. MAY. The gentleman has made a grave charge against the committee.

Mr. LEAVY. Mr. Chairman, I decline to yield.

The CHAIRMAN. The gentleman from Washington declines to yield.

Mr. LEAVY. Let us take, for instance, the State of Kansas with but one Federal judge and a large population. A draftee returns home. His former employer says, "No; I do not want your services; my business is running good; it is prosperous; and I am satisfied with the man I have here, who displaced you. I am not going to take you back." The poor unfortunate draftee might be denied an opportunity for reemployment for months or so long that he would abandon the right given him, just because there would be no tribunal available. Then, another thing: I know that the average litigant feels far more at home in a State court

than in a Federal court. A Federal court has something awesome about it to the ordinary citizen. Why deny to those men from whom we demand so much a choice of courts?

There is another point I wish to touch on, and then I will yield if I have time, and that is as to the nature of the remedy. The act here is extremely broad. It says that almost any kind of pleading is sufficient to get into court. The proceeding doubtless would be in the nature of a show cause order or a mandamus proceeding and would be on the equity side of the court. Any employer who refused to abide the court's decision could be forced to do so by contempt proceedings, just as is done now in the divorce courts and in all proceeding involving extraordinary remedies. I can see no reason, I say, why we should not broaden this act so as to give State courts concurrent jurisdiction unless we proceed on the theory that it means nothing, and if that be the fact then it ought to be stricken out.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield.

Mr. COFFEE of Nebraska. Because we may have made a mistake in failing to incorporate this language in the National Guard bill, is that any reason why we should make the mistake now and not incorporate it in this bill?

Mr. LEAVY. Of course, it is not. That law should be amended to include this provision.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. LEAVY. I yield.

Mr. MAY. The gentleman knows that in every Federal court before a litigant can start a suit he must make a deposit of $50. The pending bill giving jurisdiction to the Federal court eliminates the question of costs and requires that they be allowed to sue without costs. I wish the gentleman would tell us what power this Congress has to regulate the fees and costs of State courts.

Mr. LEAVY. I do not know of any Federal district court in the United States that has such a charge. The fees generally range from $10 to $25. This Congress has power to appropriate as much money as is required to make this act workable and give full protection to the men involved. We want to do everything we can for the men. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Washington has expired; all time has expired.

The question is on the amendment offered by the gentleman from Montana.

The question was taken; and on a division (demanded by Mr. O'CONNOR) there were—ayes 39, noes 85.

Mr. O'CONNOR. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. MAY. Mr. Chairman, I offer a committee amendment which is at the desk.

The Clerk read as follows:

Committee amendment offered by Mr. MAY: On page 28, strike out all of lines 19 to 24, inclusive, and insert in lieu thereof the following:

(e) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered during the period of service in such forces as on furlough or leave of absence; and shall be so restored without loss of seniority; and shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time of being inducted into such forces; and shall not be discharged from such position without cause within 1 year after such restoration.

The CHAIRMAN. The question is on the committee amendment.

Mr. HARNESS. Will the gentleman yield for a question?

Mr. MAY. I yield to the gentleman.

Mr. HARNESS. It certainly is not the intention of the committee that, if this amendment should become law, an employer must continue to pay the social security and other taxes on that employee's wages while he is no longer working?

Mr. MAY. Mr. Chairman, as a matter of fact, when a man is disconnected from the service of an employer the employer is no longer charged with his social-security taxes. There would be none to pay. His social-security tax rests upon earnings.

I may say that the chief purpose of the amendment is to preserve the seniority rights of the thousands and hundreds of thousands of railroad employees and other employees of that character who have certain seriority privileges on the railroads. In other words, we put them on furlough during the time they are in the service and they will even be permitted to count this time on the question of their retirement.

Mr. TABER. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from New York.

Mr. TABER. This provision in the last line says:

And such person shall not be discharged from such position without cause within 1 year after such restoration.

What does that "without cause" mean? Suppose they have not the work; would that be cause, or would it not? Would there have to be a malfeasance on the part of the employee?

Mr. MAY. I did not catch that.

Mr. TABER. Suppose they have not got the work; would that be a cause or would it have to be malfeasance?

Mr. MAY. Indeed it would be cause. I might illustrate that in this way: Suppose a canner has a man employed and he is drafted while working for him. The man comes back at the time the canning season has passed. The canner, of course, could not reemploy him in the same job because he has nothing for him to do. Another case would be a concern that has gone into bankruptcy or receivership and had lost control.

Mr. MILLER. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Connecticut.

Mr. MILLER. In reference to insurance, will that apply to group insurance? Many industrial plants, of course, carry group insurance. Under those contracts they continue their participation while a man is on vacation or on furlough. Would they continue those policies in force?

Mr. MAY. This would continue them in force and that is the very purpose of the legislation.

Mr. MILLER. Some of these group-insurance contracts now carry a restriction on occupation and some few carry a restriction on military service. Assuming a man has a group policy with an employee for $5,000, which is not unusual, and that policy carries a restriction or waiver during a period of war service?

Mr. MAY. Military service?

Mr. MILLER. They are writing that into policies and have been for 3 months.

Mr. MAY. I do not think it would protect any employee against that provision, because it is a provision within a contract, but the employer might waive it if he wished to and pay it anyway.

Mr. MILLER. I wanted to get that matter in the RECORD.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Kentucky [Mr. MAY].

The committee amendment was agreed to.

Mr. MAY. Mr. Chairman, may we have an agreement as to time on this section? I want to be perfectly liberal. I ask unanimous consent that all debate on this section and all amendments thereto close in 30 minutes, with this condition: That the chairman of the committee or a member of the Committee on Military Affairs may have the last 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

Mr. VAN ZANDT. Mr. Chairman, reserving the right to object, in connection with subsection (e), I have an informal opinion that I want read.

Mr. MAY. Let us get through with this question first.

Mr. VAN ZANDT. I want to be sure I have sufficient time for the Clerk to read the informal opinion to the House.

Mr. MAY. That amendment has already been adopted.

Mr. VAN ZANDT. I want to comment on the section.

Mr. MAY. The gentleman can get time later.

Mr. GEYER of California. Mr. Chairman, may I ask how many amendments are on the desk?

The CHAIRMAN. The Chair understands there are some 8 or 10 amendments.

Mr. GEYER of California. Mr. Chairman, I am wondering if we will have plenty of time.

Mr. MAY. We have spent 5 days on this bill already.

Mr. GEYER of California. We have 5 days more coming. I wish the gentleman would give us some more time.

Mr. MAY. I think 30 minutes is sufficient.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

Mr. MUNDT. Mr. Chairman, reserving the right to object——

Mr. RAYBURN. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The regular order is, Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

Mr. MUNDT. Mr. Chairman, I object.

Mr. MAY. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Kentucky.

The motion was agreed to.

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: On page 27, after line 14, add a new subsection:

"(4) The induction of any person into the land or naval services of the United States shall not be deemed to be complete until his physical and mental fitness for military and naval service shall have been satisfactorily determined and the required oath shall be administered only after such determination. At the time of discharge, each person inducted into service under the provisions of this act shall be given a certificate showing any illness, injury, or disease suffered by him while in such service."

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Connecticut.

Mr. SMITH of Connecticut. Was not this amendment accepted on the National Guard bill?

Mr. MILLER. The second sentence of the amendment was accepted, but the first sentence is new language. I wanted to present it to the committee, but before I did that I wanted to get the opinion of some men who I thought were authorities on psychiatry. I may say to the committee that the only thing I am aiming at is to prevent such a situation as existed during the World War draft when men not physically fit were passed by a local draft board. In one case, for example, a man went in and said, "I am an epileptic." The draft board smiled and said, "Tell it to the Army." They took him in and he was sworn in immediately. Four days later he had an epileptic seizure. Under the law at that time, and I presume it still is the law, he had the benefit of the presumption that he was in good health. He turned around and filed a claim, and the Government has today spent $20,000 compensating that man for 4 days' service.

This amendment would simply give the War Department ample time before the person was required to take the oath, and if necessary, permit them to defer his taking the oath until they could complete the physical and mental examination. It would give them time to go back to that person's district and make sure that he had not been in a State hospital for the insane perhaps the year before.

Mr. SMITH of Connecticut. If I understand correctly the system that will be set up to administer this act, that method will be followed. There will be no induction until after examination.

Mr. MILLER. There will be no induction until after physical examination, I may say, but they need some authority so that they will not have to swear the enrollees in immediately if they feel that they need time to complete the mental examination. As the gentleman well knows, you cannot examine a person's mental status and background in 2 hours. The examination may indicate to the mind of the doctor that this man perhaps has a neuropsychiatric background, and he will want to contact the Red Cross home service in that community, possibly, to verify his suspicions before he permits the man to take the oath or rejects him.

I may say that I have talked to officials of the Veterans' Administration of St. Elizabeths Hospital and at the War Department, and the first two felt it would be very meritorious, that it would be a protection to the men who are old constitutionally psychopathic inferiority cases such as we got in the World War, and we keep those men out of the service if necessary.

Mr. MAY. Mr. Chairman, the committee has no objection to the amendment. As far as we are concerned, it may be adopted.

Mr. MILLER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. MILLER].

The amendment was agreed to.

Mr. HEALEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HEALEY: On page 29, line 18, after "provisions", insert "and as an incident thereto to compensate such person for any loss of wages or benefit suffered by reason of such unlawful action."

Mr. HEALEY. Mr. Chairman, this amendment merely gives the courts, after a decision has been reached in favor of the applicant for relief from failure to reinstate, power to assess as damages the loss of wages suffered by such applicant from the time he applies for reinstatement up to the time that the court finds that such reinstatement is justified on the facts and circumstances of the case. You have held out to these men you are going to induct into service that you will restore them insofar as you have the power to restore them to their status quo before they were inducted into the service. It seems to me it is a matter of simple justice that if on all the facts the court finds that it is not unreasonable or impossible to reinstate that man, and the private employer has refused and thereby violated the provisions of this section by such refusal, the court ought to have the power to reinstate the man and assess as damages the loss of wages he has suffered from the time he applied for reinstatement until the court renders a decision in his favor.

Did you ever hear of a reinstatement ever being ordered by a tribunal of justice that did not also restore the wages that were lost or the damages that were suffered by the applicant who such body had determined ought to be reinstated and restored to his status quo?

Mr. ROUTZOHN. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield to the gentleman from Ohio.

Mr. ROUTZOHN. In view of the service the gentleman has rendered in connection with labor disputes, I should like to say that this is a very salutary amendment.

Mr. HEALEY. I thank the gentleman.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield to the gentleman from New York.

Mr. CELLER. I believe the gentleman's amendment is well founded and logical, because, as the act is now worded, on page 29, line 15, the court has no standard by which it may judge the issue; in other words, all the court can do is come to an adjustment of the claim in its exclusive discretion with no standard. There is no standard in the bill. The gentleman's amendment is definite and clear and seems fair and equitable. It should be adopted.

Mr. HEALEY. I thank the gentleman very much for his contribution.

Mr. HARTER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield to the gentleman from Ohio.

Mr. HARTER of Ohio. As I understand the gentleman's amendment, it would be effective only in cases where the courts found the employer had committed an unlawful act in not restoring the employee to his former position.

Mr. HEALEY. That is exactly the effect of this amendment.

I would like to direct the attention of the chairman of the committee and the members to the fact that this identical language now appears in the Senate bill. It was offered and adopted by the Senate and is now part of the language of the bill as finally passed by that body.

Mr. MAY. Mr. Chairman, the committee has no objection to the amendment.

The amendment was agreed to.

Mr. MUNDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MUNDT: Page 30, line 9, after subsection (h), insert a new subsection to be known as subsection (i): "It is the expressed policy of this Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this act that such vacancy shall not be filled by any person who is not a citizen of the United States or who is a member of the Communist Party or the German-American Bund."

Mr. MAY. Mr. Chairman, I make a point of order against the amendment that it is not germane to the bill.

Mr. MUNDT. Mr. Chairman, I want to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. MUNDT. It seems to me this amendment very obviously is germane to the bill because it deals with a situation caused by the operation of the bill should it become the law. If the bill becomes law, it takes out of industry and business certain employees and creates vacancies, and my amendment has to do with the vacancies created by the operation of this piece of legislation.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. MAY. No, Mr. Chairman.

The CHAIRMAN (Mr. WHITTINGTON). The amendment proposed by the gentleman from South Dakota deals with a general question respecting benefits, and the point of order is overruled.

Mr. MUNDT. Mr. Chairman, it seems to me here is an amendment which I hope the Committee will adopt, and if it does not adopt it, it seems to me inconceivable that this House would oppose it. Due to the fact that we have exempted aliens from conscription under this act, we find ourselves in a peculiar position. I am sure there is no Member of the House who wants this legislation intentionally or unintentionally to discriminate against American citizens in favor of aliens, but we find that approximately 1,000,000 men a year, all of whom are American citizens, will be conscripted into this training program should this bill pass, creating a million vacancies, and this piece of legislation simply says that it shall be the declared policy of this body that insofar as possible these vacancies shall be filled by American citizens and by American citizens who are members neither of the Communistic Party or the German-American Bund.

We all know that constitutionally we cannot make this mandatory, but we can certainly set it up as the established policy and as the desire of this Congress that industry and business shall place these vacancies with good, loyal American citizens.

I hope this amendment will be accepted by this body so that we will not be, inadvertently, in a position where we are conscripting American citizens to serve at $30 a month and giving their jobs to aliens or Communists or bundsters at $80 or $100 or $150 a month. I think it is simply good Americanism and good common sense that we set our faces in the right direction and tell America that insofar as possible we want these jobs filled with good American citizens. [Applause.]

While I am on my feet I want to say that both those who will oppose and those who will favor this bill on final passage should join in perfecting it as much as possible as we go along. If it should become the law of the land, we want it to operate as equitably and justly as possible; if it does not become the law of the land we want it written as fairly and wisely as possible, anyhow, so that we shall have a better framework to build on should a definite emergency or war itself some day unhappily force us all to favor conscription.

I know that as for myself, should this country become involved in war—and it will never be involved in anything other than a strictly defensive war with my vote—I would vote for conscription of both men and income immediately as I am convinced that such is the best method to fight a war.

The sacrifices of war should be distributed as equitably as possible over 100 percent of our population. If war should plague our fair land again, I am sure this House would vote for conscription almost unanimously as the best, the quickest, and the fairest way to raise an army. I am sure it would vote, too, for some such legislation as that proposed by the American Legion and the Veterans of Foreign Wars to place men, money, and materials at the disposal of the Government with equal candor. America must never have another generation of war millionaires. Those who think another war could be fought with the blood of the neighbor's children and with the finances of future generations are mistaken in their reading of the signs of the times. They are about as completely mistaken, I might add, as the original New York City sponsors of this present peacetime conscription bill who had the unbridled temerity and the callous gall to write this legislation in its original draft in such a manner as to pay the conscriptees only $5 per month for their time. "Men," they said, "should be patriotic enough to serve without pay." There is much to be said for such idealism, to be sure, but it ignores the realities of life and the necessity of paying the butcher, the baker, the landlord, and the mortgagor, and it blandly ignores, according to the doctrine of the Harvard Club, habitues who admit original sponsorship of this bill, the presumption that perhaps "income derived from war preparation, and idle capital, too, should be patriotic enough to serve without pay."

What is sauce for the goose must soon or late become sauce for the gander, too, in a self-governing republic. One man's income is his factory or his machine works; another man's income is his two strong arms and his private job. If one man's income is conscripted in peacetime and reduced thereby to $30 per month, simple reasoning indicates that some democratic and equitable process must be developed by the same rule to make the other man's income serve his Government with equal patriotism and without unequal profit.

Thus the New York City and Washington newspapers which bombard us with headlines and seek to seduce us with editorials saying, "Conscript men in peacetime," "Remove excess-profits taxes," "Draft manpower now," "Give business its fair profit," sound a little sordid and mercenary as they switch from support of a bill which first provided only $5 per month for conscriptees to support of a program opposing excess-profits taxes on income from war preparation and then back again to the abuse of Congressmen who are old-fashioned enough to believe that sauce for geese and ganders should not come from entirely different pans.

Mr. Chairman, no man in this House is more determined to make America safe and secure than am I. I believe in preparedness. I have voted consistently for national defense, as you well know. But I hesitate to fasten upon America a permanent program of militarism based on continuous peacetime conscription. I doubt that it is either necessary or effective. Expert testimony is in severe disagreement, as you all know, regarding the necessity, or even the desirability, of the particular type of preparedness provided in this legislation. I am inclined to agree with those experts who hold that America can better afford to equip and maintain a well-trained, well-paid army of whatever size our General Staff recommends—be it 1,000,000 men or 2,000,000 men, less or more as the times may indicate, than it can to set up this untried conscript system. It is argued by able experts that such trained defense units will cost us less and defend us better than the proposed program which at best resolves itself largely into marching a million raw recruits through the turnstiles of a brief training program every year and which could never develop the substantial units of well-trained techni-

cians who understand the tactics of modern war and who are fully trained to handle modern defense machinery.

The most effective fighting in Europe in this war, we should remember, is not resulting from sprawling armies of 1,000,000 men with a year or two of training, but from highly trained professional fighters who have mastered modern weapons after years of training. Our own Army heads have repeatedly stated that it takes at least 3 years to train a good soldier under modern conditions. I do not believe that conscriptees can be given sufficient training in 1 year to make this country safe and secure. To assume that is to deny the established policy of our own Army chiefs who, up until the past few weeks, have even refused to accept men for 1-year enlistments, even though such enlistments were provided for by act of Congress. It is more than passing strange that it is now argued that 1 year's training of conscripted men will turn out expert defense units when the same men formerly argued that 1 year's training of volunteer men could not possibly train a good army.

Mr. Chairman, I am interested in a good army. I want it to have substance and science as well as size. I want it to be more than a match for the best armies of all the world. I want security for this country. I am interested in the desired result of safety and not any determined ruse to set up a system of peacetime conscription. I gravely fear that in our impatient zeal to do something sudden we may fail to do something wise. I worry lest we pass some such bill as this and then figure ourselves falsely secure because we are relying upon an army of revolving recruits who spend a year in the Army and then make way for new rookies none of whom can hope to master the complicated techniques and machinery of modern warfare. Mr. Chairman, today's defense and today's fighting is a job for experts. You cannot make an expert in 12 months and this whole legislation ignores the simple fact that to be safe and sure and secure this country must develop an army before the amateur class and depend upon professional soldiers, aviators, seamen, and gunners who make the protection of this country, this continent, and this hemisphere a life work rather than the haphazard pastime of a 12-month interlude under coercion by Uncle Sam.

This bill would make a greater appeal to me, frankly, if it included some sections which would provide for building a highly trained standing army from among those receiving this training and if it relied less upon what I believe to be the fallacious hope that a million raw recruits at any given time, plus several million reserves with only 1 year's training, constitute national safety in defense.

Several important amendments are yet to be offered to this bill. Some of these may correct some of the factors which now cause me to hesitate to vote for it. In that event I may yet support this legislation, although I am plagued by the uneasy feeling that we are substituting speed for soundness in this approach to our national-defense problem and that we are relying overmuch on size and too little on science in thus trying to answer the problem of making America safe and strong.

Among the factors I dislike are the provisions exempting Congressmen and other Government officials from the provisions of this act. I was among those voting to remove these exemptions because in America it is my belief that we can have and we should have no group whose privilege it is to rule and one group whose responsibility it is to serve the rulers. I regret, too, that this bill has taken on the complexion of class legislation by providing exemptions and deferments for the sons of all whose parents can afford to send them to college any time during the year 1940. I can see justice in exempting college seniors long enough for them to finish their last year in school but it is hard for me to understand the logic of the sponsors of this bill in providing a draft shelter for men who can afford to enroll as freshmen in college after this bill passes—regardless of their age, incidentally—and assuming that a mechanic learning a trade, a farm boy practicing his pursuit, or a young professional man just getting a foothold in life should be treated any differently from the freshmen at Yale and Harvard whose fathers have been so eloquent and so vigorous in drafting and supporting this bill.

Since these exemptions thus include practically all sons of Congressmen and Senators, it seems to me that providing for them is an especially demoralizing practice in a Republic which has never condoned before anything smacking of class legislation. I supported Mr. Short's amendment to remove this glaring injustice and regret that the House insisted on retaining this discriminatory section. I am afraid that it is of such short-sighted policies that radicalism is made. When and if America has to have conscription—in peace or war—let us not provide cyclone cellars for the rich and the fortunate but let us treat all Americans alike. We cannot expect to increase respect for Government, my friends, when the people's representatives in Congress insist in writing into law exemptions from a conscription law which will defer the draft as it affects their own sons, but direct its application with correspondingly increased severity to the sons of their less well situated constituents. The farm boy and the banker's son, the worker's son, and the Congressman's boy should all be affected equally if and when conscription becomes the law of the land. This bill most glaringly and flagrantly violates this rule of thumb in a republic.

Also, I should like to see this bill provide for training and not actual service, in peacetime, as it affects these conscriptees. I regret my amendment of yesterday was defeated which would prevent these raw recruits from being sent into possible actual warfare in South America without authorization of Congress. I hesitate, seriously, to delegate to any Executive this power which is tantamount to the power to declare war because any action which invokes war is equivalent to declaring it. I also want to emphasize the point that even this bill's sponsors admit that the presence of what they deem an urgent emergency justified the passage of a peacetime conscription bill. If an emergency is upon us and if this is a bill to meet that emergency, let us draw the issue clear and straight. Let us limit the operations of this act to 2 years instead of 5. If at the end of 2 years no emergency exists, the legislation will expire; if at the end of 2 years an emergency does exist, Congress can extend the act. But let us not now under the guise of an emergency impose upon this country for 5 years a system which by that time may be so firmly ingrained in our political and economic life that we cannot abandon it. Such an amendment will be offered and I shall support it.

Should this amendment be accepted, it will demonstrate the sincerity of this bill's sponsors in desiring to raise an army quickly, now, and remove fears that they are interested in setting up a system to conscript men, money, and materials by which this Republic will be transformed into a totalitarian state. Limited to 2 years, I can vote for this legislation, especially if certain other undesirable factors which I have mentioned are eliminated. Limiting the bill to 2 years can under no possibility cripple its performance. It will put us in the same position in 2 years that we would be, insofar as the Army is concerned, if we enact the law for 5 years, and it will have the added advantage of indicating that this Congress has no desire to set up a permanent conscription practice in America which can so easily transform this Republic into a military state instead of a great, free republic dedicated to peaceful pursuits. There is much to gain and nothing to lose by limiting this bill to 2 years instead of 5. This amendment provides a real test of the motives of the men behind this bill.

Earlier this week in discussing the Fish amendment which I supported, I said I was interested in raising an army and in perfecting our defenses but I am not desirous of imposing a system of permanent peacetime conscription upon America. The Fish amendment passed the House by a small majority but it is now freely rumored on both sides of the House that an effort will be made to strike it out by roll-call vote and that if this majority can be overcome or decreased the amendment will be taken out in conference. This again places a different complexion on this bill; it again arouses

fears that some men are thinking more of the system than the army needed for the present. We now have nearly 1,000,000 men under arms; at present rates of enlistments we shall have the desired 1,200,000 by the volunteer method before the Government is ready and able to equip them fully. An acceptance of the amendment to limit this law to 2 years will restore the confidence of those of us who hesitate to vote for a system which may so easily become permanent; it will permit us to vote for this legislation with the knowledge that we are doing so to meet an immediate situation only. But if the Fish amendment is to be deleted or traded off in conference and the time rigidly fixed at 5 years, I believe we would do better to defeat it now rather than risk its ultimate results.

Let me close by urging you once again to support the amendment I have introduced to protect for American citizens the jobs vacated by American citizens called by this draft bill should it become a law. Let us be sure that we do not utilize this legislation to place a premium upon aliens or upon Communists or bund members by permitting them to enter highly paid positions in replacement of Americans who go off to training at the call of their Government for $30 per month. Here at least is one improvement in this legislation upon which there should be no disagreement. We are all interested in protecting America and in promoting American interests; let us adopt my amendment, which will serve to protect and promote the interests of the real Americans in America. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The question was taken; and there were on a division (demanded by Mr. MUNDT)—ayes 50, noes 55.

Mr. MUNDT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. MAY and Mr. MUNDT.

The committee again divided; and the tellers reported that there were—ayes 93, noes 85.

So the amendment was agreed to.

Mr. SACKS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SACKS: On page 27, after line 14, insert a new paragraph, as follows:

"(4) That, during any period of service or training in or as a part of the military or naval forces of the United States during any national emergency for which a home mortgagor volunteers or is drafted through selective methods, any installment due and payable by such home mortgagor with respect to any home mortgage shall be paid out of the national mortgage emergency fund.

"(1) if the mortgagor consents, in writing, to such payments being made by the administrator of the emergency fund and enters into a contract with the administrator containing provision for reimbursement of any installments so paid and such provisions as the administrator shall deem necessary in order to protect the interest of the United States; and

"(2) if the mortgagee agrees that after the payment of all installments due under any such mortgage and after all claims of the mortgagee against the mortgagor arising out of the mortgage transaction have been satisfied, the mortgagee will promptly transfer such mortgage to the administrator and convey to him all right, title, and interest of the mortgagee in or with respect to the property covered by such mortgage.

"There are hereby authorized to be appropriated annually such sums as may be necessary in order to reimburse the national emergency fund on account of any payments made in accordance with the provisions of this subsection."

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. MAY. Mr. Chairman, I make a point of order against the amendment on the ground it attempts to appropriate money on a legislative bill.

Mr. SACKS. It simply authorizes an appropriation and does not appropriate.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. WOLCOTT. Mr. Chairman, I make the point of order that the gentleman's point of order comes too late. The gentleman from Pennsylvania had been recognized and was starting to debate his amendment.

Mr. MAY. Mr. Chairman, the amendment had just been read and I could not make the point of order until it had been read.

Mr. WOLCOTT. The gentleman had been recognized by the Chair.

The CHAIRMAN. The Chair thought the gentleman from Kentucky was on his feet raising the point of order and the Chair holds the point of order is in order.

Does the gentleman from Kentucky desire to be heard on the point?

Mr. MAY. Simply to say, Mr. Chairman, that the amendment is not germane to the bill and that it attempts to provide an appropriation on a legislative bill. It does not authorize an appropriation, but provides an appropriation.

Mr. SACKS. Mr. Chairman, I simply want to say that the amendment does not appropriate money, but simply authorizes an appropriation.

The CHAIRMAN. The section under consideration deals with benefits of those inducted into the service and the amendment proposed by the gentleman from Pennsylvania undertakes to authorize an appropriation for certain benefits described in the amendment. The point of order is overruled and the gentleman from Pennsylvania is recognized.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. SACKS. I yield.

Mr. WOLCOTT. I am in accord with the gentleman with respect to the proposed amendment, but I notice in the amendment, if I heard it read correctly, something or other about somebody must declare an emergency before it becomes operative. Would not the gentleman give consideration to an amendment to his amendment that these benefits will accrue to all of those who are enlisted or inducted into the service under the provision of this act.

Mr. SACKS. Yes, I will be glad to accept that amendment.

This amendment deals with a very vital subject. Many American families throughout this land have bought homes in the last 2 years through the F. H. A. Government plan of guaranteeing mortgages. Many of those people have been given loans as the result of their combined earnings. When you take the young man whose earnings are a part of the family budget away from the family and induct him into military service, it seriously affects the status of that mortgage and the ability of that family to carry that home. It will affect the real-estate market, because if many of those families must drop the mortgages the United States Government having guaranteed them would be in the position of taking those homes over and carrying them at great loss.

Furthermore, those families are affected as the result of a law passed by the Congress saying that one or two of their number should be taken and their earnings cut from the family budget. I say it is only fair to protect those home owners, people who have been buying their homes and just making enough to carry on. We should take care of them if we draft any income from their budget, because we will seriously affect the budget of any family if we draft into service any young man contributing to the family budget.

I see no harm in the amendment. As a matter of fact, under the present bill, if the family head is taken away or a single man who has dependents is taken, or even if his earnings are necessary for the family budget or income, then I say we should protect that family.

I strongly urge you to adopt this amendment.

This bill before the House is a very important and vital measure. Serious consideration and thought should be given its contents. Peacetime selective draft is a new theory engrossed on American life. I have discussed and studied its entire scope. My sound judgment has been applied to its effect on American democracy and tradition. My constituents have presented their views. I have weighed everything.

To me in this great world crisis comes a vision of America in peril. Nazi and communistic ideologies are dominating the Old World. Europe is seething with intrigue, violence, intolerance, and bigotry. Should we in the United States

play the role of Rip Van Winkle and sleep away all our chances for preparedness? I am opposed to war. I said when I was elected I would never vote to send a single American boy out of the United States to European shores. This pledge I again reiterate. However, I cannot subscribe that this bill will do this. I rather believe that preparedness will prevent war. A strong national defense will deter the crazy hallucination of the mad dictator of Germany from fulfilling his desire to dominate the world. I believe that our protection insures democracy and the continuation of American tradition. No attack will be made by him if he knows we are prepared. This is my conclusion of the result of the bill.

The gymnastic gyrations of those who would play politics with the defense of America, their changing positions from day to day make me believe that this issue means our safety.

Therefore I shall vote for selective draft, provided, however, the bill carries with it the conscription-of-wealth amendment. I do not want defense millionaires created at the expense of drafting our men. I will vote for conscription of wealth so that the industrialists shall be made to sacrifice financially for their country as well as the men who will be trained to defend her. This is my position on the bill. Protection, preparedness, and safety for the United States is my goal. The preservation of the United States as a democracy, with the liberties of our people preserved, shall be my basic philosophy. I believe this bill, with the conscription-of-wealth amendment in it, will preserve and protect the traditions of our land.

[Here the gavel fell.]

Mr. SMITH of Connecticut. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. Since the time has been fixed on this section and all amendments thereto, and there are several other amendments to be offered, the Chair has reserved 5 minutes for the committee. How much time does the gentleman desire?

Mr. SMITH of Connecticut. Two minutes, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized.

Mr. SMITH of Connecticut. Mr. Chairman, this amendment brings up the whole subject of mortgages and installment payments which is covered to some extent in the Soldiers and Sailors' Civil Relief Act. The committee now has under consideration a complete revision of that act, which covers some 25 pages, on which hearings have been started. The subject is an extremely important one, which affects a great many people and a great amount of investment. I think the situation should be taken care of and will be taken care of by the revision of that act, but I do not think within the short time we have here that we can thoroughly cover the subject which is attempted to be covered by this amendment.

Therefore I ask that it be rejected.

Mr. SACKS. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. SACKS. Is it not true that under the present act, if the act passes without this amendment there is great danger that many of them will be affected? If the committee does not pass the bill to which you referred, or it is never brought to the House and passed, they certainly will be greatly affected.

Mr. SMITH of Connecticut. They should be covered, but we cannot do it without proper consideration and without evidence on the subject, merely by bringing in on short notice an amendment which is so far reaching.

Mr. SACKS. It is not covered in the bill now?

Mr. SMITH of Connecticut. It is not sufficiently covered.

Mr. SHORT. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. SHORT. The objectives of the amendment offered by the gentleman from Pennsylvania will be accomplished by separate legislation?

Mr. SMITH of Connecticut. They will.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SACKS].

The amendment was rejected.

Mr. VAN ZANDT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I will appreciate it if the membership of the House will refer to page 28 of the bill before us, subsection (e) of section 9, which I quote as follows:

(e) Any person who is restored to a position in accordance with the provisions of paragraphs (A) or (B) of subsection (d) shall be so restored without loss of seniority, insurance participation or benefits, or other benefits, and such person shall not be discharged from such position without cause within 1 year after such restoration.

The language of this subsection is identical with subsection (c) of section 3, Public Resolution No. 96, or better known to the Members of the House as the National Guard bill empowering the President to call into active service the National Guard men of the Nation.

During the discussion on the National Guard bill it was pointed out that one of the intents of the subsection referred to above was to protect insurance participation or benefits, or other benefits of every guardsman as far as it concerned United States Government retirement, social security, Railroad Retirement Act, railroad unemployment insurance, and the Wage and Hour Act.

When the Burke-Wadsworth bill was reported out of committee, I found that the wording of the subsection protecting the interests of the draftees was identical with the language employed in the National Guard Act in regard to protecting the interests of the guardsmen.

Immediately after passage of the National Guard bill I desired to ascertain if the language employed in the bill really provided the guardsmen with the protection Congress intended. With this thought in mind I approached officials of certain Government departments asking for a legal interpretation in an effort to protect the interests of the thousands of miners, railroaders, and other citizens likely to be affected by the draft should the Burke-Wadsworth measure become a law.

This morning I received an informal opinion concerning the language used in both the National Guard and Burke-Wadsworth bills.

I was startled to find in analyzing the opinion that the language used offers absolutely no protection.

Therefore, it will be necessary for this House to amend the Social Security Act, Railroad Retirement Act, Railroad Unemployment Insurance Act, Civil Service Retirement Act, and the Wage and Hour Act. This must be done before the Seventy-sixth Congress adjourns if the National Guard men and Burke-Wadsworth draftees are to receive the benefits to which they are justly entitled.

For the information of the Members of the House, the informal opinion is herewith quoted, with the name of the source deleted for the reason that the advice was rendered in a spirit of confidence:

SEPTEMBER 3, 1940.

You requested my informal opinion about the effect of the following provision of Public Resolution No. 96, Seventy-sixth Congress (S. J. Res. 286), on the old-age and survivors' insurance provisions of the Social Security Act:

"(c) Any person who is restored to a position in accordance with the provisions of paragraphs (A) or (B) of subsection (b) shall be so restored without loss of seniority, insurance participation or benefits, or other benefits, and such person shall not be discharged from such position without cause within 1 year after such restoration."

In this connection consideration should be given first to the scope of the provision. The provision applies only to persons restored to a position in accordance with the provisions of paragraphs (A) or (B) under subsection (b). That is to say, that the only persons who are protected at all are those who serve as members of a reserve component of the land and naval forces meeting all the following:

(1) Who in the judgment of those in authority over him satisfactorily completes such active duty;

(2) Who leaves a position other than a temporary position in order to perform such active duty; and

(3) Who on return from service is still qualified to perform the duties of such position; and

(4) Who makes application for reemployment within 40 days after he is relieved from such active duty or service; and

(5) Who is restored to the position.

Where a person meets all of the above requirements, the act provides that he "shall be so restored without loss of seniority, insurance participation or benefits, or other benefits * * *."

As I read the foregoing it would appear that whatever conclusion might be reached as to the effect of the provision on old-age benefits, the provision would hardly appear to cover monthly or lump-sum benefits payable on the death of the individual while in service. Under the Social Security Act, an individual who meets the above may or may not on death during active service be entitled to survivor benefits. If he had sufficient quarters of coverage at the time of his death, he would be entitled to such benefits under existing law. If he did not have sufficient quarters at the time of his death, he would not be entitled under existing law, and the National Guard Act provisions do not apply until the individual returns to his job.

I have heard it stated that the Congress in general had in mind that an individual who is restored to a position should be regarded in the same status as an individual who had been on leave without pay from his employer for the period in question. If this is the theory, it might be mentioned that the individual who served in active National Guard service would, under existing law, have the same "insurance participation or benefits" under the Social Security Act as he would have had if he had been on vacation without pay or had merely been unemployed. The law gives no special protection to those on leave status. The effect of being on leave without pay, whether or not in the National Guard, would result in giving the individual a somewhat lower benefit rate, and he would not be increasing the quarters of coverage necessary to meet the general requirement of half his quarters being quarters of coverage. The effect on an individual who is in the old-age and survivors' insurance system for many years would be somewhat negligible; but in the case of an individual who had not been continuously in the system it might conceivably mean the difference between eligibility and noneligibility for benefits.

The act contains two or three indications that probably the phrase "insurance participation or benefits" was intended to mean such benefits provided through or by his employer rather than old-age and survivor's insurance benefits. Subsection (d) of the act provides that where a private employer fails or refuses to comply "with * * * subsection (c)" that a certain court procedure shall be followed. So far as old-age and survivor's insurance protection is concerned, the employer would be powerless to put the employee in the same position that he would have been in had he continued in the employer's employment. That is to say that when the individual returns and the employer puts him back at his old job that is as far as the employer can go. The quarters which have elapsed while the individual was in the military service cannot be made quarters of coverage by any action the employer can take upon such return to service.

An interpretation that the provisions of subsection (c) apply to old-age and survivor's insurance would also require an interpretation as to how they applied to the old-age and survivor's benefit system. The general theory of the system is that an individual who has been covered by the system a sufficient length of time, i. e., has sufficient number of quarters of coverage, is entitled to certain benefits. The benefit rate depends upon the average wage of the individual which is usually computed by dividing the total wage of the individual by the number of months elapsing after 1936 and prior to the quarter in which the individual dies or applies for an old-age benefit. The law gives a 1-percent increment for each year of covered employment. It would be difficult to determine just how a person could be restored to a position "without * * * loss of insurance participation or benefits." This might mean that the period he was in active military service would not be counted against him in determining the necessary quarters nor in determining his average wage, or it might mean that an individual would be assumed to have continued with the same wages as he was receiving from the job he left when he entered into active service. The effects would not be the same.

Regardless of what is meant by (c) it is manifest that if there is to be an equitable protection for individuals entering into military service, it will be necesssary to amend the old-age and survivor's insurance provisions. Many individuals who fall without the scope of subsection (c) have old-age and survivor's insurance protection today. This protection does not depend on whether or not an individual leaves a permanent rather than a temporary position, nor does it depend upon the employer's ability to restore the employee where circumstances have changed. In other words, while the provisions of subsection (c) may be equitable when applied to insurance participation or benefits provided by the employer in the employer's plan, these provisions would appear to be much too limited in scope to take care of the situation under old-age and survivor's insurance. Furthermore, it would appear that any changes in the old-age and survivor's insurance provisions should not only be broader in scope but specify how the insurance participation while the individual is in active service is to be financed and what effect such active service is to have upon eligibility for and rate of benefits. There are two or three possible approaches to this particular problem which in general might be described as only a part of the larger problem of extending coverage under the old-age and survivor's insurance system.

As you know, consideration of coverage problems, including the problem of individuals entering into military service, is at the present time receiving intensive study with a view of making recommendations when requested by the proper congressional committees.

Gentlemen, this situation that confronts us is the result of hastily drafted legislation in a frenzied effort to jam it down the throats of Congressmen under the guise of being an emergency national-defense measure. I submit these observations to you for your careful consideration at a time when the best interests of the people of America are at stake and when war hysteria is being employed to play upon the emotions of every man, woman, and child in this great Nation.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 30, line 3, strike out all of lines 3 to 9, inclusive, and insert the following: "The right of any person inducted into the land and naval forces for training and service under this act to vote in general, special, or primary elections occurring in the State of which he is a resident shall not be abridged or denied during such period of training and service because of his absence from the State at the time of such election, if under the laws of such State he would otherwise be entitled to vote."

The CHAIRMAN. The gentleman from Illinois is recognized for 1½ minutes.

Mr. DIRKSEN. Mr. Chairman, if and when the boys march to camp, the bill says in effect: "Boys, we are going to give you permission to vote when you get to camp."

This amendment says: "Boys, they are not going to take away your right to vote if you are otherwise entitled, when you get to camp."

I think it is better language.

Mr. THOMASON. Mr. Chairman——

The CHAIRMAN. How much time does the gentleman desire?

Mr. THOMASON. One minute.

The CHAIRMAN. The gentleman from Texas is recognized for 1 minute.

Mr. THOMASON. Mr. Chairman, I agree with the statement made by the gentleman from Illinois, but it was the opinion of the committee that as far as we could go was the authority of the State, that the law of the State regarding voting must and will apply and there is nothing we can do about it. But we have certainly provided in this section for taking care of and preserving the rights of every voter based upon the law of his State. I do not see how the amendment improves that situation, because it is up to the States of Illinois, Texas, Kentucky, and the rest to control the matter by their own State law.

Mr. DIRKSEN. Then why have the language at all?

Mr. THOMASON. We give them the right, and that is all we can give them in a Federal statute.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were—ayes 74, noes 89.

So the amendment was rejected.

Mr. MURDOCK of Arizona. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK of Arizona: On page 27, line 4, after the semicolon, insert "section 500 of."

The CHAIRMAN. The gentleman from Arizona is recognized for 3 minutes.

Mr. MURDOCK of Arizona. Mr. Chairman, I trust the Committee will accept this amendment. It merely provides for granting to our draftees under this measure the same protection that was granted the draftees under the act of March 8, 1918, during the first World War with reference to mining claims.

As you know our present Federal law requires those who have unpatented mining claims to do annually $100 worth of work in order to maintain their hold upon those claims. If the provision of the act of March 8, 1918, should be included in the measure as I propose in this amendment, it would simply mean that the Government would forgive the $100 of assessment work on the part of those drafted into the service for the time they are in the service.

The small-mine operators of Arizona have suggested this amendment. They feel that this logical benefit and safeguard for draftees is not adequately covered elsewhere in the bill. I believe it should be covered for the protection of the draftees with regard to their unpatented mining claims throughout the country.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield.

Mr. KELLER. Knowing the mining conditions of this country as I do, I am glad to endorse the position the gentleman takes, and hope this amendment will be adopted.

Mr. MURDOCK of Arizona. I thank the gentleman, and trust that the Committee will accept it as a Committee amendment.

Mr. EDMISTON. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield.

Mr. EDMISTON. Does not the gentleman believe that his objective is accomplished by the Soldiers and Sailors Civil Rights Act, wherein that was worked out in the World War?

Mr. MURDOCK of Arizona. That act has expired and is not now in effect. I want section 501 of article 5 reenacted, as I am afraid they are not adequately protected. My amendment would reincorporate section 501 of article 5 of the act of March 8, 1918, and make it a part of this bill.

Mr. EDMISTON. I have no objection to the gentleman's amendment, but I think it is already done in the bill.

Mr. MURDOCK of Arizona. Not as I read the bill. I hope the gentleman is correct.

Mr. COSTELLO. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield.

Mr. COSTELLO. Referring to the Soldiers and Sailors Civil Rights Act, the gentleman will note from reading the pending bill that while the provisions of the act are incorporated in the bill it says that certain sections shall be inoperative. The section to which the gentleman refers is not enumerated there and, therefore, the section is not inoperative; it is in effect.

Mr. MURDOCK of Arizona. In lines 4 and 5, on page 27, it says article 5 of the act referred to shall be inoperative. What I want is to have section 501 of article 5 of the act referred to become operative in this case by reenacting it in the pending bill.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona.

The amendment was rejected.

Mr. GEYER of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEYER of California: On page 30, line 9, after the period insert:

"The payment of a poll tax shall not be required for such person inducted into the land or naval forces as a prerequisite for voting or registering to vote at any election for President or Vice President or Presidential elector or Senator or Member of the House of Representatives."

Mr. THOMASON. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. GEYER of California. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. Does the gentleman from Texas desire to argue his point of order?

Mr. THOMASON. I do not believe it ought to be necessary, but I am making the point of order because I do not think the amendment is germane to the bill.

Mr. TARVER. Mr. Chairman, I would like to outline reasons why I believe the point of order should be sustained if the Chair desires to hear me.

The CHAIRMAN. The Chair, of course, would be very glad to hear the gentleman from Georgia and also the gentleman from California. The Chair has looked into the matter somewhat, and is prepared to rule, but would be glad to hear either gentleman.

Mr. TARVER. Mr. Chairman, I simply want to offer this observation. The particular paragraph to which this amendment is offered deals with the exercise of governmental authority over the drafted men and provides that that authority shall not be exercised to prevent these men exercising their privileges as electors in the several States of their residence. It does not undertake in any way to change or modify the laws of the several States relating to the qualification of electors, even assuming that that could be done constitutionally, every lawyer, of course, knowing that it cannot be done by the Congress of the United States. It is, therefore, manifestly not germane to this section, and it is not relevant to this paragraph of the section, being an amendment which undertakes to change the laws enacted within the constitutional authority of the States regulating the qualification of electors.

I do not, of course, insist that it is not germane because of its unconstitutionality. The Congress can pass an unconstitutional law if it so desires.

Mr. GEYER of California. Mr. Chairman, the Chair, of course, is cognizant of the fact that he does not rule on the constitutionality of the thing, so far as its germaneness is concerned. That takes care of that.

This amendment is germane because it has to do with the voting rights of the men who have been drafted, the same as this section does.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. GEYER of California. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Is it not a fact that the gentleman's amendment is an amendment to the section which protects the rights of these men who are drafted and forced into military service to serve under the Stars and Stripes at $21 per month and help maintain the Constitution of the United States?

Mr. GEYER of California. That is right.

Mr. SCHAFER of Wisconsin. In many cases the money for the payment of poll taxes which are in arrears would require more than a month's wage of $21.

The CHAIRMAN. The Chair will have to insist that the argument be confined to the point of order.

Mr. GEYER of California. Mr. Chairman, I will further state that my amendment does not affect State or local officials. It affects only those who are elected officials of the United States Government. I believe the amendment is germane.

Mr. PACE. Mr. Chairman, may I be heard?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. PACE. Mr. Chairman, the amendment is not germane and is not in order for the further reason that it seeks to fix the qualification as voters only of those inducted into service under this bill, which would give them different qualifications from voters not inducted under this bill. It would, therefore, not be a uniform provision fixing the qualification of all voters in a State and certainly it is not in order in this bill to fix the qualification of one voter in one manner and the qualification of other voters in a State by an entirely different manner.

The CHAIRMAN. Does the gentleman from New York [Mr. MARCANTONIO] desire to be heard on the point of order?

Mr. MARCANTONIO. Mr. Chairman, the subsection to which the amendment is offered purports to guarantee the right of draftees to vote. This amendment seeks to remove any prohibitions that may exist against that right of the draftee to vote. It simply clarifies the language of the section, and thereby deals with the same subject; therefore, it is germane and any question of constitutionality or any question of States' rights are not questions that come up under the standard of germaneness. I submit that the point of order should be overruled.

The CHAIRMAN (Mr. WARREN). The Chair is ready to rule.

This section deals with the rights of draftees and trainees to vote. Of course, that is the only class that can be considered in a bill of this nature, because that is the subject we are dealing with. If the Chair was called upon to pass on the constitutionality of the amendment offered by the gentleman from California, which is not within the province of

the Chair, the Chair would certainly think that it was about the most unconstitutional provision that could possibly be offered to the pending bill. However, that is a matter for the courts to decide.

The Chair thinks the amendment is germane to this section and therefore overrules the point of order.

The gentleman from California [Mr. GEYER] is recognized for 3½ minutes.

Mr. GEYER of California. Mr. Chairman, it is very unfortunate, particularly in view of the opinion expressed by the Chair just now as to the constitutionality of the amendment, that it is impossible for us to have the hearings printed in order that we may determine whether or not it is constitutional. We have had some very splendid arguments made before the Judiciary Committee tending to prove its constitutionality. I am not saying that there are certain forces that have been brought to bear to keep those hearings from being printed, but I am very suspicious. However, I want to talk about my amendment.

The long arm of the Nation extends down into these 8 Southern States and takes boys out to defend democracy. They might well ask, What democracy? What democracy are they defending when it is possible to charge a vast amount of money, perhaps $15 or $20 if you will take the cumulative amount that some States require, before these men may be allowed to vote, and they are supposed to get this out of their little paltry $21 a month? That just is not common sense.

This body has the right of life, liberty, and limb so far as these boys are concerned. We say whether they come into the service and how long they shall stay in the service, yet we are putting a price upon their right to vote whether or not their masters come back again to determine just exactly what shall happen to them.

If they are going to defend democracy, let us give them a democracy to defend. So far as constitutionality is concerned, I wonder if we should not remember that people who live in glass houses should not cast stones. I am wondering if this whole bill upon which we are working really would stand the constitutionality test if it were subjected to that test. Talk about interfering with State rights? If we take a man, we certainly have the right to set up the conditions under which that man shall serve his country.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. GEYER of California. I yield to the gentleman from Missouri.

Mr. COCHRAN. I seek information. In my State, Missouri, the State law provides that on election day if an elector is not within the boundaries of the State he or she cannot vote. We have no absentee law such as other States have which provides for electors voting even if they are outside the jurisdiction of the State. Does the gentleman say it is possible to enact legislation here that will permit a resident of Missouri to vote even though he has been drafted or, if he is in the National Guard, has been ordered to duty if he is outside of the boundaries of Missouri on election day? I do not think we have such power.

Mr. GEYER of California. I believe that as far as Federal officials are concerned we have that right. We must guarantee a representative form of government under the Constitution.

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, of course, if you have no regard for your oath to support the Constitution of the United States and to defend it, you may vote for this amendment. Of course, if you have no regard whatever for the vested and indisputable rights of the sovereign States of this Union which formed the Union and delegated to the Federal Government the only rights which the Federal Government possesses, then you might consider voting for this amendment. It makes little difference whether you do or whether you do not. No one who has ever studied the matter for 10 minutes and who has any ground whatever for claiming to be a lawyer would think for 1 minute that this propaganda of the distinguished gentleman from California, called an amendment by virtue of supercourtesy, is anything but anticonstitutional. It is worse than unconstitutional—it is anticonstitutional. So if it should be adopted, it would avail nought except to cause the trouble of having it stricken down by the first court that could hear the demurrer. I beg of you again, as I did upon a former occasion, not to forget that we are Members of what is supposed to be a responsible, deliberative body. If we are not, then God save America! I bespeak your intelligent consideration of this amendment, if only for a moment, for that would inevitably insure its defeat. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. GEYER].

The question was taken; and on a division (demanded by Mr. GEYER) there were—ayes 41, noes 104.

So the amendment was rejected.

The Clerk read as follows:

SEC. 10. Any person charged as herein provided with the duty of carrying into effect any of the provisions of this act, or the regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said act, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this act, or regulations or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this act, or of said regulations or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this act or regulations made in pursuance of this act, or any person or persons who shall hinder or interfere in any way by force or violence with the administration of this act or the regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. In cases of persons subject to this act who fail to report for duty in the land or naval forces as ordered, military and naval courts martial shall have concurrent jurisdiction of offenses arising out of such failure. Precedence shall be given by courts to the trial of cases arising under this act.

Mr. VORYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS of Ohio: On page 31, line 16, strike out "In"; in line 18, after "ordered," strike out the remainder of line 18, all of line 19, and line 20 down through the word "failure" and insert "shall be tried exclusively in the district courts of the United States having jurisdiction thereof and this class of cases shall not be tried by the military and naval courts martial unless such person has been actually inducted for the training and service prescribed herein or unless he is subject to trial by court martial under laws in force prior to the enactment of this act."

Mr. VORYS of Ohio. Mr. Chairman, under this amendment we shall at least continue to have jury trial for citizens until it is determined that they are subject to military courts martial. We should not let a military court determine whether a military court martial has jurisdiction of the draftee.

I urge the adoption of this amendment, which was adopted in the Senate.

After long and careful and prayerful deliberation, I am against this bill as it stands. I have tried to keep an open mind and consider all of the evidence and arguments for this bill because, wholly aside from the propaganda and political pressure for it, good men whose wisdom and sincerity I respect and whose friendship I cherish, have urged the theoretical fairness and the practical necessity of enforced military service for Americans at this time. I find I cannot agree with them on either point.

Peacetime conscription is not necessary now for our national defense and is a dangerous departure from the American way of life, a more certain threat to our Republic from within than any present threat from without.

Conscription is not necessary now for national defense. Our Navy, which is our first line of defense, is the finest in the world and includes our splendid air force, which was my old service, and has a waiting list of 8,000 volunteers. Our Army has over 600,000 men available now and 3-year recruits at $21 a month are volunteering in unprecedented numbers—45,000 men in August. General Marshall, our Chief of Staff, said in June that 375,000 men were all we needed "for any eventualities" in the Western Hemisphere. We have never tried volunteering on a 1-year basis with $30-a-month pay as provided in this bill. Secretary of War Woodring said:

> How any fair-minded Member of Congress could say that we have given the voluntary system of enlistment for the United States Army service a fair trial, and that it has broken down, and therefore we need the compulsory service, is beyond my understanding. * * * I am for a trial of voluntary system before changing to the compulsory system.

The Army is now talking about a theoretical initial protective force of 1,200,000 men, resurrecting a figure that was determined by our General Staff before Germany revolutionized warfare and conquered Holland, Belgium, and France with 500,000 men, including a spearhead of only 50,000 mechanized troops, parachutists, and air force.

I cannot see how we can arm and equip the masses we propose to conscript. Mr. William S. Knudsen testified before the Senate Committee:

> It will be 1942 before there will be complete equipment for 750,000 men.

General Marshall has testified that these men will be without Army overcoats or blankets this winter; that barracks have not yet been built; that there will not be enough tanks, antitank guns, mortars, combat planes.

What is our danger? General Marshall said in June:

> We do not visualize any invasion of this country.

I cannot find any military or naval man who will say that there is any possibility of an attempted invasion of our country for years. Nevertheless, we hear dire forebodings of our peril. Ambassador Bullitt says we are worse off than France a year ago. Secretary Stimson says we are worse off than in June 1917. They are never specific in public. Stimson says the necessary information is known to us all. Bullitt implies he has secret information. I have searched the public statements and testimony of responsible officials of the State Department, Army, and Navy, and have talked with them off the record, and I have yet to learn of a single specific statement of how or where or when our country is in danger. They are never specific. They merely say "danger, peril, fear." The same men who preach danger and peril are the men who know the details of our secret working alliance with Great Britain. Therefore it is increasingly clear that conscription is unnecessary for our own defense but is imperative for our part in British-American allied imperialism. The Regular Army and the Navy must be ready to go anywhere; therefore we must have conscripts for our own defense. I oppose the foreign policy that requires this military policy.

This bill is urged as an emergency defense measure for a year, but it lasts 5 years, calls for 10-year service in the Reserves, and states a permanent policy—section 1 (b):

> The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

The House was gagged on the Dirksen amendment, which would have stricken out this statement of policy. Members on their feet were ignored by the Chair when debate was limited.

I oppose this permanent policy for our Republic. We have abhorred it for 150 years. In order to discredit peacetime volunteering, we have been told that volunteering failed in the Civil War and in the World War. The truth is that in the Civil War we had over 2,000,000 volunteers on the Union side and only 46,347 conscripts ever served. In the World War, in spite of the fact that volunteering was practically made impossible after the draft started, 1,163,048 volunteers saw service. While I would be willing to vote for conscription in a modern war, our war history certainly does not prove the need for peacetime conscription as a national policy.

We are urged to profit by the example of the democracies overseas. France, Holland, and Belgium had peacetime conscription—and collapsed in war. Britain alone, that abhorred peacetime conscription, is still fighting. Little Switzerland has universal military training, with the longest period 112 days. We have no such proposal here.

What is the historical record of peacetime conscription? Democratic Athens had it, and gained a tyrant. The Roman Republic had it, and became an empire. Republican France enforced it in 1793, and got Napoleon. Germany practiced it after 1806, and Bismarck followed—then Hitler. History teaches that peacetime conscription cannot guarantee the defense of a country, but that successful, efficient, peacetime compulsory service means military imperialism for the state and loss of liberty for the citizen. We cannot change this inexorable rule of human nature by passing a law saying conscription is compatible with freedom any more than we could legislate temperance or neutrality. When we inflict involuntary servitude as a penalty not for crime but for being a young, healthy, independent American in peacetime, we have made a fundamental and far-reaching change in the way of life of our Republic, and we cannot hope to avoid the inevitable consequences of that change.

Our people are ready for any necessary sacrifice for our defense. That spirit should not be exploited or prostituted. They are asking "What should I do?" Instead of saying, "Volunteer, wherever your services are needed," we are saying, "Sit tight until your number is called." The same patriotic spirit is necessary to make either volunteering or conscription work, for it would be physically impossible to shanghai millions of unwilling draftees. Conscription, to be successful, must be largely voluntary. Volunteering, to be successful, must have an element of popular compulsion behind it.

Then what is the difference? This is the difference: Volunteering emphasizes initiative and consecration, conscription emphasizes resignation and servility. One says, you ought; the other says, you must. One requires an act of the will, the other requires surrender of the will. One is active, the other passive. One is the act of a citizen; the other, the submission of a subject.

The conscription spirit will grow. Neither the soldier conscript nor his master—the Government—will long have patience with volunteer industry or volunteer labor. Here is a form of wealth conscription in this bill that has received little attention. Protection of the conscript against his debts means two things: First, part of the assets, represented by conscripts' loans, of banks, building and loans, finance companies, insurance companies, and other lending institutions will be conscripted, by lot, for the duration of the emergency. This constitutes an inevitable conscription of wealth based purely on chance. Second, the personal credit of every man in the draft-age group will, therefore, be greatly restricted or destroyed. I do not see how the Director of Selective Service can exempt conscripts on the grounds that working for their creditors is "necessary to the maintenance of the national wealth, safety, or interest," and I do not see how those who lend other people's money can safely make loans to men whose ability and duty to repay may be destroyed at any time.

The present plan, as shown by the exemptions and deferments in the bill and as stated privately by Army officers, is to draft the unemployed. Many people approve of this. I doubt whether they have fully considered the consequences of such a policy. Our Government now offers four kinds of jobs to the unemployed young men—the C. C. C., at $30 a month plus "keep"; the N. Y. A., at $3 to $31 a month, part time;

W. P. A., at $31.20 to $94.90 a month; and service in the Army or Navy, beginning at $21 to $30 a month and "keep." There is work to be done in the Army and Navy; we have to make work for the C. C. C., N. Y. A., and W. P. A. Why not encourage volunteering for the military work that needs to be done by making it more attractive and by lowering the attractions for relief jobs? Instead of this, the present plan is to force part of the unemployed into military service, while W. P. A. and the C. C. C. camps are expanding. I am fearful of the consequences of this policy. We will not long remain a house divided, part conscript and part free.

Hitler is more than a military leader. He is head of a world-wide revolution against democracy. Has Hitler won his revolution in America, without firing a shot? Our great leaders endorse involuntary service of men to the state, and seizure of property by the state, conscription of the press and radio for propaganda is proposed in Congress. We are adopting Hitler's methods in the name of stopping Hitler.

I think we have a chance to stay out of war, to continue free, but we take another step toward war and away from freedom when we adopt enforced minority military service now. [Applause.]

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, some of us are honestly and sincerely interested in two things: First, the national defense, and second, trying to provide for it in such a manner as not to run the risk of militarizing America.

In this section to which this amendment is offered there is, at the top of page 31, language providing punishment for people who "knowingly counsel, aid, or abet others to evade registration or services in the land or naval forces or any of the requirements of this act." I realize the reason for and importance of this provision. Otherwise you are going to have people, "fifth column" people, Nazis, Communists, and so on, attempting, to the best of their ability, to get people to evade the law. You cannot avoid that, I know, but I do think there is this danger—that that language may be interpreted in such manner that any criticism of the law or even any attempt at an analysis of the law or a speech advocating changes or improvements in it might, by some stretch of the imagination, be considered to be in the category of urging evasion, and I think it ought to be said by somebody here who speaks with authority on the bill that that is not the intention of that language, that it is intended as a specific provision to prevent direct attempts at evasion. Am I correct about that? I would like some member of the committee to tell me if I am.

Mr. THOMASON. I did not hear the gentleman.

Mr. VOORHIS of California. I asked whether that language at the top of page 31 could possibly be interpreted as meaning that anybody who made a speech analyzing this bill or advocating changes in the system here set up or talking about that system would be accused of attempting to aid and abet people to evade the law.

Mr. THOMASON. I suppose it would be possible to have such a construction, but I am also certain that is not the intent of the committee.

Mr. VOORHIS of California. I am sure it was not.

Mr. THOMASON. I do not believe, speaking for myself, that the language is subject to that construction.

Mr. VOORHIS of California. That is all I wanted to know, and I thank the gentleman.

Now, about this amendment offered by the gentleman from Ohio [Mr. VORYS]. This amendment was adopted by the Senate in the precise language as the amendment offered by the gentleman from Ohio [Mr. VORYS]. What it aims to do, as I understand it, is to prevent people from being tried in courts martial until after they have actually become a part of the military forces of the United States. It seems to me to be a very logical amendment. It says that if a man for some reason, perhaps some reason beyond his control, was not able to report or failed to report at the time he was supposed to report, his case shall be tried in the ordinary courts and not in a court martial. It does not have any effect, as far as I can see, in any way upon discipline in the military forces.

If I am mistaken about that I would like to be corrected, but I cannot see how it will have any effect on that. If I thought it would I would be against the amendment. It seems to me it will simply prevent all the citizens that have to register under this act from being subject to possible trial in courts martial, and I do not think we want to do that. It seems to me the amendment is very reasonable, and that it should be adopted. It was adopted in the Senate of the United States.

I would like to say this much further. It is not so much the things that Congress does in connection with our efforts to provide national defense and do it speedily, as it is the way we do it and the care we exercise in the way we do it. For my part I think the House of Representatives is amply justified in spending 4 or 5 days on this bill in spite of the remarks that have been made in the press. We should have done that on the tax bill. Had we done so we would have sent a better bill to the Senate. Furthermore this may well prove the most important bill ever passed by the American Congress. We ought to guard it just as carefully as we can.

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, I rise in opposition to the amendment.

I am just as much opposed to militarism as the gentleman from California or the gentleman from Ohio. I have also had a little bit of experience before courts martial and I am not any too keen about some of them and the way they are conducted, but this goes to the question of morale and discipline. You must lodge authority and power of enforcement somewhere, because I can visualize a situation where some young fellows, perhaps, who do not feel very kindly to this legislation, called before their local board, and then the local board passes upon their cases and orders them into service, and then if this amendment should prevail, if I understand it, those men who refuse could go into the civil courts and tie up final decision for quite a long time. If that happens morale and discipline will be destroyed. If you are going to have a law like this you have to clothe somebody with the power and authority to enforce it and to let these young fellows know they must respond to the call of their country. So I think you are getting on dangerous ground when you take away from this bill, at least, the big stick, if that is what you want to call it, of these men having to face a court martial if the situation is grave and they are willfully trying to evade service.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. CASEY of Massachusetts. I am for this bill, but I think we ought to clearly state so there will be no misunderstanding, and state it here in the debate, that there is no intent on the part of this section to abridge the right of citizens to criticize this legislation or to agitate against it.

Mr. THOMASON. I do not think there is a word like that in it or that it is subject to that construction. I know that is not the intention of the committee.

Mr. WADSWORTH. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. WADSWORTH. Is it not the recollection of the gentleman from Texas that the provision carried in this bill was the provision which prevailed during the selective draft during the World War?

Mr. THOMASON. I think it is almost identical.

Mr. WADSWORTH. Does the gentleman recollect that as an example of that, Bergdoll was tried by court martial?

Mr. THOMASON. Bergdoll is one of the striking illustrations of what might happen if you take away from the War Department and the military authorities the right to say that a man must get into uniform and do his duty. Otherwise you will just have constant confusion if you give that man the right to go to a civil court. Furthermore, it would be

the sons of the rich who take advantage of such a situation and poor boys would have little chance.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. MARCANTONIO. I think the distinction should be made with regard to the observation made by the gentleman from New York [Mr. WADSWORTH], that this is peacetime conscription and that you are depriving these draftees of the right of trial by jury even before they become members of the Army.

Mr. THOMASON. I know, but you have to have some kind of discipline. These young men are going to be living under the same rules and regulations as the Regulars and the National Guard men with whom they are in camp. All should be treated alike.

[Here the gavel fell.]

Mr. JONKMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, on page 17556 of the RECORD which contains the proceedings of Thursday afternoon, we read the following on the Fish amendment:

> It is proposed to enlist 400,000 men by that time. If you do it and induct these volunteers into service, you simply cannot take care of them. It cannot be done. There will not be sufficient clothing or housing. There will not be cantonments. There will will not be tentage.
>
> It is impossible for the Department to handle any such number. It is far beyond the plans and hopes of the Department to take in 400,000 men in the next 60 days, plus the 75,000 which they have to take into the Regular Army. That they must go ahead with. That they have planned for. Under the plans of the Department, under this bill, as I tried to explain yesterday, it is planned somewhere near the middle of November, the 8th, 10th, 12th, or 14th, no one can state exactly, to bring not 400,000 men under the draft, but only 75,000. That is what they certainly can take care of at that time. Then a month later, we will say, 100,000. They are going to bring them in in driblets, spread the effort over 3 months' time, so that by approximately the first week or the second week in January they will be able to take care of between 350,000 and 400,000 men.
>
> This amendment throws a monkey wrench into that whole machinery.

Members of the Committee, those words were spoken by the gentleman from New York [Mr. WADSWORTH]. Mr. WADSWORTH is an able legislator. He has served in both Houses, and he is the sponsor of this bill as well as the spokesman of the proponents of this bill. That statement was a revelation to me—his statement that they could not take care of more than 75,000 men at this time and not until some time in November, 2 months hence. He says, "Do not vote for this amendment. Do not give us 400,000 men in 60 days. We would not know what to do with them."

Now, it has been said that the proponents of the Fish amendment are obstructionists to preparedness and training, and yet here we have a confession that the administration, or the proponents of this bill, to be exact, do not want 400,000 men inside of 60 days because they cannot take care of more than 75,000 men. [Applause.]

They cannot house, clothe, or equip them. It will throw a monkey wrench in their machinery. The Fish amendment offers them 400,000 men in 60 days. They do not want that. They do not want 400,000 men in 60 days. Then I ask you who are the obstructionists on this preparedness and this training program? Is this complicated bill, this bill that takes so much time to understand and to apply, seeking 400,000 men in 60 days or not? If they do not want 400,000 men in 60 days, then this bill is seeking not to have 400,000 men in 60 days. It has some other purpose. What and why? I am going to ask this as a question: If we get 400,000 men in 60 days will it show up the nakedness of the administration? Will it show up still further the deplorable, inefficient unpreparedness of the administration to the Nation? Is this bill a measure to avoid such exposure? Is this an obstructionist plan and is this complicated, un-American, anti-American, peacetime military conscription bill a method to obstruct the raising of an army until after election? This is the question I ask, and I would like to have it answered.

Mr. GREEN. Will the gentleman yield? I will answer it.

Mr. JONKMAN. No. I decline to yield to the gentleman. I only have 5 minutes.

I repeat, there is no necessity for this complicated legislation with which we find difficulties of application at every stage of the game. [Applause.]

[Here the gavel fell.]

Mr. COOLEY. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for 8 additional minutes.

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent to proceed for 8 minutes. Is there objection?

There was no objection.

Mr. COOLEY. Mr. Chairman, I would like very much to have the attention of the chairman of the committee. I would also like to have the attention of the distinguished Member the gentleman from Texas [Mr. SUMNERS] and the distinguished author of this bill, the gentleman from New York [Mr. WADSWORTH].

I want to discuss again briefly the provision which was discussed at some length yesterday afternoon, which provides definite and specific exemption for Members of Congress and other officers named, from training and service in the land and naval forces of the United States. The gentleman from Oklahoma [Mr. BOREN], the gentleman from Texas [Mr. GOSSETT], and I introduced similar amendments for the purpose of striking out subsection (b) on page 23 from lines 3 to 9, inclusive. The amendment was overwhelmingly defeated. I believe that by defeating the amendment and retaining the provision providing exemption or deferment we are placing ourselves in a rather ridiculous position. I am sure that we all appreciate the fact that our Government is composed of three separate and distinct divisions, the legislative, judicial, and executive.

Neither branch of the Government has the right to trespass upon or interfere with the other. Each Member of Congress is here, not by virtue of the judgment of any court and not by virtue of Executive order. We are here because we were duly elected by the people of our districts who, in the free exercise of the privilege guaranteed to them by the Constitution of the United States, have a right at all times to say who shall represent them in this body. If the people of a particular congressional district want a young man to represent them in Congress they have a perfect right to elect a young man. If the people of any particular congressional district want either a young man, an old man, or a woman to represent them in Congress, they have a perfect right in the exercise of the privileges of free men, to select a person of their own choice to represent them here in Congress. When a Member of Congress is once elected and enters upon his duties there are only four ways that he can cease to be a Member: First, by being defeated at the polls; second, by voluntary resignation; third, by impeachment; fourth, by death. And no branch of the Government—the executive, judicial, or the legislative—itself can deprive the people of any congressional district of their right to have the person of their choice to represent them in this body so long as the person duly elected by them conducts himself properly in the performance of his duties and remains loyal to the oath which is administered to him upon becoming a Member of Congress. Congress, even by a unanimous vote, does not have the right to confer upon or to vest in any selection board or in any commission or in any person or group of persons the right to take any Member of this House away from his post of duty and to put him into a training camp or even to compel him to serve in the armed forces of the Nation.

If we have a right to fix the age limit and to draft or exempt, according to our own best judgment in the matter, why could we not lift the age limit to 65 or even 75 years of age and turn over to the executive branch of the Government and to selection boards the right to call into the armed forces of the Nation every Member of Congress and even every member of the Supreme Court of the United States

and of all of the inferior courts, thereby placing in the hands of the Executive the right to destroy the judicial and legislative branches of our Government? No one would suggest a thing as foolish or as absurd as this. Therefore, I want to make the point that even if we sought by affirmative action to subject Members of Congress to the call and to the control of the executive branch of the Government, we could not, under our Constitution, do so.

We have at least one Member of this body who perhaps has no dependents; he is within the age limit provided by this bill and so far as I know he has no other exemption other than that immunity from service which is guaranteed by the organic law of the land, and you and I know and he knows that even without a specific exemption he would not, against his own will, be subjected to induction into the military forces of the Nation. Would any Member of this House have the audacity to suggest that the military authority vested by this or other legislation would be superior to the constitutional rights of free people to have and to keep their duly chosen Representative upon the post of duty here upon the floor of this House? Yet, with all of the immunity and protection afforded Members of Congress by our Constitution and system of Government this House is about to provide additional protection which is neither wanted nor needed. Are you not willing to rest upon the constitutional immunity inherent in your rights as Members of Congress? Is not constitutional immunity and security sufficient to protect you from the judicial or executive branches of the Government or even from the military forces of the Nation? Why do you seek to provide an additional storm shelter to which you could flee? Why do you seek to impress upon the people the importance of your own positions when they themselves well know and understand just how important your position here in this House is at this critical time? If this specific exemption is stricken from the bill are you afraid that the military forces of the Nation will march upon the Capitol and take from the legislative branch of the Government those duly chosen to represent the people of the different congressional districts of the country? In wrapping this additional cloak of immunity around your shoulders you are merely subjecting Members of Congress to the harsh criticism of cowardice.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield briefly.

Mr. MOTT. If I identify correctly the Member the gentleman indicates, he would be within the provisions of this bill, because he has no dependents. I think I know who the gentleman means, and I am going to take this occasion to inform the gentleman, if he does not already know it, that the Member is an officer in the Naval Reserve and would immediately go into active service upon the declaration of war.

Mr. COOLEY. That may be true; but the point I want to get across to this Committee, as you sit here and vote upon this absurd provision, is that no Member of Congress can be taken out of this body except in one of four ways: By defeat at the hands of his constituents, by voluntary resignation, by death, or by impeachment.

The gentleman to whom I referred a moment ago as coming within the provisions of this bill is perhaps the youngest Member of this body, the gentleman from Texas, LINDLEY BECKWORTH, a young man who is loved and admired by the entire membership of the House. He has well and faithfully represented the people of his district. He is a patriotic and loyal American citizen and a man of whom his constituents may be justly proud. He has represented his district with ability and great distinction. He is conscientious and diligent in the performance of his congressional duties. He has recently been renominated, if I remember correctly, by a vote of approximately 4 to 1. The people of his district have a right to insist upon his remaining in the high position to which they have elected him, and no branch of this Government or officer thereof has a right to deprive them of his valuable services here.

We saw him, along with the rest of us, vote for the Whittington amendment, the purpose of which was to eliminate Members of Congress from the section providing deferment from training and service in the land and naval forces of the United States. He voted just as I did for the Boren amendment which was similar to the amendment introduced by the gentleman from Texas [Mr. GOSSETT] and likewise similar to the amendment which I introduced, the purpose of which was to strike from the bill subsection (b) on page 23, the section which seeks to provide additional protection for Members of Congress and other officers therein named.

We are not engaged in war. We are not drafting men for the purpose of sending them immediately to the fields of carnage. I do not even believe that our Nation is in imminent danger. We are now only preparing for any emergency or eventuality which may arise. Should Congress declare war then will be the time for my young friend from Texas and other Members of Congress to decide upon the course of their own conduct. Certainly no one would be justified in suggesting that a Member of Congress should now resign and abandon the post to which his constituents have elected him, but all agree that each Member of Congress should continue in the performance of the duties which are here imposed upon him. We neither have a right to subject Members of Congress to military training nor to subject them to embarrassment by causing them to embrace a provision such as the one I have been discussing; yet if the provision is retained in the bill I expect to vote for it, and I am sure that my friend from Texas will likewise vote for it, and other Members of the House will vote for it, hoping that it will be stricken out of the bill in conference.

Can it be seriously suggested here that but for this additional immunity, exemption or deferment provided in this bill Justice Douglas could be taken by a selection board from the Supreme Court of the United States, put into a uniform and into an Army camp? Would anyone suggest that without this provision military officers could take all of the qualified judges now serving in the various courts of the country and subject them to military training and thereby disrupt the orderly processes of the civil law? And last but not least, would anyone be foolish enough to believe that but for this provision even Governors of sovereign States could be taken into custody by military officers of the Federal Government and confined to an Army post under strict military discipline? I merely mention all of this for the purpose of pointing out the absurdity of attempting to provide additional protection for those now performing vital governmental functions. Why are not Members of Congress willing to accept the immunity provided by the fundamental and organic law of the land?

This provision is unnecessary and the protection it seeks to provide is wholly unnecessary. Why should you say by legislative enactment to the Members of both Houses of Congress and to those engaged in the performance of duties vital to the life and welfare of the Government that they have a right to waive their exemption, that they have a right to resign their positions? Do you not know that every individual affected by this provision well knows that he has a right to resign his position and go into training and to join the armed forces of the Nation? By telling them that they can resign you are only telling them what they already know.

I want this Committee and this Congress to look this provision squarely in the face and I hope very much that it may be stricken from this bill.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MAHON. I want to join the gentleman in condemning that section of this bill which specifically exempts from military training and service various Federal and State officials in the legislative, judicial, and executive branches of the Government, including Members of Congress. I cannot speak for other officials or for other Members of Congress, but I want the RECORD to show my opposition to any special exemption for Members of Congress from the provisions of this act and my support of the gentleman's amendment and the amendments offered by the gentleman from Oklahoma [Mr. BOREN], the gentleman from Mississippi [Mr. WHITTINGTON], and the gentleman from Texas [Mr. GOSSETT].

Mr. COOLEY. I thank the gentleman for his observations.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. COLMER. Is there any provision that would keep the proponents of this section who are seeking this storm shelter from going out and volunteering their services any time they desired, or would there be any objection to their doing so?

Mr. COOLEY. Of course, they could volunteer.

Mr. MASSINGALE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield briefly to the gentleman from Oklahoma.

Mr. MASSINGALE. The gentleman surely has not been cajoled into that frame of mind——

Mr. COOLEY. I hope the gentleman will be brief.

Mr. MASSINGALE. The gentleman has not been cajoled into that frame of mind where he thinks that if every Member of Congress, regardless of age, were subject to military service there would be such an exodus from this Chamber into the Army that we could not get a quorum, has he?

Mr. COOLEY. I do not care to discuss that point with the gentlemen. I am just taking the position that you, as intelligent Members of Congress, know that neither the legislative branch of this Government, nor the judicial, nor the executive, has the right to deprive your constituents of your services here in this House; yet you are not willing to rest in the ease and security of that constitutional immunity, but seek to provide an additional shelter.

As well as I can and in all earnestness I am trying to speak to the intelligence of the Members of this House.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MOTT. I have just been informed by one of my colleagues that what I said a few minutes ago was not entirely correct. The Member I had in mind and the Member the gentleman has in mind are not the same person; so my remarks do not apply.

Mr. COOLEY. Mr. Chairman, I earnestly and in all seriousness ask the Committee to again consider the desirability of striking out subsection (b) on page 23.

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

Mr. HINSHAW. Mr. Chairman, I object.

Mr. THOMASON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

Mr. BURDICK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BURDICK. I have had an amendment pending at the desk for 2 days. Would the request now submitted by the gentleman from Texas preclude the consideration of my amendment?

The CHAIRMAN. The Chair informs the gentleman from North Dakota that we have not yet reached the section of the bill to which the gentleman's amendment is to be offered.

Mr. VORYS of Ohio. Mr. Chairman, reserving the right to object, will not the gentleman amend his request to provide that at the expiration of the 10 minutes' time the amendment may be read in its context so the Committee may know what they are considering?

Mr. THOMASON. I think that would be good.

The CHAIRMAN. What is the request?

Mr. THOMASON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes and that at the close of the 10-minute debate the amendment may be reread by the Clerk.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. THOMASON]?

There was no objection.

The CHAIRMAN. Does the committee desire any time?

Mr. THOMASON. The committee does not desire any time.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma for 5 minutes.

Mr. MASSINGALE. Mr. Chairman, the amendment offered by the gentleman from Ohio will, in my judgment, absolutely destroy and undo the very purpose of section 10, which provides that in cases of persons subject to this act who fail to report for duty in the land or naval forces as ordered, the military and naval courts martial shall have concurrent jurisdiction of offenses arising out of such failure. The amendment offered by the gentleman from Ohio knocks out that provision and substitutes in its stead a provision that these military and naval courts martial shall have nothing to do with it.

Mr. Chairman, here is the absurdity of it. Suppose that a man A has been drawn and called into the service for training. We have no war on now and I hope we will not have any. Do you know what this amendment will do to the bill? I will not say that probably this will happen, but I will tell you what will be the result if the opposition wanted that result to occur, and I do not mean Republicans. I mean the opposition that exists in this country to the Government of the United States. The bundists could take advantage of this amendment, if it were adopted, and absolutely stop the induction of every boy or man in the United States that might be called under the provisions of this act. If you want that done then we are safe in voting for the amendment offered by the gentleman from Ohio, which takes away the right of military and naval courts martial to try these men who have been selected and called in for training purposes. Why, a bundist could come in here and make bonds for them and appeal every single case and thus defeat and prevent every boy and every man in America from going into the service until at the end of such time as might be required to end the law suit, the injunction or whatever may be the action taken to save him from doing his duty to the Government of the United States, and I remind you that there would be an individual case for each individual man.

Mr. Chairman, it is a dangerous proposition. I do not like to get up here every few minutes to make a speech, and I do not often do that, but this is a very serious thing. It is serious for us and it is serious for our Government. We ought to be more careful and not go ahead and adopt an amendment that will be so destructive to the purposes of this bill that, if agreed to, we might just as well have no bill.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. MASSINGALE. I yield to the gentleman from California.

Mr. VOORHIS of California. If I thought the gentleman was right I would be against this amendment, but I read the Senate debates on it. The Senate adopted this amendment and I cannot believe it is going to lead to any such result as the gentleman fears.

[Here the gavel fell.]

Mr. HINSHAW. Mr. Chairman, I rise in support of the pending amendment. First, may I say that some of the fiercest militarists in this House are those who never served in the Army and who know nothing about it and of course they have never been up against a military court. I have acted as the judge advocate of an Army general court martial and I have been called upon to prosecute cases similar to the ones that would come under this bill. I want to tell you about one somewhat similar case which, because of the fact that the Army Court Martial Manual and the regulations of the Army are so strict, could not be dealt with otherwise than the way we handled it.

This involved a young man from War Eagle, W. Va., the district represented by one of the Members of this Congress. This young man was inducted into the service in the last war under the last draft. He received a message from home one day in the spring of 1919 that he should come home because of illness in the family. He had to have that message read to him because he himself could neither read nor write.

He received a 3-day leave of absence and went home. He did not show up at the end of 3 days, after which time he was marked "Absent without leave." At the end of 30 days he was marked as a deserter. Notice was sent to the sheriff of the town in which he lived. He was brought into the court in which I was acting as judge advocate, charged with desertion. When the case was finally brought to trial, and I want to say it was very difficult to get the facts from this young man as he was one of those very reticent mountaineers, it was found that instead of his being an unmarried man he had been married several years, although he was only 21 years of age. He had a 2-year-old child and was about to have another one in the family. At the end of his leave he said that he did not see that there was much of anything doing in the Army about any war or any shooting of guns, at which he was an expert, so he decided he would mend the fences because his wife was not able to. He stayed a little longer, he said, and he reckoned he might as well do a little needed work at home, and when they needed him to come back to the Army they would come and tell him.

Mr. Chairman, it was necessary for that Army court, under the laws of the Army, to convict that splendid but ignorant man of desertion and to give him a dishonorable discharge from the Army. The best thing we could do under Army law was to give him only 1 day in jail and one dollar's pay as his punishment, aside from the dishonorable discharge.

There may be thousands of cases like that which occurred over the United States through absolute ignorance on the part of the person who was inducted into the service, and I do not propose that any more of these men be subjected to the rigid laws of the Army in cases of that sort than is necessary. I therefore believe the amendment should be adopted to give the man his last chance in the civil courts of the United States before he becomes subject to the military courts of the United States, particularly in time of peace.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. Does the gentleman understand what apparently some members of the committee do not understand, that the jurisdiction of courts martial is not limited by this amendment? Under my amendment the courts martial are given their powers if a man is subject to their jurisdiction, but the question of whether a man is still a civilian or not is left to the civil courts, with the right of jury trial.

Mr. HINSHAW. I believe that every man should be given his last chance in a civil court before he has to be called before a military court, for the laws and the evidence and the procedure in the military courts are very much different from what they are in the civil courts. Certainly in time of peace when men are to be inducted into the Army for training purposes they should be given every last chance under the civil laws.

Mr. SMITH of Connecticut. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Connecticut.

Mr. SMITH of Connecticut. As I understand, this amendment would not cover a situation such as the gentleman has described, where the man had already been inducted.

Mr. HINSHAW. He had been inducted, but whether he had or not, the man could not either read or write.

Mr. SMITH of Connecticut. He could not be tried in the civil court.

Mr. HINSHAW. That may be; but until a man has had a chance to learn something of military law and customs—many of our people are still uneducated—he should be given a chance under the more lenient civil laws, certainly until he is in uniform. There are lots of cases like that that should be taken care of in the civil courts and not in the military courts. In times of peace it is absolutely essential that the civil rights of the people be protected to the very last bulwark.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from New York.

Mr. MARCANTONIO. Under the existing provisions of the bill, any person who is subject to registration under this bill comes under the military court martial.

Mr. HINSHAW. He comes under the military court martial, even before he has been inducted. He comes under the military court as soon as his orders to report are issued.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The Clerk will again report the amendment offered by the gentleman from Ohio [Mr. VORYS].

The Clerk again reported the Vorys amendment.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Ohio [Mr. VORYS].

The question was taken; and on a division (demanded by Mr. VORYS of Ohio) there were—ayes 70, noes 104.

Mr. VORYS of Ohio. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS of Ohio and Mr. THOMASON.

The Committee again divided; and the tellers reported that there were—ayes 120, noes 131.

So the amendment was rejected.

The Clerk read as follows:

SEC. 11. (a) The President is authorized—

(1) to prescribe the necessary regulations to carry this act into effect;

(2) to create and establish a selective-service system, and shall provide for the classification of registrants on the basis of availability for training and service and shall establish civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this act. There shall be created one or more local boards in each county or political subdivisions corresponding thereto of each State, Territory, the District of Columbia, and the possessions of the United States. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials, none of which local board members shall be members of the armed forces, and each member must be a civilian and a citizen of the United States residing in the subdivision or area in which the respective local board will have jurisdiction under the rules and regulations prescribed by the President. Such local boards shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions of exemption or deferment from training and service under this act and all questions of or claims for inclusion for training or exemption or deferment from training and service of all individuals within the jurisdiction of such local boards under the rules and regulations prescribed by the President. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. The appeal boards and agencies of appeal shall be created within the selective-service system and persons comprising such appeal boards and such agencies shall be civilians and citizens of the United States. No person who is an officer, member, agent, or employee of the selective-service system or of the local or appeal boards or other agencies provided for in this act or any regulations pursuant thereto, shall be exempt from registration, or deferred if qualified and eligible, from training and service as provided for in this act;

(3) to appoint, by and with the advice and consent of the Senate, and fix the compensation of a Director of Selective Service, who shall be directly responsible to him, and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this act;

(4) to utilize the services of any or all departments and any and all officers or agents of the United States and of the several States, Territories, and the District of Columbia, and subdivisions thereof, in the execution of this act, and to require of each the performance of such duties as he directs; and

(5) to have done such printing, including advertising, binding, and blank-book work in such public or private printing establishments or binderies as he may designate, and to obtain such office equipment for the selective-service system as may be necessary in his discretion to carry out the provisions of this act, with or without advertisements or formal contract.

The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this act.

(b) All officers and agents and persons designated or appointed by the President, or under regulations prescribed by him, shall have full authority for all acts performed by them in the execution of this act by the direction of the President. In the administration of this act voluntary services may be accepted. Correspondence necessary in the execution of this act may be carried in official penalty envelopes.

Mr. THOMASON. Mr. Chairman, the committee offers a perfecting amendment.

The Clerk read as follows:

Committee amendment offered by Mr. THOMASON: On page 34, line 6, after "obtain", insert "by purchase, loan, or gift"; in the same line, after the word "such", strike out the word "office"; and in the same line, after the word "equipment", insert the words "and supplies."

Mr. THOMASON. Mr. Chairman, the Procurement Division has said that the bill does not provide for the use of old typewriters and other equipment, and this is merely a perfecting amendment.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. EDMISTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDMISTON: On page 32, line 11, after the comma, insert "a majority of whom shall be veterans of an American war."

Mr. EDMISTON. Mr. Chairman, I offered this amendment in the Committee on Military Affairs and it was defeated by the committee. I still believe it is a good amendment and should be in this bill. It merely provides that a majority of the members of the local board shall be veterans of an American war. I believe that a great many Governors will probably put World War veterans on these boards.

May I say in the beginning that I do not believe we veterans are all of the patriotic citizens of this country, and I do not want to imply that, but I do believe that experience is a good teacher and that the mistakes that were made by the local boards in the last war, that had to be put up with by those of us who were in the Army, will not be made again by men who had the experience of having to deal with what I believe were the errors that were made. In my opinion, it will save the Government a great deal of money. Many men who were passed by the local draft boards were absolutely unfit for service in the last war. The local communities would want to get rid of a man and they would pass him through the board and he would get in the Army. Many of them were put in the Army in this manner.

When these men are drafted, they should be classified intelligently and placed in occupations about which they know something, such as those they occupied in civil life. They should be placed in occupations along that same line when they are in the service. In the last war, if you called for a barber he would probably have been a blacksmith in civil life, and if you wanted a sapper they would send you a bookkeeper. There was no intelligence displayed in the way they classified the men after drafting them. I believe that if a majority of the members of these boards were ex-service men, who have had that experience, they would do a better job and save the Government a great deal of money.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. EDMISTON. I yield to the gentleman from Alabama.

Mr. PATRICK. I was in the Army in the last war, and am, of course, interested in this phase of it; but how could the Government know the different set-ups that would be found in each district, and how can we legislate so as to determine, regardless of that, who would be the best men in any district? It seems to me impossible for us to go that far down and intelligently legislate as to who shall compose the several boards in each district.

Mr. EDMISTON. I am not saying who they should be; I am just saying a majority of them should be veterans.

Mr. PATRICK. But the personnel from whom these draft boards will be chosen would necessarily be the best men and the most available men.

Mr. EDMISTON. In my experience, the veterans, having had that experience, will get better men through the local board than men without military experience.

Mr. PATRICK. Is not that going a long way for us, legislating for the locality?

Mr. EDMISTON. I do not believe so. We are certainly legislating for the locality in this whole bill.

Mr. PATRICK. But I mean the behavior in taking the men, that is, the man who sits around the home fires and takes them in.

Mr. EDMISTON. No; I believe this amendment will save money and it will get you better men and improve the bill. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia.

The amendment was rejected.

Mr. SHORT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHORT: Page 32, line 10, after the word "board", insert the following: "shall be bipartisan"; and on page 33, line 2, after the word "President", strike out the remainder of line 2, all of lines 3 to 8, inclusive, and the words "the United States" in line 9, and insert the following: "there shall be created in each State, Territory, the District of Columbia, and the possessions of the United States one or more appeal boards to which appeals may be taken from decisions of local boards in accordance with such rules and regulations as the President may prescribe. Such appeal boards shall be bipartisan and shall be appointed in the same manner and possess the same qualifications provided for members of local boards."

Mr. SHORT. Mr. Speaker, if this is a patriotic and not a political measure, I do not see how any man could have objection to the amendment that I have offered.

I regret that there is a disposition on the part of some people throughout our country and even, perhaps, Members of the House or of the executive branch of the Government, to brand any man who opposes this measure as a "fifth columnist," or as unpatriotic or as un-American. It cannot be repeated too often, sir, that this bill was introduced into the Senate by an antinew dealer who has been purged and that it has been introduced into this House by a Republican Member of this House. Certainly, it is unfair to brand certain Democrats over there, who oppose this bill out of their own intellectual convictions and out of their conscience, as being unpatriotic.

This amendment that I have offered, I think, will allay a lot of criticism that will be given in certain sections of the United States to the measure. I regret that a so-called former Republican, who is your candidate for the Vice Presidency of the United States, Lord Corn-Wallace [laughter], as late as yesterday, out in Illinois, branded the Republicans as obstructionists to national defense.

Mr. Chairman, I wish to say that while Mr. Wallace was spending billions of dollars of the taxpayers' money to knock poor, little, innocent pigs in the head and to plow cotton under, at the very time the President said that one-third of our people were "ill-fed, ill-clothed, and ill-housed," and while this administration, under the guise of relief and philanthropy, was spending billions of dollars of the taxpayers' funds on boondoggling, pump-priming projects, counting rats and trees, measuring chorus girls, building dog pounds and monkey houses, digging useless ditches across Florida, and foolishly attempting to harness the moonbeams and tides up at Passamaquoddy Bay, many of the Members of this House, both Republicans and Democrats, were pleading as long as 5 years ago for this Nation to purchase and store up strategic war materials such as tin, rubber, and manganese. And as the records of the Committee on Military Affairs will show, as long as 5 years ago, I advocated that we purchase not only these strategic materials but some very necessary items such as lead and zinc down in the Ozarks that are mined in my district [laughter and applause], because they do not rot and they do not rust. It ill behooves the Vice-Presidential nominee of your party to brand any man who opposes this particular measure, which he feels to be unnecessary at this time and dictatorial and un-American, breaking all precedents by setting up a wartime economy in time of peace, as unpatriotic or as being against national defense.

I repeat, sir, what I have said here at least three or four times this week. The opponents of this particular measure are just as loyal to their country and patriotic to the flag

and are just as much concerned and anxious to see that this country has adequate national defense as any proponents of this measure. Indeed, if this administration had spent only a small portion of the billions it has squandered on foolish projects for national defense we would not have this bill before us today. All that I have done is simply to offer an amendment that will make these local draft boards bipartisan, and the administration can still name two of these members from the majority party and one from the minority party; and, Members of Congress, we have lived under a two-party system of government for 150 years, which is essential to the preservation of democracy. You are passing this bill in order to preserve democracy, yet in order to preserve it you would abandon it; in order to save your liberty you would crucify it upon this altar of military conscription and one-party government. Vote against my amendment and the American people will know who is partisan and which party is playing politics with this bill.

The amendment I offer on page 33, line 2, beginning with the sentence in line 2 and ending with the sentence in line 9, simply makes mandatory, instead of discretionary, that the President establish appeal boards. As this bill is now written, certain local boards are established, and the decisions of those local boards shall be final except when an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Unless my amendment is adopted, the President can preclude the right of appeal. [Applause.]

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, if my friend from Missouri [Mr. SHORT] had stopped at the end of his first minute, I would have been pretty well convinced that this amendment might have some merit to it, and I was disposed to support it, but after listening to him and his tirade of abuse against the Democratic candidate for Vice President during the last 4 minutes, I am convinced that his amendment is purely political and provides him with the vehicle he always employs to give expression to his political spleen and hate. That is the only inference that can be drawn from what the gentleman had to say and his uncalled-for abuse of Secretary Wallace. By what stretch of the imagination does Secretary Wallace have anything to do with the personnel of local draft boards? This is a patriotic rather than a political bill. We are facing a crisis and ought to think and vote as Americans rather than politicians. The gentleman provokes the issue, and if he is determined to pitch the debate on that low plane, I am willing to meet it.

Mr. SHORT. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. SHORT. The candidate for the Vice-Presidency is abusing the Members of Congress who oppose this bill as obstructionists to national defense. He started it.

Mr. THOMASON. I have not heard of him abusing the Members of Congress any more than the newly converted Democrat, Mr. Willkie, who is the Republican candidate for President. Certainly he has not changed his position half as often. [Applause.] If I were to go back over the political history of this country, I would have no trouble in reaching the conclusion that the candidate for President on the Republican ticket has changed his position on nearly everything that affects human life more than any man in either private or public affairs. [Applause.] He has changed his name, or at least the spelling of it. When he went to the University of Indiana he spent 2 or 3 years fighting fraternities and turned out to be the biggest fraternity man in the university. From an ardent barb fighting the battles of the poor and downtrodden university boys he became the great fraternity leader. When he went back to his little home town he was the plaintiffs' lawyer fighting for the rights of the underprivileged. He was known as a good damage-suit lawyer. From that he graduated into a corporation lawyer and became counsel and president of one of the greatest utility corporations in America. He changed from Democrat to Republican.

Mr. SCHAFER of Wisconsin. Mr. Chairman, a point of order. The gentleman is not discussing the amendment. [Laughter.]

Mr. THOMASON. I think it comes with poor grace from the gentleman from Wisconsin to make a point of order about anybody not discussing an amendment. [Laughter.] The gentleman has never been in the RECORD in his life. Why did you not raise a point of order against the gentleman from Missouri [Mr. SHORT], who started this fight? You just cannot take it.

Mr. ENGEL. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. ENGEL. If Wendell Willkie has changed his position faster than Roosevelt, he is going some. [Laughter and applause.]

Mr. THOMASON. He has come out for nearly everything Roosevelt stands for, if that is what you mean.

Mr. KUNKEL. Mr. Chairman, a point of order.

Mr. SCHAFER of Wisconsin. Mr. Chairman, a point of order. The gentleman is not speaking to the amendment.

Mr. THOMASON. Willkie has come out for Roosevelt's foreign policy. He has come out for the reciprocal-trade agreements. He has praised Secretary Wallace and his farm program, in spite of the abuse of the gentleman from Missouri. He has come out for this very draft bill which the gentleman from Missouri and the gentleman from Wisconsin are fighting so bitterly. He comes out now for rural electrification. He approves the sale of the destroyers to England. Last week he was against conscription of wealth, and this week he is for it. At the rapid rate he is moving, I predict before election day he will come out for the third term. [Laughter and applause.]

I can understand what a bitter pill and keen disappointment he must be to you old-line, sincere Republicans. If he keeps talking and changing the way he has done the last month you will not even carry Maine and Vermont. Landon will stand out as the fastest horse in your racing stable.

Mr. ELSTON. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. ELSTON. Aside from all the political considerations, I would like to ask the gentleman from Texas, whom I consider a very good lawyer, if the language on page 33—

> The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe—

Does not repose in the President, and in the President only, the power to create a court of appeal?

Mr. THOMASON. Perhaps so, but after all, if you cannot trust the Governors of your States and the people of the local communities to see to it that high-class, honorable citizens are placed upon these boards, who will do their patriotic duty without regard to politics, then I fear for the result of this legislation. I also fear for the future of America. [Applause.]

Mr. ELSTON. Will the gentleman yield further?

Mr. THOMASON. No; I do not yield further. I did not intend to refer to politics, but my friend, the gentleman from Missouri [Mr. SHORT], just forced me into it. The roll call on this bill will prove an interesting and historic document. I know the people will watch with unusual interest the vote of that fine gentleman from Massachusetts [Mr. MARTIN], the Republican leader of this House and now the chairman of the Republican National Committee. This vote will disclose the politics in this bill, and who is playing it.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes. [Laughter.]

Mr. THOMASON. I thank the gentleman, but I do not know just what more I can say. I had not intended to speak. I would like to support some fair amendment along this line but since my friend, the gentleman from Missouri

[Mr. SHORT], makes it purely and wholly political, I accept his challenge. I am ready and willing, however, to close the book regarding any politics in this bill. My interest is in national defense and national preparedness. The world is on fire and each of us, regardless of his political faith, has a patriotic duty to perform. I want action and I want it now.

[Here the gavel fell.]

Mr. TARVER. I just wanted to ask the gentleman whether or not it would be possible to get a bipartisan board in some portions of the country?

Mr. THOMASON. I know places in the country where you could not find a Republican to serve on the boards, and there will be still fewer after November. [Laughter and applause.]

Mr. REES of Kansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am indeed surprised that the distinguished gentleman from Texas [Mr. THOMASON], for whom I have the highest regard and respect and who knows as much as anyone else about the pending legislation, would permit himself to soar off into oratory upon a matter that does not affect or pertain to the amendment that is offered at this time.

Mr. THOMASON. Will the gentleman yield?

Mr. REES of Kansas. If I have time I will yield later.

Mr. THOMASON. I did not want to ask a question. I was simply trying to answer my friend, the gentleman from Missouri [Mr. SHORT], who started the show.

Mr. REES of Kansas. Well, regardless of who started it, let us discuss this amendment. I do not think this is the time nor the place to inject your feelings concerning the candidates for the Presidency. Why not do that some other time?

This amendment attempts, to some extent at least, to take politics out of the measure. It simply provides for a bipartisan local board. That is all. It just makes sure that whatever board is appointed will not be partisan. Certainly there cannot be anything wrong or unfair about that. The board is going to have a lot of authority as well as responsibility. Your good common sense will tell you that by all means this board should be nonpolitical. Everyone of you ought to be for it.

Now, the other part of this amendment provides for a board to which appeals may be made from the decisions of the local board; and further provision is made that these appeal boards "shall be bipartisan and shall be appointed in the same manner and possess the same qualifications provided for the members of the local boards." What is there about such an amendment that can possibly be unreasonable? The present bill says:

> The decisions of such local boards shall be final, except where an appeal is authorized in accordance with such rules and regulatons as the President may prescribe.

It further says:

> The appeal boards and agencies of appeal shall be created within the selective-service system, and persons composing such appeal boards and such agencies shall be civilians and citizens of the United States.

Just look at that paragraph for a minute. It says the decisions of the local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Tell me, if you will, why in the world you want to place this power in the hands of the President, or why he should want it? There are a good many of you on the majority side of the House, as well as a lot of them on the left side of the aisle, who realize that we have already placed a great deal of power and authority in the hands of the President which we would like to recall if we could do it.

Now, this afternoon you are going still further and placing in the hands of the President the right to determine the question of how such appeals are to be handled from the local boards. All in the world we are asking is that you make this measure just a little more democratic. That is all. If there is anything unfair about this amendment, I would like to have you point it out to me. You just cannot do it. The distinguished gentleman from Texas who has charge of the bill and who spent his time on other matters certainly did not point out any reason why this amendment should not be adopted.

Mr. SHORT. Will the gentleman yield?

Mr. REES of Kansas. Yes; I yield.

Mr. SHORT. Of course, all we are asking is that it be made bipartisan.

Mr. REES of Kansas. That is right.

Mr. SHORT. But the opponents of this amendment absolutely want it all partisan. The bill as it reads at the top of page 33 does not set up an appeal board. The language reads:

> Decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe.

Under this language the President can preclude the right of appeal, but under the language that I have offered he cannot, for it reads:

> There shall be created in each State, Territory—

And so forth—

> one or more special boards to which appeals may be taken from decisions of the local boards in accordance with such rules and regulations as the President may prescribe.

The language of the bill is discretionary. The language of my amendment is mandatory. I can see no politics about it, but some gentlemen who laugh today, who live in close districts, will weep after November if they vote against this amendment. [Applause.]

Mr. REES of Kansas. Let me get in one more word before my time expires. Laying aside all questions about Vice Presidential and Presidential candidates and adjourning politics in accordance with the suggestion made by the distinguished gentleman from Texas a few days ago, who is in charge of the bill under consideration—I don't believe there is anyone who can tell us, according to the terms of this bill, just how an appeal can be taken from the decision of the local board. We will not know until the President provides the rules and regulations.

Mr. McCORMACK. Will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. McCORMACK. I think the gentleman's position is very fair, and it occurs to me that it is unfortunate that politics should enter into the question.

Mr. REES of Kansas. I thank the distinguished gentleman from Massachusetts, but I yielded for a question. If the gentleman has a question, I wish he would ask it.

Mr. McCORMACK. The thought that enters my mind is that the Governors will appoint bipartisan boards.

Mr. REES of Kansas. Certainly, I think the boards ought to be bipartisan. I want to make it mandatory, and put it in the bill just that way. I think the gentleman from Massachusetts ought to support such a proposition and I hope he will vote for it.

Mr. McCORMACK. I think the Governor of any State, no matter who he is, will, as far as he possibly can, select the best men for the appeals board.

Mr. REES of Kansas. I yielded for a question.

Mr. McCORMACK. The gentleman asked for an observation.

Mr. REES of Kansas. No; I yielded for a question.

Mr. McCORMACK. I think we can place some confidence in the President and the Governors.

Mr. REES of Kansas. Certainly, I also have confidence in Governors and I have a lot of confidence in Presidents—but I do not think Congress, who is responsible for this legislation, should yield a lot of power and authority into the hands of the Presidents and Governors that could be misused and misapplied, when we may as well take care of it in this law. There has been a lot of talk on the floor of the House about keeping politics out of this bill. I am for that

idea 100 percent and that is just what this amendment will do. Mr. Chairman, I ask any Member on the floor to tell me wherein there is anything wrong, unreasonable, or unfair about this amendment. This is one amendment which ought to be supported by the majority of this House and there should not be any votes against it. I do not think anyone who may take the floor after I have concluded will be able to point out one good or sufficient reason for the rejection of this amendment. I hope you will see fit to adopt it, and trust there will not be any more oratory about Presidential candidates but that you will stick to a discussion of this amendment. [Applause.]

[Here the gavel fell.]

Mr. ELSTON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Ohio is recognized for 5 minutes.

Mr. THOMASON. Mr. Chairman, will the gentleman yield?

Mr. ELSTON. I yield.

Mr. THOMASON. I would like to see if we cannot reach an agreement on time on this section. Can we agree on 20 minutes?

Mr. HOFFMAN. To this entire section? No; I think not.

Mr. THOMASON. Then I will limit it to this amendment. Mr. Chairman, I ask unanimous consent that all debate on this particular amendment now pending and amendments thereto close in 10 minutes.

Mr. NICHOLS. Reserving the right to object, Mr. Chairman, and I do not want to, I know the Chairman does not want to cut off anybody who wants to debate this amendment. I should like 5 minutes, and the gentleman from Ohio is on his feet and has been recognized. There are others also who would like time.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes. Is there objection?

The gentleman from Ohio will proceed.

Mr. ELSTON. Mr. Chairman, I believe that in the partisan discussion which followed the offering of the amendment by the gentleman from Missouri some of the extraordinary features of this section of the bill have been overlooked. If the members of the committee will examine carefully the provisions of this section they will find that as to a local board the appointment shall be made from recommendations submitted by the Governors of the respective States, or comparable executive officials, but there is no such provision in the bill with respect to the appointment of boards of appeal. If the amendment offered by the gentleman from Missouri is not adopted, several things will be possible. In the first place the President may decide not to appoint any boards of appeal at all. In the second place, if he does decide to appoint boards of appeal he is not compelled to make selections of the members of such boards from recommendations submitted to him by the Governors of the States or comparable executive officials but may make those appointments directly. Consider for a moment the unusual and extraordinary power granted to the President if this amendment is not adopted.

As the bill now reads, the President, and the President only, has the power to create a board of appeals if he sees fit to do so. If he decides to avail himself of this unusual power and creates a board of appeals, he may then exercise another extraordinary power and make such rules and regulations as he chooses for the government of such board. Matters which may be taken before a board of appeals are as serious to those who are affected as most questions which are taken before courts of appeals.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ELSTON. I yield.

Mr. JENKINS of Ohio. The gentleman is absolutely right, only the President could go further. This bill does not dignify these appeal agencies with the name "board," it just calls them an agency. It does not use the word "board" at all.

Mr. ELSTON. Whether it be called a board or an agency, the fact remains that if this bill passes as it reads at the present time, the President will be authorized to create what is the equivalent of courts of appeals, and may then dictate his own rules for their conduct. A dictator would scarcely ask for more power. So I ask the Members of the House to treat this amendment in an entirely nonpartisan light. If you will do so, I believe you will not hesitate to adopt it. Members on both sides of the House have repeatedly said that they want this measure to be treated in a nonpartisan manner. Now is your opportunity to prove the truth of those assertions. [Applause.]

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I am becoming a little bit worn out with hearing the President continually charged with some sort of deep, sinister, ulterior motive which nobody seems to know what it is, that on some dark night or for some unstated reason he is going to do something to punish a lot of the American people under the provisions of this act, or that he has some sinister motive in wanting to throw this country into war, or that he has some sinister idea of something that will get him some gain by sending draftees under the provisions of this bill to South or Central America, or that he would want to staff the local boards with some kind of peculiar people. What for? What could he gain? Under the provisions of this act he does not appoint the members of the local boards. He appoints them, yes, but you have thrown every safeguard around them. He can only appoint those men who are recommended by whom? The Governor of the State.

Mr. CASEY of Massachusetts. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Massachusetts.

Mr. CASEY of Massachusetts. I want to make a brief statement that if the President wanted to appoint a member of a draft board in New England he would have to take the recommendation of a Republican Governor.

Mr. NICHOLS. That is my point exactly. You Republicans have not anything to worry about. You have a pretty generous scattering of Governors throughout the United States, more I think than you will have after November unless your conclusions are right, and in the event you are right, why, then, you will have more Republican Governors and they will name the boards. Following the time-honored principles of the Republican Party, they will never recommend a single Democrat on a single board. On the other hand, when it comes to the appeal boards, what are you scared of? The President has not done so darn bad by you in appointments already. He will take pretty good care of you if he maintains his past record on Republican appointments.

Mr. McCORMACK. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think another answer is that this bill is not administration sponsored but is sponsored by a Democrat in the Senate, who is opposed to the New Deal, and by a Republican in the House.

Mr. NICHOLS. That is right.

Mr. McCORMACK. Certainly my distinguished friend from New York [Mr. WADSWORTH] is not supporting President Roosevelt for reelection.

Mr. NICHOLS. I am not so sure of that.

Mr. REES of Kansas. Will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Now, having said all that, tell us what there is wrong with this amendment making these boards bipartisan.

Mr. NICHOLS. There is nothing wrong in making the board bipartisan except there are a lot of places in this country where you could not find enough Republicans who are willing to admit they are Republicans to appoint on the board. Of course, I am sorry that the gentleman from Kansas has

had his feelings hurt by the fact that the distinguished gentleman from Texas would dare to inject any politics into this discussion. Is that not awful? Of course, no Republican today has engaged in any political discussion, not even the gentleman from Missouri [Mr. SHORT].

Mr. REES of Kansas. Yes, but I think this amendment should be discussed on its merits.

Mr. NICHOLS. Somebody ought to inject a little politics. I notice Mr. Willkie's agricultural plank this morning. He is going to propose a tax on farmers which will only tax the farmers when the farmers have made a profit on their crop. Is that not the silliest thing you ever heard of? Why, does he think the people of the United States are that silly? No, they are not going to fall for that, and if you do not shut that baby up, he is not going to have any votes when the November election comes around. [Applause.]

Mr. Chairman, I do not want to discuss politics, and this is only the second time that you have heard me mention it on the floor, but if it has got to be done I am just dying to take part in it, because that is right down my alley. I will tell you another thing: The man does not live who can survive two press conferences a day, and that is what Willkie is having at the present time. He has requested two press conferences a day, and if you Republicans want any votes at all in November you had better reduce these to none, or have some smart person censor his statements.

Now back to Mr. Willkie's agricultural tax program, the program proposed by the great self-styled Indiana dirt farmer who plows from his overstuffed swiveled chair in the executive offices of Commonwealth & Southern Utilities Co. Is he not a good enough student of government to know that the Congress cannot pass laws affecting the State and counties' right to levy and collect property taxes? And being a great dirt farmer does he not further know that farmers do not pay income taxes? They do not earn enough money. Only those people who are fortunate enough to have incomes the size of Mr. Willkie's pay this sort of tax. The only tax generally that the farmer pays is a property tax levied by the county or State, or some form of excise tax, such as sales taxes also levied by the State or a subdivision thereof, and that under no stretch of the imagination could the Federal Government, by Federal legislation, regulate either the levying or the collection of these taxes.

If this is a sample of Mr. Willkie's knowledge of the tax system in vogue in the United States, then God forbid that he ever be the Chief Executive of these United States. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired on this amendment. The question is on the amendment offered by the gentleman from Missouri [Mr. SHORT].

The question was taken; and on a division (demanded by Mr. SHORT) there were—ayes 93, noes 152.

So the amendment was rejected.

Mr. SCHAFER of Wisconsin. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the CONGRESSIONAL RECORD show that the entire Democratic delegation, with three exceptions, voted against the last amendment?

The CHAIRMAN. That is not a proper parliamentary inquiry.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: On page 34, line 1, insert a semicolon after the word "Act"; strike out the remainder of line 1 through the semicolon in line 2.

Mr. WADSWORTH. Mr. Chairman, I owe an apology to the members of the Committee on Military Affairs for not calling their attention to this matter before this. It has been in my mind for some time, and I am partially to blame because it was in the original bill as I introduced it.

I call attention to paragraph 4 of this section, which commences on page 33, line 22. It authorizes the President of the United States—

To utilize the services of any or all departments and any and all officers or agents of the United States and of the several States, Territories, and the District of Columbia, and subdivisions thereof, in the execution of this act and to require of each the performance of such duties as he directs.

Obviously, Mr. Chairman, the President may not require the performance of a duty from a State officer. He may accept the cooperation of a State officer.

In the interest of clarity and in another little effort toward the preservation of our form of government, I propose to strike out the language after the word "act", on page 34, line 1, so that it will read, in effect, that the President shall utilize the services of any department of the Government of the United States and of the several States.

Mr. MAY. Does the gentleman have any objection to the committee's accepting the amendment? The committee agrees to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. WADSWORTH].

The amendment was agreed to.

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDREWS: On page 33, line 16, after "appoint", insert "upon the recommendation of the Secretary of War."

Mr. ANDREWS. Mr. Chairman, the purpose of the amendment is perfectly clear. The administration of the last Draft Act was largely due to the fact that it was conceived and administered by officers or former officers of the War Department. I think the purpose of the amendment is perfectly clear. I am willing to have it voted upon at once.

Mr. MAY. Mr. Chairman, the committee has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. ANDREWS].

The amendment was agreed to.

Mr. HOBBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOBBS: On page 33, line 15, strike out the semicolon and insert the following:

"Each local board established by the President pursuant to this section shall mail a report to the Secretary of Agriculture within 1 week after deferring a man from training and service under this act because of any physical deficiency or defect.

"Such report, insofar as information is received by, or is readily available to such local board, shall state the nature of such deficiency or defect, and particularly whether such man was underweight, and whether he or the members of his immediate family with whom he resided at the time of deferment, received Federal, State or local aid or assistance during the 12 months preceding such deferment, and whether the combined income of such man and other members of his immediate family with whom he resided at the time of deferment, from sources other than Federal, State, or local aid or assistance, was less than $1,200 during the 12 months preceding such deferment. The Secretary of Agriculture shall retain such reports and use the information therein contained as the President may direct."

Mr. MAY. Mr. Chairman, I make the point of order that the amendment is not germane to the bill, but I shall reserve the point of order so the gentleman may explain the amendment.

Mr. HOBBS. Mr. Chairman, this is not a pro forma amendment, and I should like to know whether or not it is germane. I believe it is, and I should like to be heard on the point of order.

The CHAIRMAN. The gentleman may convince the gentleman from Kentucky not to make the point of order, if he wants to try.

Mr. HOBBS. Thank you, sir; I shall be delighted.

Mr. Chairman, this amendment was submitted to the Committee on Military Affairs and by them to the War Department. The War Department adversed it because of a misapprehension of fact. They thought that its original verbiage would require reports every 30 days from the local boards, which was utterly mistaken. The War Department

now, as I understand, has taken a hands-off attitude. They have not had a chance since the committee ruled in accord with their first mistaken opinion, to reconsider it, and therefore they neither approve nor disapprove this revised amendment.

The purpose of this amendment is highly important. All of you remember—I do not mean to insinuate that all of you are old enough to remember the actuality, but you at least remember the history of the draft in World War I—that a very comprehensive and immensely helpful report was then made, which has been the basis of much research and most helpful conclusions in the realm of eugenics; in fact, it is one of the finest source books we have on that subject; but in it there was no attempt to give the financial background of the draftee so that we might see from that background whether or not there is any causal connection between underweight, malnutrition, or undernutrition, and the financial background of the family from which the draftee came. Therefore, we propose here to get that information in connection with this draft. It will cost practically nothing to do it. While we are rejecting these men for being underweight we can find out, and I want to know, what the financial background of those men is, so that we may more intelligently provide for our food-stamp plan, our free lunches for indigent school children, and other remedial agencies, to try to build up our manpower for national defense and better citizenship for peaceful pursuits.

There is no reason why we should repeat the mistake we made before and strengthen our enemies, when, if we will build up the health of American youth, it will be the best insurance of national safety, both in peace and in war. We can never hope to improve the physiques of our youth as long as these underprivileged children who are on relief or come from families with such a financial background, where the maximum expenditure is less than 5 cents a meal, continue to be undernourished. Please let me say, as emphatically as I may, that this is a vital matter. The stakes here involved are the lives of youth and the security of our Nation. This is our one opportunity to get these pregnant facts. Certainly we will not have another conscription during this generation.

We have been utilizing every means that we could devise for the last 2 years to recruit volunteers for our armed forces. Seventy-five percent of all volunteers in some corps areas have been rejected for health reasons. Of these rejected volunteers, more than half have been declined because of underweight.

Be not deceived, after world war the second just as after World War the first, we will be importuned by our financial magnates and their satellites, to lend money to a Hitler-dominated Europe so that they may trade with us. Soon after the termination of the present war, just as in the early twenties, there will be a clamor for a revival of business in this country by lending money abroad. Experience should have taught us that in the main such loans are gifts, and that prosperity so induced leads inevitably back to depression. A fraction of the amount of such loans invested in improved physical manhood here will pay richer dividends than can be obtained in any other way. And they will be lasting benefits for this and succeeding generations.

This amendment simply provides that when a local board rejects a man for health reasons, particularly underweight, it shall be ascertained and reported to the Secretary of Agriculture what his family's financial background has been—whether under or over $1,200 for the preceding year. This information may be worth millions, but will cost practically nothing.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am always glad to yield to the distinguished and able gentleman from Michigan.

Mr. CRAWFORD. I wish to ask my friend this question: Suppose the Board finds that these deficiency conditions exist in a farm family with a family income of two or three hundred dollars a year; is there any machinery at the present time operating through the stamp-plan procedure whereby that farm family can be benefited under the stamp-plan approach?

Mr. HOBBS. Yes, sir; there is, and many of such families are already receiving the benefits of that plan. Something like 5,000,000 farmers are now eligible and waiting for such relief from their starvation status, though they live in a land of plenty.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I yield gladly to the gentleman from New York.

Mr. CELLER. I believe there is a great deal in what the gentleman has said, but would it not be better to try to reach that by regulations than to put such an inflexible provision in the statute? I am sure the gentleman might persuade the director of the selective draft when he promulgates his regulations to put in that provision.

Mr. HOBBS. I have considered that, of course, and my answer is that the War Department and the Selective Service Board do not want to be burdened with the duty of gathering such data. They say they will have enough and more than they can say grace over in performing their duties relating to military affairs, therefore only when I suggested it would be perfectly proper to have these reports made to the Secretary of Agriculture did they withdraw their objection to this amendment.

This is not a mere pro forma amendment, this is a source of information which may or may not be vital, but I say you cannot afford to neglect this opportunity, especially when you can embrace it for nothing. [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. COOPER). Does the gentleman from Kentucky insist on his point of order?

Mr. MAY. The only thing I desire to call attention to, Mr. Chairman, is the fact that the amendment proposed by the gentleman from Alabama would provide a health survey and transfer to the Department of Agriculture certain information which is in no sense connected with the national-defense program set up here or with the Army or the Navy, and I make the point of order that it is not germane to the bill, the purpose of which is to conscript for military purposes. I insist on the point of order, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Alabama desire to be heard on the point of order?

Mr. HOBBS. I certainly do, Mr. Chairman.

The purpose of this bill is to set up machinery for registration and conscription, if necessary, and, therefore, sir, I maintain that any amendment that would direct the local boards that will be set up as to how to perform their functions or requiring any service of them relating to conscription or deferment is certainly germane. This amendment provides that they shall report to another department of the executive branch of the Government, whom they have declined or deferred for physical reasons, the nature of the deficiency in each case, particularly if underweight, and then give a very simple background of the income of the family of the deferred man for the year preceding deferment. To say that is not of interest to us, to say that that is not of any concern to the Congress, or to the people, is too absurd to warrant discussion.

To my mind, it is manifest that this amendment is perfectly germane, and tremendously helpful and important. It directs the local boards to perform an invaluable service for us while performing their duties, by gathering—at little or no additional expense—information that may guide us in making physically fit those who are found to be physically unfit. Such information may well mean the difference between life and death to many American boys. It may mean victory instead of defeat.

Dealing, as it does, with those who will be registered under this bill, and the duties of the local boards to be created thereunder, it cannot be otherwise than germane. I respectfully urge upon the Chairman that the point of order is not well taken, and must be overruled.

The CHAIRMAN (Mr. COOPER). The gentleman from Alabama offers an amendment which has been reported. The gentleman from Kentucky makes a point of order against the amendment on the ground it is not germane. The Chair is prepared to rule.

The amendment offered by the gentleman from Alabama deals with the powers and functions of the local boards. The provision of the bill to which the amendment is offered deals with the powers and functions of the local boards. The amendment seeks to add an additional function to the local boards, requiring the local boards to make certain reports to a department of the Government, to wit, the Department of Agriculture. The Chair is of the opinion that the amendment is germane to the provision of the bill to which it is offered and therefore overrules the point of order.

Mr. MAY. Mr. Chairman, our committee went at length into the subject of this amendment and we found that the same information which this amendment would require has been collected and gathered in the census of 1940, and is available both in the Census Bureau and in the Labor Department. It would be an unnecessary burden on these boards and, undoubtedly, a large additional expense.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was rejected.

Mr. MAY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAY. Have all the amendments to section 11 been considered?

The CHAIRMAN. The Chair is advised there are eight amendments to this section now pending at the Clerk's desk.

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 25 minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, reserving the right to object—

Mr. JENKINS of Ohio and Mr. HOFFMAN objected.

Mr. MAY. Mr. Chairman, I would like to make the statement that at the end of this section the committee proposes to offer an amendment as a new section. The amendment is known as the Smith amendment, dealing with the question of conscripting industry, and to that amendment will be offered one by the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. That is a new section.

Mr. MAY. Yes; and we want to close debate on this section in order that we may consider the new section.

Mr. SMITH of Connecticut. And this limitation on debate is not intended to apply to the new section.

The CHAIRMAN. Of course, closing debate on the pending section will not close debate on any new section that might be offered.

Mr. MAY. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

The motion was agreed to.

Mr. DONDERO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DONDERO: Page 33, line 24, after the first word "and" insert "to accept the services of all officers and agents".

Mr. DONDERO. Mr. Chairman, following the reasoning advanced by the distinguished coauthor of this bill, the gentleman from New York [Mr. WADSWORTH], that the President cannot require the services of a State officer, I simply intend to provide that the services of officials and agents of political subdivisions in a State and a State may be offered and accepted by the President as proffered of their own free will and not as being given under duress and force. That is the only purpose of this amendment, following the reason of the amendment offered by the gentleman from New York [Mr. WADSWORTH], and adopted by the committee.

Mr. MAY. Will the gentleman yield?

Mr. DONDERO. I yield.

Mr. MAY. Is it proposed that these State officers will be paid compensation for this service, or is it to be free?

Mr. DONDERO. It will be voluntary in every sense of the word.

Mr. MAY. I do not think we have any objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. DONDERO].

The amendment was agreed to.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: On page 34, in line 1, after the words "act as amended", strike out the word "and" and insert "*Provided, however,* That nothing herein or in any Federal statute or rule or regulation of any Federal department or agency shall authorize the President to in any manner utilize direct control or interfere with the duties of any Federal, State, or municipal election official: *And provided further,* That nothing herein or in any other Federal statute, regulation, or order shall interfere with the holding of any election or with the result thereof."

Mr. MAY. Mr. Chairman, I make a point of order against the amendment that it is not germane. I do not care to be heard on it.

Mr. HOFFMAN. It is a limitation upon authority.

The CHAIRMAN (Mr. COOPER). Does the gentleman from Michigan desire to be heard on the point of order?

Mr. HOFFMAN. Mr. Chairman, I will say it takes out of the class over which the President is given authority, certain officials, State and Federal, which are referred to in the first part of the paragraph.

The CHAIRMAN. Does that conclude the gentleman's statement?

Mr. HOFFMAN. That is all.

The CHAIRMAN (Mr. COOPER). The Chair is prepared to rule.

The gentleman from Michigan [Mr. HOFFMAN] offers an amendment and the gentleman from Kentucky [Mr. MAY] makes a point of order against the amendment on the ground that it is not germane. The Chair invites attention to the fact that the amendment provides that—

Nothing herein or in any Federal statute or rule or regulation of any Federal department or agency shall authorize the President—

And so forth. The Chair is of the opinion that that goes far beyond the purview of the pending bill. The Chair therefore sustains the point of order made by the gentleman from Kentucky [Mr. MAY].

Mr. HOFFMAN. Mr. Chairman, I offer the same amendment with those words stricken from it.

The CHAIRMAN. If the gentleman desires to offer another amendment he will submit it.

The Chair recognizes the gentleman from Kansas [Mr. GUYER].

Mr. GUYER of Kansas. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. GUYER of Kansas: On page 34, after line 20, insert a new section, to be properly numbered, to read as follows——

The CHAIRMAN. Permit the Chair to invite the gentleman's attention to the fact that his amendment is offered as a new section. Time has been fixed on the pending section and amendments thereto, which would embrace perfecting amendments to this section.

The Chair would suggest that the gentleman withhold that amendment until the perfecting amendments are disposed of.

Mr. GUYER of Kansas. Very well. I will withdraw it for the present.

Mr. JARMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JARMAN: On page 34, line 3, after "(5)" strike out all of lines 3, 4, and 5 and the word "designate" in line 6, and in lieu thereof insert the following: "to purchase such printing, binding, and blank-book work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the act of July 8, 1935 (49 Stat. 475)."

Mr. JARMAN. Mr. Chairman, when this legislation was before the other body for consideration there occurred a conference between representatives of the War Department, the Navy Department, the Joint Committee on Printing, and the General Accounting Office. In that conference an agreement was reached as to the verbiage of the printing section of the bill. The section which is now proposed to be substituted was placed in the Senate bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. JARMAN. I yield to the distinguished chairman of the committee.

Mr. MAY. Is that the amendment which the gentleman discussed with me a little while ago on the subject of printing?

Mr. JARMAN. It is.

Mr. WADSWORTH. Will the gentleman yield?

Mr. JARMAN. I yield.

Mr. WADSWORTH. Does that amendment authorize any expenditure for advertising?

Mr. JARMAN. No, sir.

Mr. WADSWORTH. I think it should. That is in the committee's amendment.

Mr. JARMAN. Is it authorized in the House bill?

Mr. WADSWORTH. Yes; and that is very important, simply to authorize the selective service to do certain advertising, if it is regarded as necessary, to acquaint the public more exactly what this machinery is.

Mr. MAY. I think we can work that out in conference even if we agree to the gentleman's amendment.

Mr. JARMAN. That is agreeable to me.

Mr. WADSWORTH. With the understanding that it will be taken up in conference, I will not press the matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. BURDICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURDICK: On page 32, line 11, after the word "be", strike out the words "appointed by the President" and insert the following language in lieu thereof: "elected by a majority vote of the draftees."

The CHAIRMAN. The gentleman from North Dakota is recognized for 4 minutes.

Mr. BURDICK. Mr. Chairman, I am very glad I have been recognized for 4 minutes. I hope there will not be any politics circulating around here while I am talking. I wanted to rise to the personal defense of Mr. Willkie. He has been criticized, but I think he has done as well as any other Democrat could do trying to lead the Republican Party. [Laughter.] You could not take any Democrat and in 30 days make a good Republican out of him without having him show some symptoms of his former associations. [Laughter and applause.]

I think also there is undue criticism of Mr. Wallace. He has done as well I think in the position he now occupies as Vice Presidential candidate as any other Republican has ever done on the Democratic ticket. [Laughter.]

I offer this amendment, however, because I believe that those who are to be drafted ought to have something to say about the selection of the board. It is not my amendment alone. It comes from the women's division of the National Farmers Union organization, and I present it for them. I think it should be passed. If it is possible to amend this bill so it will be partially democratic, this amendment will do it.

One thing that has run through this entire debate from its very beginning until now is the effort to create the belief that a great emergency exists. If there is any such thing as a great emergency existing I should like to have somebody tell us what it is. I think someone high in the councils of the administration must know something that none of us know. I would not take the attitude I have taken on this bill if I thought there were any imminent danger, but from all the information I possess I cannot see it that way.

The President may have information which we do not have; the President may have made an attempt to commit this Government to certain actions of which we are entirely ignorant. But if this be so, Mr. Chairman, the President should take the American people into his confidence and let them know the truth. The least he could do would be to advise the Congress when called upon to act upon this important matter. We are acting, therefore, in the dark. We have been told by the leaders that there is a great emergency existing, but no one has intimated what that emergency is. Will someone on this floor now sponsoring this bill tell me what that emergency is? No; no one responds. I believe the leaders of the administration on this floor do not know any more about this emergency than we do, for the simple reason that there is no emergency warranting the passage of this draft bill in peacetime.

At first we were told this is a training bill, but after reading the bill, it was evident that it was a service bill, authorizing the creation of a huge army to meet this emergency that does not now appear and an emergency about which we can get no information. We are being stampeded into war.

In this situation, let me give you Kipling's If:

If you can keep your head while all about you
Are losing theirs and blaming it on you,
If you can trust yourself when all men doubt you,
But make allowance for their doubting too;
If you can wait and not be tired by waiting,
Or being lied about, don't deal in lies,
Or being hated don't give way to hating,
And yet don't look too good, nor talk too wise:

If you can dream—and not make dreams your master;
If you can think—and not make thoughts your aim,
If you can meet with Triumph and Disaster
And treat these two imposters just the same;
If you can bear to hear the truth you've spoken
Twisted by knaves to make a trap for fools,
And watch the things you gave your life to, broken,
And stoop and build 'em up with worn-out tools:

If you can make one heap of all your winnings
And risk it on one turn of pitch-and-toss,
And lose, and start again at your beginnings
And never breathe a word about your loss;
If you can force your heart and nerve and sinew
To serve you long after they are gone,
And so hold on when there is nothing in you
Except the Will which says to them: "Hold on!"

If you can talk with crowds and keep your virtue,
Or walk with kings—nor lose the common touch,
If neither foes nor loving friends can hurt you,
If all men count with you, but none too much;
If you can fill the unforgiving minute
With 60 seconds' worth of distance run,
Yours is the earth and everything that's in it,
And which is more—you'll be a Man, my son!

[Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota.

The amendment was rejected.

Mr. HOFFMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: On page 34, line 1, after the words "act as amended", strike out the word "and" and insert "*Provided, however,* That nothing contained in this act shall authorize the President to in any manner utilize, direct, control, or interfere with the duties of any Federal, State, or municipal election official: *And provided further,* That nothing herein shall interfere with the holding of any election or with the result thereof."

Mr. BENDER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BENDER. I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-seven Members are present, a quorum.

Mr. HOFFMAN. Mr. Chairman, if I may have order from that one hundred and twenty-seven, or whatever it is that the Chair counted, I will take only 3 minutes instead of 4.

The CHAIRMAN. The gentleman from Michigan is recognized.

Mr. HOFFMAN. May I have order.

The CHAIRMAN. The Committee will be in order.

Mr. HOFFMAN. Mr. Chairman, the fourth subdivision of section 11 authorizes the President "to utilize the services" of

any and all officials, State or Federal. Then, in the last sentence, he is given authority "to require of each the performance of such duties as he directs." This last clause was taken out by the amendment offered by the gentleman from New York [Mr. WADSWORTH], but I call to his attention and to the attention of the gentleman on the majority side that you still have in the paragraph the word "utilize." Utilize means to make use of, to turn to practical account. Hence, with the word "utilize" in the paragraph, the President is still authorized to make use of any and all officers or agents of the United States and of the several States and subdivisions thereof in the execution of this act.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. Yes; briefly.

Mr. WADSWORTH. Has not the amendment already adopted which was offered by the gentleman from Michigan [Mr. DONDERO] cured that?

Mr. HOFFMAN. No; I do not think so.

Since the nomination of the President for a third term a number of letters have come to my office and individuals have asked me whether there would be another election in November in the event of war.

Since the conscription bill came up for discussion, similar inquiries as to the holding of an election have been made. Others have written asking if draftees, or, if there was a war, if soldiers would be permitted to vote.

These inquiries have come, not facetiously but from people who were deeply concerned over the future of our country. The writers distrusted the President. They were fearful that, because of some of the things he has done, he would attempt to go further and either prevent the holding of an election in November or refuse to recognize as officials those elected at that time.

To many of us, the thought that the President can or would either prevent, or refuse to abide by the results of, an election seems fantastic. Nevertheless, sober-minded, patriotic citizens, viewing the President's record and his more recent acts, are seriously worried as to what he may do next. Some recall that, on one occasion, although no one had asked him, he announced that he did not want to be a dictator. Others call to mind the fact that he proposed, in violation of a Federal statute, to transfer some of the so-called mosquito boats to Great Britain.

To reassure any portion or number of our people, to dispel their fears of what might happen, is a laudable objective; hence this amendment. It provides only that the President shall not in any way interfere with the holding of elections or disregard the result of an election. Surely, the Democratic Party does not wish to go on record as opposed to the idea that the President should not interfere with the election machinery or disregard the result of an election. To vote down such an amendment but gives added impetus to the rumor.

In this time of hysteria, to lessen the worry, the apprehension of our people, who have heard this rumor, who, remembering the prophesies of Dr. Wirt, are fearful of the future, let us adopt this amendment.

If, months ago, the President deemed it advisable to assure our people that he had no wish to be a dictator, it would be a kindly act, a generous act, for the party which nominated him, by the adoption of this amendment, to inform the people that there would be no interference with their right to choose their President.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The question was taken; and the Chair being in doubt, the Committee divided; and there were—ayes 45, noes 74.

Mr. BENDER. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. MAY and Mr. HOFFMAN to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 73, noes 91.

So the amendment was rejected.

Mr. CREAL. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CREAL: Page 33, line 21, at the end of line 21, strike out the semicolon and add the words "and to fix the compensation of county or local draft-board members," then add a semicolon.

Mr. CREAL. Mr. Chairman, in reference to the discussion of bipartisan draft board, I do not believe there is a State in the Union that will not voluntarily have bipartisan draft boards. I saw a letter from the Governor of my State some 10 days ago asking certain parties to select for him, to be in readiness, a bipartisan board of the highest standing men that could be found. That is the way we operated before and that is the way we will operate this time, and I think that will be the method of operation in practically every State of the Union regardless of the amendment that was defeated a while ago.

Mr. MAY. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Kentucky.

Mr. MAY. What does the word "bipartisan" mean? Does that not mean Republican and Democrat?

Mr. CREAL. Yes.

Mr. MAY. If it is nonpartisan, it may be three Republicans and three Democrats; therefore this amendment would put it in politics.

Mr. CREAL. No; I say the practice of the Governors would be to name some Democrats and some Republicans, and as the Governor of Kentucky is going to do, so will every Governor do, as they did before, voluntarily. My amendment has nothing to do with political complexion of boards; it only provides for pay.

Mr. Chairman, the most responsible piece of machinery you will have in this business will be the local draft boards. Very few appeals will be taken from their decision and fewer still will be reversed. So there is the real machinery of this entire system. The President cannot draft anybody. He can only do it through somebody else. It is a very thankless job, it is a very unappreciated job, and men who are capable will shrink from doing this in addition to their other work if they are compelled to do it for absolutely nothing. The retired businessman will not want to do it because it means nothing to him but a lifetime of enemies. I know members of the old World War boards are unpopular to this day in their community because they had to draft their neighbors' sons.

This is a very responsible position, and I think they should have some compensation. You are going to supply everybody else with all sorts of clerical help, stenographers, and so forth, but the most responsible men in this entire system are not provided with one cent. The doctor, who will be a practitioner, is paid, but the men who sit there day after day, the men who have the big responsibility of looking into this fellow's finances, his dependents, and all that sort of thing will receive absolutely nothing. Unless you do something along this line you are not going to get the kind of men to serve in that responsible position that you ought to have.

These bipartisan boards will exist in most of the States of the Union. They have already arranged for it down in Kentucky. There is no partisanship in this. This bill provides for paying everybody else except these men, the most responsible in all the machinery. It is a responsible job and the men ought to be paid for it.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. CREAL].

The amendment was rejected.

The CHAIRMAN. As there are no further amendments to section 11, the Chair recognizes the gentleman from Connecticut [Mr. SMITH] for the purpose of offering a committee amendment as a new section.

Mr. SMITH of Connecticut. Mr. Chairman, I offer a committee amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Connecticut: Page 34, line 20, insert a new section, as follows:

"SEC. 12. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition

to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof, and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry, or the responsible head or heads thereof, owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry, or the responsible head or heads thereof, owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the act entitled 'An act to expedite national defense, and for other purposes,' approved June 28, 1940 (Public Act No. 671, 76th Cong.), are hereby repealed."

Mr. MAY. Mr. Chairman, may I suggest, inasmuch as we all understand that the major substitute for this committee amendment is to be offered by the gentleman from Georgia [Mr. VINSON], that that amendment may be offered as a substitute now and read, and then we will start debate on both the amendments. I believe this procedure will save time.

The CHAIRMAN. Will the gentleman from Connecticut yield for that purpose?

Mr. SMITH of Connecticut. I yield, Mr. Chairman.

The CHAIRMAN. The gentleman from Georgia offers a substitute for the committee amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia as a substitute for the committee amendment offered by Mr. SMITH of Connecticut: Page 34, after line 20, insert a new section, as follows:

"SEC. 12. That during the present emergency declared by the President on September 8, 1939, to exist, whenever the Secretaries of War and Navy, respectively, have tried and failed either—

"(a) To place or negotiate contracts, in accordance with existing law, for authorized objects, or parts thereof, for their departments, with any individual, trustee, firm, association, company, or corporation, hereinafter referred to in this bill as "the contractor or subcontractor,' or

"(b) To place or negotiate such contracts at reasonable rates of delivery and at prices they consider to be fair and reasonable.

they are authorized and empowered in their discretion, after consultation with the Advisory Commission to the Council of National Defense, within the limits of the sums appropriated to their departments therefor, to place orders with such contractors or subcontractors for such authorized objects, or parts thereof, as the interests of their departments may require, which are of the nature, kind, or quantity usually produced, or capable of being produced by such contractors or subcontractors.

"Compliance with all such orders shall be obligatory on any contractor or subcontractor to whom they are given and they shall, in the discretion of the Secretary placing them, take precedence over all orders or contracts placed with such contractor or subcontractor. The Secretaries of War and Navy shall, in all such cases, where it is in the interests of the United States, pool their orders or coordinate their orders, prices, and priorities.

"When an order has been placed as indicated above with any contractor or subcontractor owning, leasing, or operating any plant or factory equipped or suitable for the building or production of such authorized objects, or parts thereof, and such contractor or subcontractor shall refuse to accept such order, or, if he accepts the order and thereafter, in the opinion of the Secretary placing the order, fails to carry it out satisfactorily, the Secretary shall advise the Advisory Commission to the Council of National Defense of such failure to place the order or unsatisfactory performance, and if the Advisory Commission is unable to induce the contractor or subcontractor to take the order or to give satisfactory performance, such Commission shall so advise the President, who may, in his discretion, on recommendation of the Secretary placing the order (if such Secretary is unable to effect satisfactory leasing arrangements with such contractor or subcontractor, which he is hereby authorized to make), take immediate possession of such plant or factory, or necessary part thereof, and operate it either by Government personnel or by contract with private firms during the period its use is necessary. The President is authorized to fix and require adequate compensation to be paid by the interested Secretary from any funds available to his Department for such use during the period the plant or factory, or necessary part thereof, is in the possession of the United States, and when its use is no longer required, the President shall return it in good condition to such contractor or subcontractor or owner. The President shall in each case, before he takes possession as indicated above, report to Congress failure to accept an order or give satisfactory performance. If Congress is not in session, such report shall be filed with the Clerks of the House and Senate.

"The first and second provisos in section 8 (b) of the act entitled 'An act to expedite national defense, and for other purposes,' approved June 28, 1940 (Public Act No. 671, 76th Cong.) are hereby repealed."

Mr. MAY. Mr. Chairman, I ask unanimous consent that debate on the amendment and the substitute therefor and all amendments thereto be limited so as to close at 5:30, which will allow an hour and a half of debate; and further, that the time be equally divided between the proponents of the Smith amendment and the proponents of the substitute, the time to be controlled by the Chair.

Mr. JENKINS of Ohio. Reserving the right to object, Mr. Chairman, I shall be constrained to object because there are some Members here who are opposed to both these amendments, and we would have to have some recogniton in that respect. Besides, these two amendments are very important, and I do not believe we ought to limit the debate at this time. We ought to run along a while.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MAY. I yield to the gentleman from Georgia.

Mr. VINSON of Georgia. Does not the gentleman from Ohio believe that an hour and a half of debate on these amendments and all amendments thereto is ample for the Committee to become thoroughly conversant with the issue as between the two proposals?

Mr. JENKINS of Ohio. Personally, I believe that because it is Saturday afternoon, and for various other reasons, we might get through before that time, but I do not believe we ought to limit the time now. Further, may I ask, is it true that under the rule no amendments can be offered to the Smith amendment?

The CHAIRMAN. Germane amendments may be offered.

Mr. JENKINS of Ohio. And that will apply, of course, to the substitute amendment also?

The CHAIRMAN. That is correct.

Mr. JENKINS of Ohio. I believe we ought to run along a litle while and see how we get along.

The CHAIRMAN. If the Chair may interpose, of course that part of the request stating that the Chair should be governed in his recognition of those opposing and favoring the various amendments does not apply. The Chair reserves to himself the right to recognize whom he pleases.

Mr. MAY. Mr. Chairman, I move that all debate on the Smith amendment and the substitute therefor, and all amendments thereto, close not later than 6 o'clock, the time to be controlled by the Chair.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. The motion is not in order, no debate having occurred.

The CHAIRMAN. The gentleman from New York is correct. There has been no actual debate yet on the amendments. The motion would be in order after debate.

The Chair recognizes the gentleman from Connecticut for 5 minutes.

Mr. SMITH of Connecticut. Mr. Chairman, I ask unanimous consent that I be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. SMITH of Connecticut. Mr. Chairman, this committee amendment in effect calls into operation during the life of this bill the provisions of section 120 of the existing National Defense Act. It also repeals—and the substitute, I may say, would also do this—the provisions in the Navy bill which we passed this spring which have been strenuously objected to, and which would allow the Secretary of the Navy, whenever he deems any manufacturing plant or facility necessary for the national defense and is unable to arrive at an agreement for its use or its operation, to take over and operate such plant or facility.

This section covers the same ground as the amendment which was adopted on the floor of the Senate late in the debate on that bill. That amendment was known as the Russell-Overton amendment, and it provided, in effect, that whenever either the Secretary of War or the Secretary of the Navy decided that any existing manufacturing plant or facility was necessary for the national defense, and he was unable to arrive at an agreement for its use or operation, it could be condemned, immediate possession taken, and title taken by the Federal Government, with provision that the condemnation statute should apply as to the amount of compensation to be paid for the plant or facility.

There was a great deal of objection to that for several reasons. One, the language was vague, as it was vague in the Navy-bill amendment, and it included a plant or facility. A facility might well be construed to mean almost anything, including any newspaper, radio station, educational institution, or any other institution which might be deemed necessary for any purpose for the national defense. The provision in the committee amendment refers only to manufacturing plants.

Further, under the Defense Act, under the provisions which are repeated in this committee amendment, when possession is taken of any plant possession is taken merely to carry on manufacturing activities and the title remains in the private owners of the plant, so that when the emergency is over payment may be made for any materials used and any use of the plant as rental for the plant, and title would not be permanently in the Federal Government but would remain in the private owners.

There are also other provisions in the existing law which state, first, that existing methods of procurement shall be carried on; next, that obligatory orders may be given to the industry and that these orders must be given preference by industry if they are for the War and Navy Departments. Further, it is made compulsory on the managers of industry and the owners to carry out these orders and give them preference. Heavy penalties are provided in the Defense Act, and they are continued in this committee amendment, for refusal to carry out the orders for the War or Navy Departments.

The Defense Act would apply only in time of war or when war was imminent. This committee amendment would apply under the terms of section 16 of the bill until May 15, 1945, unless the Congress should continue the bill in operation after that time.

There are cases in which some delay or difficulty has been met in the defense program to date. Some of them were cited in the debate in the Senate. Some of them have resulted from a lack of cooperation on the part of subcontractors who did not want to carry on defense work because of the restrictions, not only so far as profit is concerned, but probably also the various other restrictions in Government contracts and who, by their refusal, tied up general contractors, particularly the aircraft industry, from carrying out defense projects when the general contractors were willing and eager to do so. This amendment bringing into effect the provisions of the Defense Act now would enable obligatory orders to be placed so that we would not have hold-ups of that sort, and in extreme cases so that factories could be taken over and operated by the Federal Government if necessary.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. ANDREWS. Is it not true that during the last war this same procedure was put into effect.

Mr. SMITH of Connecticut. During the last war the fact that the procedure existed in the law made it unnecessary to put it into effect, except in a very few instances. However, you may run into the situation where the manufacturer wants to give precedence to Government orders, but he has a contract which already requires him to give preference to some private individual or, perhaps, some foreign government or corporation, and without the present law if he gave precedence to the Government, he would be liable in damages to the other party to the contract.

This provision of the Defense Act would protect him. It would, however, also protect the other party to the contract by giving a right of action in the Court of Claims against the Government for any damages that he might suffer. That case has gone to the Supreme Court, under the provisions of the Defense Act, and a recovery has been had. So it enables speeding up by giving preference to Government orders and at the same time protects both your manufacturer, who wants to cooperate, and those with whom he has already contractual obligations.

It would also reach the case where shipyards, for instance, in recent years have been inoperative and where their financial condition is bad, but the production capacities exist which we so desperately need for ships, but it may take months or perhaps years to straighten up a legal tangle with respect to ownership and refinancing. It would allow in those cases, as the present law would in fact, the Navy to take over and to operate those yards and to pay whomever is determined to be the owner the value of any materials used and also a rental for the yards.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Pennsylvania.

Mr. BRADLEY of Pennsylvania. I am very much interested in that particular point. Is it the gentleman's intention and is it his opinion that when rehabilitation and financing are necessary and when the owners are unable or unwilling to refinance, the Secretary of the Navy would have authority to take the yard under the provisions of the gentleman's amendment?

Mr. SMITH of Connecticut. Under the provisions of the Defense Act, which are also the provisions of this amendment, I am sure it would be possible for the Navy to take over and to operate such a yard. Of course, fair and just compensation would be due to the owners of the yards under this language.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I will be glad to yield to the gentleman from Kentucky.

Mr. MAY. I would like for the gentleman to distinguish, just as briefly and clearly as he can, between the Smith amendment and the Vinson substitute. As I understand, one difference is that under the Smith amendment the Government would take over summarily on a lease or rental basis, whereas under the Vinson amendment they would be taken over under condemnation proceedings which would result in ownership going to the Government.

Mr. VINSON of Georgia. Oh, no.

Mr. SMITH of Connecticut. No; I do not believe that is true. That is the distinction between the Overton amendment and the Defense Act provision. Under the Vinson amendment there is set up, however, another step in that recourse must be had to the advisory council of the Defense Commission and, of course, that is a body set up, not by statute, but by Executive order.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TABER. Mr. Chairman, will the gentleman yield there?

Mr. SMITH of Connecticut. I yield.

Mr. TABER. The Defense Commission is an advisory commission to the Council of National Defense under a statute.

Mr. SMITH of Connecticut. The Vinson amendment also eliminates any compulsion on the individuals in control of the industry so that the criminal provisions are dropped out of the existing law or the existing provisions of the Defense Act by the Vinson amendment.

The Vinson amendment would keep this provision in effect during the emergency declared by the President. I think it is preferable to limit it to the same period to which we are limiting the other provisions of this act. If we are going to put it through as a part of the same program, to speed up the acquisition of the materials which we need for this Army we are trying to form, and if we are going to hook that up with legislation which will raise the men to be trained for defense, I think we should make them coextensive in time.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. WHITTINGTON. A few days ago the gentleman from Georgia [Mr. VINSON] placed in the RECORD a comparison of these two amendments, with the comments of the Navy Department, and the criticism of your amendment was that it would be permanent law, whereas the substitute offered by the gentleman from Georgia [Mr. VINSON] would be limited to the emergency. Is it not true that under the terms of the pending bill it will be limited to the period expiring in 1945?

Mr. SMITH of Connecticut. Of course, section 16 makes it clear that all provisions of this act, except as to violations and except as to section 3 (c), which has nothing to do with this, but refers to the remaining of men in the Reserves after they have entered a reserve component, shall become inoperative on and after May 15, 1945, unless continued in effect by Congress. So that the Navy Department was incorrect in that statement.

Mr. CELLER. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. CELLER. I desire to call the gentleman's attention to sections 171 and 175 of the United States Code, which in effect provides that in time of peace there can be no acquiring of title, purchase, or condemnation, even for temporary use, unless the legislature of the State where the land or factory or entity is situated gives its consent, together with the consent of the Attorney General of the United States. I should like to get the gentleman's opinion as to whether or not there would be any difficulty or inconsistency between his amendment and sections 171 and 175 of the United States Code.

Mr. SMITH of Connecticut. The Judge Advocate General's office has studied that question at my request and has given me an opinion that these provisions would not affect action under this act, because as to title, of course, there is no title acquired under the provisions of the Defense Act. If you used a method which included the acquisition of title, that might apply, but it does not, and, according to the Judge Advocate General's opinion, those two sections do not affect this amendment.

Mr. CELLER. So, in your judgment, the acquisition of title means simply the rental or use of a particular property?

Mr. SMITH of Connecticut. That is true.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. O'CONNOR. After the amendment was adopted in the Senate, known as the Russell-Overton amendment, it went out over the country that the Senate had written into the bill a provision for the conscription of industries. As a matter of fact, that was entirely wrong, because they were simply extending in the Russell-Overton amendment the right of eminent domain, which means that if the Government took this property it would have to pay the owners fair and just compensation for it, which did not mean conscription at all. Is that not the fact?

Mr. SMITH of Connecticut. I might say that one of my objections to the Russell-Overton amendment is that most of the units which we must use in the production of materials for the equipment of our troops, is industry that normally is not used for that purpose. If we had a separate munitions industry, which was solely working on munitions, then you might have some virtue in something like the Russell-Overton amendment. But if we start to make most anything in great quantities for the equipment of a large force for our own defense, we have to use our existing facilities, which are such things as automobile factories, typewriter factories, and factories which are normally in peacetime production. It does not seem desirable to me to have the Government take over those factories or any part of them in a method which will keep them permanently in the hands of the Government. As the gentleman from New York pointed out, when this provision was in effect during the World War there was very little use for it precisely because it was in effect.

[Here the gavel fell.]

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman may have 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOPER. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. COOPER. Is it the opinion of the distinguished gentleman from Connecticut that the practical effect of the adoption of the committee amendment offered by him would be to bring into operation now the provisions of the National Defense Act on this subject?

Mr. SMITH of Connecticut. That would be exactly the result of the adoption of the committee amendment, with the addition that the provision in the naval bill last spring, about which we have had so much controversy, would be repealed, because it would be replaced by the provisions of the existing Defense Act.

Mr. COOPER. The effect is, then, that instead of a declaration of war or the imminence of an emergency, which are required under the Defense Act, that would make this same provision of that act apply to the situation that exists now?

Mr. SMITH of Connecticut. That is correct.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. WHITTINGTON. Is it not true that the pending bill provides substantially the same penalties that were provided in the Selective Service Act of 1917, for the citizen who refuses to comply with the terms of that act?

Mr. SMITH of Connecticut. I believe that is true.

Mr. WHITTINGTON. So that it is fair, then, that industry should be subjected to a similar penalty if industry refuses to comply, and your amendment so provides?

Mr. SMITH of Connecticut. The amendment continues the same penalties which are in the Defense Act now for the refusal of industry, in case of war or when war is imminent.

Mr. WHITTINGTON. But there is no penalty whatsoever under the so-called Vinson substitute.

Mr. SMITH of Connecticut. There is not.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield for a brief observation?

Mr. SMITH of Connecticut. I yield very briefly.

Mr. O'CONNOR. To make the meaning of the question I asked a moment ago perfectly plain, if this amendment or the other amendment is adopted, it does not mean conscription of these plants, it means that we take them and pay a reasonable value for what we take. Is not that all it means?

Mr. SMITH of Connecticut. That is true.

Mr. O'CONNOR. Is that right or not?

Mr. SMITH of Connecticut. That is true. Under the Overton amendment, the Government takes them and pays the bill by condemnation. Under the committee amendment, you would pay them the fair and just value of their use plus any materials that were used.

Mr. O'CONNOR. But in either event it is not conscription.

Mr. SMITH of Connecticut. The gentleman does not consider it conscription. It is a matter of definition.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. VOORHIS of California. But it does come down to this: That in any case where certain production is essential to the national defense, unless the Government can get it on terms which are deemed fair and just, it can take possession of that plant for the period of the emergency and turn out those materials itself.

Mr. SMITH of Connecticut. That is true, and that was the purpose of it when it was adopted in 1916, and it worked well then, not because a great number of plants were taken over but because it was not necessary to take over a great number of plants because of the existence of the power.

Mr. VOORHIS of California. May I just say that I think the adoption of the gentleman's amendment, rather than the substitute, is most essential to make this bill fair.

Mr. EATON. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. EATON. It seems to me that the penalties are very excessive. Some of these little subcontractors have not got $50,000 invested in their business, yet you propose to fine them $50,000 and put them in prison for 10 years. That is worse than the punishment for murder in this country.

Mr. SMITH of Connecticut. That is the limit on the penalties, and it is the most that refusal for any reason, whether because of an effort to hamstring the defense program by agreement with foreign governments or for any other reason. It is the limit of the penalty which could be imposed. It is a stiff penalty.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. RANKIN. Let me say to the gentleman from New Jersey [Mr. EATON] that it will take a $50,000 penalty to make some of these profiteers sit up and take notice.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. CASEY of Massachusetts. If the Smith amendment is adopted, an amendment which is modeled after the act of 1916, it would have considerable advantage because the act of 1916 has been interpreted by the courts to some extent.

Mr. SMITH of Connecticut. Yes; it has been interpreted to some extent by the courts. At least two cases went up to the Supreme Court under it, so we do know of some extent what the courts would hold the amendment to mean. The new language of the Vinson amendment or any other substitute would not have that advantage.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Connecticut. I yield.

Mr. NICHOLS. I have not been here during all the colloquy and if the gentleman has already answered this question, of course, it is satisfactory to me: Were any plants taken over and operated under the Defense Act of 1916?

Mr. SMITH of Connecticut. I am not sure whether any were actually operated. Some forced obligatory contracts were entered into because there were cases that went to the Supreme Court. If any plants were taken over they were few in number. I do not remember that any plant was taken over. The Secretary of War, I believe, said certain ones were, but not more than one or two.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. SMITH of Connecticut. Mr. Chairman, I thank the Members for their attention. [Applause.]

Mr. MAY. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman from Kentucky rise?

Mr. MAY. To propound a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. MAY. A large number of Members have told me during the course of the afternoon that they are compelled to leave at a certain hour this evening. It is certain we shall have one or two roll calls, possibly three.

I ask unanimous consent at this time that all debate on this section and all amendments thereto close at 5:30.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that all debate on this section and all amendments thereto close at 5:30.

Mr. JENKINS of Ohio. Mr. Chairman, reserving the right to object, I should like to find out how many Members on my side of the aisle wish to speak on this amendment. I do not want to be in the position of an objector, but I want to see what the situation is with regard to actual need for time. I, myself, would like 10 minutes.

Mr. MAY. Seeing the few who have risen, I think I will change my request and say not later than 5:30. I doubt if we will use even that time.

Mr. JENKINS of Ohio. Still reserving the right to object, I do not want to stand here and be an objector, as I said before, but this is Saturday. As far as I am concerned, half an hour would be enough, but this is a most important part of the bill. Now, if it does not suit our side, let somebody object.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. SCHAFER of Wisconsin. Mr. Chairman, I object.

Mr. MAY. Mr. Chairman, objection having been made, I move that all debate on this section and all amendments thereto close at 5:30.

The CHAIRMAN. The question is on the motion of the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 137, noes 45.

So the motion was agreed to.

Mr. VINSON of Georgia. Mr. Chairman, I ask recognition on the substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent to proceed for 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

Mr. SCHAFER of Wisconsin and Mr. MILLER objected.

Mr. FISH. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia [Mr. VINSON] may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. FISH]?

Mr. MILLER. Mr. Chairman, I object.

Mr. HOBBS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Georgia [Mr. VINSON] yield for a parliamentary inquiry?

Mr. VINSON of Georgia. I yield.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. HOBBS. Mr. Chairman, I have an amendment which I want to offer to the gentleman's amendment in the form of

a perfecting amendment. I want to know whether to offer it before or after the Vinson substitute amendment is voted on.

The CHAIRMAN. The offer can be made when the gentleman is recognized.

Mr. VINSON of Georgia. Mr. Chairman, I was hoping that those of us who believed in the substitute would have as equal an opportunity to present it as those who believed in the committee amendment, and that is the only reason I asked for 15 minutes, as the Committee, before limiting debate, gave that amount to the proponents of the committee amendment.

Mr. Chairman, had not this entire subject matter originated in a naval affairs bill, I would be hesitant to offer a substitute, because my general feeling is that whenever a great committee of this House, such as the Committee on Military Affairs, that enjoys, and rightly so, the respect and confidence of the entire membership, presents a bill or subject matter for consideration that has been under its consideration for many months the benefit of the doubt should probably be given to the committee. That is a policy that I have always following during the quarter of a century I have served here. Therefore, Mr. Chairman, it was with some reluctance that I offered this substitute. But I feel clearly justified, due to the reasons I have just stated. This entire subject matter originated on a naval bill and conference report which was submitted to the House.

Let me say right here that by the language of the substitute and the committee amendment the act of the House in enacting section 8 (b) is repealed; so also the substitute and the committee amendment likewise, whichever is adopted, repeals the Overton-Russell amendment.

As I only have 5 minutes, I want to call the attention of the Committee to the difference between what I have prepared with the aid and assistance of the Navy Department, and you will find in the RECORD of September 4, page 11446, a complete analysis of the difference, and the committee proposal. The proposal I am presenting has the endorsement and approval of the naval officials who engaged in the preparation of it. Let me say that the committee amendment is nothing more than the law passed on June 3, 1917. They say that we should pass that now.

Mr. Chairman, that became necessary due to the fact that we were in a national emergency. War was imminent. We have not reached that condition yet. We are only in a limited emergency, and all legislation is based on that limited emergency. I am going to explain definitely so that every Member can determine which one of these propositions is the fairest, which one is the most equitable, and which one should be adopted.

In my own substitute it is limited to the national emergency fixed by the Executive order of September 8. If the President tomorrow should declare that the emergency had passed, my substitute would fade away. Every naval bill that has been presented here, except those to add permanent additions to the fleet, has been based on a limited emergency. That is as far as we should go in legislating at this time. We should legislate only for the limited emergency. [Applause.]

One further important distinction between my substitute and the committee amendment is that mine is based on the contingency of an order being offered and refused, while the committee amendment does not hinge on that contingency.

[Here the gavel fell.]

Mr. VINSON of Georgia. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

Mr. SCHAFER of Wisconsin. Mr. Chairman, reserving the right to object, and I shall not object, because the gentleman is chairman of the Committee on Naval Affairs, I merely objected a while ago because I thought it was manifestly unfair to close debate in 1 hour on such an important amendment and then turn around and give one Member of the House one-fourth of that time.

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, I have not spoken on this bill since debate started early in the week. I did want to speak on these two particular amendments. I am not in favor of the committee amendment. I see no chance whatsoever to speak on the amendment under the arrangement that has been made; therefore I object.

Mr. MICHENER. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia [Mr. VINSON] may be given 5 additional minutes, to be added to the time heretofore fixed by the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan [Mr. MICHENER]?

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, I simply want to say I am in favor of the gentleman's amendment.

Mr. VINSON of Georgia. Let me explain it then.

Mr. CRAWFORD. We are entitled to talk on this amendment, and I shall object again.

Mr. JENKINS of Ohio. Mr. Chairman, it is very unfortunate that these two very important amendments have to be disposed of so rapidly. It is also unfortunate that the distinguished chairman of the Committee on Naval Affairs could not have an abundance of time to explain his amendment. I should like to have had 10 minutes. I have given this matter considerable study, and there is hardly any use for one to start talking about this important matter just for a minute or two.

Let me give you the reason I am against both these amendments. In the first place, it is my judgment that neither is constitutional. If either of them is constitutional it must be on the ground that there is a war or some imminence of war, or some other immediate and threatening national emergency. It cannot be some fear or some probability. It must be a certainty. Now, really, is there such an emergency? No; and we would not have as much of an emergency as we have if the President had been more discreet in his handling of international affairs. These two amendments are patterned after the National Defense Acts of 1919 and 1922; the Smith amendment is identical, with one exception, and that exception is a vital one and one that will render the amendment unconstitutional. Let me explain: In order for the National Defense Act to have been constitutional it was necessary for it to show that there was a national emergency. In the first line of that act as it applies here is found the following language:

> The President, in time of war or when war is imminent, is empowered—

And so forth.

Those words are omitted from the Smith amendment. And again near the end of the third paragraph the same language is omitted from the Smith amendment. The only cases testing the National Defense Act that I have found are cases where the evidence brings out facts showing that the war was on. The Smith amendment cannot be supported from anything decided in these few cases. There is in the Smith amendment language which was in the original Defense Act, which I claim is unconstitutional, and which, so far as I could find out, has never been interpreted by any court of last resort. The language to which I refer is as follows, and is in the last paragraph "or as rented for use of any manufacturing plant while used by the United States." This is my reason for this statement: I maintain that by reason of that provision of the fifth amendment to the Constitution which provides that no person shall be deprived of his property "without due process of law," the President or nobody else at any time, war or no war, can take one's property "without just compensation." The courts have always held that no conscription or condemnation of property shall be had unless or until some judicial body or board has determined what is "just compensation." The President nor any other Army or naval officer can take a man's property and arbitrarily fix a rental fee. The owner must be consulted and considered or a court must decide it. So far as I could find in the short time I had to consider this matter, no court has been called upon to interpret this matter of rent. The word "rent" implies a con-

tract between two persons. All the textbooks and decisions hold that there can be no eminent domain if there is a contract. The right of eminent domain is in the Government as an incident of sovereignty or by reason of the Constitution. The right to condemn property sprung from eminent domain, but condemnation proceedings themselves are all creatures of the statute. No statute gives any agency the right to condemn property for rent. I mean no condemnation can be had by the Government just so it might rent the property.

The Smith amendment is not necessary, for if the Government is wanting to conscript this property because of war, then why not go ahead and do it if there are war conditions? That is the rub. They know that there are no war conditions, so they want to conscript anyway; hence this change of the law. So if this amendment passes they will conscript in peacetime and consequently dictatorship is here. Make no mistake, the best proof of a dictatorship is that he may conscript property in peacetime and without reference to any court. It will be a terrible mistake to take this step into socialism and communism. I warn you of the danger. [Applause.]

The Vinson amendment is bottomed on as unsound principles as the Smith amendment, but it is not as drastic.

Mr. HOFFMAN. Will the gentleman yield?

Mr. JENKINS of Ohio. No; I am sorry, as I should very much like to yield to my distinguished friend from Michigan.

Mr. HOFFMAN. I have the official answer.

Mr. JENKINS of Ohio. Getting back to the Vinson amendment, I said it is equally as unconstitutional as the Smith amendment, but its constitutionality is not as patent. It is much more considerate of the rights of the person whose propery is sought to be procured. It provides that before one's property can be taken efforts must be made to deal with him. Under the Vinson amendment an Army captain cannot just step up and throw a man out and then fix the rent to which he may be entitled. He must first talk, a few words at least, to the man about his own property. Then, if they cannot agree, he must take it up with the Secretary of War and the Defense Council, who must also try to deal with him. But the fact that they can eventually throw him out—war or no war—without giving a court or board of some kind the right to call this man and his witnesses in to be heard makes the Vinson amendment unconstitutional and unfair.

Many Members will vote for these amendments under the guise that they do not want to vote to conscript men if they will not also conscript property. Well, I am not in that predicament, for I am not going to vote to conscript men today, and neither am I going to vote to conscript property. When, and if, we get into war, I shall probably vote for conscription. If I vote to conscript men, I shall want it to be along constitutional lines; and if I vote to conscript property, I shall want it to be along constitutional lines. Again let me emphasize this is the longest step into dictatorship that the country has ever taken by legislative action. [Applause.]

As I have already stated, the Vinson amendment does not carry the $50,000 fine and imprisonment penalty that the Smith amendment carries. I shall vote for the Vinson amendment as against the Smith amendment, and if it carries or if it loses I shall vote against both or either, and I shall vote against the whole bill. [Applause.]

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I gladly yield to the gentleman, if I have any time left, in view of the fact that he did not have much time.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VINSON of Georgia. I am sorry the gentleman does not have it, either.

Mr. HOBBS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HOBBS to the committee amendment offered by Mr. SMITH of Connecticut.

Mr. HINSHAW. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HINSHAW. Are we working on the substitute amendment or upon the Smith amendment?

The CHAIRMAN. On the original amendment, proposing a new section, and the substitute amendment.

Mr. HINSHAW. And an amendment to the Smith amendment is now in order, and not to the substitute?

The CHAIRMAN. An amendment to the Smith amendment is in order now.

The Clerk read as follows:

At the end of the Smith amendment insert the following:

"Whenever, in the execution or performance of any contract for any article or item of equipment to be used in the national defense, an invention described in and covered by a patent of the United States, shall hereafter be used or manufactured by a Government contractor without license of the owner thereof or lawful right to use or manufacture the same, no liability arising as a result of such use or manufacture shall be incurred by such Government contractor, and the owner's sole remedy shall be by suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture: *Provided, however,* That said Court of Claims shall not entertain a suit or award compensation under the provisions of this section where the claim for compensation is based on the use or manufacture by or for the United States of any article heretofore owned, leased, used by, or in the possession of the United States: *Provided further,* That in any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by a defendant in an action for infringement, as set forth in title 60 of the Revised Statutes, or otherwise: *And provided further,* That the benefits of this act shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States, or the assignee of any such patentee; nor shall this act apply to any device discovered or invented by such employee during the time of his employment or service."

Mr. HOBBS. Mr. Chairman, this is a very simple matter. Under the existing law, which is section 68 of title XXXV, United States Code Annotated, the Government, if it infringes upon a patent, may be sued in the Court of Claims, subject to the provisos which I have incorporated in my amendment. However, that does not cover the ground. This is the situation:

I have a patent covering an article which is necessary to be manufactured for national defense. An invitation is issued by the War Department or the Navy Department to bid upon the manufacture of a million of those articles. But I have a little plant. I am the only man who can manufacture it. I and my subsidiaries—and they always have sense enough to have some subsidiaries organized for the purpose of bidding—are the only ones that can bid without infringing that patent.

But it may be a very simple article, and Mr. Henry Ford's or some other giant concern would gladly manufacture those million articles that are needed just about as fast as I could snap my fingers, whereas it would take me months to manufacture them.

The sole purpose of this amendment is to say to any bidders who care to bid on the production of matériel for national defense that, if necessary to do so, they can infringe a patent, and, if they are bidding on a national-defense item, they will be protected by the Government against suits for infringement. All patentees get their rights patent from the Government. Now the Government says, "In this limited emergency, as well as in wartime, if we need to infringe your patent to prevent exorbitant prices or to expedite the national-defense program, we will do so, but we will pay you what is fair and right, whether the infringement be done by us or by others for us."

It seems to me, Mr. Chairman, that it is too plain for argument that if we mean to allow creatures of our largesse to block the national-defense program merely because they have a patent, then we are not as farsighted as we should be. The Government can and does in emergency cases now infringe patents and make itself liable to suit in the Court of Claims. All that this amendment does is to extend that same privilege to all those who bid on the invitation of the Government. [Applause.]

The pending bill proposes to draft men because of the imperious necessity for adequate national defense. A committee amendment will draft recalcitrant industrial plants. Why not draft patents also? Are they more sacrosanct than human life? [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HOBBS].

The question was taken; and on a division (demanded by Mr. HOBBS) there were—ayes 24, noes 64.

So the amendment was rejected.

Mr. COX. Mr. Chairman, I am opposed in principle to the proposal contained in the amendment. I am opposed in particular to the amendment itself. I am opposed to it because it is undesirable, unnecessary, un-American, and, I am convinced, unconstitutional. I am opposed to it because it constitutes, in my opinion, a pernicious invasion of the principle of private ownership and operation of the Nation's industry, the destruction of individual initiative and enterprise, the demoralization of competitive endeavor, the confiscation of private property, and the denial of that due process that has characterized the jurisprudence of English-speaking people and was old before Magna Carta.

I am opposed to it because I regard it as the wedge to be used by those who are at work undermining our Government to split private enterprise asunder, to hasten the day of government ownership and reduce free citizens of America to the status of communistic proletarians of totalitarian vassals.

I am opposed to this proposal because it will propel this Nation into that status of governmental control of the private interests, rights, and property of our citizens that was met with successful resistance for 140 years—a resistance that has begun to weaken only in these latter years under the constant attrition of the Communist machine.

I am opposed to it because it is obviously a culminating effort to impose under the exigencies of potential war and by subterfuge the principles of communism that at some other time or when proposed openly and boldly the elected representatives of a free people would not hesitate to repudiate.

I am opposed to it because it seeks to ensnare the membership of this House by the subtlety of its appeal, the duplicity of its terms, its ostensible sanction under the power of war, and its necessity, obviously justified by the implied equities involved in the conscription of the human resources of the Nation.

I am opposed to it because of its patent purpose to confer by statute war powers that, if they exist at all, are already the attributes of sovereignty, hence unnecessary of statutory enactment; and because of its latent deceit.

We have witnessed strange phenomena in the Government of America during these recent years, Mr. Chairman. Our private industry is overrun by the inquisitorial agents, officials, bureaus, commissions, and investigators of our Federal Government. Once free and private enterprise is now subject to the inquisitional and peremptory spirit of government that has come to prevail in the land. The food we eat, the homes in which we live, the clothing we wear, the air we breathe—all have become objects of governmental solicitude and inquisition. Our securities, our means of transportation and communication, the wages we pay and the hours we work, our banks, our credit, and our farms, all alike, have been subjected to the prying inquest of governmental agents imbued with the spirit of officious power. Already we direct and regulate the essential industries of the Nation by regimentation under the guise of law through bureaucratic agents; we control them through taxation. By the proposal now before us we would confiscate the meager control that still remains in the hands of private ownership.

Government intervention, Government control, Government regulation, Federal regimentation, have brought the private industry of America to the verge of bankruptcy and collapse. We openly recognize that fact when we propose transfusions from the Federal treasury into the arteries of commerce, industry, and trade. I fear the transfusion of this borrowed blood with its artificial stimulation, for I perceive the real purpose to be the ultimate placental dependence on Government.

The private and independent enterprise of this Nation stands helpless before an invading horde of inquisitional investigators, inquirers, and impractical bureaucratic agents, who have made industry fear for its continued existence and its future, who have destroyed its initiative and undermined its courage. We have embarked upon the socialistic program of a planned economy, foreign to our traditional concepts of private enterprise, individual initiative and spirit of adventure, Government beaureaucrats command the limitation of our productive capacity and we have clothed them with the power to enforce their commands. We permit them to impose penalties for the inability or failure of industry to observe the arbitrary regulations they impose. We have endowed them with a judicial function that they are unworthy to possess and we have denied our people the one exercise of that due process which, under our original philosophy, Government may not withhold. Governmental bureaucrats fix prices, wages, and hours. They ignore economic laws with the same impunity that they defy congressional statutes. Their activities are incompatible with the principles of a free people living under constitutional government. They daily challenge the constitutional safeguards of the people and they threaten the enterprise for free individuals. The membership of this House does not need to be told of our traditions of free enterprise and the sanctity of private property that have characterized the life and success of the Republic. Members need merely to be reminded that for many days the debate in the Constitutional Convention centered upon the qualifications for membership in the National Legislature, and that fundamental in the consideration of those qualifications was the ownership of property not merely by the elected but by the electorate as well. At its very beginning the Constitution of this Republic bears eloquent testimony of the results of the debate in the Convention. I quote it:

> And electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature.

What were the qualifications here referred to? In the great majority of instances they involved the ownership of property. What, in the opinion of the majority of the delegates to the Convention, was the alpha and the omega of the right to elect representatives to both State and National Legislatures? Electors were to be men of property, citizens who respected the principle of the private ownership of property, and who would be unwilling to entrust to those devoid of property or devoid of the desire to acquire property the power to legislate with respect to the rights of private ownership of property. We have abandoned the qualification of property as a qualification for suffrage in America and we have substituted no equivalent.

Members will recall the words of Colonel Mason as he rises in the convention, not—

> To make any motion but to hint an idea which seemed to be proper for consideration.

One important object in constituting the Senate was, in his opinion—

> To secure the rights of property.

And, he suggested—

> The propriety of annexing to the office a qualification of property.

He thought—

> This would be very practicable as the rules of taxation would supply the scale for measuring the degree of wealth possessed by every man.

Mr. Baldwin thought—

> The second branch ought to be the representative of property, and that in forming it, some reference ought to be had to the relative wealth of their constituents and to the principles on which the Senate of Massachusetts was constituted.

Mr. Gouverneur Morris, Members will recall, objected to an apportionment of Members of the House of Representatives "on the basis of population alone." He thought property ought to be taken into the estimate as well as the number of inhabitants.

Life and liberty were generally said to be of more value than property.

He said—

An accurate view of the matter would, nevertheless, prove that property was the main object of society. The savage state was more favorable to liberty than the civilized; and sufficiently as to life. It was preferred by the man who had not acquired a taste for property. It is only renounced for the sake of property which could only be secured by the restraints of regular government. * * * If property * * * was the main object of government—

He thought—

that certainly it ought to be one measure of the influence due to those who were to be affected by the government.

Mr. Butler contended strenuously—

That property is the only just measure of representation. This was the great object of government; the great cause of war, the great means of carrying it on.

Mr. Gerry said that—

If property be one object of government, provisions to secure it cannot be improper.

Mr. Pinckney thought it—

Essential that the Members of the Legislature, the Executive, and the judges, should be possessed of competent property to make them independent and respectable. It was prudent when such great powers were to be trusted, to connect the tie of property with that of reputation in securing a faithful administration. The Legislature would have the fate of the Nation put in their hands. The President would also have a very great influence on it. The judges would * * * hear important causes between citizen and citizen. * * * Were he to fix the quantum of property which should be required, he should not think of less than $100,000 for the President, half of that sum for each of the judges, and in like proportion for the Members of the National Legislature. * * * He would * * * leave the sums blank (however). His motion was that the President of the United States, the judges, and Members of the Legislature, should be required to swear that they were respectively possessed of a clear unencumbered estate, to the amount of $-------.

Time has not permitted a more extensive examination of the proceedings of the convention at present, but I am convinced that the framers of the Constitution would not accept such a proposal as we are confronted with today. It was their purpose to preserve the rights of private property. They drafted the Constitution to protect the rights of individual American citizens from government and they placed restraints upon the Government which they created in order that the rights of individual American citizens might be preserved from governmental invasion. They conferred upon the Government they created the power to tax, a grant of power which in itself recognized the existence of private property as the object of taxation. But they placed limitations upon the grant, and the great Chief Justice, John Marshall, recognized the limitations of the grant in his immortal dictum that the power to tax is the power to destroy. How would the fathers regard this proposal to confiscate?

In the Federalist Papers Hamilton wrote:

The prosperity of commerce is now perceived and acknowledged by all enlightened statesmen to be the most useful as well as the most productive source of national wealth, and has become the primary object of their political cares.

Madison said that—

The powers delegated by the proposed Constitution to the Federal Government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former are exercised principally on external objects, as war, peace, negotiation, and foreign commerce; with the last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objectives which, in the ordinary course of affairs, concern the lives, liberties, and properties of the people, and in the internal order, improvement, and prosperity of the State.

Nor can I refrain at this time from recalling to Members of the House Madison's concept of the militia, an arm of the State governments which we have transferred to the Federal Government by statutes that might not in an earlier day have withstood successfully a challenge of constitutionality. I quote Mr. Madison's opinion of the menace of a large standing army under the control of the Federal Government. He said:

Let a regular army fully equal to the resources of the country be formed and let it be entirely at the devotion of the Federal Government; still it would not be going too far to say that the State governments, with the people on their side, would be able to repel the danger—

That might come from the presence of such an army. To such an army, said Mr. Madison—

would be opposed the militia * * * with arms in their hands, officered by men chosen from among themselves, fighting for their common liberties, and united and conducted by governments possessing their affection and confidence. It may well be doubted whether a militia thus circumstanced could ever be conquered by * * * regular troops.

Need this House be reminded that the militia of this Republic is now no longer under the control of the States but under the control of the Federal Government, and by acts enacted by this Congress?

Hamilton thought that—

Government is instituted no less for the protection of property than of the persons, of individuals. The one as well as the other, therefore, may be considered as represented by those who are charged with the government. Upon this principle it is that in several of the States, and particularly in the State of New York, one branch of the government is intended more especially to be the guardian of property, and is accordingly elected by that order of society which is most interested in this object of government. In the Federal Constitution—

He said—

this policy does not prevail. The rights of property are committed into the same hands with the personal rights. Some attention ought, therefore, to be paid to property in the choice of those hands.

I am opposed to this proposal because I doubt its constitutionality. The principle of due process declared in the fifth amendment is a prohibition against the United States. It is a restraint on the legislative as well as on the executive and the judicial powers of the Federal Government. The proposal now before us to take the property of the people of the United States violates, in my opinion, the due process provision of the Constitution in spirit, even if not in letter.

Although statutes enacted by Congress in the exercise of the war power may not be affected by the restrictions imposed by the fifth amendment, the mere existence of war does not suspend or change the operation of the guaranties and limitations of the amendment with respect to those conferred on citizens by the Constitution. And I doubt that it could suspend or change those original, fundamental rights possessed and exercised by American citizens before the adoption of the Constitution, for I regard the fifth amendment but as declaratory of fundamental rights that have existed unchallenged among English-speaking people for a thousand years. Moreover, a state of war does not exist at present. And, should we be so unfortunate as to have war come upon us at some future time, abundant opportunity will prevail for the consideration of the drastic proposal we are now asked to write into law.

In the exercise of the right of eminent domain even by the Federal Government for any public purpose the owner is not barred from his common-law remedy, if the statutory remedy for obtaining compensation is incomplete or imperfect. The proposed amendment is, in my opinion, therefore, unnecessary. Although it may be accepted as an incident of sovereignty that private property is held subject to the necessities of Government, and that under the principles of eminent domain Government may take real or personal property as necessities and exigencies may demand, the fifth amendment to the Constitution guarantees that when this governmental right of paramount appropriation is exercised it shall be attended by compensation. But I know that Government may frustrate the rights of citizens in the enjoyment of their private property when the administration of its laws are entrusted to

bureaucrats, and administration of this proposal is so entrusted. The burdens of war should not be made to fall chiefly upon those whose properties can be confiscated by bureaucratic administrators, but upon all the people. If the proposal contained in the amendment before us does not violate that principle, it certainly creates the opportunity for its violation. In Missouri Pacific Railroad against Humes, the Supreme Court said:

In England the requirement of due process of law, in cases where life, liberty, and property were affected, was originally designed to secure the subject against the arbitrary action of the Crown and place him under the protection of the law. * * * a similar purpose must be ascribed to it when applied * * * in this country * * * (It) is intended to give * * * increased security against arbitrary deprivation of life or liberty, and the arbitrary spoliation of property.

The framers of the Constitution did not regard government entirely without suspicion. They believed that the liberty of the individual was enlarged as government was restricted. Their philosophy of government was based upon the principle of the rights of the individual. That individualism was intensified by our pioneering ancestors in their conquest of the frontier. Their philosophy was that of self-reliance. They fought their own way westward. They did not rely upon government. They resisted the interference of government in the development of the great industrial progress in which we share today.

But we have witnessed a change in the competitive individualistic enterprises that have made the Nation great and prosperous. We have witnessed constantly increased encroachment by government. We have witnessed a vast process of socialized governmental activity that has brought every man and woman under governmental solicitation and that has invaded every industrial plant in the Nation. Not content, we now propose confiscation.

Individual enterprise, individual initiative, self-reliance—these are among the qualities upon which America was founded and upon which American prosperity is based. The settlement of our vast domain, the development of our vast systems of communication and transportation, the creation and development of our vast industrial plants and processes have resulted from our creative and inventive genius as free individuals untrammeled by the intervention of government. The individual in America still is the unit of national growth, national prosperity, and national security, and I would have him remain so.

I am opposed to the philosophy of the proletarian described in the New York Constitutional Convention of 1915 by Judge Clearwater as—

One who would undermine the principles of government and industry upon which our Nation was built * * * the man who has no property, who has not the industry, frugality, and self-denial to accumulate property; a man who will breed children and throw himself without scruple or reserve upon a community for support.

I recall that Senator Root declared that interference with individual liberty by government should be most closely watched and restrained, because the habit of undue interference destroys that independence of character in its citizens without which free government cannot endure.

I think it most opportune to recall, too, the declaration of Dr. Burgess, the founder of the school of political science at Columbia University, that—

We are threatened by Caesarism, the rule of the one by popular acclaim, the apotheosis of government, and the universal decline of the consciousness of, and a true desire for, true liberty.

The fathers recognized and feared absolutism in government and the weakening of the individual by dependence upon the state. They believed that industry and trade flourished when it was not molested by government. They believed that government interference brought about the repression of industry.

Mr. Chairman, we loudly proclaim our abhorrence of the dictator. We condemn him for his disregard of the rights of the individual. We condemn him for the methods he pursues to accomplish his objectives and establish his dictatorships. We have all but declared war upon him. Yet, Mr. Chairman, the proposal we contemplate here, today, constitutes dictatorship nonetheless effective because adopted by democracy. The dictator at least proceeds by boldness, defiance, and daring, while we are lured by subtlety and craft.

I am opposed to this proposal. I am opposed because they who urge it seek to justify it upon the basis of an equity with the service required of citizens to be trained in the defense of their homes, their liberty, and their lives. The issues are not parallel.

I have urged repeatedly the compulsory selective training of the manhood of this Nation because I believe such training will develop and improve the physical power of that manhood. This proposal will destroy the physical power of the Nation's industry. I have urged the training of the manhood of the Nation because I believe it will vitalize the manhood of the Nation. This proposal will devitalize the industry of the Nation. I have urged the training of the manhood of the Nation because it will restore the moral fiber of the Nation. This proposal will demoralize the industry of the Nation.

I am, therefore, opposed to the adoption of this amendment.

Mr. O'CONNOR. Mr. Chairman, I propose to vote for the Smith amendment. It is by far short of conscription of industry, but is the best of all that has been offered; but I want to try to clarify one matter. We have been told through the press and otherwise that the Senate passed an amendment to the so-called conscription bill conscripting industries. That is not true. The only thing that the Senate did was to extend the right of eminent domain to proceedings of this kind and buy the property through that method. The only difference between that and this is that this is an extension of the right of eminent domain; their amendment does not require the United States Government to buy the property and pay the value of the property, but simply gives the Government the right to take it over and lease it and pay for the lease, which is much better for the Government.

The gentleman from Georgia [Mr. Cox] says it is unconstitutional. I am going to call his attention to what the rule is, what the courts have declared to be the rule in this country:

A taking of private property by the Government, when the emergency of the public service in time of war or impending public danger is too urgent to admit of delay, is everywhere regarded as justified, if the necessity for the use of the property is imperative and immediate, and the danger is impending.

We do not need to be in war. If there is such danger as is stated, that is all that is required. We have the right under the decisions of our courts to take this property whenever we cannot agree on it, but we must pay a reasonable value for the property that we get, and that is why this is not conscription of property. You cannot have conscription of property when you pay value for the property you get, and that is what you do in this case, and when the press states that the Congress in this law is conscripting industries, it is wrong. I do not want the public to be fooled. It gives an erroneous impression to the public. You are taking, but you are paying a reasonable value for it, and that is why you can take it. We can take private property for public use under the stated condition—by paying the value of it—but it is not conscription of industries.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. TABER to the substitute offered by Mr. VINSON of Georgia: After the word "delivery" in the second line of subsection (b), strike out the word "or" and insert "and."

Mr. VINSON of Georgia. Mr. Chairman, I believe that is a typographical error. I think the word "and" should be used there.

Mr. BARTON of New York. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BARTON of New York. With respect to these two amendments—the Vinson amendment and the Smith amendment—would the gentleman state, for the benefit of some of us on this side, which, in his opinion, is the better amendment?

Mr. TABER. With the adoption of this correcting amendment, which I have offered, which requires the Government not only to provide reasonable rates of delivery but also prices that would be fair and reasonable, I would say that the Vinson amendment was by far the better amendment.

Mr. BARTON of New York. May I just add that from my study of the two amendments I agree thoroughly with the gentleman that the Vinson amendment is the better.

Mr. TABER. I think it is. The trouble with both of them is that they provide for taking over property at prices, under the Vinson amendment, to be fixed by the Secretary, and in the Smith amendment without telling by whom. It just means that for 100 years, if plants were taken over in such a slipshod way as either one of these amendments provides, there would be claims before the War Claims Committee running into millions and millions of dollars, if there were any substantial number taken over. That is the trouble from the standpoint of the Government. From the standpoint of the workingman, the trouble is it only means a little bit of a while, a few days after any substantial industries are taken over, before we get regimentation of labor.

That is the trouble with the proposition of taking them over. I do not want to throw any stones in the way of progress of national defense. I do not believe there will be very many people who are offered a chance of a little better than breaking even who will not accept the work.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. TABER. I yield.

Mr. VINSON of Georgia. The theory of the Vinson amendment is based on the fact that a manufacturing plant has refused to accept an order, and no plant can be taken over until it refuses. Under the Smith amendment they can take over a plant even though no order has been offered.

Mr. SMITH of Connecticut. Will the gentleman yield?

Mr. TABER. I yield.

Mr. SMITH of Connecticut. I must disagree with that interpretation of section 120.

Mr. VINSON of Georgia. Well, read the law.

Mr. SMITH of Connecticut. It says "and in either such case," referring to, first, refusal to give preference, and, second, refusal to manufacture in the quantity or quality the munition desired——

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. TABER. I hope the amendment I have offered will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 103, noes none.

So the amendment was agreed to.

Mr. TARVER. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, I regret very much to have to oppose the substitute offered by my beloved colleague from Georgia [Mr. VINSON], in whose good faith I have the utmost confidence, but in whose amendment I have no confidence at all. If it is desirable that legislation of this kind should be enacted—and I think it is—it should be effective legislation. It should be legislation of a character which would bring about that cooperation of recalcitrant units of industry with the Government in this period of emergency that all of us so desire to see.

The Committee on Military Affairs has carefully worked out legislation which, in my judgment, will achieve that end. To mention only one of the objections which occur to my mind to the substitute offered by the gentleman from Georgia [Mr. VINSON], it contains no penalty. It does not provide for its continued effectiveness until the expiration in 1945 of the draft legislation which we propose to pass. You propose to pass legislation which may be invoked to draft the boys of this country into the Army until 1945, yet you hesitate to pass legislation which will, for the same period of time, insure the cooperation of industry. You are asked to pass legislation under which the boys of the country who refuse to respond can be imprisoned for a term of years, yet you are asked to vote down the committee amendment which would impose some penalties on industry if it refused to accord the measure of cooperation which the Government requires.

Why should the Members of this House become tenderfooted when you undertake to deal with the question of requiring the cooperation of industry? Why should you be willing to conscript the young manhood of the country, to conscript it for a longer period of time than you are willing to require the cooperation of industry and to impose severe penalties for its failure to comply with your draft regulations, and at the same time provide no penalty at all for the failure of industry to comply with the requirements which you impose upon it? I can conceive no justification for that attitude. There are many distinctions which might be made between the committee and Vinson amendments. Under the Vinson amendment no remedy would exist in such a case as that which arose when the Government tried to get the Ford Motor Co. to manufacture the Rolls-Royce engine. The gentleman from Georgia [Mr. VINSON] admitted that on the floor Tuesday last. A remedy would exist under the committee amendment, which requires cooperation whenever a plant, although not equipped to manufacture something the Government needs, may be readily transformed into a plant so equipped.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, not many of the Members seem aware of the fact that we are in a very complicated and difficult legislative situation. The gentleman from Ohio [Mr. JENKINS], a moment ago said he was going to vote against both the Smith and the Vinson substitute amendments. I would like to call the attention of the gentleman and any others who are interested to the fact that if both of these amendments are defeated and one of them is not written into law, the sentence in the act of June 28 (Public, No. 671, 76th Cong.) remains in force. That sentence provides—

> That the Secretary of the Navy is further authorized, under the general direction of the President, whenever he deems any existing manufacturing plant or facility necessary for the national defense, and whenever he is unable to arrive at an agreement with the owner of any such plant or facility for its use or operation, to take over and operate such plant or facility either by Government personnel or by contract with private firms: *Provided further*, That the Secretary of the Navy is authorized to fix the compensation to the owner of such plant or facility.

Now, there is a very peculiar situation here. Both of these amendments before the committee strike out that sentence in the act of June 28. No one in this House has shown how that sentence came into the act of June 28. I think it was first requested of the Congress last winter by the Acting Secretary of the Navy, Mr. Edison, but was not granted to him. Later on it was found contained in a departmental draft of an appropriation bill and the House struck it out. Certainly it was not in the House version of the Navy speed-up bill, which is this act of June 28.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. HINSHAW. Yes; I yield.

Mr. VINSON of Georgia. Both the amendment offered by the committee and my amendment repeal that for all time.

Mr. HINSHAW. That is right, but the gentleman knows that when the act of June 28 was passed in the House this sentence was not in the House bill?

Mr. VINSON of Georgia. That is true. It came in in the conference report.

Mr. HINSHAW. It came in in the conference report, and nobody knows how it got there. All we know is that when

the bill was signed by the President it contained that sentence.

Mr. VINSON of Georgia. That is correct. Now, let us get down to something to improve on it.

Mr. HINSHAW. That is right.

Mr. VINSON of Georgia. Now, does not the gentleman think it is far better to have the Advisory Council have a voice in saying whether a plant shall be taken over than to permit some naval officer or some War Department officer, when he gets mad with some manufacturing plant, to go out and grab his plant?

Mr. HINSHAW. I certainly do.

Mr. VINSON of Georgia. Exactly so; that is exactly what my amendment permits. My amendment permits and makes necessary that they consult the Advisory Commission. Then the Advisory Commission of the Council for National Defense tries to prevail upon them, and no plant will be taken over or can be taken over until all the force and power of the Advisory Commission has been used to persuade the plant; yet in the Smith amendment some admiral or major general could grab off a manufacturing plant because it has not done something he has wanted them to.

Mr. HINSHAW. That is exactly correct, and if this Senate amendment, known as the Overton-Russell amendment, remains in the law it would give every opportunity for any President of the United States or any Secretary of War or of the Navy to set up a totalitarian state in the United States right now, and for no good reason whatsoever. So the amendment should be adopted and this particular sentence stricken out. As a matter of fact if I wanted to set up a totalitarian state in the United States I would ask for a provision such as this one that has been surreptitiously placed in the law.

Mr. Chairman, let me repeat the sequence of events as I understand them. I believe that I have them nearly correct at least, although I have not had the time to engage in the research necessary to establish them. Some time last winter Acting Secretary of the Navy Edison said he wanted the authority granted by the sentence I have quoted. I think his request was made to a House committee. In the spring—perhaps April or May—this sentence, or one like it, appeared in a departmental draft of an appropriation bill, and it was stricken out either by the Appropriations Committee of the House or by a point of order made on the floor.

In June the Naval Affairs Committee brought us the so-called Navy speed-up bill. It was passed and sent to the Senate without any trace of this sentence in it. The Senate made certain minor amendments, but this sentence was not one of them, and the bill went to conference. The House and Senate conferees ironed out the differences, but this sentence was not even considered by them. The conferees reported to their respective bodies in unanimous agreement, and both House and Senate approved the conference report. This was on June 22, 1940. This sentence was not a part of that report, at least not to the knowledge of any of the House conferees. That bill (Public, 671, 76th Cong.) was signed by the President on June 28, 1940, and when it was signed it contained that sentence. I cannot find anyone who knows definitely how it got into that bill, as it was not considered by either the House or Senate or the conferees.

Mr. Chairman, evidently some one wanted that power very badly, and evidently they got it at last. On July 31, 1940, the chairman of the Naval Affairs Committee, the gentleman from Georgia [Mr. VINSON], introduced an amendment to the second naval appropriation bill repealing that language in Public, 671, and his amendment was unanimously adopted—CONGRESSIONAL RECORD, pages 9754–9755. That bill then went to the Senate and awaited action while that body disposed of the conscription bill now before us. While the Senate was amending the conscription bill, what is known as the Overton-Russell amendment was adopted. This amendment is almost identical with the sentence referred to except that the Secretary of War was also included as a grantee of these broad powers—powers that in one sentence make it lawful for the "man on horseback" to take over all the industry in the United States at any time, in peace or war, at practically his own price, if any.

Mr. Chairman, I would not be so concerned about this matter if I did not know that someone evidently wanted this power very badly and that it is, in a few simple words, a perfect vehicle for setting up the totalitarian state in this country without a struggle.

Now, Mr. Chairman, the House Committee on Military Affairs has brought in its own conscription bill now pending before us.

That committee, through its able and distinguished member, the gentleman from Connecticut [Mr. SMITH], has presented a committee amendment known as the Smith amendment, as an alternate in the House for the Overton-Russell amendment. Some of the curse of the Overton-Russell amendment is removed in the Smith amendment and it does have the effect of repealing that sentence from the act of June 28, Public, No. 671. Then the gentleman from Georgia [Mr. VINSON], has introduced another amendment as a substitute, which further removes the curse and repeals that sentence in Public, No. 671.

But let us go back for a moment. Last week the Senate took up that appropriation bill containing Mr. VINSON's repealing language, and in a brief moment, and very cleverly, the repealing language was stricken from it. The reason offered was simply and sweetly that the matter had been taken care of in the conscription bill and was no longer needed, or words to that effect. Is that so, Mr. Chairman?

So now we find ourselves in the position where that sentence is still in the law, signed by the President on June 28, 1940, and the only immediate way left to repeal it is to adopt either the Vinson or the Smith amendments now before us. Otherwise it would take either a special bill to repeal or a rider on some bill now in process of passage would have to be adopted.

Mr. Chairman, the powerful powers that want this dictatorial power are bound to get it somehow, and to have and to hold it, in spite of all we can do to prevent it. It has been slid through like a greased pig, but it is so inconspicuous that in the midst of all the language coming before us it has taken sharp eyes to detect it. Finally, by what amounts to devious subterfuge, to say the least, it was gotten into the law and now it will be most difficult to get it out, if it can be gotten out at all.

Now the House and Senate versions of the conscription bill go to conference. There the Overton-Russell amendment will meet the Smith amendment. If the Senate insists on the Overton-Russell amendment and the House recedes, the way is clear for the "man on horseback." If the Smith amendment prevails then the way will be partly closed. If both of them are thrown out then the law, as contained in the act of June 28, 1940—Public, 671—is still on the books.

Mr. Chairman, the situation is diabolical; it is more than dangerous; it is exceedingly perilous for democracy. No good President should want that much power, and certainly no bad one should have it.

Mr. Chairman, if I were, by the grace of God and the high confidence of the people, President of the United States, and secretly wanted to be and become its permanent President—a dictator if you please—then I could ask no better vehicle created amidst confusion and fear for my sinister purpose.

If I could not obtain that power any other way than a measure for conscripting our manhood into an army, carrying, as it does, the long-cherished democratic ideal that if men must be conscripted for war so likewise must wealth and labor and machinery and farms be conscripted. Yes, such a measure passed amidst the din and roar of distant battle would be an easy way to obtain the means for my purpose. I would accentuate and promote fear of immediate invasion; I would rattle the sword and roll the drums; I would find some potential enemy to threaten and hope that he would make a hostile reply; I would, at least, pretend that we were weak and defenseless. In fact, I would do everything to create hysteria and confusion and fear in order that I might be looked upon as the only savior of my people, the "great man on the white horse."

Mr. Chairman, I bow my head humbly in prayer that that time has not come, and then I raise it to shout a warning to our people: "The price of liberty is eternal vigilance." Are we now too late?

Mr. MILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I dislike to find myself in the position of opposing an amendment offered by my colleague from Connecticut. In my humble opinion, no Member of this House has given more serious study nor done more hard work in an effort to develop and strengthen the national defense of this country than the distinguished gentleman from Connecticut [Mr. SMITH]. [Applause.]

I oppose the adoption of the amendment offered by the gentleman from Connecticut [Mr. SMITH] or the substitute offered by the gentleman from Georgia [Mr. VINSON] in time of peace. The adoption of either of these proposals will be but another step toward the establishment of a war economy in the United States. Consider, for a moment, the dictatorial powers we are granting to the Secretary of War, the Secretary of the Navy, and to the President of the United States. These officials, two of them political appointees, can go to a manufacturer who may be working on a war contract for Great Britain, for example, and say to that manufacturer to throw aside the millions of dollars he has invested in tooling up his factory, in the purchase of raw material, and so forth, and accept an order from the United States at a price we think is fair and reasonable. The fact that a representative of the United States Government urged this manufacturer to take the foregoing order a few months ago is beside the question. The fact that there are other manufacturers who can turn out the needed equipment and who would like to have the order does not mean a thing.

The President can simply say to the manufacturer, "You take this order at what I think is a fair price or else we will take over your plant for as long a time as we think it is needed. When we get through with your plant we will pay what we think is a fair price for the rental for the time we used it."

The fact that the manufacturer has lost his customers and his reputation is just too bad. On top of all this, the manufacturer can be thrown in prison for 3 years and fined $50,000. This is the proposal we are asked to accept in free America in time of peace and before Congress has even declared a state of emergency to exist.

The gentlemen who proposed these amendments have just one thought in mind—to speed up the procurement of needed war material. I believe, however, that the enactment of either of these amendments will slow up the procurement program.

Second only to the patriotism of our citizens is the ability of our industries to go into mass production of equipment badly needed by our Army and Navy. We are not going to secure cooperation from industry if we are going to hold a club over its head. At least not until it is proven that the club is necessary, and it has not been proven as yet. As a matter of fact, the Secretary of War and the Secretary of Navy, members of the National Defense Advisory Commission, and the President of the United States have all stated recently that industry has cooperated to the fullest extent in our national defense expansion program.

The whole psychology of these amendments is wrong. We, as Members of Congress, cannot approach this question with clean hands. On the 8th of August, this year, I said on the floor of this House that it would take at least a month to get the excess-profits-tax bill passed by both bodies and signed by the President. Tomorrow is the 8th of September—the month has passed—and the Senate has not as yet had the tax bill before it for adoption. You will recall that the excess-profits-tax bill contained two provisions that should have been considered and passed by Congress separately weeks ago, one providing for amortization of investments made in plant expansion and the other the suspension of the provisions of the Vinson-Trammell Act.

This tax bill, containing these other important items, was driven through this House under the strictest possible gag rule, allowing only 2 hours of debate, protecting the bill against points of order and amendments. Mr. Knudsen recently told a Senate committee that the amortization features of the tax bill will not solve the problem nor make possible the awarding of contracts. It is now admitted that the bill, as it passed, or was driven through the House with its tremendously complicated technical language, contains jokers that will regiment industry for long after the war in Europe is over.

Industry in the United States wants and needs the contracts that should have been awarded 3 weeks ago. Is there a Member of this body who knows of a manufacturer in his district who does not want to take any order on which he can make a dollar today? Industry does not know its standing today. No manufacturer can set a price on his product until he knows what the Government will allow as overhead, and whether or not he will be allowed to amortize the investment of his own money he has made in plant expansion.

The taking over of a plant by the Federal Government of itself implies the taking over of the employees in that plant. Certainly we cannot suppose that the conscription of the physical assets of a plane or munitions factory will give us planes and munitions. It is the employed personnel of these factories, trained to handle the specialized tools, which is the necessary factor in production. Therefore, when we authorize the conscription of industry, we authorize not only the conscription of buildings and machines but conscription of the men to work in the buildings and run the machines. If an industry is taken over, the employees must be taken over as well.

And further, what guaranty is there in the bill, or in the Smith-Vinson amendments, that the men conscripted will not be placed in the factories taken over by the Government on the claim that they are learning how to build planes, guns, and so forth? It appears permissible that the Government may take over plants and fill them with Government personnel or conscripts and I challenge the efficiency of or the excuse for such action. Not only are we granting authority for Federal control of private property in this bill, we are going even further and granting vast Federal control over personal freedom of the individuals by the implied power to conscript labor. Let us give industry a copy of the rules.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. MILLER. I yield.

Mr. VINSON of Georgia. Would they not be in a more dangerous position under the Smith amendment? Under that amendment should they refuse to take an order, the War Department or the Navy Department could take them over.

Mr. MILLER. There is no question about that, but I am opposed to both amendments.

Mr. MILLER. Mr. Chairman, under leave to extend my remarks, and to include a telegram, I insert the following telegram received from one of my constitutents to show how deeply concerned some of our citizens are at the present time:

Vote on guard bill and amendments—ADAMS, Senate, MILLER, House—is a revelation of purposes for which our citizens and our dollars are to be used under the guise of national defense. We are preparing an international defense in allegiance to the Monroe Doctrine, and in defiance of the Constitution we have on order—and we are not at war—a compulsory international army to force adherence of all other countries to this doctrine if and when a theoretical danger threatens the Western Hemisphere in the mind of our President. The guard bill and the Burke-Wadsworth bill is for international defense—which is positively unconstitutional. The proposed conscription army is for international defense, not merely national defense; our allegiance is to the United States and not the Western Hemisphere. I propose full investigation before action. Glad to help with time or advice.

The CHAIRMAN. The gentleman from New York [Mr. COLE] is recognized for 2 minutes.

Mr. COLE of New York. Mr. Chairman, as between the two proposals that have been submitted this afternoon, it

occurs to me that the one offered by the gentleman from Georgia is preferable. I am sure the Committee does not understand it entirely, and I shall be glad to yield to him to make any further comment on it he wishes. In this connection I hope he will emphasize that before any action is taken by the Government under his proposal it must be upon the affirmative recommendation of the Council for National Defense.

Mr. VINSON of Georgia. As the gentleman from New York said, it can be done only upon the recommendation of the Council for National Defense.

This is very important. I have in this amendment thrown around industry the strong protective arm of the Advisory Committee of the Council of National Defense. Under the law of 1916—and that is incorporated in the Smith amendment—the War Department or the Navy Department without any industry refusing to accept an order could take over that plant if it saw fit; but under my amendment the Navy Department is required first to place an order. If then the order is refused the Advisory Council is called in and if the Advisory Council cannot persuade the industry to take the order then the President steps in and either leases or takes the plant. That is the vital difference between the two proposals; that is the fundamental premise upon which my amendment is based.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes; I yield to the gentleman from Kentucky.

Mr. MAY. How can the gentleman say that under a condemnation proceeding there will not be a final judgment if there is a valuation of the property and vesting of title in the Government?

Mr. VINSON of Georgia. As to the penalty, both amendments are identically the same. Both will have to go to the Court of Claims.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN] for 1 minute.

Mr. HOFFMAN. The House has been told today that this legislation is proper because of the existence of a limited emergency or of an emergency. Listen to this statement from a Government publication printed this year, and which shows that this administration has been intent upon getting us into war for some time. Otherwise, we would not find this statement in a Government publication. Let me quote:

> The Nation is at war and every registrant is thus put on notice to know his position and duty.

Here we have a statement printed by authority of the administration that "the Nation is at war." Why is not the administration frank with the American people?

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. THOMAS F. FORD] for 1½ minutes.

Mr. THOMAS F. FORD. Mr. Chairman, I rise in support of the amendment of the gentleman from Connecticut [Mr. SMITH]. My reasons for so doing are that I cannot conceive of the House consenting to draft the manpower of this Nation for training for national defense and at the same time permit industry to arrogantly say that it will produce essential defensive materials only if it is permitted to profiteer at the National Treasury's expense.

We are told by those who oppose drafting industry that if industry is not permitted to produce on its own terms, that these essential materials will not be forthcoming. The materials in question may be airplane engines, clothing for the men in the service, vital parts of guns, airplanes, tanks, or other essential parts that make up the sum total of the instruments essential to the defense of the Nation.

Do I understand that this body is willing that any man, firm, or corporation is to be permitted to say to the United States Government, "We and we alone can produce this or that particular material, and by reason of our fortunate position we insist that you pay us our price, regardless of whether or not that price is exorbitant"?

I am sure that this House will not bow to that kind of arrogance. Mr. Willkie may rave that it is un-American to draft industry; he may later see the error of his ways and recant; but the bald fact remains that if men are to be drafted, regardless of the financial sacrifice involved, then surely industry must of necessity share the same fate if it refuses to cooperate on reasonable terms. I had not intended to inject politics into this argument, but since Mr. Willkie has seen fit to do so I may be pardoned.

I am very glad that Mr. Willkie, without thought of repercussions that might result from his remarks, in effect told the country that he, a candidate for the Presidency of the United States, considers profits of more importance than men.

The fact that he later repudiated his first statement is, I believe, unimportant. His repudiation came only after a group of his supporters frantically high-pressured him into repudiation.

While this amendment does not go as far as I would like it to go, it is, I realize, the best we can get. That being so, I beg of you to adopt it. It is just, and I frankly believe it is essential to the national defense of the Nation.

As a matter of fact, it may never be needed. But I would sooner it were there. We may never need the men we are calling into service, but it is wiser to have called them and not need them than to need them and not have called them. As a very wise Administrator, the Honorable Jesse Jones has said, referring to another matter, this provision in the law will be "a shotgun in the corner."

The bill now before the House provides for training 600,000 men for the armed forces of the United States. Those called through the draft will be called for 1 year only. This is not compulsory military service; it is compulsory training for men who may be needed. The bill prohibits these men being sent for service outside of this hemisphere. I could not vote for the bill if it did not thus prohibit sending our men to fight in Europe.

Personally I favor the Senate provision limiting the age of those to be registered under the draft to 21 to 31.

It is my hope and my belief that with our planned defense made complete by the provisions of this bill, not one man called will ever have to actually participate in war. Let us make our defense so impregnable that no enemy will dare to challenge us. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the remarks I desired to make have been made by the gentleman from Georgia [Mr. COX], in which I heartily concur.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BRADLEY].

Mr. BRADLEY of Michigan. Mr. Chairman, again we hear the words "national emergency." What is this national emergency? Defense against Hitlerism? Defense against national socialism?

For the past 8 years we have seen one emergency after another used as the excuse for forcing Government into business of all kinds, forcing Government into the utility field, forcing Government into control of all forms of transportation, forcing Government into banking, forcing Government into insurance, and, yes, even into attempts at regulating our private lives. For 8 long years we have traveled steadily along the road leading to national socialism of economy. Now we are going to go through with the final climax, the complete Hitlerization of this Government. [Applause.]

Mr. Chairman, a vote for this bill is a vote for the complete Hitlerization of America that we are said to be out to defend ourselves against. [Applause.]

Mr. Chairman, when the American people grasp the full import of our action here tonight, when they grasp the full import of the powers of regimentation contained in this legislation, when they grasp the full import of the powers of military dictatorship, the additional powers of the Congress again surrendered to the Executive—when the American people grasp the full meaning of what you are doing here

tonight, some of you are not going to be returned this fall if you vote for this legislation.

Mr. Chairman, if this emergency does now actually exist, American youth, American industry, American labor, and American wealth will respond voluntarily to defend our republican form of government—our cherished ideals and traditions. It is a confession of weakness, a confession of a lack of confidence in the way we have been heading toward national socialism that now forces you to demand this conscription bill at this time.

Why do you not tell America frankly who and what is behind this measure? Why do you not tell America that you believe complete Hitlerization of our country—yes, possibly of this entire Western Hemisphere—is your chosen defense against the Hitler of Europe. You dare not confess that this measure in itself is a complete repudiation of 8 years of your New Deal. This proves your fear that you have brought about the greatest part of our national defense—our internal economy.

Mr. Chairman, again you speak of an emergency and again you cleverly build a smoke screen to distract our attention to blind us to our internal affairs—our own difficulties right here at home. Again I say, a vote for this conscription bill is a vote to complete the Hitlerization of America. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. BOLLES].

Mr. BOLLES. Mr. Chairman, at one time there was a Congressman named Tim Campbell from New York who made a very famous contribution to the procedings of the House when he inquired: "What is the Constitution between friends?" For the last 4 or 5 days we have been trying to perfect a black-out of the Constitution of the United States and many of the things that were given to the people of this country by adoption of that great document. Now we find ourselves about to have the Government conscript our labor as well as our men.

I want to ask the proponents of these amendments, the gentleman from Georgia [Mr. VINSON], particularly, and the gentleman from Connecticut [Mr. SMITH] what are you going to do to labor? Are you going to conscript labor? What are you going to do about that? How are you going to operate a factory that is conscripted by the Government if you do not conscript labor? The adoption of either one of these amendments means the conscription of American labor and putting it by force into these factories. There is nothing to prevent the Government from taking conscripted men in the Army and putting them at work in the factories.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, it was rather interesting to me to hear the distinguished gentleman from Georgia [Mr. COX] protesting against drafting industry after his vehement protests the other day against the amendment to give men the opportunity to volunteer before applying the draft.

So far as I am individually concerned, I am in favor of the Government manufacturing its own munitions of war. I am tired of seeing multimillionaires made out of every crisis we have, while the people who serve and suffer pay the bills.

Above all things, this Smith amendment ought to be adopted.

Did you know that during the last war 23,000 men became millionaires out of war profits? If you have ever attended an American Legion convention or any other convention of World War veterans you would know that they are not going to stand for such profiteering in the future. Their wealth accumulated while the soldiers were suffering and dying.

Today with the country only 150 years old we are told that less than 5 percent of our people own more than 90 percent of the Nation's wealth. The other 95 percent of the people own only 10 percent of the country's wealth. This wealth has been concentrated in the hands of these profiteers, and their fortunes increased with every war we have had. If this emergency is serious enough for us to call the young men of this Nation to the colors, Mr. Chairman, it is sufficiently serious for us to call to the colors the industries necessary to supply the material to keep those men going. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, I have not heretofore participated in the debate on the pending so-called conscription bill nor on the many amendments offered by friends as well as foes of the measure. This debate has already been too long. If there is a real danger facing our country, and practically all agree that such is the case, then the situation demands less talk and more action by this Congress. [Applause.]

But Mr. Chairman, I have been somewhat surprised and disappointed to hear so many Members who are enthusiastically urging the drafting of the young men of the country for 1 year's military training, who at the same time are loud and vociferous in their opposition to any suggestion that the Government even require industry to cooperate during any emergency.

During the past 20 years the American Legion, Veterans of Foreign Wars, and many other patriotic organizations have consistently advocated the drafting of industries and the wealth of the Nation as well as its manpower in case of future wars. Surely it is not unreasonable to say that wealth, materials, and even money is no more sacred than is the youth of the land. [Applause.]

Of course, the so-called Smith amendment, offered by the committee, does not pretend to draft industry. It does not go as far as the so-called Overton-Russell amendment as passed by the Senate bill. But it does have for its purpose requiring industry to cooperate with the Government. I am not one of those who feel that the average industry will refuse to cooperate unless made to do so. But I have not forgotten that only a few days ago there was placed in one of the defense bills a provision raising the limit from 8 to 12 percent that airplane factories may hereafter be permitted to make on contracts with the Government. And when I protested against such a provision we were frankly told that it was essential in order to secure the cooperation of certain airplane factories. This amendment will have the desired effect on industries, which might otherwise refuse to cooperate, but insist on their "pound of flesh."

Should the word go out to the country that while drafting manpower this Congress had refused to give industry to understand that it must also do its share. I am wondering if such an announcement would meet with the enthusiasm on the part of the youth of America?

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the distinguished gentleman from Georgia.

Mr. VINSON of Georgia. Both of these amendments deal with the same subject matter. That word cannot go out to the country that you have drafted the boy and have not dealt with industry.

Mr. JOHNSON of Oklahoma. Oh, yes; both deal with the subject, but I am frankly of the opinion that the Smith amendment will be a lot more persuasive to industry that might refuse to cooperate with the Government than the one offered by my good friend, the gentleman from Georgia. If I understood the gentleman correctly, he stated on this floor during this debate that all industry is now cooperating and that it will continue to do so. I sincerely trust that the gentleman is correct. But the American people have not forgotten how some of the big industries of the country profiteered disgracefully during the World War. Surely the gentleman has not so soon forgotten the flagrant abuses by some of our well-known industries.

Mr. VINSON of Georgia. That was 20 years ago. I am talking about now.

Mr. JOHNSON of Oklahoma. Yes; it was 20 years ago that 23,000 millionaires were made during a brief war period, but the spots of the leopard do not change, even in 20 years. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, I do not think that either one of these amendments, and especially the Overton amendment as carried in the Senate bill, ought to be included in this legislation which is devoted exclusively to preparation for defense in manpower. The control of industry in the preparedness program is of such vital importance that it ought to be considered in a special bill by itself. However, under the circumstances I am going to vote for the Vinson amendment and I wish, before I sit down, to thank the gentleman from Georgia [Mr. COX], for expressing substantially my views in his able speech, and at the same time to express my sorrow over the sufferings of the gentleman from Mississippi [Mr. RANKIN]. His trouble against tainted money seems to be that it "t'aint" his.

[Here the gavel fell.]

The CHAIRMAN. As this exhausts the list, the Chair recognizes the gentleman from California [Mr. COSTELLO] for 4 minutes.

Mr. COSTELLO. Mr. Chairman, frankly, I believe that if you wish to scuttle this program all you have to do is adopt the Vinson amendment. You have been definitely told that the Vinson amendment provides for no penalties, and you are correctly so informed. The only penalty whatever that the gentleman refers to in his comments on his amendment is the penalty of taking over the plants. Nothing else is suffered by the owner, no matter how or when or to what extent he refuses to comply or to cooperate with the Government during this emergency.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. COSTELLO. I decline to yield at the present time.

The gentleman from Georgia has explained to you some of the steps that it is necessary to go through before you take over a plant, but he falls far short of explaining all of the steps. Of all the red tape that involves the Washington governmental procedure, adopt this amendment and you will have the greatest pyramid of red tape that has ever been conceived. Read his comment, if you will at bottom of left-hand column on page 11447. The first step is that the firm must refuse. Second, the Secretaries of War and the Navy must go to the Advisory Committee. Third, the Advisory Committee must go to the manufacturer and try to appease him. Fourth, failing that, they so advise the President. Fifth, the President must advise with the Secretaries. Sixth, the Secretaries will then try to lease the property. Seventh, failing in that, they must report back to the President and tell him they cannot lease the property. Then finally, as the eighth step, the President may order that the factory be taken over.

There are the steps that the gentleman's comment indicate you must take in order to accomplish the purposes you are trying to accomplish under this amendment. Furthermore, the gentleman has tried to infrom this House that you do not have to have an order, that there does not have to be a refusal before the Smith amendment can be operative. That is not so. The provisions of the Smith amendment definitely show that the Government must give an order to a manufacturer, who must refuse either to give preference to the execution or the order or he must refuse to manufacture, and not until he does either the one or the other can you possibly invoke the provisions of the Smith amendment. The Smith amendment merely provides that you take the property over and you pay a reasonable rental for the use thereof. If the manufacturer still refuses, then you can invoke the further penalty upon him as provided by this amendment. Under the Vinson amendment, if he still refuses to give over the property, there are no penalties which you can further inflict.

Mr. Chairman, I hope the Vinson amendment will be defeated.

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. COSTELLO. I yield to the gentleman from Alabama.

Mr. SPARKMAN. The gentleman from Georgia [Mr. VINSON] stated that his amendment had the full approval of the Navy Department. May I ask the gentleman if it is not true that the Smith amendment, which was reported by the Committee on Military Affairs, has the full approval of the War Department?

Mr. COSTELLO. I may say to the gentleman that it has, and this legislation comes out of the Committee on Military Affairs. The amendment was very thoroughly discussed by the full Committee on Military Affairs. It was not presented by just one Member, but is the result of committee study and committee consideration.

Moreover, Mr. Chairman, I do not anticipate that it will be necessary to invoke the provisions of this amendment, as American industrialists are only too willing to cooperate with the Government in times of stress such as the present. To verify my statement, I would like to call attention of the Members to what the aviation industry has already done in the way of expansion of their plants in order to produce the required number of planes which the President is asking.

The growth of aircraft manufacturing, Los Angeles County, 1939–40

	Jan. 1, 1939	Jan. 1, 1940	Aug. 1, 1940
Size of fixed plants.....square feet..	2,000,000	2,714,000	3,836,970
Number of employees.....	15,930	26,274	41,756
Monthly pay roll.....	$2,000,000	$3,638,000	$6,175,280

For the next 4 months, and again for the following 4 months, the expansion will be greater than the gains for the whole 12 months of 1939 and greater than the gains of the first 7 months of 1940. This expansion is now under way and proceeding on schedule.

This indicates what is happening in my own county of Los Angeles alone. The same spirit of cooperation is being evidenced elsewhere throughout the Nation. The only need for this amendment is to make it possible for the Government to take over the plant of that manufacturer who would refuse to aid the Nation in a time of need. Having the power, it will not be invoked, just as this Nation being prepared for its defense, in all likelihood, will not need to use that defense. That is why I favor this bill, as I would rather be in error in passing this legislation than I would want to be in error in opposing it, only to learn next year that it should have been passed but was not. The first error can be remedied, but error in the latter case, might prove fatal. Mr. Chairman, I trust that the Members will defeat the Vinson substitute and accept the Smith amendment, thus protecting the bill as recommended by the House committee.

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question is on the substitute offered by the gentleman from Georgia to the committee amendment.

The question was taken; and on a division (demanded by Mr. VINSON of Georgia) there were—ayes 100, noes 117.

So the substitute amendment was rejected.

The CHAIRMAN. The question now recurs on the committee amendment.

The question was taken; and on a division (demanded by Mr. JENKINS of Ohio) there were ayes 211 and noes 31.

So the committee amendment was agreed to.

Mr. GUYER of Kansas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUYER of Kansas: On page 34, after line 20, insert a new section, to be properly numbered, to read as follows:

"SEC. —. That the President of the United States, as Commander in Chief of the land and naval forces of the United States, is authorized to make such regulations as he may from time to time deem necessary or advisable to prohibit intoxicating or spirituous liquors, including beer, ale, and wine, to officers and enlisted men of the land

and naval forces of the United States, including persons inducted into the land and naval forces for training purposes under the authority of this act, in or near any military camp, naval base, or other post, station, or premises being used for military or naval purposes by the land or naval forces of the United States: *Provided*, That the Secretary of War, the Secretary of the Navy, or other proper administrative authority may make regulations permitting the sale and use of intoxicating liquors for medicinal purposes. It shall be unlawful to sell any intoxicating liquor, including beer, ale, or wine, to any officer or member of the land or naval forces of the United States while in uniform, except as herein provided. Any person, corporation, partnership, or association violating the provisions of this section or of the regulations made thereunder shall, unless otherwise punishable under the Articles of War, be deemed guilty of a misdemeanor and be punished by a fine of not more than $1,000 or imprisonment for not more than 12 months, or both."

Mr. MAY. Mr. Chairman, I reserve a point of order against the amendment on the ground that it is not germane.

Mr. GUYER of Kansas. I ask the chairman if he has any objection to this section.

Mr. MAY. I certainly do or I would not have reserved the point of order.

Mr. GUYER of Kansas. I understand that the gentleman introduced it in the committee.

Mr. MAY. I am willing to give the gentleman a chance to speak. Go ahead.

Mr. GUYER of Kansas. As to the point of order, this provision is the identical provision adopted in the draft bill of May 18, 1917.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. GUYER of Kansas. I yield to the gentleman from New York.

Mr. ANDREWS. That is when all the trouble started.

Mr. GUYER of Kansas. The trouble is not over yet, but that was not what caused it. Anybody that thinks the prohibition of the sale of intoxicating liquors upon military reservations had anything to do with any kind of trouble that you had has something wrong with his intellectual processes.

I will tell you one of the reasons why the French Army doubled up. It was because they were besotted with liquor. This was the universal verdict of the press all over the world. No matter what you think about the propriety of drinking liquor, it should not be sold on military reservations.

Mr. MAY. Mr. Chairman, I make the point of order against the amendment that it is not germane. It relates to the liquor traffic, an entirely different matter from conscription.

The CHAIRMAN. If the gentleman from Kansas had confined his amendment to affect only those covered by the pending bill, it would have undoubtedly been germane and in order. However, the amendment is all-inclusive and covers the officers and enlisted men of the land and naval forces of the United States. It goes far beyond the scope of this bill. Therefore, the Chair sustains the point of order.

Mr. COCHRAN. Mr. Chairman, some time ago in a speech before the House, I announced my opposition to this legislation. Having always felt that it was the duty of a Member of Congress in opposing major legislation to offer some constructive suggestions in lieu of that which he proposed to vote against, I therefore offered six suggestions, as follows:

First. Determine whether the Census Bureau can supply from the last census information that would enable the compiling of the names of all eligible for service. If that cannot be furnished, then authorize the registration but do not extend the power to conscript at this time.

Second. Agree to provide all facilities necessary to any educational institution in the United States, private or public, for voluntary military training.

Third. Extend the same facilities to the Civilian Conservation Corps for voluntary military training.

Fourth. Provide for 1-year enlistments in the Army, Navy, and Marine Corps.

Fifth. Require the Army, Navy, and Marine Corps to change their present policy, as well as rules and regulations, relative to enlistments, so that men with minor defects such as a missing tooth or an injured toe will not be denied the right to enlist.

Sixth. Give the President authority to call out the National Guard and the Officers Reserve Corps, as he has requested.

Since that time, the sixth suggestion has been enacted into law.

The statistics just announced showing voluntary enlistments in the Army for the month of August exceeding the number that have ever entered the service during a given period in peacetime seems to confirm my view that a sufficient number of men can be secured if we will provide for 1-year enlistments and raise the pay of the enlisted men to $30 a month.

On no occasion since I became a Member of Congress have I ever voted against major legislation recommended by the Committee on Naval Affairs, the Committee on Military Affairs, or the subcommittees of the Appropriations Committee having charge of the appropriations for the Army and Navy.

During the Coolidge administration, and the first 2 years of the Hoover administration, the Republican Party was in charge of the committees. I simply mention this to show I have not looked at the subject of national defense from a partisan standpoint.

The gentleman from Kentucky [Mr. MAY], chairman of the Military Affairs Committee of the House, requested me to place my suggestions before the committee in writing. I complied with his request.

I have the honor to represent, in part, the city of St. Louis. Naturally, there has come to me many appeals from those who have sought to enlist in the Army, Navy, and Marine Corps, who have been denied the right to enter the service because they could not pass all the physical requirements. In some instances the defect was minor, and I did succeed in getting the Surgeon General of the Army or Navy to waive and permit the enlistment. Recently, a young man who graduated from the Missouri University, had 2 years' experience with the R. O. T. C., and 5 years' experience as an assistant Scoutmaster, was denied the right to enlist in the Naval Reserve because he did not meet the height requirements. I called attention to the Navy Department that this young man, if within the age limit, could meet the height requirements of the Naval Academy and, therefore, it seemed to me that the least the Navy could do would be to change the height requirements of the Naval Reserve to that required by the Naval Academy. I am pleased to say this action was taken. In the last 25 years I have known a number of outstanding men in the Navy, including, I might mention, Admiral Upton, who only a few years ago was Chief of the Bureau of Navigation, who were not tall enough to meet the height requirements of the Naval Academy today. Admiral Upton served with distinction in the Battle of Manila Bay, and at the time of his retirement, had reached the highest grade.

I refer to this to show you it is possible to change rules and regulations and permit young men anxious to enter the service to enlist.

I did not come to my conclusion not to support this legislation until I had read testimony of the Secretary of War and the Secretary of the Navy, as well as the Chief of Staff of the Army. It was shown the Army did not have the equipment and the facilities to even take care of the National Guard, and at the outset they would only call a few units of the guard. If they cannot take care of the National Guard, how can they take care of conscripted men?

Recently, Lieutenant Colonel Watt, assigned to duty with the Committee on Military Affairs of the Senate, prepared a memorandum for Senator HOLMAN which was placed in the CONGRESSIONAL RECORD. Reading that memorandum, I felt it was in direct conflict with the testimony of the Secretary of War and the Chief of Staff, General Marshall. I wrote the Secretary of War and asked for an explanation. I now quote his reply:

DEAR MR. COCHRAN: I think the difficulty you have in reconciling Lieutenant Colonel Watt's memorandum for Senator HOLMAN, as printed in the enclosed page from the CONGRESSIONAL RECORD, and the statements that General Marshall and I made before the House Appropriations Committee lies in the failure to distinguish between equipment and facilities.

You will note that Colonel Watt's memorandum refers only to equipment. By this we mean the arms and individual and organizational equipment required for training purposes. As you know, the guard now has most of this equipment.

If you will refer to page 118 of the hearings of the House Committee on Appropriations, you will find that my reply to Mr. POWERS with regard to delay in inducting the National Guard referred to "available facilities," and that General Marshall then added that shelter is an important consideration. Facilities or shelter refer to housing, water supply, sewerage, and similar installations at the camps or stations where units are to be trained. It is primarily a shortage of these things that will make it necessary for us to bring the National Guard to active duty in successive increments as the required facilities can be made available. In a great many cases, of course, construction cannot be started until the money is made available for that specific purpose.

With regard to equipment, as such, General Marshall has testified before both the House and Senate Military Affairs Committees to the effect that the necessary equipment is or will be available when the guard is inducted.

I hope this answers your question.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

I have talked with officers of the National Guard recently returned from camp. I discussed equipment with the major in charge of a tank corps. While the Secretary informs me that the guard has most of its equipment, nevertheless, this major stated that his organization had but one tank and was given trucks to use in lieu of tanks for training purposes. If you will read the Secretary's letter carefully, especially the last paragraph, it seems to me that the War Department not only lacks the facilities but also the equipment because the Secretary says in conclusion that the necessary equipment is or will be available when the guard is inducted. I only hope that he is correct, but I feel from what I have read that it will be some time before sufficient equipment to supply the entire National Guard will be available and, of course, if the calling out of the guard is delayed until it is available it will be some time before members of the guard are all inducted.

I could refer to other statements that have been made to me in reference to those who have actually been in camp and the experience they had.

Mr. Chairman, I am not blaming anyone for the situation that confronts us in reference to equipment and facilities because I do not know where the blame should be placed. I do feel that the War and Navy Departments should always take the committees of the Congress into their confidence and supply them with all information they should have in determining whether or not legislation and appropriations are needed for a proper adequate national defense. I was very much disturbed when I asked many members of the Military and Naval Affairs Committees, as well as the members of the subcommittees of the Appropriations Committee handling the military and naval appropriations, as to whether or not information had been given to them in reference to the activities of Germany in constructing the large tanks, the tremendous number of airplanes, providing for the use of flame throwers, the training of parachute troops, and so forth, and was advised by all that they had had absolutely no information direct from the War and Navy Departments on the subject. I was thinking very seriously of making a speech demanding to know what the military and naval attachés had been doing in Germany and other countries if they had not notified their superiors of the activity of foreign nations in reference to preparedness, and especially Germany. I did not make this speech, as a very outstanding newspaperman with whom I had discussed the matter advised me not to do so, because he said that, while he was in Germany, one of the military attachés had told him the entire story and advised him he had informed the Department. Why, then, I ask, did the Department not give the information to the Congress that we might have appropriated some money and proceeded to secure new equipment?

I realize that men must be in physical condition and properly trained before they can render efficient service with the Army or Navy. There is a vast difference in the method of warfare today in comparison with what existed when we entered the World War. What I have read in reference to the movement of German troops convinces me that the tanks, artillery, and planes have moved up and should now be known as the first line of defense. The infantry comes along and takes over the areas after the tanks, artillery, and planes have moved forward. Why, in some instances, according to the papers, the German infantry was nothing more than military police in some of the engagements.

What we need in the Army and Navy, in my candid opinion, are officers who are willing to change their views when it is demonstrated that some new method of warfare is more effective than the one which they have advocated.

Let me refer briefly to a very interesting experience I had after the World War. As the guest of the then Chief of Operations of the Navy, Admiral Coontz, I witnessed the destruction of what was termed an unsinkable battleship off of the Virginia capes. This ship was allocated to the United States for scientific purposes and while not fully completed, was part of the German Navy. As I recall it, it had five armored decks with many water-tight compartments. We went to the scene on an Army transport. Aboard that transport were the highest ranking officers in the Army and Navy, and the Secretary of War and the Secretary of the Navy were also on the scene, as well as the military and naval attachés of all foreign embassies and legations assigned to duty in this country. The first day there were some experiments, but finally the large bombs were to be dropped. Six Army bombers from Langley Field appeared on the scene in battle formation a mile or so apart. Despite the fact that the first bomb dropped landed in the water far astern of the ship, within 19½ minutes by my watch, after that first bomb was dropped which caused no damage, that great vessel had keeled over and disappeared from the surface of the water, stern first. There were four direct hits. When I tell you that Admiral Coontz advised me it would be impossible for the bombers to sink that ship and that it was his intention after their attempt to send the U. S. S. *Pennsylvania*, then the flagship of the Atlantic squadron, off 5 miles and destroy the vessel, you can realize what a surprise this was to the Navy. Of course, the Army people were highly elated over the success of the bombers. The alibi of the Navy was that it was all offensive and no defensive; further, that the ship was stationary rather than moving. This was true but, nevertheless, it had been demonstrated nearly 20 years ago that bombs could destroy what was termed an unsinkable battleship, the like of which we did not have in our Navy. What improvements resulted from that experiment I do not know, but it does seem to me that the result warranted both Army and Navy officials of changing their views and taking some action in the way of improvements that would have been extremely beneficial.

Mr. Chairman, what we need, and need badly, are planes and tanks. It does take time to train a man for combat service but we have already made provisions and we have thousands of students throughout the country now in training who seek to become pilots. As for the tanks, I am advised that anyone capable of running a truck, a competent automobile driver, could be schooled in 2 weeks to run a tank. The Regular Army men could be assigned to handle the guns.

Right now it seems to me it is our duty to get the equipment and plenty of it.

The last appropriation bill has now been agreed to and is in the hands of the President. Congress has given billions for equipment and facilities. Speed is essential. Let those whose responsibility requires them to secure the equipment and provide the facilities to take care of the men do their duty and let Congress see that they do and do it right.

If you do not want voluntary military training for the Civilian Conservation Corps, then let us provide facilities to make mechanics out of the young men. Prepare them so they can qualify as airplane mechanics as well as teach them to care for the tanks. This will not only guarantee trained men for

this purpose in time of war but it will likewise enable the boys, when they leave the C. C. C., to secure employment. I feel they will welcome this education.

There is a provision in this bill that appeals to me. It is the section that will enable the Government to take over industrial plants where the owners refuse to cooperate. It is unthinkable that we would draft manpower and then not provide to take over industry that refuses to cooperate.

So far as I am concerned, I will vote for special legislation giving the departments power to acquire industries that will not cooperate during this emergency, conscription or no conscription.

Mr. Chairman, in perfecting this bill in committee I supported the amendment providing the provisions of the bill shall not go into effect for 60 days, but in the end, firmly convinced it will not be harmful to delay conscripting men until after the volunteer system has been given a fair trial and the entire National Guard called out, I intend to vote against the bill.

The Clerk read as follows:

SEC. 12. (a) Every person shall be deemed to have notice of the requirements of this act upon publication by the President of a proclamation or other public notice requiring registration.

(b) If any section, subsection, sentence, clause, or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this act.

Mr. DISNEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not like to impose unduly upon the time of the House this afternoon by recurring to a subject already discussed, but you will recall that during the afternoon we considered the provision that holds out the hope to the draftees that their reemployment can be compelled under subdivision (f) of section 8.

Mr. Chairman, in the name of legislative integrity, if, as the gentleman from Texas [Mr. THOMASON], a member of the committee, admitted, this is only a statement of policy, in all decency and fairness and honesty let us say so. Let us not let the word go out to the draftees that they have the legal right under this bill to enforce their reemployment after their service ends, and then hold out to them the sham—and I do not want to use language too severe here—of a meaningless section which cannot be enforced in any court of the land. If this is true, as admitted by the gentleman of the committee who is a great lawyer, let us make it a statement of policy in the policy portion of the bill, or in conference let us make it legally enforceable, and failing in that abandon it altogether.

I make these suggestions in the hope that in conference the matter will either be dropped or be reduced to a statement of policy, rather than allow a provision to remain in the bill that is altogether nonenforceable in its present form. I hope the committee will give consideration to making it either a statement of policy, or of leaving it out of the bill, or so drafting it in shape so that it is a legal verity. Let us not hold out a hope to the draftees that cannot be enforced when the time comes to try its efficacy. That is not fair to the draftees. It cannot be fair to this House to do a thing of that kind. [Applause.] In its present form it reflects no credit on the intelligence and good faith of this House.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

Mr. HAWKS. I object, Mr. Chairman.

Mr. MAY. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. McCORMACK. Mr. Chairman, at this time, when the Congress of the United States is considering the question of conscription, I deem it particularly appropriate to enter my strenuous protest against the presently existing regulations of the War and Navy Departments which bar a physician or surgeon from entering the commissioned service in either branch unless he happens to be a graduate of a medical institution which has won the approval of the American Medical Association. More specifically, I object to a ruling which says in effect that regardless of the fact that a doctor has been admitted to practice medicine after a strict and scrutinizing State board examination, regardless of how many years a doctor may have been practicing, and disregarding the fact that the doctor or surgeon may be highly regarded as an outstanding practitioner in his State, his application to serve his country as a commissioned officer in the Medical Corps is summarily rejected because the school he attended did not meet with the approval of the American Medical Association.

I have in mind a situation in the State of Massachusetts, where there are practicing today 795 physicians and surgeons who are graduates of the Middlesex University School of Medicine. This medical school has been conferring degrees of M. D. as far back as 1918, and its graduates can be found in almost every city and town of the Commonwealth of Massachusetts. Most of these doctors have achieved positions of respect in their community for their character and ability, and many of them are today enjoying positions such as medical examiners, city or town physicians, and school physicians. The graduates of this school, under the Massachusetts law, are obliged to take the same State board examinations which are afforded to the graduates of Harvard, Boston University, and Tufts Medical Schools, and after practicing over a period of at least 5 years they are eligible for a fellowship in the Massachusetts Medical Society, which is akin to the American Medical Association.

While this situation could be corrected by the War and Navy Departments through administrative action, it is apparent to me, at the present time, that the War Department, at least does not intend to do so, and that legislation to meet this unfair and unwarranted situation on the part of Government is necessary. The Government of the people should treat all alike. What the Government should do is to determine the ability of the individual, and not arbitrarily, even where there is no intentional discrimination, determine the ability of a doctor by the school he graduated from. As a matter of fact, men of the type of the graduates of this and similarly situated schools should be encouraged, rather than discouraged. Ambitious to go ahead, and their ambition directing them to become a member of the medical profession, under adverse conditions, in most cases, they studied in what might be properly termed the "hard way." Certainly, our Government through any of its departments should not allow a condition to exist as a result of which men and women of the type affected by the policy of the War and Navy Departments are severely penalized. Our Government serves all of the people; it should not in any way allow a policy to exist that produces discriminatory results to any of its citizens.

To meet this situation, I have introduced a bill relating to the qualifications of applicants for appointment as medical officer in the military or naval forces.

The bill reads as follows:

Be it enacted etc., That no individual who is licensed to practice medicine under the laws of any State, Territory, or the District of Columbia shall be ineligible for appointment, or for examination for appointment, as a medical officer in the active or reserve components of the military or naval forces of the United States solely by reason of any rating or classification of the medical school from which such individual was graduated.

You will note that the bill provides that a doctor applying for a commission must be

Licensed to practice medicine under the laws of any State, Territory, or the District of Columbia * * *.

That means that a doctor must have passed the State examination that is a condition precedent to a graduate of a medical school, or of any person being allowed to practice

medicine in that State. The men affected must pass the same examination that any other person must pass. If so, why should the War and Navy Departments persist in a policy that results in such discrimination? I hope that this situation will be corrected by these Departments through administrative action rather than legislative action.

The alumni of Middlesex University School of Medicine have recently succeeded in interesting in their problems such men as Dr. Elliott P. Joslin, the eminent international authority on diabetes and a moving factor in national and local medical associations, Dr. Stephen A. Rushmore, of the Massachusetts State Board of Registration of Medicine; Dr. Harry Germaine, surgeon in chief of the Cambridge (Mass.) City Hospital; and Dr. Augustus P. Riley, outstanding urinologist, who has been associated with many hospitals, principally the Boston City Hospital, for a period of many years. These men named have in one way or another, signified their sincere interest in the problems of the graduates of this medical school and have cooperated with the alumni in many ways.

It must be emphatically understood that Middlesex University School of Medicine is not, and has never been, a so-called "diploma mill," but on the contrary, has graduated men and women into the medical profession, who have been a credit and a distinction to the Commonwealth of Massachusetts.

I agree that it is the desire of the people of this country and of the Congress to have in its military and naval service, a corps of physicians and surgeons who are adequately trained and educated, but I contend that a policy which precludes even cursory inquiry into the qualifications of an applicant merely because he is a graduate of a school unaccepted by the American Medical Association, is absolutely wrong and unjust. When a graduate of this school, not classed as acceptable by the American Medical Association, files an application for commissioned service in the Medical Corps of either branch of our armed service, the same is summarily rejected, and this despite the fact that the applicant in question may be one of the outstanding practicing surgeons of Massachusetts.

Picture, if you will, the case for example, of Dr. Harold L. Musgrave, of Revere, Mass., who has been practicing medicine and surgery for over 20 years, is vice president of the Chelsea Memorial Hospital, a fellow and district councillor of the Massachusetts Medical Society, identified with various hospitals and medical associations and one of the outstanding physicians and surgeons of Massachusetts, being inducted under the proposed Conscription Act, into the service of the country as an enlisted man, performing the menial duties of such, perhaps under the command of a youngster who recently graduated from Harvard, Boston University, or Tufts Medical School. This is not a stretch of the imagination, but in fact is entirely possible under the present regulations. Can it be said that a ruling which provides for such a policy is equitable and efficient? It would make no difference under the present regulations who the applicant may be or what may have been his training and ability, for he has stated in his application that he is a graduate of an institution frowned upon by the American Medical Association. It certainly is difficult to understand wherein the justice and equities lie in any rule which precludes the slightest inquiry into the qualifications of an applicant. It would be a hectic state of affairs if similar requisites were made in the case of the legal profession wherein it is well known that many of the outstanding leaders of that profession and even members of the judiciary, are graduates of night law schools.

The War Department has recently stated that if the Middlesex University School of Medicine can succeed in obtaining the approval of the American Medical Association, then at that time it would welcome immediately into the commissioned service of the Army and its Reserves the doctors and surgeons who are graduates of this school. I am unable to determine the logic of this particular reasoning of the War Department wherein they reject today a surgeon who desires to enter its service merely because he matriculated at this particular school but eminently qualifies and readily accepts him tomorrow on the strength of the official approval of a medical association. What change comes over a doctor who graduated from a so-called unapproved school 20 years ago when tomorrow the American Medical Association waves its magic wand of approval? If by reason of his training, education, and experience a doctor or surgeon is eligible tomorrow, he most certainly is qualified today.

I sincerely protest against and offer my condemnation of such an arbitrary and unjust regulation. I urge the War and Navy Departments to modify these regulations by providing that the graduates of such a school be permitted in the future to file their applications for commissioned service of either branch, setting forth in their applications their training, education, and experience, and that the same be seriously considered and inquired into and, if necessary, submit these applicants to individual examinations. When these graduates can satisfy the Departments that they are doctors and surgeons of skill, training, and experience, they should be accepted into the commissioned service regardless of what school they graduated from. In my opinion, the present regulations should be immediately modified.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HEALEY. I want to say to the gentleman that I heartily subscribe to his views, and may I say further that many of the graduates of the Middlesex School are practitioners in my district, and they are among the most eminent physicians in that district.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I will be pleased to yield to the chairman of the committee.

Mr. MAY. I have had the pleasure of discussing this matter with the gentleman from Massachusetts, and I have had up with the Department the question of revising these regulations, and I shall be glad at any time the gentleman wants to confer about it to go with the gentleman to the War Department and see if we cannot work out something that will be satisfactory.

Mr. McCORMACK. I may say, Mr. Chairman, that I took this matter up with the chairman of the Committee on Military Affairs with a committee of doctors from Massachusetts and he gave them very courteous and respectful consideration, but my purpose is to call attention to the bill I have introduced so that the Members of the House may be aware of the situation.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 13. When used in this act, the following phrases shall have the following meanings:

(a) The phrase "between the ages of 21 and 45" shall include men who have reached the twenty-first anniversary of the day of their birth and who have not reached the forty-fifth anniversary of the day of their birth; and other phrases designating different age groups shall be construed in the same manner.

(b) The phrase "United States and its possessions" shall be deemed to include the several States, the District of Columbia, the Territories, and the possessions of the United States, except the Philippine Islands.

(c) "Dependent" of a person registered under the provisions of this act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

Mr. MARTIN of Iowa. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARTIN of Iowa: On page 35, at the end of line 21, insert:

"(d) In time of peace and until Congress shall declare war, "service", as applied to men involuntarily inducted under the provisions of this act, means service for training purposes only and within the United States, its Territories, and possessions only. In time of war, "service" includes all duties assigned to the enlisted armed forces of the United States, but such service shall be restricted to the Western Hemisphere."

Mr. MARTIN of Iowa. Mr. Chairman, I ask unanimous consent that I may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. MARTIN of Iowa. Mr. Chairman, this amendment is offered at this time to give those who have a feeling that they cannot support a draft for service in time of peace an opportunity to go on record for something that is somewhat less.

I myself am opposed to conscription in peacetime for service. I am not opposed to conscription in wartime, nor am I opposed to conscription for training only in time of peace.

What I am opposed to is placing the Army in the position of bringing civilians into the Army by the draft in peacetime for service, completely and totally under the control of the Regular Army and the War Department. The background for my approach to this matter of obtaining adequate training and yet not going off the deep end in totalitarianism started with the Legion convention back in 1919. The great Legion convention of 1919 adopted one resolution stating that they were for a policy of universal military training. Another resolution stated that they were strongly opposed to compulsory military service in time of peace. That distinction has continued to be my own position from that day to this.

In the Senate debate of 1920 this question came up during the course of the perfection of the National Defense Act of 1920. The War Department in 1919 had presented a bill calling for training for 3 months and sending the trainees back to civil life and leaving them subject to being called into the Regular Army at any time in an emergency. It is very interesting to read the debate at that time, including the statement by the gentleman from New York [Mr. WADSWORTH] when he criticized that bill by the following statement:

> The Senate committee rejected the War Department's bill because the committee believed that it was in violation of the traditions and the democratic institutions of the United States, in that it attempted to make the citizen-soldier subservient to the professional soldier; in that it attempted to establish in this country a very large regular or professional army in time of peace, and to make that army, through its officers and its machinery, dominate completely the entire military policy and national defense of the country.

Now, I ask in common sense why is it democratic now to draft a citizen-soldier directly into the Regular Army without any training whatsoever? That is exactly what this bill proposes to do for 1 year of service. That is why I have offered my amendment to limit the program to training only, and I am just as interested as any man in this House in maintaining an adequate training program.

There has been considerable objection to any limitation for training only because you could not then use the trainees sent to Panama Canal Zone outside the narrow strip of the Canal Zone itself. I was down in Panama last November and I was there again last July on inspection trips with members of the Committee on Military Affairs. I believe the committee will agree with me that the officers there are much opposed to our sending soldier boys down there for less than 2 years, and they are also opposed to our sending them down there for less than 3 years. If we would use a little common sense about our training plan we would go slow about sending our soldier boys down there for 1 year's service.

Another point I would like to make clear is the resemblance of my proposed amendment to British procedure prior to the outbreak of the present war. Great Britain had a training program very similar in its restriction for training purposes only. A bill was enacted in May of 1939 providing for conscription but restricting it to training only and providing that the act could be superseded in case of war or great emergency. Hitler marched into Poland on September 1, 1939. On September 3, 1939, Great Britain declared war, and on September 3, 1939, they enacted a compulsory-service bill to supplant their training bill. Great Britain adhered to that principle of democracy of freedom from conscription for service in peacetime; yet they went ahead with a training program.

I have obviated the necessity for further legislation by providing in my amendment that when war is declared by Congress, "service" shall then be interpreted as all service charged to any enlisted man of the Army limiting the place of such service to the Western Hemisphere.

Another comparison to which I call attention is the Canadian program. Canada passed a conscription law just this year providing for limiting the service of conscripts to Canadian territory and to the territorial waters of Canada.

If we study the acts of these democracies of the earth, few that they are, we might take a lesson in distinguishing between training and compulsory service in peacetime. That is the purpose of my proposed amendment. It goes to the heart of the bill. It is a pretty big change in the philosophy of this bill, but I think you are entitled to have the matter brought to your attention with a proper explanation of its background. I submit it to you for your judgment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. MARTIN of Iowa) there were—ayes 88, noes 142.

So the amendment was rejected.

The Clerk read as follows:

> SEC. 14. Except as herein provided, all laws and parts of laws in conflict with the provisions of this act are hereby suspended for the period in which this act shall be in force.
>
> SEC. 15. This act may be cited as the "Selective Training and Service Act of 1940."
>
> SEC. 16. This act shall take effect immediately. All the provisions of this act shall become inoperative on and after May 15, 1945, except as to the provisions of section 3 (c), and except as to violations of this act, unless continued in effect by the Congress.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. VOORHIS of California: Page 36, line 5, strike out "May 15, 1945" and insert "October 1, 1942, except as to men already inducted into service and."

Mr. VOORHIS of California. Mr. Chairman, we have been told repeatedly in the course of this debate that this was an emergency bill. My amendment is offered for the purpose of making certain that it will be an emergency measure.

There are many things we may not like to do which, under the impulsion of what some people tell us is an emergency, we may be willing to do. I feel as I said before in connection with this bill, that insofar as it is possible to obtain it, a unity of action is important. I have said that whatever happened with regard to this bill, if it became law I would support it with all the vigor at my command, and I will. It seems to me, however, that this amendment is of basic importance. It would say that this bill would last in its operation for 2 years instead of 5. It would mean that the next Congress would have opportunity to decide for itself whether it thought the emergency was continuing or not. It could continue this legislation if it felt it necessary, but it could not continue it if it felt it was not necessary.

Remember that if you pass this legislation for a 5-year period an attempt to repeal it might require its passage by two-thirds vote over a veto.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I do.

Mr. MAY. I call the gentleman's attention to section 6, which reads:

> Notwithstanding the provisions of this act, the President shall have no authority to induct persons into the land or naval forces of the United States until Congress shall hereafter appropriate funds specifically for such purposes.

With emphasis on "hereafter."

Mr. VOORHIS of California. I understand that provision, but I submit to the membership of the House that if you leave "1945" in this bill you are passing a bill declaring what may become a permanent policy for the United States. For those of us who are fearful of this kind of measure it will make a great deal of difference if there is evidence that we really mean what we say when we say we are passing it only for the period of the emergency.

As a permanent policy it is, as I have already told you, my earnest conviction that it is all right and may be a very good thing for the United States to have a program of general training and service, but if we are going to do that we should apply it to everybody in a certain age group. It should be opportunity as well as training. It should be planned to be controlled by a group of people, a board of people representative of all groups of society. You should maybe give separate rewards to those who go into the military forces. It should mean for every man a start in life, a part of his education, such as they have in Switzerland, and the Swiss plan has been referred to during the debate. It should not be a bill like this if it is to be a permanent program. [Applause.]

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. MAY. Will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Kentucky.

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, I had sent to the desk an amendment substantially the same as the one that the gentleman from California [Mr. VOORHIS] has offered. I gladly support his. This amendment, to limit the automatic operation of the bill to 2 years, is now the test of whether this is an emergency measure or not. In this connection I wish to point out that it is in strict keeping with the constitutional attempt to prevent military control in this country. The Constitution in section 8, article I, says the Congress shall have power—

To raise and support armies, but no appropriation of money to that use shall be for a longer term than 2 years.

This amendment puts that 2-year limitation upon peacetime conscription. True, a subsequent Congress can repeal this legislation, but, if we put in this limitation, the question will automatically come before us or the power granted will expire. Without this limitation, this cannot be called emergency legislation.

Mr. Chairman, before we began the debate on this bill, I was expecting to vote for it. I wrote friends to that effect and made a statement to the press, only reserving final judgment until the bill had been debated and finally amended. Facts brought out in the debate have unsettled many of us. Official figures have been introduced to show that today there are more than 900,000 men in the armed forces of the United States, in Army, Navy, Coast Guard, Marine Corps, National Guard, and Reserves. Through summer months, recruits exceeded 30,000 a month and August figures will reach 45,000. This, in the face of the fact that men join the Army for 3 years at $21 a month, while boys can enroll in the C. C. C. for 6 months at $30 a month. It is only reasonable to believe that if Army enlistments were accepted for 1 year as this bill proposes, with a starting salary of $30 as this bill proposes, recruits would come in even more rapidly. By January we could have 1,200,000 under arms, if housing were available. In the face of these facts, what is the emergency that calls for fastening upon the country peacetime conscription? Keep in mind that all of us, I think, would vote for wartime conscription.

The emergency is also lessened, Mr. Chairman, by the announcement this week that the United States is acquiring some of the outlying bases for which several of us have long contended. True, most of our bills have advocated outright acquisition rather than lease and most of us have urged closing the back door to the Panama Canal as well as the front one. But a start has been made and certainly the acquisition of these bases reduces our dangers. In connection with that acquisition, the Government asked and received formal assurances that the British Fleet would not be scuttled or surrendered. That has seemed obvious to those who believed that the fleet would follow the seat of government, but now formal declarations support the logic of the situation, and again, it must be said that our hazards are reduced.

Accordingly, Mr. Chairman, it is in order to face this proposition squarely and to ask whether this measure provides a fair and just system of universal military training or whether it fastens compulsory military service upon America. Certain features of the bill are unjust and the committee has resisted amendments to correct them. Storm cellars have been created for Government officials, including Members of Congress. Sons of rich men can escape—or at least put off their service until July 1941 if they have the price to enter college. The poor man's sons will have no choice but to begin their service when called. A 10-year reserve provision saddles 10 years of uncertainty and liability for training onto the man who is drafted after he has given his year of service while the man who escapes call goes scot free. That is not universal service with general sharing of the obligations and privileges in a free society as the bill claims in its declaration.

If there be an emergency that justifies an unequal peacetime conscription of men, the emergency should be just as great for men in essential industries; yet this House yesterday approved Senate amendments to an appropriation bill that, in effect, lifts the lid on profits for munition makers and shipbuilders and guarantees time-and-a-half wages for men who work more than 8 hours a day in contract factories. If there is an emergency, it is an equal emergency for men and machines and industry, and the Smith amendment in this bill lacks a long way of giving equal emergency treatment.

Mr. Chairman, these considerations destroy the emergency character of this legislation, unless we limit the life of its automatic operation to conform to the 2-year limit on Army appropriations established in the Constitution. This amendment, then, offered by the gentleman from California, is the final test of whether this is an emergency measure or whether in the guise of an emergency, peacetime conscription is to be fastened upon the country as a permanent policy. The amendment simply applies the caution of the constitutional fathers—a limitation of 2 years. It can be extended if conditions demand. I hope the amendment will be agreed to. [Applause.]

Mr. FISH. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California [Mr. VOORHIS].

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Kansas.

Mr. REES of Kansas. Does not the gentleman believe that the people of this country have been led to believe largely that this is just a military training bill and not a selective compulsory bill?

Mr. FISH. The gentleman is correct, and in further answer to the gentleman's question the American people think this is an emergency proposal. As a matter of fact, if this bill is passed in its present form and remains in effect for 5 years, it will establish peacetime conscription, not only for 5 years but as a permanent policy of our country. I do not believe that to be in accord with the will of the American people. This amendment is one of the most important that will be presented. If the amendment offered by the gentleman from California and my amendment are agreed to, I shall vote for the bill.

If the next Congress has the right to work its will on the conscription bill at the end of 2 years, then it would be an emergency measure, but as the bill is written it provides for 5 years of conscription. More than that, according to the declaration of policy in this bill, there is no reference to emergency legislation. According to that declaration of policy, this is a peacetime conscription bill for all time. It amounts to permanent legislation, but the people back home believe it is merely for an emergency. If you put the conscription bill into effect for 2 years, at the end of that time you will have an

army of 2,400,000, and that ought to be sufficient for any purposes of national defense in any emergency. But if you refuse to adopt the amendment offered by the gentleman from California, then you will be practically voting for permanent peacetime conscription. The people of the United States have not the faintest idea that this is anything but emergency legislation for the purpose of national defense in this great crisis. Therefore, I am appealing to you, regardless of partisanship, to vote for this amendment and give the next Congress a chance to say whether we shall have permanent conscription or only emergency conscription. It is only right that the next Congress shall have the right to decide what policy to pursue in view of world conditions 2 years from now.

[Here the gavel fell.]

Mr. COSTELLO. Mr. Chairman, I do not believe the amendment offered by my colleague from California is necessary because, as you all know, the Congress always has control of all legislation. The gentleman from New York has recommended that the next Congress should have power to say whether it shall continue this legislation or not. If the next Congress so desires, it can eliminate this legislation entirely, if it finds it is not needed any further, regardless of the fact that this bill provides for 1945. It can be repealed in 1941 if the emergency no longer exists.

I believe the language of the bill should remain as it is. If you change the last section, you will find that you have left 1945 appearing at various places throughout the bill. I thoroughly agree with my colleague from California that if this were intended as permanent legislation it should be in entirely different form from what it now is. The program of training would be far different from what is now described in the bill, but because it is intended as a temporary thing, because we believe there is an emergency that requires the immediate training of a million men, we have written it in the form in which it is written, calling men to the Army camps, not to train them in colleges or universities, not to train them for 2 or 3 months, not to train them in any one of a dozen different ways that might be suggested. This method has been followed because we believe it is necessary to train these men here and now, train them thoroughly and for a period of at least 1 year.

Mr. Chairman, I believe the language should remain as it is. If the emergency continues we will train three, four, or five million men and we will have a reservoir of trained men that will be available in the event of any emergency that may come and thereby this country will have adequate national defense.

Mr. Chairman, I hope the pending amendment will be defeated.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from California [Mr. VOORHIS].

The question was taken; and on a division (demanded by Mr. VOORHIS of California) there were—ayes 113, noes 151.

Mr. VOORHIS of California. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VOORHIS of California and Mr. MAY.

The Committee again divided; and the tellers reported that there were—ayes 159, noes 172.

So the amendment was rejected.

The Clerk read as follows:

SEC. 17. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Mr. MARTIN J. KENNEDY. Mr. Chairman, I move to strike out the last word.

Mr. MAY. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. MARTIN J. KENNEDY. I yield to the gentleman from Kentucky.

Mr. MAY. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Chairman, President Roosevelt has, by formal proclamation, designated tomorrow, Sunday, September 8, as a national day of prayer for peace.

The Philadelphia Inquirer has by editorial said the following—

IF THEY BELIEVE IN PRAYER

By formal proclamation, issued nearly a month ago, President Roosevelt designated a day of prayer upon which Americans of all creeds and denominations were urged, in their churches or at their homes, to ask Almighty God "to grant to this land and to the troubled world a righteous, enduring peace."

That day is tomorrow, Sunday, September 8. It should be observed by everyone who has even a modicum of faith in the efficacy of prayer.

Not only "church people," so called. Doubtless there are many who accept the basic truths of religion that are not identified with any church. Remembering the publican, whose importunate prayer was approved by the highest authority over that of the smug Pharisee, it is clear that participation in this Nation-wide appeal to omnipotence need not be limited to persons who are accustomed to participate in public worship.

It would seem, however, that a weightier obligation rests upon those who are definitely identified with some branch of the church, and are therefore presumed, not unreasonably, to assent wholeheartedly to its teachings. In a special sense it is their privilege as well as their duty, if they believe

"More things are wrought by prayer
Than this world dreams of,"

to assemble in their accustomed places of worship tomorrow to pray for the peace of the world, a peace formulated not in a pattern of their own devising but in accordance with the Divine will.

Men either believe in the potency of prayer or they do not. In considering those who do—or say they do—one may be pardoned for speculating as to what strange process of reasoning would make it possible for them deliberately to ignore tomorrow's observance.

PRAY FOR A JUST PEACE AND AN ENDURING PEACE

In every pulpit throughout this Nation and by special interfaith radio broadcast, tomorrow, there will be prayers offered for peace. Over this broadcast will be heard the following outstanding churchmen: Msgr. Fulton J. Sheen, Rabbi Abba Silver, Bishop G. Bromley Oxnam.

If we pass this bill today, without the 60-day period of voluntary enlistment, the reading of the President's proclamation in the churches will fall on heavy hearts and the plea for prayers for peace will be received with mixed emotions.

Let us by our vote adopt the voluntary-enlistment amendment so that tomorrow and every day for the next 60 days, God-fearing citiens of our Nation will be able to kneel before God and pray for peace with hope in their hearts.

I voted for the 60-day amendment which is identical with the amendment supported by 41 Senators, many staunch Democrats, including the 2 Senators from New York State. The Senate roll call on this amendment indicates that party lines were totally absent.

I wish to say to my colleagues from the South, who made a special point of the enlistment by States, that under the terms of this bill, when the Selective Service Act goes into operation, their respective States will be credited for all their men now in service.

As far as my State is concerned, I am sure that our citizens will not be lacking in their patriotic duty.

It is my opinion that, as a result of a fireside, heart-to-heart chat by the President, giving the people the facts, there will be more men applying for enlistment than can be immediately absorbed by the armed forces. Should the plea of the President fail to produce the desired number of volunteers we shall still have the Selective Service Act.

As we listen to the Gospel on Peace Sunday, let us contemplate on the unchanging words of comfort and guidance that have persisted for more than 1,900 years. In contrast to this unbroken chain which links us to peace and human happiness, consider the almost continuous mad frenzy of the Old World rulers toward ruin and destruction. Thank God, we live in a country where the people still believe in the dignity of the living and in a Supreme Being Whom they may worship as they choose.

Regardless of our personal religious convictions, we should, in obedience to the President's proclamation, make our prayer for peace this minute and not wait until tomorrow. In accordance with my lights, I shall offer a prayer that the 60-day amendment be adopted, because I believe that the passage of this bill, without the amendment, would be a step that might lead away from peace rather than toward a just and enduring peace.

I respectfully urge every Member of this House to join with me in my efforts to obtain the adoption of the 60-day voluntary-enlistment period. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question now recurs on the adoption of the committee substitute, as amended, for the original bill.

The committee substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill (H. R. 10132) to protect the integrity and institutions of the United States through a system of selective compulsory military training and service, pursuant to House Resolution 586, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. MAY. Mr. Speaker, I demand a separate vote on the Fish amendment, and on that I demand the yeas and nays.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. PATMAN. Mr. Speaker, I demand a separate vote on the Smith amendment, and on that I demand the yeas and nays.

The SPEAKER. Is a separate vote demanded on any other amendment adopted in the Committee of the Whole?

If not, the Clerk will report the so-called Fish amendment.

The Clerk read as follows:

On page 14, after line 21, insert the following:

"(d) The President is authorized to issue a call as soon as possible after the date of enactment of this act, and another call at any time after January 1, 1941, for qualified men between the ages of 18 and 35 to volunteer for training and service for 12 months in the land and naval forces of the United States under this act. Each such call shall be for not more than 400,000 men. The President is authorized to induct into such forces for such training and service so many of the men who volunteer pursuant to such call as are not in excess of the number of men for whom the call was issued. If, upon the expiration of 60 days after the issuance of either of such calls, the President finds that the number of qualified men who have volunteered pursuant to such call is less than the number for whom the call was issued, he is authorized to select and induct into such forces such number of qualified men selected in accordance with section 3 (a) as, when added to the number who have volunteered pursuant to such call, will equal the number for whom he issued such call. Until the expiration of 60 days after the date of issuance by the President of the second call authorized by this subsection, no man shall be inducted into the land and naval forces of the United States under any provisions of this act other than this subsection. Nothing in this subsection shall be construed to require or postpone, during either of such 60-day periods, the registration, classification, or selection of persons to be adopted for training and service under this act.

"(e) Quotas of men to be furnished for such training and service shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification; credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas, and those who volunteer during the 60-day volunteer period; and until the actual numbers necessary for determining the quotas are known the quotas may be based on estimates and subsequent adjustments therein made when such actual numbers are known; all in accordance with such rules and regulations as the President may prescribe."

The SPEAKER. The gentleman from Kentucky demands the yeas and nays on the adoption of the so-called Fish amendment.

The yeas and nays were ordered.

The question was taken; and there were—yeas 207, nays 200, answered "present" 2, not voting 20, as follows:

[Roll No. 210]

YEAS—207

Allen, Ill.	Engel	Keller	Rogers, Mass.
Andersen, H. Carl	Englebright	Kelly	Routzohn
Anderson, Calif.	Evans	Kennedy, Martin	Rutherford
Anderson, Mo.	Fenton	Kinzer	Ryan
Andresen, A. H.	Fish	Knutson	Sandager
Angell	Flaherty	Lambertson	Schafer, Wis.
Arends	Fries	Landis	Schiffler
Bates, Mass.	Gartner	Leavy	Schuetz
Beam	Gehrmann	Lemke	Schulte
Bender	Gerlach	Lesinski	Schwert
Blackney	Geyer, Calif.	Lewis, Ohio	Scrugham
Boehne	Gifford	Luce	Seccombe
Bolles	Gilchrist	Ludlow	Secrest
Bolton	Gillie	McAndrews	Shafer, Mich.
Bradley, Mich.	Goodwin	McArdle	Shanley
Bradley, Pa.	Graham	McCormack	Shannon
Brewster	Grant, Ind.	McGregor	Short
Brown, Ohio	Gross	McLaughlin	Simpson
Buckler, Minn.	Guyer, Kans.	McLeod	Smith, Maine
Burdick	Gwynne	Maas	Smith, Ohio
Byrns, Tenn.	Hall, Leonard W.	Mansfield	Smith, Wash.
Carlson	Halleck	Marcantonio	Springer
Carter	Harness	Marshall	Stefan
Case, S. Dak.	Harrington	Martin, Iowa	Sumner, Ill.
Chiperfield	Hart	Martin, Mass.	Sweeney
Church	Harter, N. Y.	Mason	Sweet
Clason	Hartley	Michener	Taber
Claypool	Hawks	Mills, La.	Talle
Cluett	Hess	Mott	Tenerowicz
Cochran	Hill	Mundt	Thill
Coffee, Nebr.	Hinshaw	Murdock, Ariz.	Thomas, N. J.
Coffee, Wash.	Hoffman	Murray	Thorkelson
Cole, Md.	Holmes	Nelson	Tibbott
Connery	Hook	O'Brien	Tinkham
Corbett	Hope	O'Connor	Tolan
Crawford	Horton	Oliver	Treadway
Crosser	Houston	Osmers	Van Zandt
Crowe	Hull	Pittenger	Voorhis, Calif.
Crowther	Hunter	Plumley	Vorys, Ohio
Culkin	Jarrett	Polk	Welch
Curtis	Jeffries	Powers	Wheat
D'Alesandro	Jenkins, Ohio	Rabaut	White, Idaho
Dickstein	Jenks, N. H.	Rankin	White, Ohio
Dingell	Jennings	Reece, Tenn.	Wigglesworth
Dirksen	Jensen	Reed, Ill.	Williams, Del.
Ditter	Johns	Reed, N. Y.	Winter
Dondero	Johnson, Ill.	Rees, Kans.	Wolcott
Douglas	Johnson, Ind.	Rich	Wolverton, N. J.
Dunn	Johnson, W. Va.	Robinson, Utah	Wood
Dworshak	Jones, Ohio	Robsion, Ky.	Woodruff, Mich.
Edmiston	Jonkman	Rockefeller	Youngdahl
Elston	Keefe	Rodgers, Pa.	

NAYS—200

Allen, La.	Courtney	Green	Lynch
Allen, Pa.	Cox	Gregory	McDowell
Andrews	Cravens	Griffith	McGranery
Austin	Creal	Hall, Edwin A.	McKeough
Ball	Cullen	Hancock	McLean
Barden, N. C.	Cummings	Hare	McMillan, Clara
Barnes	Darden, Va.	Harter, Ohio	McMillan, John L.
Barry	Davis	Havenner	Maciejewski
Barton, N. Y.	Delaney	Healey	Magnuson
Bates, Ky.	DeRouen	Hendricks	Mahon
Beckworth	Disney	Hennings	Maloney
Bell	Doughton	Hobbs	Martin, Ill.
Bland	Doxey	Izac	Massingale
Bloom	Drewry	Jacobsen	May
Boland	Duncan	Jarman	Merritt
Boren	Durham	Johnson, Luther A.	Miller
Boykin	Eaton	Johnson, Lyndon	Mills, Ark.
Brooks	Eberharter	Jones, Tex.	Mitchell
Brown, Ga.	Edelstein	Kean	Monkiewicz
Bryson	Elliott	Kee	Monroney
Buck	Faddis	Kefauver	Moser
Buckley, N. Y.	Fay	Kennedy, Md.	Mouton
Bulwinkle	Ferguson	Kennedy, Michael	Myers
Burch	Fitzpatrick	Keogh	Nichols
Burgin	Flannagan	Kerr	Norrell
Byrne, N. Y.	Flannery	Kilburn	Norton
Byron	Folger	Kilday	O'Leary
Camp	Ford, Leland M.	Kirwan	O'Neal
Cannon, Fla.	Ford, Miss.	Kitchens	O'Toole
Cannon, Mo.	Ford, Thomas F.	Kleberg	Pace
Casey, Mass.	Fulmer	Kocialkowski	Parsons
Celler	Gamble	Kramer	Patman
Clark	Gathings	Kunkel	Patrick
Cole, N. Y.	Gavagan	Lanham	Patton
Colmer	Gearhart	Larrabee	Pearson
Cooley	Gore	Lea	Peterson, Fla.
Cooper	Gossett	LeCompte	Peterson, Ga.
Costello	Grant, Ala.	Lewis, Colo.	Pfeifer

Pierce	Satterfield	Starnes, Ala.	Vreeland
Poage	Sheppard	Steagall	Wadsworth
Ramspeck	Sheridan	Stearns, N. H.	Walter
Randolph	Smith, Conn.	Sullivan	Ward
Rayburn	Smith, Ill.	Sumners, Tex.	Warren
Richards	Smith, Va.	Tarver	Weaver
Robertson	Smith, W. Va.	Taylor	West
Rogers, Okla.	Snyder	Terry	Whelchel
Romjue	Somers, N. Y.	Thomas, Tex.	Whittington
Sabath	South	Thomason	Williams, Mo.
Sacks	Sparkman	Vincent, Ky.	Woodrum, Va.
Sasscer	Spence	Vinson, Ga.	Zimmerman

ANSWERED "PRESENT"—2

Alexander McGehee

NOT VOTING—20

Arnold	Collins	Fernandez	Risk
Caldwell	Darrow	Garrett	Schaefer, Ill.
Cartwright	Dempsey	Johnson, Okla.	Sutphin
Chapman	Dies	Murdock, Utah	Wallgren
Clevenger	Ellis	O'Day	Wolfenden, Pa.

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Collins (for) with Mr. McGehee (against).
Mr. Alexander (for) with Mr. Caldwell (against).
Mr. Wolfenden of Pennsylvania (for) with Mr. Ellis (against).
Mr. Risk (for) with Mr. Garrett (against).
Mr. Clevenger (for) with Mr. Dies (against).

General pairs:

Mr. Dempsey with Mr. Darrow.
Mr. Fernandez with Mr. Sutphin.
Mr. Cartwright with Mr. Wallgren.
Mr. Johnson of Oklahoma with Mrs. O'Day.
Mr. Murdock of Utah with Mr. Chapman.
Mr. Schaefer of Illinois with Mr. Mills of Louisiana.

Mr. McGEHEE. Mr. Speaker, I ask to withdraw my vote and be recorded as voting "present," because of a live pair I have with my colleague the gentleman from Mississippi, Mr. COLLINS.

Mr. JACOBSEN. Mr. Speaker, I am recorded as voting "yea." I wish to change my vote to "nay."

Mr. McGREGOR. Mr. Speaker, I am recorded as voting "nay." It was my intention to vote "yea." I ask that my vote be changed accordingly.

Mr. ALEXANDER. Mr. Speaker, on this vote I have a pair with the gentleman from Florida, Mr. CALDWELL. I withdraw my vote, which was "yea," because the gentleman from Florida, if present, would have voted "nay." I vote "present."

Mr. ROBSION of Kentucky. Mr. Speaker, by inadvertence I voted "nay" when it was my purpose to vote "yea." I wish to be recorded as voting "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

On page 34 at the end of section 11 insert:

"The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof, and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry, or the responsible head or heads thereof, owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry, or the responsible head or heads thereof, owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the act entitled 'An act to expedite national defense and for other purposes,' approved June 28, 1940 (Public, No. 671, 76th Cong.), are hereby repealed."

Mr. PATMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

Mr. MAY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAY. As I understand the parliamentary situation, Mr. Speaker, the question now is on the Smith amendment, known as the industrial conscription amendment, and the vote "yea" is for the amendment and the vote "nay" is against it.

The SPEAKER. Undoubtedly.

The Clerk will call the roll.

The question was taken; and there were—yeas 330, nays 83, not voting 16, as follows:

[Roll No. 211]

YEAS—330

Alexander	Cole, Md.	Gearhart	Kelly
Allen, La.	Cole, N. Y.	Gehrmann	Kennedy, Martin
Allen, Pa.	Colmer	Gerlach	Kennedy, Md.
Andersen, H. Carl	Connery	Geyer, Calif.	Kennedy, Michael
Anderson, Calif.	Cooley	Gifford	Keogh
Andresen, A. H.	Cooper	Gilchrist	Kerr
Andrews	Costello	Goodwin	Kilburn
Angell	Courtney	Gore	Kilday
Austin	Cravens	Gossett	Kirwan
Ball	Creal	Graham	Kitchens
Barden, N. C.	Crosser	Grant, Ala.	Kleberg
Barnes	Crowe	Green	Kocialkowski
Barry	Crowther	Gregory	Kramer
Barton, N. Y.	Culkin	Griffith	Kunkel
Bates, Ky.	Cullen	Guyer, Kans.	Lambertson
Bates, Mass.	Cummings	Gwynne	Lanham
Beam	Curtis	Hall, Edwin A.	Larrabee
Beckworth	D'Alesandro	Hall, Leonard W.	Lea
Bell	Darden, Va.	Hancock	Leavy
Blackney	Davis	Hare	LeCompte
Bland	Delaney	Harrington	Lemke
Bloom	DeRouen	Hart	Lesinski
Boehne	Dickstein	Harter, N. Y.	Lewis, Colo.
Boland	Dingell	Harter, Ohio	Luce
Boren	Disney	Havenner	Lynch
Boykin	Ditter	Healey	McAndrews
Bradley, Pa.	Doughton	Hendricks	McArdle
Brewster	Doxey	Hennings	McCormack
Brooks	Drewry	Hill	McGehee
Brown, Ga.	Duncan	Hinshaw	McGranery
Bryson	Dunn	Hobbs	McKeough
Buck	Durham	Holmes	McLaughlin
Buckler, Minn.	Eberharter	Hook	McLean
Buckley, N. Y.	Edelstein	Hope	McMillan, Clara
Bulwinkle	Edmiston	Horton	McMillan, John L.
Burch	Elliott	Houston	Maas
Burdick	Engel	Hull	Maciejewski
Burgin	Englebright	Hunter	Magnuson
Byrne, N. Y.	Fay	Izac	Mahon
Byrns, Tenn.	Fenton	Jacobsen	Maloney
Byron	Ferguson	Jarman	Mansfield
Camp	Fish	Jarrett	Marcantonio
Cannon, Fla.	Fitzpatrick	Jenks, N. H.	Martin, Ill.
Cannon, Mo.	Flaherty	Jennings	Martin, Mass.
Carlson	Flannagan	Jensen	Massingale
Carter	Flannery	Johnson, Ind.	May
Cartwright	Folger	Johnson, Luther A.	Merritt
Case, S. Dak.	Ford, Leland M.	Johnson, Lyndon	Mills, Ark.
Casey, Mass.	Ford, Miss.	Johnson, Okla.	Mills, La.
Celler	Ford, Thomas F.	Johnson, W. Va.	Mitchell
Clark	Fries	Jones, Tex.	Monkiewicz
Clason	Fulmer	Kean	Monroney
Claypool	Gamble	Kee	Moser
Cochran	Gathings	Kefauver	Mott
Coffee, Wash.	Gavagan	Keller	Mouton

Mundt	Rabaut	Shannon	Thomas, Tex.
Murdock, Ariz.	Ramspeck	Sheppard	Thomason
Myers	Randolph	Sheridan	Tibbott
Nelson	Rankin	Simpson	Tolan
Nichols	Rayburn	Smith, Conn.	Treadway
Norrell	Rees, Kans.	Smith, Ill.	Van Zandt
Norton	Rich	Smith, Maine	Vincent, Ky.
O'Brien	Richards	Smith, Va.	Vinson, Ga.
O'Connor	Robertson	Smith, Wash.	Voorhis, Calif.
O'Leary	Robinson, Utah	Smith, W. Va.	Wadsworth
Oliver	Robsion, Ky.	Snyder	Walter
O'Neal	Rodgers, Pa.	Somers, N. Y.	Ward
Osmers	Rogers, Mass.	South	Warren
O'Toole	Rogers, Okla.	Sparkman	Weaver
Pace	Romjue	Spence	Welch
Parsons	Rutherford	Starnes, Ala.	West
Patman	Ryan	Steagall	Whelchel
Patrick	Sabath	Stearns, N. H.	White, Idaho
Patton	Sacks	Stefan	Whittington
Pearson	Sandager	Sullivan	Wigglesworth
Peterson, Fla.	Sasscer	Sumners, Tex.	Williams, Del.
Peterson, Ga.	Satterfield	Sweeney	Williams, Mo.
Pfeifer	Schuetz	Talle	Wood
Pierce	Schulte	Tarver	Woodrum, Va.
Pittenger	Schwert	Taylor	Youngdahl
Plumley	Scrugham	Tenerowicz	Zimmerman
Poage	Secrest	Terry	
Powers	Shanley	Thomas, N. J.	

NAYS—83

Allen, Ill.	Elston	Knutson	Seccombe
Anderson, Mo.	Evans	Landis	Shafer, Mich.
Arends	Faddis	Lewis, Ohio	Short
Bender	Gartner	Ludlow	Smith, Ohio
Bolles	Gillie	McDowell	Springer
Bolton	Grant, Ind.	McGregor	Sumner, Ill.
Bradley, Mich.	Gross	McLeod	Sweet
Brown, Ohio	Halleck	Marshall	Taber
Chiperfield	Harness	Martin, Iowa	Thill
Church	Hartley	Mason	Thorkelson
Clevenger	Hawks	Michener	Tinkham
Cluett	Hess	Miller	Vorys, Ohio
Coffee, Nebr.	Hoffman	Murray	Vreeland
Corbett	Jeffries	Polk	Wheat
Cox	Jenkins, Ohio	Reece, Tenn.	White, Ohio
Crawford	Johns	Reed, Ill.	Winter
Dirksen	Johnson, Ill.	Reed, N. Y.	Wolcott
Dondero	Jones, Ohio	Rockefeller	Wolfenden, Pa.
Douglas	Jonkman	Routzohn	Wolverton, N. J.
Dworshak	Keefe	Schafer, Wis.	Woodruff, Mich.
Eaton	Kinzer	Schiffler	

NOT VOTING—16

Arnold	Darrow	Fernandez	Risk
Caldwell	Dempsey	Garrett	Schaefer, Ill.
Chapman	Dies	Murdock, Utah	Sutphin
Collins	Ellis	O'Day	Wallgren

So the amendment was agreed to.

The Clerk announced the following pairs until further notice:

General pairs:

Mr. Dempsey with Mr. Darrow.
Mr. Garrett with Mr. Risk.
Mr. Fernandez with Mr. Sutphin.
Mr. Wallgren with Mrs. O'Day.
Mr. Murdock of Utah with Mr. Chapman.
Mr. Collins with Mr. Schaefer of Illinois.
Mr. Dies with Mr. Ellis.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the substitute committee amendment as amended for the original bill.

The question was taken; and the committee amendment, as amended, was agreed to, as follows:

Be it enacted, etc., That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training under the provisions of this act, the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

(d) The President is authorized to issue a call as soon as possible after the date of enactment of this act, and another call at any time after January 1, 1941, for qualified men between the ages of 18 and 35 to volunteer for training and service for 12 months in the land and naval forces of the United States under this act. Each such call shall be for not more than 400,000 men. The President is authorized to induct into such forces for such training and service so many of the men who volunteer pursuant to such call as are not in excess of the number of men for whom the call was issued. If, upon the expiration of 60 days after the issuance of either of such calls, the President finds that the number of qualified men who have volunteered pursuant to such call is less than the number for whom the call was issued, he is authorized to select and induct into such forces such number of qualified men selected in accordance with section 3 (a) as, when added to the number who have volunteered pursuant to such call, will equal the number for whom he issued such call. Until the expiration of 60 days after the date of issuance by the President of the second call authorized by this subsection, no man shall be inducted into the land and naval forces of the United States under any provisions of this act other than this subsection. Nothing in this subsection shall be construed to require or postpone, during either of such 60-day periods, the registration, classification, or selection of persons to be adopted for training and service under this act.

(e) Quotas of men to be furnished for such training and service shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories and the District of Columbia, and the subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification; credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas, and those who volunteer during the 60-day volunteer period; and until the actual numbers necessary for determining the quotas are known the quotas may be based on estimates and subsequent adjustments therein made when such actual numbers are known; all in accordance with such rules and regulations as the President may prescribe.

SEC. 2. Except as provided in section 5 (a), all male citizens and all male aliens residing in the United States or its possessions, who are between the ages of 21 and 45 on the day or days fixed for registration, shall present themselves for registration, and shall register at such times and places and in such manner and by such age groups as shall be determined by regulations prescribed hereunder.

SEC. (3). (a) Every male citizen, and every male alien residing in the United States or its possessions who has declared his intention to become a citizen, between the ages of 21 and 45, who is not excepted herein from registration, shall be liable for training and service in the land and naval forces of the United States. The President is authorized to select for training and service in the manner herein provided, and to induct into the land and naval forces of the United States, such number of men as in his judgment, whether a state of war exists or not, is required in the national interest for such forces: *Provided*, That any person, regardless of race or color, between the ages of 18 and 35 shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service described in subsection (b): *Provided further*, That no man shall be inducted for training and service under this act unless and until he is acceptable to the land or naval forces for such training and service: *Provided*, That such induction shall not be effected until adequate provision shall have been made for the proper housing of the men selected for training and service, the term housing to include such sanitary facilities, adequate water supply, heating and lighting systems, medical care and hospital accommodations, as are in general accepted by the United States Public Health Service as essential to public and personal health: *Provided further*, That voluntary enlistments in the land and naval forces of the United States, including the reserve components thereof, shall continue as now provided by law: *Provided further*, That except in time of war there shall not be in active training or service in the land and naval forces of the United States at any one time under the provisions of subsection (b) more than 1,000,000 men inducted under the provisions of this act: *Provided further*, That persons inducted into the land forces of the United States pursuant to this act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands: *Provided further*, That in the case of any person who, during the year 1940, entered upon attendance for the academic year 1940–41—

(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either class of such degrees; or

(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

if, during his attendance at such college or university while pursuing such course of instruction, such person is selected for service and training prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, his induction into the land or naval forces shall, upon his request, be deferred until the end of such academic year, but in no event later than July 1, 1941. Men selected for training and service shall be assigned to camps or units of the land and naval forces of the United States.

(b) If and so long as the United States is not at war, each man selected for training and service shall serve for a training period of 12 consecutive months: *Provided*, That if during his training period the Congress shall declare that the national interest is imperiled, he shall be subject to service until the Congress shall declare the national interest permits his being relieved from active service.

(c) Each man, after completion of his training period, shall be transferred to a reserve component of the land or naval forces of the United States, and until the expiration of 10 years after such transfer or until he reaches the age of 45 or until he is discharged, whichever occurs first, he shall be deemed a member of such Reserve component and be subject to such additional training as may now or hereafter be prescribed by law: *Provided*, That every man upon completing 12 months' training and service in the land forces, in time of peace, shall be given the option, if a vacancy exists in the National Guard or the Regular Army to which he can be assigned, of serving a 2-year enlistment, and satisfactory service of such enlistment will exempt him from further duty in the Reserve components of the Army of the United States in time of peace.

(d) Men during their training and service period, as provided for in this section, shall receive the same pay, allowances, and other benefits, pensions, compensation, and disability allowances as are provided by law for enlisted men of like grades and length of service of that component of the land and naval forces to which they are assigned and thereafter they shall receive the same benefits provided by law in like cases for members of the Reserve components of the land and naval forces to which they have been transferred. Men in training and service shall have an opportunity to qualify for promotion.

(e) (1) The monthly base pay of enlisted men of the Army shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than 4 months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army shall receive, as a permanent addition to their pay, an increase of 10 percent of their base pay and pay for specialists' ratings upon completion of the first 4 years of service, and an additional increase of 5 percent of such base pay and pay for specialists' ratings for each 4 years of service thereafter, but the total of such increases shall not exceed 25 percent. Enlisted men of the Navy and Marine Corps shall be entitled to receive at least the same pay and allowances as provided for enlisted men in similar grades in the Army.

(2) The pay for specialists' rating received by an enlisted man of the Army at the time of his retirement shall be included in the computation of his retired pay.

(3) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

(4) No back pay or allowances shall accrue by reason of this act for any period prior to the date of its enactment.

(5) Nothing in this act shall operate to reduce the pay now being received by any retired enlisted man.

(6) The provisions of this section shall be effective from the date of enactment of this act to May 15, 1945. During such period all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby suspended: *Provided*, That nothing contained in this or any other act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted or enlisted as provided herein or to members of the Reserve components of the land and naval forces of the United States below the grade of captain now on or hereafter placed on any type of active duty, which persons and members were, prior to their induction or enlistment, or being placed on active duty, receiving compensation from such person, firm, or corporation, during the time they are in training and service hereunder or on active duty under the provisions of law.

SEC. 4. (a) The selection of men subject to the training and service provided for in section 3 (other than those who are voluntarily inducted pursuant to this act) shall be made in an impartial manner from the men between the ages of 21 and 45 who are liable for such training and service and who at the time of selection are registered and classified but not deferred: *Provided*, That in the selection and training of men as well as in the interpretation and execution of the provisions of this act there shall be no discrimination against any person on account of race, creed, or color.

(b) Quotas of men to be furnished for such training and service shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification; credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas; and until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates and subsequent adjustments therein made when such actual numbers are known; all in accordance with such rules and regulations as the President may prescribe.

SEC. 5. (a) Commissioned officers, warrant officers, field clerks, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy, men who have been properly appointed and qualified, and who have been accepted, for admittance commencing with the academy year next succeeding such acceptance to the United States Military Academy as cadets, but only during the continuance of such acceptance; midshipmen, United States Naval Academy, and cadets, United States Coast Guard Academy; and cadets of advanced course, senior division, Reserve Officers' Training Corps; diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be registered. No exceptions from registration shall continue after the cause therefor ceases to exist: *Provided*, That the following persons will be excepted from registration under section 2 and from liability to serve in any reserve component of the land or naval forces of the United States in time of peace and from liability for the training and service provided for in section 3 (b), but such persons shall in time of war be subject to registration under section 2 and shall be liable to serve in the land and naval forces of the United States:

(1) Any man who has completed or who will complete at least 3 consecutive years' satisfactory service in the Regular Army, Navy, Marine Corps, or Coast Guard as an officer, warrant officer, or enlisted man before or after the time fixed for registration or partially before and partially after the time fixed for registration.

(2) Any officer, warrant officer, or enlisted man of the active National Guard who has completed or who will complete at least 1 year's satisfactory service in active Federal service as an officer, warrant officer, or enlisted man of the Army of the United States, and subsequent thereto at least 2 years' consecutive satisfactory service as an officer, warrant officer, or enlisted man in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration.

(3) Any man who is an officer, warrant officer, or enlisted man in the active National Guard at the time fixed for registration, and who completes at least 6 consecutive years' satisfactory service therein as an officer, warrant officer, or enlisted man, before or after or partially before and partially after the time fixed for registration.

(4) Any man who is in the Officers' Reserve Corps on the eligible list at the time fixed for registration, and who completes at least 6 consecutive years' satisfactory service therein on the eligible list before or after the time fixed for registration or partially before or partially after the time fixed for registration: *Provided*, That the persons enumerated in this paragraph and paragraph 3 while in Reserve components of the land or naval forces of the United States may be ordered or called to active duty in such forces.

(b) The Vice President of the United States, and the officers, legislative, executive, and judicial, except judges of inferior courts not of record, of the United States, and of the several States, Territories, and the District of Columbia, while holding such official positions, shall be deferred, which deferred classification may be waived from training and service in the land and naval forces of the United States.

(c) Regular or duly ordained ministers of religion, and students who are preparing for the ministry in theological or divinity schools recognized as such for more than 1 year prior to the date of enactment of this act, shall be exempt from training and service (but not from registration) under this act.

(d) The President is authorized under such regulations as he may prescribe to defer training and service in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment is found to be necessary to the maintenance of the national health, safety, or interest. The determination of each deferment of training and service shall be made with regard to the status of the individual and shall not be made by deferring the training and service of individuals by occupational groups without regard to the status of the individual therein. The President is also authorized, under such regulations as he may prescribe, to defer the training and service in the land and naval forces of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable; and those found to be physically, mentally, or morally deficient. No deferment from training and service shall continue after the cause therefor ceases to exist.

(e) Nothing contained in this act shall be construed to require any person to be subject to combatant training or service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. All persons claiming such exemption from combatant training and service because of such conscientious objections shall be listed on a Register of Conscientious Objectors at the time of their classification by a local board. After appropriate inquiry by the local board, a hearing shall be held by the local board in the case of each such person with respect to the character and good faith of his objections, and such person shall be notified of the time

and place of such hearing. The local board shall, after such hearing, if the objections are found to be sustained, recommend (1) that the objector shall be assigned to noncombatant service as defined by the President, or (2) if the objector is found to be conscientiously opposed to participation in such noncombatant service, that he shall be assigned to work of national importance under civilian direction. If, after such hearing, the objections of any such person are found not to be sustained, the objector shall be immediately notified thereof, the name of the objector shall then be removed from the Register of Conscientious Objectors, and such objector shall thereafter be liable to training and service as provided by this act. If, within 5 days after the date of such findings by the local board, the objector gives notice to the local board of disagreement with such findings, the local board shall immediately refer the matter for final determination to an appropriate appeal board established pursuant to section 11 (a) (2).

SEC. 6. Notwithstanding the provisions of this act, the President shall have no authority to induct persons into the land and naval forces of the United States until Congress shall hereafter appropriate funds specifically for such purpose.

SEC. 7. All persons called, ordered or inducted into the land and naval forces of the United States pursuant to this act shall be subject to the laws and regulations concerning that branch of the land and naval forces to which they are assigned from the date they are required by the terms of such call, order, or induction to obey the same.

SEC. 8. No bounty shall be paid to induce any person to enlist in or be inducted into the land and naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable to service in such forces shall be permitted or allowed to furnish a substitute for such service; nor shall any substitute as such be received, enlisted, enrolled, or inducted into the land and naval forces of the United States; and no person liable to service in such forces shall be permitted to escape such service or be discharged therefrom prior to the expiration of his term of service by the payment of money or any other valuable thing whatsoever as consideration for his release from service in the land and naval forces or liability thereto.

SEC. 9. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land and naval forces pursuant to this act, and except as hereinafter provided, the provisions of such act of March 18, 1918, shall be effective for such purposes.

(b) For the purposes of this section—

(1) the following provisions of such act of March 8, 1918, shall be inoperative: Section 100; and paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

(2) the term "persons in military service," when used in such act, shall be deemed to include persons inducted into the land or naval forces pursuant to this act;

(3) the term "period of military service," when used in such act, when applicable with respect to any person inducted into the land or naval forces pursuant to this act, shall be deemed to mean the period beginning with the date on which such person is so inducted and ending with date of his discharge;

(4) The induction of any person into the land or naval services of the United States shall not be deemed to be complete until his physical and mental fitness for military or naval service shall have been satisfactorily determined and the required oath shall be administered only after such determination. At the time of discharge, each person inducted into service under the provisions of this act shall be given a certificate showing any illness, injury, or disease suffered by him while in such service.

(5) Article III of the act of March 8, 1918, chapter 20, United States Statutes at Large, entitled "Rent, Installment Contracts, Mortgages," is amended by the addition of a new section to be known as section 303, as follows:

"SEC. 303. Nothing contained in section 301 shall prevent the termination or cancelation of contracts by mutual agreement of the parties thereto, or their assignees, executed in writing, nor the repossession of property pursuant to such agreement."

(c) Any member of any reserve component of the land or naval forces who is on active duty, and any person inducted into the land or naval forces under this act who, in the judgment of those in authority over him, satisfactorily completes the service required under this act shall be entitled to a certificate to that effect upon the completion of such service, which shall include a record of any special proficiency or merit attained.

(d) In the case of any such person who has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within 40 days after he is relieved from such service—

(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

(C) if such position was in the employ of any State of political subdivision thereof it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

(e) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered during the period of service in such forces as on furlough or leave of absence; and shall be so restored without loss of seniority; and shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time of being inducted into such forces; and shall not be discharged from such position without cause within 1 year after such restoration.

(f) In case any private employer fails or refuses to comply with the provisions of subsection (d) or subsection (e), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions and as an incident thereto to compensate such person for any loss of wages or benefits suffered by reason of such unlawful action: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of persons who have satisfactorily completed their service under this act, and to aid such persons in finding employment elsewhere if such replacement in their former positions is impossible or unreasonable.

(h) Any person inducted into the land or naval forces for training and service under this act shall, during the period of such training and service, be permitted to vote in any general, special, or primary election occurring in the State of which he is a resident, if under the laws of such State he is entitled to vote in such election even though he is outside of such State at the time of such election.

(i) It is the expressed policy of this Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this act that such vacancy shall not be filled by any person who is not a citizen of the United States or who is a member of the Communist Party or the German-American Bund.

SEC. 10. Any person charged as herein provided with the duty of carrying into effect any of the provisions of this act, or the regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said act, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this act, or regulations or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this act, or of said regulations or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this act or regulations made in pursuance of this act, or any person or persons who shall hinder or interfere in any way by force or violence with the administration of this act or the regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. In cases of persons subject to this act who fail to report for duty in the land or naval forces as ordered, military and naval courts martial shall have concurrent jurisdiction of offenses arising out of such failure. Precedence shall be given by courts to the trial of cases arising under this act.

SEC. 11. (a) The President is authorized—

(1) to prescribe the necessary regulations to carry this act into effect;

(2) to create and establish a selective service system, and shall provide for the classification of registrants on the basis of availability for training and service and shall establish civilian local

boards and such other civilian agencies, including appeal boards and agencies of appeal as may be necessary to carry out the provisions of this act. There shall be created one or more local boards in each county or political subdivisions corresponding thereto of each State, Territory, the District of Columbia, and the possessions of the United States. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials, none of which local board members shall be members of the armed forces, and each member must be a civilian and a citizen of the United States residing in the subdivision or area in which the respective local board will have jurisdiction under the rules and regulations prescribed by the President. Such local boards shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized all questions of exemption or deferment from training and service under this act and all questions of or claims for inclusion for training or exemption or deferment from training and service of all individuals within the jurisdiction of such local boards under the rules and regulations prescribed by the President. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. The appeal boards and agencies of appeal shall be created within the selective service system and persons comprising such appeal boards and such agencies shall be civilians and citizens of the United States. No person who is an officer, member, agent, or employee of the selective service system or of the local or appeal boards or other agencies provided for in this act or any regulations pursuant thereto, shall be exempt from registration, or deferred if qualified and eligible, from training and service as provided for in this act;

(3) to appoint, upon the recommendation of the Secretary of War, by and with the advice and consent of the Senate, and fix the compensation of a director of selective service, who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this act;

(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this act; and

(5) to purchase such printing, binding, and blank-book work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the selective service system as may be necessary in his discretion to carry out the provisions of this act, with or without advertisements or formal contract.

The Chief of Finance, United States Army is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this act.

(b) All officers and agents and persons designated or appointed by the President or under regulations prescribed by him shall have full authority for all acts performed by them in the execution of this act by the direction of the President. In the administration of this act voluntary services may be accepted. Correspondence necessary in the execution of this act may be carried in official penalty envelopes.

SEC. 12. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years and a fine not exceeding $50,000.

The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, saftey, security, and employment standards of the employees in such plant.

The first and second provisos in section 8 (b) of the act entitled "An act to expedite national defense, and for other purposes," approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

SEC. 13. (a) Every person shall be deemed to have notice of the requirements of this act upon publication by the President of a proclamation or other public notice requiring registration.

(b) If any section, subsection, sentence, clause, or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this act.

SEC. 14. When used in this act, the following phrases shall have the following meanings:

(a) The phrase "between the ages of twenty-one and forty-five" shall include men who have reached the twenty-first anniversary of the day of their birth and who have not reached the forty-fifth anniversary of the day of their birth; and other phrases designating different age groups shall be construed in the same manner.

(b) The phrase "United States and its possessions" shall be deemed to include the several States, the District of Columbia, the Territories, and the possessions of the United States, except the Phillipine Islands.

(c) "Dependent" of a person registered under the provisions of this act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

SEC. 15. Except as herein provided, all laws and parts of laws in conflict with the provisions of this act are hereby suspended for the period in which this act shall be in force.

SEC. 16. This act may be cited as the "Selective Training and Service Act of 1940."

SEC. 17. This act shall take effect immediately. All the provisions of this act shall become inoperative on and after May 15, 1945, except as to the provisions of section 3 (c), and except as to violations of this act, unless continued in effect by the Congress.

SEC. 18. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

Mr. SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SHORT. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Missouri rise?

Mr. SHORT. Mr. Speaker, I offer a motion to recommit which is at the Clerk's desk.

The SPEAKER. Is the gentleman a member of the committee?

Mr. SHORT. I am, sir.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SHORT. Most emphatically.

The SPEAKER. The gentleman qualifies, and the Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SHORT moves to recommit the bill to the Committee on Military Affairs with instructions to that committee to report the bill back forthwith with the following amendments: On page 32, line 10, after the word "board", insert the following: "shall be bipartisan and"; and on page 33, line 3, after the word "President", strike out the remainder of line 2, all of lines 3 to 8, inclusive, and the words "United States" on line 9, and insert the following: "There shall be created in each State one or more appeal boards to which appeals may be taken from decisions of local boards in accordance with such rules and regulations as the President may prescribe. Such appeal boards shall be bipartisan and shall be appointed in the same manner and possess the same qualifications provided for members of local boards;"

and on page 36, line 5, strike out "May 15, 1945," and insert "October 1, 1942, except as to men already inducted into service and."

Mr. MAY. Mr. Speaker, on that motion I move the previous question.

The previous question was ordered.

Mr. ANDERSON of Missouri. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Missouri rise?

Mr. ANDERSON of Missouri. Mr. Speaker, as a member of the committee on the majority side, I have a motion to recommit, also.

The SPEAKER. Under the rules, there is only permitted one motion to recommit, and the minority side under the universal practice has the right to be recognized on such motion.

Mr. SHORT. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

The question was taken; and there were—yeas 171, nays 241, not voting 17, as follows:

[Roll No. 212]

YEAS—171

Alexander	Fenton	Knutson	Rutherford
Allen, Ill.	Fish	Kunkel	Ryan
Andersen, H. Carl	Fries	Lambertson	Sandager
Anderson, Calif.	Gartner	Landis	Schafer, Wis.
Anderson, Mo.	Gehrmann	Leavy	Schiffler
Andresen, A. H.	Geyer, Calif.	LeCompte	Seccombe
Angell	Gifford	Lemke	Secrest
Arends	Gilchrist	Lesinski	Shafer, Mich.
Bates, Mass.	Gillie	Lewis, Ohio	Short
Bender	Goodwin	Luce	Simpson
Blackney	Graham	McAndrews	Smith, Maine
Bolles	Grant, Ind.	McArdle	Smith, Ohio
Bolton	Gross	McDowell	Smith, Wash.
Bradley, Mich.	Guyer, Kans.	McGregor	Springer
Brewster	Gwynne	McLean	Stefan
Brown, Ohio	Hall, Edwin A.	McLeod	Sumner, Ill.
Buckler, Minn.	Halleck	Maas	Sweeney
Burdick	Harness	Magnuson	Sweet
Carlson	Harter, N. Y.	Marcantonio	Taber
Carter	Hartley	Marshall	Talle
Case, S. Dak.	Hawks	Martin, Iowa	Tenerowicz
Chiperfield	Hess	Martin, Mass.	Thill
Church	Hill	Mason	Thomas, N. J.
Clason	Hinshaw	Michener	Thorkelson
Clevenger	Hoffman	Miller	Tibbott
Coffee, Nebr.	Holmes	Mott	Tinkham
Coffee, Wash.	Hope	Mundt	Tolan
Cole, N. Y.	Horton	Murdock, Ariz.	Treadway
Corbett	Hull	Murray	Van Zandt
Crawford	Hunter	Oliver	Voorhis, Calif.
Crosser	Jarrett	Osmers	Vorys, Ohio
Crowther	Jeffries	Pittenger	Welch
Culkin	Jenkins, Ohio	Powers	Wheat
Curtis	Jennings	Rabaut	White, Ohio
Ditter	Jensen	Reece, Tenn.	Wigglesworth
Dondero	Johns	Reed, Ill.	Williams, Del.
Douglas	Johnson, Ill.	Reed, N. Y.	Winter
Dworshak	Johnson, Ind.	Rees, Kans.	Wolcott
Eaton	Jones, Ohio	Rich	Wolfenden, Pa.
Elston	Jonkman	Robsion, Ky.	Wolverton, N. J.
Engel	Kean	Rockefeller	Woodruff, Mich.
Englebright	Keefe	Rodgers, Pa.	Youngdahl
Evans	Kinzer	Routzohn	

NAYS—241

Allen, La.	Burgin	D'Alesandro	Ford, Miss.
Allen, Pa.	Byrne, N. Y.	Darden, Va.	Ford, Thomas F.
Andrews	Byrns, Tenn.	Davis	Fulmer
Austin	Byron	Delaney	Gamble
Ball	Camp	DeRouen	Gathings
Barden, N. C.	Cannon, Fla.	Dickstein	Gavagan
Barnes	Cannon, Mo.	Dingell	Gearhart
Barry	Cartwright	Disney	Gerlach
Barton, N. Y.	Casey, Mass.	Doughton	Gore
Bates, Ky.	Celler	Doxey	Gossett
Beam	Clark	Drewry	Grant, Ala.
Beckworth	Claypool	Duncan	Green
Bell	Cluett	Dunn	Gregory
Bland	Cochran	Durham	Griffith
Bloom	Cole, Md.	Eberharter	Hall, Leonard W.
Boehne	Colmer	Edelstein	Hancock
Boland	Connery	Edmiston	Hare
Boren	Cooley	Elliott	Harrington
Boykin	Cooper	Faddis	Hart
Bradley, Pa.	Costello	Fay	Harter, Ohio
Brooks	Courtney	Ferguson	Havenner
Brown, Ga.	Cox	Fitzpatrick	Healey
Bryson	Cravens	Flaherty	Hendricks
Buck	Creal	Flannagan	Hennings
Buckley, N. Y.	Crowe	Flannery	Hobbs
Bulwinkle	Cullen	Folger	Hook
Burch	Cummings	Ford, Leland M.	Houston
Izac	McKeough	Pearson	Snyder
Jacobsen	McLaughlin	Peterson, Fla.	Somers, N. Y.
Jarman	McMillan, Clara	Peterson, Ga.	South
Jenks, N. H.	McMillan, John L.	Pfeifer	Sparkman
Johnson, Luther A.	Maciejewski	Pierce	Spence
Johnson, Lyndon	Mahon	Plumley	Starnes, Ala.
Johnson, Okla.	Maloney	Poage	Steagall
Johnson, W. Va.	Mansfield	Polk	Stearns, N. H.
Jones, Tex.	Martin, Ill.	Ramspeck	Sullivan
Kee	Massingale	Randolph	Sumners, Tex.
Kefauver	May	Rankin	Tarver
Keller	Merritt	Rayburn	Taylor
Kelly	Mills, Ark.	Richards	Terry
Kennedy, Martin	Mills, La.	Robertson	Thomas, Tex.
Kennedy, Md.	Mitchell	Robinson, Utah	Thomason
Kennedy, Michael	Monkiewicz	Rogers, Mass.	Vincent, Ky.
Keogh	Monroney	Rogers, Okla.	Vinson, Ga.
Kerr	Moser	Romjue	Vreeland
Kilburn	Mouton	Sabath	Wadsworth
Kilday	Myers	Sacks	Walter
Kirwan	Nelson	Sasscer	Ward
Kitchens	Nichols	Satterfield	Warren
Kleberg	Norrell	Schuetz	Weaver
Kocialkowski	Norton	Schulte	West
Kramer	O'Brien	Schwert	Whelchel
Lanham	O'Connor	Scrugham	White, Idaho
Larrabee	O'Leary	Shanley	Whittington
Lea	O'Neal	Shannon	Williams, Mo.
Lewis, Colo.	O'Toole	Sheppard	Wood
Ludlow	Pace	Sheridan	Woodrum, Va.
Lynch	Parsons	Smith, Conn.	Zimmerman
McCormack	Patman	Smith, Ill.	
McGehee	Patrick	Smith, Va.	
McGranery	Patton	Smith, W. Va.	

NOT VOTING—17

Arnold	Dempsey	Garrett	Sutphin
Caldwell	Dies	Murdock, Utah	Wallgren
Chapman	Dirksen	O'Day	
Collins	Ellis	Risk	
Darrow	Fernandez	Schaefer, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

General pairs:

Mr. Dempsey with Mr. Darrow.
Mr. Garrett with Mr. Risk.
Mr. Fernandez with Mr. Sutphin.
Mr. Wallgren with Mrs. O'Day.
Mr. Murdock of Utah with Mr. Chapman.
Mr. Collins with Mr. Schaefer of Illinois.
Mr. Dies with Mr. Ellis.
Mr. Caldwell with Mr. Dirksen.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MAY. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 263, nays 149, answered "present" 1, not voting 16, as follows:

[Roll No. 213]

YEAS—263

Allen, La.	Cartwright	Eaton	Harrington
Allen, Pa.	Casey, Mass.	Eberharter	Hart
Anderson, Calif.	Celler	Edelstein	Harter, N. Y.
Andrews	Clark	Edmiston	Harter, Ohio
Austin	Clason	Elliott	Havenner
Ball	Claypool	Englebright	Healey
Barden, N. C.	Cluett	Faddis	Hendricks
Barnes	Cole, Md.	Fay	Hennings
Barry	Cole, N. Y.	Fenton	Hobbs
Barton, N. Y.	Colmer	Ferguson	Holmes
Bates, Ky.	Connery	Fish	Horton
Bates, Mass.	Cooley	Fitzpatrick	Houston
Beam	Cooper	Flaherty	Izac
Beckworth	Costello	Flannagan	Jarman
Bell	Courtney	Flannery	Jenks, N. H.
Bland	Cox	Folger	Johnson, Luther A.
Bloom	Cravens	Ford, Leland M.	Johnson, Lyndon
Boland	Creal	Ford, Miss.	Johnson, Okla.
Boren	Crowe	Ford, Thomas F.	Johnson, W. Va.
Boykin	Culkin	Fulmer	Jones, Tex.
Bradley, Pa.	Cullen	Gamble	Kean
Brewster	Cummings	Gathings	Kee
Brooks	D'Alesandro	Gavagan	Kefauver
Brown, Ga.	Darden, Va.	Gearhart	Keller
Bryson	Davis	Gerlach	Kelly
Buck	Delaney	Gifford	Kennedy, Martin
Buckley, N. Y.	DeRouen	Gore	Kennedy, Md.
Bulwinkle	Dickstein	Gossett	Kennedy, Michael
Burch	Disney	Grant, Ala.	Keogh
Burgin	Ditter	Green	Kerr
Byrne, N. Y.	Doughton	Gregory	Kilburn
Byrns, Tenn.	Doxey	Griffith	Kilday
Byron	Drewry	Hall, Edwin A.	Kirwan
Camp	Duncan	Hall, Leonard W.	Kitchens
Cannon, Fla.	Dunn	Hancock	Kleberg
Cannon, Mo.	Durham	Hare	Kocialkowski

Kramer	Monroney	Rankin	Starnes, Ala.
Lanham	Moser	Rayburn	Steagall
Larrabee	Mott	Richards	Stearns, N. H.
Lea	Mouton	Robertson	Sullivan
Leavy	Murdock, Ariz.	Robinson, Utah	Sumners, Tex.
Lewis, Colo.	Myers	Rogers, Mass.	Taber
Luce	Nelson	Rogers, Okla.	Tarver
Lynch	Nichols	Romjue	Taylor
McCormack	Norrell	Rutherford	Terry
McGehee	Norton	Sabath	Thomas, N. J.
McGranery	O'Brien	Sacks	Thomas, Tex.
McKeough	O'Leary	Sandager	Thomason
McLaughlin	O'Neal	Sasscer	Treadway
McLean	Osmers	Satterfield	Vincent, Ky.
McMillan, Clara	O'Toole	Schuetz	Vinson, Ga.
McMillan, John L.	Pace	Schwert	Voorhis, Calif.
Maas	Parsons	Scrugham	Vreeland
Maciejewski	Patman	Sheppard	Wadsworth
Mahon	Patrick	Sheridan	Walter
Maloney	Patton	Simpson	Ward
Mansfield	Pearson	Smith, Conn.	Warren
Martin, Ill.	Peterson, Fla.	Smith, Ill.	Weaver
Martin, Mass.	Peterson, Ga.	Smith, Maine	West
Massingale	Pfeifer	Smith, Va.	Whelchel
May	Pierce	Smith, W. Va.	Whittington
Merritt	Plumley	Snyder	Wigglesworth
Mills, Ark.	Poage	Somers, N. Y.	Williams, Mo.
Mills, La.	Powers	South	Woodrum, Va.
Mitchell	Ramspeck	Sparkman	Zimmerman
Monkiewicz	Randolph	Spence	

NAYS—149

Alexander	Fries	Kunkel	Schiffler
Allen, Ill.	Gartner	Lambertson	Schulte
Andersen, H. Carl	Gehrmann	Landis	Seccombe
Anderson, Mo.	Geyer, Calif.	LeCompte	Secrest
Andresen, A. H.	Gilchrist	Lemke	Shafer, Mich.
Angell	Gillie	Lesinski	Shanley
Arends	Goodwin	Lewis, Ohio	Shannon
Bender	Graham	Ludlow	Short
Blackney	Grant, Ind.	McAndrews	Smith, Ohio
Boehne	Gross	McArdle	Smith, Wash.
Bolles	Guyer, Kans.	McDowell	Springer
Bolton	Gwynne	McGregor	Stefan
Bradley, Mich.	Halleck	McLeod	Sumner, Ill.
Brown, Ohio	Harness	Magnuson	Sweeney
Buckler, Minn.	Hartley	Marcantonio	Sweet
Burdick	Hawks	Marshall	Talle
Carlson	Hess	Martin, Iowa	Tenerowicz
Carter	Hill	Mason	Thill
Case, S. Dak.	Hinshaw	Michener	Tibbott
Chiperfield	Hoffman	Miller	Tinkham
Church	Hook	Mundt	Tolan
Clevenger	Hope	Murray	Van Zandt
Cochran	Hull	O'Connor	Vorys, Ohio
Coffee, Nebr.	Hunter	Oliver	Welch
Coffee, Wash.	Jacobsen	Pittenger	Wheat
Corbett	Jarrett	Polk	White, Idaho
Crawford	Jeffries	Rabaut	White, Ohio
Crosser	Jenkins, Ohio	Reece, Tenn.	Williams, Del.
Crowther	Jennings	Reed, Ill.	Winter
Curtis	Jensen	Reed, N. Y.	Wolcott
Dingell	Johns	Rees, Kans.	Wolfenden, Pa.
Dirksen	Johnson, Ill.	Rich	Wolverton, N. J.
Dondero	Johnson, Ind.	Robsion, Ky.	Wood
Douglas	Jones, Ohio	Rockefeller	Woodruff, Mich.
Dworshak	Jonkman	Rodgers, Pa.	Youngdahl
Elston	Keefe	Routzohn	
Engel	Kinzer	Ryan	
Evans	Knutson	Schafer, Wis.	

ANSWERED "PRESENT"—1

Thorkelson

NOT VOTING—16

Arnold	Darrow	Fernandez	Risk
Caldwell	Dempsey	Garrett	Schaefer, Ill.
Chapman	Dies	Murdock, Utah	Sutphin
Collins	Ellis	O'Day	Wallgren

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Wallgren (for) with Mrs. O'Day (against).
Mr. Dies (for) with Mr. Thorkelson (against).

General pairs:

Mr. Dempsey with Mr. Darrow.
Mr. Garrett with Mr. Risk.
Mr. Fernandez with Mr. Sutphin.
Mr. Murdock of Utah with Mr. Chapman.
Mr. Collins with Mr. Schaefer of Illinois.
Mr. Ellis with Mr. Caldwell.

Mr. THORKELSON. Mr. Speaker, I have a pair with the gentleman from Texas, Mr. DIES. If he were present, he would have voted "aye." I voted "no." I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

On motion by Mr. MAY, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. MAY. Mr. Speaker, pursuant to House Resolution 586, I call up the bill (S. 4164) an act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and I move to strike out all after the enacting clause of said bill and insert the provisions of the bill H. R. 10132.

The SPEAKER. The question is on the motion of the gentleman from Kentucky [Mr. MAY].

Mr. MARCANTONIO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARCANTONIO. Does that preserve the amendments that were adopted today in the House?

The SPEAKER. This includes all amendments adopted in the House.

The question is on the motion of the gentleman from Kentucky [Mr. MAY].

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

The SPEAKER. Without objection, the vote whereby the bill (H. R. 10132) was passed will be vacated, and the bill will be laid on the table.

There was no objection.

Mr. MAY. Mr. Speaker, I move that the House insist upon its amendment to the bill (S. 4164) and request a conference with the Senate.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Mr. MAY, Mr. THOMASON, Mr. HARTER of Ohio, Mr. ANDREWS, and Mr. SHORT.

Mr. MAY. Mr. Speaker, I would like to make a very brief statement for the benefit of a number of Members who have spoken to me.

The SPEAKER. Without objection, the gentleman is recognized for 1 minute.

Mr. MAY. Mr. Speaker, it is hoped that the conferees on this bill may be back to the House with a conference report by next Wednesday; not later than Thursday, in any event. Some gentlemen wanted to know about that.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MAY. Mr. Speaker, if it has not already been done, I now ask unanimous consent that all Members of the House may have 5 legislative days in which to revise and extend their own remarks on this bill.

The SPEAKER. Without objection, the request is agreed to.

There was no objection.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include certain excerpts.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

By unanimous consent Mr. MOSER, Mr. CROSSER, Mr. LUDLOW, and Mr. ENGEL were given permission to extend their own remarks in the RECORD.

LEAVE OF ABSENCE

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to be absent indefinitely, on account of business.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. DINGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. THILL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short newspaper article.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole today and to include therein certain extraneous matter.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a table of farm imports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TO PROHIBIT TRANSPORTATION OF CONVICT-MADE GOODS IN INTERSTATE AND FOREIGN COMMERCE

Mr. SUMNERS of Texas submitted a conference report and statement on the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce for printing under the rule.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. SUTPHIN, indefinitely, on account of illness.

ORDER OF BUSINESS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, for the purpose of asking the gentleman from Texas a question.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MICHENER. Will the gentleman from Texas kindly state what the program is for next week?

Mr. RAYBURN. Monday is District day, and I understand the Committee on the District of Columbia will probably bring up a reorganization bill. If that is disposed of, the Committee on Naval Affairs has three small bills which they expect to get up by unanimous consent.

On Tuesday the so-called naval-housing bill carrying, I think, a $150,000,000 authorization will be considered.

Wednesday we plan to take up the bill providing for the codification of the naturalization laws.

As stated by the gentleman from Kentucky [Mr. MAY], the conference report on the selective-service bill may be filed on Wednesday to be taken up Thursday, but I will make this statement, Mr. Speaker, that when the conference report is filed I think it is only fair to give 24 hours' notice before it is called up.

That is the program as far as I know it.

Mr. MICHENER. I thank the gentleman.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

S. 4272. An act to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 10263. An act making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 4 minutes p. m.) the House adjourned until Monday, September 9, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1932. A letter from the Acting Secretary of the Interior transmitting a draft of a proposed bill to facilitate the disclosure of outstanding settlement claims on the public domain; to the Committee on the Public Lands.

1933. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Department of Labor for the fiscal year 1941, amounting to $300,000 (H. Doc. No. 946); to the Committee on Appropriations, and ordered to be printed.

1934. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Office of Education, Federal Security Agency, for the fiscal year 1941, amounting to $719,500 (H. Doc. No. 947); to the Committee on Appropriations, and ordered to be printed.

1935. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Commerce for the fiscal year 1941, amounting to $23,320 (H. Doc. No. 948); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DARDEN of Virginia: Committee on Naval Affairs. H. R. 10406. A bill to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes; with amendment (Rept. No. 2930). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'LEARY: Committee on Merchant Marine and Fisheries. H. R. 9581. A bill to amend the Merchant Marine Act, 1936, as amended; with amendment (Rept. No. 2931). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN of Virginia: Committee on Naval Affairs. S. 4165. An act to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building; with amendment (Rept. No. 2932). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COSTELLO: Committee on Military Affairs. H. R. 8705. A bill for the relief of Howard Mondt; without amendment (Rept. No. 2929). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MOSER:

H. R. 10483. A bill to prohibit the advocacy of changes in the Government of the United States otherwise than as provided by the Constitution; to the Committee on the Judiciary.

By Mr. McCORMACK:

H. R. 10484. A bill relating to the qualifications of applicants for appointment as medical officer in the military or naval forces; to the Committee on Military Affairs.

By Mr. GREEN:

H. R. 10485. A bill to amend the act approved August 24, 1935, authorizing the Secretary of the Navy to accept without cost to the United States certain land in Duval County, State of Florida; to the Committee on Naval Affairs.

By Mr. SMITH of Washington:

H. R. 10487. A bill to grant to the city of Vancouver, Wash., road rights-of-way and a retrocession of jurisdiction thereover; to the Committee on Military Affairs.

By Mr. WALTER:

H. J. Res. 603. Joint resolution to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. JEFFRIES introduced a bill (H. R. 10486) for the relief of Walter C. Holmes, which was referred to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9276. By Mr. ANGELL: Petition of sundry citizens of Oregon, protesting against military conscription; to the Committee on Military Affairs.

9277. By Mr. GREGORY: Petition of Sam Easley, commander of American Legion Post, No. 26, of Mayfield, Ky., and Mrs. Harold J. Lewis, president, American Legion Auxiliary, of Mayfield, Ky., favoring material aid to the Allies; to the Committee on Military Affairs.

9278. By Mr. VINCENT of Kentucky: Resolution of Colonel H. E. Whitledge Chapter, No. 9, Disabled American Veterans of the World War, of Outwood, Ky., urging the United States to immediately supply Great Britain with every available destroyer, submarine, and airplane, and all necessary food, etc.; to the Committee on Military Affairs.

SENATE

MONDAY, SEPTEMBER 9, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Lord of our life, our Creator and Redeemer, before whom we bow in reverent adoration: We thank Thee for this new day, for its long hours waiting to be filled with helpful labor, but especially for its open door of opportunity to serve Thee and our beloved country. Let us not break faith with our promises of other days, nor be content until we have righted all the wrongs of yesterday. Do Thou meet and speak with us today in the secret chamber of our hearts, that we may cast aside all selfish and unworthy thoughts, all malice toward our fellow men, all hesitancy in surrendering our wills to Thine.

To Thy loving guardianship, O Holy Father, we commend our President and all who share with him the heavy responsibilities of government in these days of gravest import. Rebuke the madness that is in the world because of war, and restrain all those who are engaged therein from needless cruelties and frightfulness. Do Thou look with mercy upon all who suffer, all who are bereaved, for Thou alone art the Refuge of the broken-hearted, the Deliverer of the oppressed, the Companion of the brave, and the everlasting Hope of all mankind; and so we humbly beg of Thee give peace, O God, give peace again. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, September 6, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Calloway, one of its reading clerks, announced that the House had passed the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, with an amendment; that the House insisted upon its amendment to the bill, asked a conference with the Senate thereon, and that Mr. MAY, Mr. THOMASON, Mr. HARTER of Ohio, Mr. ANDREWS, and Mr. SHORT were appointed managers on the part of the House at the conference.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Schwartz
Andrews	Downey	Lee	Schwellenbach
Ashurst	Ellender	Lodge	Sheppard
Austin	George	McCarran	Stewart
Bailey	Gerry	McKellar	Taft
Barbour	Gibson	Maloney	Thomas, Idaho
Barkley	Gillette	Mead	Thomas, Okla.
Bilbo	Green	Miller	Thomas, Utah
Brown	Guffey	Minton	Townsend
Bulow	Gurney	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Herring	Overton	Wheeler
Clark, Idaho	Hill	Pittman	White
Clark, Mo.	Hughes	Radcliffe	Wiley
Connally	Johnson, Calif.	Reed	
Danaher	Johnson, Colo.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from Oregon [Mr. MCNARY], the Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present.

ENROLLED BILLS SIGNED DURING RECESS

Under authority of the order of the 6th instant,

The PRESIDENT pro tempore announced that during the recess of the Senate he affixed his signature to the following enrolled bills, which had been signed previously by the Speaker of the House of Representatives:

On September 6, 1940:

H. R. 10263. An act making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes.

On September 7, 1940:

S. 4272. An act to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

THE LATE SENATOR LUNDEEN: CONDOLENCES

The PRESIDENT pro tempore laid before the Senate a letter from the Chief of Protocol, Department of State, enclosing copy of a note, dated the 3d instant, from the Soviet Ambassador in Washington, expressing his condolences on the tragic death of Hon. Ernest Lundeen, late a Senator from

the State of Minnesota, which, with the accompanying papers, was ordered to lie on the table.

OUTSTANDING SETTLEMENT CLAIMS ON THE PUBLIC DOMAIN

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to facilitate the disclosure of outstanding settlement claims on the public domain, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

ADMINISTRATION OF OATHS, AFFIRMATIONS, OR AFFIDAVITS IN THE ENFORCEMENT OF LAW

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of Agriculture, transmitting drafts of proposed legislation to authorize and empower certain officers, employees, and agents of the United States to administer and take oaths, affirmations, and affidavits in certain cases, and to amend the act entitled "An act to empower certain officers, agents, or employees of the Department of Agriculture to administer and take oaths, affirmations, and affidavits in certain cases, and for other purposes," approved January 31, 1925, which, with the accompany papers, was referred to the Committee on Agriculture and Forestry.

EXPENSES OF ST. ELIZABETHS HOSPITAL

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator of the Federal Security Agency, transmitting, pursuant to law, a report of the superintendent of St. Elizabeths Hospital, listing the detailed expenses of that institution for the fiscal year 1940, which, with the accompanying report, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a resolution of the American Legion, Department of the District of Columbia, favoring the enactment of pending legislation to establish a division of aviation education within the United States Office of Education, Federal Security Agency, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of the board of directors of the Mobile (Ala.) Chamber of Commerce, favoring the enactment of the so-called Smith bill, to amend the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of the Forty-fourth Annual Convention of the Allied Printing Trades Council of New York State, assembled at Syracuse, N. Y., favoring the enactment of legislation to enable widows and children of deceased veteran-members of the allied printing trades unions and other labor unions to receive the $100 burial allowance, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by a mass meeting held under the auspices of the American Legion, Department of Mississippi, at Jackson, Miss., favoring the preservation of liberty and the American way of life, and also the taking of prompt measures for the national defense, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution of the executive committee of Local No. 1, United American Federal Workers of America, Works Progress Administration Union (C. I. O.), of Washington, D. C., protesting against the enactment of selective compulsory military training legislation in peacetime, which was ordered to lie on the table.

Mr. TYDINGS presented a petition of sundry citizens of the State of Maryland and Washington, D. C., praying for enactment of adequate measures for the national defense and the suppression of subversive activities, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (H. R. 10267) to authorize the Administrator of Veterans' Affairs to grant an easement in a small strip of land at Veterans' Administration facility, Los Angeles, Calif., to the county of Los Angeles, Calif., for sidewalk purposes, reported it without amendment and submitted a report (No. 2086) thereon.

Mr. HARRISON, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 467) to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President-elect in January 1941, reported it with amendments and submitted a report (No. 2087) thereon.

Mr. SCHWELLENBACH, from the Committee on Immigration, to which was referred the bill (S. 4227) for the relief of Herbert Zucker, Emma Zucker, Hanni Zucker, Dorrit Claire Zucker, and Martha Hirsch, reported it without amendment and submitted a report (No. 2088) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3907. A bill to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes (Rept. No. 2089);

H. R. 2728. A bill to add certain lands to the Cleveland National Forest in Orange County, Calif. (Rept. No. 2090);

H. R. 9942. A bill authorizing the Secretary of the Interior to issue to Henry W. Shurlds and W. H. White a patent to certain lands in the State of Mississippi (Rept. No. 2091);

H. R. 9943. A bill authorizing the Secretary of the Interior to issue to Ruth Gainey Branscome a patent to certain lands in the State of Mississippi (Rept. No. 2092); and

H. R. 10176. A bill authorizing the Secretary of the Interior to issue patents for lands held under color of title (Rept. No. 2093).

He also, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

S. 3172. A bill to provide for the extension of certain oil- and gas-producing permits (Rept. No. 2094); and

H. R. 8448. A bill to provide for the extension of certain oil- and gas-prospecting permits (Rept. No. 2095).

Mr. ANDREWS, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 8353) to change the designation of the Fort Marion National Monument, in the State of Florida, and for other purposes, reported it without amendment and submitted a report (No. 2096) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (H. R. 10339) to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes, reported it with amendments and submitted a report (No. 2097) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 4297) to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, reported it with amendments and submitted a report (No. 2098) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HARRISON:

S. 4333. A bill for the relief of Richard P. Tell; to the Committee on Military Affairs.

By Mr. ANDREWS:

S. 4334. A bill to amend section 5278 of the Revised Statutes, as amended; to the Committee on the Judiciary.

INVESTIGATION OF CONDITIONS IN COMMERCE AFFECTING NATIONAL DEFENSE

Mr. WHEELER. Mr. President, I ask consent to submit a resolution to investigate conditions in interstate and foreign commerce which may or do delay, interfere with, or obstruct the national defense. I request that the resolution be referred to the Committee on Interstate Commerce; and while

I shall not ask the clerk to read it, I will ask that it be printed in the RECORD.

There being no objection, the resolution (S. Res. 309) was received and referred to the Committee on Interstate Commerce, as follows:

Whereas authentic reports indicate that German and other foreign corporations enjoy a measure of control over some of our most important defense industries; and

Whereas an American corporation which supplies glass for instruments and weapons for the Army and Navy has been shown to have close relations with a German concern involving disclosure of secret processes; and

Whereas one of the most important metals, invaluable in the manufacture of airplanes, is controlled by a corporation half of whose stock is reliably reported to be owned by the German Chemical Trust; and

Whereas information has come to hand that some large concerns important to national defense have deferred national interests to monetary considerations by giving preference to foreign munitions orders; and

Whereas national defense, with which the American people are vitally concerned, demands the elimination of any such abuses and foreign controls which are contrary to our national interests:

Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make, and to report to the Senate the results of a thorough and complete investigation of acts, practices, methods, and omissions to act, by persons, partnerships, associations, corporations, other entities, and foreign governments, in interstate or foreign commerce, and of conditions of interstate or foreign commerce, which may or do delay, interfere with, or obstruct the national defense, including, among other things:

(1) Part or entire ownership by stock or otherwise of, influence in, control of, and power over, domestic business and production related to national defense, by any foreign person, partnership, association, corporation, foreign government, or agents or instrumentalities thereof, or other entity.

(2) Pooling arrangements or other contracts or agreements between any one or more of the foregoing, and any American person, partnership, association, corporation, or other entity, for interchange of business or trade secrets or other information, for interchange of patents or processes or patent rights, for allocation of sales or places of doing business or production, for restriction of production, or for fixing of prices.

(3) Sale, directly or indirectly, in or for foreign commerce, of materials or products, whether raw, semifinished or finished, used or usable in war industries or war activities or preparations by any foreign person, partnership, association, corporation, or other entity.

(4) Financial arrangements and demands therefor with respect to profits, taxes, or other matters, affecting national defense.

(5) Restraints of trade by foreign or domestic persons, partnerships, associations, corporations, or other entities, whether through monopolies or otherwise, affecting national defense.

The Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to obtain such facts as other Government agencies may have, and to secure the assistance of other Government agencies in the investigation hereby authorized.

For the purposes of this resolution the committee or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, either in the District of Columbia or elsewhere, during the sessions, recesses, and adjournaled periods of the Senate in the Seventy-sixth and subsequent Congresses, to employ such experts, and clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production and impounding of such books, papers, and documents, to administer such oaths, and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of the committee, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

Mr. NEELY submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"That whoever shall knowingly transport or knowingly cause to be transported in interstate commerce, in any manner or by any means whatsoever, or aid or assist, knowingly, in obtaining transportation for or in transporting any goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convicts or prisoners (except convicts or prisoners on parole or probation) or in any penal or reformatory institution, from one State, Territory Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, or from any foreign country, into any State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment of not more than one year, or both: *Provided*, That nothing herein shall apply to commodities manufactured in Federal or District of Columbia penal and correctional institutions for use by the Federal Government or to commodities manufactured in any State penal or correctional institution for use by any other State, or States, or political subdivisions thereof; to parts for the repair of farm machinery; or to agricultural commodities: *Provided further*, That this Act shall go into effect one year after its approval by the President."

And the House agree to the same.

Amend the title so as to read: "An Act to make unlawful the transportation of convict-made goods in interstate commerce, and for other purposes."

And the House agree to the same.

PAT MCCARRAN,
M. M. NEELY,
Managers on the part of the Senate.
HATTON W. SUMNERS,
DAVE E. SATTERFIELD, Jr.,
C. E. HANCOCK,
Managers on the part of the House.

ADDRESS BY SENATOR HILL ON FREIGHT-RATE DISCRIMINATION

[Mr. HILL asked and obtained leave to have printed in the RECORD an address delivered by him at Atlanta, Ga., on March 29, 1940, before the Atlantic Traffic Bureau on the subject of freight-rate discriminations, which appears in the Appendix.]

ADDRESS BY HON. JOSEPHUS DANIELS AT TEXAS STATE CONVENTION OF AMERICAN LEGION

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD extracts from an address by Hon. Josephus Daniels, American Ambassador to Mexico, at the Texas State Convention of the American Legion, at Laredo, Tex., on Monday, August 19, 1940, which appears in the Appendix.]

REGULATION OF INTERSTATE CARRIERS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

The PRESIDENT pro tempore. The Chair desires to state the parliamentary situation.

At the last session, a unanimous-consent agreement was entered into providing that the Senate shall vote upon the points of order made by the senior Senator from Missouri [Mr. CLARK] to the conference report on Senate bill 2009 at or before 1 o'clock today. The question as presented will be as follows:

Are the points of order raised by the senior Senator from Missouri [Mr. CLARK] well taken? Those thinking they are well taken will vote "aye." Those holding the contrary view will vote "no."

SELECTIVE COMPULSORY MILITARY SERVICE

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, together with the message from the House, requesting a conference with the Senate thereon.

Mr. CLARK of Missouri. Mr. President, what is that bill? It is not the conscription bill, is it?

Mr. SHEPPARD. It is the selective-service bill.

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry: Can the consideration of this message from the House interrupt the consideration of the conference report?

The PRESIDENT pro tempore. It will not interrupt it, but it is in order. It is a privileged matter.

Mr. CLARK of Missouri. Does it displace the conference report now before the Senate?

The PRESIDENT pro tempore. It temporarily displaces it.

Mr. BARKLEY. The conference report will automatically come back before the Senate.

Mr. CLARK of Missouri. In view of the fact that there probably will be some discussion of a motion to instruct the conferees, and in view of the time limit which was placed on the consideration of the pending points of order, I suggest to the Senator from Texas that the consideration of the conscription bill be delayed until after the time limit fixed for the vote on the pending conference report.

Mr. SHEPPARD. Does the Senator intend to make a motion to instruct the conferees?

Mr. CLARK of Missouri. I understand that a motion may be made to concur in the House amendment; and, failing that, I intend to make a motion to instruct the conferees.

Mr. SHEPPARD. Is a motion to instruct the conferees in order when the bill first goes to conference?

Mr. CLARK of Missouri. That is the only time it is in order, as I understand.

The PRESIDENT pro tempore. That is true—after the request for a conference is granted, and before the conferees are appointed.

Mr. SHEPPARD. No Senator has made such a motion.

Mr. CLARK of Missouri. I was suggesting to the Senator from Texas that if he intends to press this matter at this time, of course it would completely prevent carrying into effect the unanimous-consent order.

Mr. SHEPPARD. Very well, Mr. President; the matter may go over for the present.

REGULATION OF INTERSTATE CARRIERS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House of Representatives to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes.

Mr. AUSTIN. Mr. President, I desire briefly to state my position with respect to the point of order. I shall vote against sustaining the point of order for the following reasons:

I am impressed, by considerable experience in the practice of law and observation of the practice by others, that a statute obtains a practical meaning and application through construction by the tribunals which deal with it. We have had some very remarkable instances of complete changes in the literal meaning of statutes by construction by the courts; for example, the changing of the antitrust laws by construction so that there was read into them the rule of reasonableness, which had not been enacted by Congress; and citizens and officers of government and others who act under such statutes are bound, as I view it, by the state of the jurisprudence at the time they act. If they act strictly according to the letter of the statute before it is interpreted to have a different meaning than the normal interpretation of the English language allows, they are violating the law, rather than one who acts according to the statutes as it has been applied by the courts and other tribunals whose duty it is to apply the law.

I cannot accept any other theory of parliamentary law than that. I cannot vote to condemn as an unparliamentary act the conduct of conferees on the part of the two Houses of Congress who act according to the state of parliamentary law as it is today. The issue is very succinctly summed up in the admirable opinion of the present occupant of the chair, the senior Senator from Nevada [Mr. PITTMAN], after quoting from an opinion by the Vice President relating to a point of order raised to the agricultural act which was under consideration as follows, to wit:

> Under the interpretation of the present occupant of the chair, where all after the enacting clause of a House bill is stricken out and an entirely new bill inserted by the Senate, the question arises as to whether or not the language used as a substitute for the two sections is germane and carries out the intent of both bodies with regard to such particular legislation.

I say, after referring to that part of the Vice President's decision, the present occupant of the chair said, among other things:

> There is the ruling of the Vice President to the effect that when the Senate amends a House bill, or a Senate bill is amended by a House bill, by striking out all after the enacting clause, and substituting the other body's bill, rule XXVII does not apply. That is a question which the Senate will have to determine.

That is the question which confronts me in deciding what my vote shall be on this point of order; and I cannot bring myself to condemn the action of the conferees, which was entirely within the scope of that decision and within the letter of it. So far as the issue of fact goes—and I have attentively listened to the debate—I cannot find as a fact that the matter inserted was not germane, and I cannot find that the omission of material was in conflict with rule XXVII as interpreted in the Vice President's ruling made in 1935.

No matter what my views may be as to the wisdom of such a ruling—and I shall be glad to state those views whenever the time arrives for doing so—I feel bound by the state of the law as it is today. During some 13 years this principle has been adhered to, with some exceptions, as pointed out by the learned occupant of the chair at the present time; but, on the whole, the weight of decision by the Senate has been that whenever all after the enacting clause of a bill as passed by one House is stricken out and the other House's text is substituted for it, matter inserted in the bill is matter properly within the jurisdiction of the conference, provided only that it is germane and carries out the intent of both bodies with respect to the particular legislation.

Personally I have arrived at the judgment that it is germane in this instance and that it does carry out the intent of both bodies with respect to such particular legislation. I shall therefore vote against the point of order.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. NORRIS. I wish to ask the Senator whether, in his judgment, the view he has taken would not, if carried out, mean a complete nullification of the Senate's rule?

Mr. AUSTIN. Yes.

Mr. NORRIS. Then our rule amounts to nothing.

Mr. AUSTIN. No; I do not think that. It is a complete nullification in this particular instance, not a complete nullification or negation of the rule. It is an interpretation of it which makes it inapplicable in such circumstances.

If I may be permitted a further answer in explanation, what we do here now should not be retroactive, it seems to me ex post facto to an extent. If we do not think that the practice has been correct, if we do not believe that the rule as it has become modified by these decisions is a rule which we want, let us make that known by an amendment of the rule, or by the adoption of a resolution which will have a future application, instead of taking these very conferees, for example, these honorable men, and condemning their act. I know from working with them on the Committee on Interstate Commerce how devoted they were to the purpose of the legislation, how hard they have worked to perfect it, and for practical reasons, to say nothing about the ethical reasons involved, I cannot bring myself to vote to support a point of order against their conduct, since their action seems to me to be in accord with the interpretations which were referred to so ably by the present occupant of the chair.

Mr. NORRIS. I concede all the Senator has said about the fidelity of the hard-working members of the conference committee and other members of the Committee on Interstate Commerce; I agree fully with that, but it seems to me that if the Senator's position is correct, it means the nullification of clause 2 of rule XXVII of the Senate Rules, which I understand was enacted to meet just this kind of a situation. The Senator says we should change the rule. Can the Senator conceive of any language to insert in an amendment to the rule which would meet his suggestion?

Mr. AUSTIN. Yes.

Mr. NORRIS. Does not the rule as it now stands, without any exception being made to it, meet the situation? There is nothing in the rule which indicates that it shall have no application, when a conference report is brought in, because an entire bill has been stricken out by one body and another inserted.

Mr. AUSTIN. The Senator is correct so far as the exact and precise language of the rule goes, but I am dealing with the rule as it has been interpreted; and that is what I say we are all bound to do. At any rate, it is a sufficient justification, it seems to me, for the conferees, who have acted according to the status of the law, not to feel bound to adhere to the exact letter of the rule.

The Senator asked me whether I could conceive of any language which would make the rule clearer, and I replied in the affirmative. I can conceive, in view of rulings which have been made, that we could clear up the situation for the future entirely by inserting language such as "under all circumstances" or "without exception," something of that kind, because we have arrived at a time when by interpretation the language is modified and an exception created.

Mr. NORRIS. Are not the words the Senator has suggested in the rule now in effect? The rule itself makes no exception.

Mr. AUSTIN. I know that.

Mr. NORRIS. So that it should apply to all conference reports.

Mr. AUSTIN. I know that, but the decisions have put an exception in it.

Mr. NORRIS. Yes; but I take it a court would find, as I think we should find, that when the decisions are absolutely contrary to the spirit and letter of the rule, we should not continue to follow the error any longer than it would take us to find it out.

Mr. AUSTIN. Mr. President, let me answer in this way: The rulings which put the exception into the rule were not merely the rulings of the Presiding Officer of the body. They have the sanction and force of the vote of the United States Senate. I feel bound by that. I think we should not change the law as it exists today by an act which reflects upon and overturns the faithful service of our representatives in a conference who have acted in the light of the law as it is today. That is my view of the matter.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. CLARK of Missouri. The Senator will agree, will he not, that the provision to which he refers, and which he says put an exception in the rule, overturned a decision of President pro tempore Cummins, who was sustained on appeal by a decisive majority of the Senate? It seems to me the ruling is no more binding in one case than in the other.

Since the Senator made reference a moment ago to what the present occupant of the chair stated, I wish to say that I intend to put into the RECORD before the debate closes, if I can get the floor, several paragraphs of what he said, because I think they are very pertinent. The Senator from Nevada stated a few days ago that each House has its own rules, and that neither can do anything to suspend the operation of the rules of the other body.

Was not the inference from that, and I think the clear intendment of what the President pro tempore said, that no practice of the House of Representatives can be binding on the Senate, such as the practice of having the previcus question, and a great many other practices which obtain in the House?

Mr. AUSTIN. I assent to that.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WHEELER. I call attention to the fact that, no matter what the rule may say, after all, the Senate of the United States interprets its own rules, and if it interprets the rule in question to mean what we are contending, as it has done ever since 1927, that stands as the rule of the Senate at the particular time.

I wish to call particular attention to the fact that the Senator from Nebraska, when the agricultural bill was before the Senate, voted to put on the rule the very interpretation we are putting upon it today, and if I am not mistaken, so did the Senator from Missouri. The Senator from Missouri voted to put identically the same interpretation upon the rule.

I also call attention to the fact that there was a difference between the Wadsworth amendment and the Miller amendment which vitally affected the whole substance of the amendment.

Mr. AUSTIN. Mr. President, I have said all I care to submit.

Mr. CLARK of Missouri. Mr. President, I do not desire to detain the Senate at any length on this matter, except to refer to the fact brought out by the Senator from Montana [Mr. WHEELER] that I did vote to sustain Vice President GARNER'S opinion. As I pointed out the other day, every question in these cases is a mixed question of law and fact, and on the occasion referred to I did vote to sustain Vice President GARNER, and have no apology to make for having done so.

My purpose in taking the floor today for a brief period is not to argue the point of order, which I discussed at some length on Friday, but, inasmuch as the point of order has been pending before the Senate since Friday, August 30, more than a week ago, and since the very able statement of the President pro tempore was made some 10 days ago, I desire to avail myself at this time of the opportunity of refreshing the memory of Senators by reading the concluding paragraphs of the statement of the President pro tempore at that time.

After referring to the opinion of President pro tempore Albert C. Cummins, of Iowa, sustaining a point of order raised under clause 2 of rule XXVII, pointing out that rule XXVII had a few years before been adopted for the specific purpose of obviating just such assumptions of excessive power on the part of conferees, the President pro tempore proceeded, after stating that the opinion of President pro tempore Cummins had been sustained on appeal:

> The Chair calls attention to the fact that that is about the same vote by which the ruling of Vice President GARNER was sustained, indicating, as stated before, that it is unfortunate that there is evidence before the Senate of long years' standing that very frequently Senators, instead of voting on the question of violation of the rule, vote on whether or not they want the conference report agreed to. The Chair thinks a majority of this body wants this conference report agreed to if it contains what was in the bill when the Senate passed it.

I am now reading from the statement of the present President pro tempore of the Senate on this very point of order:

> It is impossible for the Chair to review the provisions of the Senate bill or the provisions of the House bill. They are voluminous. It is practically impossible for the Chair to review the conference report, which carries numerous amendments and changes. All the Chair is attempting to do is to lay down the various definitions of the rule. With all due respect to the Vice President, for whom the Chair has the highest regard—

Which I very fully share, Mr. President—

> he does not believe that the precedents of the House of Representatives, which provide that the conferees have a very wide latitude and may write a new bill in the case of an amendment in the form of a substitute apply to the Senate, since the adoption of this particular rule on March 8, 1918. Each body has its own rules, and neither body can suspend or affect the rules of the other.
>
> Mr. Jones of Washington stated in his ruling that the annoyance to the Senate of having to act on conference reports under the rules of the House had made the Senate rule necessary. Before the adoption of the rule in 1918 a conference report would come into the Senate based upon an amendment consisting of a substitution of one bill for another bill after the enacting clause, which would contain new legislation never considered by either body, or the elimination of legislation agreed to by both bodies. Prior to March 1918 there was no provision or rule in the Senate by which a point of order could be made. A Senator had only one remedy, and that was to vote against the conference report, as now appears to be the case if the Vice President is correct in holding that an amendment by the substitution of the House bill for the Senate bill eliminates rule XXVII.
>
> If the ruling of Vice President GARNER is correct, then the Senate has been deprived of the opportunity to consider, discuss, reject, or approve the new legislation submitted in the conference report.
>
> As to whether the matter is relevant or not, the Chair does not consider material. Under the rule, there is no question of relevancy. The rule provides that no new matter may be added and that no matter agreed on between the two Houses may be excluded. Whether or not new matter has been inserted in the report, the Chair does not know, and does not attempt to decide. It is evident that the repeal of the La Follette Seamen's Act would be relevant to this proposed legislation. Yet if the conferees should

have included a provision in the conference report repealing the La Follette Seamen's Act, each Senator would feel that he was entitled to the privilege of debating that question and rejecting the proposal separately or amending it to suit himself. Yet the Chair does not think anyone can question that the La Follette Seamen's Act would be relevant to the general regulation of rates and operations of railroads, motor carriers, and steamboats.

The Senate has a right to determine for itself whether or not a matter is sufficiently relevant to be included with the ordinary subject matter dealt with. Senators have a right to vote against it. But if the ruling of Vice President GARNER is correct and is to be followed, because there was an amendment by substitution instead of section by section, then every Senator is denied the right to vote separately on any new legislation that may be placed in the bill. A conference report is not open to amendment. If adopted, it becomes the law.

It seems to the Chair that if the ruling of Vice President GARNER is correct, rule XXVII is set aside by the simple procedure of the House amending the Senate bill by substitution, and then each Senator may be denied the privilege of debating the new provisions and the privilege of voting on it and is compelled, under such a ruling, either to vote for the conference report, the majority of whose provisions he favors and for which he voted in the Senate, and accept the new matter in the conference report in doing so, or voting against the conference report, which in part, if not in greater part, he favors, because objectionable matters are put in which were never under consideration by either the House or the Senate.

The Chair sees no distinction between amending a Senate bill by amending every section of it separately and amending every section of it by a substitute bill. If the substitute bill is different in language for the entire language of the Senate bill, then it constitutes an amendment of every section of the bill. If the substitute House bill only changes the language of half the Senate provisions, then it agrees with half, and there is an amendment to the other half, which would be in conference.

The substitution of a House bill for a Senate bill or a Senate bill for a House bill is purely a matter of convenience. It does not change one iota the questions that would be in conference between the two Houses. It is simply a fiction. Both bills deal with the same subject, or are supposed to deal with the same subject; both bills, as a matter of fact, are identical in some particulars, while in other particulars there is only a difference of language.

I should like to have Senators listen particularly to this provision, because it is extremely pertinent, and involves the whole gist of the controversy.

If conferees can take a provision of the Senate bill which is a little different in language and form from the provision in the House bill, both having in view the accomplishment of the same purpose, and say, "We will not try to adjust these two amendments, but we will strike both out," notwithstanding the Senate rule, then, to a certain extent, it makes futile the labors of the Senate and the similar labors of the Members of the House.

The House—

Says the President pro tempore, and it is simply what I repeated the other day and amplified to a certain extent—

The House is satisfied with such procedure. The House—

Goes on the President pro tempore—

probably because of its numerous Members, has been forced into somewhat of committee control of legislation. The Senate has never had any such theory of legislation. The Senate contends that no provision of a bill has a right to become law without each Senator having the opportunity to debate the subject so long as he wants to and reject it or approve it or amend it.

And the President pro tempore goes on to submit the question. I stand on the reasoning of the President pro tempore.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. The Senator knows, however, that notwithstanding the statement of the President pro tempore, the Senate, for the past 15 years, has followed the rulings to which the Senator referred.

Mr. CLARK of Missouri. I am familiar with the decisions which have been referred to a number of times.

Mr. WHEELER. Yes; and the Senator knows, does he not, that the present occupant of the chair, the President pro tempore, himself made a ruling when he was in the chair, which conformed to the procedure to which the Senator referred?

Mr. CLARK of Missouri. I heard that decision referred to the other day. I stand on the very well considered language of the President pro tempore which I have just read.

The PRESIDENT pro tempore. May the Chair say to the Senator that he respectfully differs with the Senator from Montana in the statement he just made.

Mr. CLARK of Missouri. I will say that having examined the decision of the present President pro tempore, the Senator from Nevada [Mr. PITTMAN], to which the Senator from Montana referred, I do not think it is a case in point, nor do I think the case decided by the Senator from Kentucky [Mr. BARKLEY] when he occupied the chair is a case in point.

Mr. BARKLEY. Mr. President, if it were not for these differences, the legal profession would go out of business.

I do not desire to discuss the merits of the conference report, although in discussing the point of order it is not altogether possible to avoid reference to the differences between the two Houses on the points at issue, and the effect which the House amendment and the conference report have had on the legislation.

I think it is also important that in voting on the point of order we lose sight of the merits of the bill, because we are about to make a rule which will operate as a precedent for future Senates to be guided by. If the point of order is overruled, which I hope it will be, we have then an opportunity to vote on the merits of the conference report as such; so I hope that in casting our votes now we may vote strictly on the question of the rule itself and our interpretation of the parliamentary situation. That question is, Have the conferees gone beyond their authority in bringing in the conference report on two points, on which the point of order has been made—in the first place, the changes in the Panama Canal Act, and in the next place, the elimination of the Miller-Wadsworth amendment?

Regardless of any rulings of the Chair made heretofore or currently, the question is, Have the conferees exceeded their authority in this particular instance? In determining that question it is not at all inappropriate to ask whether previous decisions have upheld the theory that when one House strikes out all the language of a bill passed by the other House, and writes a new bill, conferees have wider authority than they otherwise would have if the bill had been amended section by section. I think it will appear to Senators reasonable, and almost necessary, that when a new bill has been written in, when the sections do not correspond, when a provision in a Senate bill in section 10, we will say, may be deleted and carried over into section 40 or section 50 in connection with some other subject, it is much more difficult to keep a meticulous account of the difference between the respective bills of the two Houses than it is where the language in any section is simply amended by adding thereto or striking out language in the section, because when one comes to a conference report on that, all one has to do is to sit down and read the section, and if it stands by itself, to determine the latitude which should be allowed conferees in dealing with the italics which have been printed as an amendment of either the House or the Senate.

It is much more easy to decide the latitude which should be allowed to conferees in a situation such as that than it is to decide their latitude in a case when a bill has been entirely rewritten and the old bill has been stricken out.

Therefore it is necessary that the conferees be given wider latitude when one House strikes out the entire bill than it is when it does not. That necessity has been recognized not only by Vice President GARNER but by Vice President Dawes, who rendered a decision to which Vice President GARNER referred to in his decision. That theory has been acted upon from that time to this. So it has become a well-acknowledged principle of the Senate that when one body strikes out all of a bill and inserts a new bill the conferees have wider latitude than they otherwise would have. They must have wider latitude than they ordinarily would have if they are to come to an agreement at all. The rules of both Houses thus provide, of necessity, so that both Houses can come together in order to legislate at all.

On the question of the Panama Canal Act I maintain that there is no difference between the House and the Senate, practically speaking. The Panama Canal Act authorized the Interstate Commerce Commission from time to time to extend the time beyond 1914 during which the railroads might operate steamboat lines. That authority has been extended from time to time. Twenty-six years have passed since 1914, and during those 26 years the Interstate Commerce Commission, under the act of Congress, has extended the time, and it may

continue to do so indefinitely. There is no limit fixed in the law that gives them their authority as to the time during which they may extend the right to operate steamships.

We must all take knowledge of the fact that a steamship does not last forever. It wears out; and if a railroad is operating a steamship line under the regulation of the Interstate Commerce Commission, and a steamship of the line wears out and becomes useless, the railroad certainly has the right to replace the steamship by building another and operating it. Therefore the railroads have always had the implied power to buy, build, own, and acquire title to steamships. Both Houses have a provision which amends the Panama Canal Act in that respect; and all the conferees have done has been to clarify the power of railroads which have permission to acquire and own steamships. I think the railroads have had such power all the time, but the Interstate Commerce Commission wanted it clarified. That is what has been done. The words "own and acquire" have been added. A fair interpretation of the law would require the implication that those words were in it, because certainly Congress did not mean to empower the Interstate Commerce Commission to authorize railroads to operate steamships until their property had become useless and then refuse to give them authority to continue to do so. The Interstate Commerce Commission has interpreted that language to mean not steamships which were in existence in 1914 or when the law was enacted prior to that time, but steamships in existence at the time the application is made to the Commission for permission to continue to operate.

So it seems to me perfectly clear that, so far as the Panama Canal Act is concerned, the conferees have not gone beyond their authority in dealing with the amendment to the Panama Canal Act. Therefore, even if we did not have before us the situation of a new bill having been written by the House as a substitute for the Senate bill, the point of order would not lie against the amendment to the Panama Canal Act if it had been amended section by section and paragraph by paragraph. So, on that point, it seems to me, the point of order ought to be overruled.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHEELER. I also call attention to the fact that paragraph 20 of the present law provides for application for new lines. So, as a matter of fact, we have not changed in the slightest degree the interpretation which has always been placed upon the language, which I think is the correct interpretation. All we did was to transpose the language from paragraph 20 to what would be paragraph 21 of the present law.

Mr. BARKLEY. It would be perfectly ridiculous to say that the Interstate Commerce Commission could authorize a company to operate new lines, and then refuse to give the company power to acquire the facilities necessary to operate the new lines.

The Miller amendment had reference particularly to the long-and-short-haul clause of the present Transportation Act. The Miller amendment reads as follows:

> In order that the public at large may enjoy the bentfit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers after taking into consideration overhead and all other elements entering into the cost to the carrier or carriers for the service rendered.

That is written in directly in connection with the power of the Interstate Commerce Commission to authorize the railroads to charge less proportionately for a long haul than for the same mileage on a short haul. That is all a part of the interpretation of section 4, known as the long-and-short-haul clause of the Transportation Act.

The Wadsworth amendment nullifies the Miller amendment. The Wadsworth amendment, added in the House, reads as follows:

> *Provided*, That nothing in this paragraph shall be construed so as to affect the long-and-short-haul provision of section 4.

In other words, the Wadsworth amendment, added in the House, absolutely nullified the Miller amendment of the Senate. So, when the bill came to the conferees, in my judgment they had the authority, not only under the strict interpretation of the language of rule XXVII but also under the interpretations which have been given for the past 13 years, to amend or eliminate altogether the Miller-Wadsworth amendment, because it nullified itself. When the bill came back from the House, the effect of it was the same as though a pen had been stricken through the entire Miller amendment and it had been eliminated from the bill, because the proviso automatically nullifies its effect.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WHEELER. When the so-called Miller amendment came up in the Senate, at first blush it seemed to embody a provision which I personally should like to see adopted. However, when we came to study its effect, it not only changed section 4 but likewise changed section 3. It would permit the railroads to go back to the practice of granting rebates, and would practically nullify the whole intent and purpose of regulation by the Interstate Commerce Commission. That fact was not brought out in the debate. The amendment was not discussed, because no one had an opportunity to consider it. We were not expert enough to understand its real effect.

I should like to call the attention of the Senate to the fact that when the committee appointed by the President brought the bill to me and asked me to introduce it, I refused to introduce it because it contained a provision with reference to the repeal of the long-and-short-haul clause. I said I would not introduce a bill of that kind. When the Miller amendment was adopted, no one dreamed that it would affect the long-and-short-haul clause. No one dreamed that it would repeal the third section and permit the railroads to grant rebates, as they did before the Interstate Commerce Act was enacted. The Miller amendment would practically destroy the purpose for which the Interstate Commerce Act was enacted, namely, to keep the railroads from granting rebates to this community or that community, or this industry or that industry. So, naturally, when the bill reached the stage of conference, and we found that the Miller amendment disagreed in one particular with the fourth section, and likewise turned back to the railroads the right to fix freight rates, we were opposed to it.

Under the rules of the Senate, and the rulings for 13 years, we maintain that we had authority to do what we did. There was a difference between the Senate and the House. I submit to any fair-minded person who knows anything about the subject, and who has studied the effect of the Miller amendment upon the fourth section, that he could not avoid coming to the conclusion that we lived up to the rules of the Senate, even though they be strictly interpreted, and that we lived up to the rulings of the Senate for the past 13 years.

Mr. BARKLEY. The Miller amendment, while not referring to the fourth section, in effect would nullify the fourth section of the Transportation Act. The Wadsworth amendment nullified the Miller amendment. They cancel each other out, and the effect is the same as though there were no language there at all. Certainly the conferees had the right to place that interpretation upon the amendment.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield. I have only 2 minutes left.

Mr. ADAMS. I merely wish to make a very brief statement of my own views.

My judgment is that the ruling of the present occupant of the chair is a correct ruling upon the question. I make that statement in order that my vote may not be misunderstood. I am accepting the statement of the Senator from Montana [Mr. WHEELER] that what the conferees have done under the rule is not in conflict with the ruling and interpretation of the present occupant of the chair. I think it would be most unfortunate if the rule should be strictly enforced.

I make that statement of my own view so that at a subsequent date I shall not be confronted with the fact that I voted in favor of the ruling.

Mr. BARKLEY. Mr. President, in conclusion, I recognize how difficult it is for any of us to separate our convictions on the merits of the bill from the point of order; but it is important that we vote upon the point of order having in mind the rulings which may be made in the future.

In the minute I have left I wish to say that what I am about to say has nothing to do with the point of order, and it ought not to influence the vote of any Senator; but no committees of the House or Senate have worked more diligently or longer to produce legislation than have the Committee on Interstate Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House. I think it cannot be disputed that if the point of order shall be sustained it will mean the end of this legislation not only for this session but for a long time. If the point of order shall be overruled, we shall vote, not later than 3 o'clock, upon the conference report itself. If the conference report shall be rejected, it will mean that all the effort which has been made during the past 2 or 3 years to obtain some sort of coordination in our transportation system, which has been recommended by various Presidents and public bodies, will be at an end for a long time. For that reason, the votes we are about to cast on the point of order and on the conference report itself are very important.

I think the committees which have been dealing with this problem have rendered a great service in trying to bring about legislation, and that they are entitled to the thanks of the Senate and of the House for the diligence they have shown. Of course, the point of order is made in good faith; but unless it is voted upon by the Senate, having in mind the possibilities of the future, it is possible that we may do our transportation system an injustice.

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived, under the unanimous-consent agreement, the Senate is to vote at this time on the point of order.

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Schwartz
Andrews	Downey	Lee	Schwellenbach
Ashurst	Ellender	Lodge	Sheppard
Austin	George	McCarran	Stewart
Bailey	Gerry	McKellar	Taft
Barbour	Gibson	Maloney	Thomas, Idaho
Barkley	Gillette	Mead	Thomas, Okla.
Bilbo	Green	Miller	Thomas, Utah
Brown	Guffey	Minton	Townsend
Bulow	Gurney	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Herring	Overton	Wheeler
Clark, Idaho	Hill	Pittman	White
Clark, Mo.	Hughes	Radcliffe	Wiley
Connally	Johnson, Calif.	Reed	
Danaher	Johnson, Colo.	Russell	

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present. The question is, Are the points of order raised by the Senator from Missouri [Mr. CLARK] well taken?

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CLARK of Missouri. To sustain the point of order, the vote is "yea" and the vote to overrule the point of order is "nay"? Is that correct?

The PRESIDENT pro tempore. A vote "yea" will be a vote to sustain the point of order and a vote "nay" to overrule the point of order. The Chair was under the impression that the yeas and nays had been ordered. He finds, however, that they have not been ordered.

Mr. CLARK of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I am informed that, if present, he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from North Dakota (Mr. FRAZIER). I transfer that pair to the senior Senator from Illinois [Mr. LUCAS] and will vote. I vote "nay."

The roll call was concluded.

Mr. MINTON. On this vote I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Utah [Mr. KING], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

I am authorized to announce the following pairs:

The Senator from Ohio [Mr. DONAHEY], who, if present, would vote "yea," with the Senator from Florida [Mr. PEPPER], who, if present, would vote "nay";

The Senator from South Carolina [Mr. SMITH] with the Senator from Kentucky [Mr. CHANDLER]. If present, the Senator from South Carolina would vote "yea" and the Senator from Kentucky would vote "nay."

I am authorized to announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Illinois [Mr. LUCAS], and the Senator from Virginia [Mr. GLASS], if present, would vote "nay."

Mr. AUSTIN. I announce the following special pairs:

The Senator from Oregon [Mr. HOLMAN], who would vote "yea," with the Senator from New Jersey [Mr. SMATHERS], who would vote "nay";

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea," with the Senator from Missouri [Mr. TRUMAN], who would vote "nay"; and

The Senator from New Hampshire [Mr. TOBEY], who would vote "nay," with the Senator from Utah [Mr. KING], who would vote "yea."

I also announce the following general pair:

The Senator from Oregon [Mr. MCNARY] with the Senator from Alabama [Mr. BANKHEAD].

The Senator from Oregon and the Senator from Alabama are unavoidably absent.

The result was announced—yeas 23, nays 51, as follows:

YEAS—23

Bailey	Ellender	McKellar	Schwellenbach
Bilbo	George	Miller	Sheppard
Burke	Gibson	Norris	Stewart
Caraway	Gillette	Overton	Taft
Clark, Mo.	Herring	Pittman	Walsh
Connally	Lodge	Radcliffe	

NAYS—51

Adams	Davis	Johnson, Colo.	Schwartz
Andrews	Downey	La Follette	Thomas, Idaho
Ashurst	Gerry	Lee	Thomas, Okla.
Austin	Green	McCarran	Thomas, Utah
Barbour	Guffey	Maloney	Townsend
Barkley	Gurney	Mead	Tydings
Brown	Hale	Minton	Vandenberg
Bulow	Harrison	Murray	Van Nuys
Byrd	Hatch	Neely	Wagner
Byrnes	Hayden	Nye	Wheeler
Capper	Hill	O'Mahoney	White
Clark, Idaho	Hughes	Reed	Wiley
Danaher	Johnson, Calif.	Russell	

NOT VOTING—21

Bankhead	Frazier	McNary	Smith
Bone	Glass	Pepper	Tobey
Bridges	Holman	Reynolds	Truman
Chandler	Holt	Shipstead	
Chavez	King	Slattery	
Donahey	Lucas	Smathers	

So the Senate decided that the points of order raised by Mr. CLARK of Missouri against the conference report on Senate bill 2009 were not well taken.

The PRESIDENT pro tempore. The question is on the adoption of the conference report.

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Schwartz
Andrews	Downey	Lee	Schwellenbach
Ashurst	Ellender	Lodge	Sheppard
Austin	George	McCarran	Stewart
Bailey	Gerry	McKellar	Taft
Barbour	Gibson	Maloney	Thomas, Idaho
Barkley	Gillette	Mead	Thomas, Okla.
Bilbo	Green	Miller	Thomas, Utah
Brown	Guffey	Minton	Townsend
Bulow	Gurney	Murray	Tydings
Burke	Hale	Neely	Vandenberg
Byrd	Harrison	Norris	Van Nuys
Byrnes	Hatch	Nye	Wagner
Capper	Hayden	O'Mahoney	Walsh
Caraway	Herring	Overton	Wheeler
Clark, Idaho	Hill	Pittman	White
Clark, Mo.	Hughes	Radcliffe	Wiley
Connally	Johnson, Calif.	Reed	
Danaher	Johnson, Colo.	Russell	

The PRESIDENT pro tempore. Seventy-four Senators have answered to their names. A quorum is present. The question is on the adoption of the conference report.

Mr. CLARK of Missouri. Mr. President, I do not desire to occupy any more time on the question of the parliamentary procedure involved further than to say that in view of the very decisive vote by which the point of order has been overruled I think that in common self-respect the Senate ought to repeal rule XXVII, and tomorrow I intend to submit a resolution for the repeal of that rule. Following the logic of that, I think it would be in order, if it were possible under the Constitution, simply to provide that the Senate shall not consider measures coming from the House, but that they shall be immediately committed to conferees, because that is the effect of the ruling made just a few minutes ago by the Senate of the United States in completely overriding and disregarding a specific provision of a rule adopted to meet just exactly such a situation as this.

Mr. President, so far as the merits of the conference report are concerned, I had intended to make some remarks upon the subject of what is being done to the motor-transport industry of the United States under the provisions of this bill; but I believe that is sufficiently well understood. It has been discussed during the course of the debate on the point of order. I merely desire to point out to the Senate of the United States precisely what it is doing by adopting this conference report by narrating very briefly a remark which I once heard made by one of the greatest railroad tycoons who ever lived in this country, James J. Hill.

One time in my father's office I heard my father ask Mr. Hill whether his railroad suffered at all from water transportation. Mr. Hill chuckled and said, "No; water transportation does not bother us at all. We used to have transportation on the Missouri River as high up as Fort Benton; but," he said, "by juggling the rates we were able to put most of them out of business, and there are only four or five boats left on the river, and we own them."

Mr. President, this conference report is designed to bring about again precisely that situation, in which there will be only a few boats on the rivers, there will be only a few boats engaged in intercoastal transporation, and the railroads will own them. Whatever lines are engaged in motor transportation will undoubtedly be owned by the railroads, which is unquestionably the purpose of this conference report. When the Senate adopts it, the Senate ought to realize that it is voting to re-create the old, bad situation in which the railroads, by unfair methods, strangled water transportation along the rivers, the lakes, and the ocean in competition with their transportation monopoly; and there cannot be any dispute that that is the sole purpose of this conference report.

I ask for the yeas and nays on the adoption of the report.

The yeas and nays were not ordered.

Mr. BURKE. Mr. President, there is one minor question which I desire to propound to the Senator from Montana [Mr. WHEELER], who is in charge of the bill, before the vote is taken.

Beginning at the bottom of page 36 of the conference report and going over to the top of page 37 there is a provision exempting from the terms of the act—

> Commodities * * * loaded and carried without wrappers or containers and received and delivered by the carrier without transportation mark or count.

Some of those who feel that they might be affected by that provision think the language is not clear. They do not know just what is meant by "without transportation mark or count."

Mr. WHEELER. Mr. President, let me say to the Senator that that is a term commonly used in shipping on the Great Lakes. It is a well-known and well-defined term. It simply means that materials carried in bulk are exempt.

Mr. BURKE. For instance, commodities such as sand, gravel, coal, salt, various ores, sulfur, crushed stone, and so forth. They are shipped in bulk without wrappers or containers, but necessarily in the shipping document they are measured by weight or by volume; but that fact would not take away the exemption?

Mr. WHEELER. No, indeed.

Mr. BURKE. I merely wanted to be sure that that was understood.

Mr. WHEELER. They are exempt, because it is recognized that there is not any competition at all with reference to those materials.

Mr. CLARK of Missouri. Mr. President, in the course of the debate the other day some controversy took place between the Senator from Montana [Mr. WHEELER] and me as to the attitude of some of the inland waterway carriers; and the Mississippi Valley Barge Line Co. was quoted. I ask unanimous consent to insert in the RECORD, as part of my remarks, a letter from Mr. L. W. Childress, president of the Mississippi Valley Barge Line Co., pointing out that he had previously supported this bill, but that he is now against it by reason of the elision of the Miller-Wadsworth amendment.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

MISSISSIPPI VALLEY BARGE LINE CO.,
St. Louis, Mo., August 8, 1940.

Hon. CLARENCE F. LEA,
House Office Building, Washington, D. C.

DEAR MR. LEA: In the belief that it would not be the intent of the authors of the Wheeler-Lea bill to enact legislation that would prove injurious to water carriers, the management of the Mississipi Valley Barge Line Co. gave both the Senate and the House committees its sympathetic cooperation when most other inland water carriers were striving valiantly to defeat the legislation.

The representatives of the Mississippi Valley Barge Line who appeared before the Senate and House committees undertook to emphasize the necessity for a provision designed to prevent the railroads from resorting to methods of the past which resulted in complete destruction of river transportation. This appeared to us to be essential because numerous decisions of the Interstate Commerce Commission during the past few years have to all practical purposes nullified the protection of Congress intended to throw around water carriers by enactment of the fourth-section clause of the Interstate Commerce Act and section 500 of the Transportation Act.

In consequence of the representation made by ourselves as well as other interests, the Miller-Wadsworth amendment was passed by an overwhelming majority in both the Senate and House. My conviction is that without this or a similar amendment, the rail carriers will, through devastating rate reductions, continue their onslaughts on water-competitive traffic to a point where there is little hope for the continued operation of inland water carriers. In the circumstances, if the bill as recommended by the conferees' committee is enacted, Congress should as its plain duty concurrently enact legislation to discontinue the expenditure of all appropriations for the improvement of inland waterways.

It is urged in all sincerity that the bill in its present form will place an additional handicap on industry and agriculture in the Mississippi Valley.

Very truly yours,

L. W. CHILDRESS.

Mr. MILLER. Mr. President, I merely wish to inquire of the Chair whether the yeas and nays were ordered on the adoption of the conference report.

The PRESIDENT pro tempore. They were not.

Mr. CLARK of Missouri. I asked for the yeas and nays.

The PRESIDENT pro tempore. The request was not seconded.

Mr. MILLER. Then, Mr. President, before the vote is had, I merely want the RECORD to show that I shall vote against the adoption of the conference report for reasons which I undertook to state last week on the floor of the Senate.

Mr. CLARK of Missouri. Mr. President, let me again ask for the yeas and nays. I do not think the Senate completely understood the request.

The PRESIDENT pro tempore. The Senator from Missouri asks for the yeas and nays on the adoption of the conference report. Is the request seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I am informed that, if present, he would vote as I intend to vote. Therefore I am permitted to vote. I vote "yea."

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "yea."

The roll call was concluded.

Mr. MINTON. The Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Utah [Mr. KING], and the Senator from North Carolina [Mr. REYNOLDS] are necessarily absent.

I am advised that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Virginia [Mr. GLASS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Illinois [Mr. LUCAS] would vote "yea."

I also announce the following pairs on this question:

The Senator from Kentucky [Mr. CHANDLER], who would vote "yea," with the Senator from South Carolina [Mr. SMITH], who would vote "nay"; and

The Senator from Florida [Mr. PEPPER], who would vote "yea," with the Senator from Ohio [Mr. DONAHEY], who would vote "nay."

Mr. AUSTIN. I announce the following special pairs:

The Senator from Oregon [Mr. HOLMAN], who would vote "nay," with the Senator from New Jersey [Mr. SMATHERS], who would vote "yea."

The Senator from New Hampshire [Mr. TOBEY], who would vote "yea," with the Senator from Utah [Mr. KING], who would vote "nay"; and

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "nay," with the Senator from Missouri [Mr. TRUMAN], who would vote "yea."

I also announce the following general pair:

The Senator from Oregon [Mr. MCNARY] with the Senator from Alabama [Mr. BANKHEAD]. These Senators are unavoidably absent.

The result was announced—yeas 59, nays 15, as follows:

YEAS—59

Adams	Clark, Idaho	Hill	Murray
Andrews	Danaher	Hughes	Neely
Ashurst	Davis	Johnson, Calif.	Nye
Austin	Downey	Johnson, Colo.	O'Mahoney
Bailey	George	La Follette	Pittman
Barbour	Gerry	Lee	Radcliffe
Barkley	Guffey	Lodge	Reed
Brown	Gurney	McCarran	Russell
Bulow	Harrison	McKellar	Schwartz
Byrd	Hatch	Maloney	Schwellenbach
Byrnes	Hayden	Mead	Stewart
Capper	Herring	Minton	Taft
Thomas, Idaho	Townsend	Van Nuys	Wheeler
Thomas, Okla.	Tydings	Wagner	Wiley
Thomas, Utah	Vandenberg	Walsh	

NAYS—15

Bilbo	Connally	Green	Overton
Burke	Ellender	Hale	Sheppard
Caraway	Gibson	Miller	White
Clark, Mo.	Gillette	Norris	

NOT VOTING—21

Bankhead	Frazier	McNary	Smith
Bone	Glass	Pepper	Tobey
Bridges	Holman	Reynolds	Truman
Chandler	Holt	Shipstead	
Chavez	King	Slattery	
Donahey	Lucas	Smathers	

So the report was agreed to.

Mr. WHEELER. Mr. President, I ask unanimous consent to insert in the RECORD a statement giving some explanations of certain provisions which were changed. I desire to have these explanations in the RECORD because I feel they would be helpful to the Interstate Commerce Commission in interpreting the various provisions of the act.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

This bill, S. 2009, which is generally known as the omnibus transportation bill, passed the Senate May 25, 1939, by a vote of 70 to 6. The Senate bill was what is known as a codified bill. The present Interstate Commerce Act is in two parts, part I relating generally to railroads and a limited number of water carriers, and part II to motor carriers. The Senate bill consolidated the respective provisions of these two parts of present law, such as those relating to the reasonableness of rates, and amended the present law in certain respects; and, in addition, the bill provided for the regulation of water carriers operating in interstate or foreign commerce by the Interstate Commerce Commission.

The House of Representatives struck out all after the enacting clause in the Senate bill, and adopted an amendment which accomplished substantially the same purposes as the Senate bill, by a different method. The House amendment provided specific amendments of parts I and II of the Interstate Commerce Act and a new part III to that act, providing for regulation of water carriers. The House amendment also contained certain additional legislation, which I shall discuss later.

After a lengthy conference, the conferees agreed upon a bill which follows the form of the House amendment, but which, I believe it can be said fairly, contains legislation on every important point included in the Senate bill.

As originally reported, the conference substitute did not contain three amendments made from the floor of the House by Representatives JONES, HARRINGTON, and WADSWORTH, respectively. The House voted to recommit the bill with instructions to its conferees to insist upon such amendments. After further consideration, the conferees again reported out the bill with substitutes for the Jones and Harrington amendments.

With these amendments the bill was passed by the House on Monday, August 12, by a vote of 247 to 74.

One of the things that apparently has caused some confusion in the minds of those opposing this legislation are the changes made in the provision of the Panama Canal Act.

The provisions of this act, found in paragraphs (19), (20), and (21) of section 5 of the Interstate Commerce Act involve many ambiguities and uncertainties of language, and without administrative interpretation they would have been impossible of practical application. Under such circumstances administrative interpretation is controlling unless overruled by the courts. The Commission's interpretation of these provisions has not been challenged in the courts, although such interpretation has been followed for many years by the Commission.

These paragraphs are not clear on the question of the installation of new water service and on the acquisition of interests in water lines by rail carriers.

However, in the case of *Southern Pacific Co.'s Ownership of Atlantic Steamship Lines* (77 I. C. C. 124), the Commission found, following prior cases decided by it, that these paragraphs, considered as a whole, authorized the approval by the Commission of the installation of new water service upon the same terms and conditions that the continuance of existing service might be approved. Section 7 of the conference report follows this interpretation. The report proposes to amend paragraph (16) of section 5 of the Interstate Commerce Act, authorizes the Commission to approve new operations of vessels not previously engaged in, upon a finding by the Commission as to public interest and competition which is the same finding required under paragraph (21) of section 5 of present law. Therefore, as to extensions of service, it seems perfectly clear that the conference substitute does not go beyond present law, as interpreted, but merely clarifies it.

It has been argued by certain opponents of any legislation for the regulation of water carriers that the conferees have changed present law substantially by failing to substitute for the words "not operated through the Panama Canal" in paragraph (16), the

words "through the Panama Canal or elsewhere." It is argued that the failure to include the words "or elsewhere" in paragraph (16) of the conference substitute results in repeal of the prohibition in present law against acquisition by railroads of competing water services on the inland waterways and on the Great Lakes.

Now, I trust that this unfounded interpretation results from confusion in the minds of those who advance it, occasioned by the ambiguities in the present law, rather than from an attempt to confuse the issue as to the actual effect of the amendments proposed in the conference substitute.

When considered alone, the present law, in paragraph (19) contains an absolute prohibition against the owning by a railroad of an interest in a competing water carrier "operated through the Panama Canal or elsewhere." However, paragraph (19) must be read in connection with paragraph (21) of present law, which clearly provides for relaxation of this absolute prohibition; and permits the Commission to authorize continuance of operation of a water service in which a competing railroad is interested where certain findings as to the public interest have been made by the Commission, and where it is a "service by water other than through the Panama Canal."

Now paragraph (14) of the conference substitute, corresponding to paragraph (19) of the present law, contains the identical words, "common carrier by water operated through the Panama Canal or elsewhere" which are found in the present law. Also, paragraph (16) of the conference substitute contains the words "a common carrier by water or vessel, not operated through the Panama Canal," where the corresponding paragraph (21) of the present law, using slightly different words having precisely the same meaning, states "service by water other than through the Panama Canal."

To sum up, paragraph (21) of the present law provides for relaxation, under certain circumstances, of the provisions contained in paragraph (19), but such relaxation is permitted only as to a "service by water other than through the Panama Canal." Similarly, paragraph (16) of the conference substitute provides for relaxation under certain circumstances of the provisions contained in paragraph (14), but such relaxation is permitted only as to "a common carrier by water or vessel, not operated through the Panama Canal." Under the circumstances, I cannot see how any understanding person can state with candor that the conferees propose to turn the railroads loose to acquire the water lines of this country in order that they might throttle water competition.

In a memorandum which has been printed in the CONGRESSIONAL RECORD, reference is made to a decision of the Commission in 1916 in *Lake Line Applications Under Panama Canal Act* (33 I. C. C. 699). While the purpose is not entirely clear, I assume that this decision of the Commission is referred to on the theory that the action of the conferees on this bill would preclude any future decisions by the Commission along the line of that in the Lake Line Applications case. Nothing could be further from the truth. In that case the Commission found that the services by water which were the subject of the application were not being operated in the interest of the public or with advantage to the convenience or commerce of the people. Under paragraph (16) of the conference substitute the Commission, upon making such a finding, would be required to deny this application today just as it denied the 1916 application. Paragraph (16) of the conference substitute requires the same tests to be applied by the Commission in such a case that the present law, paragraph (21) of section 5 of the Interstate Commerce Act, required to be applied in 1916.

The principal objection to this bill in the House was caused by the elimination of the Miller-Wadsworth amendment. This amendment as it passed the Senate reads:

"In order that the public at large may enjoy the benefit and economy afforded by each type of transportation, the Commission shall permit each type of carrier or carriers to reduce rates so long as such rates maintain a compensatory return to the carrier or carriers for the service rendered."

When the bill was submitted by the House, they added to the Senate bill the following proviso:

"*Provided*, That nothing in this paragraph shall be construed so as to affect the long-and-short-haul provision of section 4."

The Wadsworth amendment provides that the Commission is to permit a floor to be placed under rates. It must be compensatory and in addition it must cover all overhead and all allowances of costs, meaning overhead including taxes. There is considerable freight in this country that is carried at a low level of freight rates on a narrow margin because of competitive conditions or because it will not move at a higher freight rate. Many agricultural commodities are in this category, as are passenger fares. In this country there is great need of cheap transportation because of the wide spread of the country and the fact that productive centers are scattered throughout the Nation. The effect of the amendment would be to raise the freight rates on a large part of the heavy commerce of the United States. Passengers in the United States are carried at a heavy loss which has been approximated at $100,000,000 a year. If the Miller-Wadsworth amendment was adopted by the railroads, theoretically it would have to recover that $100,000,000 by higher fares. Obviously it could not do so. It would simply mean that the rates would be raised and it would have less traffic on the railroads and less income. As I have said, there are certain movements of freight traffic on the railroads, or anywhere else for that matter, that will not move unless it has a cheap rate. Much of that includes agricultural products. The rates on these articles are not fixed on a full allocated cost which would include overhead and profit and all the other things, but they figure what the out-of-pocket cost is to move that freight and add something to it on the theory that it is better to make a little profit than not to move the freight at all. There are rates like that all over the country. There are rates made on a basis other than the full allocated cost which have been made effective simply to equalize the competitive advantages of different communities trying to get into a consumer market. The Wadsworth amendment means that a rail carrier could not reduce a rate below the full allocated cost in order to move the traffic that would otherwise not be moved. It seems to me the effect of this would be to raise the rates over the country, particularly on agricultural commodities. I do not believe anyone wants that done. There is no sound economic reason why it should be necessary for each rate to pay its share of all costs and at the same time contribute something to profit. If rates were made on this theory the classification of goods and commodities for rate-making purposes would be next to impossible and as a consequence rates on many commodities, particularly farm products, would be greatly increased. If this amendment goes into effect it appears to me that practically every branch line of the country will be seriously affected. The reason is that the amendment provides that no rate shall be reduced below the cost of operating a particular line. It is well known that branch-line transportation is more expensive than main-line transportation. Under our rate structure, rates charged on grain, for example, from a certain point on the main line to the city of Chicago is identical with that which is charged on the branch line. The rate on the branch line would have to be raised, and the same thing would be true as to passenger fares.

This amendment met with most vigorous objection of the legislative committee of the Interstate Commerce Commission, headed by Chairman Eastman. The Commission pointed out that there are two kinds of costs, out-of-pocket costs and full allocated costs, which are quite different. The amendment is not clear as to what manner of cost is meant, and it is also uncertain what is meant by a compensatory return. It stating why the amendment was objectionable, the Commission said:

"In the past the freight rates of railroads, and also of other carriers, have taken into consideration not only cost of service but value of service, or 'what the traffic would bear.' This had the result of putting a somewhat disproportionate burden on the higher-valued commodities, particularly those capable of a comparatively heavy car loading, but in general was approved by public opinion. The intense transportation competition of the present day, including the ability of many shippers to provide their own transportation, is tending rapidly to break down this method of constructing rates, and it may be that eventually it will be impossible to give much, if any, weight to the so-called value of the service. * * *

"Let us suppose, for example, a situation where competing railroads, coastwise steamship lines, and trucks are all maintaining, to their own and the shippers' satisfaction in general, a comparatively high level of freight rates on various packaged goods of high value, and some carrier, for the sake of a temporary advantage, undertakes to cut these rates. If this must be allowed, ultimately all the competing rates will be reduced and a hole created in carrier revenues which may make it necessary to increase rates on traffic less able to stand the burden. We think that it should not be allowed, and that the Commission should be in a position to prevent such a train of events by exercise of its authority over minimum rates.

"In our judgment, the provision in question is not necessary in order that the public at large may enjoy the benefit and economy afforded by each type of transportation. The requirement in the rate-making rule that the Commission give due consideration to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed, and also to the need in the public interest of adequate and efficient transportation by such carrier or carriers at the lowest cost consistent with the furnishing of such service, coupled with the admonition in the declaration of policy in section 1 that the provisions of the act be so administered as to recognize and preserve the inherent advantages of each mode of transportation, will afford adequate protection in this respect. If experience should show that further protection is needed, contrary to our expectation, Congress can then amend the act, but such a restriction as is now proposed is, we believe, both unnecessary and undesirable.

Coming now to the Jones amendment relating to export rates, etc.

"The Jones amendment reads as follows:

" 'It is hereby declared to be the policy of Congress that shippers of wheat, cotton, and all other farm commodities for export should have substantially the same advantage of reduced rates, as compared to shippers of such commodities not for export, that are in effect in the case of shipment of industrial products for export, as compared with shipment of industrial products not for export, and the Interstate Commerce Commission is hereby directed to institute such investigations, to conduct such hearings, and to issue orders making such revisions of rates as may be necessary for the purpose of carrying out such policy.' "

Objections were made to the Jones amendment on the basis that it set up an arbitrary rule to determine whether or not agricultural products were entitled to export rates granted industrial products. What the conferees have done is to substitute an amendment for the Jones amendment declaring the policy of Congress to be that agricultural products shall be granted export rates on the same principles as industrial products. It also provided that the Commission on its own initiative or upon complaint shall make investigation after hearings, make orders to carry out the policy that Congress has here declared. I am happy to say, as Chairman Lee stated on the

floor of the House, that the conference has the agreement of the author of the amendment, Mr. JONES. I am satisfied that it accomplishes in a sound way what he desires and what we all desire, that is, to secure equal justice to agricultural and industrial products so far as export rates are concerned.

THE LONG-AND-SHORT-HAUL PROVISION OF SECTION 4 OF THE INTERSTATE COMMERCE ACT

As reported to the Senate, this bill provided for repeal of paragraph 2 of section 4 of the Interstate Commerce Act. After discussion on the floor of the Senate this paragraph was restored to the bill. The House amendment also provided for repeal of this paragraph, but the conference substitute, like the bill as it passed the Senate, retains this paragraph of the present law.

The Senate bill provided for repeal of the so-called equidistant clause of section 4 of the Interstate Commerce Act. The Interstate Commerce Commission, as well as many of those who are insistent upon retaining the protection of the long-and-short-haul provision, have long advocated the repeal of this equidistant clause on the ground that it is unworkable in many instances. The conference substitute provides for repeal of the equidistant clause.

The Senate bill in the last proviso of section 5 of paragraph (1) contained a provision intended to permit prompt filing by railroads of rate tariffs containing departures from the long-and-short-haul provision after such departures had been approved by the Commission. It was feared in some quarters that this provision would be construed as relaxing the requirements of the long-and-short-haul provision, and the conferees accordingly rewrote the provision to the satisfaction of the proponents of the protection afforded by this section of the law. The amended provision will be found in section 6 of the conference substitute as the last proviso in amended section 4 (1) of the Interstate Commerce Act.

POWER OF THE COMMISSION TO ESTABLISH THROUGH ROUTES "SHORT HAULING" A RAIL CARRIER

Section 15 (4) of the Interstate Commerce Act now provides that, except in certain instances which need not be mentioned here, the Commission cannot establish through routes which short haul any rail carrier participating therein. Bills removing this restriction on the Commission's power had twice passed the Senate by overwhelming votes. The Senate bill in S. 2009, as passed, also removed this restriction entirely, leaving the power with the Commission to act in the public interest in such cases. The House amendment did not relax the present restriction on the Commission's power to establish through routes.

The conference substitute, section 10 (b), contains a compromise provision on this point, permitting the Commission to establish a through route where it "finds that the through route proposed to be established is needed in order to provide adequate and more efficient or more economic transportation," subject to the proviso that the Commission shall give reasonable preference to the carrier by railroad which originates the traffic and to the condition that the Commission shall not establish a through route and joint rates applicable thereto for the purpose of assisting any carrier that would participate therein to meet its financial needs.

Section 27 (1) of the Senate bill contained an important related provision, which protects the through routes to which a carrier is now a party. That provision is carried forward in section 10 (b) of the conference substitute, amending section 15 (3) of the Interstate Commerce Act.

It reads as follows:

"If any tariff or schedule canceling any through route or joint rate, fare, charge, or classification, without the consent of all carriers parties thereto or authorization by the Commission, is suspended by the Commission for investigation, the burden of proof shall be upon the carrier or carriers proposing such cancelation to show that it is consistent with the public interest, without regard to the provisions of paragraph (4) of this section."

REGULATION OF CONTRACTS WITH RAILROADS FOR THE FURNISHING OF PROTECTIVE SERVICE AGAINST HEAT OR COLD

Section 4 (12) of the Senate bill contained new legislation requiring approval by the Commission of contracts made with railroads for the furnishing of refrigeration or other protective services. This was designed to meet abuses in connection with the furnishing of such services which had been called to the attention of the committee. This legislation is carried forward in the conference substitute in section 4 (a), as a new paragraph (b) to be added to section 1 (14) of the Interstate Commerce Act.

BOARD TO INVESTIGATE VARIOUS MODES OF TRANSPORTATION

The Senate bill, section 53, provided for a temporary board of three members to be named by the President to investigate, among other things, the relative economy and fitness of the various modes of transportation for particular purposes, the extent to which the several types of carriers have been or are subsidized, and related matters. The conference substitute contains a similar provision under title III.

POOLING AND CONSOLIDATIONS

The provisions of the conference substitute governing pooling and consolidations, mergers, etc., of all carriers are in section 7, amending section 5 of the Interstate Commerce Act. These provisions follow generally the provisions of section 10 of the Senate bill as to pooling, and of section 49 of the Senate bill as to unifications of carriers. The pooling provisions in amended section 5, paragraph 1 cover all carriers subject to the act. The conference substitute here differs from the Senate bill, in which the pooling provisions related only to carriers by railroad or water.

The principal change in existing law on consolidations is the repeal of provisions requiring the Commission to prepare and adopt a general consolidation plan. Section 213 of the Motor Carrier Act, which related to unifications of motor carriers, is repealed, and the law governing all consolidations of carriers subject to the act is covered by the amended section 5 of the Interstate Commerce Act.

Present law is also amended by inclusion of the Harrington amendment, protecting employees in the event of consolidations and by directing the Commission to give weight to the following questions when passing upon any proposed transaction: First, the effect upon adequate transportation service to the public; second, effect upon the public interest of the inclusion, or failure to include, other railroads in the territory involved; third, the total fixed charges; and, fourth, the interest of the carrier employees affected. The Commission is also instructed not to approve any consolidation, merger, etc., which contemplates a guaranty of dividends, except upon a specific finding that such guaranty is not inconsistent with the public interest.

REGULATION OF WATER CARRIERS

The Senate bill contained certain exemptions from the regulation proposed for water carriers. A proviso to section 2 (1) (b) of the Senate bill exempted certain contract carriers of bulk commodities on the Great Lakes; section 2 (7) (a) provided for exemption of certain contract carriers by water by the Commission; and section 2 (5) (b) contained conditional exemptions of certain water transportation, such as that within a single harbor. Section 303 of the conference substitute contains these and certain more liberal exemptions. The conferees felt that these more liberal amendments should be adopted at this time, on the theory that if experience should show that more extensive regulation is necessary that can be accomplished at a future time.

These amendments are as follows: Section 303 (b) exempts transportation by a water carrier of commodities in bulk when the cargo space of the vessel is being used for the carrying of not more than three such commodities. Section 303 (c) exempts contract carriers by water of commodities in bulk in a nonoceangoing vessel on a normal voyage during which not more than three such commodities are transported and the vessel passes through waters made international for navigation purposes by any treaty. This is the exemption which covers the Great Lakes contract carriers. These contract carriers are in competition with Canadian or other foreign ships. It was not intended to exclude a vessel operating from the Atlantic ports to and from Great Lakes ports where such vessels customarily use the route via the Welland Canal, a Canadian route. Obviously you could not have one type of carrier using the all-American route subject to regulation and not regulate the other type of carrier using the Canadian route via the Welland Canal. Section 303 (d) exempts water transportation of liquid cargoes, in bulk, in tank vessels. Section 303 (e) corresponds to section 2 (7) (a) of the Senate bill. Under this paragraph the Commission is directed to exempt transportation by contract carriers by water under the circumstances there described. Section 303 (f) exempts certain terminal operation by water and the performance of floatage, car ferry, lighterage, or towage. Section 303 (g) provides a conditional exemption, which is operative unless the Commission acts to remove such exemption, and covers such transportation by water as that within the limits of a single harbor and transportation by certain small craft.

It has been argued by certain opponents of this legislation that the regulation of water carriers will be seized upon by the railroads as an opportunity to force up the rates of water carriers and thus drive traffic to the rails. The Senate bill contained a number of provisions negativing any such idea, which have been included in the conference substitute.

For example, in each of the rate-making rules, in parts I, II, and III, the Commission is required, in exercising its power to prescribe reasonable rates, to consider, among other things, "the effect of rates on the movement of traffic." Following the theory of section 30 of the Senate bill, each of these rules has been amended in the conference substitute so that the Commission will consider "the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed." Thus in a water-carrier-rate case, the Commission is not to consider the effect of the water carrier rates prescribed on the movement of traffic by railroad. These rate-making rules will be found in sections 10 (e), 22 (d), and 307 (f) of the bill before the Senate.

Again in section 307 (e) of the conference substitute it is provided that in the case of a through route where one of the carriers is a common carrier by water the Commission shall prescribe such reasonable differentials as it may find to be justified between all rail rates and the joint rates in connection with such common carrier by water.

The following provision which is self-explanatory is contained in section 305 (c) of the conference substitute:

"Differences in the classifications, rates, fares, charges, rules, regulations, and practices of a water carrier in respect of water transportation from those in effect by a rail carrier with respect to rail transportation shall not be deemed to constitute unjust discrimination, prejudice, or disadvantage, or an unfair or destructive competitive practice, within the meaning of any provision of this act."

This provision for the protection of water carriers is taken from section 6 of the Senate bill.

The conference substitute also contains a provision, which was not in the Senate bill, providing for repeal, under certain condi-

tions, of the land-grant railroad rates on Government property, except on military and naval property, or for transportation of military or naval personnel when on official business, and another provision, amending section 5 of the Reconstruction Finance Corporation Act, which was not in the Senate bill. These provisions are fully explained in the statement of the managers on the part of the House, which accompanied the conference report.

MOTOR CARRIERS PERFORMING COLLECTION AND DELIVERY SERVICE

Section 17 (c) of the conference report contains an exemption from direct regulation under the bill of motor carriers performing only transfer, collection, or delivery service within terminal areas for other carriers subject to the act. Although these motor carriers are not directly regulated under this provision, they will be regulated through the carriers for which the transfer, collection, or delivery services are performed. In other words, the responsibility for compliance with the law on the part of these little motor carriers performing services for other regulated carriers will be transferred to the employing carrier. All questions of regulation, such as the hours of service of employees, will depend entirely on the extent to which such employing carrier is subject to the provisions of the bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 2627) to empower and authorize special agents and such other employees of the Division of Investigations, Department of the Interior, as are designated by the Secretary of the Interior, for that purpose, to administer oaths in the performance of their official duties, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DEROUEN, Mr. ROBINSON of Utah, and Mr. ENGLEBRIGHT were appointed managers on the part of the House at the conference.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

Mr. WAGNER. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2114, Senate bill 4204.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and to insert the following:

That section 9 of the act of January 31, 1935 (49 Stat. 4), as amended, is hereby amended (a) by striking out "June 30, 1941", and inserting in lieu thereof "January 22, 1947", (b) by striking out "$200,000,000" and inserting in lieu thereof "$700,000,000", (c) by striking out the second proviso thereof, and (d) by inserting at the end thereof the following new paragraph:

"In order to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere, the Export-Import Bank of Washington is authorized, upon the written request of the Federal Loan Administrator, with the approval of the President, subject to such conditions and limitations as may be set forth in such request or approval, to make loans to any governments or to their central banks or to other acceptable banking institutions and, when guaranteed by any such government or a central bank or other acceptable banking institution, to a political subdivision, agency, or national of any such government, notwithstanding any other provisions of this section insofar as they may restrict or prohibit loans or other extensions of credit to, or other transactions with, the governments of the countries of the Western Hemisphere or their agencies or nationals: *Provided*, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the act of April 13, 1934 (48 Stat. 574), or of the Neutrality Act of 1939. Such loans may be made and administered in such manner and upon such terms and conditions as the Export-Import Bank of Washington may determine. The Reconstruction Finance Corporation is authorized to supply such bank with funds for such purposes, in an aggregate amount not to exceed $500,000,000 outstanding at any one time, through loans to or by subscriptions to the preferred stock of such bank."

SEC. 2. The aggregate amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized to issue and have outstanding at any one time under the provisions of law in force on the date of enactment of this act is hereby increased by $500,000,000.

The PRESIDENT pro tempore. The question is on the amendment of the committee.

The amendment was agreed to.

Mr. WAGNER. Mr. President, the pending bill is an essential element in our program of total defense. Its merits can be fully understood only in relation to the series of measures undertaken by Congress and the President to guard this hemisphere against the military and economic repercussions of wars now raging in the Old World.

HEMISPHERE DEFENSE AND THE MONROE DOCTRINE

The American people have been going through a period of rude awakening. They have seen how nations which pursued the ways of peace and social advance were not ready to meet the military challenge of nations which pursued the ways of war and social retrogression. The Old World is confronted with no ordinary wars of territorial adjustment, but with revolutionary forces of darkness and hate, menacing enough to disrupt the established religious, social, and economic order, and powerful enough to set back for centuries the cultural development of civilized man.

We have never been a militaristic people, but neither have we been slow to look facts in the face. The national security demands that we take to heart the urgent lesson inscribed on the headstone of one fallen European democracy after another: "Weakness invites aggression. Partial defense is no defense." Regardless of any immediate military threat to our territory or possessions, the inevitable result of a totalitarian victory in Europe will be a world in flux, a world in which we could not afford for one instant to lower our guard.

In the few fateful months since the invasion of the Low Countries demonstrated the full power and sweep of totalitarian ambitions, Congress has appropriated unprecedented sums of money for the weapons we need to defend ourselves, and provided for the training of the men we need to use those weapons well. By a master stroke of statesmanship, President Roosevelt has acquired for our unrestricted use, and without commitments of any kind, a chain of defensive outposts protecting the Atlantic seaboard from Canada to Brazil.

The total defense for which we strive can be viewed only in terms of our geographical position and our historical commitments. More than a century ago, when we were a weak and struggling Republic in a world of great powers, at a time when it took weeks to cross the Atlantic Ocean by sailing ships, we began to formulate a policy of hemisphere defense. the Holy Alliance, which then held dominion over Europe, was systematically uprooting the democratic gains of the French Revolutionary period, and spreading far and wide its ideology of reaction and dictatorship. In the face of that threat, emphasized by several disturbing incidents in this hemisphere, along both the Atlantic and Pacific coasts, President Monroe laid down America's policy in his message of December 2, 1823:

In wars of the European powers in matters relating to themselves we have never taken any part, nor does it comport with our policy so to do. It is only when our rights are invaded or seriously menaced that we resent injuries or make preparation for our defense. With the movements in this hemisphere we are of necessity more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the allied (Holy Alliance) powers is essentially different in this respect from that of America. This difference proceeds from that which exists in their respective governments; and to the defense of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole Nation is devoted.

I stop to emphasize those words, "to the defense of our own."

President Monroe went on to say:

We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintain it, and whose independence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States.

Mr. President, the Monroe Doctrine has been invoked again and again—against Austria and France in the Maximilian affair in Mexico, against Spain in her attempt to reoccupy Peru,

and against Great Britain in the Venezuelan boundary dispute. Under the Lodge resolution adopted in 1912, the Senate itself broadened the Monroe Doctrine to include the occupation or acquisition of any harbor or other place in the American continents, not simply by a foreign power, but "by any corporation or association which has such a relation to another government, not American as to give that government practical power of control for national purposes," in situations where military or naval use "might threaten the communications or the safety of the United States." This resolution was adopted by the Senate because of reports that a Japanese company was seeking control over Magdalena Bay in southern California.

This interpretation is all-important in view of our strategic problem of defense in this hemisphere. We have no direct land communications with South America. For all practical and defensive purposes it is an island, lying far to the east of us, nearer in fact to Europe and Africa than to New York. The protection of the Panama Canal and our continental territory and possessions therefore demand that at any cost we prevent any potentially hostile foreign power from obtaining spheres of influence for air or naval bases anywhere in the Western Hemisphere.

Only a few months ago, in the light of the latest developments abroad, the Senate by unanimous vote resolved that we would not recognize or acquiesce in the transfer of any territory in this hemisphere to any non-American power; and that if such transfer appeared likely, we would, in addition to other measures, consult with the other American Republics on steps to safeguard their common interests. In the National Guard bill and the conscription bill, the Senate backed up that declaration by confirming our military policy of hemisphere defense.

The good-neighbor policy so carefully fostered by our far-sighted President and our distinguished Secretary of State has freed our relations with the other American republics of all taint of imperialism or dollar diplomacy. Step by step, in the Pan American meetings at Montevideo, Buenos Aires, Lima, Panama, and Habana, the 21 American republics have developed a spirit of continental solidarity for the greater security and welfare of us all.

This summer, at Habana, the good-neighbor policy bore fruit in a series of far-reaching measures. The conference resolved that "any attempt on the part of a non-American state against the integrity or inviolability of the territory, the sovereignty, or the political independence of an American state shall be considered an act of aggression" against all the signatories. This establishes a policy of common defense and mutual assistance, now reinforced by the bases we have leased from Great Britain and made available to all the American republics. The conference also set up machinery for the provisional administration of foreign possessions threatened with transfer of sovereignty. It took effective steps to protect against "fifth column" activity. And lastly, the conference approved a declaration on economic and financial cooperation to meet the urgent economic problems created by the war abroad.

OBJECTIVES AND PROVISIONS OF THE BILL

The economic conditions which lie at the basis of this declaration are readily stated.

First, by severing normal trade ties between Latin America and Europe, the war has increased the dependence of these countries on American producers for products hitherto purchased abroad.

Second, by disrupting or threatening normal world trade, the war requires the development in this hemisphere of all the strategic and critical materials necessary for the mutual security and welfare of the United States and the other American republics.

Third, by preventing the flow of Latin American surpluses to their normal export markets, the war has brought serious economic stress in these countries.

These economic conditions, which I will discuss in detail later, present an opportunity and a challenge to our good-neighbor policy. They serve as a frame of reference upon which to consider the provisions and obectives of the pending bill.

Section 1 extends the life of the Export-Import Bank from June 30, 1941, to January 22, 1947, and increases its lending authority from $200,000,000 to $700,000,000—that is, an increase of $500,000,000. Section 1 authorizes the bank to make loans to any governments or to their central banks or other acceptable banks. When guaranteed by a government or a central bank, the Export-Import Bank may lend to any division, agency, or national of such government.

Such loans may only be made with the approval of the President, upon the written request of the Federal Loan Administrator, and subject to regulations which they may prescribe. A revolving fund of $500,000,000 will be available for use in making these loans. This will be supplied to the Export-Import Bank by the R. F. C., either as a loan or through purchase of the preferred stock of the bank by the R. F. C.

Section 1 repeals the $20,000,000 maximum limit on the amount of loans to any one country which may be outstanding. For the countries of the Western Hemisphere, it lifts all other restrictions on loans, as prescribed in section 9 of the present law. The bill reaffirms, however, that no loans may be made in violation of international law as interpreted by our State Department; and to settle any possible doubts on the matter, it specifically forbids the making of any loans in violation of either the Johnson Act or the Neutrality Act of 1939.

Section 2 of the bill simply provides for a $500,000,000 increase in the note-issuing power of the R. F. C.

The grant of authority is necessarily broad and flexible, in order to be useful in any cooperative arrangement which may be agreed upon in the light of any emergency which may arise.

EXPANSION OF UNITED STATES TRADE WITH LATIN AMERICA

The first objective I have mentioned is the expansion of our opportunities in Latin American trade.

A program of economic cooperation stands to the advantage of all the American nations. The economy of Latin America is in many respects the natural complement of our own. Latin America lies for the most part within the Tropics. The staple export crops of this area—coffee, cocoa, bananas, sugar, and long-staple cotton—do not compete in any way with our agriculture and cannot be obtained from any other assured source. The temperate regions of Latin America also produce many agricultural items such as flaxseed, carpet wool, and hides, which our farmers do not find it profitable to raise in sufficient quantities for our needs. Latin America is a major world producer of certain raw materials and minerals which now constitute a large part of our imports.

On the other hand, Latin America is a major importer of machinery and manufactured goods. It also serves as an important outlet for our surpluses of lard, wheat flour, canned fruits, and cotton cloth—a fact of special interest to American farmers.

Our trade with Latin America since 1933 has shown a strong upward trend, our exports increasing from $200,000,000 in 1932 to $633,000,000 in 1939. This tremendous increase is due to the greatly increased income and purchasing power of the American people under the present administration and to the success of our trade-treaty program in clearing the road for our exports. Exports to Latin America are currently almost 50 percent higher than those of last year. Latin America takes one-fifth of our world exports today, and there are abundant opportunities for further expansion. For example, Pennsylvania alone has almost as much mileage of good roads as the whole of South America, and it has 3 times as many registered automobiles. There are less than 3,000,000 radios for 120,000,000 people in all of Latin America; the United States has 40,000,000 radios for substantially the same population.

We should be making a serious error to consider money devoted to the development of trade as a hand-out or an attempt to "buy" friendship. That is no more true in this

instance than in any other credit transaction engaged in for mutual gain. Every effort to expand our markets in Latin America, in the long run, will result in mutual gain.

By financing the development of certain local industries we can greatly contribute to the stability of economic life throughout Latin America. At the same time the improved living standards in Latin America which would result from a strengthened local industry would increase purchasing power and open immense new markets for our products. It would be short-sighted, indeed, to allow the markets for capital equipment in Latin America to pass into the hands of our competitors.

The development of local manufacturing industry in Latin America will not destroy our markets for manufactured goods. The fact is that the highly industrialized countries of Europe are normally among our best customers for manufactured goods as well as agricultural products and raw materials. Our exports to Canada expanded with Canadian industrial expansion. It is an economic axiom that the poorest markets in the world for manufactured goods are agricultural populations living at the subsistence level.

Latin America is better endowed by nature than any other similarly undeveloped region in the world. Once Latin America has developed the framework of a manufacturing industry, it will be freed from the violent economic ups and downs occasioned by Europe's political turmoil. Our markets there will be greatly expanded and stabilized. Conflicts in Europe or Asia will then be less of a threat to our own economy. Every dollar that we can add to the productive capacity in Latin America is potentially a dollar that our exporters can reach for American business.

In aiding the expansion of Latin American trade, the Export-Import Bank will be expanding its already familiar function of opening new opportunities for American commerce. The bank has made loans of more than $160,000,000 to finance America's foreign trade—in cotton, wheat, corn, fruit, tobacco, and other agricultural products, in railway equipment, printing presses, chemicals, fountain pens, pipe, construction machinery, and other manufactured goods. These orders opened up new opportunities to American manufacturers and new jobs for American labor which might well have gone to our competitors at a time when orders and jobs were sorely needed. The bank has performed this valuable service to American agriculture and industry while earning a regular profit of 3 percent upon its preferred stock.

There need be no fear that the enactment of this bill will bring a repetition of the sad experience we had with loans made to Latin America in the 20's, loans which were mostly defaulted when the depression struck. The present circumstances are completely different from those of the boom times of the 20's. The reasons for the defaults were fully developed in hearings before the Senate Finance Committee in 1934:

First. The loans were originally floated without regard to the interests and needs of either the peoples of Latin America or the American investors. Underwriting houses in this country had no interest in the loans, except to unload as much as possible on the American people at fat commissions. Promoters were looking for quick speculative profits.

Second. Many loans were made in total disregard of the foreign exchange situation of the borrowing countries.

Third. Bribery and corruption of officials were resorted to in some cases to push unsound projects.

Fourth. Rates of interest were excessive, often as much as 10 percent. These high rates not only weakened the position of the borrowers, but provoked the cry in Latin America that the loans were a form of imperialistic exploitation.

Fifth. Excessive trade restrictions by countries which were the principal markets for Latin American countries made it extremely difficult for many of them to obtain foreign exchange to meet interest charges. The United States itself imposed severe restrictions on imports from Latin America.

Any loans made by the Export-Import Bank will be made on entirely different considerations and with entirely different results. Such loans will be made only after careful consideration of all the economic problems involved. Every loan would also be scrutinized by the Departments of State, Treasury, Agriculture, and Commerce. In this way the operations of the Export-Import Bank can be brought fully into line with our hemisphere program. Such a program has nothing in common with the speculative ventures of the 1920's.

The Export-Import Bank has been making loans to Latin American countries since 1934. Over $200,000,000 in loans have been authorized, and $62,000,000 actually disbursed. Two-thirds of this amount has already been repaid. Mr. Jesse Jones reported to our committee that there has not been a dollar of default on any of the Export-Import Bank's loans. They are all sound loans, being made under the able and experienced direction of Mr. Jesse Jones, who, as everyone concedes, has established an enviable record for enterprising yet conservative financing.

Of course, we do not propose to remake the economic life of this hemisphere in a day; but a beginning has been made, and with courage and intelligence much more can be accomplished.

LATIN AMERICAN SOURCES OF STRATEGIC MATERIALS

The second objective of the bill is to develop in this hemisphere all the materials necessary for our mutual security and welfare. The latest report of the Munitions Board lists the following strategic materials which must be imported into the United States: Rubber, tin, silk, tungsten, manganese, antimony, chromium, coconut shell char, manila fiber, mercury, mica, quartz crystal, and quinine. Our Government must have power to assure an unfailing supply of all these materials. This cannot be done as long as we are dependent, as we now are, upon imports from remote areas in the Soviet Union, Asia, and Africa, supply lines which may be severed at any moment by a new shift in the world conflict.

Sources of all these strategic materials or their substitutes are available within this hemisphere. Latin America has large resources of tin, tungsten, manganese, and chromium. Rubber, silk, coconut shell char, and quinine can be produced without difficulty. All that is lacking is capital and a long-range, purposeful economic program. Rubber plantations may be developed in Brazil, Colombia, and elsewhere; tin, tungsten, platinum, and chrome mines in Bolivia, Mexico, Chile, and Peru; manganese and iron in Brazil, Mexico, and Cuba; drying oils and carnauba wax in Brazil; cocoa in Ecuador, Santo Domingo, Haiti, and Brazil; tanning extract in Paraguay; insecticides in Brazil, Peru, and Ecuador; quinine and manila fiber in Central American countries.

If there are promising undeveloped domestic sources of any one of these products—as possibly in the case of manganese—first consideration should, of course, be given to potential domestic producers. But the broad objective cannot be disputed that sources of strategic materials should be developed wherever possible in this hemisphere.

On our part, loans to Latin America for the purchase of necessary war materials here instead of abroad would likewise promote the mutual security of the countries in this hemisphere. This bill, in my opinion, will go a long way toward achieving that objective.

ORDERLY MARKETING OF LATIN AMERICAN SURPLUSES

The third objective of the bill is to aid in the orderly marketing of Latin American surpluses.

We have a double interest in preventing the dumping of these products on the world market at distress prices. If distress selling occurs in commodities such as meats and cereals which compete with our own agricultural exports, the prices our farmers receive will be driven down. Second, we do not want to see our Latin American neighbors plunged into economic chaos which may have dangerous political consequences.

The war in Europe has completely disrupted the normal foreign markets for these Latin American surpluses. I have here an item from the Washington Post of August 2. It is headed "Coffee and sugar skid to new lows as war piles up United States surplus." It goes on to give figures which spell tragedy for the people of the American republics—85 cents a

hundred pounds for sugar, 5½ cents a pound for coffee. So it goes for most of the main products of our neighbors to the south.

During the past year it was possible to move a large part of the surplus crops, although at ruinous prices in many cases. That was before the spread of the war and the fall of France, when many European countries had stocked up on certain commodities for fear of trouble later. But the prospects for next year are entirely different. Now the entire continent is cut off by the British blockade. The British Government itself will not be able to spare much foreign exchange for purchases in Latin America. The British will have to buy as much as possible within their own Empire, and tighten their belts for the remainder.

The surplus problem for this coming crop year, which for most of South America begins in December, is therefore a very serious one. There will be an estimated surplus of from ten to twelve million bags of coffee. Five million boxes of Brazilian oranges will have no normal market. There may be from half a million to three-quarters of a million bales of surplus cotton from Brazil, Argentina, and Peru. There are probably about 1,500,000 tons of sugar in Cuban warehouses at the present time. If the last European market for this sugar is closed, the results will be disastrous for Cuba, Haiti, Santo Domingo and other producers.

In the light of these facts, the economic and political chaos which would certainly result from a do-nothing policy on our part would destroy Latin American economy and seriously impair our own.

There is nothing in this proposed legislation looking to a continental cartel, or to a policy of keeping Latin American surpluses away from European markets. As the President said in his message recommending this proposed legislation:

> No sensible person would advocate an attempt to prevent the normal exchange of commodities between other continents and the Americas, but what can and should be done is to prevent excessive fluctuations caused by distressed selling resulting from temporary interruption in the flow of trade, or the fact that there has not yet been reestablished a system of free exchange. Unless exporting countries are able to assist their nationals, they will be forced to bargain as best they can.

The soundness of this view is very apparent. The Federal Loan Administrator has specifically pledged that no loan would be considered that appeared to the officers and directors of the bank to be inimical to our own agricultural interests. It is patently in the interest of our farmers, as I have said, for us to make judicious loans to avoid cutthroat prices in competitive markets.

If we refuse this reasonable measure of limited aid, we are undermining not only our own economy and markets, but also our national security. The threat of totalitarian infiltration is very real. If we foresake the Latin American countries in this time of desperate need, we will drive them directly into the arms of the Axis Powers.

TOTALITARIAN INFILTRATION IN LATIN AMERICA

The evidence is conclusive that to the Nazi Germany of today, foreign trade is an instrument of political control. Wherever the Nazi's power has been unchallenged, as in the Balkans, their economic policy has been to undermine the local industry of their neighbors and reduce them to the status of economic colonies—producers of crude materials for Nazi Germany's industries.

Such was the fate of Rumania, which in April 1939 was forced to sign a 5-year economic agreement with Nazi Germany, giving the latter practically complete control over its resources to do with as she pleased. The great German Dye Trust was brought in to direct the production of soya beans for Germany's benefit. Nazi companies were given exclusive rights to exploit the great resources of oil, bauxite, chrome, manganese, and other materials which were to be developed. The Nazis were granted "free zones" to establish plants free from Rumanian control. All production from these enterprises was committed in advance to Nazi Germany at fixed prices. Thus Rumania became a reservoir of supplies for the Nazi army.

In Yugoslavia, too, taking another instance, the Nazis have made trade serve the purposes of political domination. Yugoslavia, like the countries of Latin-America, is a producer of raw materials. In 1934, Yugoslavia's agriculture was in a desperate situation, with piled-up surpluses which could not be moved at any price. The Nazis at that moment appeared with attractive offers to buy these products under a clearing agreement at 25 to 30 percent above world prices. Yugoslavia could not resist such an offer; it appeared to them that her agriculture was saved. But as time went on, the price exacted by the Nazis became more and more heavy. Yugoslavia had lost all her former trade connections, and could not obtain any free exchange. Therefore, she had to take most of her imports from Germany, and at prices dependent on the agreed rate of exchange. The Nazis gradually pushed up the rate of the mark in Yugoslav dinari, so that the price advantages all shifted to Nazi Germany. As a result, Yugoslavia suffered from a steeply rising price level, which created discontent among peasants and workers. But there was no way for Yugoslavia to turn back. In October 1938, Yugoslavia had to agree to Dr. Funk's demand for a higher price for German marks.

The Nazis have used their economic power in Yugoslavia to destroy competing local industries. Thus, Yugoslavia has fallen more and more under the ecomonic and political dominion of the Nazis. The fate of Yugoslavia, Rumania, Hungary, and the other Balkan lands has a double lesson for us, because of the great similarity between the economic and political structure of the Balkans and that of Latin America. Both areas are primarily producers of raw materials; both of them have considerable Nazi minorities.

These methods have been pronounced in Nazi trade with Latin America. It was not long after Hitler came to power in 1933 that the Nazi Government began to push its exports into Latin American markets by a variety of devices now familiar to all of us—barter deals, "aski-mark" sales, and special subsidies.

It is fair to say that every German exporter is and was at that time subsidized by his Government. Raw materials for the export trade are supplied at special reduced prices; cartels are formed to enable Nazi exporters to dump their products on the world market. In many cases special subsidies are paid to exporters, the funds for which are squeezed out of the German consumer.

The Nazis have offered very attractive prices for Latin American surpluses during the past several years. The joker has been that payment was made in "aski-marks"—that is, in marks which could be spent only in Germany and only for certain specified products, at prices controlled by the Nazi Government. Thus a situation arose in which Latin American exporters were very anxious to sell to Nazi Germany, and very anxious to maintain cordial relations with Nazi firms, because of the high nominal prices offered in Germany for their products. But the apparent advantages to Latin America were illusory, because of the maze of restrictions placed on German exports by the Nazi government. As a result of these restrictions many Latin American countries found themselves with piled-up "aski-mark" accounts in Germany which they could not liquidate except on the Nazis' terms.

In their desire both to ingratiate themselves with the Chilean Nation and to extend their position in the Chilean market, the Nazis have bought Chilean products which they did not urgently need, or did not need at all. For example, the Nazis have taken from Chile, on a compensation or barter basis, nitrate of soda in large quantities, although they produce at home more than enough fixed nitrogen and other substitutes for nitrate to cover their domestic requirements. At the same time Nazi Germany took pains to sell Chile, in return, special types of railway and electrical equipment with the object of insuring a continuing market for such supplies both for replacements and for extensions.

As a result of these methods, Nazi Germany almost doubled its share of imports by Chile and Peru between 1933 and 1937; it almost doubled its share of Mexico's imports between 1934

and 1938; and virtually trebled its share of Brazil's imports between 1932 and 1938. Nazi Germany's proportion of imports by all Latin American countries increased from 9 percent in 1932 to 16 percent in 1938, a greater proportionate gain than that of any other major country trading in Latin America during this period.

Nazi trade gains during this period were made more at the expense of weaker competitors rather than of the United States. But these methods will undoubtedly be intensified against us if and when the Nazis are able to devote their full energies to Latin America. Indeed, Nazi concerns began last spring to solicit machinery orders for delivery in October 1940 in expectation of quick victory against Great Britain, and offered large quantities of armaments virtually free of charge.

I hope and pray that the brave British people may hurl back the Nazi onslaught on the British Isles. But if victory should come to Nazi arms, the Nazis will not only establish political control over Europe, but will also be in an immensely stronger bargaining position in other parts of the world. They will absolutely control the manufacturing facilities and the markets of all western Europe, and they will undoubtedly use these facilities and markets as political and economic weapons. They will be monopoly buyers and sellers for this vast market. If the American nations fall into the trap of cutthroat competition for Nazi-controlled markets the situation will be sad indeed for the Americas. The Nazis will know exactly how to exploit such a situation for their own purposes, using as a trump card against us the cheap manufactured goods produced by an enslaved population.

In his speech at Koenigsberg on August 11, 1940, Dr. Funk, Nazi minister of economics, warned the world that the poor would become rich, and the rich poor. "Barter is the hope of the world," said Funk, and he went on to warn the American nations that unless they could deal with Nazi Germany on these terms, their piled-up surpluses would have to be burned or thrown into the sea.

Already Nazi spokesmen have begun to threaten the Americas with economic and military reprisals if their economic policies do not suit the Reich. Thus, the June issue of the official magazine Berlin-Rome-Tokio says that "this Europe"—that is, Nazi-controlled Europe—"is fighting in order that it shall never again be cut off from the economic centers of the world by British arbitrariness. It can, therefore, feel itself forced to secure and organize its vital requirements wherever they might be exposed to molestation from outside. To what extent such safeguarding action occurs depends upon whether one has to reckon with a friendly or malevolent America."

These thinly veiled threats were made at the very time when Hitler was disclaiming all aggressive intentions toward the Western Hemisphere. The passage of this bill will help protect American nations against the economic pressure and blackmail foreshadowed in the threats of Nazi spokesmen and in existing Nazi overseas policies. I propose to develop these policies in some detail because of the view still entertained in some quarters that we should not concern ourselves with what is happening in Europe, since the dictators have "no interest" in the Americas.

Around the world, Nazi banks and shipping lines have become instruments of Nazi foreign policy. They are in fact directly under the orders of the Nazi foreign office. Nazi branch firms abroad—chemical, electrical, mining—have likewise been made agents of the Nazi putsch. They have thrown out all non-Aryan and non-Nazi Germans. They have been known to transport arms and propaganda and furnish headquarters for Nazi organizations.

Nazi news services and radio stations carry propaganda all over the world. Through two important news agencies—Trans-Ocean and Central Europa—the Nazis send a flood of doctored news to Latin America. These are all facts. There is no speculation about this. This material is supplied free in Spanish or Portuguese to any newspaper desiring to make use of it, and a further inducement to do so is the pressure of big Nazi firms through their advertising. The news supplied by Trans-Ocean and Central Europa is well written and provides a wide coverage. It is cleverly distorted to discredit Great Britain, the United States, Jews, and democratic institutions in general. Reliable reports have come to us that as much as one-third of the entire edition of some Latin American papers consists of this poisoned news. I myself saw some of the papers.

In addition, the notorious Weltdienst, the agency which specializes in anti-Jewish slanders and forgeries, has pushed its operations into all corners of Latin America, and has succeeded in influencing some well-known Latin American authors.

The Trans-Ocean Agency furthermore operates many powerful short-wave broadcasting stations. Buenos Aires, Mexico City, Lima, Santiago, and many other cities have such stations. These stations carry Nazi propaganda to the remotest corners of Latin America. And we have done little to offset any of that type of propaganda.

From all these sources the people of Latin America are told about the "bloody relief riots" in the American Midwest at the same time as they are reminded of the "disappearance" of unemployment in Nazi Germany. Democratic countries are represented as being old, rich, decadent, dependent upon gold rather than upon honest labor, and using their gold to keep backward countries enslaved. The picture of Nazi Germany is drawn in glowing colors. In the new Reich, work and discipline are given their "true" value. The spirit of Nazi Germany is the spirit of youth, say the Nazis, and they wax lyrical over the rapid progress of Nazi Germany in science, education, art, and health.

Indicative of the methods contemplated by the Nazis is the following excerpt from the general instructions issued by the Nazi Propaganda Ministry to its agents, as revealed to the Argentine Congress in a recent exposé:

> As a general rule, whenever it might be intended to exert by material means any influence upon particular personalities, it will be necessary to erase every track which might be left behind. It will thus be necessary that payments be made strictly in cash, in private, from person to person. Such payments should never be made in draft * * *.

These instructions continue with comments on the importance of enlisting foreign students in the Nazi cause, and particularly emphasize the desirability of obtaining the favor of university professors who are said to be "generally favorable to favors of a material sort."

Persistent efforts have been made by the Nazis to spread anti-Semitic feeling throughout Latin America. Millions of anti-Semitic pamphlets have been distributed. Newspapers have been pressed into publishing Jew-baiting articles.

Nazi army missions have long been used to gain a foothold in the armed forces of the smaller powers, and many South American army officers and students have studied in Nazi military schools.

In Latin America the Nazis—and by that term I mean all those of various racial stocks, including native-born, who subscribe to the Nazi philosophy—have won a dominant economic and social position over large areas. By virtue of their generally superior training and resources, they have become a privileged group, powerfully entrenched in industry, finance, trade, agriculture, and the professions. They have established cohesive local Nazi organizations of all kinds. For example, in 1938 the single Brazilian Province of Rio Grande do Sul had 60 Nazi organizations affiliated with parent organizations in Nazi Germany. Some of the Nazi groups in Latin America are controlled directly or indirectly by the foreign political office in Berlin, directed by the well-known Alfred Rosenberg, leader of the Nazi expansionist movement for many years. Others are directed by the Gestapo and by the Reich ministry of education. Most of these local Nazi organizations have been utilized as instruments of Nazi foreign policy.

Among these local organizations is the Nazi Party itself, which has been active throughout Latin America. The V. D. A. —National League for Germanism in Foreign Countries—which is the supreme central organization in Berlin for the spread of Nazi doctrine abroad, has branches throughout Latin America. In Argentina, one such branch is the

German National Socialist Marine Union, another is the German Argentine Union, strong in the interior of Argentina; still another is the Imperial Federation for Physical Culture, which promotes Nazi ideas of race, blood, and sports. The Volks Bund für Argentinien supports Nazi social and recreation clubs, supplies Nazi films, books, and newspapers. Much of the propaganda material distributed by these organizations is supplied by the notorious Fichte Bund of Hamburg, devoted to the cause of Nazi expansion abroad. This organization is in fact a branch of the Nazi Foreign Office.

Experience with strong Nazi minorities in other countries since 1933—in Poland, Czechoslovakia, Holland, Rumania, Austria—has shown how they can be mobilized to carry out the most desperate tasks in fanatical loyalty to the Nazi Party. Such groups have systematically been used to disrupt the political life of nations intended as victims of Nazi expansion. In view of the wealth and influence of these Nazis, and the record of their activities, they must be considered a dangerous element in Latin America.

The situation in Latin America is in no way comparable to that obtaining in our own country, and, of course, I intend not the slightest reflection on the patriotism of Americans of German or other foreign racial stock. They came to our shores in search of freedom and opportunity, and have contributed their full share toward the growth and advancement of their adopted land and our common heritage. Their devotion and loyalty to American institutions cannot be shaken or obscured by the actions of a very few imbued with Nazi doctrines. Their distinctive culture and skills have become part of the great melting pot which is America. They can protect themselves, and our Government can help defend them, against any insidious foreign pressure or influence. The problem in the Latin American countries is entirely different, because of the existing closely knit, strongly intrenched Nazi groups, fully supported economically and politically by powerful Nazi economic and industrial interests and Nazi agents and organizations all controlled from abroad.

The subversive activities of the Nazis in Latin America finally led to a great wave of protest from the people of these Republics. During 1937 and 1938, Nazi activities were exposed in a documented report to the Argentine Congress by Deputy Dickman. Detailed evidence of Nazi penetration and intrigue was submitted by Congressman Barrenechia in Chile, Dr. Filho in Brazil, and Congressman Frugoni in Uruguay. Public officials gave testimony about the brazen methods employed by Nazi foreign agents and local organizations. Many democratic groups joined in a movement to curb these intrigues. In May 1938, an attempted Nazi revolt in Brazil was put down and measures were taken to put a stop to Nazi expansion. Many other Latin American states at the same time imposed various restrictions on the Nazis.

Especially since the war began in Europe, many people in the United States have thought that the Nazi leaders would be too busy in Europe to push their activities in Latin America. This must have been in the mind of the Senator from Ohio [Mr. TAFT] when he wrote in the minority report on the bill:

> If there must be depression among South American producers, it is better to have it now when Germany is fully occupied in Europe, rather than several years from now when German attention may be seriously directed toward the south.

To rely on policies or hopes of this kind is simply to disrupt pan-American solidarity and to run away from the facts about continuing Nazi penetration methods. Since the war broke out, the Nazis have worked more quietly, but they have succeeded in getting around most of the restrictions placed on their operations in 1937 and 1938. Their "fifth column" activities were among the major concerns of the Latin-American republics in the deliberations at Habana.

On April 5, 1939, long after Deputy Dickman's exposé, the Buenos Aires police discovered five centers of Nazi espionage in the city. One was next door to the Nazi-German Embassy in the offices of the Banco Germanico. In the same building, the Nazi Party had its headquarters—still functioning openly.

On May 15, 1939, Herr Schmidt, of the propaganda bureau of the Nazi state railways, was arrested by Chilean police. It was proved that Herr Schmidt had printed more than 100,000 antisemitic pamphlets for distribution in Chile. Herr Schmidt was deported.

On May 25, 1939, the Brazilian police arrested a Nazi officer in the State of Santa Catarina. In his possession were documents outlining a plan for the extension of Nazi influence in that state through colonization and organization.

Nazi commercial aviation mileage in Latin America is exceeded only by that of Pan-American Airways. Heavily subsidized air lines, manned by Nazi military pilots, have been maintained in the face of continued commercial losses. Until a few months ago one of these lines was operated in Colombia, directly adjacent to the Panama Canal. This line has since been replaced by a new company jointly owned by Colombian and United States interests. In Ecuador, also, within close range of the Panama Canal, a Nazi-subsidized company still operates an air line manned by Nazi pilots.

Notorious propaganda activity by Nazi consular officers has compelled Latin American countries to pierce the veil of diplomatic immunity. Nazi diplomats recalled "on request" within recent weeks include Dr. Friedrich Ried, consul at Porto Alegre in Rio Grande do Sul, Brazil, and Arthur Dietrich, press attaché in the legation in Mexico City.

In Uruguay, public hostility to the Nazis became so great in June of this year that police action against them appeared imminent. Accordingly, on June 14, 1940, the Nazi German Minister at Montevideo announced that the local Nazi party and the labor front had been dissolved and membership cards recalled. This move was, no doubt, intended to forestall the police. Observers on the spot took note of the fact that Herr Langmann did not offer to dissolve the dozen lesser Nazi organizations. Almost at that very moment there was published in the press Hitler's famous interview with the journalist Von Wiegand, in which he emphatically denied all ambitions in the Americas. President Roosevelt's comment on Hitler's statement speaks volumes: "That brings up recollections."

Less than 2 months after Hitler's assurances and Langmann's so-called dissolution of the Nazi organization in Uruguay, it was revealed that the Nazis were going ahead full speed with plans for a revolt in Uruguay. On August 11, 1940, Arnulf Fuhrman was arrested by Argentine police. At the same time Uruguayan police seized correspondence showing Fuhrman to be a leader of anti-Semitic propaganda in South America. He had drawn up complete plans for the seizure of Uruguay. Fuhrman and nine others had been arrested by Uruguayan police some weeks before, but under Nazi pressure, including threats of economic retaliation, all had been released. In announcing Fuhrman's arrest, the Argentine police also announced that he was on the pay roll of the Buenos Aires office of the Gestapo.

Concurrently with Fuhrman's arrest, just about 4 weeks ago, the Argentine police uncovered a series of formidable secret arsenals in the territory of Missiones. About 3,500 rifles, 50 machine guns, and large supplies of ammunition were found. Missiones Territory in northeast Argentina is adjacent to the Nazi stronghold of Rio Grande do Sul in southern Brazil. It lies between the Parana River and the Uruguay River, which give easy access to Paraguay, Uruguay, and Central Argentina. Thus the Nazi arsenals were so located that they could be conveniently used to support operations in any of these four countries. Military control over this small strategic area means control of the entire east coast of South America.

These are some of the unvarnished facts about Nazi Latin American activities at the very time Nazi Germany was engaged in a death grapple with France and Britain and was publicizing statements that it had no designs on Latin America. To what ends it might carry its activities once it secured complete dominion over the Old World one can readily surmise from the record it has already made. Indeed, the Nazi hierarchy has already laid the foundation for its future position. When our Secretary of State gave notice that we would not tolerate any transfer of sovereignty over New World possessions to another non-American power the Nazi Foreign

Minister, Von Ribbentrop, openly declared in a note dated July 1:

> The interpretation of the Monroe Doctrine implicit in the communication of the Government of the United States would amount to conferring upon some European countries the right to possess territories in the Western Hemisphere and not to other European countries. * * * It is obvious that such an interpretation would be untenable.

That is clear notice in advance of a refusal to accept the Monroe Doctrine or the even more inclusive declaration of the American republics at Habana.

Mr. President, there is a stern lesson in these facts for every American who values the security of his country. The minority report on this bill asks us to do nothing now about the economic hardship in Latin America because ultimately we would have to "let nature take its course." If the evidence I have marshaled proves anything, it proves that Nazi Germany has not allowed nature to take its course. Here or elsewhere, whenever its ambitions directed its course, all its propaganda, its nationals, its trade, and its funds have been concentrated in a united drive with a single purpose—political and economic control over the destiny of helpless peoples.

The minority report flatly takes the position that "the furnishing of economic aid to South America is not an advisable foreign policy." For my part, I believe the overwhelming majority of the American people stand with Secretary of State Hull in his statement on this bill:

> The 21 American republics have agreed on a practical program of defensive action, of which economic defense is an indispensable part. The enactment of this legislation will enable the United States to make its appropriate economic contribution to the carrying out of that program which is necessary to the safeguarding of the vital interests of the United States in a situation of unprecedented seriousness and danger.

This policy is essential for America, regardless of one's views on the European war—whether one believes in isolation, intervention, or some form of aid to the democracies. I call special attention to the fact that the recent report of the Committee on Economic Defense of the American Council of Public Affairs, recommending a Latin-American program far more sweeping than is here proposed, is endorsed by Prof. Charles A. Beard, a leading isolationist, in these terms:

> This manifesto sets forth an economic program which is as vital to national defense as material weapons of war and is absolutely necessary to protect national security against economic and ideological confusion imported from Europe and fostered by special interests at home. Its details may be criticized but its central policy cannot be challenged by any citizen who is concerned with the preservation of American civilization against the forces of brutality and destruction.

Mr. President, the United States seeks peace with all the world, but the day is long since past when we can maintain that peace with a complacent policy of business as usual. In a world where only strength guarantees peace, if we cannot safeguard our position in this hemisphere, we are on the road either to appeasement or to war. In these times we must either have the complete security befitting a great power or we cannot hope to be a great power at all. Effective results can never be obtained without acting. Leadership in this hemisphere cannot be maintained without the assumption of responsibility.

We have the economic sinews, and we have the sympathies of the democratic peoples of the New World. If we fail to act with resolution and with courage, we may some day find ourselves isolated and exposed to attack from our weakest side. We should take this reasonable measure of preparedness now, for ourselves and our American neighbors, against the uncertain future of a war-torn world.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MINTON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Brown	Byrnes
Andrews	Barbour	Bulow	Capper
Ashurst	Barkley	Burke	Caraway
Austin	Bilbo	Byrd	Clark, Idaho
Clark, Mo.	Hatch	Miller	Stewart
Connally	Hayden	Minton	Taft
Danaher	Herring	Murray	Thomas, Idaho
Davis	Hill	Neely	Thomas, Okla.
Downey	Hughes	Norris	Thomas, Utah
Ellender	Johnson, Calif.	Nye	Townsend
George	Johnson, Colo.	O'Mahoney	Tydings
Gerry	King	Overton	Vandenberg
Gibson	La Follette	Pittman	Van Nuys
Gillette	Lee	Radcliffe	Wagner
Green	Lodge	Reed	Walsh
Guffey	McCarran	Russell	Wheeler
Gurney	McKellar	Schwartz	White
Hale	Maloney	Schwellenbach	Wiley
Harrison	Mead	Sheppard	

The PRESIDING OFFICER. Seventy-five Senators have answered to their names. A quorum is present.

Mr. DANAHER. Mr. President, with the permission of the Senator from New York, I should like to invite his attention to one or two phases of his remarks. I understood the Senator from New York to say, "If the evidence I have offered proves anything it proves you cannot let nature take its course." I think I correctly quote him; I certainly paraphrase what he said. He delivered a very substantial address, and, from time to time, told the Senate "Now these are facts." I should like to ask the Senator from New York if any of the so-called facts to which he referred in his address were adduced before the Banking and Currency Committee when it conducted hearings on this bill?

Mr. WAGNER. Does the Senator have reference to the Nazi activities in South America?

Mr. DANAHER. Yes.

Mr. WAGNER. No; I do not recall there was evidence on that point, but when I spoke of "facts" I gave dates and quoted from documents which I have. I stated the facts.

Mr. DANAHER. I have no question that the Senator from New York was stating "facts" as he understands them. I simply want to make it perfectly clear to the other Members of the Senate that what he was telling us as "facts" were not brought out in the hearings before the Banking and Currency Committee conducting the hearings on this bill. That is correct, is it not?

Mr. WAGNER. That is correct; I do not recall whether there was any discussion there; but we have had discussion covering several months on the floor of the Senate of the activities of the Nazis in South America as well as other countries, penetrating not only for economic advantages but carrying with them their own philosophy of political control. I thought it was appropriate to mention that on the floor. I hope the Senator does not regard that any of us are restricted to discussing only matters that were developed at the hearings.

Mr. DANAHER. I fully understand the position of the Senator from New York. I simply wish to call to his attention that when he said, "If the evidence I have offered proves anything it proves that you cannot let nature take its course," he made that statement at a time when he was discussing the minority report, and I am certain that if he will examine the RECORD tomorrow he will discover that the context would make it appear that the facts to which he referred and the argument which he offered in essence had appeared before the committee in its hearings, when that definitely was not so, and, consequently, the minority report did in no way take into account the argument offered by the Senator from New York.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. DANAHER. Of course, I yield to the Senator from New York.

Mr. WAGNER. If the opportunity which has been afforded has enabled a different light to be cast on the facts which persuaded the Senator, he, of course, is at liberty to modify his minority views on the bill in conformity with the statement made by me.

Mr. DANAHER. It well may be that the Senator from New York would be able to induce me to modify my views if he would tell us and tell the Senate now whether or not there is any plan for the development of the resources, the stabilization of the economy, and the orderly marketing of the products of the Western Hemisphere. If there is any

plan, I wish the Senator would outline it, for Mr. Jones before the committee gave us information as to no such plan and said there was none. Is there one now?

Mr. WAGNER. I have no information as to a definite plan. The Export-Import Bank will continue to operate as it has heretofore, with certain restrictions removed. But I think it was generally agreed in the committee, even if we were not aware of the specific activities to which I referred, that the Nazi government may gain in Latin America if we are not alert in at least aiding those countries where aid is needed and, at the same time, building up a market for ourselves. In other words, it is a program of a mutual aid which will maintain that hemisphere solidarity for which we are all striving. This program is fully justified as an economic proposition, but we have the additional object of aiding those countries so that we can preserve a complete solidarity and unity among the republics of the Western Hemisphere.

SELECTIVE COMPULSORY MILITARY SERVICE

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Mississippi?

Mr. DANAHER. I yield to the Senator from Mississippi.

Mr. HARRISON. I merely wish to suggest that the members of the Finance Committee are trying to expedite a report on the tax bill. Of course, we cannot do it unless we can secure the attendance of the members of the committee. We understood that there was to be a vote taken on the so-called conscription bill. May I ask the Senator from New York if there is anything he can do to facilitate a vote on that measure, so that we may return to the committee to consider the tax bill?

Mr. WAGNER. So far as I am concerned, I am agreeable to whatever program the Senate may want to follow. If it is important to have a vote upon the conscription bill, if it is ready, I presume that is more important than the consideration, at the moment, of the pending bill.

Mr. BARKLEY. Mr. President, will the Senator from Connecticut yield to me?

Mr. DANAHER. I yield.

Mr. BARKLEY. The question will arise on the motion the Senator from Texas plans to make to disagree to the amendment of the House on the so-called conscription bill, agree to the request for a conference on the part of the House, and to appoint conferees.

It has been suggested that a motion would be made to concur in one part of the House amendment. It was contemplated that there would be a vote on that motion, and there ought to be a vote on it as soon as possible in order that the bill may go to conference. Of course, the Senator from Texas does not wish to take any Senator off his feet, but it is a matter of privilege, and, I repeat, is a matter which ought to be determined without delay.

Mr. WAGNER. I certainly want to do everything in my power to expedite the consideration and disposition of the so-called selective draft bill, and I am quite willing, if it is desired now to vote upon that matter, to ask that the pending business be temporarily laid aside.

Mr. BARKLEY. I wonder if the Senator from Connecticut would be willing to yield in order that the Senator from Texas may bring that matter up?

Mr. DANAHER. Let me say to the Senator from Kentucky that there has been never an instance during my membership in the Senate when I failed to find the most complete courtesy from him, and I am most happy to yield to him now. I know that whatever the Senator from Texas wishes to go forward with will meet with my complete approval.

Mr. BARKLEY. I thank the Senator.

Mr. SHEPPARD. I thank the Senator from Connecticut.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and also the message from the House of Representatives requesting a conference with the Senate thereon.

Mr. SHEPPARD. I move that the Senate disagree to the House amendment, agree to the request of the House for a conference thereon, and that the Chair appoint the conferees on the part of the Senate.

Mr. CLARK of Missouri. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK of Missouri. A motion to instruct the conferees is in order after the conference is agreed to and before the conferees are appointed, is it not?

The PRESIDING OFFICER. That is correct.

Mr. ADAMS. Mr. President, I have been very much impressed with the argument of the necessity for prompt action. While I have not agreed with the theory underlying the conscription bill, the Senate having acted, the House having acted, and the pressure being as great as it is, there is one way in which we can expedite the matter and save any other trouble, and that is to concur in the House amendment. I therefore move that the Senate concur in the amendment of the House, which is a preferential motion.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. CONNALLY. Does the Senator mean to concur in all the House amendments?

Mr. ADAMS. Yes. I understand from the Senator from Texas that it is not optional with us to separate them. I understand that what the House did was to strike out all after the enacting clause of the Senate bill and merely offer the House bill as a single amendment. That is the reason which makes it necessary to move to concur in all that was done by the House. If it were possible to separate the various items, in my own view there are some very desirable amendments. On the whole, I think the House bill is better than the Senate bill. The House had the advantage of an extended discussion in the Senate, and I think they gave rather careful consideration to the amendments; and as between the two bills I think the House bill is preferable.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. CLARK of Missouri. If the plan for a conference report which has been announced over the radio and in the newspapers should eventuate, either the Senate bill or the House bill would be very much preferable to the bill that would be brought in by the conference committee according to that prognostication.

Mr. ADAMS. I will say to the Senator from Missouri that one of the reasons which led me to make the motion was the fact that leading Members of the House have proceeded to announce in the newspapers what the conference committee would do; so it seemed to me it would be well for the Senate to decide what it wanted to do.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. BARKLEY. I am sure the Senator from Colorado has reference to a purported interview in the newspapers yesterday in which the chairman of the Committee on Military Affairs of the House was quoted as having said certain things with respect to what the Senate would do, and what the House would do, and what the conferees would do. I am authorized by Chairman MAY to state that he made no such statement; that he was entirely misquoted; that what he stated was that the matters of difference, including the age limit of 21 to 45 years, and the 60-day postponement, and other matters, would be in conference between the two Houses, and that he under no circumstances attempted to commit either the Senate conferees or the House conferees as to what would take place relative to the differences.

I feel that in justice to the chairman of the House Committee on Military Affairs I ought to make that statement, which I am making at his request.

Mr. ADAMS. I am very glad to hear the statement of the Senator from Kentucky, because I was very much disturbed by the published interview. It evidently was a piece of very detailed imagination on the part of someone, because the statement was that there would be a trade; that this would be accepted and that would be rejected; and that on the whole the conferees would work out a bill to suit a majority of the members of the conference committee rather than a majority of the Members of the two bodies. I am very glad that Representative MAY was not responsible for the statement, for I have very high regard for him.

Mr. BARKLEY. If the Senator from Colorado will permit me, if the chairman of the House Committee on Military Affairs, who happens to be from my own State, had made the statement attributed to him in the press, I should myself join the Senator from Colorado in characterizing it as a gross impropriety on the part of the chairman or any other Member of the House to have made any such statement attempting to forecast what the conferees of the two Houses would do.

In addition to what I have said, Representative MAY has stated to me that under no circumstances has he ever attempted or would he attempt to state in advance what the conferees of the two Houses would do, or to make any other statement other than that they would be free in conference to act upon the differences between the two Houses.

Mr. CLARK of Missouri. Mr. President, will the Senator from Colorado yield to enable me to ask a question of the Senator from Kentucky?

Mr. ADAMS. Certainly.

Mr. CLARK of Missouri. The Senator from Kentucky will agree that whoever misquoted the Representative from Kentucky made a pretty good stagger at what the plan is; will he not?

Mr. BARKLEY. No; I will not agree to that, because I have no idea what the plan is, and I do not know of any plan.

Mr. SHEPPARD. There is no plan.

Mr. BARKLEY. I think the Senator from Texas will join in my statement and take his full share of the responsibility for it, that until the conferees meet nobody knows what the plan will be, or whether there is any plan; and there cannot be any plan until the conferees agree and bring back to their respective Houses a conference report.

Mr. SHEPPARD. There is no plan of any kind.

Mr. JOHNSON of California and Mr. HILL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield first to the Senator from California.

Mr. JOHNSON of California. If the motion made by the Senator from Colorado shall be adopted, where, then, will the bill be, so far as the Senate is concerned?

Mr. ADAMS. It will be on its way to the White House as soon as it is signed by the Presiding Officers of the two Houses and enrolled.

Mr. JOHNSON of California. Is the Senator from Colorado entirely satisfied of that?

Mr. ADAMS. Does the Senator ask whether I am satisfied with that, or of that?

Mr. JOHNSON of California. Of that.

Mr. ADAMS. I am reasonably well satisfied, yes; because, if we concur in the House amendment, that puts a conclusion to the legislative processes and sends the bill to the President after it has been regularly enrolled and signed by the Presiding Officers. I am not a legislative expert, but I think that is the fact.

Mr. CLARK of Missouri. It is undoubtedly the fact.

Mr. BARKLEY. Mr. President, if the Senator will yield, there is no question that, if the Senate agrees to the House amendment, that ends the matter so far as the two Houses are concerned. As soon as the bill is signed by the Presiding Officers of the two Houses it goes to the White House, and is signed as the House passed it.

Mr. ADAMS. That would obviate any further delay in the defense program.

Mr. JOHNSON of California. I have no desire to bring up the unfortunate reference which has been appearing in the press. All of us at times are misrepresented by the press. They cannot help it and we cannot help it, and so we have to bear it. Considering all the surrounding details that have been published with respect to this matter, I was wondering whether the Senator from Colorado is perfectly satisfied that his motion would take the bill into the White House just as it came from the House of Representatives.

Mr. ADAMS. I am; but I do not want the Senator from California to think that I would be entirely satisfied with the bill.

Mr. JOHNSON of California. Oh, no.

Mr. ADAMS. I am endeavoring to make a virtue of my necessities.

Mr. JOHNSON of California. None of us is satisfied with the bill. It is the most sinister bill that ever was passed during my long service as a United States Senator.

Mr. ADAMS. But I am inclined to think that the bill as it came from the House is a better bill than the bill which would come out of conference, and I say that with implicit confidence in the conferees. I know the processes back and forth, however. There are some things in the bill which are highly desirable. There is one particular provision which failed by only two votes of a majority in this body, and which received a majority of the votes of the other body, and at least some of the newspapermen think that portion of the bill would be eliminated in conference. Of course, that is purely speculation, without any foundation in fact.

Mr. JOHNSON of California. Is it speculation with the newspapermen, or with the Members of Congress?

Mr. ADAMS. In this particular instance it is my own speculation.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from Alabama.

Mr. HILL. With reference to the statement the Senator from Kentucky made on authority of the gentleman from Kentucky [Mr. MAY], the chairman of the House Military Affairs Committee, I desire to say that I am reliably informed that the gentleman from Kentucky [Mr. MAY] made the same statement for himself on the floor of the House of Representatives this afternoon.

Mr. AUSTIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Vermont will state his parliamentary inquiry.

Mr. AUSTIN. What would be the difference between a vote disagreeing to the motion made by the Senator from Colorado and the customary agreement by the Senate to disagree to the amendment of the House and appoint conferees? What is the difference, if any?

Mr. ADAMS. One hundred percent.

The PRESIDING OFFICER. If the Senate should agree to the motion of the Senator from Colorado, the legislative process would be completed.

Mr. AUSTIN. No; my motion assumes a negative vote on his motion.

The PRESIDING OFFICER. Then the matter would still be open on the motion of the Senator from Texas [Mr. SHEPPARD] to send the bill to conference.

Mr. AUSTIN. Would it be necessary for such a motion to be made in order to appoint conferees?

Mr. CLARK of Missouri. It certainly would be.

The PRESIDING OFFICER. The motion has already been made, but the motion of the Senator from Colorado has precedence over the motion made by the Senator from Texas.

Mr. AUSTIN. In practical effect, I cannot see the difference between a vote negativing the motion now pending and an affirmative vote agreeing to the motion made by the Senator from Texas.

Mr. ADAMS. Then the Senator should have no hesitation in voting for my motion.

Mr. BARKLEY. Mr. President, if the Senator will permit me, the difference is that if the motion of the Senator from

Colorado to concur in the House amendment should be agreed to, there would be no conference, and the motion of the Senator from Texas, of course, would automatically fall. If the motion of the Senator from Colorado should be rejected, we still should have to vote on the motion of the Senator from Texas [Mr. SHEPPARD] to send the bill to conference and appoint conferees.

Mr. AUSTIN. Mr. President, of course my inquiry was founded on the supposition of a negative vote on the motion made by the Senator from Colorado.

Mr. CONNALLY. Mr. President, will the Senator from Vermont yield to me?

Mr. AUSTIN. Yes; I yield.

Mr. CONNALLY. Is it not true that under the parliamentary situation, if we vote to adopt the motion of the Senator from Colorado, we are denying the Senate any choice as between the different features of the House bill?

Mr. AUSTIN. My answer to that question would be "Yes."

Mr. CONNALLY. In other words, we have to swallow it all or none. On the other hand, if we vote down the motion of the Senator from Colorado and send the bill to conference, the Senate then is in a position to express itself from time to time, either by instructions to the conferees or by their reporting back for instructions, as to any one of the several amendments which the House adopted—to adopt such of those as we please and to reject the others. So a vote for the motion of the Senator from Colorado is a vote to cut off the Senate from weighing any of the amendments and expressing our preferences, but to take it all at one gulp. Is not that true?

Mr. AUSTIN. Yes, Mr. President; I agree that is true, but I have in mind this situation: If the Senate should act upon the motion made by the Senator from Colorado in the negative, the next step in parliamentary procedure would be the appointment of conferees.

Mr. ADAMS. Mr. President, I wish to ask the Senator from Texas a question, if he will permit me.

Mr. CONNALLY. I have not the floor.

Mr. ADAMS. Will the Senator permit me to ask him a question?

Mr. CONNALLY. I am delighted.

Mr. ADAMS. The Senator says that if my motion should be agreed to the Senate would have to take the bill as a lump, say either yes or no. If it goes to conference and a conference report comes back, we will have the same option of taking it as a lump or rejecting it. There is no way at this time by which we can vote on the separate items.

Mr. CONNALLY. Oh, yes, there is.

Mr. ADAMS. Will the Senator explain how?

Mr. CONNALLY. We can vote down the Senator's motion, and then take up the motion of the Senator from Missouri to instruct the conferees. The instructions would not have to cover the whole bill. We could instruct the Senate conferees to agree to a certain portion of the amendment.

Mr. ADAMS. Would the Senator be willing to support that motion?

Mr. CONNALLY. The Senator from Colorado is not asking for information. He knows the Senator from Texas does not favor that, of course, any more than the Senator from Colorado is opposed to the House amendment. Certainly not. But under the Senator's motion, I repeat, the Senate would be denied any course except of swallowing the whole thing at one gulp. If the bill goes to conference, we will not lose jurisdiction. I am supposing that the conferees will do their duty. The Senator from Colorado assumes that they will not.

Mr. ADAMS. Oh, no; I am simply assuming that the conferees of the Senate will support the Senate bill. I think the House amendment is preferable to the Senate provisions.

Mr. CLARK of Missouri. Will the Senator from Colorado yield?

Mr. CONNALLY. Who has the floor?

The PRESIDING OFFICER. The Senator from Texas has the floor, because the Senator from Colorado asked him to take the floor and answer a question.

Mr. CONNALLY. I am delighted to yield to the Senator from Missouri.

Mr. CLARK of Missouri. The Senator will recall that within the last 2 hours the Senate, by a 2 to 1 vote, decided that conferees can do anything they please. Therefore, when he says he assumes they will do their duty, he means they will do anything they please, according to the ruling of the Senate itself earlier in the day.

Mr. CONNALLY. I will say to the Senator from Missouri that he need not shake his gory locks at me. [Laughter.] My withers are unwrung. I knew that.

Mr. CLARK of Missouri. I realize that the Senator did.

Mr. CONNALLY. I followed the Senator from Missouri to ignominous and overwhelming defeat, but I do not wish to follow him that way again. [Laughter.]

Mr. CLARK of Missouri. The Senator must accept the result of the vote of the Senate, as I do, to the effect that conferees can do anything on the face of the earth they please to do, still without doing their duty, and we will still have to vote the conference report up or down.

Mr. CONNALLY. I think that ruling was wrong; but we will meet this other question when we get to it. I still insist that if we adopt the motion of the Senator from Colorado, the matter will be at an end, and the Senate will have no further choice, but if we send the bill to conference, until both Houses finally adopt the conference report we will have at least some degree of control over what we shall do.

The Senator from Texas is not opposed to the age limit of 45 years. He would be very well satisfied.

Mr. ADAMS. The Senator can get in under that.

Mr. CONNALLY. The Senator from Texas is for it whether he gets in or not, I will say to the Senator from Colorado. On the other hand, the Senator from Texas is opposed to postponing the effective operation of the draft for 60 days in order to try to high pressure and highjack willing and courageous and impulsive and chivalric young men of rush into the Army and perform the service, and perhaps do the fighting, for a lot of others who could not be dragged in except by a draft law. That is what you are preparing to do. Why do you want them to volunteer at 18? It is not proposed that they be drafted until they are 21, but you fix the age limit at 18 for volunteering. Some impulsive boy will volunteer when things are not going very well at home, and so forth and so on, when someone makes a speech, and the war drums roll, and there is the cry "come on, now," and those who are urging the adoption of the 60-day postponement will be particeps criminis.

They are advocating that. They are standing for that sort of a doctrine—"Drum up the 18-year-old boys and get them to volunteer, so that the boys 24 years old will not have to go, so that they can stay at home."

Where are the records of volunteering we had here the other day? They revealed the story of the conditions in certain sections of the Republic. Where wages are high and where industrial populations reside, the boys have not volunteered in the past year, and they will not volunteer in the next year. That means that someone else in some other section of the country will have to do the fighting and the serving and the suffering and the sweating for the folks who stay at home.

I am not for that. I shall not vote to postpone the draft a day. If I had my way, I would provide that every man should be subject to the draft just the same as every other man in the same or similar circumstances. This thing of volunteering is not fair; it is not equitably distributed geographically, and it is not equitably distributed economically, because the fellow who has a good income and a good salary has twice as much temptation to stay at home and not serve as the fellow out yonder who is barely getting along on a small livelihood, perhaps on the plains of Oklahoma or west Texas, or some other State; barely getting along economically. Then it is said, "Come on in and we will double the pay. We will make it $30 a month instead of $15," so that they will volunteer more quickly. That is the theory of a mercenary army, that is the theory of the armies under which the totalitarian governments of centuries in the distant past maintained their establishments. But the theory of our country is that all the people have the same duty to protect their country and to serve their country and to sacrifice for their country, and that

is wholly at variance with the idea that I have a right to stay at home, and urge someone else to volunteer, to say, "Come on, boys, volunteer; go and serve so that these fellows over here will not have to go and serve."

That is the reason why I am opposed to the motion of the Senator from Colorado. I have no disposition to evade the issue. That is exactly where the Senator from Texas stands, and that is why he is opposed to adopting a motion to swallow the bill whole, to close our eyes, like the boy whose mother gives him a large and copious dose of castor oil, and who is told, "Close your eyes, son, and take it down at one gulp." I am not in favor of doing it.

Mr. BARKLEY. Mr. President, I wish to make a very brief statement. I cannot forego expressing some surprise at the Senator from Colorado, who voted a few days ago against registering anyone, and against the registration of Americans between the ages of 21 and 31, but who now is anxious for us to adopt in toto a House amendment which raises the age from 21 to 45.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ADAMS. The Senator has somewhat misunderstood my vote. I have never been opposed to the registration of citizens of any age. I have never been opposed to military instruction of citizens of any age. I have been opposed to enforced military service superimposed upon military training, when I felt that military training for a reasonable time was what was needed.

I voted against the bill for another reason, namely, that I was unwilling that the boys who were drawn from their usual vocations should be subject not only to military service as distinguished from military training, but should be subject to be sent into foreign lands.

Mr. BARKLEY. Mr. President, the Senator from Colorado was consistently opposed to the bill, and I did not during the debate in the Senate, and do not now question his sincerity, and, of course, I accept the reasons which he assigns for his opposition to the bill. But it would be a stupid performance on the part of Congress to require men, even from 21 to 31 years of age, to register, unless we intended to do something about it after they had registered. So, when the Senator voted against the bill he voted not only against taking citizens by order of the Government and by selection, but he voted against registration. I am satisfied that if a bill were brought in merely requiring men between 21 and 31, or at any other age, to register, and do nothing except register, and then go home, and the Government could not do anything about it, it would be difficult to imagine a more futile performance on the part of the Congress of the United States.

I am opposed to the Senator's motion, and I shall oppose any motion to separate any of the House items and take any part of the House amendment and instruct the Senate conferees how they shall act upon it.

There are a good many differences between the two bills. One outstanding difference is the raising of the age limit to 45, and another is the provision for postponement until after the election, so that no one can claim that somebody will not be brought into the service until after the election. It seems to me there never has been proposed a more unjustifiable evasion of duty. If we need this legislation, if we need to call these men into service, we need it now, and we need it more now than we needed it a week ago, if we are to take any account of what is going on in the world.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. The Senator must be familiar with the statement of General Shedd, Assistant Chief of Staff, before the House committee, that it would be impossible to call these men before January, anyway, claiming that 4 days of debate which took place in the Senate had made it impossible to call the men before January.

Mr. BARKLEY. In the first place, General Shedd did not say that.

Mr. CLARK of Missouri. This motion would put the draft law upon the statute books right away.

Mr. BARKLEY. General Shedd did not make that statement, and, as was stated when the bill was being debated in the Senate, he was grossly misquoted in the attempt to repeat what he did say. What he said was that they intended to begin drawing the men so that they would have the 400,000 by January 1, and would be ready to put them into training, and not wait until January 1 before they began drawing them in.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AUSTIN. I may suggest the thought that if the time was postponed for enlisting or enrolling the men, another process would nevertheless take place, which would have the effect of coercion upon a small group of men, which would be a discrimination and, in my opinion very unfair, because from the twenty-fourth to the twenty-ninth day after the approval of such an act, the lots would already have been drawn by means of which hundreds of thousands of boys would know that they were within the first 10 numbers in their local boards.

Mr. BARKLEY. Yes.

Mr. AUSTIN. Thereupon they would feel bound to rush in and volunteer. That type of coercion would be quite as effective as any which could be imposed by any measure the Congress may enact. It would not be nearly so fair as having all stand upon the same footing, and all having the same opportunity to enlist or to come under the conscription or draft feature of the bill.

If we accept this postponement of the draft provision we are sure to create a class of boys who are in the early numbers—we will say from 1 to 10 of the local boards—who will in fact be conscripted and drafted by that coercion which comes from their election not to wait for 60 days, and, of course, that will destroy the morale of the others, and cast a reflection upon those who do not even have a chance to volunteer for enrollment.

Mr. BARKLEY. I thank the Senator from Vermont for that very accurate statement.

The amendment of the House contemplates that in the next 60 days an enormous campaign of ballyhoo shall be inaugurated in every community in the United States in order to try to get 400,000 men in 60 days, when we have been unable to get 100,000 men in 90 days to fill up the authorized Regular Army. We are still seventy-five or eighty thousand men short of the number we have authorized for the Regular Army.

In addition to that there will be brass bands and speeches before every courthouse, and lovely pictures will be shown, to entice men into the Army as volunteers. Men will also go about urging those who are out of work to enlist and saying to them, "Why do you not come into the Army? You are unemployed. You are not making anything. You will receive $30 a month in the Army." The result will be that if the 400,000 men are raised within 60 days, they will be raised largely from the unemployed classes, from among men who are out of work, which will give rise again to the saying that "It is a rich man's war and a poor man's fight." I do not want such a situation to be created in this country. I want the son of the millionaire, the son of the banker, the son of the merchant, the son of the railroad president, and the son of the railroad conductor to be under the same obligations to join the Army as the men walking the streets in search of work. I want the men to be selected, instead of the men selecting themselves.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. Will not the men subject to draft, within the specified age limits, be urged to volunteer by those who would say, "You had better volunteer. If you do not, they will draft you anyway"?

Mr. BARKLEY. Yes; and that would be true even though the local boards had had no opportunity to exempt or defer such men from enlistment. I can think of no more unjust

thing. I cannot think of creating an army under more grossly unjust circumstances than to secure enlistment under such circumstances.

Mr. CONNALLY. Mr. President, will the Senator again yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. If the House amendment were to be adopted, and postponement were to be had for 60 days, and under the voluntary enlistment method we should fail to get a sufficient number, what would be the psychological effect upon the people of the United States as well as abroad?

Mr. BARKLEY. The psychological effect upon the people abroad as well as upon the people in the United States would be unfavorable. It would be felt that there were not enough patriots in the United States willing to fight to defend the American Nation and our institutions, as well as to carry out the obligation we have undertaken to defend the Western Hemisphere.

Mr. HILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HILL. The Senator from Kentucky has said that we would start out with a ballyhoo campaign, which would inevitably be the result of the retention in the bill of the Fish amendment providing for a period of 60 days in which only voluntary enlistments should be had. The result would be that all kinds of men would enlist, and there is nothing whatever in the Fish amendment which would prevent men who have a great number of dependents from enlisting.

For example, some man who today is out of a job, who has a wife and three or four children, may volunteer, and when he is accepted the Government has the responsibility of making some provision for his dependents, for we know that $30 a month, which would be the pay of volunteers who come into the Army, is not sufficient to take care of a wife and several children. We would not only have that responsibility but we would be piling up all kinds of burdens for the future in the way of dependents' compensation, pensions, and matters of that kind. That would be the most unbusinesslike, undesirable, and unscientific method to pursue.

Another thing must be taken into consideration, if the Senator from Kentucky will yield further. There is no compulsion more cruel than the compulsion of the ballyhoo campaign, under which every man within the age limits of 21 to 35 immediately becomes suspect, immediately falls under suspicion, unless he rushes to the first recruiting office and there enlists in the Army. It may be that a young man has dependents. It may be that he is not in good health. It may be that he is occupying an important position in some pivotal industry, engaged on a workbench or in a workshop, and yet he cannot explain that fact as he walks down the street. He cannot explain that to the different people he meets or who see him. They immediately will put him under the suspicion that he is not doing his part, that he is not stepping up and enlisting as he should. That is the cruelest form of compulsion.

Mr. President, even though it is desired to agree to the 60-day amendment, yet it ought to have the careful thought and attention of the conferees. As I read the amendment I am not at all sure that it properly takes care of the matter of the quota. Under the amendment it may be found that the enlistments in one county far exceed what its quota would be under the selective draft. Some other county may provide nothing like its quota. Why should some counties or some sections of the country go far over their quotas, without any compulsion being provided to make other counties or sections come up to their quotas? Yet under the language of the 60-day amendment that is exactly what would result. There will be that injustice, that unfairness in the matter of quotas, as between counties, and very likely as between sections.

I should like to mention another thing. The Senator from Kentucky has had opportunity to read the RECORD, I am sure. Amendments were placed in the bill by the House which perhaps the Senate wishes to retain in the bill, but perhaps the language of the amendments should be clarified or should be rewritten. Time and again, as the Senator from Kentucky knows, for he has served on conference committees, it has been absolutely necessary for conferees to clarify amendments in order to make clear the intent of Congress. I cannot think of a more deplorable action than for the Senate today to do, as the Senator from Texas [Mr. CONNALLY] says, simply gulp this whole thing down without sending it to conference, without having an opportunity to work out the existing differences and work out the best possible bill.

Mr. BARKLEY. I thank the Senator from Alabama. Undoubtedly what he says is correct.

Mr. President, I do not know of any amendment that was ever added to a bill sent over to the other body by the Senate which was more appropriately named than at least a part of the House amendment—the Fish amendment. [Laughter.] It does not propose to fish for soldiers, because no one believes 400,000 men can be recruited by voluntary enlistment in the next 60 days. What it really does is to fish for votes in November, instead of soldiers in September, October, November, or any other month. The bill contains various amendments. It contains different language dealing with the same subject. The conferees ought to be allowed to meet and work the matter out. No doubt both Houses will have to yield something. Neither House ever gets all it wants in conference. And often it is necessary, when the report is brought back, if it is brought back by agreement, to vote it up or down as we did today in connection with the transportation measure. That is what is done in connection with all legislation.

I do not agree with the statement made by the Senator from Missouri that what the Senate did today in overruling his point of order was to give to conferees the right to do as they please. The point of order made against the report, which was acted on today, was based on two propositions, and the Senate voted that those propositions did not come within the rule which prohibits conferees from injecting new matter or eliminating matter on which there was an agreement.

The Senate did not agree that the Senator's point of order applied in that particular case. The Senate is not bound in any other case that comes before it to vote the same way, if it is convinced that the conference committee in fact violated the rule.

It seems to me we should have confidence in our conferees on this measure, who will be headed, I presume, by the Senator from Texas [Mr. SHEPPARD], who has worked so long and assiduously in behalf of the proposed legislation. Members of the Senate who will be on the conference committee should go into the conference on terms of equality with the House conferees, without their hands being tied and without being obligated in advance as to how they shall act on a particular part of a complete amendment.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I think the Senator is quite correct. As the Senator knows, I was among the minority who opposed the entire conscription measure. I am still convinced that, from the long-range standpoint, the minority was correct. However, be that as it may, the amendment which was added in the House, called the Fish amendment, is actually neither fish nor flesh.

Mr. BARKLEY. It is very foul. [Laughter.]

Mr. CLARK of Idaho. I think those of the majority who have undertaken to vote for conscription should have the responsibility of conscription. I think they should have it now. The Senator is perfectly correct when he says that we cannot raise 400,000 men in 60 days. We should be lucky if we were able to raise 100,000 men, with the pressure which would be involved in trying to ballyhoo the thing. So, at the end of 60 days, we should have accomplished nothing and should be open to the charge of having delayed conscription 60 days. All who voted against conscription would be open to the charge that we were mistaken, because we would not be able to obtain the volunteers. First, we would be charged with delaying conscription 60 days; and, second, we would be charged with being mistaken in the statement that the volunteer system would work.

I think the amendment is intrinsically dishonest. By that I do not mean to say that the motives of those who voted for the amendment are dishonest, but intrinsically it is wrong. I, for one, of the so-called isolationist or noninterventionist group, propose to oppose the amendment. If we are to have conscription, I think we should have it now; and then we shall see who is right and who is wrong from the long-range standpoint.

Mr. BARKLEY. I thank the Senator from Idaho for his really constructive suggestion; and I congratulate him on his sincerity, not only originally but now.

Mr. President, that is all I care to say. I hope the motion of the Senator from Colorado will be defeated.

Mr. CONNALLY. Mr. President, I apologize for taking any more time, but I have two letters which I shall ask to have read. The first is a letter in behalf of the volunteer system. It is one of the strongest arguments I have heard in behalf of the volunteer system. I ask that the letter be read at the desk, without the name of the writer being read.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

AUSTIN, TEX., *August 5, 1940.*

The Honorable TOM CONNALLY,
United States Senate, Washington, D. C.

Subject: Bill for conscription.

DEAR SIR: I am 21, a junior in the University of Texas, and (I believe) a fairly typical college student on the matter of conscription.

I very definitely do not want to serve a year in the Army.

To do so would entail loss of my job by which I am going to school, postponement of my graduation, and postponement of marriage for at least a year. Of course, it's purely selfish with me; I just don't want to throw away that year of my life. And I can name you scores of my friends who feel the same way.

I can, therefore, assure of at least 10 votes that you will not get next election if you vote for the compulsory military service bill; those of myself and my family (total of six) and those of my fiancée and her family (total of four).

And I'll bet there are other people who fail to see the wisdom of taking college men and college graduates and sticking them in the Army.

Very respectfully yours,

———.

Mr. CONNALLY. Mr. President, that is an eloquent appeal in behalf of the volunteer system. We can understand this young man's viewpoint. It does not suit him to serve. Therefore, the volunteers—provided there are volunteers—ought to serve. It does not suit him to serve.

I have another letter which I ask to have read. This letter is in favor of the selective service view. I think it is of equal eloquence on that side to the one which has just been read. I ask that the letter be read without reading the name of the writer.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

JULY 30, 1940.

Senator TOM CONNALLY,
United States Senate, Washington, D. C.

MY DEAR SENATOR: It is a wonderful thing for a person to live in a free country and choose the mode of livelihood he chooses. I am 22 years of age, in good health, and will enter my second year at Baylor University's law school this fall.

I am an only son of a family of modest means, but by God's blessings I have not known hunger, sickness, war, or any of the other damnations upon humanity. The Government of my country has given my parents security and has enabled them to provide for me thus far in life. It would be very ungrateful for me not to be willing to offer my services to my country for a year, in that I, too, might have a better claim upon a secure future. You might quote me, a representative of American youth, favoring any compulsory military training law that Congress might enact. This is no time for political bickering, it is a time for a united front against facts which are vital to our country.

———.

Mr. CONNALLY. Mr. President, I ask Members of the Senate to contrast the two attitudes. One young man is 21 years old, and is a junior in college. He does not want to go. He is able-bodied and well, and has all the advantages and protections which the other young man has. Under the volunteer system he would not go, because he does not want to go.

On the other hand, the other young man is 22 years old. He is a junior in law school. He gives an estimate of what American citizenship means. The protection which his family has received has enabled it, though of modest means, to give him a livelihood, bring him up, and give him an education. He says he has not suffered any of the disadvantages or hardships of life. He is happy to live under a country which guarantees the advantages and protections which he has enjoyed; and he is willing, if necessary, to fight for it.

Mr. President, I shall not vote to send that young man into training, or perhaps into war, under the volunteer system, and leave behind the other young fellow, who does not want to go. I am willing to let them both go. Both have enjoyed the same advantages and should have the same obligations. They ought to respond, and they ought to be side by side if the local board should call them. I do not think the young fellow who does not want to go has any right to expect the other young fellow to go and serve in his stead and sacrifice for him.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. HILL. Earlier in the day the Senator made an observation in a question to the Senator from Kentucky [Mr. BARKLEY] about the effect on the country and on the world if we now back off and do not pass the selective draft bill. If the Senator will yield to me for a moment, I should like to read a paragraph from an article by Mr. Raymond Clapper, the well-known columnist, along those lines. Mr. Clapper says:

Second, since the conscription issue has been raised, it becomes almost a matter of national self-respect to follow through with it.

The votes are there to pass conscription in principle. But to hedge and crawl by adopting the trick delay until after election would be a demoralizing confession that our nerve failed us in the pinch, a tip-off that we didn't have the determination to do the thing we admit ought to be done.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK of Missouri. I do not know with what organization Mr. Clapper served in the war; but the Senator from Alabama, who was a soldier in the last war, will recall that even after the Conscription Act was passed, voluntary enlistments were permitted for several weeks—in fact, for 2 or 3 months—and several hundred thousand troops were actually raised. I served in a regiment every man in which enlisted after the declaration of war; and I do not think there should be any reflection on anybody because he saw fit to volunteer after war was declared.

I am not aware how much Mr. Clapper knows about the subject, or what his military experience has been.

Mr. HILL. I do not think the Senator's observation is at all germane to what Mr. Clapper says.

Mr. CLARK of Missouri. Does the Senator think——

Mr. HILL. Mr. President——

Mr. CLARK of Missouri. I shall later take the floor in my own right.

Mr. HILL. The question today is whether or not, having started to pass a selective-draft act, we shall go through with it, or whether, ar Mr. Clapper expresses it, our nerve will fail, and we shall become weak, back off, and fail to do the job.

It is true that at the time of the World War, after the Selective Service Act was passed, there were a great many volunteers; but the history of that time shows that even when we passed the Selective Service Act we ourselves did not realize that we should have to raise the great army which we raised. We did not even then realize that we were to send men to France; so those in executive authority thought it was wise to continue to obtain men by the volunteer system. However, the fact that at that time we continued to obtain men by the volunteer system was not a sign of weakness or failure to go forward and do what we ought to do. To fail to pass a selective-service act at this time would be such a failure.

Mr. Clapper goes on to say:

For Congress to flinch thus would be a revelation of weakness that would not be good for us as a nation. Democracy is suffering

somewhat from an inferiority complex at the moment. British morale under the gun is beginning to revive the self-respect of democracy. A clean-cut follow-through now by Congress would truly invigorate us. Nothing could be more enervating than for Congress, in this pinch, to reach for the soft decision. The hard decisions are the ones that make us strong.

I want the Senate this afternoon to take the hard decision, and I believe that is the one the American people want the Senate to take, because they know that the great danger to America does not lie from without but it lies from growing weak, from failing to meet our responsibility, from flinching in this matter. I hope the motion of the Senator from Colorado [Mr. ADAMS] will be voted down.

Mr. CLARK of Missouri. Mr. President, I must say that during my service in the Senate I have never heard a poorer argument for reversing the traditional policy of the United States than for a Senator—a distinguished Senator, who himself has been a gallant soldier and has himself been chairman of the Committee on Military Affairs of another body—to rise in his place on this floor and forsooth, as the reason why the Congress should take a particular action, quote that great military authority, Ray Clapper, as saying that Congress would be showing weakness and cowardice if it does not do this, and do it at a particular time specified by "General" Clapper. Why would Congress be showing weakness if it should say that it would afford an opportunity for men to volunteer if they want to volunteer? When before—not only in time of peace—but when before in any war has it ever been said——

Mr. WHEELER. Will the Senator yield?

Mr. CLARK of Missouri. I will yield in a moment. When before has it ever been said that we will not permit men to volunteer, but we will put the draft in effect before we give them a chance to volunteer? This is not a question involving the determination of Congress to raise all the men who may be necessary, but one involving a studied reflection upon men who choose to volunteer and wear the uniform of the United States, when it is considered a term of opprobrium that a man wants to be a volunteer. I resent that from Mr. Clapper or the Senator from Alabama or anyone else. I now yield to the Senator from Montana.

Mr. WHEELER. I was going to say that he should have included in the list the great military experts Jay Franklin, Alsop, and Kintner, and others.

Mr. CLARK of Missouri. I mentioned only one expert because he was the one quoted by my friend from Alabama.

Mr. HILL. Mr. President——

Mr. CLARK of Missouri. I yield to my friend from Alabama, although he declined to yield to me.

Mr. HILL. I merely wanted to ask the Senator a question before yielding. Neither Mr. Clapper nor the Senator from Alabama cast any opprobrium upon any man because he wants to volunteer.

Mr. CLARK of Missouri. He suggested it would be a sign of weakness, if not a cancer on the body politic, to employ volunteers.

Mr. HILL. It would be a sign of weakness if now after it had voted to pass conscription the Senate should lose its nerve and back down and yield to the views of the Senator from Missouri.

Mr. CLARK of Missouri. Mr. President, if I may be permitted to occupy the floor in my own time for a moment, so far as I am concerned, I voted against conscription, and I am glad I did. I would never vote to fasten the Prussian system of military conscription in time of peace on this country; but, even if it be admitted that the policy has been adopted of fastening the principal weapon of the totalitarian powers upon the United States in time of peace, that still does not make it a sign of weakness or a sign of cowardice, as the Senator from Alabama would imply, to wish to afford an opportunity to Americans who wish to volunteer, to wish to afford an opporunity to men who do not choose to be dragged by the draft system but want to volunteer.

As I have said, in the last war, Mr. President, whole regiments, many regiments, were raised, composed of men who voluntarily enlisted after the war was declared, and I dare the Senator from Alabama or his military mentor, Mr. Clapper, or anyone else to say that they were not as good regiments as ever marched, as good as draft troops or any other troops.

Mr. HILL. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I decline to yield further. The Senator insisted on making a speech in my time the last time I yielded to him, and I decline to yield to him further.

I say that this studied reflection on the volunteer system and on anyone who wishes to volunteer does not do credit either to this country or anyone who is engaged in it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. ADAMS. If my recollection serves me correctly, the bill as passed by the Senate provided for volunteering.

Mr. CLARK of Missouri. I so understood it.

Mr. ADAMS. I did not know that the Senate had eliminated volunteering; I thought it made specific provisions for it.

Mr. CLARK of Missouri. That will be done in conference.

Mr. BURKE obtained the floor.

Mr. HATCH. Mr. President, I desire to ask the Senator from Missouri a question.

Mr. BURKE. I yield.

Mr. HATCH. The Senator has just said that the volunteering part of the Senate bill would be eliminated in conference.

Mr. CLARK of Missouri. I said that was possibly the prospect. I do not know whether it will be or not.

Mr. HATCH. Does not the House bill also provide for volunteers?

Mr. CLARK of Missouri. Under the ruling today, for which the Senator himself voted, the conferees may strike out any provision to which both bodies agreed if the bill is sent to conference without instructions.

Mr. HATCH. I was merely asking for information about the House bill.

Mr. CLARK of Missouri. I understand that the provisions of both the Senate and the House bills, under the ruling of the Senate today, may be stricken out by the conferees. I do not know whether that was included in the prognosis published in the newspapers and over the radio. I overlooked that point myself.

Mr. HATCH. Was any question ever raised about leaving volunteering out, or has there been any such question raised on the floor?

Mr. CLARK of Missouri. There was no question raised in the Senate when this bill was passed as to the ages of registration. The Senator from Alabama now comes along, on the authority of Field Marshal Clapper, and announces it is a sign of weakness and cancer in government and cowardice on the part of the Nation and the Congress for the United States to permit volunteering.

Mr. HILL. Mr. President, will the Senator from Nebraska yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. BURKE. I yield.

Mr. HILL. Of course, the Senator from Alabama has made no such announcement as the Senator from Missouri has attributed to him. The fact that one does not favor the volunteer system in the first instance means no reflection and no opprobrium upon the volunteer or the man who would volunteer; and the fact that the Senate put the volunteer system in the bill, in the first instance, shows that those of us who supported the bill favored the volunteer system to a limited degree—to a certain extent. The suggestion now made by the Senator from Alabama is that, having had the courage and the wisdom to go forward and pass the conscription bill, the Senate would be weak, would be losing its nerve, to turn right around and follow the Senator from Missouri and repudiate what it has done by agreeing to the House amendment.

Mr. CLARK of Missouri. Mr. President, will the Senator from Nebraska yield to me for a moment?

Mr. BURKE. I yield.

Mr. CLARK of Missouri. I called attention to the fact that when this identical proposition was before the Senate during

the consideration of the bill it was defeated by a vote, as I recall, of only 43 to 41—I know it was defeated by only 2 votes. So, it would not show any great amount of weakening in the Senate if it should now be in favor of the provision which has been put in by the House. Neither Mr. Clapper nor anyone else could conclude more than 2 or 3 in the Senate had turned cowards overnight.

Mr. BARKLEY. Mr. President, if the Senator from Nebraska will yield, in that connection it might be stated that in the House of Representatives, a body of more than four times the number of the Senate, the House provision was put in by a vote of only seven, which, in proportion, is even smaller than the vote in the Senate.

Mr. CLARK of Missouri. It was put in twice.

Mr. BARKLEY. It was put in first by a teller vote and later on a roll-call vote, and on the roll-call vote it went in by only seven votes.

Mr. BURKE. Mr. President, I rise merely to call attention to the obvious fact that the volunteer system is not involved at all in the motion offered by the Senator from Colorado, nor is the Fish amendment, which proposes to rely solely upon the volunteer system for 60 days, and then, if necessary, put the selective-service system in operation. They are not involved in the motion because if we proceed in the normal way to appoint conferees the matter will be back before this body in due time.

I agreed with the Senator from Missouri earlier in the day, so I know he will not disagree now when I say that I still have confidence in this deliberative body and that there will be opportunity for those who disagree with what the conferees may do with reference to the volunteer system or with reference to extending the selective system to be heard and to express their opinion.

There is only one thing involved in the motion offered by the Senator from Colorado, and that is whether we shall proceed in a most unwise way to legislate on an important question; and I am so impressed by that that I cannot bring myself to believe that the Senator from Colorado offers his motion seriously or really desires to have a vote in the Senate upon it.

Consider this fact, Mr. President: There are not only three important differences between the House bill and the Senate bill, but there are a great many other amendments. While some of them do not stand out as pronouncedly as these as being of great importance, yet to certain Members of this body and to certain people in the country they may be considered of very great importance.

As an illustration, the House made what I think is a very important change in the section relating to conscientious objectors. It may be that the House provision is better than that worked out by the Senate committee and adopted by the Senate. I do not know. I have assumed that after the appointment of conferees they would go into all these matters carefully, and eventually bring us back a better bill than either the one which left the Senate or the one which left the House. The Senator from Colorado, however, says no, we ought not to do that; we ought now to accept the House bill in toto. I think that would be most unwise.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BURKE. I yield to my friend from Colorado.

Mr. ADAMS. There are two motions before the Senate. One by the Senator from Texas [Mr. SHEPPARD] is that we reject the House bill in toto. My motion was that we accept it in toto. I do not entirely distinguish in principle between the two. I will say to the Senator that I saw these unauthorized articles in the newspapers, and I considered that we had better take the House bill, imperfect as it is, but in my judgment preferable to the Senate bill; that we were being confronted with one or the other in toto, and I prefer to accept the House bill with its imperfections than the Senate bill with its imperfections, or the unauthorized newspaper bill.

Mr. BURKE. The Senator having now been made clear upon the point that they were unauthorized statements, may we not expect the Senator from Colorado to withdraw his motion and not press it further?

Mr. ADAMS. I do not think the Senator from Nebraska can quite expect that.

Mr. CLARK of Missouri. Mr. President, the Senator from Nebraska evidently overlooks the statement of the Senator from Alabama [Mr. HILL] on the floor a moment ago that the chairman of the House Military Affairs Committee, despite his denial of this statement as unauthorized, had made the same statement on the floor of the House.

Mr. BARKLEY. No; the chairman of the House committee made the same statement that I made here for him. That is what the Senator from Alabama said.

Mr. HILL. Mr. President, will the Senator yield?

Mr. BURKE. Yes.

Mr. HILL. My beloved and distinguished friend from Missouri seems to be all wrong this afternoon. I said that the same statement which the Senator from Kentucky made on the floor this afternoon by authority of the chairman of the House Military Affairs Committee had been made this afternoon by the chairman of the House committee, the gentleman from Kentucky, speaking for himself on the floor of the House of Representatives.

Mr. CLARK of Missouri. That may have been what the Senator from Alabama intended to say, but it certainly is not what he said. He said that the chairman of the House committee made the same statement on the floor of the House, reference having just been made to the statement that was made over the radio.

Mr. BURKE. Mr. President, I yielded for a question.

Mr. CLARK of Missouri. If that is what the Senator from Alabama intended to say, however, I certainly do not desire to dispute his intention.

Mr. HILL. Does not the Senator from Missouri agree with me on the matter?

Mr. CLARK of Missouri. I am in agreement that I will accept the Senator's word for what he intended to say, but that is not what he said.

Mr. BURKE. Mr. President, I desire to say just one word in reference to the statement made by the Senator from Colorado.

We have before us two motions. One of them is the motion made by the Senator from Texas [Mr. SHEPPARD] to disagree with the House amendment in toto. The Senator from Colorado knows, of course, that that is the technical way of putting the matter in conference—that we disagree with the House amendment, and conferees are appointed, and the conferees get together. He knows that nothing more is involved in the motion of the Senator from Texas than merely the parliamentary procedure of having conferees appointed.

Mr. ADAMS. The other is also a technical motion; perhaps the most frequent motion on the floor of the Senate—a motion to concur in the House amendment in order that a conference may be avoided. The adoption of that motion in this instance would expedite the going into effect of the conscription bill. Notwithstanding the provisions of the so-called Fish amendment, men will go into the service sooner under the House bill than they will go into the service under the Senate bill, or at least as soon, according to my information.

Mr. BURKE. The Senator from Colorado is correct in stating that the motion he has made of course is a very frequent motion in the Senate when the House has made an amendment to a Senate bill. The only distinction we make is that that is the common motion to make when the matter is of trifling importance and the amendment is of no serious consequence. Then, to avoid a conference, a motion is made to concur in the House amendment, and we do it every day; but no one would contend that that principle ought to apply here.

Identical bills on this subject were introduced, it is true, in the Senate and in the House. The Senate Committee on Military Affairs spent day after day in hearings. They called before them all those who had knowledge and worth-while opinions upon the question of the necessary manpower and how to get it quickly, and they then rewrote the bill. In many important particulars the bill as it came from the Senate Committee on Military Affairs was a very different bill

from that which I had the honor of introducing. Then on the floor of the Senate we debated the matter for, I believe, approximately 3 weeks. Many amendments were adopted, many changes were made in the bill, and that was the bill which left the Senate.

In the House they started in the same way with the identical bill, but their Military Affairs Committee also held extended public hearings, and they brought out a new bill of their own. They paid no direct attention to the Senate bill. They did not take the Senate bill at all, but used their own bill, and that measure in turn was debated for 5 days—in these days an almost unprecedented time to be allotted to a bill on the floor of the House—and many amendments were made in phraseology in many important matters and crucial points in the bill.

To say now that it would be ordinary legislative procedure for this body, after all the attention it has given to this matter and after it has come back in such changed form, to say, "Well, we will just accept in toto what the House has done," impresses me as being the most unwise method of procedure. Certainly no one needs to take that action because of any certain views he may have about the volunteer system, or about the advantages of the Fish amendment postponing the selective service for a time. All of that can be reached under due and normal procedure, and at the proper time, if the motion of the Senator from Texas [Mr. SHEPPARD] is agreed to.

Mr. ASHURST. Mr. President, those who have deigned to pay any attention to my views know that I am opposed to conscription in peacetime. I said when the bill was before the Senate that a draft in peacetime would sow dragon's teeth, from which we would reap a terrible harvest. To draft men means to draft industry and draft labor. It is needless now—it is too late—to rehearse all those arguments.

I have been accustomed to follow the suggestions of the superb intellect of the Senator from Colorado [Mr. ADAMS]. Any Senator may rely upon the sagacity and judgment of the Senator from Colorado; but in this case I perceive no reason why a Senator who opposes the draft should as a matter of consistency, principle, or otherwise, vote to swallow—if such a statement may be permitted—the House bill as it is.

Let us look at the logic of the situation; and if I am wrong, I ask some logician to correct me.

The conferees, if appointed, will have full power to do the very thing this motion proposes to do. Am I right? I am right. In other words, Mr. President, this is not the final appeal. The conferees will have full power to adopt all the suggestions of the House. That matter will be committed to their discretion. Having been defeated in this forum in my attempt—which was a feeble one, I admit—to prevent conscription in peacetime, I am anxious to secure the best possible bill. With due deference to another body of Congress, it appears to me that there are incongruities—and I hope I am not unparliamentary in saying this—in the House bill which I believe can be ironed out, and will be ironed out, by the conferees.

This is a most important bill. In most cases I would vote for a conference so that the conferees might have an opportunity to bring us back a better bill. Therefore, Mr. President, it is not inconsistent, it is not contrary to principle, to vote to send this bill to conference, and that is my reason for voting so to do. Even if it were inconsistent so to do, that would not trouble me in the slightest, as is well known to the Senate.

The PRESIDING OFFICER (Mr. MINTON in the chair). The question is on agreeing to the motion of the Senator from Colorado [Mr. ADAMS] to agree to the House amendment.

The motion was rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. SHEPPARD].

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Brown	Byrnes
Andrews	Barbour	Bulow	Capper
Ashurst	Barkley	Burke	Caraway
Austin	Bilbo	Byrd	Clark, Idaho
Clark, Mo.	Hatch	Miller	Stewart
Connally	Hayden	Minton	Taft
Danaher	Herring	Murray	Thomas, Idaho
Davis	Hill	Neely	Thomas, Okla.
Downey	Hughes	Norris	Thomas, Utah
Ellender	Johnson, Calif.	Nye	Townsend
George	Johnson, Colo.	O'Mahoney	Tydings
Gerry	King	Overton	Vandenberg
Gibson	La Follette	Pittman	Van Nuys
Gillette	Lee	Radcliffe	Wagner
Green	Lodge	Reed	Walsh
Guffey	McCarran	Russell	Wheeler
Gurney	McKellar	Schwartz	White
Hale	Maloney	Schwellenbach	Wiley
Harrison	Mead	Sheppard	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

Mr. JOHNSON of California. Mr. President, will not the Chair state the motion upon which we are now about to vote?

The PRESIDING OFFICER. The question is on the motion of the senior Senator from Texas [Mr. SHEPPARD] that the bill be sent to conference.

Mr. JOHNSON of California. Is that all the motion, just to send the bill to conference?

Mr. CLARK of Missouri. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK of Missouri. As I understand, the motion of the Senator from Texas is to disagree to the House amendment and to agree to the conference asked for by the House.

The PRESIDING OFFICER. The Senator from Missouri is correct.

The question is on the motion of the Senator from Texas [Mr. SHEPPARD] that the Senate disagree to the House amendment, agree to the conference requested by the House, and that the Chair appoint the conferees.

The motion was agreed to.

Mr. CLARK of Missouri. Mr. President, I offer a motion to instruct the conferees.

The PRESIDING OFFICER. The clerk will state the motion.

The Chief Clerk read as follows:

The Senate instructs the conferees on the part of the Senate upon Senate bill 4164: (1) Not to agree to any change in the provision of the bill as it passed the Senate fixing the ages of registration at 21 to 31, inclusive.

(2) To agree with the provision of the House bill known as the Fish amendment providing for a postponement of the registration for 60 days.

Mr. CLARK of Missouri. Mr. President, I have included in the motion to instruct the conferees only two of the items involved in the House amendment. One is the provision adopted by the House changing the provision unanimously agreed to by the Senate, and I understand agreed to by the Senate Committee on Military Affairs after considerable discussion, fixing the age limits for registration at 21 to 31. As I recall, the bill, as introduced by the Senator from Nebraska and as originally reported, or agreed to be reported, by the Senate Committee on Military Affairs, contained different age limits, but out of respect for the almost universal feeling of the Senate upon the matter, the bill was recalled by the Senate committee on its own motion, and the age limits were fixed at 21 and 31.

It seems to me, in view of that fact, and in view of the unanimity with which those age limits were agreed upon in the Senate, that the Senate is entitled to assurance that those age limits will not be changed by the conferees without bringing the matter back to the Senate for further consideration and further instruction. Therefore I have offered this instruction for the purpose of assuring that the prognostications made over the radio and in the newspapers, erroneous as they may be, on behalf of the chairman of the House Committee on Military Affairs, will not actually be translated into fact by a conference report adopting the House provision as to the age limits. I think the Senate is entitled to assurances that they will again have an opportunity to vote on this matter.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BURKE. I think the Senator is substantially correct in his statement in reference to the procedure under which the age limits were fixed.

Mr. CLARK of Missouri. If I am incorrect, I should be very glad to have the Senator set me right.

Mr. BURKE. There is one particular in which I think the Senator was not quite correct. The bill as introduced contained different age limits, namely, 18 to 65, and the matter was considered in the Senate Committee on Military Affairs. I did not understand that the committee had ever agreed on any other age limits. They did, at the suggestion of the War Department, change the age from 65 to 64, so as to conform with the general retirement provisions in the Army. Then, after the testimony was all in and the committee considered the matter, they eventually agreed on the 21-to-31 provision.

The Senator will recall that the matter was not discussed on the floor of the Senate, except in one particular. The junior Senator from Massachusetts [Mr. LODGE], as I recall, offered an amendment to reduce the age limit, and to make the age range from 21 to 24, and there was some discussion as to what would be the proper age limit. At that time I stated that I thought the age limit should be 21 to 45, and I was considering the advisability of offering an amendment to that effect so that it might be discussed by the Senate in general, but for one reason or another that was never done, and the matter went through without any discussion.

The only point I questioned in the Senator's statement as not being quite correct was that the Senate is unanimously opposed to the House provision making the age limits 21 and 45.

Mr. CLARK of Missouri. I did not make that statement. I said that the provision making the age limit 21 to 31 was adopted with substantial unanimity in the Senate on the passage of the bill. I did not say that at the present time, if the matter were submitted to a vote, the Senate would be unanimously opposed to the range of 21 to 45, because, as the Senator from Nebraska said a moment ago, he stated during the debate that he preferred a different age limit. The Senator from Massachusetts, as I recall, stated that while he was offering an amendment to make the age limits 21 and 24, he preferred a reduction in the lower age limit to 18 years. I did not make the statement, nor do I believe, that the Senate would be unanimously opposed to the House provision making the age limit 21 to 45. I do say that the whole history of the bill in the Senate showed that an overwhelming majority of the Senate seemed to favor the age limit of 21 to 31, and I have offered this instruction for the purpose of seeing to it that the Senate conferees do not agree to the House provision, as the erroneous newspaper and radio reports indicated was already agreed upon, without bringing the matter back to the Senate for further action. If the chairman of the Senate conferees would be willing to agree not to include this age-limit matter and the other matter covered in my instruction in the conference report, I should be perfectly willing to have the bill go to conference; in other words, if the Senate should have an opportunity to vote on those two propositions as separate matters. I am offering the instruction at this time because it is the only opportunity the Senate will have to vote, except to vote a conference report up or down, or, as the junior Senator from Texas [Mr. CONNALLY] so eloquently said a little while ago, swallow it at one gulp, no matter what the conferees might decide to force upon us.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BURKE. It would seem to me very much better that the Senate conferees should sit down around a table with the House conferees, so that they might have a free and open conference, and not go to the extent the Senate went earlier today in reference to the transportation bill; that they should not go into conference with the House conferees bound by any alleged statement made by the chairman of their conferees that they were going to do a certain thing, and with the Senate conferees pledged in advance along a certain line, but that they should meet together with the two bills, the Senate conferees, of course, giving full weight to all the provisions in the Senate bill and the House conferees to their own measure, and then bring back to the respective Houses the best possible bill. So I am very much opposed to the Senator's motion, to both parts of it, and I hope it will be voted down.

Mr. CLARK of Missouri. Of course, Mr. President, I knew the Senator from Nebraska would be opposed to both parts of the motion to instruct the conferees, or, indeed, to any motion of any sort to prevent the consummation of this putative conference report which has already been agreed upon by the newspapers and the radio commentators.

As to the Senator's theory of conferees just meeting in a beautiful open session with entirely open minds, without any outside pressure, or anything of that sort, that is a beautiful theory, but it does not work out in practice. A burnt child dreads the fire. I had the experience in this body once of having an amendment which I had offered to a tax bill adopted by a majority of more than 20, an amendment providing for the imposition of taxes upon what were at that time denominated "tax-exempt securities." What was my surprise to read in the newspapers the next day an announcement from the chairman of the Senate conferees, before the conference was ever held, that the Senate conferees would recede from the Senate amendment, and I was told by members of both the House and Senate conference committees afterward that, as a matter of fact, the Senate conferees receded from the Senate amendment before the House conferees ever had a chance to even suggest that they do so.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. I remember the Senator from Nebraska [Mr. BURKE] standing on the floor of the Senate and saying that after all this was not a selective-service bill; that that was a misnomer; that it really was a selective-training bill, under which it was simply proposed to train young men.

Of course, what will be done under the measure is to take young men between the ages of 25 and 45 into the service, but let those who are not taken into the service under this measure remember that as a result of it a club will be held over the heads of all workingmen in all communities in the United States of America. As a practical matter you know and I know what that will mean. It will mean for the laboring people that if they do not do as they are told to do they may be drafted into the Army. That is not theory. I can name community after community in which such a club was held over workingmen during the last war.

Much is said about the whole matter being conducted by local authorities. Yes; it will be conducted by local authorities. But who will compose the local boards in many communities, in industrial centers, which will have in charge the matter of selective service? Everyone knows what it will mean as a practical matter. Everyone knows it will mean that a club will be held over the heads of the workingmen. That is one reason why I have been against peacetime conscription. I saw such legislation in operation in certain communities in the United States during the World War, and I know how it operated in some of the industrial centers. I know the club that was held over workingmen in some of the communities of the country. Such a club will be held over the heads of workingmen in the United States in peacetime, under this legislation, and make no mistake about it.

Mr. CLARK of Missouri. Mr. President, if the Senator will permit me I will tell him that I once had the opportunity, as a member of a committee of the Senate, to examine the so-called industrial-mobilization plan, which was at that time on file in the War and Navy Departments. I understand it has been changed since by the Stettinius plan, which is now a deep secret. The plan to which I first referred is the one which was in preparation 3 or 4 years ago. It was no secret. If one took the trouble to read between the lines, and to dig into it a little bit, he would find that under it the result would be precisely what the Senator from Montana said would be the result of the present plan. The document did not say in so many words that it was planned to conscript labor, but it was the intention, by use of the draft system, to exercise such a club over labor that, if it was desired, labor could be drafted into the military service, and the authorities could force any conditions on labor they pleased, just as was done in the last war in the case of members of a regiment

who were engaged in the State of Washington to cut lumber for use in building airplanes, and who were reduced to a condition practically of peonage, as the Senator from Montana knows.

Mr. WHEELER. Mr. President, will the Senator again yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. Let no laboring man in the country fool himself as to what the real purpose of the legislation is, and what the result will be. It will result in a club being held over the laboring men of the country in every industrial center. I am not a prophet, but I venture the statement that very soon after the legislation goes into effect we shall find out what will take place under it.

Mr. BURKE. Mr. President, will the Senator from Missouri yield to me?

Mr. CLARK of Missouri. I yield.

Mr. BURKE. So far from the selective-service bill being a club over the heads of the workingmen of the country, it is one method by which the obligation to train for service and to be ready for service can be imposed equally upon those from all walks of life in the country. There are those who may delude themselves into saying that we can increase the pay in the Army to a slight degree, and offer that inducement to those who are unfortunate enough not to hold good positions, or who are out of work altogether, and thus bring them into the military service in that way, which would not appeal at all, apparently, to the kind of people the Senator from Montana would like to reach——

Mr. CLARK of Missouri. The Senator from Nebraska, as I understand, proposed to pay them $5 a month.

Mr. BURKE. The provision in the original bill that was introduced, if we must go over that again——

Mr. CLARK of Missouri. Well, the Senator from Nebraska brought up that subject. That is what the Senator himself proposed.

Mr. BURKE. Very well, we will stop right there, if the Senator will yield further, to explain once more that that provision in the bill was simply a nominal provision, which was put in it in order to make it conform to the amount received by the C. C. C. boys after their allotments to their families are made, with the understanding, and with the theory in mind, that Congress would take the necessary action, if any persons were dependent on those who came into the Army, to see that under separate legislation provision was made for them. I do not, however, propose to be diverted by the Senator's remark from the point I was discussing. I do not know that I was asking a question, but the Senator had graciously yielded to me to permit me to make a statement.

Mr. CLARK of Missouri. I am glad to yield to the Senator, but I hope he will not make a speech.

Mr. BURKE. I do not desire to make a speech.

Mr. CLARK of Missouri. The Senator can obtain the floor at any time.

Mr. BURKE. I wish to say that the only proposal adopted in connection with this proposed legislation which might have any bearing upon the point made by the Senator from Montana, was the Russell-Overton amendment, which I supported, and which proposed, under certain circumstances, to permit the drafting of industrial plants. The objection made to that by certain Senators was that it might involve the drafting of labor. It did not seem to me that that would necessarily follow, and therefore I supported the amendment.

I am opposed, as I hope every other Senator is, to anything resembling the drafting of labor. I want labor to be bargained for freely. But I see no merit whatever in bringing in now, at this stage of the debate, the contention that this is a measure which will bear heavily upon the workingmen of the country.

Mr. CLARK of Missouri. I am sorry the Senator from Nebraska does not approve the suggestion of the Senator from Montana. Of course, that is a difference of opinion.

Mr. WHEELER. Of course, the Senator from Nebraska does not want to debate that matter. I do not blame him for not wanting to debate the proposal which was made in connection with the bill which he brought in, which was drafted by great patriots from New York, that it contain a provision for $5 a month for the men who were to be taken into the service. Then, of course, it was the idea that Congress, in its generosity, would appropriate money to take care of the man's wife and children who were left behind. The idea was to make them dependent upon charity from the Government of the United States, and that we would put the men in the Army at $5 a month.

Mr. CLARK of Missouri. The same crowd who drew up the bill—that is, the Military Training Camps Association—have been perhaps the most bitter opponents of adjusted compensation for service men, or for providing aid to widows and orphans of service men, or any soldier's benefits of that sort, and may safely be depended upon, if they once again force this system on the country, after we shall have fought the war, again to be as bitter opponents of compensation for the veterans of the next war as they were of compensation for the veterans of the last war.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. To me it is amusing to see Senators stand on the floor of the Senate and talk about the cowardice of the people of this country—the United States of America—which is not at war, when our neighbor across the border, Canada, has put into effect a law which provides for training for a period of 30 days, with the provision that those called shall not be taken out of their own country against their wishes. Canada is at war. We are at peace. If we can believe the statements of both the candidates, the candidate on the Democratic and the candidate on the Republican ticket, we shall remain at peace and will not go to war. Yet there is in this country hysteria and fear.

The pending legislation is being passed because of fear. When legislation is enacted because of fear, we always do a bad job.

In my judgment, this is one of the worst pieces of legislation that has ever been perpetrated upon the people of the United States, and I want to make the prediction that within 6 months after it shall have been enacted, and the boys are placed in the camps, and it is found that no preparation has been made to take care of them, that there are not enough shoes or other equipment for them, we shall see that it will be one of the greatest breeders of radicalism in this country. The conservative businessmen, the Wall Street lawyers, may believe that they are doing this in the interest of suppressing radicalism—and that is what they are doing it for; let us be frank about it; let us be honest about it—but the result of the legislation will be to breed radicalism in the United States, because the American people cannot be oppressed by peacetime draft. Many people have been fooled into believing that this measure is simply to provide for training the boys. It is not for training American boys for war. It is not for giving them military training; but the result will be to hold a club over the heads of the men and the women of the United States in peacetime.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BURKE. I cannot let go unchallenged the statement that this is other than primarily a bill for training our manpower for national defense; and as often as the statement is made on the floor that it is other than a training measure of that kind I propose, if I can be recognized, to deny it. Nothing was further from the thought of those who drafted the legislation or the Military Affairs Committee in working it out, or of the Senate, I am sure, in overwhelming majority, in passing it.

Mr. CLARK of Missouri. Let me say to the Senator from Nebraska that if this is only a training bill—if it was the intention of those who drafted it, of the Military Affairs Committee in reporting it, and of the Senate in passing it, that it was to be only a training bill—they had all better read the bill again, because it is a service bill. It is as much of a conscription bill as was the conscription bill which was passed after our entry into the last war. There is absolutely nothing in the bill to prevent the men who are taken away from

their homes and drafted being sent to fight in Egypt, England, or any other place to which they may be ordered to go. It is not a training bill. It is a service bill.

Mr. BURKE. Certainly it will be a service bill if the national defense requires the men who are trained to take up arms to repel an invader.

Mr. CLARK of Missouri. There is no such limitation. I offered such a limitation, and it was voted down by votes including the vote of the Senator from Nebraska. I offered the limitation that the men should not be sent to serve outside the United States and its possessions, but that amendmen was voted down by votes including that of the Senator from Nebraska.

Mr. BURKE. Certainly I voted against it.

Mr. CLARK of Missouri. The Senator talks about the men being used to repel an invader. I say that there is nothing in the bill to prevent the men from being sent to serve in England, Egypt, Africa, Asia, or any other place.

Mr. BURKE. If that is the way to carry forward the national defense to the highest extent, certainly they should be so sent. What I say is that this is certainly a training bill from start to finish; and the Senator comes back and says that if we become involved in war the men will have to carry muskets. Of course, they will.

Mr. CLARK of Missouri. Let me call the attention of the Senator to the fact it is not necessary for us to get into a war. If the President of the United States can dispose of one-seventh of the Navy of the United States without any authority from Congress, does the Senator believe he would hesitate to order the draftees to be sent abroad without any declaration of war, or any more authority from Congress, than he had to dispose of the destroyers?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. We have sent men into Nicaragua and Haiti without any declaration of war.

Mr. CLARK of Missouri. The draftees could be sent in the same way.

Mr. WHEELER. Of course, the draftees could be sent to Haiti, South America, China, or anywhere in the world.

Mr. CLARK of Missouri. Mr. President, it is not my purpose to enter into a general discussion of the conscription bill. I have referred to the first proposed instruction which I offered, which had to do with the ages for registration. I now desire to refer very briefly to the other portion of my proposed instructions, which is an instruction to the Senate conferees that they they are to accept the provision inserted in the House bill which was known in the Senate as the Hayden amendment. That amendment was discussed in the Senate and was rejected in the Senate by a majority of only two votes. My proposal is simply to afford the Senate an opportunity again to pass on the validity of the Hayden amendment.

If we had any assurance that the conferees would bring back the Hayden amendment in disagreement, and afford the Senate an opportunity to vote on it, with the possibility that a change of two votes would enable the Senate to agree with the House, I should not offer the proposal to instruct the conferees. However, the amendment was of such merit and was so strongly supported in the Senate during the consideration of the original bill, that it seems to me the Senate is entitled to an opportunity again to pass upon it. I do not propose to discuss the merits of it. It was discussed at length when the matter was before the Senate. It was discussed in the House and adopted on two separate votes. I believe that if another vote could be had on it in the Senate, the amendment would be agreed to.

The Senator from Kentucky [Mr. BARKLEY] undertook to be very facetious in referring to the so-called Fish amendment, and undertook to make a play on words—which I presume was supposed to be humorous—on the name "Fish." He did not refer to the amendment as the Hayden amendment, by which name it was known when it was considered in this body and defeated by only two votes.

I submit that there is nothing in this instruction which reflects in any way upon the Senate conferees; but in view of the rule that a conference report must be agreed to or rejected as a whole, this is the only opportunity the Senate will ever have to express its opinion upon these two very essential substantive propositions without having them confused with a number of other issues.

Mr. HAYDEN. Mr. President, I voted against the proposal made by the Senator from Colorado [Mr. ADAMS] because I believe that in the interest of good legislation the bill should go to conference. I intend to support the proposal made by the Senator from Missouri [Mr. CLARK], because I think the lower age limits should be adopted. I voted for the amendment offered by the Senator from Massachusetts [Mr. LODGE] to fix the age limits between 21 and 25, which would require the registration of 5,000,000 men, out of which 400,000 men would be obtained this year and another 400,000 next April. Certainly Congress should not go above an age limit of 31.

The text of the so-called Fish amendment as adopted in the House was identical with the amendment which I offered in the Senate and which was defeated in this body by 2 votes. I offered the amendment because in a democracy we should pay some respect to the opinions of the minority. No doubt the Gallup poll adequately reflects the views of the American people. Two-thirds of the American people are in favor of conscription. One-third are opposed to it. Among that third are a number of very stubborn persons who firmly believe in the volunteer system, and I was convinced that national unity would be promoted by offering an opportunity to demonstrate whether they are right or whether they are wrong. The amendment which I offered permitted this to be done without in any way interfering with obtaining men for the national defense. I still believe that it would be the part of wisdom to give the minority a chance to prove its contentions. There is and has been from the beginning of our Government a feeling among a substantial section of the American people that volunteering is a better way to proceed than by conscription. One sentence by David Lawrence in an editorial in the United States News of August 30, 1940, gives expression to a very widespread idea:

> However we may argue in favor of the principle of selective or universal service in theory—and it can be supported convincingly as the only satisfactory way to fight a war—there is something deep in the hearts of Americans which still believes in volition rather than compulsion as the chief power of a democracy.

It was to show a decent respect for the views of the minority that I proposed that volunteering be given a 60-day trial. I wish now to prove by the words of a witness better qualified than any other American, that the 60-day delay of conscription would cause no harm whatever. Gen. Hugh S. Johnson had immediate charge of the selective draft during the World War. On September 7, the day before the Fish amendment was finally voted upon in the House of Representatives, this is what General Johnson said in his column which is published in many newspapers:

> The Fish amendment to the Selective Service Act, tentatively adopted by the House, has been erroneously reported as a measure to postpone effectiveness of the selective-service law by 60 days. It has other gross faults, but it does not do that. As soon as the law passes, the Government can set up the machinery for registration and classification of manpower. It can proceed, when ready to register them and, rapidly as possible, to classify them in the order of their relative availability for military service with the least possible disturbance of domestic, industrial, or social relations.
>
> You can't have any actual taking of men into the Army under our system until the registration is complete to the last man. You can't have it until the classification has proceeded at least to the point of filling the quotas of each locality. "Filling the quotas" means the actual taking of men for whom the great lottery in Washington has determined that their turn has come and of whom committees of their neighbors have decided that there is less reason for them to remain in the civil occupations than exists for other men.
>
> Starting from scratch, this machinery could not possibly be set up, oiled and put in efficient operation to produce 400,000 or even 100,000 men in less than 60 days. All that the Fish amendment provides is that while the machinery may be created as quickly as possible, it can't actually take a single man for 60 days. Thus, on the cold hard facts, there will be no real delay on this score.

While most anyone is as well qualified to pass judgment upon the motives of other men, no one could be a better witness than General Johnson to testify that 60 days of volunteering would not in any manner prevent obtaining men for the Army and the Navy.

Mr. McKELLAR. Mr. President, I desire to ask if I correctly understood the Senator to say that General Johnson had charge of the Draft Act in 1917–18.

Mr. HAYDEN. He had active charge of the actual administration of that act.

Mr. McKELLAR. Gen. Enoch H. Crowder had absolute control of the Draft Act. I happened to be a member of the Military Affairs Committee at the time, and I know absolutely that General Crowder controlled it all the way through.

Mr. CONNALLY. Mr. President, if the Senator will yield, both Senators are right. I am surprised that that is true, but they are both right. General Crowder technically, of course, as Provost Marshal General and Judge Advocate General, was in charge of the draft; and General Johnson, who was then a major—made a lieutenant colonel but only a major—was General Crowder's executive officer, and as such had immediate charge of all the details regarding the draft. I remember that that is where I first met him.

Mr. HAYDEN. Mr. President, since this subject has been mentioned, I desire to quote from another one of General Johnson's columns in which he states the high importance of providing in the pending bill for complete civilian control of the draft boards. I am going to put this article of General Johnson's in the RECORD; and I hope, now that the bill has gone to conference, that the Senate conferees will be sure to follow out the suggestion made by the general that there must be no centralized or bureaucratic interference whatsoever; that the civilian draft boards shall be entirely made up of a man's friends and neighbors in the community in which he resides.

As to who is responsible for the Selective Draft Act, in this article General Johnson, after stating why the Civil War Draft Acts of both the Union and Confederate governments were as fiasco, says:

> When General Crowder detailed me to draw up a plan for the 1917 draft, his only instructions were, "Reverse every one of those errors."

The claim has often been made that General Crowder was the author of the Selective Draft Act; but I read into the CONGRESSIONAL RECORD on May 31, 1918, a true statement of the facts. I did it because I had read in Collier's Weekly a comment by Mark Sullivan in which he attributed the establishment of local civilian boards in the Selective Draft Act to President Wilson, and then I saw an article by Mr. Taft in the Philadelphia Public Ledger in which it was stated that Gen. Enoch Crowder was entirely responsible for the idea of setting up local and district boards to determine who should be inducted into the Army.

I happened to know of my own knowledge that the man who conceived the idea of setting up civilian draft boards was a former Governor of Nebraska, then a Member of the House of Representatives, Mr. A. C. Shallenberger. Therefore, I took the trouble to read into the CONGRESSIONAL RECORD the hearings before the House Committee on Military Affairs, at which the Secretray of War was present on two different days, when Mr. Shallenberger questioned him in regard to how the draft was to be carried into effect. The record clearly shows that the War Department had no plan. I distinctly remember being told that when General Crowder was first called upon for the text of a conscription act, he brought up to the committee the old Civil War Draft Act in a slightly modified form and there was not one word in what he presented about local civilian draft boards. Mr. Shallenberger and the other members of the House Committee on Military Affairs were solely responsible for the establishment of such boards.

In order that this matter may be again made of record, so that there can be no further dispute about it, I ask leave to have printed in the RECORD General Johnson's recent newspaper column and then certain extracts from the proceedings in the House of Representatives on May 31, 1918. After I had made my statement Mr. Kahn, of California, who had charge of the draft bill, because he favored conscription and the chairman of the House Committee on Military Affairs did not, made some very complimentary remarks in regard to General Crowder; but he did not then claim, because as a member of the House Committee on Military Affairs he knew it was not true, that General Crowder was the author of the plan for the creation of local and district civilian draft boards.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

ONE MAN'S OPINION

(By Hugh S. Johnson)

The strength of the World War selective service was that it followed the essential of the American system of local self-government to the last letter. Gen. Enoch Crowder used to require of every officer detailed or assigned to the Judge Advocate General's department a study of the errors of conscription that had made it a stench in the nostrils of Englishmen and Americans. The trouble had been the very errors of government that had brought the American Revolution—distant and almost tyrannical bureaucracy invading the local affairs of an independent people with cast-iron rules for their conduct and with no regard for local problems.

That was what made the draft in the War between the States in both the Federal and Confederate Governments a fiasco. When General Crowder detailed me to draw up a plan for the 1917 draft, his only instructions were, "Reverse every one of those errors."

The essence of that reversal will be found in section 4 of the 1917 Selective Service Act. It took every power for the classification, taking, or deferment of men for military service out of the hands of any centralized official or bureaucracy and lodged it solely, exclusively, or finally in the local or district boards of appeal.

It is impossible to overemphasize the necessity and the healthy effect of that. The printer's ink was not dry on the paper of the law before every Congressman and political official in Washington was deluged with demands from constituents to do this or that for the son of Mrs. A., Mrs. B., and so on throughout the alphabet. A painstaking letter was prepared, explaining that there was no authority in Washington or elsewhere, except in these neighborhood committees, who had the slightest power to prefer any man either through fear or favor.

Tens of thousands of copies of that letter were reproduced at the request of harried Congressmen. It relieved them from the most hateful responsibility that a legislator has—attempts by his constituents to extract unjust special privileges in return for possible votes.

I was told that the system would fail because the local selective-service boards with so much power would be even more subject to local influence. The record in millions of cases will bear me out that no such thing happened—or could happen. We avoided that by the device of the great Washington lottery which established the "order numbers."

The job was done in a goldfish bowl. If Mrs. Smith's son's name came up as next for service, the eyes of every other mother of a son with a later order number were on the selection board. If the first boy got off unjustly, their sons were that much nearer to the gun. For that reason, our difficulty turned out to be not that the exemptions were too liberally or unfairly applied. They were applied too strictly in almost every one of more than 4,000 local boards.

The present legislation in Congress overlooks this absolutely vital point entirely. The jurisdiction and powers of the boards are not fixed by the statute but left to a political discretion in Washington. It is an indication of the hasty way in which the bill was prepared—by a group of New York lawyers, without enough experience in the draft.

The War Department had been studying the 1917 selective-service system for 23 years, hearing all veteran criticism and advice and preserving all principles that had proved to be correct. The Department bill was largely short-circuited.

This is no trivial detail. It is a basic fault in the Burke-Wadsworth bill that must be remedied before it passes.

[From the CONGRESSIONAL RECORD of May 31, 1918]

Mr. HAYDEN. Mr. Chairman, I move to strike out the last word.

I desire to address the committee for a few moments in the interest of historical accuracy. It is now universally recognized that the success of the Selective Draft Act has been primarily due to the fact that its administration has been placed in the hands of the State and local civilian authorities. Mark Sullivan, of Collier's Weekly, was among the first to give wide publicity to this supreme virtue of the draft law. On June 23, 1917, in his Comments on Congress, he said:

MARK SULLIVAN'S EDITORIAL IN COLLIER'S

"Anyone who will read the draft bill closely or will search his recollection of the details of registration and draft which we are just passing through will discover this fact, a fact of the most fundamental importance, although utterly inconspicuous: At no point does a soldier come to a citizen and say "Come"; at no point does a military authority say to a civilian, "Come, you; take orders from me." This is conscription in the odious sense, and this is the thing which doesn't happen in our case. The administration wrote the

bill and laid out the process so that at no place does the Army take a man from civil life; it is always civilians sending a man to the Army. What happens is that a group of civilians say to a man, 'We have examined the circumstances of all the persons in our community, and we designate you as one best fitted to go and serve us; that is, to serve the civil population as a soldier.' The board of civilians who make this designation are the local civil authorities, who have been elected to the offices they hold by the very voters whom they now survey and designate—the neighbors of the men drafted. And if the drafted man does not agree that his designation was a proper one or believes that he should be exempted, he has a chance to lay his reasons before the fellow civilians who have designated him. Finally, if the local board still insists on his designation, he has an appeal again to civilians. At all points it is civilians choosing a man from among themselves and sending him to serve them in the Army; at no point is it a case of soldiers taking a man. The subordination of the Army to the civil population is maintained. A loose or careless or hurried handling of our emergency by a man intent on quickness and expediency might have lost us a good deal."

Thus far Mr. Sullivan is absolutely correct in his appreciation of the merits of civilian tribunals, but he then goes on to attribute this most wise plan to the President—

"The writer of this paragraph does not happen to know whether or not Mr. Wilson personally wrote or dictated the conscription bill. But it is certain that this feature of the fundamental structure of the bill is an emanation from Mr. Wilson's mind, a mind so well grounded in the principles of democratic society that it just naturally works right without being conscious of it. The bigness of this it is hardly possible to exaggerate, yet it passes merely as part of the day's work."

In the Philadelphia Public Ledger of May 16, 1918, there appeared an article entitled "How a Great Democracy Created Its Army," by William H. Taft, which gives credit for this legislative masterpiece to another individual. In discussing the origin of the Selective Draft Act, Mr. Taft says:

PRESIDENT TAFT'S COMMENTS

"Without abating in the slightest the credit of those who put through the bill, it is not too much to say that the real inventor of the system, the man who has done more than any other one person in the Government practically to carry it out, is Maj. Gen. Enoch H. Crowder, the Judge Advocate General of the United States * * *.

"When we declared war and the question of the proper method of raising an Army was before the War Department, the General Staff was consulted and so was the Judge Advocate General. They both submitted plans and General Crowder's was adopted; and the action of the administration in adopting it has been triumphantly vindicated by the result * * *.

"In devising the mechanism needed, General Crowder showed his broad vision and complete confidence in the self-governing capacity of the American people. He called for the voluntary action of State, county, and city officials, and for the formation of committees of unofficial persons to execute the law. Through these agents, in a marvelously short time, nearly ten millions of men, between 21 and 31, were registered. Exemption boards, 4,500 in number, and district boards, 200 in number, with the duty of selection and examination, were created, and the amount of free and valuable service rendered by them speaks volumes for the patriotic spirit of their members * * *."

Now, I not only respect but sincerely admire the greatest of our living ex-Presidents. From the day he left the White House to this hour he has deserved the high esteem in which he is held by his fellow citizens everywhere. Since the declaration of war he has given to the limit of his time, his strength, and his great ability in the cause of victory for our arms. Under his persuasive leadership the most far-reaching compact in the history of American industry has been made. For the duration of the war the leaders of organized labor have agreed to abandon the right to strike, and the leaders of organized capital have recognized the justice and expediency of collective bargaining. Always constructive in his statesmanship, not one word of fault finding or unfair criticism has escaped from his lips. Both during the war and long after its close our people will mention with pride the patriotic service of William Howard Taft, a true American. [Applause.]

I know that Mr. Taft would be the last man to bestow credit where credit is not due. It is easy to imagine how he fell into this error, particularly when praising one with whom he served in the Philippine Government. But now let us see who it was that is really responsible for the use of local civil tribunals to determine the men to be selected to do the actual fighting in this war.

HISTORY OF THE LEGISLATION

Early in April 1917, the Secretary of War sent to the chairman of the Committee on Military Affairs the original draft of the Selective Draft Act which, Mr. Taft says, was prepared by General Crowder. Nowhere in this proposed bill is any mention made of tribunals or boards whose duty it would be to enforce the provisions of the law. The President is authorized to utilize all Federal or State officers, but beyond that no intimation is given of how citizens are to be selected for military service. On April 9, 1918, the Secretary of War made a statement before the Committee on Military Affairs in support of this bill and the record shows that he was accompanied by the Judge Advocate General. Beginning on page 61 of the hearings the gentleman from Nebraska, Mr. Shallenberger, made this statement and inquiry:

"Mr. SHALLENBERGER. Referring to the third section of this bill, which, as the chairman said, was discussed the other day, you have referred several times, and I think it is a very essential point, to the manner of the selection of those men. As I remember it, you stated that it was contemplated that something like 48 percent, at least, or a large proportion of them, would be exempted for one reason or another. Now, in the application of that exemption there would have to be a tribunal to determine the questions that will arise in the administration of the law. Has the Department determined whether this tribunal shall be a civil tribunal or a military tribunal?

"Secretary BAKER. That has not yet been determined.

"Mr. SHALLENBERGER. You understand, of course, that some nations—Germany, for instance—have a military tribunal, while England has a civil tribunal to administer the law. Furthermore, you know, no doubt, that in Argentina, and, perhaps, in some other countries, there has been a great deal of dissatisfaction about the fairness of the administration of the law in making the selections. The matter presents difficulties that will make for a great deal of dissatisfaction, and I did not know whether or not you had determined that vital point.

"Secretary BAKER. I have heard of the criticism of the Argentine administration of the law. This bill places at the disposal of the Department or the Government all the administrative and executive agencies of every State, including, doubtless, the smallest administrative units in the State. Undoubtedly some system will have to be devised for a fair and public determination of those matters.

"Mr. SHALLENBERGER. But that has not yet been determined by the Department?

"Secretary BAKER. No.

"Mr. SHALLENBERGER. I think we will be asked about that on the floor and that the matter will be very fully discussed. If the Department has determined upon its policy——

"Secretary BAKER (interposing). We have determined our policy, but not how it will be administered. Those details have not been worked out yet."

On April 11 the Secretary of War and the Judge Advocate General were again before the committee. I read from page 117 of the hearings:

"The CHAIRMAN. Have you anything further to suggest, Mr. Secretary?

"Secretary BAKER. There is only one other thing. There has been some question raised as to just what was done in Great Britain on the subject of conscription, and General Crowder has kindly found for me the Military Service Act of the British Government, and I would like to read perhaps just enough of it to make the question clear.

"Mr. CALDWELL. How much of it is there?

"Secretary BAKER. It is not very long; only two or three pages.

"Mr. KAHN. I think we would like to hear it.

"Mr. CALDWELL. The only thing I had in mind was whether or not it would not be well to put the entire act in the record.

"Secretary BAKER. I understood that to be the purport of your question.

"Mr. GORDON. Is that the latest act which they have passed? The first act was passed in January 1916 and the last act was enacted in May.

"Secretary BAKER. My impression is that this is the act of January 1916.

"General CROWDER. This is the act which set in force the conscription in 1916. It is the first of the acts. We have not the series of acts here.

"Secretary BAKER. On the back of the act appears the endorsement, 'Ordered by the House of Commons to be drawn on the 6th day of January 1916.'

"Mr. GORDON. That was the original act.

"Mr. SHALLENBERGER. And it has been considerably amended since then.

"Secretary BAKER (reading):

"'*Be it enacted, etc.*, as follows:

"'1. (1) Every male British subject who—

"'(a) On the 15th day of August 1915, was ordinarily resident in Great Britain and had attained the age of 18 years and had not attained the age of 41 years; and

"'(b) On the 2d day of November 1915 was unmarried or was a widower without any child dependent upon him—

"'shall, unless he either is within the exceptions set out in the first schedule of this act or has attained the age of 41 years before the appointed date, be deemed as from the appointed date to have been duly enlisted in His Majesty's regular forces for general service with the colors or in the reserve for the period of the war and to have been forthwith transferred to the reserve.'"

* * * * * * *

"Mr. SHALLENBERGER. The second schedule, Mr. Secretary, shows the constitution of the tribunal in which this is administered, and that is the question I asked you about.

"Secretary BAKER. Shall I read the second schedule?

"Mr. SHALLENBERGER. That is the one I asked you about yesterday.

"Secretary BAKER. I will give you the substance of it, and will ask you, Governor, to follow me and see if I leave out anything that ought to be in:

"'There shall be a military-service tribunal for each local registration district under the National Registration Act of 1915 in Great Britain, or for any division of any such district which may be adopted for the purpose by the registration authority of the district, consisting of such persons, not less than 5 and not exceeding 25 in number, as may be appointed for the purpose by that authority.

"'2. There shall be appeal tribunals, acting within such areas as His Majesty may appoint, consisting of such persons as may be appointed for the purpose by His Majesty.

" '3. Tribunals may act through committees appointed by them, consisting wholly or partly of members of the tribunal.'

"Mr. SHALLENBERGER. The act I have before me says there shall be a local tribunal. It does not say a military tribunal at all.

"Secretary BAKER. It says a military-service tribunal in the act I have. There are two other provisions:

" 'There shall be a central tribunal for Great Birtain consisting of such persons as may be appointed for the purpose by His Majesty.

" '5. His Majesty may, by order in council, make regulations with respect to the constitution, functions, and procedure of the military-service tribunals, the appeal tribunals, and the central tribunals; and, so far as provision is not made for procedure by those regulations, the procedure of the tribunal shall be such as may be determined by the tribunal.'

"Then there are two brief sentences on the subject of appeal:

" '1. Any person aggrieved by the decision of the military-service tribunal and any person generally or specially authorized to appeal from the decision of that tribunal by the army council may appeal against the decision of the military-service tribunal to the appeal tribunal of the area.

" '2. Any person aggrieved by the decision of an appeal tribunal, and any person generally or specially authorized to appeal from the decision of that tribunal by the army council, may, by leave of the appeal tribunal, appeal to the central tribunal.'

"Mr. SHALLENBERGER. In the copy I have before me in every case where you have read 'military-service tribunal' this says 'local tribunal.'

"Mr. GORDON. Mr. Secretary, did you read all the subsequent acts to the act of January 1916?

"Secretary BAKER. That is the only one I have, Mr. Gordon.

"Mr. GORDON. There have been two subsequent acts—one of January 27, 1916, and then one enacted in May.

"The CHAIRMAN. Suppose we put both of them in the record.

"Secretary BAKER. Governor Shallenberger has copies of both of them, and I will ask him to submit them for the record, because this is the only copy the War Department has, so far as I know.

"The papers referred to follow:

" 'GREAT BRITAIN

" 'Military Service Acts, 1916 (5 and 6 George 5, ch. 104)

" 'An act to make provision with respect to military service in connection with the present war. [January 27, 1916]'

" 'Be it enacted, etc., as follows:'

"I omit the first part of the act.

" 'SECOND SCHEDULE—CONSTITUTION OF TRIBUNALS

" '1. There shall be a local tribunal for each local registration district under the National Registration Act, 1915, in Great Britain, or for any division of any such district which may be adopted for the purpose by the registration authority of the district, consisting of such persons, not less than 5 and not exceeding 25 in number, as may be appointed for the purpose by that authority.

" '2. There shall be appeal tribunals, acting within such areas as His Majesty may appoint, consisting of such persons as may be appointed for the purpose by His Majesty.

" '3. Tribunals may act through committees appointed by them, consisting of members of the tribunal.

" '4. There shall be a central tribunal for Great Britain consisting of such persons as may be appointed for the purpose by His Majesty.

" '5. His Majesty may by order in council make regulations with respect to the constitution, functions, and procedure of the local tribunals, the appeal tribunals, and the central tribunal; and, so far as provision is not made for procedure by those regulations, the procedure of the tribunal shall be such as may be determined by the tribunal.

" 'Regulations made under this provision shall contain instructions to the local and appeal tribunals given with a view to securing uniformity of decision and practice amongst the several tribunals.

" 'Any order in council under this provision may be revoked or varied by any subsequent order in council, and any regulations made under any such order shall, as soon as may be, be presented to Parliament.

" '6. If any difficulty arises with respect to the constitution of local tribunals, or otherwise in relation to the operation of this act with respect to local tribunals, the local government board, or, as respects Scotland, the Secretary for Scotland may take any appointment and do anything which appears to them necessary or expedient for the establishment of those tribunals or for securing the full operation of this act with respect to those tribunals.

" 'APPEAL

" '1. Any person aggrieved by the decision of a local tribunal, and any person generally or specially authorized to appeal from the decision of that tribunal by the army council, may appeal against the decision of a local tribunal to the appeal tribunal of the area.

" '2. Any person aggrieved by the decision of an appeal tribunal, and any person generally or specifically authorized to appeal from the decision of that tribunal by the army council, may, by leave of the appeal tribunal, appeal to the central tribunal.' "

* * * * * * *

"Mr. SHALLENBERGER. Mr. Secretary, if it should develop, as it appeared from those two bills which you and I have submitted, that the British Government has rescinded its original declaration providing for a military tribunal and has changed it to a civil tribunal, would not that indicate that it is a matter of serious importance?

"Secretary BAKER. It might well be, and I have no objection to that character of tribunal. I am indifferent on that subject so long as it is a tribunal that can act with swiftness. Certainly and swiftness are what we desire.

"The Judge Advocate General will examine into that other question as soon as he gets the President's proclamation."

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYDEN. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HAYDEN. All that I have quoted from the hearings demonstrates that neither the Secretary of War nor the Judge Advocate General had given any serious consideration to the question of how the draft tribunals were to be constituted. The gentleman from Nebraska, however, had devoted much thought and study to this question. He was quick to see the advantage of what Mark Sullivan calls "a fact of the most fundamental importance, the bigness of which it is hardly possible to exaggerate." Mr. Shallenberger offered an amendment to the bill as drafted by the War Department which the Military Committee was glad to accept, so that when H. R. 3545 was reported to the House it contained the following proviso, of which he is the author:

"Provided, That the President is authorized and empowered to constitute and establish throughout the United States tribunals for the purpose of enforcing and carrying into effect the terms and provisions of this act, together with such regulations as he shall prescribe and determine necessary for its administration. A majority of the members of each tribunal shall be citizens of the United States not connected with the Military Establishment."

When the selective-draft bill was under discussion in the House on April 28, 1918, this colloquy occurred:

"Mr. DEWALT. The only provision in the bill in reference to the selective mode is that which is contained on page 9, stating that the board shall be constituted and established by the President, and that a majority of the members of each board shall be citizens of the United States not connected with the Military Establishment.

"Mr. SHALLENBERGER. Yes; and that amendment to the bill was put in on my motion. I asked the Secretary of War how these boards were to be constituted. I learned that there are 900 or more of these boards operating in England, and in my opinion, from the best information I could get, there will have to be several thousand boards operating in the United States. The Secretary of War could not assure me that these boards were to be civilian boards, and so I offered the provision that at least a majority of them should be civilians. I have since learned that in England every member of the local board is a civilian. In that country—a kingdom fighting for its life—the people are so insistent upon subordinating the military to the civil department of the Government that they have provided that every man who decides upon the right of a man to go to war or stay at home shall be a civilian. * * *

"Mr. MILLER of Minnesota. Could we not rely upon Army officers to be more free from prejudice and favoritism than any other class?

"Mr. SHALLENBERGER. I do not think so; not upon a question of this sort. I think this plan will be accepted much more willingly by the country if the tribunal is a civil body."

HISTORY OF THE PROVISION IN THE SENATE

The War Department draft of the bill was likewise introduced in the Senate without any provision for the establishment of local and district boards, which corroborates the fact that no one in the Department realized, in the beginning, the importance of creating such boards. On May 28, a week after the House bill containing the Shallenberger amendment had been reported, the Senate agreed to an amendment to its bill which was offered by Senator Kellogg, of Minnesota. The Kellogg amendment is as follows:

"The President shall make rules and regulations to carry out the terms and provisions of this section and provide for the issuance of certificates of exemption or partial or limited exemption and for a system to exclude and discharge individuals from selective draft. There shall be created under the direction of the President local tribunals in the several States or subdivisions thereof, composed of the members of the local civil government, to decide all questions of exemption under this act, and also all questions arising under the draft for partial military service or for including or discharging individuals or classes of individuals from the selective draft, which shall be made under the rules and regulations aforesaid, and shall also provide for an appeal tribunal."

The Senate struck out all after the enacting clause in the House bill and inserted its bill as one amendment. The entire subject matter being in conference, it was possible for the conferees to work out the details of the law as we now know it.

In view of the approval given to the Shallenberger amendment by the House Committee on Military Affairs and because of the favorable action taken by the House and Senate, the War Department was, by that time, fully alive to the merits of his proposal. I have no doubt but that the Provost Marshal General assisted the conferees in working out the details of the last half of section 4 of the Selective Draft Act. But to say that any administrative officer conceived this plan is not correct, as I have demonstrated by the testimony taken when the War Department first presented this matter.

Far be it from me to detract in any way from the excellent record made by the executive branch of the Government in the

administration of the draft law. The officials of every degree have performed wonders of work, but surely there is glory enough to go around without assigning credit for wise legislation where it does not belong. The country has a right to know, and history should record, that the members of the Committee on Military Affairs of the House of Representatives have not blindly accepted every departmental suggestion, but have acted with courage and intelligence on many notable occasions. If time would permit, I could mention numerous exhibitions of the same kind of statesmanship by other members of the committee, but in view of the wide publicity that has been given to claims of authorship for the local and district board provisions of the Selective Draft Act, I thought that it was due to the House that the credit for the origination of this legislation be given to one of its most able and distinguished Members, the gentleman from Nebraska [Mr. Shallenberger]. [Applause.]

Mr. BARKLEY. Mr. President, I wish to say only a word. I think this bill ought to go to the conference committee with the Senate conferees as free as the House conferees. If we bind them on these two matters, we practically bind them on almost everything else that is in controversy in the bill.

We all know that when men go into conference between the two Houses on legislation, it is to the disadvantage of one set of conferees if they have already been tied hand and foot by instructions from the House from which they go and which they represent. It seems to me that our conferees on all the differences which exist between the two Houses on this legislation would be woefully handicapped if we should instruct them, no matter what the other differences are, that they cannot do anything on these two propositions unless they come back to the Senate and get further instructions.

For that reason it seems to me unwise to adopt the motion of the Senator from Missouri, and I hope it will be rejected.

Mr. JOHNSON of Colorado. Mr. President, we have heard a great deal in the discussion of the conscription bill about volunteer enlistments. I now find that the Civilian Conservation Corps is offering a good deal of competition to enlistments in the Army. I should like to read to the Senate a clipping from a Denver newspaper of 10 days ago, as follows:

C. C. C. OFFERS JOBS TO YOUTHS—NEEDN'T BE ON RELIEF TO ENROLL NOW

The Denver Bureau of Public Welfare is again accepting applications for the Civilian Conservation Corps, Miss Bernice Reed, director of the bureau, announced yesterday.

Miss Reed pointed out that regulations concerning applicants have been changed, and it is no longer necessary that enrollees come from families on relief. Youths between 17 and 23½ years of age will be accepted immediately, she said.

"As far as I now know, the Denver quota is unlimited, and the C. C. C. is seeking as many young men as possible," Miss Reed said.

"Seeking as many young men as possible."

"The youths will be trained in various occupations, including bridge building, automobile and radio repair and operation, photography, cooking and baking. Other training courses will be opened."

In addition to the age limitations, an applicant must be unmarried, a citizen of the United States, and in good physical health. The pay is $30 a month.

I do not know how we can get men in the Army with that kind of competition furnished by another department of the Government which was set up to take care of boys who are unemployed, and whose parents are in need of assistance.

Mr. VANDENBERG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. MEAD in the chair). The Senator from Michigan will state it.

Mr. VANDENBERG. The motion of the Senator from Missouri covers two separate and unrelated instructions. Is his motion divisible?

The PRESIDING OFFICER. In the opinion of the Chair, under the rule, it is.

Mr. VANDENBERG. I ask that the motion be divided.

The PRESIDING OFFICER. The question is on the first instruction contained in the motion of the Senator from Missouri.

Mr. CLARK of Missouri. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. I suggest the absence of a quorum.

Mr. McKELLAR. Mr. President, may not the first instruction be stated by the clerk?

Mr. CLARK of Missouri. Let us have a quorum first because it will have to be stated again.

Mr. McKELLAR. Very well.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Colo.	Russell
Andrews	Davis	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McKellar	Stewart
Barkley	Gibson	Maloney	Taft
Bilbo	Gillette	Mead	Thomas, Idaho
Brown	Green	Miller	Thomas, Okla.
Bulow	Guffey	Minton	Thomas, Utah
Burke	Gurney	Murray	Townsend
Byrd	Harrison	Neely	Vandenberg
Byrnes	Hatch	Norris	Van Nuys
Capper	Hayden	Nye	Wagner
Caraway	Herring	O'Mahoney	Walsh
Clark, Idaho	Hill	Overton	Wheeler
Clark, Mo.	Hughes	Pittman	White
Connally	Johnson, Calif.	Radcliffe	Wiley

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present.

Mr. McKELLAR. Mr. President, may the first instruction be reported from the desk?

The PRESIDING OFFICER. For the information of the Senate, the clerk will state the first instruction in the motion of the Senator from Missouri [Mr. CLARK].

The CHIEF CLERK. The first instruction reads as follows:

The Senate instructs the conferees on the part of the Senate upon Senate bill 4164—

(1) Not to agree to any change in the provision of the bill as it passed the Senate fixing the ages of registration at 21 to 31, inclusive.

Mr. LODGE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LODGE. Then there is but one proposition confronting the Senate at the present time?

The PRESIDING OFFICER. That is correct. The yeas and nays have been ordered and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WHITE (when Mr. HALE's name was called). I announce the unavoidable absence of my colleague, the senior Senator from Maine [Mr. HALE]. If he were present he would vote "nay" on this question.

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I am informed that, if present, he would vote as I intend to vote. I am, therefore, at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. MINTON. The Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are detained by illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. McCARRAN], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

Mr. BARKLEY. My colleague the junior Senator from Kentucky [Mr. CHANDLER] is unavoidably absent. If he were present, he would vote "nay."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER] who I understand would vote as I intend to vote. Therefore, I am at liberty to vote, and vote "nay."

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. BRIDGES], who would vote "nay," with the Senator from Nevada [Mr. McCARRAN], who would vote "yea";

The Senator from Oregon [Mr. HOLMAN], who would vote "nay," with the Senator from West Virginia [Mr. HOLT], who would vote "yea";

The Senator from New Jersey [Mr. BARBOUR], who would vote "yea," with the Senator from Virginia [Mr. GLASS], who would vote "nay"; and

The Senator from Maine [Mr. HALE], who would vote "nay," with the Senator from South Carolina [Mr. SMITH], who would vote "yea."

I also desire to announce the following general pairs:

The Senator from North Dakota [Mr. FRAZIER], with the Senator from Maryland [Mr. TYDINGS];

The Senator from Oregon [Mr. MCNARY] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Missouri [Mr. TRUMAN]; and

The Senator from New Hampshire [Mr. TOBEY] with the Senator from North Carolina [Mr. REYNOLDS].

The result was announced—yeas 23, nays 44, as follows:

YEAS—23

Ashurst	Hayden	Norris	Vandenberg
Bulow	Johnson, Calif.	Nye	Van Nuys
Capper	Johnson, Colo.	Pittman	Wagner
Clark, Mo.	La Follette	Schwellenbach	Wheeler
Danaher	Lodge	Taft	Wiley
George	Neely	Thomas, Idaho	

NAYS—44

Adams	Clark, Idaho	Hatch	Overton
Andrews	Connally	Herring	Radcliffe
Austin	Davis	Hill	Russell
Bailey	Ellender	Hughes	Schwartz
Barkley	Gerry	Lee	Sheppard
Bilbo	Gibson	McKellar	Stewart
Brown	Gillette	Maloney	Thomas, Okla.
Burke	Green	Mead	Thomas, Utah
Byrd	Guffey	Miller	Townsend
Byrnes	Gurney	Minton	Walsh
Caraway	Harrison	O'Mahoney	White

NOT VOTING—28

Bankhead	Downey	Lucas	Shipstead
Barbour	Frazier	McCarran	Slattery
Bone	Glass	McNary	Smathers
Bridges	Hale	Murray	Smith
Chandler	Holman	Pepper	Tobey
Chavez	Holt	Reed	Truman
Donahey	King	Reynolds	Tydings

So the first instruction in the motion of Mr. CLARK of Missouri was rejected.

The PRESIDING OFFICER. The question now is on the second instruction in the motion of the Senator from Missouri.

Mr. CLARK of Missouri. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McKELLAR. Let the instruction be read.

The PRESIDING OFFICER. The clerk will state the second instruction.

The CHIEF CLERK. The second instruction reads:

(2) To agree with the provision of the House bill known as the Fish amendment providing for a postponement of the registration for 60 days.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WHITE (when Mr. HALE's name was called). I again announce the unavoidable absence of my colleague the senior Senator from Maine [Mr. HALE]. If he were present, he would vote "nay" on this question.

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. If he were present, he would vote as I intend to vote. I am, therefore, permitted to vote and vote "nay."

The roll call was concluded.

Mr. MINTON. The Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are detained by illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. McCARRAN], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

I also announce the following pair on this question:

The Senator from Utah [Mr. KING], who would vote "yea," with the Senator from Virginia [Mr. GLASS], who would vote "nay."

Mr. DAVIS. Announcing my general pair as on the previous vote, I am permitted to vote, and I vote "nay."

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. BRIDGES], who would vote "nay," with the Senator from Nevada [Mr. McCARRAN], who would vote "yea";

The Senator from Oregon [Mr. HOLMAN], who would vote "nay," with the Senator from West Virginia [Mr. HOLT], who would vote "yea";

The Senator from New Jersey [Mr. BARBOUR], who would vote "nay," with the Senator from South Carolina [Mr. SMITH], who would vote "yea";

The Senator from Maine [Mr. HALE], who would vote "nay," with the Senator from Ohio [Mr. DONAHEY], who would vote "yea"; and

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea," with the Senator from Missouri [Mr. TRUMAN], who would vote "nay."

I desire also to announce the following general pairs:

The Senator from Oregon [Mr. MCNARY] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Maryland [Mr. TYDINGS]; and

The Senator from New Hampshire [Mr. TOBEY] with the Senator from North Carolina [Mr. REYNOLDS].

The result was announced—yeas 19, nays 48, as follows:

YEAS—19

Adams	Gillette	Norris	Van Nuys
Ashurst	Hayden	Nye	Walsh
Bulow	Johnson, Calif.	Pittman	Wheeler
Capper	Johnson, Colo.	Thomas, Idaho	Wiley
Clark, Mo.	La Follette	Vandenberg	

NAYS—48

Andrews	Danaher	Hill	Radcliffe
Austin	Davis	Hughes	Russell
Bailey	Ellender	Lee	Schwartz
Barkley	George	Lodge	Schwellenbach
Bilbo	Gerry	McKellar	Sheppard
Brown	Gibson	Maloney	Stewart
Burke	Green	Mead	Taft
Byrd	Guffey	Miller	Thomas, Okla.
Byrnes	Gurney	Minton	Thomas, Utah
Caraway	Harrison	Neely	Townsend
Clark, Idaho	Hatch	O'Mahoney	Wagner
Connally	Herring	Overton	White

NOT VOTING—28

Bankhead	Downey	Lucas	Shipstead
Barbour	Frazier	McCarran	Slattery
Bone	Glass	McNary	Smathers
Bridges	Hale	Murray	Smith
Chandler	Holman	Pepper	Tobey
Chavez	Holt	Reed	Truman
Donahey	King	Reynolds	Tydings

So the second instruction in the motion of Mr. CLARK of Missouri was rejected.

The PRESIDING OFFICER. In accordance with the order of the Senate, the Chair appoints the Senator from Texas [Mr. SHEPPARD], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Utah [Mr. THOMAS], the Senator from Indiana [Mr. MINTON], the Senator from Vermont [Mr. AUSTIN], and the Senator from New Hampshire [Mr. BRIDGES], conferees on the part of the Senate.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. TAFT. Mr. President, I ask unanimous consent that the vote by which the committee amendment to Senate bill 4204 was adopted, be reconsidered, in order that I may offer an amendment to the committee amendment.

Mr. WAGNER. I have no objection to that being done.

Mr. TAFT. I now offer the amendment, which I ask to have read.

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. In lines 11 and 12 of the committee amendment, it is proposed to strike out the words "the stabilization of the economies, and the orderly marketing of products," and at the end of line 25 it is proposed to insert the words:

Such loans shall only be made for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials or of resources and materials which are not produced in the United States in appreciable quantities and which are required for use in the United States.

Mr. BARKLEY. Mr. President, it is obvious that that matter cannot be considered today. I suggest that we suspend at this time. The Senator does not want to proceed to discuss the matter today, does he?

Mr. TAFT. No. I should like to proceed the first thing tomorrow, if I may obtain the floor.

Mr. President, I ask that my amendment to the committee amendment be printed and lie on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. DANAHER. I am sure it will be recalled that earlier in the day I had the floor, and permitted myself to be displaced so that we might take up the business which has just been concluded. I will appreciate it if the privilege can be accorded me to be permitted to resume in the morning.

Mr. BARKLEY. I have no objection.

Mr. TAFT. I have no objection.

REFERENCE OF BILLS AND JOINT RESOLUTIONS TO CONFEREES—AMENDMENT OF RULE XXVII

Mr. CLARK of Missouri. Mr. President, will the Senator yield to me?

Mr. TAFT. I yield.

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent to submit a resolution and ask that it be read for the information of the Senate.

There being no objection, the resolution (S. Res. 310) was read, as follows:

Resolved, That clause 2 of Rule XXVII of the Senate rules is hereby repealed.

Rule XXVII is hereby amended by adding a new clause as follows:

"Clause 2. All bills and joint resolutions shall be read twice and, without debate, referred to conferees."

Mr. BARKLEY. I suggest that the resolution be referred to the Committee on Rules.

The PRESIDING OFFICER. Without objection, the resolution will be referred to the Committee on Rules.

THE FINANCIAL PROBLEM OF SMALL BUSINESS

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. O'MAHONEY. Many Members of this body and of the House during the past year have been interested in the financial problem of small business. It may be appropriate for me to announce now that the temporary National Economic Committee has been studying the problem for more than a year. The subject has been examined at the direction of the T. N. E. C. by the Securities and Exchange Commission. Hearings were held in numerous cities throughout the United States, in Portland, Oreg.; Seattle, Wash.; Denver, Colo.; Houston, Tex.; Detroit, Mich.; Scranton and Wilkes-Barre, Pa.; and Fall River, Mass. In each of those cities representatives of small business were invited to make their needs known, and the information secured through personal interviews with businessmen in each city has been used in the preparation of a report which has been just handed to the T. N. E. C. by the Investment Banking Section of the Securities and Exchange Commission. This report has been approved for printing. Unfortunately it will take the Government Printing Office several weeks to complete the publication of the report.

ENCOURAGEMENT OF FREE PRIVATE ENTERPRISE

Mr. President, I have before me a summary of that report which I should like to insert in the RECORD. This material, which has been compiled by the S. E. C., contains an apparently complete diagnosis of the problem of small business. Entitled by its authors, "The Financial Problem of Small Business," it might well have been called Decentralization of Business and the Encouragement of Free Private Enterprise.

It is clear from this study that the principal obstacle to the prosperous development of small business is the difficulty experienced by the small businessman in securing venture capital with which to finance his operations. Credit is also difficult to obtain for reasons that are analyzed in the report. Copies of the report will be available for examination at the office of the executive secretary of the T. N. E. C. in the Apex Building.

Two possibilities of meeting the need for credit and venture capital in a manner calculated to encourage both the establishment of new enterprises and the maintenance of old ones, are discussed in the report. Both of them, it is suggested, would have the effect of stimulating competition and of tending to reverse the trends which have resulted in a marked concentration of the business population.

The first is the suggestion that local banks which, under present conditions, find it difficult if not impossible to make the sort of loans small business needs, should be encouraged to do so by some legislation under which loans of this character might be placed upon an insured basis. This device would be designed to promote the extension of needed credit which cannot now be secured because the assets which small business can offer are not as marketable as necessary to justify the ordinary commercial bank in accepting them as the basis for loans.

The second possibility which is discussed from the point of view of providing a new source of venture capital is the establishment of regional finance corporations under legislation which would enable the Government to cooperate in the establishment of such institutions by the purchase of preferred stock while allowing private capital to supply, through the common stock, the real venture capital and to direct the management. This proposal, made some time ago by Chairman Frank, of the Securities and Exchange Commission, would, like the guaranty of loans, have the effect of providing Government aid in a field which is not now served, without imposing any degree of Government control upon the private enterprise to be fostered.

I have personally found the discussion of great interest because the whole study proceeds upon the theory that free, private enterprise should be stimulated and encouraged. Many States, including those of the West, which are now beyond the area of highly developed industry, would be among the first to benefit from the stimulation and decentralization of enterprise and there is much material in this report which will be of great interest to businessmen in such areas. The highly populated areas will also find it of interest because the continued prosperity of States in such a region depends upon the development of those other regions which are now being held back because small business is suffering a lack of capital and credit.

SMALL BUSINESS THE BASIS OF PROSPERITY

The statistical data which have been accumulated for this report indicate that there are now about 2,400,000 business units in the United States of which those which have assets of more than $5,000,000 each, though they constitute only about 1 percent of the business population, employ most of the Nation's workers. Of the 2,400,000 business units in the

country, more than 90 percent have assets of less than $250,000 each. It is clear from the reading of this report that these small businesses constitute the most important segment of our national economy and that the thought of legislators and businessmen should be directed toward the solution of the problems of such enterprise.

This report has been prepared under the able direction of Mr. Peter R. Nehemkis, Jr., special counsel for the Securities and Exchange Commission, whose work has been particularly clear and effective. It consists of some 211 pages and is divided into 2 parts. Part 1 consists of a general analysis of the economic and financial aspects of small business. Part 2 consists of statistical data, field studies, and certain special studies dealing with some of the newer types of finance institutions which have been specializing in the financing of small business.

I have also arranged to have a copy placed in the Library of Congress, so that those who are interested may examine it pending the printing of the report by the Government Printing Office.

I, therefore, ask unanimous consent that the summary of the report which I have prepared may be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF REPORT

Formerly local wealthy individuals were almost the sole source of equity capital for local enterprise, but the report shows that today group efforts appear to be replacing individual efforts in the supply of venture money. The growing practice by individuals of placing their savings with savings banks, life-insurance companies, building and loan associations, or the purchase of stock in the great corporations, has tended to syphon off money which would otherwise be used for investment in local enterprise. The integration of a considerable part of local business into national organizations which themselves finance their various dealers, has made considerably more difficult the financing of the remaining independent local enterprises.

Investment banking appears to have played virtually no part in the financing of small business since the underwriting and marketing of securities—the traditional business of the investment bank—is geared almost exclusively to the requirements of large enterprise. The overwhelming preponderance of small business is unincorporated, consequently only a small sector at best can avail itself of investment-banking machinery.

While the investment trust presents important possibilities as a mechanism for providing equity capital to intermediate-sized business, it has seldom been used for that purpose. As now constituted the investment trust offers little promise as a financing medium to the small enterprise.

Traditionally, the commercial bank has been a major source of credit to local enterprise. The local bank was completely integrated into the life of its community; its management and ownership were in local hands; the business potentialities of its borrowers were known intimately. Frequently the directors and principal stockholders were also themselves financially interested in local ventures. But with the advent of the depression of the thirties and the resulting credit strain upon the local banking system, the procedures for extending credits broke down.

Much of the small business enterprise on which local commercial and individual activity depends is not in a position to meet the existing lending standards of commercial banks. Commercial banks which are under direct public supervision do not act without justification in restricting credit to small business. The position adopted by the commercial banker that the funds at his disposal belong not to him but to his depositors and therefore can be loaned only to individuals and enterprises whose assets and future prospects make repayment certain is fundamental to sound banking practice, the report states. Under this responsibility the business prospects of a considerable proportion of the smaller enterprises at any given time is not such as to warrant bank credit. The heart of the credit problem has been and continues to be that large group of small businessmen whose enterprises are not so firmly established and whose personal resources are not so great as to be able to satisfy the existing standards of commercial banking. The report traces the experience of the Federal Housing Administration, the Federal Reserve banks, and the Reconstruction Finance Corporation in endeavoring to fill up the void. It also deals with the newer financing agencies which have become the bankers for small business—the accounts finance companies, the factors, the personal-loan companies, and the trade creditor.

The report makes no specific recommendations. But evidence indicates that of the existing financial institutions, the investment trust or company appears to be the instrumentality the form of which is most suitable for providing equity capital to the incorporated sector of small business.

With respect to the provision of long- and short-term credit, the report points out that credit is being successfully extended to small business, witness the phenomenal and profitable growth of the "retailers" of credit—the accounts finance company, the factor, the personal-loan companies, etc. The successful experience of these lenders is due largely to their having developed such techniques and methods as "(a) pooling of risks; (b) routine procedures for appraisal, accounting, and servicing; and (c) establishment of schedules of charges appropriate to each class of risk as well as to individual risks. In other words, these 'retailers' of credit have been successful in financing small business because they have devised 'mortality tables' expressly designed for the financing of small business."

It is suggested that encouragement be given to the organization of additional finance and factoring companies "by encouraging the organization of additional finance and factoring companies of moderate size and a wider extension of the field of activity of the existing companies, coupled with some machinery for the coordination of their functions and activities in such a way as to reduce costs and to improve terms, the deficiency in credit facilities for small business might, in part, be remedied. Consideration should also be given to the desirability of providing insurance against losses sustained by such intermediary institutions either by an agency of government or by a corporation privately financed and expressly organized for that purpose."

While recognizing that the making of "capital" loans by commercial banks is open to serious question, the report states that "the practice, nevertheless, merits further thought in considering the entire problem of financing small business. If it is deemed advisable for the commercial bank to further extend its aid to small business in this direction, it must be recognized that facilities will have to be provided to protect the banks against the nonliquid and nonmarketable character of the assets which they will be required to hold, as well as against the added risks involved. Consideration should be given to the advisability, under suitable safeguards, for the Federal Reserve banks or the Reconstruction Finance Corporation assuming the role of guarantor on such loans. The basic principle for such an insurance arrangement has already been embodied in a legislative proposal."

The report reviews certain of the measures which have already been proposed to Congress for the provision of more adequate long-term and intermediate credits for small business, such as Senator MEAD'S bill, which provides for the creation of an industrial-loan corporation, which would utilize the existing machinery of the Federal Reserve System. Reference is also made to other proposals to overcome the deficiencies of the existing commercial bank system in supplying credits to small business, such as the creation of a capital-credit banking system as a supplement to the existing banking structure. Commenting on this proposal, the report states "those who have urged such proposals believe that such a banking system is required not only for small and intermediate size businesses but for business as a whole since only through such banks can equity financing be provided."

The report also contains a discussion of the recent proposal by Chairman Jerome N. Frank, of the Securities and Exchange Commission, for the establishment of a system of regional finance companies. In conclusion the report states that "it cannot, however, be emphasized too strongly that merely to reduce the cost of credit or to make its supply more abundant will not solve all of the small businessman's problem. Nor can we afford to overlook that, in addition to adequate capital and credit facilities, small business also requires that its operating efficiency and technical equipment be improved. Small business must, in order to survive, match the operating and developmental efficiencies which large business enjoys through its expert accounting, managerial, and operating techniques."

"Just as the credit and marketing problems of the farmer have been dealt with successfully because they have been delimited and special solutions developed for particular needs, so, too, the capital and credit problem of small business requires to be broken down into its component parts and special solutions found for its peculiar requirements."

Mr. MEAD. Mr. President, I rise to pay high compliment to the distinguished chairman of the committee, who has just given us a résumé of a part of the report which will come from that committee when its work is completed. I wish to say to him and to the Senate that he has touched upon one of the major problems of our time. Adequate credit facilities to small business represent a basic, fundamental problem which must be solved if we are to reach a solution of the economic and social difficulties which beset our country.

Mr. President, for 5 years I have sponsored legislation which would make available in larger volume the idle funds which are now stored away in the Nation's banks. Studies made on this subject by various authorities, including the Russell Sage Foundation, Moody's Investors, and Filene's of Boston, indicate that the credit facilities of small business are rapidly approaching the vanishing point. Of course, there is no glamour or romance in a study of this nature or in a program such as has been recommended by the committee investigating this problem; but I wish to say to the Members of the Senate that before we reach a solution of our troublesome economic and social problems we shall have

effected a solution of the problem which has just been presented by the Senator from Wyoming. I commend him and his associates on the committee for this splendid, constructive, and much-needed recommendation.

Mr. TAFT. Mr. President, is it the wish of the majority leader to recess at this time or to continue in session?

Mr. BARKLEY. I think we should suspend at this time.

The PRESIDING OFFICER. Is it understood that the Senator from Connecticut [Mr. DANAHER] is to have the floor tomorrow when the Senate convenes?

Mr. BARKLEY. That is entirely agreeable.

Mr. TAFT. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations in the Army, which were referred to the Committee on Military Affairs.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of several sanitary engineers for promotion in the Public Health Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

POSTMASTER GENERAL—FRANK C. WALKER

Mr. BARKLEY. Mr. President, on last Friday the Senate confirmed the nomination of Mr. Frank C. Walker as Postmaster General of the United States. I ask unanimous consent that the President be immediately notified. The place is vacant, and Mr. Walker desires to take the oath.

The PRESIDING OFFICER. Without objection, the President will be notified.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 34 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, September 10, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 9 (legislative day August 5), 1940

PROMOTIONS IN THE REGULAR ARMY

TO BE COLONELS WITH RANK FROM SEPTEMBER 1, 1940

Lt. Col. Herbert Marshall Pool, Infantry.
Lt. Col. Leonard Townsend Gerow, Infantry.
Lt. Col. Henry Joseph Moody Smith, Cavalry.
Lt. Col. George Derry Murphey, Quartermaster Corps.
Lt. Col. William Clayton Rose, Adjutant General's Department.
Lt. Col. Wesley Frost Ayer, Infantry.
Lt. Col. Norman Potter Morrow, Field Artillery.
Lt. Col. Lloyd Edmonstone Jones, Field Artillery.
Lt. Col. George Abel Sanford, Infantry.
Lt. Col. Alexander LeRoy Povenets Johnson, Infantry.
Lt. Col. Walter Ferrell Winton, Field Artillery.
Lt. Col. Maxon Spafford Lough, Infantry.
Lt. Col. Ford Richardson, Infantry.

TO BE LIEUTENANT COLONELS WITH RANK FROM AUGUST 18, 1940

Maj. Leonard Henderson Sims, Finance Department.
Maj. John Edwin Ray, Field Artillery.
Maj. Clyde Lloyd Hyssong, Adjutant General's Department.
Maj. Raymond Jay Williamson, Infantry.
Maj. Vere Painter, Quartermaster Corps.
Maj. Walter Julius Ungethuem, Chemical Warfare Service.
Maj. Albert Edgar Billing, Field Artillery.
Maj. Robert Oney Wright, Cavalry.
Maj. John Winthrop Mott, Infantry.
Maj. Jess Garnett Boykin, Adjutant General's Department.
Maj. John Charles Macdonald, Cavalry.
Maj. Harvey Shelton, Infantry.
Maj. Thomas Robert Gibson, Infantry.
Maj. Hugh Bryan Hester, Quartermaster Corps.
Maj. James Mahan Roamer, Infantry.
Maj. Maylon Edward Scott, Field Artillery.
Maj. James Dallace Bender, Infantry.
Maj. Louis Howard Thompson, Coast Artillery Corps.
Maj. George Pryor Johnson, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Clyde Virginius Finter, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Michael Condon Shea, Field Artillery.
Maj. Paul Dillard Carter, Infantry.
Maj. Paul Henry Weiland, Field Artillery, subject to examination required by law.
Maj. Marvin Wade Marsh, Infantry.
Maj. Holland Spencer Chamness, Infantry.
Maj. Julian Horace George, Infantry.
Maj. William Camillus Kabrich, Chemical Warfare Service.
Maj. Frank Upton Greer, Infantry.
Maj Laurin Lyman Williams, Infantry.
Maj. Henry Christopher Harrison, Jr., Field Artillery.
Maj. Hanford Nichols Lockwood, Jr., Field Artillery.
Maj. John Markham Ferguson, Infantry.
Maj. John Calvin Sandlin, Infantry.
Maj. Clarence Eugene Brand, Judge Advocate General's Department.
Maj. Alonzo Patrick Fox, Infantry.
Maj. Hugh Joseph Gaffey, Field Artillery.
Maj. Horace Benjamin Smith, Infantry.
Maj. Barlow Winston, Quartermaster Corps.
Maj. Chester Morse Willingham, Infantry.
Maj. Gene Russell Mauger, Cavalry.
Maj. Joseph Jerome Fraser, Infantry.
Maj. Frank L. Burns, Infantry.
Maj. Harold Edwards Stow, Infantry.
Maj. William Burl Johnson, Quartermaster Corps.
Maj. Wilfred Hill Steward, Coast Artillery Corps.
Maj. Merl Louis Broderick, Infantry.
Maj. Lester Austin Webb, Infantry, subject to examination required by law.
Maj. Samuel Lewis Buracker, Infantry.
Maj. Arthur Edwin Burnap, Infantry.
Maj. James Harrison Donahue, Infantry.
Maj. Thomas Patrick Walsh, Finance Department.
Maj. William Robert Hamby, Cavalry, subject to examination required by law.
Maj. Henry Winter Borntraeger, Infantry.
Maj. Edwin Rudolph Petzing, Signal Corps.
Maj. Richard Carvel Mallonee, Field Artillery.
Maj. Douglas Johnston, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Lawrence Pradere Hickey, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Severn Teackle Wallis, Field Artillery.
Maj. William May, Infantry.
Maj. Samuel Tankersley Williams, Infantry.
Maj. Donald Van Niman Bonnett, Infantry.

Maj. Winfield Rose McKay, Infantry.
Maj. William Henry Johnson, Infantry.
Maj. Maurice Rose, Cavalry.
Maj. James Donison Carter, Philippine Scouts.

TO BE LIEUTENANT COLONELS WITH RANK FROM AUGUST 30, 1940

Maj. Shiras Alexander Blair, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Franklin Denwood Shawn, Quartermaster Corps.
Maj. Charles Stalsburg, Quartermaster Corps.
Maj. Murdock Allen McFadden, Quartermaster Corps.
Maj. Clifford Michael Ollivetti, Judge Advocate General's Department.
Maj. John Wesley Orcutt, Ordnance Department.
Maj. Vance Whiting Batchelor, Cavalry.
Maj. Norman Paul Williams, Infantry.
Maj. Gordon Hall Steele, Quartermaster Corps, subject to examination required by law.
Maj. James Horace Barbin, Quartermaster Corps.
Maj. Wiley Hubbard O'Mohundro, Infantry.
Maj. Herman Henry Pohl, Corps of Engineers.
Maj. Kenneth Mason Moore, Corps of Engineers.
Maj. Edmond Harrison Leavey, Corps of Engineers.
Maj. Bartley Marcus Harloe, Corps of Engineers.
Maj. Girard Blakesley Troland, Corps of Engineers.
Maj. William Oliver Reeder, Signal Corps.
Maj. William Rebert Gerhardt, Ordnance Department.
Maj. Theodore Earl Buechler, Field Artillery, subject to examination required by law.
Maj. Herman Uth Wagner, Ordnance Department.
Maj. Theodore Leslie Futch, Field Artillery.
Maj. William Innes Wilson, Ordnance Department.
Maj. Harold Allum Cooney, Field Artillery.
Maj. Henry Anson Barber, Jr., Infantry, subject to examination required by law.
Maj. Miles Andrew Cowles, Field Artillery.
Maj. Gordon Graham Heiner, Jr., Field Artillery.
Maj. George Walter Hirsch, Ordnance Department.
Maj. Forrest Clifford Shaffer, Ordnance Department.
Maj. Frank Fenton Reed, Ordnance Department, subject to examination required by law.
Maj. John Will Coffey, Ordnance Department.
Maj. Grayson Cooper Woodbury, Ordnance Department, subject to examination required by law.
Maj. Robert Alston Willard, Signal Corps, subject to examination required by law.
Maj. Clyde Hobart Morgan, Ordnance Department.
Maj. Robert Wilson Hasbrouck, Field Artillery.
Maj. John Taylor deCamp, Coast Artillery Corps.
Maj. Sargent Prentiss Huff, Ordnance Department.
Maj. William Henry Donaldson, Jr., Coast Artillery Corps.
Maj. Duncan Gregor McGregor, Ordnance Department.
Maj. Thomas Jackson Heavey, Cavalry.
Maj. Henry Maris Black, Chemical Warfare Service.
Maj. Joshua Ashley Stansell, Signal Corps.
Maj. Lowell Herbert Smith, Air Corps (temporary lieutenant colonel, Air Corps), subject to examination required by law.
Maj. Fidel Ventura Segundo, Philippine Scouts.
Maj. Raymond Eccleston Serveira Williamson, Cavalry.
Maj. David Charles George Schlenker, Signal Corps.
Maj. William Henry Whiting Reinburg, Cavalry.
Maj. Frank Leslie Carr, Quartermaster Corps.
Maj. Frank Edmund Bertholet, Cavalry.
Maj. Marion Carson, Cavalry.
Maj. Rossiter Hunt Garity, Cavalry.
Maj. Salvador Formoso Reyes, Philippine Scouts.
Maj. Robert MacDonald Graham, Cavalry.
Maj. Leo Buffington Conner, Cavalry.
Maj. Arthur Burnola Custis, Ordnance Department.
Maj. Loyd Van Horne Durfee, Infantry.
Maj. Desmond O'Keefe, Judge Advocate General's Department.
Maj. Hal Marney Rose, Cavalry.
Maj. John Ter Bush Bissell, Field Artillery.
Maj. John Bellinger Bellinger, Ordnance Department.
Maj. George Senseny Eyster, Infantry.
Maj. Henry Richard Anderson, Infantry, subject to examination required by law.
Maj. William McCaskey Chapman, Infantry.
Maj. Norman McNeill, Infantry.
Maj. Glen Henry Anderson, Infantry.
Maj. Bryant Edward Moore, Infantry.
Maj. Leo Vincent Warner, Adjutant General's Department.
Maj. Alston Deas, Infantry.
Maj. Henry William Bobrink, Quartermaster Corps.
Maj. Onslow Sherburne Rolfe, Infantry.
Maj. Henry Perkins Gantt, Field Artillery.
Maj. Jesse Brooke Matlack, Field Artillery.
Maj. Parry Weaver Lewis, Coast Artillery Corps.
Maj. Edward Wrenne Timberlake, Coast Artillery Corps.
Maj. William Wallace Jenna, Infantry.
Maj. Harry Cooper Barnes, Jr., Coast Artillery Corps.
Maj. Robert John Hoffman, Infantry.
Maj. Clare Wallace Woodward, Quartermaster Corps.
Maj. John Stevenson Mallory, Field Artillery.
Maj. William Sydney Barrett, Infantry.
Maj. Paul Ryan Goode, Infantry.
Maj. Harry Niles Rising, Ordnance Department.
Maj. Henry Cornelius Demuth, Field Artillery.
Maj. Lowell Meeker Riley, Field Artillery.
Maj. Emil Krause, Infantry.
Maj. Robert Lynn Bacon, Infantry.
Maj. Edwin Jacob House, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Arthur Charles Purvis, Infantry.
Maj. James Jackson Hea, Infantry.
Maj. Carlisle Brittania Wilson, Infantry.
Maj. Harold Lewis Milan, Infantry.
Maj. Horace Harding, Field Artillery.

TO BE LIEUTENANT COLONELS WITH RANK FROM SEPTEMBER 17, 1940

Maj. Fred Ernest Davis, Quartermaster Corps.
Maj. George Darryll Gamble, Quartermaster Corps.
Maj. Carey Edwin Goodwyn, Quartermaster Corps.
Maj. Herbert Allen Gardner, Quartermaster Corps.
Maj. Joseph Idus Lambert, Cavalry.
Maj. Leonard B. Gallagher, Corps of Engineers.
Maj. Clarence Nelson Iry, Corps of Engineers.
Maj. Hugh Whitt, Finance Department.
Maj. Ray Aloysious Dunn, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Crawford McMann Kellogg, Chemical Warfare Service.
Maj. James Anderson Beirne Gibson, Ordnance Department.
Maj. Frederick Foster Christine, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Patrick Kelly, Quartermaster Corps.
Maj. Simon Jacobson, Quartermaster Corps.
Maj. Edward William Lachmiller, Quartermaster Corps.
Maj. Talmage Phillips, Quartermaster Corps.
Maj. John Paul Tillman, Finance Department.
Maj. Charles Harrison Brammell, Field Artillery.

TO BE CHAPLAIN WITH RANK OF CAPTAIN

Chaplain Terence Patrick Finnegan (first lieutenant), United States Army, from August 8, 1940.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO FINANCE DEPARTMENT

Lt. Col. Hugh Andrew Wear, Infantry, with rank from August 18, 1940.
Maj. Robert Robinson, Signal Corps, with rank from December 1, 1938.
Capt. Elmer Wentworth Gude, Infantry, with rank from June 9, 1938.

TO ORDNANCE DEPARTMENT

Capt. William George Devens, Coast Artillery Corps, with rank from August 1, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 9 (legislative day of August 5), 1940

POSTMASTERS

MINNESOTA

Clarence E. Paulson, Princeton.

PUERTO RICO

Jose Benet, Jr., Cayey.

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 9, 1940

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou Christ of God, we kneel before Thy cross for the world is steeped with sorrow as a flood of wrath is falling upon its bleeding heart. O God, beneath Thy guiding hand we pray that Thy word may be our law and Thy paths our chosen ways of peace. In the spirit and word of our President we wait at the altar of prayer in gratitude that throughout the years, as a republic, we have grown in numbers, wealth, and power. Almighty One, hold this Congress to the tremendous realization that democracy cannot breathe and survive on the ragged rocks of racial hate, in isolation, in the sands of a bigoted nationalism, or even behind the ramparts of steel. Forbid that our people should placidly rest on the retreating edges of an entangled spiritual wilderness and thus lose their way. Grant that we may harken to those sublime virtues which echo from Calvary—namely, honesty and purity, unselfishness and sacrifice—and weave them into the woof of our national life, guided by the Master's hand. We pray that in full and final renunciation, we may crucify all false notions, that the sin in us may be hated as we hate it in others. O Prince of Peace, the Ancient of Days, come to all humanity and ever be its ruler, guardian, and guide. In Thy holy name. Amen.

The Journal of the proceedings of Saturday, September 7, 1940, was read and approved.

EXTENSION OF REMARKS

Mr. WILLIAMS of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a speech delivered by my colleague the gentleman from Missouri [Mr. ROMJUE] at a recent convention of rural carriers held in St. Louis.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WILLIAMS]?

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article by Mr. George W. Grupp appearing in the New York Post.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. BLOOM]?

There was no objection.

Mr. EDMISTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a newspaper article entitled "Where We Stand on Both the Army and Navy Equipment," written by a distinguished West Virginia journalist, Mack Johnson, the son of my colleague from West Virginia.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. EDMISTON]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. PATRICK]?

There was no objection.

Mr. PATRICK. Mr. Speaker, over a week ago I extended an invitation to the Republican presidential nominee, Mr. Willkie, to debate with me. I have offered him this opportunity to show to the Nation that he is a regular guy and will go out and do what he challenges others to do. What have I heard from Mr. Willkie? While the Nation waits I have heard nothing but silence.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. PATRICK. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. I have the same authority from Mr. Willkie that I presume the gentleman has from the President and by that authority I am willing to meet him anywhere any time.

Mr. PATRICK. Sold. I gladly accept a go with the brilliant and capable Congressman from Ohio. The debate will now start at the proper time. He is no substitute but quite equal to the original. I thank the gentleman very kindly and I am glad to get the challenge over with and off my hands.

In one way or another the debate will soon start.

[Here the gavel fell.]

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. GEYER]?

There was no objection.

Mr. GEYER of California. Mr. Speaker, if I do not misinterpret the press it states that the chairman of our Military Affairs Committee is perfectly willing and anxious to recede on the Fish amendment. I hope this is not authentic. I hope that I have probably misread the statement. It seems to me when our conferees have been appointed that they should not ahead of time say that they are willing to go against the thing that the House has voted. The chairman of the Committee on Military Affairs is present and if I am mistaken I wish he would explain it. It seems to me that the House should have this information.

Mr. MAY. Will the gentleman yield?

Mr. GEYER of California. I yield. I want the gentleman to tell us.

Mr. MAY. I may say to the gentleman that that newspaper report is entirely inaccurate on that. I never make it a practice to say what the conferees will do before they meet.

Mr. GEYER of California. I thank the gentleman. I was quite sure the gentleman would not do that.

[Here the gavel fell.]

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Idaho [Mr. JENSEN]?

There was no objection.

Mr. JENSEN. Mr. Speaker, today the treats are on Iowa, the bread-basket State of the Nation.

This noon the House restaurant, and the Republican and Democratic lunchrooms will serve you butter made at the Exira Creamery located in my home town of Exira, Iowa.

They were kind enough to send me a 20-pound tub of this fine butter, expressing the wish that I would dispose of it in this manner. This butter has won gold medals all over the country, due to the fact that the dairy farmers, the cream haulers, the creamery board, and all the employees cooperate with their able butter-maker, Mr. Jens P. Jensen, in the practice of every sanitary measure possible to insure that the finished product be sweet and tasty. I know you will like this good Iowa butter. [Applause.]

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. VORYS]?

There was no objection.

Mr. VORYS of Ohio. Mr. Speaker, yesterday J. L. Garvin, called by the Washington Post the "dean of all British publicists," wrote the following in the London Observer:

The United States, when the Presidential election is over and the clouds of controversy cleared away, will become a mighty belligerent at the overwhelming demand of her people, irrespective of party.

Mr. Speaker, Mr. Wendell L. Willkie said yesterday—

I shall never lead this country into another European war. And when I say that I mean it.

[Applause.]

Mr. Speaker, I sincerely believe that fulfillment of this solemn promise of this great American is our only hope for peace as against the fulfillment of this solemn prophecy of this distinguished Britisher.

EXTENSION OF REMARKS

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include two items, one a letter that I have addressed to the United States attorney, northern district of New York, with reference to his failure to act in any way in reference to Fritz Kuhn, written by myself, and secondly, an item "What price conscription of wealth?" taken from the Southern California Business magazine issued by the Chamber of Commerce of Los Angeles.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LELAND M. FORD]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LELAND M. FORD]?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I am again interested in Mr. Wallace's statement that the Republicans are obstructing the defense program. I want to know from Mr. Wallace and also from Attorney General Jackson whether they are going to have enough intestinal fortitude to come out and deport Harry Bridges or prosecute him before the election, or whether they are afraid they may lose some of the "fifth columnist," Communist votes by their action in prosecuting Harry Bridges.

With the House vote at least 362 to 20 to sustain the rule and 332 to 42 against Harry Bridges, I do not see why there should be this failure to act. Is it purely political? Are they going to consider the welfare of this Nation or are they going to consider a few "fifth columnist" votes? [Applause.]

[Here the gavel fell.]

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 10 minutes in reply to the Attorney General's opinion sustaining the transfer of the overage destroyers.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, as I understand, the gentleman is going to discuss the legal aspect of the Attorney General's opinion in reference to the destroyers?

Mr. LEWIS of Ohio. That is correct.

Mr. MICHENER. I withdraw my reservation of objection, and hope everybody is here to hear it.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to extend my own remarks on two subjects and to include therein some short quotations.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE

Mr. COLMER, from the Committee on Rules, submitted the following privileged resolution, which was referred to the House Calendar and ordered printed:

House Resolution 594

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMISSION TO ADDRESS THE HOUSE

Mr. KELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection?

Mr. KELLER. Mr. Speaker, I again wish to call the attention of the House to the fact that petition No. 35 is on the Speaker's desk, and that it lacks 21 names of being filled. Each day we sit here with our hands folded we are responsible for the killing of 8 men in the coal mines of the United States and the making of 6 widows and 15 orphans, and every day after we adjourn, if we do, the same process will go on.

As a humanitarian matter, I appeal to the Members of the House who have not so far signed that petition to come forward and do so. Let us take a fair and free vote on that subject. Let us see if we cannot protect the men who are doing the work in this country in all our tremendous number of coal mines all over the United States. There is every economic reason why we should do so, and certainly no possible doubt about its being in the interest of humanity and the men, women, and children of America. [Applause.]

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that at the conclusion of the address of the gentleman from Ohio [Mr. LEWIS] today I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I have two requests. First, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article by Andrew C. McLaughlin, head of the Department of History, of the University of Chicago, and Claude H. Van Tyne, head of the Department of History of the University of Michigan, entitled "A History of the United States for Schools."

Mr. COCHRAN. Reserving the right to object, Mr. Speaker, I notice the gentleman received permission to extend his remarks in the RECORD last week, and then when the RECORD came out there were five or six extensions, parts 1, 2, 3, 4, 5, and 6. The gentleman does something indirectly which the rules of the House do not permit him to do directly. I have no objection to the gentleman extending his own remarks, but I believe he should comply with the rules of the House when he gets permission to extend his remarks and not break his remarks up into five or six parts so that he will be going beyond the rule, which requires him to bring in an estimate and then get permission if he has over two and one-half pages. I am not going to object, but I believe the gentleman should stay within the rules.

Mr. RICH. Reserving the right to object, Mr. Speaker, it seems to me that if the gentleman makes a request for an insertion in the RECORD and it does not run over two and one-half pages he has a right, as long as the House gives him unanimous consent, to make the request as often as he chooses. May I say here that it is not the gentleman from Montana any more than other Members of the House who is responsible for the fact that we are piling up at this session of Congress one of the largest CONGRESSIONAL RECORDS we have ever had in all the history of this Nation. It is a shame, too, not because of the gentleman from Montana, but be-

cause all the Members of the House are making many insertions in the RECORD.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I demand the regular order.

Mr. SABATH. Reserving the right to object, Mr. Speaker——

The SPEAKER. The regular order has been demanded. Is there objection to the request of the gentleman from Montana?

Mr. SABATH. I object, Mr. Speaker.

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on two different subjects.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

NAVAL RESERVE OFFICERS' TRAINING CORPS

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs, I ask unanimous consent for the immediate consideration of the bill (H. R. 10406) to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this is one of the most forward steps with reference to the officer personnel that has been proposed to this House in the 25 years I have been a member of this committee. The bill simply permits students who have finished in the 26 colleges the R. O. T. C. course to be eligible after serving 1 year on active duty to get a regular commission in the line of the United States Navy. This simply means another method by which officers will be brought into the Navy.

Mr. RICH and Mr. MAAS rose.

Mr. VINSON of Georgia. I yield to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. I congratulate the gentleman on permitting these graduates of the Naval Reserve Officers' Training Corps to get commissions, but I am wondering how they are going to be permitted to go into the line of officers.

Mr. VINSON of Georgia. He has a perfect right or opportunity to become an admiral of the United States Navy by passing the usual examinations, and every opportunity will be accorded him that is accorded an ensign from the Naval Academy.

Mr. RICH. Then I congratulate the gentleman on this bill.

Mr. VINSON of Georgia. I thank the gentleman.

Mr. MAAS. This bill does exactly what we did for the Army under the Thomason Act several years ago and it simply brings the Navy in line with the policy of the Army in this regard.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MICHENER. As I understand, the bill has the unanimous support of the Committee on Naval Affairs.

Mr. VINSON of Georgia. As far as I know there is no objection to the bill. It is recommended by the Department and it is a forward step in giving the poor boy an opportunity to become an officer in the United States Navy and is the best bill to accomplish that purpose that has ever been presented to the Congress.

Mr. SCHAFER of Wisconsin. That is what I wanted to ask a question about. This bill will give, will it not, the rank and file of poor boys an opportunity to go into the United States Navy and will also give the sons of the rank and file of the people who do not have political pull an opportunity to become officers in the Navy?

Mr. VINSON of Georgia. That is right exactly. There will be some 7,200 boys that will be in these 26 universities and it gives each one of those boys an opportunity and a square deal in getting a commission in the United States Navy as a line officer. The only way today you can get a commission is through the Naval Academy.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I ask the gentleman a question in this way? I think it was in the last session that our friend, the gentleman from Alabama [Mr. HOBBS] made a presentation here one day with reference to promotion of officers in the line of the Navy. Has the situation changed around to where it is no longer necessary to retire these men around the ages of 41 to 45?

Mr. VINSON of Georgia. We have a provision written in the law that as long as a limited emergency exists no fit officer can be retired.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. KELLER. As I gather it, this is purely for the boys in the colleges?

Mr. VINSON of Georgia. That is right.

Mr. KELLER. Will not that prevent the boys on the ships from getting up?

Mr. VINSON of Georgia. Oh, no.

Mr. KELLER. Why not?

Mr. VINSON of Georgia. The boy on a ship has another way of going up. He has a right to go to the Naval Academy every year from the line of the Navy as common seaman to the Naval Academy, if he can qualify. Unfortunately, only five qualified last year.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That officers of the Naval Reserve commissioned therein upon graduation from the Naval Reserve Officers' Training Corps shall be eligible for appointment to commissioned rank in the line of the Regular Navy in such numbers as the President may deem necessary. Officers so appointed shall, upon appointment, occupy the same grade, with the same precedence, occupied by them in the Naval Reserve.

SEC. 2. All appointees authorized by section 1 of this act shall, on June 30 of the calendar year in which appointed, be less than 26 years of age, shall, on the same date, have completed at least 1 year of continuous active duty on board ships of the Navy, and shall, before appointment, establish their moral, physical, mental, and professional qualifications in accordance with such rules and regulations as the Secretary of the Navy may prescribe.

SEC. 3. Each officer appointed pursuant to the foregoing sections to the grade of ensign and each officer so appointed to a grade above that of ensign shall, respectively, become eligible for promotion, or for consideration by a line selection board as of the date the line officer next junior to him becomes so eligible: *Provided*, That the qualification of sea service prescribed in section 11 (c) of the act of June 23, 1938 (52 Stat. 948), shall not apply to such officers while in the grade to which originally appointed.

With the following committee amendment:

On page 2 after line 16, insert:

"SEC. 4. Any officer of the Naval Reserve and Marine Corps Reserve may, with his own consent, be employed on active duty other than training duty in time of peace for such periods as the Secretary of the Navy may determine: *Provided*, That pay and allowances of officers employed on active duty pursuant to this section shall be paid from appropriations for 'Pay, subsistence, and transportation of Naval Personnel' and 'Pay, Marine Corps,' as the case may be."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

APPOINTMENT AS MIDSHIPMEN AT UNITED STATES NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs I ask unanimous consent to take up the bill (H. R. 10438) to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy.

The Clerk read the title of the bill.

Mr. MICHENER. Mr. Speaker, reserving the right to object, is this the bill concerning the age limits?

Mr. VINSON of Georgia. The gentleman from Michigan is correct, and I will merely state this. Under the law today the age limit is from 16 to 20 years. Under this proposal we

are providing a new age limit from 17 to 21. The age limit for the Academy at West Point is 17 to 22, and we are making the age limit from 17 to 21 in the Navy. This does not apply to the boys appointed this year where the age limit is from 16 to 20, but from now on we hope the age limit will be from 17 to 21.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. KELLER. Why should we not have exactly the same age limit for West Point and the Naval Academy?

Mr. VINSON of Georgia. That is due to the fact we have a different system for officers reaching a certain rank at certain ages which does not exist in the Army.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. MICHENER. As I understand the bill, this change this year applies to the maximum, but not to the minimum age.

Mr. VINSON of Georgia. No; it does not interfere at all this year. It stands just like it is this year.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. COCHRAN. If I have a vacancy at Annapolis for next year, of course I have until a certain date to fill it, but as I understand this bill if it becomes a law and I want to nominate a boy over 20, I can nominate him?

Mr. VINSON of Georgia. It provides that for entrance in the year 1941, the minimum age shall not be less than 16. That is the minimum age.

Mr. COCHRAN. How about the maximum?

Mr. VINSON of Georgia. The maximum age will be 21, if this bill becomes law.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That hereafter all candidates for admission to the Naval Academy must be not less than 17 years of age nor more than 21 years of age on April 1 of the calendar year in which they enter the academy.

SEC. 2. All laws or parts of laws inconsistent with this act are hereby repealed to the extent of such inconsistency.

With the following committee amendment:

Page 1, line 6, following the word "academy", insert a colon and the following: "*Provided*, That for entrance in the year 1941, the minimum age shall not be less than 16 years."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONSTRUCTION OF GRAVING DRYDOCK IN NEW YORK HARBOR

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs, I ask unanimous consent for the immediate consideration of the bill (S. 4165) to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Mr. Speaker, reserving the right to object, I understand this is the drydock bill carrying a $23,000,000 appropriation?

Mr. VINSON of Georgia. Yes, sir.

Mr. MICHENER. The gentleman appeared before the Rules Committee this morning and a rule was granted. The report of the Rules Committee was unanimous. The gentleman is now attempting to take it up without the intervention of the rule?

Mr. VINSON of Georgia. Exactly. Mr. Speaker, I went before the Rules Committee to ask for a rule on account of the amount of money involved. This is an authorization. No appropriation will be made until the 1942 Budget, but the Navy Department desires to incorporate it in its budget just as soon as the authorization has been granted.

As the gentleman from Michigan [Mr. MICHENER] has said, I appeared before the Rules Committee and have a unanimous report from that committee. If I am unable to get unanimous consent for this, then one day during the week the Rules Committee will present the rule. But I trust that the rule will not be necessary, and that the House will consent to the consideration of this bill under unanimous consent.

Mr. RICH. Mr. Speaker, reserving the right to object, I congratulate the gentleman from Georgia, chairman of the Committee on Naval Affairs, on the two bills that we have just passed. Now, let us get a little information with reference to this bill. This is to take effect in 1942. How many vessels will you have and what size vessels will they be that will be necessary to be reconditioned in this drydock?

Mr. VINSON of Georgia. Let me say to the gentleman and the House that this morning at 11 o'clock the Navy Department let a contract for 198 ships, the very tonnage that has been authorized by the increase act of 70 percent. So immediately they will start building those ships. Already they are building some 45,000-ton battleships in the New York Navy Yard and in the Philadelphia Navy Yard. When these ships are finished we do not have a navy-yard dock large enough to complete them, because they are being built on ways. This drydock must go hand in hand with those ships. It is highly necessary for this drydock in the New York Harbor, somewhere in that area. I hope the gentleman from Pennsylvania [Mr. RICH] will not object, because the Budget will carry this item in the next Congress, after this authorization goes into effect.

Mr. RICH. I am not going to object, but I would like to get this information: How many of these 45,000-ton ships are you laying down at the present time?

Mr. VINSON of Georgia. We have appropriated for and are building nine right today. In the contract let at 11 o'clock today seven more were contracted for. Some of them go to New York. Some go to Philadelphia, because there are only certain yards in the country that can build them.

Mr. RICH. These drydocks will be sufficient for the ships of other sizes, as well as these large ones, so that they will not have to have a drydock for the 45,000-ton ships?

Mr. VINSON of Georgia. You have to have drydocks to meet these ships when they are built. This drydock will do that. Otherwise you have to tow those ships to Boston Navy Yard, which is several hundred miles away, with no steam and no control, which is a very hazardous thing to do.

Mr. RICH. What is it going to cost to build this drydock at New York to take care of these 45,000-ton ships?

Mr. VINSON of Georgia. Not to exceed $10,000,000, and I am advised by Mayor LaGuardia that in all probability the city of New York will give the land.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. SCHAFER of Wisconsin. This proposed drydock is going to cost $10,000,000?

Mr. VINSON of Georgia. Not exceeding $10,000,000, including the land.

Mr. SCHAFER of Wisconsin. The gentleman knows that the Navy Department built one of these big ships at the Philadelphia Navy Yard, and, after it was completed, it was found that it was bottled up. They could not get it to the sea unless they spent several million dollars to deepen the channel. Are you certain that after we spend $10,000,000 for this drydock we may not find that it is built so that big ships cannot get up to the drydock?

Mr. VINSON of Georgia. I am hoping that will not confront the Navy.

Mr. SCHAFER of Wisconsin. That did happen in Philadelphia.

Mr. VINSON of Georgia. Of course, the Navy spends millions of dollars each year keeping the Delaware River open so that the naval ships can go in.

Mr. SCHAFER of Wisconsin. But they built a large battleship at the Philadelphia Navy Yard, and after the ship was built it could not get out to sea until several million dollars was expended to deepen the river.

Mr. VINSON of Georgia. I do not recall the circumstance the gentleman refers to. There is nothing like that in the record.

Mr. SCHAFER of Wisconsin. I hope they do not do that with the funds authorized in this bill.

Mr. REED of New York. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. REED of New York. How long does it take to build one of these ships?

Mr. VINSON of Georgia. It will take approximately 4 years.

Mr. REED of New York. And how long does it take to build the drydock?

Mr. VINSON of Georgia. If money is made available for this drydock in the year 1942 it will take 2 or 2½ years to build, so the drydock will be finished about the same time the ships are finished.

Mr. REED of New York. If the gentleman will yield for another question, how long does it take to build these cruisers?

Mr. VINSON of Georgia. About 4 years.

Mr. REED of New York. How many shipbuilding plants have we available to build cruisers?

Mr. VINSON of Georgia. I will tell the gentleman something of how contracts for these ships are allocated. We are trying to use certain industrial yards for the type of ships to which they are best suited. We are trying to concentrate construction of certain types at certain yards. We have plans for the cruisers to be built in certain yards, and the submarines in certain other yards.

Mr. REED of New York. I should like to get the information. I assume there are many shipyards available now for building cruisers.

Mr. VINSON of Georgia. I cannot give the gentleman accurate information on how many yards are available for building cruisers.

Mr. REED of New York. About how many are there?

Mr. VINSON of Georgia. There are about six navy yards and seven industrial yards, but we do not give them all cruiser contracts. We give some battleship contracts, some airplane-carrier contracts. For instance, the Newport News Yard is concentrating on airplane carriers. The Philadelphia Navy Yard is concentrating on battleships, and the Boston yard on destroyers—and other yards. We are trying to work it out in the most efficient way possible.

Mr. REED of New York. How many cruisers are now on the ways being built?

Mr. VINSON of Georgia. I think about 50 contracts were made for cruisers just a short while ago.

Mr. WOODRUFF of Michigan. Mr. Speaker, reserving the right to object, to ask a brief question, is it not possible to step up the construction program beyond what the gentleman suggested a moment ago? It does not seem to me that we are entirely without ability to speed up our production of naval vessels.

Mr. VINSON of Georgia. Let me say in answer to the question propounded by the gentleman from Michigan, which is a very important one, that nothing retards the speed-up program more than lack of skilled labor. If we had today sufficient trained personnel in all the yards there would probably be a faster output. Unfortunately thousands if not hundreds of thousands of men have got to be trained to meet the demands of industry and of the yards. Just as far as that training program goes forward the finished product, the ships, will be turned out faster. If we had at the navy yards or in the country sufficient trained shipbuilders of all trades then you could speed up the program, but you cannot build ships any faster than you can get skilled people to do the work.

Mr. WOODRUFF of Michigan. Further reserving the right to object, Mr. Speaker, may I say that it is my belief that if the administration will expedite the checking of the availability of trained people throughout the United States, the naval program can and no doubt will be very greatly speeded up. I think it is a very important thing.

Mr. VINSON of Georgia. Let me call to the gentleman's attention the fact that $15,000,000 has already been appropriated to open up schools throughout the United States, and no doubt money will be asked for to train civilians to become qualified as shipbuilders and trained to become qualified in the various industries to accomplish what the gentleman asks.

Mr. WOODRUFF of Michigan. May I suggest at this point that throughout this country we have many shipyards, we have many men trained in the building of ships. It would seem that some action should be taken at this time to enlist the services of these trained men, men who are trained and ready.

Mr. VINSON of Georgia. I assure the gentleman that already everything humanly possible is being done.

Mr. HINSHAW. Mr. Speaker, reserving the right to object, it is contemplated, I believe, that a great many of these large ships will be used in the Pacific.

Mr. VINSON of Georgia. It is contemplated to have a large fleet in the Atlantic and a large fleet in the Pacific. We are driving at a total defense of this country.

Mr. HINSHAW. Is there any drydock facility on the Pacific coast sufficient to take these large battleships?

Mr. VINSON of Georgia. Yes; the Pacific coast is very fortunate in having plenty of drydock facilities.

Mr. HINSHAW. For the 45,000-ton ships?

Mr. VINSON of Georgia. Yes. The dry yards at Honolulu and Hunters Point certainly could take care of them, and also the drydock at Bremerton. They will be able to take any ship we are building.

Mr. TABER. Mr. Speaker, reserving the right to object, what is this item for the improvement of the South Boston drydock?

Mr. VINSON of Georgia. The item of $6,180,000 is to put that great drydock in condition so it can cooperate in the major overhaul repair of all of the largest ships that will be in the Navy. This is in addition to the drydock that it is contemplated to build at New York.

Mr. TABER. That means machine shops?

Mr. VINSON of Georgia. It means machine shops, it means whatever is necessary. We have that drydock there now.

Mr. TABER. It means practically a duplication of the set-up of the Boston Navy Yard.

Mr. VINSON of Georgia. No. The Boston Navy Yard cannot and has not facilities now to take care of anything but small craft. This is the largest drydock on the Atlantic coast, built by the State of Massachusetts, and given to the United States Government on some kind of terms. It has been lying idle for years. We propose now to utilize it so that they can take care of these ships that are built before the new drydock in New York is built.

Mr. GROSS. Mr. Speaker, reserving the right to object, admitting that we are short of mechanics, could we not get them much quicker and secure better men if we would permit industry to take on apprentices, and save the Government a lot of money?

Mr. VINSON of Georgia. Industry is doing its very best. At the Newport News Yard they have an apprentice school of over a thousand apprentices right now.

Mr. CRAWFORD. Mr. Speaker, reserving the right to object, the gentleman made one comment that interests me very much and on which I am not well informed. That is with reference to the $15,000,000 appropriation, I believe it is, for the purpose of training men.

Mr. VINSON of Georgia. Yes.

Mr. CRAWFORD. Will the gentleman give us a little information on that—where are these training schools, under whose direction are they operating, and what is the general approach to the problem?

Mr. VINSON of Georgia. I cannot go into that now, but I know through the N. Y. A. people who are certified are going into the high schools and into the machine shops. The Government pays them $30 a month while they are training these people. In my particular city, Macon, Ga., there are some 76 being trained, and this is going on all over the United States today. It is a most constructive and

beneficial thing. When the $15,000,000 runs out it is hoped that the Congress will appropriate more money, because that is where we are going to get these men.

Mr. HEALEY. Mr. Speaker, reserving the right to object, is it not true also that the navy yards are taking on a great many apprentices?

Mr. VINSON of Georgia. That is right.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to consider such proposals as may be made by the Port of New York Authority to provide an adequate site in New York Harbor or its vicinity and to construct or cause to be constructed thereon a graving drydock and facilities appurtenant thereto, under the powers and jurisdiction conferred upon said authority by the compact of April 30, 1921, between the State of New York and the State of New Jersey (42 Stat. 174), consented to by the Sixty-seventh Congress of the United States (42 Stat. 174) to purchase, construct, lease, and/or operate a drydock in the port of New York district and under the powers conferred on said authority by the comprehensive plan for the development of the port of New York, adopted under and pursuant to the aforesaid compact by the States of New York and New Jersey, which comprehensive plan was consented to by the Sixty-seventh Congress of the United States (42 Stat. 822), and, in the event that a proposal satisfactory to the Secretary of the Navy is received, to submit, subject to approval of the President, to the Congress, an estimate for an appropriation of an amount equal to one-half the cost of said drydock and facilities appurtenant thereto, including the cost of any land acquired therefor, but in any event not to exceed $7,000,000, which shall be available for the purposes and subject to the limitations hereinafter stated.

SEC. 2. The location of the proposed drydock and its appurtenances shall be subject to the approval of the Secretary of the Navy.

SEC. 3. Any amount appropriated under the authority contained in this act shall be available only for the construction of a graving drydock with dimensions and structural strength sufficient, in the opinion of the Secretary of the Navy, to accommodate the largest naval or merchant vessel built or building, together with an adequate site therefor, and shop, transportation, weight-handling, and other incidental appurtenances and facilities, according to designs and general plans and specifications to be submitted with said proposal by the Port of New York Authority (hereinafter called "the port authority") as a part thereof.

SEC. 4. (a) Any amount appropriated under the authority contained in this act shall be available for payments on account of a contract to be negotiated and entered into between the Secretary of the Navy and the port authority for the purposes herein stated.

(b) The contract so negotiated shall require the port authority to construct or cause to be constructed the graving drydock and to provide the appurtenances and facilities contemplated by the accepted proposal, to be completed and ready for use within such a time as may be specified in said contract by the Secretary of the Navy, without risk or expense to the United States, except as herein provided, and in accordance with plans and specifications to be approved by the Secretary of the Navy or at his direction by the Chief of the Bureau of Yards and Docks.

(c) From and after the time said graving drydock and drydock facilities are ready for use, priority service shall be given in the drydock, or by means of other drydock facilities of the operator thereof acceptable to the Secretary of the Navy, to naval and other public vessels of the United States and to commercial vessels owned by the United States or by any corporation of which the majority of the stock is owned by the United States. The charges for docking such vessels shall be the actual direct operating costs, plus a predetermined allowance for profit and overhead charges, which overhead charges shall not include any interest or amortization upon the amount appropriated by the United States under this act and paid to the port authority on account of the contract to be negotiated and entered into between the Secretary of the Navy and the port authority as aforesaid.

(d) In time of war or national emergency, as declared by the President of the United States, the United States shall have exclusive priority for the use of said graving drydock and appurtenances.

(e) The said graving drydock and appurtenances shall be owned by the port authority, but may be leased to such private operator or operators as may, in the judgment of the commissioners of the port authority, be best suited to operate and maintain said drydock. The drydock shall be maintained continuously to the satisfaction of the Secretary of the Navy.

SEC. 5. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to effectuate the purposes of this act.

SEC. 6. All acts and parts of acts inconsistent and in conflict with the provisions of this act are hereby suspended during the period in which such provisions of this act are in effect to the extent of such inconsistency or conflict.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the Secretary of the Navy is hereby authorized to proceed with the construction of the following public-work projects at a cost not to exceed the amount stated after each item enumerated:

"Third naval district: Graving drydock and accessory construction in New York Harbor, including acquisition of site, $10,000,000.

"Caribbean area: Graving drydock and accessory construction, including acquisition of site, $7,500,000.

"First naval district: Improvements to South Boston drydock, $6,180,000.

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this act."

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read "An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes."

A motion to reconsider was laid on the table.

SPEAKER PRO TEMPORE

The SPEAKER. The Chair designates the gentleman from Texas [Mr. RAYBURN] to preside over the House tomorrow.

DESIGNATION OF CERTAIN EMPLOYEES, DIVISION OF INVESTIGATION, DEPARTMENT OF THE INTERIOR TO ADMINISTER OATHS

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2627) to empower and authorize special agents and such other employees of the Division of Investigations, Department of the Interior, as are designated by the Secretary of the Interior for that purpose, to administer oaths in the performance of their official duties, with House amendments thereto, insist on the House amendments and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, which bill is that?

Mr. DEROUEN. This is a Senate bill. The House amended the bill and the Senate has asked for a conference. It has appointed conferees and now I am asking to insist on the House amendments and for the appointment of conferees.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

There was no objection, and the Chair appointed the following conferees on the part of the House: Messrs. DEROUEN, ROBINSON of Utah, and ENGLEBRIGHT.

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore (Mr. RAYBURN). Is there objection to the request of the gentleman from Pennsylvania [Mr. GROSS]?

There was no objection.

Mr. GROSS. Mr. Speaker, we have listened during the last week to various references to President Hoover's failures. It is true that he failed in a lot of things. He failed to draw his salary of $75,000 per year while he was President of the United States, leaving it in the Federal Treasury. His sons failed to form an insurance company for the insurance of Government property. He had built his own fishpond and never used battleships for fishing parties. His sons never rushed into the divorce courts. He never sold himself into political slavery to a labor organization for $500,000. He gave his collection of war stuff to the Government and built a museum for it which he paid for himself. He never packed the Supreme Court. He never killed pigs and then imported meat. Mrs. Hoover attended to her duties as a housewife and did not gallivant over the country writing about herself and selling it to the newspapers, nor did she ever sell soap over the radio. She never hob-nobbed with the anti-Americans or invited Communists to the White House. Hoover would have done a lot of constructive things if he would have had the support of a Republican Congress and Senate.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and

to include an article by K. K. Kawakami and one by John Gunther, both appearing in the magazine Foreign Affairs.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the untimely death of Senator Lundeen.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including therein an article appearing in a recent issue of the American Bar Association Journal by Maj. Claude B. Mickelwait on the legal basis for conscription.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein tables pertaining to the appropriations of the Congress and the preparedness program.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

DISTRICT OF COLUMBIA BUSINESS

The SPEAKER pro tempore. This is District of Columbia day. The Chair recognizes the gentleman from Maryland [Mr. KENNEDY].

REORGANIZATION OF DISTRICT OF COLUMBIA GOVERNMENT

Mr. KENNEDY of Maryland. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up for present consideration the bill (H. R. 9525) to provide for the reorganization of the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole; and pending that request, I ask unanimous consent that time for debate be limited to one-half hour, the time to be equally divided and controlled by myself and the gentleman from Illinois [Mr. DIRKSEN].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland that the bill be considered in the House as in Committee of the Whole?

Mr. KENNEDY of Maryland. I am asking this action after conferring with the distinguished and able chairman of the Committee on the District of Columbia, the gentleman from West Virginia [Mr. RANDOLPH], who has cooperated in every way with the special subcommittee of which I have the honor to be chairman. Mr. RANDOLPH phoned me from Pittsburgh, Pa., this morning informing me he was taking a plane and hoped to be here before the bill is completed.

Mr. SCHAFER of Wisconsin. Reserving the right to object, Mr. Speaker, is this the so-called District of Columbia government reorganization bill which will give the bureaucrats the right to fire every employee under section 215, which provides for consolidations.

Mr. KENNEDY of Maryland. No; this is simply a departmental reorganization bill, and it has no such provision in it.

Mr. SCHAFER of Wisconsin. What is the number of the bill?

Mr. KENNEDY of Maryland. H. R. 9525.

Mr. SCHAFER of Wisconsin. I think I am right. I object to limiting debate to a half hour. I believe we need about 2 days to debate this bill. Therefore, I object.

The SPEAKER pro tempore. Does the gentleman from Wisconsin object to the bill's being considered in the House as in Committee of the Whole?

Mr. SCHAFER of Wisconsin. No; but I certainly object to having only one-half hour of debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland that the bill be considered in the House as in Committee of the Whole?

There was no objection.

The SPEAKER pro tempore. Does the gentleman from Maryland have another request to submit?

Mr. KENNEDY of Maryland. I am asking for a limitation of debate. I am perfectly willing to enter into any agreement to fix the time that may be in accordance with the desires of the gentleman from Wisconsin. It is my understanding, however, that about 15 minutes is required by the gentlemen on the other side, and our side will require only about 15 minutes.

Mr. SCHAFER of Wisconsin. Does the gentleman mean to tell us that on a bill which will radically change the whole District government structure and will give the bureaucrats the right to fire every employee if they so desire we should be allowed only 15 minutes of debate?

Mr. KENNEDY of Maryland. I am sure that if the gentleman will read the bill he will find that quite the contrary is the fact, because this bill creates for the first time in the District government a civil-service bureau that protects all employees, who are not protected now.

Mr. SCHAFER of Wisconsin. Listen to this language in section 215 on page 10:

> Whenever the Commissioners deem it to be in the interest of the public good, efficiency, or economy, they may abolish or create any bureau or division within any department; consolidate such bureaus or divisions; reduce the number of employees; transfer, assign, or regroup any of the functions—

Mr. KENNEDY of Maryland. Read further in that same section.

Mr. SCHAFER of Wisconsin (continuing):

> of any bureau or division; and may, for the purpose of carrying out the provisions of this section, transfer employees and appropriations between departments, bureaus, and divisions.

Mr. KENNEDY of Maryland. The gentleman fails to read further on line 22, which is the important part of the section. He stops there.

Mr. SHAFER of Wisconsin. I have not had time. I have to get a breath now and then. I intend to read the other line:

> No department, board, or commission shall be created or abolished without the specific authority of Congress.

CALL OF THE HOUSE

Mr. HOLMES. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. KENNEDY of Maryland. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 214]

Allen, Pa.	Camp	Douglas	Hendricks
Anderson, Mo.	Celler	Duncan	Hennings
Arnold	Chapman	Eberharter	Hook
Ball	Claypool	Edelstein	Hope
Barden, N. C.	Cluett	Elliott	Izac
Barry	Cole, Md.	Engel	Jarrett
Barton, N. Y.	Cole, N. Y.	Evans	Jeffries
Bates, Ky.	Connery	Fay	Jenkins, Ohio
Bell	Cooley	Fernandez	Jenks, N. H.
Bender	Corbett	Fish	Johnson, Ind.
Blackney	Courtney	Fitzpatrick	Kennedy, Martin
Bland	Cox	Flaherty	Kennedy, Michael
Boehne	Crowe	Flannery	Keogh
Boland	Cullen	Gamble	Kilburn
Bolton	D'Alesandro	Gartner	Kinzer
Boykin	Darden, Va.	Gavagan	Kirwan
Bradley, Mich.	Darrow	Gerlach	Kunkel
Bradley, Pa.	Delaney	Gifford	Lea
Brewster	Dempsey	Green	Lemke
Buckley, N. Y.	Dickstein	Hall, Leonard W.	Lesinski
Burdick	Dies	Hancock	Lynch
Byrne, N. Y.	Dingell	Harness	McAndrews
Byron	Ditter	Hart	McGranery
Caldwell	Dondero	Harter, N. Y.	McGregor

McLean	Oliver	Satterfield	Sweeney
McLeod	O'Neal	Schaefer, Ill.	Tenerowicz
Maas	Osmers	Schuetz	Thill
Maloney	O'Toole	Schwert	Thomas, N. J.
Marcantonio	Parsons	Seccombe	Tibbott
Martin, Ill.	Peterson, Ga.	Shafer, Mich.	Tinkham
Merritt	Pfeifer	Shanley	Wallgren
Miller	Plumley	Sheridan	Ward
Mills, La.	Rabaut	Smith, Maine	Weaver
Mitchell	Randolph	Smith, Ohio	Whelchel
Murdock, Utah	Rees, Kans.	Smith, Va.	White, Idaho
Myers	Risk	Somers, N. Y.	White, Ohio
Norton	Rockefeller	Starnes, Ala.	Wigglesworth
O'Brien	Ryan	Stearns, N. H.	Wolcott
O'Day	Sacks	Sullivan	Wolverton, N. J.
O'Leary	Sandager	Sutphin	Wood

The SPEAKER pro tempore (Mr. RAYBURN). Two hundred and sixty-eight Members have answered to their names, a quorum.

On motion of Mr. KENNEDY of Maryland, further proceedings under the call were dispensed with.

REORGANIZATION OF DISTRICT OF COLUMBIA GOVERNMENT

Mr. KENNEDY of Maryland. Mr. Speaker, as I understand, the bill—H. R. 9525—is now being considered in the House as in Committee of the Whole and, of course, under the regular rules, it would be read under the 5-minute rule. However, I have a tentative agreement with the gentleman from Illinois [Mr. DIRKSEN] to fix some time for debate, and I am perfectly willing to see if we cannot reach an agreement, and I would suggest that debate be limited to not exceeding 1 hour, half of that time to be controlled by myself and one-half by the gentleman from Illinois [Mr. DIRKSEN].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. KENNEDY of Maryland. Mr. Speaker, I will ask the gentleman from Illinois [Mr. DIRKSEN] to use some of his time now.

Mr. DIRKSEN. Mr. Speaker, I do not know that it is necessary to exhaust the entire time allotted for discussion of this bill, for many reasons. In the first place, it has had long and careful preparation in the committee. I have been a member of the District Committee for 8 years and this whole question of reorganization has been recurring from year to year and this particular matter has received sustained attention and study all through the present Congress.

May I say a word of commendation in behalf of my good friend, the gentleman from Maryland [Mr. KENNEDY], who has given so much attention to this matter. I think it would be a fine testimony to his diligence and sustained efforts if this bill could be passed today. He will leave us in this session of Congress and I think it will stand as somewhat of a monument to his efforts and devotion to the cause of reorganizing the government of the District of Columbia on lines that are efficient, and that will develop a maximum of efficiency for the money that is expended.

The District of Columbia government grew somewhat like Topsy. There was a basic pattern established about 60 years ago. Ever since that time we have been adding a little here, setting up a new board occasionally, prescribing new functions, and setting up new instrumentalities for articulating those functions, until now it presents somewhat of a patchwork, and it becomes absolutely essential and necessary that something be done about departmentalizing the functions of the District of Columbia and giving it a streamlined effect whereby the utmost of efficiency may be effected. All this work is contained in the bill that is before you at the present time.

The gist of the bill, of course, you will find in title II, which sets up 11 departments, describes the functions of those departments and also the directors who are to preside over the destiny of the various departments. We are providing for the management of a budget for the District of Columbia on an independent basis in the light of recent action of the Federal Bureau of the Budget.

We provide also for civil service and personnel direction. Heretofore, the District of Columbia has been operated on a sort of understanding or agreement basis with the Federal civil service whereby the same rules and regulations obtain, and they try to follow them insofar as possible, but there is no independent civil service commission operating for the District of Columbia at the present time.

We have sought to consolidate the municipal court and the police court so as to get a maximum of efficiency and, finally, to enlarge and particularize some of the powers that are necessary in the management of the District of Columbia so that it is not constantly necessary for the Commissioners to be coming to the Congress as suppliants asking for authority to change the name of a street or to grant a license for a conduit to run under some road or some other purely ministerial purpose.

A bill is before you today, therefore, to give efficiency, to streamline the operations of the government, to develop a higher degree of accountability, and to invest expanded managerial power in the Commissioners.

The bill sets up also an administrative assistant to the Commissioners whose duty it shall be to carry on studies constantly in the hope of improving that efficiency.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. GILCHRIST. I understand the committee has reported the bill favorably.

Mr. DIRKSEN. They have; yes.

Mr. GILCHRIST. Including Members on both sides of the aisle?

Mr. DIRKSEN. Yes.

Mr. GILCHRIST. What group or interest is against the bill—any?

Mr. DIRKSEN. My good friend the gentleman from Wisconsin [Mr. SCHAFER] raised a few questions, and he raised a very proper question, I would say.

Mr. GILCHRIST. I asked that in good faith in order to get both sides of the question, so I would know how to vote.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. If the gentleman will permit——

Mr. SCHAFER of Wisconsin. I do not want the RECORD to show that I raised a question that was not to the point.

Mr. DIRKSEN. Oh, no.

Mr. SCHAFER of Wisconsin. This bill proposes to revamp and reorganize the entire government of the District of Columbia and give the bureaucrats wide authority to do so. Do you not believe that there should be a reasonable amount of time for consideration so that the Members of Congress may have an explanation of the measure, particularly in view of the fact we have had to devote so much of our time to highly important and controversial defense measures?

Mr. DIRKSEN. I think the gentleman is eminently correct, and may I say in response to his observation that this bill has been before the Congress for some time. It has been reported from the committee since May 1940. So that in the very nature of things it raises the presumption that the Members should be somewhat fortified as to the contents of the bill.

But, secondly, I think the gentleman from Wisconsin [Mr. SCHAFER] raised a very interesting question relative to the possible dismissal of employees under the bill, because there is a provision that in the interest of economy and efficiency the Commissioners may consolidate, may revise, and may streamline various agencies. That question was thoroughly discussed in the committee and I believe it was at my instance that a provision was written into the bill to the effect that no department, board, or commission shall be abolished unless the matter is first affirmatively passed upon by the Congress of the United States.

Secondly, with further respect to the matter of suspending and dismissing employees, there is now a civil-service provision in this bill whereby they can be suspended, dismissed, demoted, promoted only within the provisions of the bill itself and the civil-service title of this bill. So it was a very proper question raised and the committee dealt with it at considerable length.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. DIRKSEN. I yield to my colleague on the committee.

Mr. KENNEDY of Maryland. Is it not true that this bill provides better protection for the employees of the District than they now have?

Mr. DIRKSEN. As a matter of fact, the employees of the District of Columbia have no protection today, and could be very arbitrarily dismissed if there was any disposition to do so.

Mr. SCHAFER of Wisconsin. Will the gentleman yield for a brief question?

Mr. DIRKSEN. Yes; I yield to the gentleman.

Mr. SCHAFER of Wisconsin. I have the set-up here, and I notice that under the proposed consolidation there are a great number of independent boards. Is there any valid reason why these whisky snooper and sniffer duties should not be transferred to the Police Department? We now have a liquor monopoly in the District of Columbia, and the gentleman knows it, under the present set-up. Would it not be a good idea to let the Board make the regulations and let another agency, a law-enforcement agency, take care of enforcing the regulations?

Mr. DIRKSEN. In the first place, the gentleman does not know that there is a monopoly existing in the District of Columbia, and, in the second place, I deem it necessary to have the Alcohol Beverage Control Board, because the whole task of issuing permits, holding hearings, going into questions of rather meticulous regulation would throw an unjust and onerous burden upon the Police Department and would seriously hamper the affairs of the Police Department, because many of these are judicial in nature rather than of a policing character. So that Board is necessary today. The huge annual revenues from this source indicate the amount of work being done.

Mr. SCHAFER of Wisconsin. Will the gentleman yield further?

Mr. DIRKSEN. I yield.

Mr. SCHAFER of Wisconsin. After the gentleman's explanation, I will agree with the first part of it. I, however, reiterate my statement that the gentleman from Wisconsin knows there is a liquor monopoly in the District of Columbia, and I am speaking from facts and as the result of a comprehensive investigation. At a later date it will be clearly demonstrated that there is a liquor monopoly operating in the District of Columbia, and a vicious one, too, and it is just about as bad as the vicious milk monopoly which has a stranglehold in the Nation's Capital. Will the milk monopoly be curbed and the milk consumers in the District of Columbia be protected in any manner under this bill?

Mr. DIRKSEN. You cannot curb a milk monopoly, if you assume there is one, unless this Congress first authorizes the necessary legislation and investigation power whereby to do it. If the gentleman has any intimate information peculiarly within his own knowledge as to the extent of a liquor monopoly, I am sure that he ought to take an hour some day and give the House the information.

Mr. SCHAFER of Wisconsin. It would take about a day. If you will get me a day, I will take a day and show that we now have a most vicious liquor monopoly in the District of Columbia, as well as a most vicious milk monopoly, preying on the liquor and dairy-product consumers in the Nation's Capital.

Mr. DIRKSEN. I shall go to the Speaker with the gentleman any day and respectfully supplicate the Speaker to give him all the necessary time to develop that question.

Mr. STEFAN. Will the gentleman yield to me?

Mr. DIRKSEN. I yield to the gentleman.

Mr. STEFAN. I am interested in the finances of the District of Columbia. I wonder in your study and discussion of this reorganization bill if you have come to any conclusion that through this reorganization there will be some economies reached, or whether or not through this reorganization we will be able at some time along the line to determine just exactly how much money really is necessary to operate the District of Columbia and the participation of the Federal Government?

Mr. DIRKSEN. I wish I might give the gentleman a very prophetic answer as to whether or not economies will be effected. I served on a special committee of the House of Representatives dealing with the reorganization of the executive branch of the whole Federal Government and devoted considerable study and attention to the problems that were raised by the reorganization bills and plans that came before this body. It was hoped at the time that substantial economies would be effected, and yet, very shortly after the first reorganization bill went into effect, the public pay roll went up approximately 55,000 people. To be sure, many of those went on the defense rolls, but there were a great many who had a purely civil status. So while we hoped against hope that some economies might be effected, it became cluttered up, of course, with defense considerations, and it is difficult to say where the line must be drawn and whether or not they could be and would be effected. It is pretty much to hope, I should say, in these days of growing Government functions, whether they are local or Nation-wide. While we believe that some economies will be effected, if they are not, at least this bill returns a greater value for the dollars expended for the District of Columbia than is now received for its tax dollars.

Mr. STEFAN. Will the gentleman yield further?

Mr. DIRKSEN. I yield.

Mr. STEFAN. What is the purpose of reorganization if you are not going to reach any economies? Is it for more efficiency—to get more work out of employees, or what?

Mr. DIRKSEN. I will say to the gentleman the avowed purpose is efficiency and economy.

Mr. STEFAN. But the gentleman says you are not going to have any economy, as far as you know.

Mr. DIRKSEN. As the gentleman indicates, that is a highly speculative question, but we feel there should and may be economies. Certainly the District of Columbia has no immediate relationship to the defense program, but I am sincere in expressing the hope that there will be some economies. Let us wait and pass judgment on it after the bill goes into effect. The District of Columbia government has been streamlined. We can then see whether or not any economies have been effected.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CASE of South Dakota. I share with the gentleman in believing that this reorganization bill comes to us with considerable to commend it because it comes from the hand of the gentleman from Maryland [Mr. KENNEDY]. [Applause.] The gentleman has already pointed out that the gentleman from Maryland [Mr. KENNEDY] worked hard on this bill. In my opinion, the gentleman from Maryland has real ability for reorganization. I served on the Committee on Claims under his chairmanship and found there that he was very effective in reorganizing the work of the Claims Committee. At one time, I am told, all claim bills were regarded with suspicion, and it was very difficult for just claims to receive consideration. The gentleman from Maryland established standards for the consideration of claims and put the work upon an entirely different basis. Then he adapted the omnibus rule, under which the bills which aroused objections could be set aside and not stymie consideration of the unquestioned bills. It was a revolution in House procedure, for which every Member should be grateful.

With reference to the bill before us, however, I desire some information growing out of membership on the District of Columbia subcommittee of the Committee on Appropriations.

In the first place, what considerations led the committee to recommend a separate budget bureau, so to speak, for the District of Columbia, taking out of the hands of the regular Budget Bureau the power or opportunity to pass upon the estimates?

Mr. DIRKSEN. There were two considerations, and may I say to the gentleman I am speaking from a rather rusty

memory, because I have not refreshed myself for some time on some of these provisions, and I must necessarily plunk into the pools of memory in the hope it will not mislead me. I think, however, it was the desire of the Federal Budget Bureau to get out from under the burden of handling the District budget with all the time and detail involved.

Secondly, it is quite apart from the Federal Budget itself and in the interest of the people's desire for a great many years for a separate budget. Whether or not it will work out as we hope remains to be seen, but at least we do two things if it does work out: We relieve the Federal Budget Bureau of the burden, and, secondly, we satisfy the District of Columbia and still retain, of course, the ultimate approving and appropriating power in the Congress itself.

Mr. CASE of South Dakota. I recognize that that is true, but it has always seemed to me that the theory of setting up the Budget Bureau was to have an agency pass upon estimates which was independent of the agency for which the estimates were sought. In this instance it seems to me we are going back on that principle by setting up a budget officer who is the creature of the agency, the District of Columbia, which is seeking the appropriation.

Mr. BATES of Massachusetts rose.

Mr. DIRKSEN. I may say to my friends from Massachusetts and South Dakota that I think the answer to that, of course, is that the best you can expect is a perfunctory consideration from the Budget Bureau, especially with respect to problems that involve streets, schools, salaries of members of the fire department and police department, the opening of highways, the filing of suits for taxes and assessments, and all that sort of thing which are purely local in character and which so affects the efficiency of the District of Columbia, in my judgment. I am impressed by the fact that they were rather restricted by the Budget Bureau, and it is doubtful whether the Budget Bureau, considering the extra burden of work that is on it at the present time, can give to the District that kind of consideration the local budget demands.

Mr. CASE of South Dakota. May I ask, then, if the budget officer contemplated under this bill will be a Federal officer?

Mr. DIRKSEN. No; he will not.

Mr. CASE of South Dakota. He will be appointed by the Commissioners?

Mr. DIRKSEN. He will be a part of the District government, not of the Federal Government.

Mr. CASE of South Dakota. Then he will not be an independent budget officer?

Mr. DIRKSEN. That is right.

There is one other consideration. By an Executive order of many years ago it was made necessary that before a single piece of legislation affecting the District could be submitted to the House District Committee or the Senate District Committee it had to secure Budget clearance. If they wanted to change the name of Missouri Avenue to Podunk Avenue, let us say, it had to go down to the Bureau of the Budget, had to be considered there, and then came back with a highly formal opinion that this measure was in conformity with the President's program. It seems to me this is wholly unnecessary. While that is a rather extreme example, it happens so often that there had to be some relief from that restriction, and we went all the way over in giving them an independent budget.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BATES of Massachusetts. Is not that in conformity with general practice in municipal financing in all large cities of the country?

Mr. DIRKSEN. I think it is. We recognize, of course, the relationship between the Federal Government and the District of Columbia, and also the fact that the Federal Government makes a contribution.

Mr. BATES of Massachusetts. And the same relationship exists between cities of the country, capital cities, and the States in which they are located.

Mr. DIRKSEN. Yes, except that the capitals of the respective States do not contribute so generously in terms of dollars out of their treasury for the support of the cities where the capitals are located.

Mr. CASE of South Dakota. But when there is a difference between actual receipts and estimated receipts and expenditures the States are not in the same position with reference to their capital cities as the Federal Government is with reference to the District of Columbia. They are not called in to bridge the gap as the Federal Government is.

Mr. DIRKSEN. That is right.

Mr. CASE of South Dakota. Then there are two other questions: Is there a provision in the bill—there may be but I have not found it—is there a provision in the bill that will prevent lobbying by employees of the District government for appropriations?

Mr. DIRKSEN. For appropriations?

Mr. BATES of Massachusetts. Yes, on behalf of appropriations.

Mr. DIRKSEN. We put a paragraph in the bill which is a kind of miniature Hatch Act, which is found on page 19. I will read it to the gentleman:

> No person in the service of the District government is for that reason under any obligation to contribute to any political fund, or to render any political services, and he shall not be removed or otherwise prejudiced for refusing to do so.

In section 306, on page 14, you will find a provision to prevent officers and employees of any department of the District government from requesting increases in items of appropriations and estimates unless requested to do so by a committee or subcommittee of Congress.

Mr. CASE of South Dakota. We are so situated here that we are under the gun, so to speak, if there is a local movement on behalf of some special appropriation. The third question is, Why is authority of the General Accounting Office in relation to District expenditures limited specifically to making post audits as is proposed in paragraph 1 of section 310?

Mr. DIRKSEN. If it were otherwise, there would be such a hiatus between the time when the expenditure would have to be made and the time you could get clearance from the General Accounting Office that you might have many situations where they would become terribly restricted; so we have to depend in a large measure on the Finance Department of the District of Columbia in that manner and let it go for post audit to the General Accounting Office.

Mr. CASE of South Dakota. Is it still possible for the Commissioners or the District government to get an advance decision from the Comptroller General as to the legality of any expenditure?

Mr. DIRKSEN. I think it is.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Going back to the matter of the Budget that has been under discussion, when the question of Federal subsidy to the District of Columbia comes up, does that have to go through the Federal Bureau of the Budget?

Mr. DIRKSEN. No; it will not go through the Federal Bureau of the Budget any more than it went through there before in the sense that all the Federal Bureau of the Budget did heretofore was to indicate to the Congress what disparity there might be between receipts and disbursements and indicating that something had to be done in order to fill that gap. The matter was then left up to the Congress whether or not to lift the limit on real-estate taxation rates, for instance, or whether to dip into the Federal Treasury, but this is a situation with which we must deal year after year. As we come to grips with the officials of the District of Columbia government from time to time, I will say that this probably will work out just as well, if not better. There is a little more flexibility and it may be that there can be a revamping of the tax structure here so that the amount required out of the Federal Treasury from year to year may diminish rather than increase; but the Congress always has the approving power. The power of the Congress is never lost.

Mr. SCHAFER of Wisconsin. Here is a section which troubles me, and this is not a facetious question. On page 32, section 702 reads as follows:

The power and authorities conferred by this title are to be construed as in addition to and not by way of limitation of the powers now vested by law in the Commissioners.

Then we go on on pages 32, 33, 34, 35, 36, 37, and 38 and grant these Commissioners more power. Here is a sample of it on page 33:

To make, adopt, and enforce regulations for the regulation, licensing, and revocation of licenses of operators of moving-picture machines.

We do the same thing with reference to undertakers, embalmers, morticians, and so forth. Does the gentleman construe this grant of additional power as an additional grant according to the first paragraph of 702 which would permit these Commissioners to make regulations having effect of law which might be contrary to specific laws now on the statute books?

Mr. DIRKSEN. It would not be contrary to specific law, but rather would enlarge some of the powers that are limited but which exist at the present time.

Mr. SCHAFER of Wisconsin. Would it not be a good idea to put a provision in section 702 limiting the Commissioners to power so that they cannot make regulations having effect of law which are in conflict with existing law? In other words, put a limitation on it?

Mr. DIRKSEN. If it is in conflict with existing law, it becomes a nullity.

Mr. SCHAFER of Wisconsin. But does it? This would be the later law. If you give them this additional authority, which gives them the power to make law, such law would be the latest law and would supersede existing law unless you specifically put a brake in there to protect existing law.

Mr. DIRKSEN. The gentleman will observe that on page 1, title I—general legislation—there is this recital:

All acts and the parts of acts now in force relating to the District of Columbia not inconsistent with the provisions of this act shall remain in full power and effect and all lawful regulations promulgated under said acts in force and effect shall also remain in full force and effect.

The implication is that if anything is inconsistent, then, of course, it goes out and is superseded by this act.

Mr. SCHAFER of Wisconsin. I grant that, but that refers to existing law.

Mr. DIRKSEN. That is right.

Mr. SCHAFER of Wisconsin. Still this new proposed law grants additional power to make regulations having the effect of law.

Mr. DIRKSEN. Right.

Mr. SCHAFER of Wisconsin. Under this particular grant of power the Commissioners could promulgate regulations having the effect of law and, being the later enactment, would supersede any conflicting existing law?

Mr. DIRKSEN. I am afraid I do not follow the gentleman, but let me make clear what we have in mind here.

Mr McGEHEE. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Mississippi.

Mr. McGEHEE. This provision on page 32 which the gentleman from Wisconsin is talking about is merely an enlargement of the powers of the Commissioners, so that they may not be compelled to come to the Congress asking the passage of an act in every regulatory matter. Take a certain undertaker, for instance: We passed a bill in the District of Columbia Committee not long ago to permit him to reconstruct his place of business. The power to do this should be vested in the Commissioners. The Commissioners did not have the power to turn on the lights on the streets the morning that Congressman CALDWELL's son was killed out here on Connecticut Avenue. After this most unfortunate accident the Commissioners were compelled to come to the Congress asking the passage of an act to correct this situation. It is such regulatory powers this bill would invest the District Commissioners with. It is really to give them those regulatory powers without their coming to the Congress and worrying the Congress for the passage of an act every time they want to do something like that.

Mr. DIRKSEN. Will the gentleman let me explain very briefly. I notice the gentleman from Wisconsin is looking at the chart. If he will look at the right-hand side of the chart, he will see listed there a dozen or fifteen boards. First, the accountants came in. They thought there ought to be standards of examinations for accountants, and then some kind of licensing procedure, so we set up a separate licensing provision for the accountants of the District of Columbia. Later came the architects, so we went through that procedure over again and set up an architectural licensing board. Later came the veterinarians, and I do not believe there is over one veterinarian in the District of Columbia, unless they look after the welfare of dogs rather than horses and cows. Anyway, we have a licensing set-up here dealing with veterinarians, how they shall practice, how they shall take their examinations, and what is necessary before they can qualify and be licensed. The same is true of pharmacists and optometrists. The same is true for men who practice the profession of real estate. The same is true of plumbers. There was a bill pending dealing with embalmers and morticians, and it never got through this House, although it was reported out of the committee. We did get one through dealing with beauticians and cosmetologists and beauty-parlor operators. So that as far as motion-picture operators and embalmers and a few other agencies are concerned, including heating and air-conditioning engineers, this bill simply confers on the District Commissioners the authority to set certain standards and to require certain fees which will go into the Treasury and make it unnecessary for those individual pieces of legislation to march constantly across the floor of Congress and engross the attention of this body.

With respect to the general provision there that they shall be in addition to and not by way of limitation upon present powers, we probably have 15 or 20 individual licenses out now for running conduits under streets and alleys and running wires over public highways, and this merely confers upon the Commissioners blanket authority to do that. It does not negative the specific authority we have already given in specific cases.

Mr. SCHAFER of Wisconsin. Otherwise, they would have to go to the Congress in order to have these regulations enacted?

Mr. DIRKSEN. Precisely.

Mr. SCHAFER of Wisconsin. Does not the gentleman believe that the facts which justify this bill clearly indicate that the real solution of the problem is to give the people of the District of Columbia the right to vote and to run their own local government, so that Congress can devote its time and effort to national problems?

Mr. DIRKSEN. The gentleman will find quite a few people who will agree with that opinion. When this bill first came before the Committee on the District of Columbia it contained a suffrage provision. My own notion was that the two ought to be considered separately. If we are going to have reorganization, let us consider that. If we are going to deal with suffrage, let us consider that, because it is an entirely separate substantive matter. The House Committee on the Judiciary, of which my good friend, the gentleman from Iowa [Mr. GWYNNE], sitting back there is a member, has been dealing with that problem, as has the Committee on the District of Columbia. This bill, however, relates solely to the question of streamlining and reorganizing the District set-up in the interest of efficiency and economy. We did not want to inject the highly controversial subject of suffrage because it is very doubtful whether the question of reorganization in that case could ever get through this House without stirring up a whole wealth of controversy. We are essentially interested for the moment in getting this one job done and letting the second job come after it.

Mr. SCHAFER of Wisconsin. But if we say that complete suffrage for the District, so that the people of the District

can run their own local government, should be in a separate bill, and if we enact this reorganization bill, are we not putting the buggy before the horse? If we are going to give the people of the District of Columbia the right to vote and run their own local government, they should have the right to set up the government instead of having to take this set-up which Congress is going to choke down their throats.

Mr. DIRKSEN. I will simply conclude by saying to the gentleman from Wisconsin that there is a sharp divergence of opinion on this whole question of suffrage. If reorganization must be made contingent upon the disposal of that question, we may not have reorganization for a long time. It is infinitely better to take what bread you can get if you cannot get the whole loaf. [Applause.]

[Here the gavel fell.]

Mr. KENNEDY of Maryland. Mr. Speaker, I have no more requests for time on this side, but I shall be very glad to yield myself 10 minutes for the purpose of answering any questions that I may be able to answer.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Maryland. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. In the additional powers that are granted to the Commissioners, I notice that in paragraph (a) they are authorized within their discretion to compromise and settle claims and suits which the District may now or hereafter have against any person, firm, association, or corporation, and upon a report by the corporation counsel of the District, and so forth.

Then in paragraph (t) the Commissioners are empowered in their discretion, when they deem such action to be in the public interest, to effect settlements with owners of real estate authorized to be acquired by purchase or condemnation for District purposes, through such title company, and so forth.

I am wondering if the committee gave any consideration to requiring that such settlements should be subject to the approval of the District court.

Mr. KENNEDY of Maryland. On that subject, the corporation counsel made that recommendation, and I may say to the gentleman from South Dakota that there were many cases pointed out to the committee where it was to the advantage of the District for the Commissioners to settle the case, but under existing law they were not authorized to make a settlement and had to go through with an expensive court procedure and in the end probably make a less advantageous settlement for the people of the District. This simply broadens that power to give them the right to settle claims that may be settled to the better advantage of the people of the District.

Mr. CASE of South Dakota. I recognize that there are cases of that kind, but there are two different types of procedure that I have in mind. One would be the kind of a case where settlement would be readily approved, but it still would not be necessary for them to go through the court procedure of condemnation. In such a case should not the final approval of the settlement be subject to a court's review?

I have in mind the fact that in an ordinary bank liquidation, national banks, as well as State banks, the liquidating agent is required to submit his sales or his compromises to the district and the court itself passes upon the sufficiency of them. There is no necessity for a long-drawn-out proceeding. It is simply required that some independent party, not a party in interest, pass upon the sufficiency of the settlement.

Mr. KENNEDY of Maryland. Of course, I am not a lawyer, and I believe I am the only member of the committee who is not a lawyer, but the other members of the committee who are lawyers discussed that question with the corporation counsel and my recollection is that is the reason for writing this paragraph into the law.

Mr. CASE of South Dakota. I may say this particular item came up in discussion in connection with a recommendation that came before the District of Columbia appropriations subcommittee within the past year or two and some of the sentiment that was expressed by members of that committee at that time, as well as by some of the representatives of the District government, indicated they thought that might be a salutary provision to incorporate in the general law. I wonder if the gentleman would have any objection to the offering of an amendment to provide that these settlements of condemnation cases, and so forth, should be filed in a District court and subject to the approval of the District court.

Mr. KENNEDY of Maryland. I would have no objection, personally, and I would only want the gentleman to be careful not to amend it in a manner that would defeat the purpose of this particular paragraph, and that is to enable the Commissioners of the District of Columbia to make settlements in certain cases that would be to the advantage of the people of the District.

Mr. CASE of South Dakota. I would not limit the power of the Commissioners to make a settlement that simply provides that it should be filed and approved by the District court.

Mr. KENNEDY of Maryland. I have no objection to such an amendment, but may I suggest that the gentleman talk to the minority Members and see if it is agreeable to them. I am sure they are more familiar with that particular section than I am.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Maryland. I yield to the gentleman from Minnesota.

Mr. PITTENGER. I understand the gentleman is chairman of the subcommittee that held hearings on this particular bill.

Mr. KENNEDY of Maryland. Yes; and I may say that this matter has been before the Congress for many years. About 4 years ago, I believe, there was an appropriation made of $50,000 to make a study of this question, and the so-called Jacobs report was submitted to the Congress, but no action was taken. As a member of the District Committee, having in mind the number of surveys previously made, including the Brookings Institution survey, the Roberts survey, the Prettyman survey, the citizen's survey, all surveys of the government of the District of Columbia, in an effort to bring about some good results, I had the Appropriations Committee appropriate $10,000 for the purpose of having a study made of these various surveys with the idea that we might bring before the Congress a bill that would establish a better structure for our local government here and cut out a lot of obsolete provisions with respect to the present set-up and provide more modern methods for running the municipality, and that is what we have before us today.

Our committee employed a group of experts who went into this matter and spent some 10 or 11 months studying the District government, and the committee itself gave many, many hours for many, many months to a study of the matter.

In addition to that, the Commissioners appointed a special committee of their own, composed of men such as the auditor, Mr. Donovan, Corporation Counsel Seal, members of the Public Service Commission, members of other local departments, and they, in turn, submitted their recommendations, and various committees of citizens studied the matter and they also submitted their recommendations, and this bill is the result of all that collaboration with reference to bringing in a measure that would carry out the purposes we have in mind.

Mr. PITTENGER. Were there public officials before the District of Columbia Committee?

Mr. KENNEDY of Maryland. Yes; many hours were spent on public hearings.

Mr. PITTENGER. And everybody had a right to be heard?

Mr. KENNEDY of Maryland. Everybody had a right to be heard and was heard over and over again in some instances.

Mr. PITTENGER. And this is a unanimous report of the committee?

Mr. KENNEDY of Maryland. This is a unanimous report of the subcommittee and also the whole committee.

Mr. BOLLES. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Maryland. I yield.

Mr. BOLLES. Can the gentleman tell me when the District Committee reported on this—the entire committee?

Mr. KENNEDY of Maryland. On May 8, 1940.

Mr. BOLLES. The entire District Committee?

Mr. KENNEDY of Maryland. Yes; all the members were present on that day.

Mr. BOLLES. I have no recollection of that, and I have asked several members of the committee, and they said they had never heard of such a report being made.

Mr. KENNEDY of Maryland. I am not surprised at members of the committee not knowing what is going on in the committee because they do not attend to the business of the committee in the first place.

Mr. BOLLES. I have been in active attendance at all of these hearings.

Mr. KENNEDY of Maryland. I know that and I am sure the gentleman was there when this matter was reported.

Mr. BOLLES. I have no recollection of it and I asked one of the distinguished Members on the majority side if he had ever heard that the District Committee ever passed on this as a body——

Mr. KENNEDY of Maryland. It has been reported by the committee.

Mr. BOLLES. I have been trying to find a memorandum of that action and I cannot find it.

Mr. KENNEDY of Maryland. I have one in my hand here, dated May 8, 1940, and if the gentleman will request it he can get one for himself or can have mine.

Mr. BOLLES. Is that a memorandum of the action of the committee?

Mr. KENNEDY of Maryland. It is the report of the full committee. This matter has been before the committee over and over again.

Mr. BOLLES. I know it has been, and I am opposed to the bill.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Maryland. I will be glad to yield to the gentleman.

Mr. SCHAFER of Wisconsin. The gentleman referred to all these committees, including the Jacobs and other committees, which have studied the government of the District of Columbia.

Did any of these many committees recommend a real solution, that is, to give the people of the District of Columbia the right to vote and run their own municipal government? Did any of those committees make any such recommendation?

Mr. KENNEDY of Maryland. I do not recall the recommendation of the Jacobs committee in that respect, but I do believe some of the committees did so recommend.

Mr. SCHAFER of Wisconsin. The gentleman has been a member of the Committee on the District of Columbia for many years. A moment ago he indicated that many members of the committee could not attend the committee meetings because of the multitude of other duties as Members of Congress. Do you not believe that the real, sound, constructive, decent, and proper solution of the problem is not to put the buggy before the horse, but to give the people of the District of Columbia the opportunity to vote and run their own municipal government and the right to operate the kind of a municipal government which they desire.

Mr. KENNEDY of Maryland. I do so believe.

Mr. SCHAFER of Wisconsin. In view of the fact that it appears that this opportunity will not be given by this Congress, it is your opinion that in the meantime this bill should be enacted in the interest of reducing taxes and perfecting the efficiency of the government of the District of Columbia?

Mr. KENNEDY of Maryland. I do so believe.

Mr. SCHAFER of Wisconsin. And then, later on, when the people of the District of Columbia are given the right to vote, which they should have, they will have a more perfect form of local government to work upon which they can improve in compliance with the desires of the then sovereign voters of the Nation's Capital.

Mr. KENNEDY of Maryland. That is correct.

Mr. SCHAFER of Wisconsin. Therefore I shall not take any more of your time, and I shall support and vote for the bill with a sincere hope that in the near future the people of the District of Columbia will be given an opportunity to vote and run their own municipal government so that Members of Congress can properly devote their entire time and efforts to national problems.

Mr. KENNEDY of Maryland. I thank the gentleman.

Mr. Speaker, I have nothing further to say, except to express my profound thanks to the distinguished gentleman from Illinois [Mr. DIRKSEN] and the distinguished gentleman from South Dakota [Mr. CASE] and others for the kind remarks they have made about me on the floor of the House today. Without their able assistance and complete cooperation I could not have brought this bill before you as it is today. I believe it is a bill that should be passed by this House. I believe it will effect substantial economies and will definitely increase the efficiency of the government of the District of Columbia.

To give you an idea of how I arrive at that conclusion, I appeared before the Subcommittee on Appropriations. I think the gentleman from South Dakota [Mr. CASE] was a member of the committee at that time. The gentleman from Mississippi [Mr. COLLINS] asked us specifically where we could save some money. We mentioned the fire department. We thought that if an examination were made of that department money could be saved there. The gentleman from Mississippi [Mr. COLLINS], as chairman of the subcommittee, had inserted in the appropriation bill a direction to the Commissioners to make a survey of the fire department and report not later than January 1, 1940. We now have that report, and it shows a capital savings in the cost of the fire department of some $900,000, notwithstanding the fact that the recommendation also shows clearly the efficiency of the department will be improved upon and further annual savings made to the taxpayers of the District of Columbia. It is my honest belief, after years of study of this measure, that we can increase the efficiency of the District government, and at the same time save several million dollars of the taxpayers' money, if this law is honestly and fairly administered.

Unless someone else wants to take some of my time, which I will be glad to extend to them, that concludes consideration which the committee desires for the bill with reference to general debate.

The SPEAKER pro tempore [Mr. ZIMMERMAN]. The Clerk will read the bill.

The Clerk read the bill, as follows:

Be it enacted, etc.,

TITLE I—GENERAL LEGISLATION

SECTION 1. All acts and parts of acts now in force relating to the District of Columbia not inconsistent with the provisions of this act shall remain in full force and effect and all lawful regulations promulgated under said acts in force and effect shall also remain in full force and effect until modified or repealed by the Commissioners of the District of Columbia in accordance with law.

TITLE II—ADMINISTRATIVE DEPARTMENTS

SEC. 201. DEFINITIONS.—When used in this title—

The term "District" means the District of Columbia.

The term "Commissioners" means the Commissioners of the District of Columbia.

The term "administrative assistant" means the administrative assistant to the Commissioners.

The term "department" means any department of the District government.

The term "position" means any job or position under the government of the District.

The term "comptroller" means the comptroller of the District.

SEC. 202. (a) There shall be, and are hereby, created the following administrative departments of the District, which shall be under the general control of the Commissioners:

(1) Department of Finance.
(2) Department of Law.
(3) Department of Engineering and Public Works.
(4) Department of Personnel.

(5) Police Department.
(6) Fire Department.
(7) Health Department.
(8) Department of Insurance.
(9) Department of Licenses.
(10) Department of Public Welfare.
(11) Department of Vehicles and Traffic.

(b) There shall be, and is hereby, created the position of administrative assistant to the Commissioners. The administrative assistant shall be appointed by the Commissioners and shall be directly responsible to them and shall perform such administrative duties as may be required by the Commissioners and by law.

(c) The administrative assistant, under the supervision of the Commissioners, shall, when so directed by the Commissioners, make detailed studies and investigations of all the departments for the purpose of enabling the Commissioners to determine what changes (with a view of securing greater economy and efficiency in the public service) should be made in (1) the existing organization, activities, and methods of business of the departments; (2) the assignment of particular activities to particular services; or (3) the regrouping of services. The result of such studies shall be embodied in a report or reports to the Commissioners.

(d) The administrative assistant shall be a person with training equivalent to that represented by graduation from a college or university of recognized standing; understanding and experience in responsible supervisory positions; marked administrative ability; a thorough knowledge of the general laws of the District and the policies of administration; keen analytic ability; quick perception and appreciation of relative values; and judicial temperament.

(e) There shall be, and are hereby, created the following positions, which positions shall be in addition to any positions existing at the time of the approval of this act:

(1) Director of Finance.
(2) Director of Personnel.

The positions thus created shall be filled by appointment by the Commissioners.

SEC. 203. The functions of the Department of Finance shall comprise all administrative functions of the District with respect to the management and control of all financial operations, and shall by way of extension and not of limitation include the existing functions of the—

(a) Office of auditor;
(b) Collector of taxes;
(c) Budget officer;
(d) Purchasing officer;
(e) Disbursing officer;
(f) Office of assessor, except duties of superintendent of licenses.

The auditor shall hereafter be known as "comptroller." The director of finance shall be the head of the Department of Finance.

SEC. 204. The functions of the office of corporation counsel shall continue in accordance with law and Commissioners' regulations not inconsistent with law and shall be hereafter known as "the Department of Law," to be headed by the corporation counsel.

SEC. 205. The functions of the Department of Engineering and Public Works, except as may be otherwise expressly provided by this act, shall by way of extension and not of limitation consist of all the duties now performed by the present Engineer Department. The Engineer Commissioner of the District shall be the head of the Department of Engineering and Public Works.

SEC. 206. The functions of the Department of Personnel shall comprise all the administrative functions of the District in respect to the personnel of the District, subject to the policies established by law and Commissioners' orders. The Department of Personnel shall administer the civil service of the District as provided by title IV of this act; shall prepare and keep such personnel records as may be necessary to secure compliance with title IV of this act and with regulations adopted and promulgated by the Commissioners; and shall prepare, with the assistance of the United States Civil Service Commission, as provided for in title IV, examinations for positions in the District civil service; shall classify for salary purposes all positions in the government of the District other than those covered by the Classification Act of 1923, as amended, officers, teachers, and librarians of the public schools, officers and members of the Metropolitan Police and Fire Departments; and shall provide standards of efficiency for employees of the District; shall rate employees of the District in accordance with said standards; shall certify eligibles for appointment and shall make recommendation to the Commissioners for the transfer, promotion, demotion, suspension, and dismissal of employees of the District.

SEC. 207. The functions of the Police Department shall continue in accordance with existing law and Commissioners' regulations not inconsistent with law, except as otherwise expressly provided by this section, and to that end there is hereby transferred to the Police Department—

(a) The office of the poundmaster;
(b) Department of Weights, Measures, and Markets.

SEC. 208. The functions of the Fire Department shall continue in accordance with existing law and Commissioners' regulations not inconsistent with law.

SEC. 209. The functions of the Health Department shall be continued in accordance with existing law and Commissioners' regulations not inconsistent with law. In selecting a health officer the Commissioners may request the President of the United States to designate an officer from among the medical officers of the United States Army Medical Corps, the United States Navy Medical Corps, or the United States Public Health Service Corps, and the President, in his discretion, may designate such an officer who shall, during the time specified by the President, be health officer of the District. The officer, if so designated, shall be under the general supervision and control of the Commissioners of the District and shall exercise all powers and authority vested in the health officer of the District.

If the pay and allowances of the officer so designated be less than the compensation of the health officer of the District, said officer shall be entitled to receive such compensation in addition to his pay and allowances received from the United States as will make his compensation equal to that paid the health officer of the District.

SEC. 210. The functions of the License Department, except as otherwise expressly provided herein, shall comprise, except as hereinafter provided, all functions appertaining to the issuance of licenses within the District, including the administration of all laws requiring tests of qualifications for the issuance of licenses, and to that end there are hereby transferred to and vested in said department all duties required by law of the following departments, boards, officers, or commissions, as the case may be:

(a) Board of Accountancy;
(b) Board of Examiners and Registrars of Architects;
(c) Board of Dental Examiners;
(d) Board of Examiners of Veterinary Medicine;
(e) Board of Plumbing;
(f) Board of Steam and Other Operating Engineers;
(g) Board of Pharmacy;
(h) Board of Optometry;
(i) Nurses Examining Board;
(j) Commission on Licensure to Practice the Healing Arts;
(k) Alcoholic Beverage Control Board;
(l) Real Estate Commission;
(m) Boxing Commission;
(n) Superintendent of Licenses (now under the assessor's office);
(o) District of Columbia Board of Cosmetology;
(p) Board of Barber Examiners.

The Commissioners shall appoint licensing and examining boards. It shall be the duty of such boards, when appointed, to ascertain and determine, under such rules and regulations as may be recommended by the respective boards and adopted by the Commissioners, whether applications for licenses shall be granted or denied. Nothing in this act contained, however, shall give to the director of licenses any discretion in the issuance or refusal of licenses where issuance or denial is recommended by any such boards created for the purpose of licensing applicants.

The qualifications for membership on such licensing and examining boards shall be the same as are now provided by existing law.

The Commissioners are authorized to pay compensation to members of boards appointed in accordance with this section as they in their judgment and discretion may deem proper, and for this purpose appropriations are authorized to be made.

Enforcement of all regulations adopted by the Commissioners under this section shall be by the Police Department and the prosecution of violations thereof shall be by the corporation counsel or his assistants in the name of the District of Columbia.

Licenses, permits, certificate and registration fees shall be fixed by the Commissioners and shall be paid to the collector of taxes and deposited in the Treasury of the United States to the credit of District funds as now provided by law.

Nothing herein shall be construed as affecting any right of appeal from the action of any such board as provided by existing law.

The provisions of this section shall not become effective until July 1, 1941.

SEC. 211. The functions of the Department of Insurance shall continue in accordance with existing law and Commissioners' regulations not inconsistent with law.

SEC. 212. The functions of the Department of Public Welfare shall continue in accordance with existing law and Commissioners' regulations not inconsistent with law.

SEC. 213. The functions of the Department of Vehicles and Traffic shall continue in accordance with existing law and Commissioners' regulations not inconsistent with law.

SEC. 214. All the functions of the Department of Playgrounds of the District, now under the joint control of the Commissioners and the Board of Education, are hereby transferred to and shall, after the effective date of this act, be vested in the Board of Education.

SEC. 215. Whenever the Commissioners deem it to be in the interest of the public good, efficiency, or economy, they may abolish or create any bureau or division within any department, consolidate such bureaus or divisions; reduce the number of employees; transfer, assign, or regroup any or all of the functions of any bureau or division; and may, for the purpose of carrying out the provisions of this section, transfer employees and appropriations between departments, bureaus, and divisions. No department, board, or commission shall be created or abolished without the specific authority of Congress.

TITLE III—THE BUDGET

SEC. 301. Definitions: When used in this title—

The term "the budget" means the budget required by this act to be transmitted to Congress.

The term "Commissioners" means the Commissioners of the District of Columbia.

The term "budget officer" means the budget officer of the District of Columbia.

The term "District" means the District of Columbia.

The term "departments" means any department, independent commission, board, bureau, officer, agency, or other establishment, including Federal agencies, functioning under authority of or supported by District funds.

SEC. 302. The budget officer shall prepare, under the general supervision of the Director of Finance and submit to the Commissioners for transmission directly to the Congress of the United States on the first day of each regular session, a budget which shall set forth in summary and in detail—

(a) Estimates of the expenditures and appropriations necessary in their judgment for the support of the District for the ensuing fiscal year;

(b) Their estimates of the receipts of the District during the ensuing fiscal year under (1) laws existing at the time the budget is transmitted and also (2) under the revenue proposals, if any, contained in the budget;

(c) The expenditures and receipts of the District during the last completed fiscal year;

(d) Estimates of the expenditures and receipts of the District during the fiscal year in progress;

(e) Balanced statements of (1) the condition of the finances of the District at the end of the last completed fiscal year, (2) the estimated condition of the finances of the District at the end of the fiscal year in progress, and (3) the estimated condition of the finances of the District at the end of the ensuing fiscal year if the financial proposals contained in the budget are adopted;

(f) Such other financial statements and data as in their opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the District.

SEC. 303. (a) If the estimated receipts for the ensuing fiscal year contained in the budget, on the basis of laws existing at the time the budget is transmitted, plus the estimated amounts in the Treasury of the United States to the credit of the District at the close of the fiscal year in progress, available for expenditure in the ensuing fiscal year, are less than the estimated expenditures for the ensuing fiscal year contained in the budget, the Commissioners, in the budget, shall make recommendations to Congress for new taxes, loans, or other appropriate action to meet the estimated deficiency.

(b) If the aggregate of such estimated receipts and such estimated amounts in the Treasury to the credit of the District is greater than such estimated expenditures for the ensuing fiscal year, they shall make such recommendations as in their opinion the public interests require.

SEC. 304. (a) The Commissioners from time to time may transmit to Congress supplemental or deficiency estimates for such appropriations or expenditures as in their judgment (1) are necessary on account of laws enacted after the transmission of the budget, or (2) are otherwise in the public interest. They shall accompany such estimates with a statement of the reasons therefor, including the reasons for their omission from the Budget.

(b) Whenever such supplemental or deficiency estimates reach an aggregate which, if they had been contained in the budget, would have required the Commissioners to make recommendations under subdivision (a) of section 303, they shall thereupon make such recommendations.

SEC. 305. Except as otherwise provided in this act, the contents, order, and arrangement of the estimates of appropriations and the statements of expenditures and estimated expenditures contained in the budget as transmitted under section 304, and the notes and other data submitted therewith, shall conform to the requirements of existing law.

SEC. 306. No estimate or request for an appropriation, and no request for an increase in an item of any such estimate or request, and no recommendation as to how the revenue needs of the District should be met, shall be transmitted to Congress or any committee thereof by any officer or employees of any department, unless at the request of either House of Congress, or any committee or subcommittee thereof.

SEC. 307. The budget officer shall, under the supervision of the Director of Finance, prepare for the Commissioners a codification of all laws or parts of laws relating to the preparation and transmission to Congress of statements of receipts and expenditures for the government and of estimates of appropriations.

SEC. 308. Under such regulations as the Commissioners may prescribe, (1) every department shall furnish to the Department of Finance such information as the budget officer may from time to time require; and (2) the budget officer, or any employee of the Department of Finance when duly authorized by such Department, shall for the purpose of securing such information have access to and the right to examine any books, documents, papers, or records of any such department.

SEC. 309. The head of each department shall prepare departmental estimates, supplemental and deficiency estimates as may be required for its work, which shall be transmitted to the budget officer and which shall be transmitted in such form, manner, and detail as the Commissioners may prescribe.

SEC. 310. (1) The authority of the General Accounting Office in relation to the District is limited specifically to making independent post audits of disbursements made by the District from public funds and trust funds, to insure that such disbursements are made in accordance with law.

(2) The General Accounting Office shall make periodical reports of such audits to the Commissioners and the Director of Finance of the District. It shall be the duty of the Commissioners to make a critical review of all such reports and take such action in respect thereof as they may deem necessary and in the public interest.

(3) The Commissioners, the Director of Finance, the disbursing officer, and the comptroller shall have the right to obtain from the Comptroller General of the United States advance decisions involving matters relating to the disbursement of public and trust funds and the collection of revenue of the District, and it shall be the duty of the Comptroller General of the United States to furnish such advance decisions when requested so to do.

SEC. 311. The disbursing officers of the District shall give bond to the District in such sum as shall be approved by the Commissioners, conditioned for the faithful performance of the duties of his office in the disbursing and accounting, according to law, for all moneys of the District that may come into his hands.

TITLE IV—CIVIL SERVICE

SEC. 401. Definitions: When used in this title—

The term "position" means any position or job according to the context thereof.

The term "District" means the District of Columbia.

The term "Commissioners" means the Commissioners of the District of Columbia.

The term "official" means the head of any department in the District government.

The term "employees of the District of Columbia" shall be construed to mean all persons whose compensation is paid from appropriations and other funds of the District other than those officers and employees of the public schools and library systems now subject to their respective merit systems (exclusive of clerical and custodial employees), Federal employees paid from District appropriations now subject to their respective merit systems, and persons appointed for definite terms in accordance with law other than the surveyor of the District: *Provided, however,* That the status of the register of wills, and the employees of that office, and the status of the probation officer of the District Court of the United States for the District of Columbia, and the employees of that office, shall remain as at present, under the jurisdiction and control of the District Court of the United States for the District of Columbia.

SEC. 402. There is hereby established a civil-service system for the District, which shall be separate and distinct from the United States civil service except for the administration of the laws relating to the retirement of District employees (act of Congress approved May 22, 1920, 41 Stat. 614, as amended) (5 U. S. C. Annotated 287) and the Classification Act of 1923, as amended, as it relates to the employees of said District, which said retirement and classification laws shall continue to be administered as at the time of passage of this act and as may be amended by law.

SEC. 403. On and after July 1, 1941, the selection, appointment, transfer, promotion, demotion, suspension, and dismissal of employees of the District shall be in accordance with the provisions of this title, and with the rules and regulations adopted and promulgated by the Commissioners under and by virtue of the terms of this title.

SEC. 404. The following cardinal principles are hereby adopted, and compliance therewith is hereby directed, for the government and administration of the District of Columbia civil service:

(a) Open competitive examinations for testing the fitness of applicants for original entrance appointment in the District government. Such examinations shall be practical in character and, so far as may be practical, shall relate to those matters which will fairly test the relative capacity and fitness of persons examined to discharge the duties of the position into which they seek to be appointed.

(b) All original entrance appointments to positions in the District government, as hereinafter provided, shall be filled by selections according to grade, from among those graded highest as the result of such competitive examinations, and no such appointments shall become absolute until after a probationary period of at least 12 months.

(c) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in lower grades, in the department, office, or institution in which the vacancy exists. Promotion shall be based upon merit and upon the superior qualifications of the person promoted as shown by his previous service, due weight being given to seniority.

(d) In case of a vacancy in a position the entrance examination for which is different from that through which the employee considered for promotion entered the service, a noncompetitive examination may be given to determine the eligibility for promotion of the employee under consideration.

(e) In case of a vacancy in a position where peculiar and exceptional qualifications of a scientific, professional, or educational character, or exceptional training and experience are required, and upon evidence satisfactory to the Commissioners that for specified reasons competition in any such special case is impracticable and that the position can best be filled by selection of some designated person of high and recognized attainments in such qualities, the Commissioners may suspend the provisions of this title requiring competition in any such case, but no such suspension shall be general in its application to such position, and a record shall be made of each such case of suspension, together with the reasons therefor.

(f) No person in the service of the District government is for that reason under any obligation to contribute to any political fund, or to render any political services, and he shall not be removed or otherwise prejudiced for refusing to do so.

(g) Suitable and convenient rooms and accommodations shall be assigned or provided for the holding of examinations and said rooms and accommodations shall be furnished, heated, and lighted, and for this purpose the Commissioners are authorized to designate for use suitable rooms in any public-school building in the District for the holding of examinations at such times as will not interfere with the orderly conduct of school work or classes usually carried on in such school or in the rooms designated in any such school building.

(h) Records shall be prepared and kept of the persons holding the status of permanent employees of the District, as hereinafter provided, and of persons selected for appointment to vacancies in the District government, as hereinafter provided, from among those who have been examined, of the place of residence of such persons, of the rejection of any such person after probation, of transfers, resignations, and removals, and of the date thereof.

SEC. 405. The Commissioners are authorized and directed to adopt and promulgate such rules and regulations, not in conflict with this title, as may be necessary to carry this title into effect, and publish such notices as they may deem necessary.

SEC. 406. Incumbents of all positions in the District government who have been in the service of the District government for a period of 12 consecutive months or longer on the effective date of approval of this act, and who hold absolute appointments, are hereby covered into the civil service of the District and given the status of permanent employees of the District within the civil service of the District, and shall be entitled to all the benefits and privileges of the civil service of the District: *Provided,* That that part of the act approved March 3, 1901 (31 Stat. 1424), as amended, which provides for the appointment of the surveyor of the District for a term of 4 years, is hereby repealed, and the surveyor of the District shall be covered into, and shall have all the benefits and privileges of, the civil service of the District: *Provided further,* That this title shall not apply to any employees of the District other than the surveyor of the District who have been or may be appointed to office or positions in the District government for definite terms in accordance with law.

SEC. 407. No person in the civil service of the District shall be removed therefrom except for such cause as will promote the efficiency of said service and for reasons given in writing, and the person whose removal is sought shall have notice of the same and of any charges preferred against him, and be furnished with a copy thereof, and also be allowed a reasonable time for personally answering the same in writing; and may file affidavits in support thereof; but no examination of witnesses nor any trial or hearing shall be required except in the discretion of the Commissioners; and copies of charges, notice of hearing, answer, reasons for removal, and of the order of removal shall be made a part of the records of the District, as shall also the reasons for reduction in rank or compensation, and copies of the same shall be furnished to the person affected upon request: *Provided, however,* That membership in any society, association, club, or other form of organization of employees of the District civil service not affiliated with any outside organization imposing an obligation or duty upon them to engage in any strike, or proposing to assist them in any strike, against the United States or the District, having for its objects, among other things, improvements in the condition of labor of its members, including hours of labor and compensation therefor and leave of absence, by any person or groups of persons in said District civil service, or the presenting by any such persons or groups of persons of any grievance or grievances to the Congress or any member thereof, shall not constitute or be cause for reduction in rank or compensation or removal of such person or groups of persons from said service.

SEC. 408. The United States Civil Service Commission is hereby authorized and directed to perform, at cost, for the District, when requested by the Director of Personnel so to do, the work of assisting the Director of Personnel in preparing examinations for positions in the District civil service, and the work of holding and grading results of examinations of applicants for positions in the District civil service, the preparation and certification of registers of persons eligible for appointment in said service, as the result of making satisfactory grades on said examinations. The Commissioners shall include in their annual estimates of appropriations an amount sufficient to compensate the United States Civil Service Commission for the cost of such services rendered to the District in accordance with the terms of this title, and upon receipt of a certificate of the United States Civil Service Commission as to the actual cost of said work the said Commissioners shall pay the amount thereof to the United States Civil Service Commission from the said appropriation.

SEC. 409. From and after the passage of this act, only citizens of the United States, who for a period of 3 years or more immediately prior to the date of application for appointment (or for examination) have been actually bona fide residents of the District shall be eligible for appointment under the terms of this title to any position in the District government, except in cases where the Director of Personnel shall certify to the Commissioners that no applicant for appointment, resident of the District, has satisfactorily passed the examination provided for such position, in which case a person, irrespective of residence, who is qualified by education, training, and experience may be certified for appointment to such position: *Provided,* That this section shall not be construed to prevent the promotion or transfer to any position in the District civil service of any person covered into the District civil service under the terms of this title.

SEC. 410. The Commissioners are hereby authorized and directed to appoint a Board of Civil Service Appeals, to be composed of six members, three of whom shall be officials of the District and three from among the employees of the District other than subordinates of any of the appointed officials, who shall serve without extra compensation. The said board shall hear, investigate, and decide all complaints of employees of the District who may be aggrieved by any action or ruling of the Director of Personnel. The decision of said board on any such complaint shall be final, except in any case involving separation from the service, in which case recommendation shall be made to the Commissioners for final determination. The said board shall also from time to time make recommendations to the Commissioners for the improvement of personnel administration and efficiency of employees of the District, and shall consider and make recommendations to the Commissioners on such matters as may be referred to it by the Commissioners, or by the Director of Personnel. In passing upon appeals, said board shall be governed by the spirit and intent of the terms of this title.

SEC. 411. In the event charges have been filed against any employee of the District, the Commissioners may suspend such employee with or without compensation pending final determination of said charges and may withhold or restore said pay in their discretion for a period not to exceed 90 days.

TITLE V—COURT CONSOLIDATION

SEC. 501. The police court of the District of Columbia as established by the act of Congress, approved June 17, 1870 (16 Stat. 153), as amended, and the municipal court of the District of Columbia as established by the act of Congress approved February 17, 1909 (35 Stat. 623), as amended, are hereby consolidated and shall be known as the municipal court of the District of Columbia. The said court shall be composed of nine judges; the qualifications for appointment shall continue as now provided by existing law.

SEC. 502. The said court shall consist of two branches, a civil and criminal branch, and shall continue to exercise such jurisdiction as has heretofore been exercised by each of the said consolidated courts.

SEC. 503. The term of said judges shall each be for 6 years, and until a successor is duly appointed and qualified. The salary of said judges shall continue as now provided by existing law, except the presiding judge shall receive additional compensation of $500 per annum.

SEC. 504. The President of the United States shall appoint one of the said nine judges as presiding judge, whose duty it shall be to assign for such period or periods, as he may determine, judges for assignments in the various branches of the said court.

TITLE VI—MEDICAL EXAMINER

SEC. 601. Definitions: When used in this title—

The term "coroner" means the coroner of the District of Columbia.

The term "District" means the District of Columbia.

The term "Commissioners" means the Commissioners of the District of Columbia.

SEC. 602. The office of coroner in the District shall be abolished within 60 days after the passage of this act, and all funds, property, records, books, papers, and documents within the control of the coroner and deputy coroners of the District shall be transferred and delivered to the office of the Commissioners.

SEC. 603. There is hereby established the office of medical examiner of the District, which shall be under the direction of a chief medical examiner, who shall be appointed by the Commissioners. He shall be a doctor of medicine and a skilled pathologist with not less than 2 years' actual experience as a pathologist. The office shall be kept open every day of the year, including Sundays and legal holidays, with a clerk in attendance at all times during the day and night.

SEC. 604. The Commissioners shall have authority to appoint two assistant medical examiners possessing qualifications similar to those required in the chief medical examiner, who shall assist the chief medical examiner in the performance of his duties. The Commissioners are also authorized to appoint, upon recommendation of the chief medical examiner, such assistants and other employees for which Congress may, from time to time, provide.

SEC. 605. The chief medical examiner and assistant medical examiners shall, before entering upon the performance of their duties, each give bond to the District with security to be approved by the Commissioners and deposited with the Commissioners or their designated agent, in the penalty of $3,000, with a condition that each will well and truly execute the duties of his office and will well and faithfully execute and return all writs or other process to each directed, and will also pay and deliver to the person or persons entitled to receive the same all sums of money and all goods and chattels levied upon, seized, or taken in conformity with the directions of the writ or process under which the same shall have been levied upon, seized, or taken, and shall also satisfy and pay all judgments which may be rendered against them in their official capacity.

SEC. 606. The chief medical examiner and assistant medical examiners herein provided for are hereby empowered to administer oaths or affirmations as to any matters within the jurisdiction of the office; and if any person to whom such oath or affirmation shall be administered shall willfully and falsely swear or affirm touching any matter or thing material to the point in question whereto he shall be examined, he shall be deemed guilty of perjury and upon conviction thereof shall be sentenced to suffer imprisonment for not less than 1 year or more than 5 years.

SEC. 607. When, in the District, any person shall die from criminal violence, or by a casualty, or by suicide, or suddenly when in apparent health, or when unattended by a physician, or in any suspicious or unusual manner, the police shall immediately notify the office of the chief medical examiner of the known facts, giv-

ing the time, place, manner, and circumstances of such death. Immediately upon receipt of such notification, the chief medical examiner or an assistant medical examiner shall go to the dead body and take charge of the same. Such examiner shall fully investigate the essential facts concerning the circumstances of the death, taking the names and addresses of all witnesses thereto as it may be practical to obtain, and before leaving the premises shall reduce all such facts to writing and file the same in his office. He shall take possession of all property of value found on such person and such portable objects which in his opinion may be useful in establishing the cause of death, making an exact inventory thereof on his report, and deliver the same to the property clerk of the Police Department.

SEC. 608. Witnesses may be summoned and compelled by the chief medical examiner or assistant medical examiners to attend before them and give evidence. If any person, having been personally summoned, shall neglect or refuse to obey the summons issued as herein provided, then and in that event the chief medical examiner or any assistant medical examiner may report that fact to the District Court of the United States for the District of Columbia, or one of the justices thereof, and said court or any justice therefor hereby is empowered to compel obedience to said summons to the same extent as witnesses may be compelled to obey the subpenas of that court.

SEC. 609. If the cause of such death shall be established beyond reasonable doubt, the medical examiner in charge shall so report to his office. If, however, in the opinion of such medical examiner an autopsy is necessary, the same shall be performed by the medical examiner. A detailed description of the findings written during the process of such autopsy and the conclusions drawn therefrom shall thereupon be filed in his office. Such findings shall be available only to the husband, wife, father, mother, and children or personal representative of the deceased or upon order of the District Court of the United States for the District of Columbia for cause shown satisfactory to said court.

SEC. 610. It shall be the duty of any citizen who may become aware of the death of any person from criminal violence, or by a casualty, or by suicide, or suddenly when in apparent health, or when unattended by a physician, or in any suspicious or unusual manner, to report the death forthwith to the office of the chief medical examiner or to the police. Any person who shall willfully neglect or refuse to report such death or who without an order from a medical examiner shall willfully with intent to destroy evidence touch, remove, or disturb the body of any such person, or willfully with intent to destroy evidence touch, remove, or disturb the clothing or any article of evidence upon or near such body shall be guilty of a misdemeanor, and upon conviction be punished by a fine of not more than $5,000 or imprisonment for not more than 5 years.

SEC. 611. It shall be the duty of the medical examiner to keep in his office full and complete records properly indexed, stating name, if known, of every dead person coming under his jurisdiction, place where the body was found, and the date of death. To the record of each case shall be attached the original report of the medical examiner and the detailed findings of the autopsy, if any. He shall promptly deliver to the United States district attorney for the District copies of all records relating to every death as to which there is, in the judgment of the medical examiner in charge, any indication of criminality, or such records as may be requested by the police or the district attorney.

SEC. 612. That as soon as the medical examiner appointed as aforesaid shall assume his office all the powers, rights, duties, and privileges heretofore lawful exercised by the coroner not inconsistent herewith shall be transferred to and vested in and imposed upon said medical examiner and his successors in office.

SEC. 613. The salaries of the appointees under the provisions of this title shall be fixed in accordance with the Classification Act of 1923, as amended. The Commissioners are hereby authorized, with the advice of the chief medical examiner, to make rules and regulations governing the office hereby created and to fix a schedule of fees for the execution of death certificates and other documents desired by private individuals, firms, and corporations from the chief medical examiner or assistant medical examiners, which fees shall be collected and paid to the collector of taxes and by him deposited in the United States Treasury to the credit of the District.

TITLE VII—ADDITIONAL POWERS

SEC. 701. Definitions: When used in this title—

The term "District" means the District of Columbia.

The term "Commissioners" means the Commissioners of the District of Columbia.

The term "comptroller" means the comptroller of the District.

SEC. 702. The power and authorities conferred by this title are to be construed as in addition to and not by way of limitation of the powers now vested by law in the Commissioners. The Commissioners are authorized and empowered within their discretion—

(a) To compromise and settle claims and suits which the District may now or hereafter have against any person, firm, association, or corporation, upon a report by the director of law showing in detail the just and true amount and condition of any such claim or suit and the terms upon which the same may be compromised or settled, and stating that in his opinion a compromise of such claim or suit would be for the best interest of the District: *Provided*, That nothing herein contained shall be construed as modifying or changing existing law with reference to claims or suits relating to taxes or special assessments.

(b) After public hearing to name and change the name of any street, bridge, municipal building, highway, road, alley, or other public place in the District under the jurisdiction of the Commissioners.

(c) To secure and install mechanical parking meters or devices on the streets, avenues, roads, highways, and other public spaces in the District under the jurisdiction and control of the Commissioners, and to make and enforce rules and regulations for the control of parking of vehicles on such streets, avenues, roads, highways, and other public spaces, and, as an aid to such regulations and control of the parking of vehicles, the Commissioners may prescribe fees for the parking of vehicles where meters or devices are installed, and the fees collected shall be deposited by the collector of taxes in the United States Treasury to the credit of the District.

(d) To make, adopt, and enforce regulations requiring persons, firms, and corporations engaged within the District in electric lighting, electric heating, and electric-power construction, installation, and wiring business, other than utility companies, to furnish annual bonds guaranteeing the satisfactory performance in accordance with law and regulation of all such work undertaken by such persons, firms, and corporations.

(e) To make, adopt, and enforce regulations for the regulation, licensing, and revocation of licenses of operators of motion-picture machines of the type using nitrocellulose or other highly inflammable film within the District.

(f) To make, adopt, and enforce regulations for the regulation, licensing, and revocation of licenses of persons, firms, or corporations engaged within the District in business as embalmers, undertakers, or morticians.

(g) To rent available space for the establishment of cafeterias, restaurants, canteens, sutlers' shops, confectionery stands, or newsstands in any building or institution owned or under the jurisdiction of the Commissioners, said letting to be made only upon bids: *Provided*, That nothing contained in this paragraph shall have the effect of changing in any manner Public Law No. 732, Seventy-fourth Congress, known as "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes," approved June 20, 1936.

(h) To grant revocable permits upon such terms, conditions, bonds, and rentals as the Commissioners may impose for the construction of tunnels, and the laying of conduits and pipes in the alleys, streets, and avenues in the District under the jurisdiction of the Commissioners.

(i) All laws now in force and effect for the condemnation of streets as laid down on the plan of the permanent system of highways for the District shall be applicable to the condemnation of land for the extension, widening, and straightening of all streets within the District.

(j) To make, adopt, and enforce regulations requiring the proprietors of machines used for vending of merchandise in any form to pay an annual license fee to be prescribed by the Commissioners for each machine owned or operated by the proprietor of such machine.

(k) To erect, maintain, and operate such laboratories, testing plants, and manufacturing plants as in the discretion of the Commissioners are deemed desirable for the performance of essential municipal functions.

(l) To make, adopt, and enforce regulations restraining and punishing vagrants, mendicants, and street beggars.

(m) To make and adopt rules and regulations concerning the control and management of the fiscal and municipal affairs of the District and to prescribe and require the adoption and keeping of such books, records, accounts, and system or systems of accounting for the various departments, boards, commissions, heads of departments, officers, clerks, and employees as shall, in the opinion of the Commissioners, be necessary to the giving of a full and true account of the revenues and resources of the District, and of expenditures and disposal thereof, and to the giving of full, true, and informative statements and reports of such revenues and resources, and the expenditure thereof.

(n) To make and adopt rules and regulations concerning the control and management of all property, real and personal, belonging to the District.

(o) To grant pardons and respite for offenses against the laws of the District, or regulations promulgated by virtue of any such laws of the District.

(p) To exercise any power and perform any duties conferred hereby in the administration of this title through such officers, agents, or members of the Metropolitan Police Department of the District as the Commissioners may designate.

(q) To make, adopt, and enforce regulations for the regulation, bonding, licensing, and revocation of licenses of persons, firms, and corporations engaged within the District in the business of heating and air-conditioning contracting.

(r) The Commissioners and other responsible officials, in expending appropriations provided for the expenses of the government of the District, may, in the discretion of the Commissioners and when they deem such action to be in the public interest, purchase material, supplies, including food supplies and equipment, when needed and funds are available, in accordance with the regulations and schedules of the Procurement Division of the Treasury Department or from various services of the Government of the United States possessing materials, supplies, passenger-carrying and other motor vehicles, and equipment no longer required. Surplus articles purchased from the Government, if the same have not been used, shall be paid for at a reasonable price, not to exceed actual cost,

and if the same have been used, at a reasonable price based upon length of usage. The various services of the Government of the United States are authorized to sell such surplus articles to the District under the conditions specified, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts: *Provided*, That this section shall not be construed to amend, alter, or repeal the Executive order of December 3, 1918, concerning the transfer of office materials, supplies, and equipment in the District falling into disuse because of the cessation of war activities.

(s) To issue permits for the removal from place to place, inter, disinter, or in any manner dispose of any dead body of any human being or any part of such body, and to prohibit the removal of any dead body of any human being or any part of such body without a permit granted under such rules and regulations as may be prescribed by the Commissioners.

(t) The Commissioners may, in their discretion and when they deem such action to be in the public interest, effect settlements with owners of real estate authorized to be acquired by purchase or condemnation for District purposes, through such title company or companies in the District as may be designated by the Commissioners, and to pay from appropriations available for the acquisition of such real estate reasonable fees to cover the cost of the services rendered by such title company or companies.

(u) To fix, assess, and collect fees for licenses, permits, and certificates issued by the District. Such fees to be paid to the collector of taxes and deposited in the Treasury of the United States to the credit of District funds as now provided by law.

(v) Where not otherwise specifically provided, to prescribe a penalty upon conviction of a violation of any section or paragraph of this title by a fine of not more than $500.

(w) No grant of power contained in this title shall be construed as affecting any right of appeal as now provided by existing law.

TITLE VIII—SEPARABILITY

SEC. 801. If any provision of this act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

SEC. 802. This act shall take effect at such time or times as the Commissioners may designate, not to exceed, however, 90 days from the approval of this act, except section 210 of title II, and title IV, which section and title, respectively, become effective as hereinbefore provided on July 1, 1941.

TITLE IX—APPROPRIATIONS AUTHORIZED

SEC. 901. The necessary appropriations to carry out the provisions of this act are hereby authorized.

The SPEAKER pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 11, after the word "shall", strike out "when so directed by the Commissioners."

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 5, after the word "Works", strike out "except as may be otherwise expressly provided by this act."

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 4, after the word "Commissioners", strike out "of the District."

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 15, after the word "comprise", strike out "except as hereinafter provided."

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 13, line 6, after the word "year", strike out the word "they" and insert "the Commissioners."

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 25, line 13, after the word "judges", strike out "the qualifications for appointment shall continue as now provided by existing law" and insert "no person shall be appointed as judge of the municipal court unless he has been a bona fide citizen and resident of the District for the continuous period of at least 5 years immediately preceding his appointment."

Mr. SASSCER. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SASSCER to the committee amendment: Page 25, line 16, strike out the words "bona fide citizen and resident" and insert "member of the bar."

Mr. KENNEDY of Maryland. The committee is willing to accept that amendment, Mr. Speaker.

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 26, line 24, strike out the words "doctor of medicine" and insert "physician."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 32, line 16, strike out the words "director of law" and insert "corporation counsel of the District."

The committee amendment was agreed to.

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment to the same page.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 32, line 21, after the colon, insert "*Provided further*, That such settlements shall be submitted to and be approved by one of the justices of the district court for the District of Columbia."

Mr. CASE of South Dakota. Mr. Speaker, this amendment has been submitted to the members of the committee, and is satisfactory to them and I understand the corporation counsel has said it is all right. I notice in hearing it read, however, that the word "further" is misplaced. I had expected to offer the amendment following the proviso now in the bill but changed the line to go ahead of it without changing the placing of the word "further." I ask unanimous consent to modify my amendment by eliminating the word "further", and following the semicolon to insert the word "*further*", after the next "*Provided.*"

The SPEAKER pro tempore. Without objection, the modification will be agreed to.

There was no objection.

The SPEAKER. The question is on the modified amendment offered by the gentleman from South Dakota.

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. Speaker, I offer another amendment.

The Clerk read as folows:

Amendment offered by Mr. CASE of South Dakota: Page 38, line 2, strike out the period and insert: "*Provided*, That such settlement shall be submitted to and be approved by one of the justices of the District Court for the District of Columbia before payments are made thereunder."

Mr. BATES of Massachusetts. I may say for the information of the committee that the corporation council has approved this amendment.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from South Dakota.

The amendment was agreed to.

Mr. BATES of Massachusetts. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BATES of Massachusetts: On page 6, line 14, strike out the words "Department of Weights, Measures, and Markets", and on page 8, after line 14, insert the words "Department of Weights and Measures and Markets."

Mr. BATES of Massachusetts. Mr. Speaker, this amendment meets with the approval of the committee.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: Page 10, line 18, after the word "employees", insert "in compliance with the civil-service provisions of this act."

Mr. SCHAFER of Wisconsin. Mr. Speaker, I sincerely hope that the members of the committee will accept this amendment. It is offered to insure that a political spoils system will not enter into the reorganization plan and result in a wholesale firing of faithful District employees. If any of the District employees are going to be discharged as surplus, I believe they should be discharged in compliance with the civil-service provisions applicable to the discharge of surplus employees who are under the civil service.

Mr. KENNEDY of Maryland. Mr. Speaker, I believe the bill already provides for the very thing the gentleman from Wisconsin is endeavoring to do. I have no objection to reassuring him that the District employees will have civil-service protection. I am, therefore, very agreeable to accepting the amendment.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

Mr. HOLMES. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLMES: Page 6, line 20, after the word "law", strike out the remainder of the section.

Mr. HOLMES. Mr. Speaker, I call the attention of the committee and the Members to the fact that the language of the bill as it now stands, section 209, refers to the Health Department of the city of Washington. I read:

SEC. 209. The functions of the Health Department shall be continued in accordance with existing law and Commissioners' regulations not inconsistent with law. In selecting a health officer the Commissioners may request the President of the United States to designate an officer from among the medical officers of the United States Army Medical Corps, the United States Navy Medical Corps, or the United States Public Health Service Corps, and the President, in his discretion, may designate such an officer who shall, during the time specified by the President, be health officer of the District. The officer, if so designated, shall be under the general supervision and control of the Commissioners and shall exercise all powers and authority vested in the health officer of the District.

The balance of this provision relates to an equalization of pay.

It seems ridiculous to me, and I have had 30 years' experience in municipal-government work, to make this change. The average medical officer in the Army or the Navy does not have an opportunity to gain experience and knowledge of municipal health laws and municipal sanitary laws and all the complications that are involved in protecting the health of the citizens of a municipality.

I say his training in the Army deals with camps and cantonments and the physical health of the officers and men within that area.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. HOLMES. I yield to the gentleman from Maryland.

Mr. KENNEDY of Maryland. I may say to the gentleman for his information that I wholly agree with him, personally, but other members of the subcommittee thought differently.

Mr. HOLMES. The gentleman realizes, as well as I do, if he has had any municipal experience, that when you get a health officer to look after the interest of hundreds of thousands, even millions, of people within a community you want to get the best man that money can buy, the best man available, the man with the greatest knowledge of municipal sanitation, health, hospitals, and everything else. Of course, this is a proviso. It is a "may" clause. I do not believe that a municipality should be subjected to that kind of health regulation or control by a health officer who has been limited by his experience in the Medical Corps of the Army or Navy. If you are looking for the best interests and health of this community, you ought to strike that part of the section out.

Mr. DIRKSEN. Mr. Speaker, I rise in opposition to the amendment offered by the gentleman from Massachusetts [Mr. HOLMES].

Mr. Speaker, may I say that this provision which my good friend, the gentleman from Massachusetts, seeks to strike from the bill, after all follows a precedent that was established by the Congress a great many years ago. When it set down the qualifications for Commissioners it provided in existing law, and it is the law today, that one of the Commissioners shall be from the Engineer Corps of the United States Army. This has worked in a very satisfactory manner, it seems to me, in the District of Columbia. We have had lots of high-grade men fill that engineering office, like Colonel Sultan and Colonel McCoach, who is now discharging his responsibilities in a fine fashion.

After all, this is only a permissive clause. It says that the President may go into the Army or Navy Medical Corps or into the United States Public Health Service and find a health officer for the District of Columbia. In view of the fact that the United States Public Health Service is providing some of these sanitary regulations for numerous of the largest municipalities in the country, I am of the opinion that they have a very intimate, scientific knowledge of the requirements of a job like this, and I do not know of any training school anywhere that would provide a better type of health officer that a city like Washington would need than you would find there. Mr. Speaker, this is permissive. It is not obligatory on the President of the United States. He can go elsewhere and find a man, but I do believe that the field in which he can select a man and from which he can select a man ought not to be circumscribed by cutting out this permissive latitude.

Mr. HOLMES. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I can appreciate what the gentleman says when it comes to the question of public works and your Engineer Commissioner. I think Washington has been very fortunate in having excellent, high-grade men who know the problem. I think the present Engineer Commissioner has done a wonderful job. But when it comes to the question of health and hospitalization and all the wide ramifications, including restaurants, apartments, hotels, and sanitation as a whole, I do not believe you can get the proper type of man in the Army or Navy.

Mr. DIRKSEN. When a man reaches his majority or achieves a colonelcy in the Army, having devoted the most useful years of his life to the question of sanitation, I think he would be a good type of man for that job.

Mr. BATES of Massachusetts. There is nothing mandatory about this?

Mr. DIRKSEN. No. It is wholly permissive.

Mr. BATES of Massachusetts. And I may say this is the expression of the Commissioners themselves.

Mr. KENNEDY of Maryland. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Maryland.

Mr. KENNEDY of Maryland. The gentleman knows that I somewhat share the views of the gentleman from Massachusetts; however, it was the opinion of the committee that it might be possible at some particular time or under some particular circumstances to have a man who might be available to render a very valuable service as Health Commissioner in the District. The only purpose of this bill is to have the best person obtainable to head the Health Department of the District of Columbia.

Mr. DIRKSEN. That is right, and with all deference to my good friend from Massachusetts, I hope his amendment will not prevail.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. RAYBURN). The question is on the amendment offered by the gentleman from Massachusetts [Mr. HOLMES].

The question was taken; and on a division (demanded by Mr. HOLMES); there were—ayes 7, noes 36.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING RECONSTRUCTION FINANCE CORPORATION TO MAKE LOANS FOR THE DEVELOPMENT OF DEPOSITS OF STRATEGIC AND CRITICAL MINERALS

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9996) to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona [Mr. MURDOCK]?

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, and I do not intend to object, will the gentleman explain the purposes of the bill?

Mr. MURDOCK of Arizona. Mr. Speaker, the chairman of the Committee on Banking and Currency of the House is present and he very graciously asked me to call up this bill, since it is mine. That committee has unanimously reported the bill.

It is a bill over which there is no controversy, and at the same time it is a very important bill. It provides that the Reconstruction Finance Corporation shall grant loans on mining prospects and developments in the strategic minerals. The present law confines these class B loans to only three kinds of minerals, namely, gold, silver, and tin, and does not include the strategic and critical minerals such as manganese, tungsten, nickel, and the like.

At the present time the Reconstruction Finance Corporation is permitted to loan $20,000 as a top limit on any one mine property. This bill extends their power, permitting them to loan up to $40,000, or an additional $20,000 after $20,000 has already been used, if the operators can show a good working to justify the additional loan. This is a measure largely for defense purposes and is very essential in our development of a home supply of the critical and strategic minerals.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from Montana.

Mr. O'CONNOR. The gentleman from Arizona is certainly to be congratulated on getting this bill before the House. He has done more for the small miner and prospector than almost anyone in the House. It is very important in our territory where we have deposits of minerals such as chromium and manganese, that these deposits be developed. In my State we have many valuable mineral deposits that should be developed, but owing to lack of capital it has not been done. The Committee on Banking and Currency is indeed also to be congratulated on reporting the bill out. I have talked frequently with the chairman of that committee about this bill and found him very sympathetic. I sincerely hope the bill will pass.

Mr. MURDOCK of Arizona. I feel that the latter statement is especially true. I may say that this bill has already passed the Senate, having been introduced by the Senator from Montana.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I join in what the gentleman from Montana has said in congratulating the gentleman from Arizona on bringing this bill before the House. I hope that the term "strategic materials" embraces the entire field of strategic materials and includes tin as well as the minerals mentioned by the gentleman.

Mr. MURDOCK of Arizona. It does. I cannot offhand name all the strategic and critical minerals, but it does include tin, by all means. Tin is enumerated in the present law.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from California.

Mr. HINSHAW. As the gentleman well knows, in the Western States—the gentleman comes from Arizona, as I come from California—there are large deposits of manganese and other of these minerals. The present status of these holes in the ground is that not sufficient tonnage can be gotten out to satisfy the requirements of the Procurement Division. Can the gentleman assure us that the Procurement Division's specifications will be altered so that these minerals may be acceptable for the stock piles of the Government?

Mr. MURDOCK of Arizona. I trust so. I understand that a company in Montana is scheduled to furnish a large fraction of all the materials of this sort needed by the Army. I confidently hope that we may be able to supply the rest without depending on any foreign source. We have the ore. Our need for these minerals is imperative. All we need is new capital to carry on the production.

Mr. HINSHAW. The gentleman knows that the quantities required by the Procurement Division in the last purchase of these materials were so great that no hole in the western country could supply them.

Mr. MURDOCK of Arizona. That is true at our present backward rate of development, but we will develop our American mines and facilities under this bill until we can supply our full needs both as to quantity and quality or character.

Mr. LEAVY. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I gladly yield to the gentleman from Washington. His State needs this legislation and will benefit by it. The gentleman's interest and energy in promoting mining is second only to his great interest in reclamation and empire building.

Mr. LEAVY. I understand that the entire Committee on Banking and Currency have reported this bill favorably. There was no adverse report.

Mr. MURDOCK of Arizona. It was a unanimous report.

Mr. LEAVY. I know that the gentleman from Arizona for months has been working on this matter, because I have had the privilege of working with him on it. I know what it means to the smaller operator in the mining industry. I know, too, what it means to the Government at this particular time. It is not a case of giving anything, it is a case of getting security for everything that the Government makes in the way of an advance or a loan. But this legislation does offer promise, a great promise, of the Government's protecting itself in this national-defense program insofar as critical and strategic minerals are concerned. Also, it does give opportunity to the small operator to carry on his highly important work with success, whereas heretofore he has been greatly handicapped. No Member has been more effective in working for the small operator, even the prospectors, than the gentleman from Arizona.

Mr. MURDOCK of Arizona. The gentleman is exactly correct in his statement concerning the bill, and I wish to thank him for the generous words.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I have great respect for the able and diligent gentleman's knowledge of mining and mining problems, having served on another committee with him and having had the benefit of that knowledge. Is not this bill one which really is along the lines of good, solid Republican doctrine, of a protective tariff to protect the people in our country against the internationalists who want to bring things in from foreign countries and furnish employment in foreign lands but not in the United States of America?

Mr. MURDOCK of Arizona. Well, I would say it is drawn along good, patriotic American lines for the better security of our country. I may say that the mining industry as a whole has not been receiving a subsidy. We want private enterprise to enter into the mining field and develop these small mines so that they will become large mines. Every large mine in this country was at one time a small mine, and this measure will make more large mines out of small mines.

Mr. SCHAFER of Wisconsin. This bill, if enacted, will not only add to our national defense but will protect our American

mining industry and the employees therein from cheap, chiseling competition from foreign countries and furnish jobs to many of our people who cannot now find a job.

Mr. MURDOCK of Arizona. There is no doubt about the benefits of this bill, both as to national security and as to furnishing employment. It will do both, and I wish we might extend its provisions to all small operators with class C loans.

Mr. SCHAFER of Wisconsin. I think it should be passed, and I am glad the gentleman brought the bill on the floor for consideration. He has rendered an exceptional service to our country and our countrymen in doing this.

Mr. KNUTSON. Is this a protection measure? If it is, I am for it.

Mr. ANGELL. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from Oregon.

RECONSTRUCTION FINANCE CORPORATION LOANS FOR THE DEVELOPMENT OF STRATEGIC AND CRITICAL MINERALS AND THE RELATIONSHIP OF THESE MINERALS AND HYDROELECTRIC POWER TO OUR NATIONAL DEFENSE

Mr. ANGELL. Mr. Speaker, I desire to join my distinguished friend, the gentleman from Arizona [Mr. MURDOCK] in support of this measure H. R. 9996 which is a companion bill of S. 4008, and I want to commend the gentleman for his efficient service in presenting the measure to the committee and to the Congress. The bill authorizes the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which, in the opinion of the Corporation, would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral development purposes. In connection with the purposes of this bill to finance these development operations, I want to call to the attention of the House the importance of these strategic and critical minerals and other materials in formulating our national-defense program. I also draw attention to the fact that the reduction and processing of these materials together with the later fabrication and utilization of them requires large quantities of low-cost continuous hydroelectric power. Fortunately, the larger deposits of these minerals lie in the western part of the United States and Alaska, and are in the areas contiguous to our greatest potential reservoir of hydroelectric power. A bottleneck in national defense is the inability to secure adequate supplies of strategic and critical materials which now come to us from abroad. To overcome this, we must develop sources of these essentials or their substitutes within our own borders so far as possible.

As stated by the Committee on Banking and Currency, in submitting the report on this bill:

> The developments of modern warfare make greatly increased demands on the mineral industry. The supply of raw materials, particularly strategic minerals, which it must furnish to be fabricated into mechanisms of warfare is vastly enlarged. The enactment of this measure will do much to stimulate development of new sources of supply for the strategic and critical minerals, and can be considered as an essential to national defense.

Mr. Speaker, a few days ago, an announcement received the attention of the Nation's press—it related to the contributions which the Pacific Northwest can make to the national-defense program in supplying critical and strategic minerals. This announcement covered the release of a comprehensive report by the Bonneville Power Administration to the Department of the Interior on Industries Important to the National Defense, Feasible of Establishment in the Pacfic Northwest. This report was transmitted by Secretary Ickes to the National Defense Commission.

It is interesting to note an editorial on this report in the Washington (D. C.) Evening Star of August 27.

I quote from this editorial:

> In a report submitted to the National Defense Commission by Secretary Ickes, sound arguments are presented for establishing certain essential war industries in the Rocky Mountain and Pacific coast areas. The far West is a large producer of copper, mercury, zinc, tungsten, and other essential defense materials. These must now be transported to the East for processing and fabrication. Through the use of the vast hydroelectric power resources developed by Government projects, these materials, the report points out, could be manufactured into munitions in the far West, if facilities were available, thus securing a wider geographical distribution to our defense industries. This is a desirable objective.

Mr. Speaker, it is a pleasure to state that we in the Northwest concur unequivocally with the sentiments expressed in this editorial. It has been my particular pleasure to note that this report expands and details the facts stated in my House speech of May 8, 1940. The report referred to in this editorial grew out of an original request of Senator HOLMAN, of Oregon, and myself to the Bonneville Administrator for a catalog of Northwestern resources available for contribution to the national-defense program. During my service in the Congress, I have been engaged in providing for the development of the mineral deposits and other natural resources of the Northwest in connection with the use of Bonneville power and also in bringing industries to that area to use the power and this wealth of natural resources. This report gives earnest and detailed consideration toward the use of the Government's development on the Columbia River for processing native materials, which are feasible of commercial development and are necessary for our national welfare. Our basic national defense outside of manpower depend largely upon mechanical equipment. To provide this we must have vast quantities of strategic, critical, and other minerals and materials, together with a continuous supply of low-cost electroenergy for manufacturing purposes. These materials and power must be brought together. I invite your attention to this factual report.

I wish to lay before you some facts as to what the Pacific Northwest can and will offer to the Nation's defense program in connection with strategic and critical minerals and hydroelectric power.

PRESENT CONTRIBUTIONS TO NATIONAL WELFARE

Many of you, my colleagues, are well aware of the vast storehouse of natural resources found in what was formerly called the Oregon country—in our great forests, our clear streams abounding in salmon and other fish life, our rolling wheat plains, our vast uplands producing livestock and wool, our rugged mountains with their wealth of mineral treasures. Let me state a few figures to indicate the extent to which this pioneer country, now embracing four States—Oregon, Washington, Idaho, and Montana, one-eighth of the land area of the continental United States—provides the Nation with essential products.

In agriculture, the four Pacific Northwest States in 1938 produced one-tenth of the Nation's potatoes, one-fifth of the wheat. The Pacific coast and Alaska furnished over one-third of the fish caught for food in the United States.

Our forest products—from our tremendous timber resources—provide 40 percent of the Nation's lumber production, one-third of the wood veneer, almost one-fourth of the wood pulp. We still have 55 percent of the volume of standing saw timber of the Nation.

In minerals, the emphasis of the past has been on the precious metals—gold and silver. However, in recent years, mineral production has been increasing and there are many who believe that we have not yet begun to realize the potentialities of the region's mineral resources. The 11 Western States contribute, in terms of national production, 100 percent of the magnesia for refractories, 98 percent of the potash, 93 percent of the copper, 86 percent of the mercury, 55 percent of the lead and almost as much of the cadmium, and 31 percent of the zinc. Some of these items are minor parts of our national consumption, due to the size of imports, but their importance cannot be minimized.

The Pacific Northwest States themselves, in spite of the relative infancy of their mining industry, contribute over two-thirds of the Nation's production of antimony, one-seventh of the copper, one-third of the lead, one-seventh of the zinc, one-fourth of the mercury, almost half of the manganese ore, and one-seventh of the tungsten concentrates.

COLUMBIA RIVER HYDROELECTRIC POWER

There is, however, one resource in which the Northwest stands above all other regions of the Nation, if I may take pardonable pride in pointing it out. Our mountain peaks, clothed in eternal snow and ice and extensive forests, are the

sources of mighty rivers—tributaries to the Columbia River, whose steady flow descends from Canadian headwaters and cleaves the Cascade range before pouring into the blue Pacific. This—Jefferson's Columbia—and its tributaries contain the Nation's greatest source of water power, about 44 percent of the potential hydroelectric power of all the streams of the continental United States.

If we were to translate the potential annual output of the Columbia River Basin in terms of use, we would obtain the fabulous figure of 90,000,000,000 kilowatt-hours—an amount equal to the output of the entire electric-utility industry of the United States in 1929. This is a wealth which, unlike many resources, cannot be depleted and which will serve the Nation for ages to come.

Mr. Speaker, this catalog, brief as it must be at this time, is only a silhouette of the full picture. With the rugged pioneering of a solid people, we can expect an upward spiral of progress the like of which this Nation has so often experienced. Our population is not large—it is only one-thirtieth of the Nation's total. The people of the Northwest, descendants of pioneers, love the American flag and are steeped in a spirit of Americanism and are willing to do their full share in this emergency or any other crisis where their country's welfare is at stake.

Let me point out a significant fact. Our population has been increasing at a greater rate than the Nation as a whole. The rich soil, the abundant rainfall, the alluring promise of the Northwest, are drawing many earnest families from less-bountiful sections of our country, seeking fresh opportunities in the land of great distances and great vistas. The opportunities they seek are not to be denied them, because this is still a pioneering Nation. Our physical frontiers may not be as boundless as they were 50 years ago, but human ingenuity and the desire to wrest security, happiness, and an honest livelihood from our natural resources knows no boundaries. These western citizens will furnish the manpower for the development of these vast natural resources of the Northwest.

DEFENSE ASPECTS OF PACIFIC NORTHWEST RESOURCES

I will analyze somewhat rapidly the specific phases of Pacific Northwest resource utilization which are of primary importance to our national-defense program. I will restrict my remarks to power and minerals and their interrelationship.

ELECTRO INDUSTRIES

It has been pointed out frequently that modern civilization owes much of its material progress to the industries whose basic processes are entirely dependent on electric power. For example, our light metals, abundantly distributed in the earth's crust, would be unavailable to us were it not for the so-called electrolytic cell. Similarly, the hard metals without which the automobile and the airplane could not give us the remarkable services they offer are products of the electric furnace. That magic force, resident in electric power, wrests from the lowly rock the metals and the nonmetals which permit man to annihilate space, to multiply his strength, to carry his voice and thought over hill and dale, to make the synthetic materials that are the basis for so many household articles.

Important as electro industries may be to our normal everyday life, they become indispensable to a defense program. If it were not for the many ferro-alloys and the alloy steels, our guns would bark a few times and then remain silent—worn out, incapable of guiding the shell of destruction to its appointed mark. Our battleships would be cardboard, our tanks could not resist the fire of the antitank artillery. Our airplanes would essay the hopeful but short-lived flight of the barnyard fowl.

Similarly in the manufacture of munitions, the product of the electro industries ranks high. Brass for shell casings, the nitrates for explosives, the chlorines for gases, are all derived from the electric furnace and the electrolytic cell.

I need not emphasize or describe further because it is fact today that electric power, guided by the genius of the scientist and the engineer is one of the most important items in our national-defense industries. I would like to point out, however, that these electro industries require very large blocks of continuous and cheap electric power—they cannot use power whose unit price is much in excess of 3 mills per kilowatt-hour, nor whose availability is limited to portions of the year or of the day. These industries need power uninterruptedly, throughout the year and throughout the day.

POWER FOR DEFENSE INDUSTRIES

There are not many places in our great Nation where such power is available or can be made available in time to meet our present crisis. Steam power except in one or two cases, very special cases, cannot be generated at sufficiently low cost to meet the requirements of these industries. Rivers of the type that insure continuous flow are rare. That is why the development of the Columbia River offers paramount advantages to electro industries. With Bonneville's generators producing thousands of kilowatts and Grand Coulee about to make its share available, and T. V. A. in operation, the Nation need not fear the acute power shortages experienced during the last World War. Let me quote from a recent book on the subject of preparedness, (Mobilizing Civilian America, Tobin & Bidwell, Council on Foreign Relations, New York, 1940, pp. 198, 201.):

> In 1916 the war boom brought a sudden and tremendous demand for fuel. Hydroelectric power available to eastern munitions plants was soon fully utilized. * * * The need for a greatly increased electric power supply to meet the extraordinary demands of World War production was brought to a focus late in the summer of 1917 by an urgent call for more power from hydroelectric plants in the Niagara Falls-Buffalo area at a time when the Canadian Government was threatening to prohibit the export of power. To relieve this regional shortage, the President arranged to trade American coal for Canadian power and requisitioned the entire output of the Hydraulic and Niagara Falls Power companies, furnishing them with a restricted schedule of approved customers. The increased use of steam power in the area also helped to reduce the strain, but coal shortages periodically made this a precarious resource. In the Pittsburgh area the war load taxed some of the power plants to the point of break-down, requiring curtailment of nonessential consumption; less serious shortages occurred at the same time in the Philadelphia and industrial New Jersey areas.

Mr. Speaker, what was a contributing reason for these break-downs? What activity so suddenly enlarged created the abnormal demands for power? I need only remind you that these areas were primarily those of concentrated electro industries.

It is obvious that the Nation cannot afford a recurrence of this situation and it need not. The facilities in the Tennessee Valley are being expanded and will be ready in some 2 or 3 years. Today the Columbia River offers plentiful power for industries whose products are needed now in our defense program. This fact must not be overlooked by industry and our defense agencies. Let me specify. The Bonneville will have 100,000 kilowatts of firm power available at the beginning of next year, above and over the amounts now committed and needed for reserves. In August of next year, 200,000 kilowatts will be available from Bonneville and Grand Coulee, and in January of 1942, 400,000 kilowatts. These quantities result from the wisdom of Congress in providing the funds and authorizations to advance generating facilities at these projects.

Other important industries can be established in the Pacific Northwest for operation within a year to 18 months. The Aluminum Company of America's plant on the Columbia River has begun production and will make 30,000 tons of pig aluminum a year, 60,000,000 pounds for our airplanes, our transport facilities, and other national uses of the light metal.

These industries will provide for shipbuilding and repair, for our West Coast aircraft industry (which represented 60 percent of the dollar volume business of the national industry, for ordnance and munitions to be used in the defense of the West coast and our Pacific outposts. They will obviate choking eastern industry and will prove not only desirable decentralization, but would also diversify our sources of supplies in times of emergency.

By locating these industries in this area where raw products and power are already available or obtainable, we would also he adhering to another principle in national defense,

namely, locating essential defense industries away from coast areas and thus less vulnerable to attack.

Including the Aluminum Company of America these industries could produce the following tonnages of basic materials important not only to the normal economic life of the Pacific Northwest but to our national defense:

Produce	Power requirement	Annual production
	Kilowatts	
Aluminum	(65,000)	(30,000 tons of metal.)
High-grade iron and steel	25,000	50,000 tons of metal.
Ferrochrome	30,000	20,000 tons of alloy.
Electrolytic zinc	15,000	35,000 tons of metal.
Nitrates	60,000	30,000 tons fixed nitrogen.
Calcium carbide	10,000	20,000 tons of chemical.
Total (less Alcoa plant)	140,000	155,000 tons of products.

In other words, these 5 industries (if we omit the Aluminum Co. whose requirements are already met at Bonneville) would consume a major portion of the output of these 2 dams, if we consider only minimum economic plant sizes. Of course, these are only 5 industries, picked somewhat at random from the list prepared by the Bonneville Power Administration. There are other industries which may well become established in the Pacific Northwest and whose power demands could yet be satisfied from the Federal plants which would utilize these strategic and critical materials. For example, there are certain new developments which may take place such as the production of the light metal magnesium from northwest ores; of electrolytic manganese and chromium, also from northwest and western ores; of aluminum from domestic alunite ores, found in the West. The power demands of these new industries would aggregate an additional 160,000 kilowatts per year. There is only one place in this Nation where such abundant power can be found and can be made available within the next year or so—the Pacific Northwest. This power is being sold at the lowest wholesale prices in the Nation, and due to the interconnections undertaken by the Bonneville Power Administration with the great power plants in the Puget Sound area and with Grand Coulee Dam, this power will be available practically 100 percent of the time, day in and day out.

Much of this power must be taken over transmission lines to the sites where industry will locate. Although this Congress has wisely appropriated moneys for such transmission lines, there are still gaps which should be filled at the earliest possible moment. We cannot allow this great reservoir of power to remain without the necessary outlets to market.

PACIFIC NORTHWEST MINERALS AND THE NATIONAL DEFENSE

Mr. Speaker, I have discussed so far the benefits of which this Nation can take immediate advantage of the deposits of strategic and critical materials and the huge power resources of the Pacific Northwest. I would like now to examine briefly our mineral situation.

In recent sessions this body has enacted legislation designed to assist the Nation in becoming independent of foreign sources of ores which have been designated as strategic and critical by the War Department. These are termed strategic and critical by virtue of the fact that our domestic production of these ores has been insufficient to meet the demands of national consumption. There are at least two important reasons for which this domestic production has been of minor size. One is a scarcity of ore, the richness of which would be comparable to foreign sources; the second is that industrial practice has been built on the utilization of certain grades not obtainable in this country. I do believe that we should not relax for one instant in our effort to make our domestic sources available in the event our foreign source of supply should be cut off. No matter how small our domestic production may be, it may be the difference between success and failure should a critical situation arise.

The agencies of the Federal Government entrusted with strategic and critical mineral exploration have diligently engaged in work during the past years which should ultimately reveal the extent of our domestic reserves. They have also engaged in investigations of methods to be used in beneficiating these domestic ores. I frankly wish that the Congress had implemented this program with greater funds and greater authority, for today, we might rest easier if this work were more advanced than it is.

Strategic and critical minerals are found in the West. The deposits of chrome, of manganese, antimony, and tungsten have not been fully charted, but I am one of those who believes that the Pacific Northwest has not as yet been examined with the care that it deserves. Certainly, it is proper that as long as doubt exists, we must redouble our efforts to search, examine, and evaluate that which we believe we have in the soil of the region.

Mr. Speaker, some of the various minerals now known in the Oregon country are of low grade, but are particularly susceptible to treatment by electric power. For example, my investigations show that metallic chrome and manganese can be obtained from Northwest ores, that magnesium—that increasingly important light metal—can be produced from Northwest magnesite and magnesitic dolomites by the electric furnace, and apparently at a price level lower than that now available. Aluminum can be made from alunite, a western ore. It is important to be able to use our own raw materials for the production of aluminum instead of depending on foreign supplies of bauxite or our rapidly shrinking domestic bauxite deposits. And so the list could be expanded. This development and use of these native deposits depends on the effort of the scientist in his laboratory and pilot plant, of the geologist and mining man, of the engineer who can translate these investigations into commercial operations.

Mr. Speaker, I call attention to Alaskan deposits of nickel, easily accessible to the Columbia River area and Bonneville power.

Armor plate, which is the bottle neck of the Navy's accelerated building program, is an alloy of steel and nickel, with a small additional copper content to facilitate fabrication. The availability and supply of nickel determines the rate of manufacture of such plate.

I am told that 90 percent of the world's output of nickel is controlled by a closed operating combine. Independent concerns have sought out all the world sources of nickel; for example, there was a recent independent development of nickel in Finland sponsored by Norwegian interests which has been lately seized by the Russians.

In my speech of May 8, 1940, reference is made to the nickel situation wherein after the *Deutschland* incident in 1915 Canada required that nickel smelting be accomplished within her borders, which resulted in the closing of our nickel smelters in New Jersey. The Navy's supply of nickel for armor plate is dependent on one Canadian smelter. If this plant were put out of commission by sabotage our Navy's program would be stalled. This situation needs correction.

High-grade nickel ore deposits exist on our Alaskan islands and it has been estimated that these nickel ores can be electrolytically reduced with Columbia power and produce a product very much lower in cost than the Navy Department is now paying. This situation had been explained both to the Navy Department and to the Advisory Commission. Armor plate can be produced electrolytically from Alaskan ores at less than half the cost the Federal Government is now paying for this steel. Stainless steel can also be produced from Alaskan ores and Columbia River power for about a quarter of the present sale price of stainless steel.

RESEARCH—ITS PLACE IN NATIONAL DEFENSE

Mr. Speaker, it is to this subject that I wish to address my concluding remarks. I do not hesitate to say that we, as human beings, are often subject to prejudices, and particularly when the word "research" is mentioned. In spite of the fact that our modern existence is entirely predicated on the effort of the research worker, we still shy away and think in terms of the impractical, the visionary. I need not catalog those to whom we are indebted for the radio, the telephone,

the airplane, our great bridges and buildings, the humming of dynamos of industry—over and over again, some character of genius, more often than not, starving and ridiculed, laid the foundation for what we now accept with nary a thought. Today we are in need more than ever of research. We need to encourage not only private initiative but public initiative as well. Research is a field where only the truth can prevail, whether developed in the laboratories of large industries or in the cubicles of Government research buildings or in the class rooms of our educational institutions.

In the present emergency it behooves us to give every encouragement to the effort of our Nation's research workers. Their labor will point the way to security.

The Federal Government has built many laboratories, many institutions where Nature's wealth is probed, where man's ills are studied. Our Government scientists are in the foremost ranks of the world of science; their discoveries stand engraved in the annals of man's ingenuity. Quietly and unostentatiously they perform their experiments, they seek to find the whys, the hows, the wherefores. I salute them.

Mr. Speaker, I predict that the Northwest and the Nation can and will gain much by investigations of Pacific Northwest resources, of the utilization of electric power in new ways. Especially today when we seek to distribute our industries, strengthen our methods of production, utilize even our low-grade resources, new techniques must be sought and developed.

The greatest need of the Pacific Northwest is what has been called economic equality. Economic equality is only possible when we convert our raw assets into a more valuable finished product. It is the fabrication of the finished product which gives us employment and enhanced income. Without industrial research our objective cannot be reached. Unfortunately the bulk of our national private research has been carried on in eastern industrial centers and has been built around eastern and imported raw materials. The small manufacturer cannot afford this pioneering effort, and as a result the private research has been carried on by the large interests. This is a handicap that must be overcome before our smaller fabricators can expand their pay-roll production. Industrial processes are conceived in the laboratory and are matured in the pilot plant. The Northwest must have laboratories and pilot plants, specializing in native materials. This effort must cover both small- and large-scale operations. The small-scale effort is extremely important, so that local capital and initiative can be encouraged. Large-scale operations are only the first step in any utilization program. It is the small fabricators using the basic reduced material who collectively produce larger employment.

Mr. Speaker, as I have pointed out previously, if we are to hold our place as a nation we must actively solve the new process and utilization problem. From my experience in pressing the utilization of northwestern materials I know that the national-research structure must be effectively expanded. I also feel that the various agencies are not fully aware of the potentialities that lie ahead. Private industrial research must be broadened and supplemented with large-scale public research. This public research must be carried on by all our public institutions in cooperation with commercial interest. To tie these together, we need what we do not have at present—a top coordinating head. I cannot too strongly urge the creation of such an organization. If we do not, we as a Nation will pay for our lack of foresight. Such research is a vital part of any defense program. Still more important is the post-war commercial effect, which I outlined on May 8 last, and which can be found on page 8870 of the CONGRESSIONAL RECORD.

Although the level of income in the Northwest is relatively high, we are living on our capital—and this cannot lead to anything but eventual trouble. We are producers of raw materials and to an extent unprecedented in the history of our Nation. So long as our forests furnish us with raw material, we can survive. We know that depletion due cumulatively to the demands of our Nation for lumber, the ravages of fire, disease, and insects far exceeds the rate of replenishment of our forests. We must husband our timber resources; and in order to do so without a complete dislocation of the Northwest economy, we must diversify our occupations and increase the processing of our forest products. Unless we do so, we shall repeat the tragic events of the cut-over lands in other parts of the Nation.

Each year our Pacific Northwest colleges and universities graduate outstanding young men and women, fired with ambition to put their technical skills to work. Alas, they find themselves shut out from their fields; they eventually find their way into the large industrial research establishments of the eastern part of our Nation. How much more desirable it would be to provide them with an outlet for their talents in their own Northwest, to work out the destinies of their own region from its own resources.

Mr. Speaker, let me say in conclusion that the Pacific Northwest will be the center of electro industries in the Nation. I make that prediction confidently, because I know that nowhere else in the Nation is there comparable potential and existing supplies of low-cost power. I also know that our regional raw materials have not as yet fulfilled their promise and that research will wrest additional values now ignored or wasted. I therefore early hope that the Northwest will be blessed with the types of institutions which will not only offer opportunity for our own young people but will open vistas as yet undreamed of, through research and investigations for the utilization of power and our own regional resources. Today we need such a program even more than we ever did. If the Pacific Northwest is to contribute effectively to our national defense, it must do so in line with normal economic development. It must therefore develop to the fullest and wisest use the bounties which a generous nature has placed within our reach. I therefore am glad to support this measure which will offer some financial assistance to this program.

Mr. SCRUGHAM. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK of Arizona. I very gladly yield to the gentleman from Nevada.

Mr. SCRUGHAM. Is it not a fact that if this bill is enacted into law it will do much to prevent the shortage of strategic minerals and will be one of the greatest aids to national defense that can be enacted?

Mr. MURDOCK of Arizona. Mr. Speaker, I should like to say that as a new man in this body I got many lessons from the gentleman from Nevada. He was an artillery officer about 1917 and knows that from the very lack of these things then our defense program was greatly handicapped in the first World War. The gentleman from Nevada has undoubtedly done more than any other Member of this House to see that we wisely lay in stock piles of strategic minerals. I recall that in the naval bill of 1937 the House inserted an item calling for $5,000,000 for that purpose. The gentleman from Nevada has been untiring in his efforts not only in behalf of this measure but in behalf of all others with the object that we may have home production of the strategic minerals.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ENGLEBRIGHT. Mr. Speaker, I reserve the right to object for the purpose of asking a further question.

As I understand the measure, as explained by the committee and as stated before the committee, this gives an additional $10,000,000 for loans for development of strategic minerals, as mentioned in the bill, and does not affect the arrangement for loans for gold, silver, and tin production.

Mr. MURDOCK of Arizona. No change is made in the total amount made available for such loans, which is $10,000,000 as in the original law. The only new language furnished by this bill is the addition of strategic and critical minerals to the original three mentioned, and also the increased limit of the permissible loan raised from $20,000 to a total of $40,000 on each property eligible for it.

Mr. Speaker, I should like to substitute the Senate bill, S. 4008, for the House bill, since they are identical.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 4008) will be substituted and considered in lieu of the House bill.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 14 of the act entitled "An act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes," approved June 19, 1934, as amended, is amended to read as follows:

"SEC. 14. The Reconstruction Finance Corporation is authorized and empowered to make loans upon sufficient security to recognized and established corporations, individuals, and partnerships engaged in the business of mining, milling, or smelting ores. The Reconstruction Finance Corporation is authorized and empowered also to make loans to corporations, individuals, and partnerships engaged in the development of a quartz ledge, or vein, or other ore body, or placer deposit, containing gold, silver, or tin, or gold and silver, or any strategic or critical mineral which in the opinion of the Reconstruction Finance Corporation would be of value to the United States in time of war, when, in the opinion of the Reconstruction Finance Corporation, there is sufficient reason to believe that, through the use of such loan in the development of a lode, ledge, or vein, or mineral deposit, or placer gravel deposit, there will be developed a sufficient quantity of ore, or placer deposits of a sufficient value to pay a profit upon mining operations: *Provided*, That not to exceed $20,000 shall be loaned to any corporation, individual, or partnership for such development purposes; except that not in excess of $40,000 in the aggregate may be loaned to any corporation, individual, or partnership for such purposes, if such corporation, individual, or partnership has expended funds previously obtained from the Reconstruction Finance Corporation for such purposes in such manner as to justify an additional loan for such purposes: *Provided further*, That there shall not be allocated or made available for such development loans a sum in excess of $10,000,000."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZATION OF JESSE H. JONES TO BE APPOINTED TO AND PERFORM DUTIES OF SECRETARY OF COMMERCE

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H. J. Res. 602) to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of the office of Secretary of Commerce.

The Clerk read the title of the joint resolution.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, does the gentleman intend, under this resolution, to have Mr. Jesse Jones perform the duties of Secretary of Commerce and also the duties of the head of the Reconstruction Finance Corporation at the same time?

Mr. STEAGALL. The gentleman misunderstands the purpose of the legislation. Mr. Jones is not the head of the Reconstruction Finance Corporation. The Corporation operates under a separate board, of which Mr. Schram is the chairman. Mr. Jones is the Federal Loan Administrator, who acts in a supervisory capacity for the Reconstruction Finance Corporation and its subordinate agencies, the Export-Import Bank, the Home Loan Bank Board, the Federal Housing Authority, the Home and Electric Authority, and other lending agencies of the Government.

Mr. SCHAFER of Wisconsin. That is about the same thing. Mr. Jones is the main cog of the Reconstruction Finance Corporation and now has enough work and more than enough work for one man. How can you say that he can perform the work of two men? We read in Holy Writ that no man can serve two masters, and I think we ought to keep Mr. Jesse Jones right where he is. He is a good man and the ablest man which you new dealers have in the Government service. He was first brought into the Federal Government service through Republican administration appointment.

Mr. STEAGALL. If the gentleman will permit, let me say that the purpose of this legislation is to continue to utilize the judgment of Mr. Jones in connection with the lending agencies which we could not do if he gave his entire service to the office of Secretary of Commerce. I fully agree with the gentleman as to the value of Mr. Jones' services in connection with these lending agencies. I think it is agreed by all who are familiar with the record that he has done a marvelous job. The purpose of this resolution is to keep him in a supervisory capacity in connection with these lending agencies so we will not lose the benefit of his judgment and experience. Of course, the larger volume of the work, the details, will be handled by others, but they will have the benefit of his judgment and his cooperation in deciding the more important questions that will come before these agencies.

Mr. SCHAFER of Wisconsin. This new bill will not reduce in any respect the authority and the power which Mr. Jesse Jones now has with reference to this loan board?

Mr. STEAGALL. He will still serve in that capacity.

Mr. SCHAFER of Wisconsin. And it does not in any manner, directly or indirectly, indicate that we are liable to have some of these dollar-a-year fellows, like that racketeer, Earl Bailey, from J. and W. Seligman Co. and Tri-Continental Corportion, on this lending job, does it?

Mr. STEAGALL. I would not like to assent to all the implications of the gentleman's statement, but the purpose is to retain the services of Mr. Jones in connection with the lending agencies.

Mr. SCHAFER of Wisconsin. And his status with the lending agencies will be precisely the same after the passage of this bill as it was before?

Mr. STEAGALL. Oh, yes.

Mr. SCHAFER of Wisconsin. Therefore I shall not object.

Mr. KNUTSON. Mr. Speaker, this is such an important matter and there are so few Members here I make a point of order there is no quorum present.

Mr. CRAWFORD. Mr. Speaker, will the gentleman from Alabama yield?

Mr. KNUTSON. I have made a point of order that there is no quorum present and I insist on it.

The SPEAKER pro tempore. The gentleman from Minnesota makes a point of order there is not a quorum present. The Chair will count.

Mr. KNUTSON. Mr. Speaker, for the time being I withdraw the point.

The SPEAKER pro tempore. The point of order is withdrawn.

Mr. KNUTSON. Mr. Speaker, I would like to ask the gentleman from Alabama to yield to me.

Mr. STEAGALL. I yield.

Mr. KNUTSON. Will the gentleman inform the House just what activities are embraced in the department Mr. Jones now heads? Is the Home Owners' Loan included?

Mr. STEAGALL. Yes.

Mr. KNUTSON. The Export-Import Bank?

Mr. STEAGALL. Yes; and the Reconstruction Finance Corporation, its subordinates, and other agencies just mentioned.

Mr. KNUTSON. The Home Loan Bank and the Rural Electrification?

Mr. STEAGALL. Yes; the Home Loan Bank Board, but not Rural Electrification.

Mr. KNUTSON. Well, will the gentleman tell the House?

Mr. STEAGALL. The Reconstruction Finance Corporation; the Export-Import Bank; the Home Owners' Loan Corporation.

Mr. KNUTSON. And the Electric Home and Farm Authority?

Mr. STEAGALL. Yes. The Commodity Credit Corporation has been transferred to the Treasury Department and is no longer operated in connection with the Reconstruction Finance Corporation; nor is it under the supervising authority of Mr. Jones.

Mr. KNUTSON. What is the purpose of this—to work Mr. Jones to death?

Mr. STEAGALL. We hope not. He is certainly a very hard working man.

Mr. KNUTSON. I do not want to kill him off. I think he is the outstanding man in this administration. I do not want to see you folks pile so much work on him that you will kill him.

Mr. STEAGALL. We have a feeling that it would be very unfortunate to the country for Mr. Jones to sever his connection with these lending agencies at this time. One reason for that is the work that will be done by the Export-

Import Bank in connection with loans that will be authorized by the measure which passed the House a few days ago, and which it is expected will become law during the present session. We are going to authorize loans in the amount of $500,000,000, in addition to amounts now authorized, to the nations of the Western Hemisphere. This will fit in with his duties as Secretary of Commerce. He has an experience of nearly 10 years in connection with the lending agencies of the Government. I do not think it is unfair to say that, in the light of his experience, his judgment cannot be duplicated by any other public official. We do not want to lose the benefit of his services in connection with these agencies, by having him surrender these duties in order to accept the appointment to the office of Secretary of Commerce.

Mr. KNUTSON. Of course, I do not want my good friend from Alabama to misunderstand me. Personally, I would like to see all the functions of the executive branch of the Government transferred to Mr. Jones. I think we would have a great improvement. Of course, we all admit that it cannot be any worse than it is now. But I am just wondering whether this is the thing to give Mr. Jones. I would be willing to vote to declare a vacancy down at the White House and move Mr. Jones in.

Mr. STEAGALL. Of course you will have an opportunity in a few days to deal with the matter of occupancy of the White House. [Laughter.]

Miss SUMNER of Illinois. Reserving the right to object, I think some members of the committee felt that, while this appointment would be unprecedented from the fact that you are adding a department head to his job, the duties of the Federal Loan Administrator, which since they have power over industry and banks and homes and billions of dollars worth of property, the ability to foreclose or not to foreclose, is a power which, I think it would be fair to say, is greater than any President ever had over those same activities prior to 1932; yet some Members felt that, in view of past performance, it was very likely that a man might be appointed as head of the Department of Commerce who would not be a businessman at all, and for that reason we felt it was just as well to consent to let this man who had this additional power be appointed, since those powers were only one of a handful of powers held by the President.

Mr. STEAGALL. It is probably true that lending authority has been granted by the Congress in some instances that would not have been granted but for the great confidence we have in the administration of those agencies under Jesse Jones.

Mr. KNUTSON. Of course, it must not be forgotten we have had 43 emergencies in the last 7½ years.

Mr. JOHNS. Will the gentleman yield?

Mr. STEAGALL. Certainly.

Mr. JOHNS. I am interested in another feature and that is in knowing whether or not it would be possible to have the services of Mr. Jones even though he became Secretary of Commerce and somebody else took his position as chairman of this committee. I read in the Merry-Go-Round a couple of days ago that even though two members of the Supreme Court have been appointed, they have been in counsel with the President of the United States on what ought to be done with these destroyers. It seems to me that if the members of the Supreme Court of the United States can sit in on matters that they may later on have to pass upon themselves, it might be possible to get the use of Mr. Jones even though somebody else was appointed in his place. What do you think about that?

Mr. STEAGALL. I am in hearty accord that it is desirable to obtain the services of Mr. Jones as Federal Loan Administrator.

Mr. KNUTSON. I think the gentleman from Wisconsin will admit that he can call in the whole Supreme Court and he would not have very much.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There being no objection the Clerk read the resolution as follows:

House Joint Resolution 602

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any provision of law to the contrary, Jesse H. Jones, Federal Loan Administrator, may continue in such office and be appointed to, in the manner now provided by law, and may exercise the duties of the Office of Secretary of Commerce: *Provided*, That the total compensation to be paid him as Secretary of Commerce and as Federal Loan Administrator shall be that provided by law for the Secretary of Commerce.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VICKSBURG NATIONAL MILITARY PARK, STATE OF MISSISSIPPI

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 9656), to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. DIRKSEN. Reserving the right to object, may we have a brief explanation of this bill?

Mr. DEROUEN. This bill merely authorizes the Secretary of the Interior to take title to certain areas contiguous to the park at Vicksburg. The citizens are willing to donate this land to the Government and it is very necessary because of conditions existing at the entrance of the park in order to build a road.

No appropriation is involved. It is simply authorization to accept title to land donated to the Government.

Mr. Speaker, I yield to the gentleman from Mississippi for further explanation.

Mr. McGEHEE. Mr. Speaker, this bill merely authorizes the Park Service of the Department of the Interior to accept land adjacent to the Vicksburg National Park. People living adjacent to the park are having a great deal of trouble in getting ingress and egress to and from their homes. Because of park improvements that have been made in the past 5 or 6 years these entrances have been closed by reason of grading work and the cutting down of banks. The Department of the Interior has no authority to go on private property and construct a highway to relieve these people.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. McGEHEE. I yield.

Mr. KNUTSON. Does this involve the transfer of any more battleships?

Mr. McGEHEE. No; not this bill.

Mr. DIRKSEN. Mr. Speaker, I withdraw my reservation of objection.

Mr. McGEHEE. That is the sole purpose of the bill, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to accept, in behalf of the United States, donations of lands, buildings, structures, and other property, or interests therein, within a distance of 1 mile of the present boundaries of the Vicksburg National Military Park, which he may determine to be of historical interest in connection with said park, the title to such property or interests therein to be satisfactory to the Secretary of the Interior.

All such property or interests therein, upon acceptance thereof, shall become a part of the Vicksburg National Military Park and shall be subject to all laws and regulations applicable thereto.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to include in my extension of remarks certain excerpts.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include an article by Andrew C. McLaughlin, head of the department of history, University of Chicago, and Claude H. Van Tyne, head of the department of history, University of Michigan, entitled "A History of the United States for Schools."

I also ask unanimous consent to extend my own remarks and to include therein a report of David Hirschfield, commissioner of accounts, city of New York, on British Propaganda Agencies Are Active in America.

Mr. Speaker, this slightly exceeds the two and one-half pages allowed for the ordinary extension of remarks, but I have an estimate from the Public Printer.

The SPEAKER pro tempore. Without objection, the requests of the gentleman from Montana will be granted.

There was no objection.

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein 3 newspaper articles against all isms.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD on two subjects and to include in one a speech by Milo Perkins entitled "Feeding America First," and in the other to include a resolution of the General Welfare Federation of Southern California.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Pennsylvania [Mr. SNYDER] is recognized for 30 minutes.

SUPERHIGHWAYS

Mr. SNYDER. Mr. Speaker, what I have to say will be of interest only to those who are concerned with national defense and the security of the Nation for all time.

Five years ago I called the attention of the House to the proposition that it might be well to consider the question of building highways across the Nation throughout its length and across its breadth, and I chose to call them transcontinental and north-and-south highways. At that time I said that undoubtedly there would be a lot of unemployment in the years to come and that I knew of no better way in which to put the unemployed to work than building highways not to last 50 or 100 years but 1,000 years or more. We have built some highways, but we have not built the real superhighways we are going to build across the Nation east and west and across the Nation north and south in the near future.

If I may be pardoned for referring to Pennsylvania for a few minutes, I will tell you something of what we have done in this State. In the western part of the State are the ranges of the Allegheny Mountains. The Pennsylvania Railroad winds in and out, over and across these mountains. The William Penn Highway runs from Pittsburgh to Harrisburg across these mountains. The Lincoln Highway runs across these mountains from Pittsburgh to Harrisburg and the old National Park Highway, commonly known as Route 40, runs across these mountains. The distance is about 200 miles. With these three highways paralleling, so to speak, it was thought that the time had come in transportation for a new highway to be built. So the Pennsylvania Turnpike Commission, receiving a grant from the P. W. A. about 2½ years ago and getting a loan from the Reconstruction Finance Corporation, built the Pennsylvania Turnpike at a cost of about $64,000,000. This means it cost about $400,000 a mile to build this highway.

You may ask, How are we going to pay for it? We are going to pay for it by tolls. The agreement with the Reconstruction Finance Corporation is that they will pay for it in 16 years, but with the contracts and the verbal understandings with the trucking corporations and the public it looks now as though they would pay for it in 8 years. I mention that because the days of superhighways are here and in the interest of national defense I would like to call your attention to the fact it was my privilege and my duty to go to Alaska with my committee a few weeks ago on the national defense set-up. As I see it, if we are going to protect the Western Hemisphere, and especially if we are going to protect it from the Panama Canal north, one of the first things we should do is to build a highway from Alaska on down through Canada, Washington, California, and Mexico to the Panama Canal, and I mean a good, substantial highway.

Someone may get up and say that these highways will be targets, but before you ask me that question, let me call your attention to the fact that as much as we dislike Mr. Hitler's proceedings, before he started any of his destruction he built big highways from the eastern coast to the western coast and north and south and he was shrewd enough in his propaganda work to get over into France and Belgium and there he had his agencies build highways so that they would dovetail right up to his highways. This was all completed before the war started. When he got ready to make his lunge on France the highways were built, and paid for by the nation he was to attack.

If we are going to have a two-ocean Navy in the United States we will need right now one big superhighway right across the middle of the Nation and one 50 to 75 miles back, running up and down each coast.

Mr. KNUTSON. Will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Minnesota.

Mr. KNUTSON. The gentleman mentioned Alaska.

Mr. SNYDER. Yes.

Mr. KNUTSON. Is this Government negotiating with Canada for a right-of-way?

Mr. SNYDER. Not as I know of.

Mr. KNUTSON. Why did we not include a right-of-way in that battleship deal some couple of weeks ago?

Mr. SNYDER. Battleships are on the ocean. Roads are on land.

Mr. KNUTSON. I know, but when we traded these ships for naval bases, why did we not ask for a right-of-way along the west coast of Canada which would give us a highway up to Alaska? I am offering that as a serious suggestion.

Mr. SNYDER. I am going to look into that for the gentleman, and I will see why that was not done. I will try to find out.

Mr. KNUTSON. I am surprised that was not included.

Mr. MAGNUSON. Will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Washington.

Mr. MAGNUSON. I may say to the gentleman from Minnesota that about a year and a half ago the Congress passed a bill authorizing the establishment of a commission to be known as the Alaskan International Highway Commission. I happened to be chairman of the American section. Canada has appointed a like commission. We have had conferences and negotiations for 2 years now. We have our reports ready. The Joint Defense Board is taking up the matter and, as the gentleman well points out, those of you who have been to Alaska know the real necessity for having some means of ingress and egress in that territory.

Mr. KNUTSON. Absolutely.

Mr. MAGNUSON. If the Japanese should try to take Alaska, for instance, and they sent their fleet to intercept the American fleet, there is no way we could get to that precious possession. May I say, transgressing on the gentleman's time a little, he points out the superhighway through Pennsylvania. We cannot fly to Alaska very safely today up the coast. We cannot fly the interior, because an air line, like a railroad, needs a roadbed; an air line needs some flying fields. If we built a highway up there like there is in Pennsylvania you could land these planes or you could build landing fields and it is time that this Nation, emulating some of the things that have been done in Europe, build a superhighway. This Alaska proposition is an important matter.

Mr. KNUTSON. I notice in the morning paper that we are getting ready to trade off some tanks. Why can we not get a right-of-way from Canada in return for the tanks?

Mr. MAGNUSON. I may say to the gentleman from Minnesota that what we are trying to do is to arrive at what we call a financial formula for building this highway. We want to sit down with the Canadian Commission and work that out. We would like certain concessions; yes. We would like the use of the right-of-way at all times. We do not want any discrimination as between American and Canadian citizens. We want particularly the right to use that highway at all times of emergency. The President talks about continental defenses. This is one of the most important things to be done and if we are going to protect Canada they ought to give us the right to use this highway to get to our own most precious possession. As far as I know there is no difficulty.

Mr. KNUTSON. Are there any customs restrictions?

Mr. MAGNUSON. There are now.

Mr. SNYDER. Mr. Speaker, you will notice that I have run an additional red line [indicating] along the middle there.

In talking with those at the head of our Army, our Army engineers, and others who are interested in national defense, just as you are, they say they believe a highway such as this would be very desirable. As you know, my bill calls for a highway eight lanes wide, with 11 to 12 feet in each lane, and a right-of-way 500 feet wide, all leveled down. There will be no poles, no wires, nothing at all on this 500 feet. The lighting system would be no higher than the edge of the concrete, so that you would have a landing field clear across the Nation, as was suggested by the gentleman from Washington.

I may say that according to the inside information we get from our Intelligence Service and from the War Department, many a German plane has landed on the German highways in this emergency.

The second road we would build would be one up and down the western coast, and then one up and down the eastern coast, running anywhere from 30 to 60 to 75 miles in from the coast. That would be a link in national defense that is most necessary, as our national-defense people see it, especially as to the transcontinental road, because if you are going to have a two-ocean Navy you surely ought to have a highway across here that would afford transportation.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman from Pennsylvania has called to the attention of the Congress not only on this but on previous occasions a matter which has aroused tremendous interest throughout the country. There is no question but that in the near future a chain of highways as outlined by the gentleman from Pennsylvania will be constructed and put into operation. Not only from the angle of national defense but from the angle of the convenience of our country, rapidity of travel, and comfort, highways of that nature will do more to bring about unity among all the sections of the United States than almost anything I know of at the present time. The gentleman from Pennsylvania is to be highly congratulated—and I know I speak the sentiments of my colleagues in this—on being such an ardent advocate of such a practical proposition. It is only a matter of time when it will be consummated.

Mr. SNYDER. I thank the gentleman for his contribution.

Mr. PETERSON of Florida. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from the other end of the Nation—from Massachusetts to Florida.

Mr. PETERSON of Florida. I want to compliment the gentleman from Pennsylvania on his long and consistent work. I recall that more than 6 years ago the gentleman explained this highway system. The highway, just as the gentleman has explained, would go from the northernmost part to the southernmost part of the United States, including my own State. It would be vital in national defense because of the strategic considerations that have been recently brought up. I recall that time and time again the gentleman has spoken to this House and emphasized the need of these important transcontinental highways. The gentleman deserves the commendation of the Nation for his consistent work. I believe he will be rewarded by success in this project, which will be so vital to the national-defense program of the United States.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I believe the gentleman deserves an enormous amount of credit for the work he has done on this proposition. I notice that apparently the tape on the map on the blackboard before us has slipped a little bit, so that it does not show the highway as going through Lowell, Mass., as it did before. Lowell is in a direct line from Canada. My district is very highly industrialized. I notice that one of the lower main highways does go through some of the towns in my district.

Mr. SNYDER. Evidently the tape was not placed on the map as accurately as it should have been.

Mrs. ROGERS of Massachusetts. It slipped a little bit.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I would like to make the suggestion that if the gentleman is going to have superhighways they do not end down here at Chicago but go right on through Milwaukee to Canada. I would make the further suggestion, in view of what has been stated by the gentleman from Minnesota [Mr. KNUTSON] with reference to not including the highway right-of-way in the negotiations for the naval bases. I sincerely hope we do not sell or transfer any of our very limited number of tanks to foreign nations or anyone else, because we need them for training our own men. Let us not sell or trade any more naval vessels for rights-of-way or any other concession. Let us get these rights-of-way and give Great Britain a receipt for a part payment on the $6,000,000,000 which she owes our almost bankrupt Federal Treasury. If we are going to sell or trade additional portions of our inadequate Navy away we might have these highways but we will not have an adequate defense. If Hitler comes over here we will have to go out and meet him on the sea with rowboats, if we sell or trade essential portions of it to the British.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from New York.

Mr. REED of New York. I want to thank the gentleman for putting Dunkirk on the main line.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Minnesota.

Mr. PITTENGER. I do not see Duluth, Minn., marked on this highway. It is in a direct line with St. Francis, Ontario, and Winnipeg.

Mr. SNYDER. I do not know just what towns the highway would run through.

Mr. THORKELSON. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Montana.

Mr. THORKELSON. I believe it is very commendable of the gentleman to offer this suggestion. I am somewhat familiar with conditions in Alaska. I should like to know if any survey has been made of Yucatan, in lower Mexico, Nicaragua, Honduras, and Salvador. That is a very difficult territory to penetrate.

Mr. SNYDER. There has been, but I shall let the gentleman from Washington [Mr. MAGNUSON] make a statement on that, as he is chairman of a commission making a study of the problem.

Mr. MAGNUSON. I may say to the gentleman from Pennsylvania and others who are interested that there has been some discussion here about the pan-American highway from Alaska to Yucatan and Nicaragua and down to the Canal. It is my purpose to ask unanimous consent to address the House for 10 minutes later and answer any questions on this subject, because we have made a report on the whole subject,

and I should be glad to report to the House on it, if you will stay here until the gentleman from Michigan [Mr. HOFFMAN] has addressed the House.

Mr. KNUTSON. The gentleman had better do that when we have a crowd here.

Mr. MAGNUSON. I will do it then, but I should like to sell the idea.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman.

Mr. HOFFMAN. I notice this highway swings a little south of Michigan. Is the gentleman aware that we are trying to put a canal across from St. Jo to Detroit on that long-ago-surveyed route for a canal, and I would like to ask whether or not this highway will interfere with that?

Mr. SNYDER. I cannot answer the gentleman.

Mr. HOFFMAN. Does the gentleman know about that canal we are contemplating building?

Mr. SNYDER. No.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Nebraska.

Mr. STEFAN. The gentleman recalls that I was a former member of the House Committee on Roads and extremely interested in fostering farm-to-market roads in order that we might have a continual flow of farm produce into these highways and give the farmer an all-weather road. Recently we made a trip over the 160-mile turnpike in Pennsylvania. I wonder if your plan is along that idea?

Mr. SNYDER. Here is a man who made a trip over the turnpike and you should listen to him.

Mr. STEFAN. We were highly impressed with it and I was wondering if the gentleman has explained to the membership of the House that today Mr. Carmody is having an important press conference on roads and also the House Committee on Roads has been giving this matter of roads for national defense, during emergencies as well as during peacetime, a great deal of consideration. Mr. MacDonald, Chief of the Bureau of Roads, has an elaborate and highly studied plan and a very exhaustive report which he has made to the House Committee on Roads in connection with orderly planning of road construction in the United States.

Many of us, especially those of us who come from farm districts, are tremendously interested in getting the farmer out of the mud before we go into a general superhighway program. I had the opportunity of traveling over the Autobahn system in Germany a year ago. Mr. MacDonald, the Chief of the Bureau of Public Roads, has made that trip twice, and Mr. Charles Upham, who is one of the great road engineers of America, has also made that trip. He was consulting engineer on the turnpike construction in Pennsylvania. These experts know what our future highways should be like. It is my opinion, I may say to the gentleman, that in constructing superhighways in America, to make them successful, they must be done under one general national plan already studied by Mr. MacDonald. We cannot go into the construction of superhighways in a haphazard manner. I am sure our Roads Committee has full information.

Mr. SNYDER. I understand that thoroughly.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Minnesota.

Mr. KNUTSON. In the absence of the gentleman from Pennsylvania [Mr. RICH], may I ask where we are going to get the money? [Laughter.]

Mr. COLE of Maryland. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Maryland.

Mr. COLE of Maryland. Recently there was announced in the Baltimore Sun a rather comprehensive road program which, I understand, the War Department, the State roads commission, and the Bureau of Public Roads were collaborating on with the idea of some further development, which I assume has come under the study of the gentleman who has been advocating this plan for a number of years. I wonder if the gentleman can tell the House whether his plan is before the group that I have in mind.

Mr. SNYDER. I am glad the gentleman has asked that question and I may say that plan is before them and, naturally, they are considering all plans that anyone may have studied out and submitted to them, and like all great projects that are carried out, it is only after the consideration of many suggestions that you arrive at the best possible solution.

Mr. COLE of Maryland. Then it is true that the gentleman knows the agencies to which I refer are looking ahead to some sensible and comprehensive scheme of this character?

Mr. SNYDER. That is right.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Pending the construction as well as the planning of superhighways east and west, north and south, and in the present emergency, inasmuch as by way of Federal aid the Federal Government has contributed largely to highway construction in all of the States, is not the wiser course to pursue at present to strengthen the existing highways so that we will not have to await the construction of future highways during the present emergency, and particularly, in strengthening the present highways and constructing absent links, the bridges ought to be made available for use in transportation in connection with national defense, keeping in mind that one of the reasons that has justified the Congress in making Federal appropriations for highway construction is in the aid of national defense as well as in the transportation of the mails, and if we had not had in mind national defense and transportation of the mails and other Federal purposes, the probability is there would not have been nearly as strong and cogent an argument for Federal aid 25 years ago?

Mr. SNYDER. Before I yield further I want to make this observation on that point.

The California Fruit Growers' Association informed me that if such a highway as this were completed today they could deliver their many fruits and vegetables to the eastern markets at possibly 15 percent less than they can now. The same thing is true with the citrus-fruit group down here.

I do not suppose this will ever be used for military purposes, because I do not think we will ever get into war, but for commercial purposes I think it would be advantageous. As I said, we have running from Pittsburgh to Harrisburg three fine highways, two lanes, much of it three lanes and some of it four lanes. Still the Pennsylvania Railroad and big industries and public utilities said, "You can use another highway here at an elevation of not more than 2 or 3 percent, and still utilize these three from the standpoint of economy." When big business, such as the United States Steel, General Motors, and those people, get behind something and push it, I think they are doing it from the standpoint of sound business procedure.

Mr. STEFAN. Will the gentleman yield?

Mr. SNYDER. I yield.

Mr. STEFAN. The Pennsylvania Turnpike from Harrisburg to Pittsburgh is probably the most gigantic and greatest highway construction in the United States and is much better than any part of the Autobahn system in Germany.

Mr. SNYDER. Yes.

Mr. STEFAN. Yet there has been no objection to the construction of that road, the dream of tomorrow, a sample of what to expect in the years to come. It is a great work.

Mr. SNYDER. I thank the gentleman.

Mr. STEFAN. But you have to connect that with your farm-to-market roads.

Mr. SNYDER. Yes.

Mr. STEFAN. As the gentleman from Mississippi [Mr. WHITTINGTON] said, you have to have an orderly program. You cannot go into a real national program without first taking into consideration the real blood veins of transportation, which is the bringing of raw material and products from the farms to these highways first. I think Chief McDonald has that in mind. Mr. Walter Jones, of Pennsylvania,

could tell us a great story of modern highway construction if he were here.

Mr. THORKELSON. How much did this cost?

Mr. STEFAN. Will the gentleman allow me to answer that?

Mr. SNYDER. Yes; certainly.

Mr. STEFAN. There was an outright grant of $29,000,000 from the Federal Government, and the total cost was approximately $70,000,000. The rest of it, I believe, was borrowed from the Reconstruction Finance Corporation.

Mr. THORKELSON. No part of that money was put up by the State of Pennsylvania?

Mr. SNYDER. Oh, no.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. SNYDER. I yield.

Mr. ROBSION of Kentucky. I am very much interested in the road program of this country. I would like to inquire what is the estimated cost of this system entire or by the mile?

Mr. SNYDER. I am glad the gentleman asked that. The best estimate I can get is five hundred thousand per mile.

Mr. ROBSION of Kentucky. Is it to be paid by tolls on the road?

Mr. SNYDER. Of course, I am in favor of private industry doing the thing if we can get it done, but, as I said, the Pennsylvania Turnpike Association was an authority created by the Legislature of Pennsylvania and it borrowed $36,000,000 from the Reconstruction Finance Corporation to pay it back in 16 years, I think. As I formerly said, however, they see their way clear to pay it back in about 8 years.

Now, with reference to the farm-to-market roads, I would like to say the Pennsylvania Railroad, for instance, or the B. & O.—I was born and raised alongside of the B. & O.—said 20 years ago to people in my district, "We are no longer interested in these little stations along here. We do not want that business." They said that in your district, too. How did they say it? This does not mean anything to you, but you can follow.

Mr. STEFAN. Oh, the farm-to-market road means everything to our Nebraska people.

Mr. SNYDER. Here is Meyersdale, Garrett, Rockwood, Casselman, Markleton, Pinkerton, Fort Hill, Ursina, and Confluence. Those are little stations that were there 25 years ago, where I was born and raised. We used to go down there with the wagon from the farm and get our lime and our phosphate, and the cars would be backed in and the local freight would go by every day, put things off for the farmer and put others on. Finally they took away the station agent. They took away the operator. Finally they did not run the local any more, and finally they did away with the stopping of the passenger trains.

In other words, they said, "If you want to get this material you go 12 miles this way or 19 miles that way and get it. Go to Confluence or to Somerset." They said, "We do not want to stop any more to get these bits of material."

Then the trucker got busy. They built highways. Then we started our farm-to-market highways. I do not know how your State is, but whenever you consider Pennsylvania, I want to give Governor Pinchot a great deal of credit for advocating and building a lot of what they call farm-to-market roads, out to the main highways. I would say that Governor Earle and even Governor James are following along. I believe that you have these highways just the same as when you built the Pennsylvania Railroad across the Nation and the Baltimore & Ohio and the New York Central. They ran shuttle trains back and forth. Here was a junction, and here was a junction, and here was a junction, all back through your home district. The same thing will occur if you build these highways. I believe you will get more roads built if you build these highways—more farm-to-market roads—than if they are never built. I believe there will be more of them built immediately after in future years. You think back in your home district, of some roads built in your home community from one city to another. Nobody lived along that road. Perhaps it is 20 or 30 miles between the two towns. There was a dirt road there, or black-top road. Then they put permanent concrete there 10 years ago. Now, you think of the number of homes that have gone up between those two towns since they put in that permanent concrete road.

It has this effect, too, Mr. Speaker, and this is what I think we are all interested in and must be if we are to solve unemployment. We have got to get the people out of the cities, we must decentralize the population. I do not know anything we could do that would decentralize our population more than to build these highways, for then the people would know they were going to be there for all time to come. Then they would get out and build along these highways. What does my friend from Minnesota think about that?

Mr. ROBSION of Kentucky. I would like to have an answer to my question as to the cost of building these 16,000 miles of highways. Will it cost half a million dollars a mile as it did in Pennsylvania?

Mr. HESS. It will cost about $8,000,000,000, will it not?

Mr. SNYDER. Somewhere in that neighborhood.

Mr. SCHAFER of Wisconsin. Where are you going to get the $8,000,000,000?

Mr. SNYDER. As I said, I have not any definite plan. Neither has the gentleman from Wisconsin. I would rather have private industry build these roads backed up by something like the Reconstruction Finance Corporation. I would let private industry furnish the money at 3 percent, 3½ percent, or 4 percent interest over a period of 16 to 20 years—that is just a suggestion.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. SNYDER. I yield.

Mr. HOFFMAN. Has the gentleman taken this up with the Bureau of Public Roads?

Mr. SNYDER. They have a copy of the bill.

Mr. HOFFMAN. They have not sent it down to Congress.

Mr. SNYDER. No; they have not.

Mr. HOFFMAN. Oh, this is a new way of bringing it in, it is brought in by the gentleman himself instead of from a committee.

Mr. SNYDER. Just because I have been advocating it for 6 or 8 years.

Mr. HOFFMAN. I see. And this is an election year, too!

[Here the gavel fell.]

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may proceed for 10 additional minutes.

Mr. VOORHIS of Ohio. Mr. Speaker, reserving the right to object, many of us who have been interested in this long discussion were waiting with a great deal of interest the discussion to come on the destroyer situation; and I shall be forced to object.

The SPEAKER pro tempore. Objection is heard.

Under the previous order of the House the gentleman from Ohio [Mr. LEWIS] is recognized for 10 minutes.

TRANSFER OF DESTROYERS TO GREAT BRITAIN

Mr. LEWIS of Ohio. Mr. Speaker, I wish to preface my remarks by reading an article that appeared in this morning's Washington Times-Herald headed "British offered bases free, officials reveal in ships deal."

BRITISH OFFERED BASES FREE, OFFICIALS REVEAL IN SHIPS DEAL—ROOSEVELT REJECTED CHURCHILL GESTURE, INSISTED ON BARTER OF 50 DESTROYERS

(By Chesly Manly)

Prime Minister Winston Churchill of Great Britain wanted to make a grand gesture to the American people by donating, outright, leases for American air and naval bases in the British Western Hemisphere possessions from Newfoundland to British Guiana.

Only at President Roosevelt's insistence did the British Government reluctantly consent to make the base leases available on a barter basis in exchange for 50 American destroyers.

This amazing detail of the destroyers-for-bases deal was disclosed yesterday in official quarters. It explains Mr. Roosevelt's insistence at a press conference on August 16 that American destroyers were in no way involved in the pending negotiations with Great Britain for the acquisition of air and naval bases and also this declaration in Mr. Roosevelt's message to Congress last Tuesday.

"The right to bases in Newfoundland and Bermuda are gifts—generously given and gladly received."

EXCHANGE REPORTED

The President's message added that 50 destroyers had been exchanged for bases in the Bahamas, Jamaica, St. Lucia, Trinidad, Antigua, and British Guiana.

The acceptance of the base leases in Newfoundland and Bermuda as "gifts" represented a compromise whereby the administration recognized at least the principle insisted upon by Prime Minister Churchill.

Mr. Roosevelt's insistence upon bartering the destroyers for base leases that were offered as gifts was motivated by two considerations, according to information emanating from the Cabinet. One was his desire to present the deal to the country as a Yankee trade in which he had driven a hard bargain. The second and more important reason was the President's fear of the political consequences if he should undertake to sell destroyers to the British or transfer them in any other manner.

Mr. Speaker, my only purpose in speaking at this time is, if possible, to keep the record straight.

A few days ago the President of the United States sent a message to Congress, reporting that he had acquired the right to lease naval and air bases in certain of the British Dominions and Colonies in the Western Hemisphere, for the use of the United States Army and Navy in protecting the Western Hemisphere, and as a consideration therefor he was transferring to Great Britain 50 of our over-age destroyers.

With the President's message there was transmitted to Congress an opinion, delivered by the Attorney General, purporting to find authority under the law for such an exchange.

Mr. Speaker, it is not my intention at this time to question the wisdom of the acquisition of the naval and air bases from Great Britain. Certainly, under present circumstances, America needs outlying bases to insure an adequate defense. Whether the conditions imposed by Great Britain, under which she retains full sovereignty over the bases we have thus acquired, so inextricably links our fortunes with hers, at least in the Western Hemisphere, as to deprive us of full freedom of action with respect to future wars of the British Empire, only the unpredictable events of future years can determine. Certainly, from the viewpoint of the people of the United States, it could well be wished that we had acquired the sovereignty also. However, it is not my purpose here now to deal with that question.

First. There is no authority of law for the sale of any ship of the United States Navy whose name is on the Navy register at the time of such sale.

All of the so-called over-age destroyers, which it is proposed to transfer to Great Britain, are commissioned ships of the United States Navy, and as such are on the Navy Register.

The only authority for the sale or disposal of ships of the United States Navy is that conferred by United States Code, title 34, sections 491, 492, and 493 (22 Stat. 296 and 599, and 39 Stat. 605, respectively), and limits such sale or disposal to ships whose names have been stricken from the Navy Register of active commissioned ships. Section 491 directs the Secretary of the Navy to cause all naval vessels to be examined as often as once in 3 years, when practicable, by competent boards of officers of the Navy, which boards shall report which of said vessels are unfit for further service, and if the Secretary of the Navy concurs in such report he shall strike the name of such vessel or vessels from the Navy Register and report the same to Congress. A complete copy of all statutes will be attached at the end of this speech.

United States Code, title 34, section 492, provides that the Secretary of the Navy shall cause all vessels of the Navy which have been stricken from the Navy Register, under the provisions of the preceding section, to be appraised, and if he shall deem it for the best interest of the United States to sell any such vessel or vessels, he shall, after such appraisal, advertise for sealed proposals for the purchase of the same for a period of not less than 3 months in such newspapers as other naval advertisements are published, and shall thereafter proceed to sell the same in accordance with further provisions of the statute with respect to bids, cash deposits, and bid bonds; and then follows the provision of the statute quoted by the Attorney General and which is as follows:

Except as otherwise provided by law no vessel of the Navy shall hereafter be sold in any other manner than herein provided, or for less than such appraised value, unless the President of the United States shall otherwise direct in writing.

And the construction placed upon the same by the Supreme Court of the United States in the case of *Levinson* v. *United States* (258 U. S. 198, at 201), also quoted by the Attorney General, as follows:

The power of the President to direct a departure from the statute is not confined to a sale for less than the appraised value, but extends to the manner of the sale and the word "unless" qualifies both the requirements of the concluding clause.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I am interested in what the gentleman from Ohio is telling us. I have a special order for 10 minutes. Under the rules would I be allowed to yield 5 of my 10 minutes to the gentleman from Ohio?

The SPEAKER pro tempore. The gentleman from Michigan can ask unanimous consent to postpone his own time 10 minutes.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that 5 of the minutes I was going to use be used to better advantage, that they be yielded to the gentleman from Ohio [Mr. LEWIS].

The SPEAKER pro tempore. The gentleman from Michigan asks unanimous consent that the gentleman from Ohio may proceed for 5 additional minutes. Is there objection?

There was no objection.

Mr. LEWIS of Ohio. It will thus be seen that in the statute above quoted only those ships whose names have been removed from the Navy register may be sold and the power of the President of the United States, conferred by the statute, to make a sale otherwise than as set out in the statute relates only to the price and to the manner of sale, that is by means of an appraisement, an advertisement for bids, and the receipt of bids accompanied by a cash deposit and bond, but does not, either by express terms or by implication, give him the right to extend the category of ships to be sold beyond those whose names have been stricken from the Navy register; and for the conclusion of the Attorney General to the effect that "I find nothing that would indicate that the Congress has tried to limit the President's plenary powers to vessels already stricken from the Navy register," there is no support whatsoever. The only provision of statute authorizing the sale of any ship of the Navy is limited to those that have been stricken from the Navy register.

Second. It is a violation of law for the United States Government to deliver warships to a belligerent nation.

The Attorney General quotes United States Code, title 18, section 33, Forty Statutes, pages 217, 222, which is section 3 of title 5 of the act of June 15, 1917, which is as follows:

SEC. 33. During a war in which the United States is a neutral nation, it shall be unlawful to send out of the jurisdiction of the United States any vessel built, armed, or equipped as a vessel of war—

Or converted from a private vessel into a vessel of war—

with any intent or under any agreement or contract, written or oral, that such vessel shall be delivered to a belligerent nation or to an agent, officer, or citizen of such nation, or with reasonable cause to believe that the said vessel shall or may be employed in the service of any such belligerent nation after its departure from the jurisdiction of the United States.

And thereafter the Attorney General states:

I am of the opinion that this statute does prohibit the release and transfer to the British Government of the so-called mosquito boats now under construction for the United States Navy. * * * This will not be true, however, with respect to the over-age destroyers since they were clearly not built, armed, or equipped with any such intent or with reasonable cause to believe that they would ever enter the service of a belligerent.

In other words, in the Attorney General's opinion, the statute forbids the transfer to the British Government of ships that are not yet completed but does not prohibit the transfer of ships already completed, but such is not the language and I believe is clearly not the intent of the statute. The statute deals with two types of vessels.

(1) Any vessel built, armed, or equipped as a vessel of war. (2) Any vessel * * * converted from a private vessel into a vessel of war.

The sending of a vessel of either category out of the jurisdiction of the United States is only unlawful provided the same is done "during a war in which the United States is a neutral nation; (A) "With any intent or under any agreement or contract, written or oral, that such vessel shall be delivered to a belligerent nation, or to an agent, officer, or citizen of such nation;" or (B) "With reasonable cause to believe that the said vessel shall or will be employed in the service of any such belligerent nation after its departure from the jurisdiction of the United States."

Clearly it would seem that no such distinction is contemplated or intended by the statute as that drawn by the Attorney General between ships under construction and ships already completed. The prohibition of the statute is against the sending of ships out of the jurisdiction of the United States with intent that the same "shall be delivered to a belligerent nation" or "with reasonable cause to believe that the said vessel shall or will be employed in the service of any such belligerent nation." In other words, the purpose of the statute was to protect the neutrality of the United States and that that is its purpose is proved by the context of the statute, which appears in United States Code, title 18, chapter 2, which is headed "Offenses against neutrality," and I submit that it is, to say the least, as serious an offense against the neutrality of the United States to send out of its jurisdiction to a belligerent nation warships such as the over-age destroyers, which are immediately available for service against the enemy belligerent, as to send out of the jurisdiction of the United States partially completed ships of war, such as the mosquito boats. In either case their sending clearly constitutes a violation of both the spirit and the letter of the section in question.

Third. Plenary powers of the President are limited by the Constitution and the statutes.

The opinion of the Attorney General refers in a vague manner to what he calls the "plenary powers" of the President, and rather indirectly intimates that under such powers the President had the right, in what he conceives to be the public interest, to transfer the ships in question without respect to the limitations or prohibitions contained in any statute, in other words in entire disregard of the statutory law. In such a view the powers of the President would transcend all statutory and constitutional limitation, provided only the power exercised could be claimed to be "in the public interest." This is strange doctrine indeed and especially in these times when democracies have been and are being crushed by executives who claim that their right to do so is because it is "in the public interest." If the time ever comes when any of the three coequal branches of the Government of the United States under the Constitution assume to exercise power not granted to them by that fundamental law, then liberty, democracy, and our so-called republican form of government will have vanished. [Applause.] The doctrine announced by the Attorney General, but which apparently even he was not willing to rely upon, is denied by one of the greatest constitutional authorities that has appeared in this country in recent years, the Honorable William Howard Taft, former President of the United States, later Chief Justice of the United States Supreme Court, who in his work on Our Chief Magistrate and His Powers, at page 139, says:

The President can exercise no power which cannot be fairly or reasonably traced to some specific grant of power or justly implied and included within such express grant as proper and necessary to its exercise. Such specific grant must be either in the Federal Constitution or in an act of Congress passed in pursuance thereof. There is no undefined residuum of power, which he can exercise because it seems to him to be in the public interest.

Fourth. The transfer of the destroyers constitutes a violation of the neutrality of the United States under the provisions of international law.

The Attorney General in construing the United States Code, title 18, section 33 (40 Stat. 222, heretofore quoted), states that the same must be "read in light of the traditional rules of international law," and then proceeds to quote from Oppenheim on International Law, fifth edition, volume 2, section 334, at pages 574 and 576. The section in question has to do wholly with conditions arising out of the sale of armed facilities to belligerents by the subjects or citizens of neutral nations, which is entirely beside the point. What we have to deal with here is the case of a neutral nation selling its own warships to a belligerent. The quotation from Oppenheim, which the Attorney General should have found, because it is contained in the same volume of the same edition from which he quotes and but 20 pages removed from the matter quoted in his opinion, and which states the rule of international law exactly applicable to the conditions, is as follows:

If a state remains neutral it violates its impartiality by furnishing a belligerent with troops or men of war; and it matters not whether it renders such assistance to one of the belligerents or to both alike. Whereas Convention V (Hague Convention) does not mention the furnishing of troops, article 6 of Convention XIII (Hague Convention) admits that "the supply in any manner, directly or indirectly, by a neutral power to a belligerent power of warships, ammunition, or war material of any kind whatever, is forbidden." * * * (2 Oppenheim International Law, 5th ed., p. 554.)

It is interesting to note that the above-quoted rule of international law, finally adopted as a part of the Hague Convention, had a precedent growing out of the dispute between the United States and Great Britain over the claims made against Great Britain for losses caused by the Confederate ship *Alabama* during the Civil War. That ship was constructed in a British port. Unarmed, she was permitted to sail by the Government of Great Britain. At the Azore Islands she was met by two British ships bearing her armament, ammunition, and other supplies, and there she was converted into a ship of war and thereafter preyed upon the commerce of the United States. As a result of the losses caused by her activities, the United States made claim against Great Britain for reimbursement; and on May 8, 1871, Great Britain and the United States entered into what is known as the Treaty of Washington for the purpose of having these claims settled by arbitration; and I quote now from Oppenheim's account of that treaty:

The treaty contained three rules, since then known as The Three Rules of Washington, to be binding upon the arbitrators, namely, a neutral government is bound, firstly, to use due diligence to prevent the fitting out, arming, or equipping within its jurisdiction of any vessel which it has reasonable ground to believe is intended to cruise or carry on war against a power with which it is at peace, and also to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted in whole or in part within such jurisdiction to warlike use; secondly, not to permit or suffer either belligerent to make use of its ports or waters as the base of naval operations against the other or for the purpose of the renewal or augmentation of military supplies or arms or the recruitment of men; thirdly, to exercise due diligence in its own ports and waters, and as to all persons within its jurisdiction, to prevent any violations of the foregoing obligations and duties * * *. The treaty contained a stipulation that the parties agree to observe these rules as between themselves in future and to bring them to the knowledge of other maritime powers and to invite them to accede to them.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, have I any more time?

The SPEAKER pro tempore. The gentleman from Ohio has used 20 minutes.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. LEWIS] may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LEWIS of Ohio. I thank the gentleman.

Oppenheim on International Law, the very authority relied upon by the Attorney General for his conclusion that international law, in the light of which he says the pertinent statutes of the United States must be read, expressly condemns as a violation of neutrality the transfer of warships by a neutral to a belligerent nation, and renders truly remarkable those sentences in the President's message which state that—

This is not inconsistent in any sense with our status of peace. Still less is it a threat against any nation.

Mr. Speaker, I have given the House the results of my investigation of the legal aspects, both domestic and international, of this transaction, solely for the purpose of keeping the record straight and in order that we may understand what the true situation is. With the larger questions of policy and what the future may have in store for us as a people, arising out of this transaction, I shall not now attempt to deal, except to say that if the consummation of this agreement is of sufficient importance to the Government of the United States to induce it to violate its status as a neutral under international law, then it seems to me it is of sufficient importance to have readily induced the Congress to clear the way for its consummation by legislative action in accordance with our democratic practices and it need not have been consummated in violation of our statutory law. That method savors too much of dictatorship. [Applause.]

I ask the Attorney General of the United States to reply, and in order that he may be given the opportunity I propose to introduce tomorrow a resolution conferring upon the Judiciary Committee of the House of Representatives the power to investigate the legality of this transaction, and to report any legislation needed to legalize it. [Applause.]

Mr. ELSTON. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Ohio. I yield.

Mr. ELSTON. Under the opinion of the Attorney General would it not be possible, I ask the gentleman, for the President of the United States to transfer to any belligerent power the entire United States Navy limited only to those ships which have not actually been completed?

Mr. LEWIS of Ohio. I would say that under what the Attorney General calls the plenary power of the President there is absolutely no limitation whatsoever except that he must claim to do it in the public interest.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Ohio. I yield.

Mr. CURTIS. The gentleman has made a very thorough and learned discussion of the law involved in this transaction. Does he have an opinion as to whether or not an injunction would lie against the movement of these destroyers at this time?

Mr. LEWIS of Ohio. I would not want to give any snap judgment on that question. I may say to the gentleman, I doubt very much if an injunction would lie, but I certainly would not want to express an opinion at this time one way or the other on that point.

Mr. CURTIS. One more observation. I do not think we should be too hard on the Attorney General here. He was perhaps instructed what kind of an opinion to render before he rendered it.

Mr. THORKELSON. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Montana.

Mr. THORKELSON. I simply want to make the observation that these ships were fully prepared for war. They even had demagnetizing plates around the side of them so as to be protected against magnetic mines. They were armed as well. Naturally they would not want them over there without being armed.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Will the gentleman include in his resolution a provision which will also provide for an investigation of all phases of this transfer including the violations of the Neutrality Act which this Congress enacted? The gentleman knows that said act, known as the Bloom bill, contains a cash-and-carry provision. We read in the press of yesterday generally throughout the country that not only have these 50 torpedo boats, an essential portion of our Navy and national defense, been sold to a foreign belligerent nation in violation of international law and the law of the United States, but we are informed from those Canadian press reports that the personnel of our United States Navy has delivered the torpedo destroyers to foreign ports in violation of the cash-and-carry provisions of the Neutrality Act and are now in Canadian ports helping the British prepare the destroyers for action.

Mr. MICHENER. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Michigan.

Mr. MICHENER. Mr. Speaker, I want to compliment the gentleman on his splendid argument, based on the high plane on which it is based. It is a matter in which the country and the Nation is vitally interested and I may say that politics were in no way, shape, or manner even squinted in the gentleman's remarks. Again, I compliment him.

Mr. LEWIS of Ohio. I thank the gentleman.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. My understanding is that the Attorney General ruled in effect that a ship that was already built could be transferred to Great Britain?

Mr. LEWIS of Ohio. That is correct.

Mrs. ROGERS of Massachusetts. But any ship that was not built purposely for Great Britain could not be transferred?

Mr. LEWIS of Ohio. The distinction the Attorney General drew was between a ship that has been completed and one that has not been completed, but is to be completed with intent to turn it over to a belligerent. He said any ship that is completed may be sold and delivered to Great Britain, but any ship that is in the process of construction in our shipyards may not be sold.

Mrs. ROGERS of Massachusetts. I do not have the opinion of the Attorney General before me, but it was stated to me that if ships were not being constructed expressly for Great Britain they might possibly be sold. For instance, if the Navy Department decided that the type of ship was not needed by the Navy Department, it might then be turned over to Great Britain even if not entirely completed. The distinguished gentleman has made a very fine statement, as always. I congratulate the district he represents in having such a statesman to represent them.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 1 additional minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KNUTSON. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Under the Attorney General's opinion, what is the status of warships that are capable of being used for fishing?

Mr. LEWIS of Ohio. Well, I will permit the gentleman to answer that question himself.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. LEWIS of Ohio. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. Would the gentleman say that if it be found that the President is guilty of violation of a criminal law, the only legal constitutional remedy is impeachment?

Mr. LEWIS of Ohio. Well, I have not looked into that question and I think the gentleman's opinion on that subject would probably be better than mine. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. CREAL. Mr. Speaker, I ask unanimous consent to speak for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky [Mr. CREAL]?

There was no objection.

Mr. CREAL. Mr. Speaker, we remember how we acquired the Panama Canal when Theodore Roosevelt was President. As much was said then as is being said now with reference to

violation of international law in connection with the acquisition of territory for the Panama Canal. However, the Congress approved by appropriating money for the act that was committed and the matter went along.

If our Republican friends are sincere, always adding a sentence to their remarks that this is a good deal, that it is necessary, that they would have approved it if consulted, why does not some Republican introduce the necessary legislation to ratify the act?

Mr. HOFFMAN. Will the gentleman yield?

Mr. CREAL. I yield to the gentleman from Michigan.

Mr. HOFFMAN. After you have stolen the chickens there is no virtue in paying for them.

Mr. CREAL. I understand that, but if there is any sincerity in your argument, if that is all that it is necessary to do and you would have approved it if asked, what is there to prevent the House approving it afterward? I understand quite well the technical end of the argument that if it was illegal at the time, it was illegal. If not, it was not. But you say that it is a good act, that the people of America approve it, that we need the bases and that American sympathies are in line with the purposes for which it was transacted, and you want to leave it in that manner. Why "beef" around about it when all that it is necessary to do, and it would not take as much time, is to introduce a resolution, and you will have all Members of the House, both Republican and Democratic, those who are not pro-German, pass this unanimously and we will have the thing over tomorrow night.

Mr. HOFFMAN. I think the gentleman makes the error of assuming that the Republicans say it was a good act. So far as I know, no one has said it was a good act.

Mr. CREAL. The gentleman who just spoke said it was.

Mr. HOFFMAN. No; I believe the gentleman misunderstands. What has been said was that it is desirable to get these bases, but there is a legal and constitutional way to do it. So far as I know, no one has approved the act in the way in which it was done. Let me go a little further. If I am hungry, that does not justify me in stealing from my neighbor and paying for it when I get caught. Why not go to him in the first place and do it in the right way?

Mr. CREAL. The gentleman goes right back to my question. I say that if you are in favor of doing it the right way, unless you are opposed to it had it been submitted, you can do it now.

Mr. HOFFMAN. The gentleman's argument, if I may interrupt once more, is that the end always justifies the means. What I personally object to in the transaction, among other things, is the establishing of a precedent whereby the President can violate the law. If he can do it once, he can do it any time he feels like it.

Mr. CREAL. If that was against the will of Congress, you can test the sentiment of the House in a dozen different ways, by approval or by condemnatory resolution or otherwise. If it be true that Congress would have approved, as many say, what is to prevent ratification as yet?

I want to refer, before my time expires, to the question of the *Alabama* claims and the probability that if these 50 destroyers do some damage we might have to arbitrate something with Germany. In the first place, the first offset we would take off would be the debt that Germany owes to us. Everybody talks about England owing us, but no pro-German ever mentions about Germany owing us, too. Again, she is now taking over the territory of the other countries that owe us, all except England. She is in domination of France, Belgium, Hungary, and the other countries that have owed us this debt, and now, morally and legally, Germany owes us this debt. If they get enough counterclaim to offset those claims, that will be perfectly all right. We will be glad to arbitrate that question with them and present our counterclaim for any claim they may present.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield once more?

Mr. CREAL. I yield.

Mr. HOFFMAN. Does not the gentleman believe it would have been a better bargain to have taken these bases and given Great Britain credit on the $5,000,000,000 war debt she owes us?

Mr. CREAL. That might have been all right, but just any way so England got the ships is all I wanted.

Mr. HOFFMAN. Oh, yes; that is what the gentleman wanted, to give the warships. The gentleman did not want the bases.

[Here the gavel fell.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. VINSON of Georgia, for Tuesday and Wednesday, on account of official business.

To Mr. MCGREGOR (at the request of Mr. MARTIN of Massachusetts), for 3 days, on account of illness in his family.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a very fine and inspiring peace sermon I was privileged to hear at Washington Episcopal Cathedral yesterday, by Bishop Freeman.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a report by David Hirshfield, commissioner of accounts, city of New York, on Investigation of pro-British history textbooks used in the public schools of this city.

Mr. Speaker, this is slightly over the limit of two and one-half pages, and I have an estimate from the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent that on tomorrow, at the conclusion of the legislative program of the day and following any other special orders, I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE LATE PRESIDENT OF PARAGUAY, GENERAL ESTIGARRIBIA

The SPEAKER pro tempore. The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I have prepared a resolution which I shall present to the House in a moment to express to the people of Paraguay the sympathy of the American Congress on the tragic death of their President, Gen. Jose Estigarribia, former Ambassador to the United States, who lost his life in an airplane accident on last Saturday.

Undoubtedly General Estigarribia was the outstanding military leader South America has produced in a century and one of the most dynamic figures of the Spanish-speaking world. He was one of the greatest statesmen of South America and was a friend of the United States. He was doing more for the upbuilding of the people he represented than probably any other leader south of the Rio Grande.

His death was a tragedy which is deeply regretted by the people of the United States, as well as the people of the rest of the world.

He will long be remembered for his services as Ambassador to the United States, during which time he greatly strengthened the ties of friendship between the two countries. His record here will long endure, and his name will be enshrined in the hearts of the people of Paraguay for a thousand years.

Mr. Speaker, I offer a resolution.

The Clerk read as follows:

House Resolution 595

Resolved, That the House of Representatives of the United States of America has learned with profound sorrow of the death of the President of the Republic of Paraguay, Gen. Jose Felix

Estigarribia, and sympathizes with the people of the Republic of Paraguay in the loss of their beloved President.

Resolved, That the President be requested to communicate this expression of sentiment of the House of Representatives to the Government of Paraguay.

Resolved, That as a further mark of respect to the memory of President Estigarribia the House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 3 o'clock and 48 minutes p. m.) the House adjourned until tomorrow, Tuesday, September 10, 1940, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON IRRIGATION AND RECLAMATION

There will be an executive session of the Committee on Irrigation and Reclamation on Tuesday, September 10, 1940, at 10 a. m., in room 128, House Office Building, for the purpose of considering H. R. 10122.

EXECUTIVE COMMUNICATIONS, ETC.

1936. Under clause 2 of rule XXIV a letter from the Acting Secretary of the Navy, transmitting a draft of a proposed bill to authorize naval agents to assist civil authorities in the enforcement of the law, was taken from the Speaker's table and referred to the Committee on Naval Affairs.

REPORTS OF COMMITTEE ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COLMER: Committee on Rules. House Resolution 594. Resolution providing for the consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes; with amendment (Rept. No. 2934). Referred to the House Calendar.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9279. By Mr. GREGORY: Petition of Charles B. Hatfield, secretary, representing the Local Association of the National Emergency Committee of Military Training Camps Association of Paducah, Ky., favoring passage of the Burke-Wadsworth bill and all material aid possible to Great Britain; to the Committee on Military Affairs.

9280. By Mr. THOMASON: Petition of a number of mothers of Midland, Tex., urging all possible aid to the British Empire, and stating that the so-called Mothers of America do not represent the true American mothers; to the Committee on Military Affairs.

9281. Also, petition of a group of residents of El Paso, Tex., favoring immediate passage of conscription bill; to the Committee on Military Affairs.

9282. By Mr. VOORHIS of California: Petition of Tom Roberts, of South Gate, Calif., and 37 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9283. Also, petition of C. A. Vinson, of Oroville, Calif., and 24 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9284. Also, petition of Charles U. Baker, of Los Angeles, Calif., and 4 others, endorsing House bill 4931, providing for the Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of the constitutional money power; and requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9285. By the SPEAKER: Petition of the International Association for Identification of Youngstown, Ohio, petitioning consideration of their resolution with reference to fingerprint identification work; to the Committee on the Judiciary.

9286. Also, petition of the Los Angeles Industrial Union Council, Los Angeles, Calif., petitioning consideration of their resolution with reference to deportation of Harry Bridges; to the Committee on Immigration and Naturalization.

9287. Also, petition of the Rotary Club of Puerto Rico, petitioning consideration of their resolution with reference to delivery to Great Britain of 50 or more over-age destroyers of the United States; to the Committee on Naval Affairs.

9288. Also, petition of the National Association for the Advancement of Colored People of Mobile, Ala., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9289. Also, petition of the International Association for Identification of Youngstown, Ohio, petitioning consideration of their resolution with reference to legislation on fingerprinting; to the Committee on the Judiciary.

SENATE

TUESDAY, SEPTEMBER 10, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Eternal God, who has taught us in Thy Holy Word that our bodies are temples of Thy Spirit: Keep us, we humbly beseech Thee, temperate and holy in thought, word, and deed, that, with all the pure in heart, we may see Thee as Thou art and be conformed to Thy likeness.

Do Thou open our hearts to share with others the faith which Thou hast revealed to us in Thy blessed Son, until the littleness of our knowledge becomes lost in the greatness of Thy love. And may the eternal and ever-blessed Father, whose chosen reward is the gift of peace, so fill us with His grace and heavenly benediction, that Christ, who is the brightness of His glory, may dwell in us and we in Him both now and evermore. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, September 9, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Bilbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the

Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Montana [Mr. MURRAY], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from Oregon [Mr. MCNARY], the Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed without amendment the bill (S. 4008) to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes.

The message also announced that the House had passed the bill (S. 4165) to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 9525. An act to provide for the reorganization of the government of the District of Columbia;

H. R. 9656. An act to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes;

H. R. 10406. An act to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy; and

H. J. Res. 602. Joint resolution to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the Office of Secretary of Commerce.

PETITION

The PRESIDENT pro tempore laid before the Senate a telegram in the nature of a petition from E. H. Groom, Wacissa, Fla., praying that the United States immediately furnish to Great Britain for defense purposes a thousand or more airplanes, which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 3009. A bill for the relief of June Thompson, a minor (Rept. No. 2099);

H. R. 4815. A bill for the relief of Henry J. Wise (Rept. No. 2100);

H. R. 5040. A bill for the relief of Arthur Joseph Reiber, a minor (Rept. No. 2101); and

H. R. 5314. A bill for the relief of Paul J. Kohanik (Rept. No. 2102).

Mr. ELLENDER also, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

H. R. 1284. A bill for the relief of Sophrania Holmes (Rept. No. 2103);

H. R. 1874. A bill for the relief of Mrs. E. V. Maki (Rept. No. 2104); and

H. R. 5154. A bill for the relief of Charles Kliewe (Rept. No. 2105).

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 4083. A bill to permit mining within the Organ Pipe Cactus National Monument in Arizona (Rept. No. 2106);

S. 4130. A bill to provide for the establishment of the Coronado International Monument in the State of Arizona (Rept. No. 2107); and

H. R. 6813. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes (Rept. No. 2108).

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 4270) to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishments, reported it with amendments and submitted a report (No. 2109) thereon.

Mr. OVERTON, from the Committee on the District of Columbia, to which was referred the bill (H. R. 8846) to provide for the retirement of certain members of the Metropolitan Police Department of the District of Columbia, the United States Park Police force, the White House Police force, and the members of the Fire Department of the District of Columbia, reported it with amendments and submitted a report (No. 2110) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 9, 1940, that committee presented to the President of the United States the enrolled bill (S. 4272) to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURKE:

S. 4335. A bill to make George D. Kahn eligible for naturalization; to the Committee on Immigration.

S. 4336. A bill for the relief of Rodney Eugene Hoover; and

S. 4337. A bill for the relief of Joseph Pollack; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 4338. A bill to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended; to the Committee on Indian Affairs.

By Mr. ELLENDER:

S. 4339. A bill confirming the claim of Patrick Morgan and Daniel Clark to certain lands in the State of Louisiana, county of Attakapas, now parish of St. Martin, said claim being listed as No. 97 in report of commissioners dated May 1, 1815; to the Committee on Public Lands and Surveys.

By Mr. BARKLEY:

S. 4340. A bill to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts; to the Committee on the Judiciary.

By Mr. BAILEY:

S. 4341. A bill to expedite national defense by suspending, during the national emergency, provisions of law that prohibit more than 8 hours' labor in any one day of persons engaged upon work covered by contracts of the United States Maritime Commission, and for other purposes; to the Committee on Commerce.

By Mr. AUSTIN:

S. J. Res. 297. Joint resolution authorizing a stay in the deportation of certain aliens; to the Committee on Immigration.

By Mr. BARKLEY:

S. J. Res. 298. Joint resolution to authorize the acquisition of a suitable frame for the painting of the signing of the Constitution to be used in mounting said painting in the Capitol Building; to the Committee on the Library.

HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 9525. An act to provide for the reorganization of the government of the District of Columbia; to the Committee on the District of Columbia.

H. R. 9656. An act to authorize the acceptance of donations of property for the Vicksburg National Military Park, in the State of Mississippi, and for other purposes; to the calendar.

H. R. 10406. An act to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes; and

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy; to the Committee on Naval Affairs.

SUPPORT OF PRESIDENT ROOSEVELT BY ALBERT H. LADNER

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD a newspaper article under the heading "Ladner supports Roosevelt—hits Willkie on draft," which appears in the Appendix.]

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. DANAHER. Mr. President, I should like to ask the Senator from New York [Mr. WAGNER], in charge of the bill, a few questions. I wish to invite his attention to the bill before us calling attention particularly to page 3, lines 10 to 12, inclusive. In those lines it is stated that the purpose of this bill is "to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere." In so stating the purpose of this bill, does not this mark a definite departure from the powers hitherto granted to the Export-Import Bank?

Mr. WAGNER. I should say it broadens its powers somewhat.

Mr. DANAHER. Does the Senator, to pursue the inquiry made at the time we were discussing it yesterday when we were interrupted, know what plans may have been developed for "the stabilization of the economies" of the countries of the Western Hemisphere?

Mr. WAGNER. No; as I stated yesterday, I know of no fixed plan, and I do not think there is a fixed plan or blueprint. The question as to what is to be done, and under what circumstances it is to be done, I suppose will arise in practice if the Congress grants this power to the Export-Import Bank to make this type of loans. Applications will be made, and then they will be reviewed by Mr. Jones, the Administrator, by the State Department, by the Agriculture Department, by the Treasury Department. They will determine whether or not the applications are within the terms of the bill and whether they should be granted, whether they are in the interest of the national defense, in the interest of unity among the respective countries, and, of course, to the advantage of our own producers.

If it is a matter of export or marketing, I can visualize a situation in which there may be a surplus of a commodity in some one of the Latin American countries, or perhaps in more than one, which if thrown upon the market at distress prices might have a serious effect upon our own agricultural products which we sell in foreign markets. In such a case it may be desirable, in order to protect our own agricultural producers, to aid the orderly marketing of that surplus, and only for that purpose.

Mr. DANAHER. Mr. President, I invite the Senator's attention to the fact that when Chairman Jones testified before our committee, on page 15 of the report, we find that he was asked whether or not there was some general plan or idea as to how we were to stabilize the economies of South American countries, develop their resources, and achieve the orderly marketing of their products; and Mr. Jones answered:

> We ask for a half billion dollars to be available to do things that might appear to the administration—the President and the Secretary of State, and other officials of the Government—to be desirable.

In short, there is no plan, as the Senator from New York has said. Consequently, it amounts, does it not, to our saying: "Here is a half billion dollars with which the Export-Import Bank is to do whatever may seem desirable to further the stated objectives of the bill." Does it not boil down to that?

Mr. WAGNER. Yes; it does, as we do every day in legislation we enact. We have to give somebody power to act as the circumstances and situation confronting us require; and particularly in an emergency situation of this kind we have to have faith and confidence that the officials who are in charge of our activities will do what is for the benefit of the United States, and not do something destructive of our interests.

Mr. DANAHER. Let me ask the Senator another question. The bill before us, if enacted, will repeal the saving clause or protection which we hitherto wrote into the Export-Import Bank legislation by wiping out the restriction of $20,000,000 on loans to any one country. Is not that so?

Mr. WAGNER. Yes.

Mr. DANAHER. So that if it seems advisable to those in charge, in whom we place faith and confidence, there is no restriction upon their lending the entire $500,000,000 to one country, is there?

Mr. WAGNER. Of course, we can conjure up all sorts of impossible situations.

Mr. DANAHER. Oh, yes.

Mr. WAGNER. But I do not think anybody would be so bold as to suggest that Mr. Jones, in charge of this matter, would lend $500,000,000 to one particular enterprise in some Latin American country. We must assume that these men are going to do the thing sensibly and soundly, as they have done heretofore. Mr. Jones' record is, I think, a very commendable record both for enterprising and for conservative financing; and I think the country, and I am sure Congress, is willing to trust him.

Mr. DANAHER. Mr. Jones is entitled to our very great confidence, and I applaud his endeavors. I respect and regard him very highly. Do not mistake me at all. When the Senator says, however, that Mr. Jones is to do these things soundly, there being no statement of the objectives sought to be achieved or the manner in which they are to be achieved, if the Congress sets no yardstick, it comes down to this: We are taking a half billion dollars of American money, turning it over to persons in whom we are to repose confidence, and saying to them, "Do whatever you choose to achieve the objectives that we set out." Is not that so?

Mr. WAGNER. No; I think the Senator is not making a correct statement. We are setting out objectives in the bill, just as we set out objectives when we originally authorized the incorporation of the Export-Import Bank. Those powers were very general. They were not restricted. Under that authority I think everybody will concede that the Export-Import Bank has done a marvelous job, if I may say so, in helping our industrialists and our farmers to export their products by the use of the facilities of the Export-Import Bank. It has been done so well that large sums have been used for that purpose. There has not been a single default in any of the loans made to the Latin American countries. On the contrary, to date over 3-percent profit has been made on all of the bank's transactions. I think that is a commendable record.

Mr. DANAHER. Let me say to the Senator from New York that the function of the Export-Import Bank under powers previously granted to it, to which the record referred to by

the Senator applies, is by no means the power conferred by this bill; quite the contrary. This bill contemplates loans to countries already in most instances in default to us, whereas the original measure contemplated facilitating exports by American exporters, so that we were actually lending money to American corporations and American firms, and the Government was taking their paper in cases in which individual banking concerns did not or could not take it. Is not that the fact?

Mr. WAGNER. The fact is that this bill broadens the powers of the Export-Import Bank; and I tried yesterday to state the reason for it. It is a very obvious reason—that we are trying to expand our own trade opportunities, and at the same time to aid the Latin American countries in their economic difficulties, rather than abandon them at a time when economic chaos may very well drive them into the Axis camp. Yesterday I gave a number of instances of the activities of Nazi groups in Latin America; Nazi elements are gradually seeking by economic and other means to control the political instrumentalities of the different governments.

Mr. DANAHER. Is that what we are trying to do, Mr. President?

Mr. WAGNER. Are we trying to do what?

Mr. DANAHER. To control the political instrumentalities of the South American Governments.

Mr. WAGNER. We are not trying to do that. Among other things, we are trying to help protect the Latin American countries against those activities on the part of others.

Mr. DANAHER. In other words, we would extend our political control instead of allowing some other country to extend its political control? Is that it?

Mr. WAGNER. Of course, the Senator may say what he likes. Way back in 1823 President Monroe stated that we were going to protect this hemisphere against invasion, or the introduction into those countries of foreign systems of government; and we felt that we took that position not only for their protection but for our own protection and defense. Now a new method of foreign penetration has arisen, by insidious means, first by getting economic control, and then, as a result of that economic control, imposing Nazi philosophy upon the governments of the Western Hemisphere.

Mr. DANAHER. Mr. President——

Mr. WAGNER. One moment, and then I will let the Senator make his own speech. I am talking about realities, not conjectures.

Consider the situation in the Balkan countries today. Every one of them now is controlled by the axis, and every one of them has been so controlled by gradual steps. Take the case of Jugoslavia——

Mr. DANAHER. Mr. President——

Mr. WAGNER. Will not the Senator permit me to answer him? I want at least to conclude my sentence.

Mr. DANAHER. Very well.

Mr. WAGNER. Take the case of Jugoslavia. In 1934, I think, they were in great difficulties. Agricultural surpluses had accumulated to a point where there was grave economic distress in the country. The Nazi government came along and gave them for their agricultural commodities prices 25 to 30 percent above the world market. Then, after saving the situation, the Nazi government gradually came in, step by step, and exacted more and more economic conditions. Jugoslavia lost its other markets because it had to deal exclusively with the Nazi government instead of with its former customers. The Nazis then used their economic control to destroy competing local industries.

We do not want to have those things happen in this hemisphere. I think it is fair, from that standpoint, to help the Latin American countries; and in the long run it will be greatly to the advantage of our economy to make small, judicious loans to aid them to rehabilitate themselves, and to make them better markets for our products.

The Senator remembers that at the Habana Conference not very long ago a resolution was adopted providing for mutual aid, economic as well as political. It seems to me that if we abandoned them now in this critical time we would be repudiating an agreement reached at a conference when all the 21 Latin American republics were present and subscribed thereto.

Mr. TAFT. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. TAFT. Does the Senator from New York consider that that agreement has the force of a treaty without it having been submitted to the Senate or in any way having received the consent and advice of the Senate? Does the Senator say we now are bound by an Executive agreement, and that therefore we must pass this bill in order to effectuate that agreement, which never was submitted to the Senate?

Mr. WAGNER. Does the Senator believe we should not help the Latin American countries in this critical time?

Mr. TAFT. As usual, the Senator entirely avoids my question. I will explain later to what extent I think we should assist them. I am asking the Senator whether he thinks we are bound by an agreement which was not submitted to the Senate of the United States, which, in my opinion, was a treaty, and should have been submitted, and now is used as an argument by the Senator as to why we should pass this bill.

Mr. WAGNER. I believe we should help the Latin American countries in conformity with a resolution adopted at a conference where all the 21 countries of the Western Hemisphere were represented. That is my view about it.

Mr. DANAHER. Mr. President, let me ask the Senator from New York how the South American countries will repay any loans which we may make to them, other than through exports to us?

Mr. WAGNER. The way they have been doing it up to date.

Mr. DANAHER. That is through exports.

Mr. WAGNER. They have exported their commodities to our country and they have received sufficient credit as a result of such exportations to pay their debts. I have stated several times that the Export-Import Bank has been financing these transactions, and to date there has not been a single default. They have paid their indebtedness. Furthermore, the Export-Import Bank made a profit of 3 percent on all its transactions.

Mr. DANAHER. Mr. President, let me first respond to the Senator from New York by pointing out that when he takes the instance of the Balkan countries and what happened to them, he is predicting precisely what will happen as the result of this proposal, for Great Britain undertook to do this very thing for the Balkan countries. So long as she continued to furnish them with loans they were enabled to do business with her; but the moment she withdrew from the business of paying for her own exports those countries collapsed, and that is precisely what will happen in the case of the South American countries if we continue this policy. So the instance the Senator from New York gives is wholly invalid as an argument upon which to predicate his conclusion with reference to this bill. Quite the contrary, it supports the opposition, who have predicted that precisely that ill and evil result will follow should the Congress enact this legislation and follow out the line of the argument of the Senator from New York.

Let me go one step further and point out that Mr. Jones has told us that the reason defaults have not occurred up to date is that the maturities have not yet expired, the result being, of course, that things are written into the future. The maturities will come along in due course. Mr. Jones has testified as to the matter on page 20 of the Senate hearings.

Let me point out to the Senator, when he says that they will pay us in the future the way they have in the past, that this may be an appropriate time to call attention to the way they have paid us in the past.

Argentina today has outstanding loans from American investors to the amount of $233,000,000, in round figures, only $20,000,000 being in default, however.

Bolivia has $60,000,000 and is entirely in default.

Brazil has $356,000,000 and is entirely in default.

Chile has $182,000,000 and is entirely in default.

Colombia has $146,000,000 and is in default for all but $3,000,000.

Costa Rica is in default for $8,000,000, her entire commitment.

Cuba took $125,000,000 and still owes us $42,000,000.

Ecuador took twelve million and still owes us twelve million.

Guatemala took five million and still owes us three million.

Haiti took eight million and still owes us eight million.

Mexico took two hundred and seventy-three million and still owes us two hundred and seventy-three million.

Panama took seventeen million and still owes us seventeen million.

Peru took eighty-five million and she is in default for the whole amount.

Uraguay took fifty-six million and still owes us five million.

Mr. President, if we could not buy the goodwill of the South American countries on the basis of the hundreds of millions of dollars, reaching into the billions, we have already loaned to them, on what basis does the Senator expect we will be able to buy their goodwill in the future in pursuance of this good-neighbor policy?

Let me say to the Senator from New York that if he says we are bound, as a result of the Habana conference with the 21 South American republics, to enact the proposed legislation, we should also consider the fact that only on October 8, 1939, we entered into a convention with the very same countries at Panama. We agreed with them at that time that not any one of the respective countries would send out armed vessels to become part of the complement of a belligerent in the present war. We did that in furtherance of our common neutrality objective. But the first country to send vessels out in violation of the convention we adopted was the United States. So, if that is the type of argument the Senator from New York chooses to rely upon in support of this type of legislation, then I submit that, too, is as invalid as the other contentions he has offered.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. NORRIS. I should like to ask the Senator a question in connection with the figures he has just given. Do they represent the indebtedness owed to the Government of the United States, to the Export-Import Bank?

Mr. DANAHER. No.

Mr. NORRIS. It is debt due to individuals and corporations?

Mr. DANAHER. Investors; yes. Let me say to the Senator from Nebraska that, of course, the Export-Import Bank in all respects, although the Government, through the R. F. C., will own its capital, stands in the relation of a private dealer with reference to these very countries. That is one of the iniquities of the bill.

Mr. NORRIS. I am trying to ascertain whether the loans which have been made, as the Senator has stated, came in any way from the Export-Import Bank.

Mr. DANAHER. No.

Mr. NORRIS. Or whether they are merely investments made by American citizens and corporations.

Mr. DANAHER. They were private loans, made through the floating of bonds and other securities in this country, and their sale to private investors in this country. Of course, they were bonds of the South American countries.

Mr. LODGE. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. LODGE. Due to being detained in meetings of the Finance Committee, which has been sitting for so many days, I have not been able to hear all the debate, and I should like to ask the Senator whether there is anything in the pending bill which provides that these funds shall be used for the development of products such as tin and rubber, and kindred products, which are advantageous to the United States, and which we now have to obtain from a great distance.

Mr. DANAHER. I will answer the Senator by calling to his attention the fact that in line 10, page 3, we read as one of the purposes—

> To assist in the development of the resources * * * of the countries of the Western Hemisphere.

Let me answer the Senator further by saying that when Mr. Jones, in charge of all this business, was before our committee, he told us candidly and frankly that they had no plan whatever; that they did not know how they were going to operate; that they did not know just what they would do. They said:

> Make $500,000,000 available to us, and if we see a plan which to us seems feasible, then we will be enabled to effectuate it.

No doubt the development of the resources of these countries might very properly include the development of supplies of tin, antimony, and other products not indigenous to our country.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. TAFT. I should like to explain to the Senator from Massachusetts that the amendment which I have offered, and which is now the pending question, restricts the purpose of the act and provides—

> Such loans shall only be made for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials * * * not produced in the United States in appreciable quantities and which are required for use in the United States.

In other words, that seemed to me the only valid purpose of the bill, and the amendment which I have offered intends to limit the proposed law to that one purpose.

Mr. LODGE. I am much obliged to the Senator from Ohio. That is what I wanted the Senator from Connecticut to discuss, that there is one compelling thought so far as relates to anything being advantageous to the United States, insofar as developing certain resources so much nearer home is concerned. The point that has always struck me is that if we want to bring about the development of some strategic and critical materials which we do not produce in this country, we can develop a program designed especially for that purpose, and deliberately and concretely follow it up, and not adopt a broad, general scheme which has many other ramifications. That is the point I wanted to have the Senator discuss.

Mr. DANAHER. The observation implicit in the remarks of the Senator from Massachusetts is perfectly sound and valid. In part we attempted to do that when we adopted an amendment submitted by the Senator from Arizona to the R. F. C. law. The Senator will remember that we added to the capital and resources of the R. F. C. in order to make possible the development of sources of raw materials in this country, and that, no doubt, would include Alaska.

To answer the Senator from Massachusetts, if we had before us a scheme for the development of natural resources through American capital, through American corporations, whether in Alaska or in Mississippi, or in other States of this country, or in South America, it would be in furtherance of a very definite and a very worthy objective.

Mr. LODGE. The Senator has not made a completely negative approach to this question at all.

Mr. DANAHER. No; quite the contrary. I am trying to discuss the argument of the Senator from New York and show that he purports to base his argument on the splendid literary effort which we heard yesterday afternoon. He himself called it evidence, but it was not presented before our committee at all. If Senators will read the RECORD of yesterday's proceeding they will find that the Senator from New York introduced much matter which never was in our contemplation, which never was submitted to us. No facts in connection with the subject were gone into at all, and, quite the contrary from being evidence, it was an argument being offered by the Senator from New York. I feel that the argument is invalid in many particulars, some of which I am seeking to explore, and

one of which I point out is that there is no plan before us for the development of these resources or for the stabilization of our economies. Consequently that phase of the matter must be left to some persons—I do not know whom, but Mr. Jones intimated that it might be the President, the Secretary of State, and the other officers of the Export-Import Bank—who can take $500,000,000 of American money and do anything they choose with it.

Secondly, the Senator from New York talked about orderly processing of surpluses, so to speak. In other words, he hints vaguely that there will be a surplus of cotton and a surplus of coffee in South America, and apparently American capital will take up those surpluses and take them off the world's markets, and that Brazil, for example, which cannot find a world market for its coffee, will be able to sell its surplus coffee to us.

As I see it, pursuing that idea to its logical conclusion, we shall be obliged to sell the same commodities in due course to the Federal Surplus Commodities Corporation or some other Government unit. If the South American countries sell their surplus commodities to us, then when we sell them, in turn we can only hope to receive payment for them in products. For instance, if we sell to France the South American surplus commodities which we take over, that means that France must import to us manufactured products in payment, which, in turn, will result in our American manufacturers and American labor being obliged to compete, in their manufacture of products, with products which are brought into this country in payment for the surpluses in question, which, for example, may be coffee which we take from Brazil, and for which we pay in American money, through the Export-Import Bank, with no restrictions and no control by the Congress; in fact, as the Senator from New York has admitted, without even a plan before us.

Mr. VANDENBERG. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. VANDENBERG. I am under the same disability the Senator from Massachusetts [Mr. LODGE] has indicated he is under, having been tied completely in the Finance Committee for 10 days on the pending tax bill.

Mr. DANAHER. If the Senator will permit me to interrupt him for a moment, I will say to him that even if he had been present in the Banking and Currency Committee he would not have heard the argument and the facts presented there which he heard stated by the Senator from New York [Mr. WAGNER]. The Senator from Michigan has not missed anything by not having been present at the hearings in the Committee on Banking and Currency.

Mr. VANDENBERG. I can assure the Senator from Connecticut that, if he had been in the Finance Committee and tried to probe the imponderable mess we are dealing with, he would be equally in the dark regarding everything.

Mr. DANAHER. I was not there, and yet I must say I am confused.

Mr. VANDENBERG. I want to explore one suggestion which I heard the able Senator from New York discussing as I entered the Chamber. I heard him describe a process by which the Balkan states were aided through the introduction of foreign capital for the purpose of lifting their agricultural surpluses off the market at a substantial price above the world level. Is that contemplated by the funds which are proposed to be made available by the pending measure?

Mr. DANAHER. Let me answer the Senator from Michigan in this way, that if it is, it was never explained to the Committee on Banking and Currency, and I attended its hearings. Let me say further to the Senator from Michigan that if that is the contemplation, it is born of the argument offered by the Senator from New York, which in turn, I take it, represents the views of those who will undertake to administer the funds in question.

Mr. VANDENBERG. Will the Senator allow me to ask the Senator from New York whether it is contemplated to lift agricultural surpluses in South America with these funds and subsidize them at prices above world levels?

Mr. WAGNER. Mr. President, there was no such suggestion made before the committee, nor have I heard any such suggestion made anywhere. The only point that Mr. Jones made, as I recall, and which has been generally stated, is that there may come an emergency situation—there is not any specific case before us now—where the dumping of those surpluses on the markets of the world might seriously affect the agricultural commodities which we export to the same markets. We may want to aid these countries as well as to protect our own agricultural commodities from that terrific drop in the market, and the resultant depression. We may not be able to afford complete protection to our own agriculture, but certainly, under the circumstances, we should try to help our own agricultural interests as well as to prevent chaos in Latin American countries, with resulting diminution in their ability to buy our goods. If some limited help can be afforded under loans proposed to be made, I think they should be made.

Mr. VANDENBERG. Mr. President, as I entered the Senate Chamber I heard the Senator from New York describing the process by which the Balkan states were aided for a time, through external financial help, to take their agricultural surpluses at prices above world levels. Was the Senator indicating that as a sample of the type of thing which is to be done under this bill?

Mr. WAGNER. No. I was giving an example of Nazi activities, which consisted first in penetrating a country by economic methods in order to secure control of the economy of the country, and when that was accomplished, superimposing their political philosophies.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. VANDENBERG. I ask the Senator to withhold his request for a moment.

Mr. WAGNER. Of course, I do not suggest that we adopt any such plan.

Mr. VANDENBERG. I understood the Senator was describing the Nazi process, and that he drew the conclusion that we had to fight the devil with fire, and that that was one of the methods which would be available to us under the provisions of the bill.

Mr. WAGNER. There is nothing in what I suggested which would justify the Senator from Michigan in drawing that conclusion.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. TAFT. I should like to read to the Senator from Michigan what the Senator from New York said yesterday in the Senate. He said:

> I have here an item from the Washington Post of August 2. It is headed "Coffee and sugar skid to new lows as war piles up United States surplus." It goes on to give figures which spell tragedy for the people of the American republics—85 cents a hundred pounds for sugar, 5½ cents a pound for coffee. So it goes for most of the main products of our neighbors to the south.

Then his argument is that we should extend loans and boost those prices exactly as he said Germany did in Yugoslavia in recent years.

Mr. VANDENBERG. I thank the Senator from Ohio for his exhibit.

I wish somebody would shed a few tears about the effect of the sugar depression upon several hundred thousand American farmers who are caught in the same terrific depression, a portion of which is produced by our own American sugar policy.

Mr. JOHNSON of California. Oh, well, that would be outrageous.

Mr. REED. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. REED. I should like to ask the Senator from New York a question. The Senator from New York referred to the fear he had, if I correctly understood him, that the situation in South America might be reflected in lower prices for American agricultural exports. Did I understand the Senator correctly?

Mr. WAGNER. Yes.

Mr. REED. Very well. The greatest items of export of agricultural commodities from the United States are cotton

and wheat. Aside from agricultural products, we export a great deal of oil. Does the Senator from New York mean to say that we are going to help the export of cotton and wheat from South America, when we are now paying a subsidy for the export of American cotton and wheat, raised by United States farmers, which is the only way we can get into the world markets?

Mr. WAGNER. The Senator from Kansas did not do me the justice of listening to all I said. I said that the Export-Import Bank might well act if the drop in prices of the surplus commodities of Latin American countries affected adversely the sale of our products in foreign markets, and then we would be justified in doing something to stop the fall of prices of our own commodities.

Mr. REED. With the permission of the Senator from Connecticut, may I ask the Senator from New York another question?

Mr. DANAHER. I yield.

Mr. REED. Let us suppose the United States of America, with the taxpayers' money, undertook to raise above the world price level the price of cotton and wheat produced in South America. We would virtually have to buy it and bring it here, and we already have a surplus of those commodities. The Senator from Michigan [Mr. VANDENBERG] has pointed out that we raise a part of the sugar we use, and that the American sugar producer is suffering from the depressed price of sugar in the same way as the sugar raiser of South America.

If the amendment proposed by the Senator from Ohio were adopted, and the use of this money were limited to the development of critical and strategic materials, or other things in South America which we do not produce in the United States, and in which we can trade, a different picture would be presented. But as I understood the statement made yesterday by the Senator from New York, to a part of which I listened—and I agree with the Senator from Connecticut that he made a beautiful literary effort—I am unable to follow the soundness of his statement now as to dealing with South American surpluses of commodities with respect to which we have our own surpluses. We are under great difficulty in moving our own surpluses into foreign markets. Every Senator from a cotton-producing State knows of the tremendous accumulation of cotton in this country which we should be glad to move. Are we to finance the movement of cotton from South America into the world market in preference to our own? Are we to finance the movement of wheat from South America into the world market when we have a surplus of wheat in this country which we have to subsidize in order to get into the foreign market?

Mr. WAGNER. The Senator himself has made a fine literary effort, so I return the compliment. However, the Senator is ignoring the point I made, and his argument does not in any way touch the suggestion I have made, that if the authority shall be exercised at all, it will be to protect our own agricultural products in foreign markets. If the circumstances are such that by loans we can produce such a result, the power will be exercised; but I think the power certainly ought to exist.

Mr. REED. Mr. President, I happen to come from one of the important agricultural States, producing one of the main agricultural surpluses; and I am unable to follow the argument of the Senator from New York to the effect that the plan he proposes would protect our agricultural surpluses. In my opinion his plan would do nothing except to dissipate $500,000,000 of American money throughout South America.

Mr. DANAHER. Mr. President——

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield for a moment. I wish to conclude.

Mr. BARKLEY. Will the Senator yield for one observation?

Mr. DANAHER. Very well.

Mr. BARKLEY. Does not the Senator from Kansas think it would be to the advantage of American producers of wheat, corn, and other products which are exportable, if by any system of cooperation between the United States and the countries of South America those countries were better enabled to hold their own products off the market, rather than to dump them on the world market and drive prices down, the effect of which would be reflected upon our own products?

Mr. REED. Let me ask the Senator from Kentucky if he thinks it could possibly help us to build up surpluses of wheat or beef in Argentina, or coffee, which heretofore has been burned, in Brazil?

Mr. BARKLEY. I am not talking about building up surpluses of corn, wheat, and coffee. However, I do not see how coffee comes into competition with anything produced in the United States.

Mr. REED. I grant that it does not.

Mr. BARKLEY. What I am talking about is creating economic cooperation between our country and South America which will make it possible for South American countries to hold off the market their own products which are now surplus and feed them to the market at a time when they can be absorbed, rather than to dump them on the market and thereby drive down the world price, so that our own prices in the world market would fall.

Mr. REED. The distinguished Senator from Kentucky does not come from a great cotton-producing State, although it produces some cotton.

Mr. BARKLEY. My State produces considerable cotton.

Mr. REED. However, the Senator from Kentucky is thoroughly familiar with the cotton situation.

Mr. BARKLEY. Kentucky produces more cotton than does Kansas.

Mr. REED. That is correct; but not so much wheat.

Mr. BARKLEY. Not quite.

Mr. REED. One of the troubles in marketing American cotton is the competition with Brazil. Brazil is expanding her production of cotton. She is one of our principal competitors.

I shall not take the floor from the Senator from Connecticut; but if the proposal before us is to take $500,000,000 and distribute it among the South American countries in such a way that it will never be repaid, we should frankly say so. If the Senator from New York, in charge of the bill, or whoever is responsible for it, will frankly say so, that is one thing; but when any Senator undertakes to say on the floor of the Senate that this plan has even remote possibilities of assisting in disposing of United States agricultural surpluses, or protecting the prices at which we export, the argument is so fantastic as to be beyond the bounds of reason.

Mr. DANAHER. Mr. President, briefly in conclusion, I feel that the argument offered by the Senator from New York wholly fails to sustain the objectives declared in the bill. I feel that the bill itself is deficient in that it gives the Congress no plan. There is no opportunity for the creation of a yardstick by which to measure and gage the activities which are to be carried on under it. I notice that it removes a very salutary provision which the Congress hitherto has put into the Export-Import Bank law, namely, that there shall be no loan in excess of $20,000,000 to any country. The bill contains no limitation whatever on the exercise of the authority of the Administrator.

Above all, Mr. President, let me call attention to something unique—or perhaps I should say that by this time it has lost its uniqueness and has become a customary device. It will be recalled that last year we had before us a so-called self-liquidating projects bill. Efforts had been made to double the capital of the Export-Import Bank, and the Congress had rejected the proposal. We had a self-liquidating projects bill, and when we got through we discovered that we had increased the capital of the Export-Import Bank.

In January, when we came back, we discovered a bill introduced by the junior Senator from Michigan [Mr. BROWN], the title of which indicated that it was a bill to aid Finland. However, when we got through with it we found that we had doubled the capital of the Export-Import Bank, increasing it from $100,000,000 to $200,000,000, and we had struck out any semblance of reference to Finland. There was no aid to

Finland inherent in the bill. The fact is that it was a pure subterfuge to double the capital of the Export-Import Bank.

We now have before us a program to increase the capital of the Export-Import Bank from $200,000,000 to $700,000,000 and to extend the life of the Corporation for several more years. The fact of the matter is that this particular proposal has nothing whatever to do with the original purpose of the Export-Import Bank. The plan under which the bank was authorized and chartered in the first place, according to the statement of purposes prepared by the bank itself under date of June 15, 1938, was as follows:

> The object and purpose of the Export-Import Bank of Washington (hereinafter called the Bank) is to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof.
>
> In furtherance of said objects and purpose, the bank is authorized to do a general banking business; to purchase, sell, negotiate, and discount, with or without its endorsement, notes, drafts, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness, and, with the approval of the Secretary of the Treasury, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt; to purchase and sell securities, including obligations of the United States or any State thereof, but not including the purchase with its funds of any stock in any other corporation; to accept bills or drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to lend money; and to do and to perform the necessary functions permitted by law to be done or performed in conducting such enterprise or business.

Hitherto, an exporter or importer made application to the bank for credit. He wrote directly to the bank in Washington, or applied through his own commercial bank, setting out the amount of credit he desired, the proposed terms of payment, the name of the foreign country to which the export would go, the name of the purchaser, the security for the proposed credit, and similar items, which any sound banking institution would require. However, the bill does not contemplate any such activity; quite the contrary. It enables the United States, with untrammeled discretion, to engage in the political penetration of other nations without any limitation whatever, under the guise of stabilizing the economies of other nations, when we cannot stabilize our own.

The bill states its purpose to be—

> In order to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere.

We have not succeeded in bringing about an orderly marketing of surpluses even within our own boundaries.

To recur to the reference of the Senator from Massachusetts [Mr. LODGE], the bill would undertake to "assist in the development of the resources." That is, eo nomine it would; in terms, it is so stated. However, there is no plan of action. There is no outline of the scope of the objective or plan, or the extent to which it would go. So it seems to me that once more we find a bill which purports to have an allegedly valid objective, undertaking almost—shall I say secretively?—to accomplish some very different result. It is part and parcel of the type and pattern of thing which has come before the Congress month in and month out. In my opinion, the bill should be defeated.

Mr. CLARK of Idaho. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I think the able Senator from Connecticut will concede that in the nature of things we could not write a plan into a bill any more than we could write into the bill the individual loans to be made in the future. I supported the bill in the committee, and I intend to support it in the Senate. It occurs to me that we could no more put a plan in a statute than could a group of stockholders, in forming a bank, tell who their customers for loans would be.

Mr. DANAHER. The Senator from Idaho is a most able and respected member of the Committee on Banking and Currency; but when he and the Senator from Arizona desired to have the Reconstruction Finance Corporation Act amended in order to permit loans to small mining corporations and mining units to explore lodes, engage in development, and otherwise to seek out gold, tin, and other supplies of raw materials, some of which were critical and strategic materials necessary for our defense, he ably supported and sustained his presentation. However, he had a plan. He had a basis, because he tied his plan in with the Reconstruction Finance Corporation, with respect to which there is a method for gaging how much money will be utilized, for what purpose, and under what circumstances. Will not the Senator from Idaho concede that every proposal which he advanced in that connection was logically and properly tied in with a plan?

Mr. CLARK of Idaho. No plan was written into that statute. We developed the plan in precisely the same manner in which the plan is proposed to be developed in connection with the pending bill. The bill to which the Senator refers authorized the Reconstruction Finance Corporation, under proper regulations, to make loans to small mining companies for development. I think there was an amendment offered which restricted those loans to critical and strategic materials. I understand that is the purpose of the amendment of the Senator from Ohio, and it may be they should be so restricted. I have not determined what I shall do on the amendment of the Senator from Ohio.

Mr. DANAHER. The Senator knows, if he will pardon me, that the R. F. C. restrictions are imposed by law, and that certain standards of operation have been created, does he not?

Mr. CLARK of Idaho. I do not know of any standards in the statute; that is all done by regulation.

Mr. DANAHER. Does the Senator not know that the very amendment which he offered contained an outline of the circumstances under which loans could be made?

Mr. CLARK of Idaho. I think not. I think there was no attempt to write departmental regulations into the statute.

Mr. DANAHER. In any case, let us leave it in this way, that we differ slightly in our recollection as to the intendment, scope, and verbiage of the Senator's language, but this much we are agreed upon, that at least the Senator did not come here with a bill to increase the capital of the R. F. C. and to permit untrammeled discretion as to the development of the resources of any country. Is not that correct?

Mr. CLARK of Idaho. That is correct. Of course, Mr. Jones was very candid before the committee, as the able Senator from Connecticut so well recalls. He said in the nature of things he could not have a plan. He said that first he had to have the funds available. He did give us certain specific instances. I think he mentioned that negotiations were under way with a foreign country to build a steel plant within its borders; that they were raising a part of the capital and that he intended, under proper circumstances, to advance a sufficient amount more to enable them to construct the steel plant. There was reference also, I believe, to a possible tin smelter, and then there was considerable reference made to certain loans which might be made to aid in the orderly marketing of agricultural products. Those things will have to be considered when they arise. I have followed with attention the Senator's argument, but I think he has overemphasized the lack of a plan, because a plan cannot be formulated until the money is available, until it is known what it is we want to do under certain individual circumstances.

Mr. DANAHER. The Senator knows that in the case of the control of the surplus situation in our own country we outlined a plan; we created a Federal Surplus Commodities Corporation, did we not?

Mr. CLARK of Idaho. Yes; but I do not think, if the Senator will permit me, that there is any intent to buy up agricultural surpluses in South America.

Mr. DANAHER. Let me point out to the Senator from Idaho that he is overlooking the fact that one purpose of the bill is to assist in the orderly marketing of the products of the countries of the Western Hemisphere. We have commonly heard that term as used in this country, explained. I think, according to the Secretary of Agriculture, "orderly marketing" is the taking of surplus products off the market. That is precisely what it has meant and what it has come to mean,

and yet we do not undertake to say how America's $500,000,000 are going to be used in South America in anyway whatever. Does the Senator concede that there is a complete lack of plan in that particular? We impose the plan upon our own country, but none upon the South American countries?

Mr. CLARK of Idaho. I will concede that the language is quite broad, but if I had thought there was going to be anything in the nature of a cartel, or a gigantic scheme to buy up surpluses, I would be as opposed to this measure, as is the Senator from Connecticut. But my understanding was—and I think it is fairly clear from the testimony of Mr. Jones—that these loans were going to be made individually, to individual banks or to individual countries, under certain circumstances, for different and, perhaps, unrelated purposes. Does the Senator find anything in Mr. Jones' testimony before the committee that would indicate a scheme to organize a cartel to undertake in some broad way to buy up the surpluses of South America?

Mr. VANDENBERG rose.

Mr. DANAHER. I will answer the Senator's question briefly before yielding to my colleague from Michigan.

Mr. President, let me say that there has been far too much done already in the trend of this very broad legislation, to adopt the Senator's words. "Broad" is no word for it; it is limitless. The fact of the matter is that there is nothing about it to indicate that there will not be a cartel plan or any other device that someone in Washington decides to employ. When we find that the Attorney General can write an opinion to the effect that the President can dispense with the Congress in dealing with extraterritorial jurisdiction of territory not even within our control and possession, I hesitate to think what he will do under a plan that authorizes him to enter into political manipulation of countries without there being some limitation created by the Congress as to how the $500,000,000 is to be spent. Moreover, I believe the $500,000,000 is a down payment on perpetual grief.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. VANDENBERG. I should like to pursue the inquiry under the recent discussion a step further. There seems to be no way to tell what the plan is. I am wondering if there is any way to tell what the plan is not? That is of equal concern to me. The Senator from Idaho has been discussing the cartel idea. As I read the newspapers, when this proposal was born, it was born in connection with the cartel program to mobilize all agricultural surpluses of North and South America and sustain them on credit from the United States Treasury.

Mr. DANAHER. That is correct.

Mr. VANDENBERG. Then I read that the plan under exploration had been abandoned, which was certainly a concession to common sense. I want to know if it has been abandoned or whether this bill in its ultimate scope would permit the original cartel idea to be pursued.

Mr. DANAHER. Let me say to the Senator, in the first place, news leaked out of the Habana Conference to the effect that the cartel plan had been abandoned, but we certainly could not expect, the way things are going, the Senate to know what is going on or what the facts are or whether the treaty negotiated at Habana binds us to anything, when it has not been submitted to the Senate. We lack the background, and therefore I cannot answer the Senator's question. I suspect, however, that we are reliably informed, as we usually are, by the press that the cartel plan was rejected at Habana. I hope it was.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. WILEY. I should like to express a few ideas and get the Senator's reaction to them. I first mention the fact that the bill itself does not suggest any plan, but I think it is generally conceded that the bill itself is in pursuance of a plan. What is that plan? We all know that while, in one sense, we are not at war, in another sense, we are engaged now in a great commercial war, as is conceded by those in control of affairs in Washington. It may be said that Germany is attempting to take over the control of South America. Let us see what that implies. It implies that she is penetrating South America commercially; and, perhaps, if she should overrun England, she would penetrate South America politically, attempting to make the countries there her colonies.

We know that the products South America raises are practically all in competition with the products we raise, and, as suggested by the Senator from Kansas [Mr. REED], we are in no position to continue to buy up those products. Yet, in view of the fact that Germany needs the products South America produces, in view of the fact that when the war is over, all Europe will need what South America produces, it seems as if we have engaged or are about to engage in some kind of a commercial war that may prove very dangerous to our future welfare. Here we are entering by a side door the cartel plan of Mr. Wallace. Let us watch our step.

It was suggested a few months ago that we should get a strangle hold on South America, so that we could stop Germany from entering South America and obtaining control of conditions there. The cartel plan has apparently been abandoned, but has it? I am interested in knowing the truth.

If we provide the additional $500,000,000 to be loaned to South America in furtherance of the defensive program—and I know that the proponents of the bill are serious in saying that we must do that in order that Germany may not get control, the question is whether next year there will not be another $500,000,000 needed.

What we should do, as I see it, is to understand this plan, get a grasp on what this thing really means, and then decide our course. Is it an entering wedge, as suggested by the distinguished Senator from Connecticut, not only for an attempt to take control of all the economics of South America, but because they are Latin Americans, also to take control of the politics of South America? The question is, Where are we taking the United States of America? Where are we taking the economy of the United States? Where are we taking our own land so far as safety is concerned?

Mr. President, the situation is serious. It calls for serious consideration of all the future contingencies. A step taken now may prove very disastrous.

What are our responsibilities under the Monroe Doctrine in view of the changed world conditions?

Is America going to attempt to regulate produce in South America? Our investments therein so far have been unprofitable. Let us pause and do some thinking before we take this step.

I have talked to some of the statesmen whom I call New Dealers, and they are sincere in the belief that in order to protect the United States we must economically and practically politically put our money into South America.

We must think this thing through. My mind is confused. I do not know where we are going to end if we follow this course. I do not know in which direction we are going; but I say that if we do take over the productivity of South America we shall be taking over and getting in abundance goods which we produce here. So I should be very much in favor of the amendment of the Senator from Ohio [Mr. TAFT], under which, if we are to provide this additional power to Mr. Jones, it shall be used to produce things which are essential to our defense, and which we cannot produce in this country. I should like, however, to have the reaction of the Senator from Connecticut to the idea I have mentioned.

Mr. DANAHER. Let me say to the Senator from Wisconsin that I am about to conclude, and I shall be more than happy to hear further exposition of his views in due course. Briefly, however, making reply, let me say that there were not submitted to the Banking and Currency Committee any plans. There was not submitted to us any outline of the scope of the intended operations. We do not know whether or not there are German business houses in Brazil, or in the Argentine, or in any of the South American countries. We do not know whether or not there is Nazi infiltration, and, if so, to what

amount and to what extent. We do not know the type of competition they are likely to offer to us. We do not know the facilities of Brazil or any other South American country to acquire German products, whether under a barter system or any other.

Remember, I keep using the terms "German" and "Nazi" simply for the reason that the Senator from New York [Mr. WAGNER], as he argued for the bill, pointed out that part of his plan at least, and what he has in mind, is to defeat any possible infiltration into South America in competition with us from German sources; and I take it from the remarks of the Senator from Wisconsin that that is what he, too, had in mind. So I must say to him that there were no such ideas submitted to us, and no evidence concerning the matter. Had there been, I have not any slightest doubt that intelligent consideration could be given to whatever the problem might be as thus presented. But so far as the committee are concerned, all of us stand on whatever we happen to know from the newspapers or from any other sources, and that is all that we had before us. With that sort of thing, it seems to me the argument bogs down; that it will not sustain the claims made for the bill by the Senator from New York.

In conclusion, I am in favor of giving the Export-Import Bank $500,000,000 more to enable American exporters to export their products to South America or anywhere else in competition with the exporters of Germany or any other country. I am perfectly willing to have credit facilities made available to American exporters on whatever basis our own authorities decide is right and proper; but in that instance we shall be dealing with an American entity over which we have control and to which we may properly make loans.

In other words, the matter of an increase in the capital of the Export-Import Bank, the exigencies of the international situation being what they are, is by no means the touchstone in this process; not a bit of it. What is being offered to the Senate and to the country under this bill is something far different and with implications far beyond our present imagination, since we do not even know what the authorities are going to try to do under the bill.

For those reasons I certainly shall support the amendment of the Senator from Ohio [Mr. TAFT]. I also believe that unless the bill is remedied in several other particulars it should be defeated.

Mr. TAFT obtained the floor.

Mr. LODGE. Mr. President, will the Senator yield to me?

Mr. TAFT. I yield.

Mr. LODGE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Bilbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, I listened with interest to the statement of the Senator from Connecticut [Mr. DANAHER] that no plan was presented, and that there apparently is no definite plan as to what this $500,000,000 is to be used for. But I think it is fairly clear that the principal purpose of it is to provide for the lending of money on agricultural commodities of which there may be a surplus in South America. I do not think there can be any doubt about that. The bill itself probably states the broadest purpose in the lending of money ever stated in any act which has been submitted to this body:

> To assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere.

If any broader purpose could be stated, I do not know what it would be, unless we extended the authority to all the countries of the world. Just think of today undertaking the job of stabilizing the economies of every country in Central America and South America. Think how we have failed to stabilize our own economy. Think how tremendously difficult it is. Think how the goal is one which is impossible of accomplishment, and how any conceivable means might be used under the terms of the bill.

The bill increases the lending power of the Export-Import Bank by $500,000,000. It takes off the limitations formerly imposed on loans to any one country. It takes off the limitation which up to this time has prohibited the Export-Import Bank from lending money for the export of arms, ammunition, and implements of war. As originally submitted to the Committee on Banking and Currency, it repealed the Johnson Act and repealed the Neutrality Act, so far as loans of this kind were concerned. As originally submitted to the Committee on Banking and Currency, it also increased the borrowing power of the R. F. C. by an indefinite amount. I have great confidence in Mr. Jones, but my experience with legislation which he sponsors is that he puts no limit whatever on his power, and the pending bill, as originally submitted, authorized the R. F. C. to borrow any amount of money whatsoever which might in any way be necessary in connection with national defense. Incidentally, the House has passed a bill somewhat like the one before us which does repeal the Johnson Act and does repeal the Neutrality Act, so far as the making of this kind of loans is concerned.

There is a general idea that loans under the bill could be made only to countries in the Western Hemisphere. That is not true. Loans might be made to any country in the world to which the Federal Loan Administrator chose to lend money if it would assist the stabilization of the economy or the orderly marketing of the products of the Western Hemisphere. In other words, we could lend money to China to finance the sale to China of agricultural commodities produced in South America.

I do not know what is going to be done with the House bill, but the House bill, in addition to this $500,000,000, authorizes the R. F. C. to borrow another billion dollars and to lend another billion dollars, in addition to all the great power it already has.

The purpose of the bill presumably is that stated by the President in his message to Congress sending the bill to the Congress, and that message, which is a matter of record here, apparently indicates that the only real purpose of the bill is to authorize the lending of money on agricultural surpluses of commodities produced in South America.

Reading the message, the President refers to the fact that—

> All American republics in some degree make a practice of selling, and should sell, surplus products to other parts of the world.

Because of the war, he states, the ordinary channels of trade have been interrupted, and—

> Necessarily this has caused distress in various parts of the New World and will continue to cause distress until foreign trade can be resumed on a normal basis and the seller of these surpluses is in a position to protect himself in disposing of his products.

The President continues:

> I, therefore, request that the Congress give prompt consideration to increasing the capital and lending power of the Export-Import Bank of Washington.

He said further:

> I call the attention of Congress to the fact that by helping our neighbors we will be helping ourselves. It is in the interests of the producers of our country, as well as in the interests of producers of other American countries, that there shall not be a disorganized or cutthroat market in those commodities which we all export.

I disagree entirely with the President's conclusions. But the only purpose the President states in submitting the bill to Congress is that he may acquire power to lend money on agricultural surpluses for use in South America. That is the only purpose the President has, and so far as I can see, we can conclude that if the bill is enacted the great bulk of this money will be used to finance the holding of surpluses of agricultural commodities produced in South America.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. Certainly.

Mr. VANDENBERG. I notice that the usual qualifying phrase which has appeared in all previous lending bills for the Export-Import Bank, namely, the one requiring adequate security, seems to be missing from this text. Is that correct?

Mr. TAFT. The Senator is entirely correct. There is absolutely no requirement, so far as I can see, that any particular attention shall be paid to the question of security in connection with the lending of this $500,000,000.

Mr. VANDENBERG. So that the word "loans" as used in this connection, and particularly in the connotation suggested by the agricultural analogy, might suggest that these loans will ultimately be in the nature of gifts.

Mr. TAFT. I would think certainly they are not loans because in making loans in this country we have adopted the policy of lending in excess of the market price on cotton and corn and various other products, and presumably loans on these surplus products would be made also in the same manner.

Mr. VANDENBERG. In other words, we are now lending on wheat at 10 or 12 cents more than the market price of wheat, and the same latitude would be permitted to the Export-Import Bank in dealing with South American surpluses if it wished to proceed in that fashion. Is that correct?

Mr. TAFT. I think that is entirely correct. What I have said concerning the President's statement might be applied to the Secretary of State. The Secretary of State made a statement at the conclusion of the Habana Conference in which he also laid particular stress upon his belief that we should lend money on agricultural surpluses. He said:

> Surpluses of commodities, the exportation of which is essential to the economic life of the American republics, have accumulated and continue to accumulate because Europe at war is unable to absorb them. Their existence is a matter of serious concern throughout the Continent.

That is the first of the only two purposes he states. The other is:

> In addition, we must envision the possibility that, after the termination of hostilities, many important European markets for these commodities may be directed and controlled by governments which regard international commerce as an instrument of domination rather than as a means of enabling all nations to share fully and on a basis of equality in a mutually beneficial exchange of their surplus products.
>
> The resolution on economic cooperation adopted by the Habana meeting is designed to create and set into operation machinery of action to deal with and meet both of these situations.
>
> * * * * * * *
>
> The Habana meeting specifically instructed the committee to proceed at once with the preparation of detailed plans for cooperative temporary handling and orderly marketing of existing and prospective surpluses. * * * The committee was also instructed to devise methods of increasing consumption in the American republics, through relief and in other ways, which would aid in the disposal of surplus commodities.

So that under the bill—and apparently it is one of the things the Secretary contemplates—we can loan money to Argentina to enable her to put in a stamp plan to dispose of Argentina's corn to Argentine consumers, but the United States will pay the whole cost of putting such a stamp plan into effect.

> It is a system of economic defense under which the American Republics will be prepared to trade with any nation willing to meet them in good faith, in a spirit of friendly and peaceful purpose, and on a plane of frank and fair dealing, and under which they will be fully equipped to protect themselves against any other kind of dealing.

In other words, if we think the Germans are not offering proper terms, or doing right in dealing with Argentina, then we take the surpluses off Argentina's hands. That seems to be the deliberate purpose of the Habana Conference and the so-called act of Habana.

It is rather interesting that the act itself carries out very largely the same language which the Secretary of State has used, and finally affirms this rather broad purpose—

> And to recommend that, in order to promote the economic development of the American nations under the terms of said resolution, each nation, upon its own initiative and in consonance with the program of the Inter-American Development Commission, establish appropriate enterprises with Government or private capital provided by two or more American republics.

I venture to say that when there are two, the United States will always be one, and that all the money and capital which will be provided will come from the United States.

> Such enterprises may deal directly with the Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid.

I should like the Senator from New York to tell me, if he can, what the Inter-American Bank is. There has been a great deal of discussion about it. I have seen references to it in the newspapers. It was to be a large two-billion-dollar bank, for which the United States, of course, shall put up nearly all the capital. There have been frequent rumors that a charter for such a bank is to be submitted to the Congress of the United States, but it never has been submitted to the Congress of the United States. Yet there seems to be such a bank, because the act of Habana refers to the fact that this program may be carried out through—

> The Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. VANDENBERG. I should like to make an observation at this point in connection with the Senator's recent statement. As a Member of the Senate, and certainly as a member of the Senate Foreign Relations Committee, I would be greatly aided in my consideration of some of the pending legislation, similar to that now before us, much of which apparently is based upon the agreements at the Habana Conference. I should like respectfully to say that I should be greatly aided in my own legislative duties if the State Department would at least file the Habana agreements with the Senate for its information, even if it does not want the Senate's advice and consent.

Mr. TAFT. I might say, Mr. President, in that connection, that it is rather interesting that this act of Habana, which I hold here in my hand, has attached to it certain reservations of some other nations. For instance, the Colombian delegation votes affirmatively to sign the Act of Habana and the declaration concerning reciprocal assistance—

> Subject to approval by my Government and to the constitutional norms of my country.

Also the Venezuelan delegation signs the act with the statement that it is subject to ratification—

> By the public power of the nation in accordance with its constitutional provisions.

But the United States assumes to sign the act without any reference whatever to the Senate, apparently without any consideration of the provision of the Constitution which requires treaties to be ratified by the Senate of the United States.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TAFT. Surely.

Mr. WAGNER. I have been just informed that while my attention was otherwise taken the Senator from Ohio stated that he wanted to ask me about the Inter-American Bank.

Mr. TAFT. Yes; I should like to know what it is. I have not been able to find out whether the bank was chartered and in existence or not.

Mr. WAGNER. It is not yet in existence. The plan is being worked out, but the bank is not yet a functioning entity.

Mr. TAFT. So the references in the act of Habana that—

Such enterprises may deal directly with the Inter-American Bank or other official or private credit institutions, it being recommended that the said bank give its sympathetic consideration to the possibility of granting them financial aid—

Are references to a nonexistent institution, a bank which does not exist in any way?

Mr. WAGNER. I will say to the Senator from Ohio that the bank is not yet in being?

Mr. TAFT. There is no officer of any such bank, in the Senator's opinion?

Mr. WAGNER. I know of none.

Mr. TAFT. I might say on this question of the ratification of the treaty of Habana, that it is rather interesting to see what the Senator from New York said yesterday—

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. THOMAS of Oklahoma. I do not think the RECORD should rest with the statement made by the Senator from New York. An investigation will disclose that a treaty has been prepared involving and suggesting and providing for the creation of the Inter-American Bank. Of course, that treaty cannot be binding upon the United States until it shall have been submitted to the Senate, and have been ratified, but there is a proposed treaty in existence. I am not prepared to say definitely, but I am under the impression that some nations have ratified the treaty, and it is in existence, and is ready for submission to the Senate at the will and the option of the persons who have it in charge.

Mr. TAFT. Does the Senator know whether there is any person acting as an officer of the nonexisting bank?

Mr. THOMAS of Oklahoma. There can be none until the treaty shall have been ratified by the Senate. We cannot participate in the matter any further than to agree to the terms of the treaty, and have it approved and ready for submission. That part is completed, and the treaty, so I am advised, is ready for submission to the Senate for approval.

Mr. TAFT. I wonder if some of the nations which have ratified the act have set up a bank somewhere which we have not yet heard about?

Mr. THOMAS of Oklahoma. No; they have not. The United States cannot take part in its establishment until it has come into existence. It is obvious that we shall furnish the major part of the capital. The treaty provides that other nations may become members of the bank by subscribing a certain percentage of the stock of the bank. The amount thereof is fixed. I have a copy of the purported treaty, but it is not at my desk.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. VANDENBERG. Does the Senator say that it is to be developed in treaty form rather than in this new method of Executive agreement which avoids the necessity of Senate advice and consent?

Mr. THOMAS of Oklahoma. I cannot answer that definitely, but it is my impression that such an institution, in order to have a valid existence, and to be furnished with the necessary capital, must be created under a treaty which must be submitted to the Senate for ratification, thus giving validity to such bank.

Mr. VANDENBERG. I think the Senator from Oklahoma is correct in that statement, but I have had the same illusion about other things.

Mr. TAFT. Mr. President, with reference to the Act of Habana, now that we have been discussing it, I think the statement made by the Senator from New York yesterday is interesting. He said:

This summer, at Habana, the good-neighbor policy bore fruit in a series of far-reaching measures.

I do not know what a "measure" is, unless it is something that has more or less legal effect—

The conference resolved that "any attempt on the part of a non-American state against the integrity or inviolability of the territory, the sovereignty, or the political independence of an American state shall be considered an act of aggression" against all the signatories. This establishes—

No matter what we do—

a policy of common defense and mutual assistance, now reinforced by the bases we have leased from Great Britain and made available to all the American republics. The conference also set up machinery for the provisional administration of foreign possessions threatened with transfer of sovereignty.

If that statement means anything, it seems to me to mean a defensive alliance among all the nations of this continent. If that is not a matter which should be submitted to the Senate, then I do not understand what the Constitution provides. If the Senator from New York considers that we are bound now by a policy of mutual defense, if the Senator considers that if we go into these bases we are then obligated to admit all the other South American nations which desire to send planes to the same bases we are going to appropriate for, then it seems to me we are entirely evading the constitutional restrictions on the treaty-making power of the President of the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield further?

Mr. TAFT. Surely.

Mr. VANDENBERG. Of course, I agree with the Senator's conclusions, but even if there be disagreement as to whether or not the Habana Conference produced treaties or agreements, at least I respectfully submit that we in the Senate are entitled to be officially informed of what has happened, so that we may at least have an official text before us, which we might consult, so as to be at least casually informed regarding the responsibilities which the Constitution used to put upon us.

Mr. TAFT. Mr. President, in that connection, the only information the Senate has had, so far as I know, as to the making of these bases available to other South American nations, is the matter contained in the speech of the Senator from New York yesterday. I should like to know whether he can tell us on what terms these bases are made available to South American countries? Are they to participate in the expense of building them? It occurs to me that unless they are very valid restrictions we might find neutral nations, or nations whose governments are unfriendly to us, insisting upon the occupation of our bases, thus to a large extent nullifying the effect of the acquisition of the bases. Can the Senator tell me whether or not there is an agreement, or upon what terms the bases are to be made available to South American republics?

Mr. WAGNER. All I can say is that the bases have been acquired not only for our own use but for the defense of the entire Western Hemisphere—the countries to the north and south of us as well as ourselves.

Mr. TAFT. As the Senator from Michigan [Mr. VANDENBERG] says, I think the Senate should at least be informed of the terms upon which the bases are to be made available; and I suggest to members of the Appropriations Committee that before we appropriate any money for the construction of such bases the Senate should approve the terms of whatever agreement may be made with reference to the use of the bases.

Mr. President, I have digressed from the particular point which I wanted to make in discussing the act of Habana. It is very clear that the main purpose of the sponsors of this legislation is that of lending money on surplus agricultural commodities in South America. It has nothing whatever to do with the original purpose of the Export-Import Bank, which was to finance American exports and promote the export of American products. It has very little, if anything, to do with the development of the resources of South America,

or the development of strategic and critical materials in South America. I think that purpose was entirely an afterthought with Mr. Jones when he appeared before the Banking and Currency Committee. The President says nothing about it; the Secretary of State says nothing about it; and it seems to me there is an entire lack of regard for this best use of possible loans to South America.

I have proposed an amendment which limits the use of the money to two purposes—one, the original purpose of lending money to finance American exports; the other, assisting in the developing of resources which are defined by the President as strategic and critical materials, or of resources and materials which are not produced in the United States in appreciable quantities, and which are required for use in the United States.

In the long run we can hope to export our goods to South America only to the extent that we take goods from South American countries. They produce a large number of things which we cannot take. We produce them in more than sufficient quantities. However, they also produce other things; and to the extent that we can increase the production of rubber or tin in South America, or other things that we want to take, we can in the long run increase our exports to South America. In the long run, that is the only way in which we can increase our exports to South America.

In normal times I do not think the Government ought to engage in that activity. I think private capital could be interested in doing so in normal times; but today possibly conditions are such that private capital cannot do it. So I see a reasonable purpose behind the idea of lending money to help South American countries to develop materials which they can sell to us, and which we need. My amendment would permit those two purposes, and no other purpose. It would not permit the purpose stated by the Senator from New York, by the President, and by the Secretary of State, of lending money on agricultural surpluses and building up some vast cooperative enterprise to hold American agricultural surpluses off the market.

The original purpose of the Export-Import Bank was short-term financing. It was to help American exporters get their goods out as fast as possible, and turn them over as rapidly as possible. I think that was an absolutely sound purpose; but it has been largely neglected, because the purposes of the bank have been turned more and more to political considerations. Last year the bank adopted the new policy of making longer-term loans of all kinds to governments, instead of merely financing the normal courses of private trade. Even then, the bank said, "We will make such loans only to the extent that we can finance the export of American products. When the borrowers receive the money, they must pay it out for American exports." That has been the policy of the Export-Import Bank up to this time. Now we face a complete departure in policy. The proposal now before us is something new. It is just as new as though the proposal were for an entirely new bank, an entirely new project, authorizing the making of loans for political purposes and for the vast, vague economic purpose known as the stabilization of the economies of the countries of South America.

Mr. VANDENBERG. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. VANDENBERG. It seems to me that one of the difficulties in proceeding upon the rather amazing adventure which the Senator is now describing is the fact that when we once start upon this sort of enterprise there is no end. When we sink our first $50,000,000 south of the Equator, and make our first down payment on good will, there is no way to sustain our right, title, and interest except by a continuous series of subsequent payments; and the appetite feeds upon itself.

I can give the Senator an example.

For the past 7 years our domestic sugar policy has been built entirely on the theory that we must aid Cuban sugar. There will be no dispute about that. Is that policy now adequate to satisfy the Cuban appetite in respect to our down payment on good will Not at all. At the Habana Conference, to which the Senator has referred, a very distinguished Cuban seriously proposed to the American delegation that it ought to go back home and obtain an appropriation to buy up all the domestic sugar production facilities in the United States and put them out of business permanently for the benefit of Cuba.

I suggest to the Senator that the problem we have before us is not merely the initial down payment on good will. In its lengthened shadow it may double the existing deficit of the United States; and that certainly would be an astronomical figure.

Mr. TAFT. Of course, the Senator is correct. It is alleged that we must do this, as the Senator says, to buy good will. We buy it only so long as the loans are being made. The moment we stop we not only have not bought good will but we immediately create bad will, and we are worse off than if we had never begun making any loans at all.

Yesterday the distinguished Senator from New York referred to the increase in South American trade from $200,000,000 of exports in 1932 to $633,000,000 in 1939, and gave the impression that the Export-Import Bank was an important factor in that increase. As a matter of fact, the trade with South America is still very much less than it was all through the twenties. I have the figures before me, and I ask unanimous consent that the table be printed in the RECORD as a part of my remarks at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

United States exports and imports to Latin America

Year	Exports to—		General imports from—	
	Southern North America	South America	Southern North America	South America
1916	$311,137,000,000	$220,267,000,000	$418,277,000,000	$427,610,000,000
1917	422,398,000,000	311,893,000,000	452,858,000,000	598,819,000,000
1918	425,238,000,000	302,710,000,000	516,955,000,000	610,931,000,000
1919	545,842,000,000	441,748,000,000	657,609,000,000	687,525,000,000
1920	944,345,000,000	623,917,000,000	1,048,045,000,000	760,999,000,000
1921	529,146,000,000	273,325,000,000	417,217,000,000	295,623,000,000
1922	332,203,000,000	226,075,000,000	455,930,000,000	358,763,000,000
1923	425,661,000,000	269,318,000,000	583,169,000,000	467,421,000,000
1924	456,165,000,000	314,252,000,000	593,108,000,000	466,074,000,000
1925	479,714,000,000	402,606,000,000	521,742,000,000	518,797,000,000
1926	428,797,000,000	443,507,000,000	526,067,000,000	567,979,000,000
1927	407,720,000,000	438,159,000,000	500,959,000,000	518,275,000,000
1928	397,195,000,000	480,815,000,000	460,743,000,000	569,410,000,000
1929	433,590,000,000	539,310,000,000	467,159,000,000	639,758,000,000
1930	348,574,000,000	337,509,000,000	347,356,000,000	433,518,000,000
1931	187,094,000,000	158,691,000,000	239,930,000,000	307,190,000,000
1932	119,216,000,000	96,589,000,000	157,107,000,000	200,902,000,000
1933	126,026,000,000	114,048,000,000	127,116,000,000	202,280,000,000
1934	178,048,000,000	161,701,000,000	160,724,000,000	228,958,000,000
1935	201,789,000,000	174,341,000,000	201,409,000,000	281,472,000,000
1936	225,155,000,000	204,222,000,000	237,247,000,000	291,505,000,000
1937	321,068,000,000	318,354,000,000	283,045,000,000	422,026,000,000

Mr. TAFT. The figures show that as long ago as 1917 our exports to Latin America were more than $730,000,000, whereas today they are only about $633,000,000. From that time they steadily increased. In 1920 they reached one and a half billion dollars. Through the period of the twenties—1924, 1925, and 1926—they were in the neighborhood of $800,000,000 or $900,000,000. That was at a time when the present good-neighbor policy was not in effect, but at a time when we carried on the normal relations of trade with South America.

So the restoration of this trade, or a part of it, is not in itself an extraordinary feat. Furthermore, as the Senator pointed out, the Export-Import Bank has made loans of $62,000,000 in the past 5 years to help the development of South American trade. The total exports to South America during those 5 years were $2,400,000,000. So the Export-Import Bank actually financed 2½ percent of the South American trade.

Our trade with South America depends on the encouragement of private enterprise. The original purpose of the Export-Import Bank to help private enterprise in this field was a worthy purpose, and can help; and yet in the long run we can increase our trade with South America only by the development of private industry rather than through Government loans.

The proposed loans are to be made to governments and to central banks, or on the guaranty of governments and central banks. In spite of the general feeling that we must approve anything the moment a defense label is attached to it, it seems to me it is our duty to examine and analyze every proposal on its merits. It is our duty to determine whether or not the method proposed is really a method to help the defense of the United States.

This is a wide-open request for authority to lend money for any purpose to South American nations. It may be loaned for military defense. I do not know whether or not we should finance the export of arms to South America. There have been instances in which we have financed or delivered war material, only to find later that it was being used against us. That might well be so in the case of some South American nations. The proposed loans may be used for the control of surpluses, for the inauguration of stamp plans, or for any purpose.

So far as being a defense project is concerned, I should like to refer to two editorials, one from the New York Times and the other from the New York Herald Tribune. Both newspapers differed with my position on the conscription bill. Both are for total defense, whatever that means; and yet both are extremely critical of the present proposal.

The Times says:

We still do not know the exact purposes for which the new lending power is to be used. A few weeks ago it was announced that the Roosevelt administration had "definitely and completely abandoned" the idea of creating a huge cartel to buy surplus commodities of the Western Hemisphere. As an unnamed high official rightly declared, it would be "ridiculous to think of buying up South American surpluses, because that would only encourage increased production of the same surplus commodities."

Of course, he is correct; but this bill is proposed for the very purpose of doing exactly that thing.

He added that this would further depress our own market. Jesse Jones, Federal Loan Administrator, also testified on August 6: "There is no association between this plan and the plan to take surpluses off the South American market."

The statements of Mr. Jones—

The Times says—

The statements of Mr. Jones with respect to this are ambiguous. In a letter made public this week he declares:

"While it is not contemplated that loans would be made on surplus agricultural commodities, appropriate consideration would be given to applications from some of the governments or their central banks for loans in reasonable amounts that might enable the Government or its banks to assist their nationals in the carrying and orderly marketing of some of their agricultural surpluses, with a view to avoiding demoralized prices that would affect our own farmers."

The comment of the Times on Mr. Jones' remark is certainly justified. The Times says—

In other words, while it is not contemplated that loans would be made on surplus agricultural commodities, it is contemplated that loans would be made on surplus agricultural commodities.

The Times goes on—

Such a policy, once embarked upon, could lead to limitless commitments. There is no reason why explicit limitations and safeguards cannot be written into the bill.

There is not the slightest doubt in my mind that the loaning of money on agricultural commodities is the purpose of the authors of the bill.

I will not undertake to read the entire editorial from the New York Herald Tribune; its conclusion is the same as that of the New York Times; but I quote in part:

It is obvious that occasions may arise when direct subventions from the American Government may be desirable as the only effective way of accomplishing a necessary objective. But the readiness of the administration to toss away hundreds of millions of dollars at home without a thought of the consequences, together with the notorious failure of the Government's attempt to help the needy by buying up surpluses, make it incumbent on the proponents of this plan to convince the Nation that this vast sum will be effectively and efficiently used and will not simply go down the rat hole.

Mr. President, the amendment I offer is intended to eliminate the lending of money on agricultural surpluses and to eliminate the vague cartel plan and confine the lending of money to the proper purposes of the Export-Import Bank.

The minority of the Banking and Currency Committee has filed a minority report, which will be found on the desks of Senators. It was signed by the Senator from North Dakota [Mr. FRAZIER], the Senator from Delaware [Mr. TOWNSEND], the Senator from Colorado [Mr. ADAMS], the Senator from Iowa [Mr. HERRING], the Senator from New Hampshire [Mr. TOBEY], the Senator from Connecticut [Mr. DANAHER], and myself. It sets out the arguments against the bill. In the first place, I think it is perfectly clear that the bill is unconstitutional, although that is not a matter that much concerns the Senate these days, and it has not even always concerned the courts. Many crimes have been committed in the name of the general-welfare clause. It is said that we can borrow money and spend money for the general welfare of the people of the United States, but I have never heard the general-welfare clause extended to apply to the general welfare of the inhabitants of Patagonia. How we can constitutionally raise taxes in order to pay out money for the stabilization of the economies of other nations, for the general welfare of people in any part of the world, I do not understand. We have just as much obligation here in the Senate to abide by the provisions of the Constitution as has the Supreme Court of the United States, or any official of the United States Government.

The whole policy of surplus control, in my opinion, is not only futile but absolutely harmful not only to our own citizens but to the citizens of every South American republic, to assist whom we are asked to pass this bill. Surplus control is certainly of doubtful value. We have tried it. With us it is still an experiment. Nobody knows whether it will be a complete failure; nobody knows whether it will break down all prices, and cause a depression greater than any depression we have ever had.

We have already in this country appropriated a billion and a half dollars for the Surplus Commodities Corporation to buy up agricultural surpluses. The Surplus Commodities Corporation today has most of its money invested in agricultural surpluses. It owns or controls 8,732,000 bales of cotton; it owns or controls 532,000,000 bushels of wheat; it owns or controls 44,000,000 bushels of corn; and nobody knows how the Corporation will ever get rid of those surpluses. When that policy is extended to international surplus control, it is infinitely more unsound and infinitely more difficult to carry out. What possible means of carrying it out can there be? If we make a treaty or an agreement with a dozen South American countries, what will happen if they are all hard-pressed and someone comes along and says, "We will take your products"? What is to prevent them from breaking their agreement? What possible means of enforcing such an agreement can we have? The moment one nation becomes hard-pressed and says "We have got to get some cash," of course, the nation next door will do the same thing, and the whole scheme comes down in a crash. The result of every cartel, every holding of surpluses off the market, up to this time, has been ultimately to break the whole price of the commodity concerned.

We saw that in the Stevenson plan to control rubber; we saw it in the valorization plan to control coffee in Brazil. When there is an international agreement, particularly between a dozen different nations, each one of which, after all, is free to do as it pleases, the possibility of carrying it out seems to me to be exceedingly remote, to say the least. When the plan collapses, prices will collapse far below the point they would have reached if every year we had gotten rid of the surplus of that particular year.

Our surplus control is, at least, accompanied by some effort to control production, and every person who defends the policy of loans and of surplus control says that it must be accompanied by control of production. How on earth can we make Argentina control her production? The lending of money on Argentina's surplus wheat or corn would simply encourage further production in the Argentine than there would otherwise be, and the building up of larger and larger surpluses, until the whole thing would fall of its own weight. The idea of a surplus control of commodities by international

agreement has broken down every time it has ever been tried, and it is absolutely certain to break down if we try it under the provisions of the pending bill.

The proposed policy would certainly be harmful to our farmers. It is said that if foreign prices collapse that affects our prices also. Of course, foreign prices have collapsed, and, so far as we could be affected, we are affected already. Certainly, a very much cheaper method of disposing of our surpluses is to finance the sale of our products through some form of export subsidy. That plan has worked reasonably well. Certainly it would be very much cheaper than to lend $500,000,000; and when we adopt it, we know the exact effect; we are able to carry out the disposition of our surplus, and, in effect, the rest of the Nation is assisting the producer to meet world conditions that could not otherwise be met. Why should not the Argentine people help their own producers in the same way? If they want to subsidize their producers, that is their affair. If they want to hold their surpluses off the market, that is their affair. They are able to do it; it does not cost them anything; that is, it does not cost them anything on the theory on which we proceed here of merely borrowing the money from the banks. They can borrow money from their own banks as we borrow from our own banks, and they can hold their surpluses off the market as we hold our surpluses off the market; but, in the name of good sense, why should we lend them money to enable them to hold their surpluses off the market?

The Senator from New York [Mr. WAGNER] yesterday made a statement which I think is of some interest to our producers. He said:

> A program of economic cooperation stands to the advantage of all the American nations. The economy of Latin America is in many respects the natural complement of our own. Latin America lies for the most part within the Tropics. The staple export crops of this area—coffee, cocoa, bananas, sugar, and long-staple cotton—

He does not mention short-staple cotton, the production of which is rapidly increasing in South America—

> do not compete in any way with our agriculture and cannot be obtained from any other assured source.

Mr. VANDENBERG. Will the Senator yield?

Mr. TAFT. I am glad to yield.

Mr. VANDENBERG. Did I correctly understand the Senator to quote the Senator from New York as saying that Central American and South American sugar has no American competition?

Mr. TAFT. Yes. The words of the Senator from New York are:

> The staple export crops of this area—coffee, cocoa, bananas, sugar, and long-staple cotton—do not compete in any way with our agriculture.

Mr. VANDENBERG. Of course, I knew that the administration proceeded on that theory; but I at least, assumed they recognized the existence of the sugar industry in the United States.

Mr. WAGNER. Mr. President, if the Senator will permit me, there is a legal restriction now, in the form of a quota, which controls the importation of sugar into this country. That is what I intended to say with reference to that commodity. I may perhaps have used an unclear form of expressing what I had in mind.

Mr. TAFT. At any event, I think the argument made that we are naturally complementary nations is not one on which a very sound conclusion can be based. Very much the same thing is true of cotton.

Mr. WAGNER. Mr. President, I do not want to interrupt the Senator.

Mr. TAFT. I am glad to be interrupted.

Mr. WAGNER. Does the Senator mean to say that we do not import long-staple cotton into this country?

Mr. TAFT. No; I only said the Senator had omitted all reference to short-staple cotton, the production of which is rapidly increasing in South America, which does compete directly with our cotton, and for which we are now going to loan South American nations money to enable them to hold that surplus off the market, as we are holding our cotton surplus off the market.

I think it is fair to say that there is no policy as unsound as the policy which apparently is the whole basis of this bill—the attempt to set up an international plan to hold agricultural surpluses off the market.

There is one other purpose stated, and that is that we should uphold the internal economy of the South American countries, because if they have hard times they may have political troubles, and it may be easier for the Germans to get in.

The Senator from New York yesterday said:

> By financing the development of certain local industries we can greatly contribute to the stability of economic life throughout Latin America. At the same time the improved living standards in Latin America which would result from a strengthened local industry would increase purchasing power and open immense new markets for our products.

Of course, that argument proves too much. If by loaning a little money we can raise the living standards of South America, we can in the same way raise the living standards of China; we can raise the living standards of all Asia and Russia and every other country; and we can create a great prosperity from which, of course, we also would benefit. However, the trouble is that with $500,000,000 or $5,000,000,000 we cannot raise the living standards of people in South America. We have tried our best to improve our condition here, and we have accomplished something by the expenditure of billions of dollars; but we have not eliminated depressions. We have not eliminated hard times. We have not eliminated a great many unemployed. We have not eliminated the necessity of a tremendous amount of relief in this country. Now, however, we are to raise the living standards of everybody in South America. It is a noble purpose, but I say it is absolutely futile. It is something we simply cannot possibly do under any circumstances, and if we undertake to do it we cannot stop at $500,000,000 or $5,000,000,000. Why not loan money to everybody in the world? Why not loan money to the countries under German control? They will be benefited just the same as other countries if we raise their living standards. We can undoubtedly increase the general prosperity of the world in that way.

As a matter of fact, the economic condition of each country is within its own control to some extent. The best way in which we can help any country to improve its economic condition is to let it go on in its own way, to advise it as best we may, to set some bad examples, as we have, to show what it should not do, and let it work out its own salvation.

As a weapon against German economic penetration, these loans would be completely futile. The Germans do not make vast loans to any country. That is not the way in which the progress has been made to which the Senator from New York has referred. Loans of this kind encourage the building up of vast surpluses, and thereby make weaker the economic conditions of American countries. When Germany is freed from the occupation of the present war, those countries will be very much weaker against Germany if they have surpluses which they have to get rid of. If they have to get rid of those surpluses, the Germans perhaps can make some terms which otherwise they could not make for political infiltration.

What is Germany going to do to South America? Frankly, I do not understand. At times we are told that because the Germans control so much of the world markets they are not going to pay America anything for its products, and thereby America is going to suffer. We are told that we are jointly to hold all our products away from Germany until they give us a fair price. That is one argument. The other argument is that far from not giving us a fair price, the Germans will give us too much. They will come into South America and say, "We will give you more than the world market. We will take all the surplus off your hands in return for certain political advantages."

I do not know what the Germans may do, and no one knows what they may do, until they are freed from the present

war and have an opportunity to show. When they do, we can adopt the same methods. We can take the same steps that may be necessary to meet the particular kind of German "blitzkrieg," if there is such a "blitzkrieg," at the time we find out what it is.

Frankly, we cannot hope to monopolize the trade of South America. It is absolutely impossible. We are not willing to take more than about one-third of the products produced in South America; and in the long run we cannot sell them any more goods than we are willing to take from them. We cannot monopolize the trade. We must recognize the fact that all European nations are going to deal in South America, and we are going to have to push our own trade just as hard as we possibly can when that time comes.

It is said that the Germans will go to Brazil and say, "We will not take your products unless you give us certain advantages." Well, we can go to Brazil and say, "We will not take your coffee unless you give us certain advantages." We can play the same game that the Germans play. As a matter of fact, there is not any evidence that the Germans' method is going to be particularly successful in political infiltration. The Senator from New York himself yesterday pointed out that the methods the Germans had pursued had so antagonized the people of South America that they had risen up against the idea of German domination. He said:

> The subversive activities of the Nazis in Latin America finally led to a great wave of protest from the people of these republics. During 1937 and 1938, Nazi activities were exposed in a documented report to the Argentine Congress by Deputy Dickman. * * * In May 1938, an attempted Nazi revolt in Brazil was put down and measures were taken to put a stop to Nazi expansion. Many other Latin American states at the same time imposed various restrictions on the Nazis.

The question of how we may have to meet Nazi penetration in South America is a question which involves a thousand things, which involves a great many measures which may have to be taken at the time; but, as far as we can see, the one thing that certainly is not going to do any good is to lend anybody any money, because the moment you stop lending people money, as the Senator from Michigan pointed out, they not only are no longer friendly but they are positively unfriendly until you resume the policy of lending.

The same German policy created such intense resentment in Uruguay that the whole Uruguayan public sentiment has turned against German infiltration; so I do not know whether we should use the German methods. It seems to me that if we go ahead and promote our trade in South America by normal methods, if we pursue a "good neighbor" policy, if we keep on a friendly basis, there will be some opportunity for us to make constant headway in the esteem of our South American neighbors.

There are many things we can do. Our main purpose should be to do in detail every little thing we can to help our exporters to South America to be really friendly to South America. We can buy more coffee, for instance, from Brazil and sell it through the food-stamp plan. It can be done. We can insure short-term credits, as Germany does and as England does, in South America. We can reduce steamship rates, which the South Americans think are much too high, for products transported between the United States and South America. We can even perhaps reduce taxes on the profits from export trade. We can develop strategic materials in accordance with the terms of my amendment. I may say that we have already authorized the Department of Agriculture to spend a large amount of money in developing the production of rubber in Brazil, a specific project. I am willing, under this measure, to give general power to the Export-Import Bank to lend money to Brazil or concerns in Brazil to develop rubber plantations. I am willing to lend money to Bolivia to develop tin that we may need. Those are purposes which in the long run will benefit us, because increasing the exports from South America to this country is the only means of increasing in the long run the exports from this country to South America; so in that we have a particular purpose which will improve South American relations.

As a matter of fact, of course, we stand to lose this money finally if we lend it. Our records of loans to governments show that they are just about 95 percent bad. Finland pays its debts. Whether they will be able to continue to do so, I do not know. But practically every other government has defaulted except those to which money has been loaned by the Export-Import Bank during the last few years. So long as we are willing to go on lending to a government, the government is willing to go on paying interest and some amortization on its loans. In the case of Brazil, for instance, as long as they can get more money to release American exchange from time to time, it is easy enough to take some of the money and pay the interest and amortization on the older loan. But we have shown that we are not going to enforce any loan against a government, and there is no possible way to make a government pay a loan. Loans to governments are probably the worst type of credit risk that exists in the world today.

The Senator from Connecticut has referred to South American defaults. I think that out of $1,700,000,000 owed in this country by South American countries, $1,200,000,000 is in default. The trouble is that some people think we have in the United States an unlimited amount of money available.

I read from a pamphlet called Total Defense—Report of Committee on Economic Defense of the American Council on Public Affairs. I suspect that this pamphlet was the real origin of the whole theory of lending money on agricultural surpluses and on South American cartels. It came out about the time of the President's message. It contains very much the same language and the same arguments contained in the message. It states the theory I am combating in the bill, because I am sure that it is what the bill is intended to carry through. I wish to quote from the pamphlet. I may say that the American Council on Public Affairs is made up of a good many left-wing economists and others who take the usual extreme economic view. The pamphlet states:

> We must arrange for collective bargaining by the countries of the Western Hemisphere in dealing with the totalitarian systems as no individual American country, dealing alone, would be a match for the totalitarian powers in the field of international trade.

In other words, here are 20 nations going to sit around a table and try to make a deal with England to sell their products. They would have each fellow out around the back door making special terms with him, and the chance of an attempt to apply to nations the correct idea of collective bargaining as it is known in labor unions seems to me completely fallacious.

> If the United States attempted to outbid Europe in a barter arrangement with a single South American country, it would mean we would have to be prepared to reduce the living standards of American labor to that of Europe. By bargaining collectively within the pan-American economy, we will be able to maintain and raise our standard of living and that of all the American countries, at the same time dealing with Europe to our advantage.

That is the cartel plan.

> We should start negotiations at once to use our great financial strength for the purchase of exports of Latin America. These commodities could then be turned over to a pan-American trading corporation which, in turn, would use them to meet the needs of the people of this hemisphere through a circular exchange among the American countries, by direct distribution, or by trading them for desired products in other parts of the world. In fact, it is difficult to see how we can escape a rapid collapse of our influence south of Panama, by any less drastic move. For the moment, we have no power but money, and we have most of the money in the world. If we hesitate to use that power, we may find its value evaporating.

We have all the money in the world, but we ran a deficit of $3,700,000,000 this year, and we are going to run a deficit of over $6,000,000,000 next year. We cannot get enough money to pay for the very vital essentials of our national defense, we cannot raise money to pay for the ordinary expenses of the Federal Government, but we have so much money that the only thing we can do with it is to scatter it around the world to every nation whose good will we think we can in some way buy.

I read further from this pamphlet:

If we hesitate to use that power, we may find its value evaporating. This action would, of course, be merely a temporary stopgap, and should be accompanied as rapidly as possible by the formation of a permanent pan-American trading corporation. This public corporation should aim to develop a circular trade within the hemisphere, providing a higher standard of living and full employment. The program could be greatly assisted by making loans at nominal rates of interest to develop the industrial programs called for by the pan-American economic plan. Our Government could supply the Inter-American Bank, which is just about to be created by the governments of the Western Hemisphere, with the necessary reserves to finance these investment developments.

That is the real thought behind the bill, a grandiose plan to make everybody happy, to raise everyone's standard of living, to associate all the American republics in one trading corporation which would say to Europe, "You have to pay us what we want for our products." Merely to state the plan shows how competely impossible and impracticable it is. Yet it shows the kind of thinking which has instigated the idea that we can lend money on agricultural surpluses.

We are struggling with a tax bill. I do not know how much it is going to raise. There have been all kinds of estimates. I suppose it may raise $500,000,000.

Mr. VANDENBERG. About $300,000,000.

Mr. TAFT. Three hundred million dollars; well, $500,000,000 a year in later years. By the action we take here today we are merely taking all the money that is supposed to be raised for national defense and dumping it into South America. We are going to use up, under this one measure, what would be raised through the efforts of the Finance Committee to get the country somewhere near a reasonable budget basis.

I am extremely pessimistic about the future of the United States merely because of the financial condition of the country. Unless we are willing to face the situation, unless we are willing to cut expenses, unless we are willing to raise taxes, unless we are willing to get back on a normal basis, I do not see any outcome of the present situation except a collapse of our entire financial system, which would mean the wiping out of all of our savings, which would mean the wiping out of all of our investments, which would mean the destruction of the system which has made America what it is. It would mean inflation, which is just a form of repudiating debts, a form of paying debts by taking all of the money everyone has saved in recent years and pouring it in to pay the debts of the Government. If we ever get to that condition, I do not know how we are going to avoid the very kind of totalitarian status there is in Germany, because we are going to have to set up a hand-made economy and I submit that a hand-made economy is going to be a Government-directed system.

Unless an expenditure is absolutely essential, it is our responsibility to prevent it. We may blame the President, but there is nothing more our own responsibility than the appropriation of public money. If destruction comes to this country, it will be the fault of Congress, of this Congress, and of the Congresses of recent years. It is a responsibility we cannot escape, and it is our duty to examine every bill and every expenditure. Five hundred million dollars looks small to many today, yet it is just as important to save as it is to reduce any other expense of the Government. We should not vote any appropriation unless it is an essential appropriation; and if there is any vaguer, more indefinite, more unnecessary, more unessential appropriation than that authorized in the pending bill, I do not know what it is.

Mr. President, I feel that the bill should be defeated. I feel that if it is not defeated its purposes should be cut down to certain definite things which will not set any precedent, which can be stopped, which can be limited to a reasonable amount.

I urge that my amendment be adopted, and that the bill be otherwise modified.

Mr. VANDENBERG. Mr. President, before the Senator takes his seat, I should like to ask him a question about his amendment. Is he proposing to confine the increased resources to the development of strategic materials?

Mr. TAFT. No. The amendment provides—

Such loans shall only be made for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials or of resources and materials which are not produced in the United States in appreciable quantities and which are required for use in the United States.

Mr. VANDENBERG. Why would not the Senator also be willing to increase the capital of the Export-Import Bank for the making of loans to exporters in the ordinary procedure which has heretofore been followed?

Mr. TAFT. I think that the effect of the bill as drafted would still permit that to be done. I will examine into that. But my intention was to permit the additional capital, whatever it might be—and if this amendment is adopted I hope it may be cut down to $200,000,000, instead of $500,000,000—to permit that to be used also for the ordinary financing of the export of American products. I think that would be the effect, but I will examine the bill and be sure it so provides, or offer an amendment to make it do so.

Mr. VANDENBERG. I wish the Senator would examine the subject, because my feeling about it is that there is a very great purpose to be served through the encouragement of Pan American economy, and I am perfectly willing to do it through sound methods, and I think the methods of the Export-Import Bank heretofore have been sound. I am perfectly willing to expand that effort. I am perfectly willing to go into the field of strategic materials, to which the Senator refers in his amendment; I should like to see the bill have that much breadth and scope. The thing I want to do is to protect myself and the Senate, and the country, and my children against the monstrosity of an international cartel to handle agricultural surpluses.

Mr. ADAMS. Mr. President, will the Senator yield for an inquiry?

Mr. TAFT. Certainly.

Mr. ADAMS. The Senator uses the term "in appreciable quantities." I am wondering whether the word "appreciable" is not rather too diminutive to carry out what the Senator has in mind. I assume what he means is, unless they are produced in commercial quantities, in quantities sufficient to furnish some of the needed supplies of the country.

Mr. TAFT. I should be glad to follow any suggestions the Senator may make. My purpose, I think, was clear. I did not want to exclude the lending of money to develop production simply because somewhere in the United States a small amount of it may be produced, or that somewhere in the United States there exists a field of some particular metal which cannot be expanded, but will always produce a little. That is the purpose of the term "appreciable."

Mr. CAPPER. Mr. President, I cannot support the bill to increase the capital of the Export-Import Bank by $500,000,000 for the purpose, apparently, of financing South American surpluses of farm products through a cartel plan or some substitute for the cartel.

Of course, I must admit that the bill does not say that, nor did Mr. Jesse Jones say that in his testimony before the Senate Committee on Banking and Currency, so far as I have been able to discover in reading the hearings:

"We would like to help the South American countries with their economy and the marketing of some of their products," Mr. Jones said on page 2 of the Senate hearings.

"In what way will that be done, Mr. Jones?" asked the Senator from Colorado [Mr. ADAMS].

"We do not know in what way, Senator," responded Mr. Jones, for whom, I wish to say, I have a great affection and also great respect.

The remainder of Mr. Jones' testimony is merely a variation of this theme—"We do not know in what way."

Mr. President, I have grave doubt as to the wisdom of furnishing a half billion dollars to be loaned—one should say expended—in what way we do not know.

As a matter of fact, we have been given an inkling as to how the half-billion-dollar fund will be used, and how other

half billions or billions will be used, if the initial investment calls for further investments, as it will.

The White House some time ago announced at a press conference the establishment of a cartel system for handling surplus products of the South American countries.

The idea then expressed, as I understood it at the time, was that in order to prevent Adolf Hitler from getting his tentacles on South America, through trading with South America, through getting foodstuffs and other raw materials from South America, Uncle Sam would buy up and take over those surpluses. To get them we would, of course, outbid Mr. Hitler; we would pay more than he would pay.

Then, having acquired the surpluses, Uncle Sam would have them on hand to sell—to sell to Mr. Hitler, as nearly as I could figure out. To get Mr. Hitler to take them, presumably, we would have to make him a better price than he could get elsewhere. Uncle Sam would buy South American surpluses high and sell them low. The probable cost was estimated at from one-half billion dollars to $1,000,000,000 annually.

I understand the cartel plan has been repudiated. That does not necessarily mean it has been abandoned. Under the provision of this bill, it could be picked up again and put into operation.

As a matter of fact, it seems to me there is little practical difference between providing for "orderly marketing," as the Senator from New York describes this purchasing of surpluses, through the cartel plan and through financing South American governments to enable them to buy and dispose of their surpluses with the cooperation of the United States Government or its representatives. I understand that is what now is proposed, once the bill becomes law.

So much for the general implications of the bill. I may say that the purchase of the friendship of one government by another government is unsound from the economic standpoint, and unsound politically, in my judgment.

We in the Farm Belt, Mr. President, have even more cogent reasons for opposing this measure. I believe I can state them briefly.

Mostly the nations of South America are agricultural countries. They produce in surplus largely the same farm commodities which the farmers of the United States also produce in surplus—cotton, wheat, corn, meat products.

Our Government today is subsidizing exports of our farm surpluses; it is holding up the domestic prices through commodity loans; it is disposing of surpluses in our country through the stamp plans, through school lunches, through outright gifts to persons on relief. If we should, in addition, now undertake to dispose of surpluses of the same commodities from South American countries, the plight of our own farmers, as well as of the United States Treasury, would indeed be very much worse.

I may add that there are deep suspicions throughout the western cattle section that the price of Argentine cooperation in whatever program might be developed under this half-billion-dollar slush fund for "doing the needful" in South America might be to let the bars down for imports of Argentine cattle and fresh beef and other animal products from the Argentine—after the election.

The measure, Mr. President, is loaded with dynamite in the field of foreign relations and fraught with threats to the future welfare of American agriculture. The American farmer is in need of markets for his surplus products, but he is bitterly opposed to any program which will result in opening American markets to the competing surplus products of South America or any other countries. I must oppose the passage of the bill with all means in my power.

INVESTIGATION OF ENROLLMENT METHODS, CIVILIAN CONSERVATION CORPS

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to submit a resolution calling for the investigation by the Senate Committee on Military Affairs of the practice on the part of the Civilian Conservation Corps Director of admitting enrollees on bases other than need. I ask that the resolution be read at the desk.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The resolution (S. Res. 311) was read, as follows:

Whereas the Civilian Conservation Corps was established by the Congress to provide employment for needy unemployed youths; and

Whereas new regulations were issued on August 14, 1940, by the Director of the Civilian Conservation Corps defining the phrase "Unemployed and in need of employment" to cover "unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational and other opportunities available in the Civilian Conservation Corps."; and

Whereas the pay in the Corps is a minimum of $30 a month plus clothing, subsistence, laundry, travel, education, welfare, hospitalization, shelter, and burial expense, while the Army pay under existing law is but $21 a month, and under the conscription bill is but $21 a month for the first 4 months of service; and

Whereas hundreds of thousands of young men are now required in the Army to provide an urgently needed national defense; and

Whereas it is charged that said regulation issued by said Director is not fully supported by provision of law; and that a well-organized campaign for enrollees is being conducted throughout the country which will tend to delay and disrupt our program of national defense: Therefore, be it

Resolved, That the Senate Military Affairs Committee, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation of the above-mentioned matters, and to report to the Senate as soon as practicable, the results of its investigation, together with its recommendations.

Mr. JOHNSON of Colorado. Mr. President, I ask that that resolution be referred to the Senate Committee on Military Affairs.

The PRESIDING OFFICER (Mr. REED in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Colorado. I further ask unanimous consent to have inserted in the RECORD at this point part of the act to establish the Civilian Conservation Corps. The part I wish to have inserted in the RECORD deals with the qualifications of enrollees.

Mr. ADAMS. Will the Senator read that portion of the act, so we may hear it?

Mr. JOHNSON of Colorado. Yes.

Mr. JOHNSON of California. Will the Senator from Colorado yield to me to suggest the absence of a quorum?

Mr. JOHNSON of Colorado. I do not think it is necessary to suggest the absence of a quorum. I shall proceed to read a portion of the act into the RECORD. I do not wish to delay the proceedings of the Senate.

Mr. ADAMS. Mr. President, I think the Senator ought to yield to the Senator from California for the purpose suggested by him. The matter to which the Senator refers is one of very great importance.

Mr. JOHNSON of Colorado. Very well, I yield to the Senator for that purpose.

Mr. JOHNSON of California. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Russell
Andrews	Downey	La Follette	Schwartz
Ashurst	Ellender	Lee	Schwellenbach
Austin	George	Lodge	Sheppard
Bailey	Gerry	McCarran	Smathers
Barbour	Gibson	McKellar	Stewart
Barkley	Gillette	Maloney	Taft
Bilbo	Green	Mead	Thomas, Idaho
Brown	Guffey	Miller	Thomas, Okla.
Bulow	Gurney	Minton	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Tydings
Byrnes	Hatch	Nye	Vandenberg
Capper	Hayden	O'Mahoney	Van Nuys
Caraway	Herring	Overton	Wagner
Clark, Idaho	Hill	Pittman	Walsh
Clark, Mo.	Hughes	Radcliffe	Wheeler
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley

The PRESIDING OFFICER. Seventy-six Senators have answered to their names. A quorum is present.

Mr. JOHNSON of Colorado. Mr. President, just before the order for a quorum call was entered, I submitted a resolution

calling for an investigation by the Military Affairs Committee of the new regulations of the C. C. C. Director taking in boys on some other basis than the basis of need. No change whatsoever has been made in the law, and yet a change has been made in the enrollment. I want the Senate Military Affairs Committee to investigate the matter.

The C. C. C. is paying $30 a month, whereas in the Army the same class of boys receive only $21 a month under existing law; and under the terms of the conscription bill, if it shall be enacted, they must serve 4 months before they receive $30. Under the C. C. C. regulations, 10 percent of the boys may be paid $36 a month, and 6 percent of the boys enrolled may be paid $45 a month.

I wish to read into the RECORD the first section of the act establishing the C. C. C. camps, which reads as follows:

That there is hereby established the Civilian Conservation Corps, hereinafter called the Corps, for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment, and to a limited extent as hereinafter set out, for war veterans and Indians, through the performance of useful public work in connection with the conservation and development of the natural resources of the United States, its Territories, and insular possessions: *Provided*, That at least 10 hours each week may be devoted to general educational and vocational training: *Provided*, That the provisions of this act shall continue for the period of 3 years after July 1, 1937, and no longer.

I think every Member of the Senate and almost everyone in the country is in complete accord with the purposes of the C. C. C. We are glad that we have that kind of an organization to furnish employment to boys in need. However, we now have a new regulation, under date of August 14, in which the whole thing is changed. I now read from page 2 of the bulletin issued by Mr. McEntee:

The latest modification in the regulations defining the terms "unemployed and in need of employment"—

That term is lifted from the law which I have just read—

read as follows: "For the purpose of C. C. C. selection the phrase 'unemployed and in need of employment' shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job-training, the educational, and other opportunities available in the Civilian Conservation Corps."

Mr. McEntee continues in the bulletin:

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation.

The law has not been changed. The law is the same today as it was, but the regulation has been changed, so that boys may be taken into the C. C. C. service whether they need employment or not. The object of my resolution is to have an investigation of the situation. I think it is highly important that this matter be investigated, because the campaign which is being put on to get boys into the C. C. C. camps must necessarily interfere with the effort which the War Department is making to get men into the Army.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ELLENDER. Who is to make the investigation?

Mr. JOHNSON of Colorado. The Senate Military Affairs Committee, or a subcommittee of the Senate Military Affairs Committee.

Mr. ELLENDER. Since the bill creating the Civilian Conservation Corps was considered and reported to the Senate by the Committee on Education and Labor, does not the Senator think his resolution should be referred to said committee?

Mr. JOHNSON of Colorado. It is a defense matter. I think it affects the national defense.

Mr. ELLENDER. I cannot agree with the Senator. The bill originated with the Committee on Education and Labor, as I have just stated.

Mr. JOHNSON of Colorado. Yes.

Mr. ELLENDER. It was thoroughly considered by that committee; and I believe that in justice to that committee the resolution ought to be referred to it.

Mr. JOHNSON of Colorado. I have no fault whatever to find with the law. I think the law was well written, and I think the committee did a fine job in writing the original law. I am not finding any fault with the bill which came from the committee represented by the Senator from Louisiana, but I am finding fault with the regulations set up under that law, because they affect the national defense; and the Senate Military Affairs Committee should be interested, and is interested, in that phase of the matter.

Mr. ELLENDER. Mr. President——

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. ADAMS. As I understand from what the Senator has read, the officials in charge are not satisfied with the language of the law, and they are taking words which we all understand, words of common use and acceptance, and are now putting upon them what they confess to be a new interpretation and a new, expanded meaning.

Mr. JOHNSON of Colorado. Yes. They say:

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation.

In this connection it may be said that the C. C. C. has an overhead limitation of 300,000, as I recall. Suppose the ranks of the C. C. C. should be filled with boys who, under the law, do not deserve to be enrolled.

Mr. ELLENDER. How could they be enrolled if the applicants do not come within the purview of the law?

Mr. JOHNSON of Colorado. That is exactly what is being done. The officials have changed the law by defining it.

Mr. ELLENDER. I cannot agree with the Senator. I am sending for a copy of the order to which he has previously referred and in my own time I propose to point out that the distinguished Senator from Colorado [Mr. JOHNSON] is in error.

Did the Senator obtain an opinion from the Department of Justice in an effort to find out whether or not there was a violation of law, as he states?

Mr. JOHNSON of Colorado. I do not know that there is any violation of law, but the order has been issued. The Senator worked on the bill. When he worked on the bill, did he contemplate that boys would be enrolled in the C. C. C. on any other basis than that of need?

Mr. ELLENDER. No. The law, as well as all rulings of the Director, including the latest one made and which forms the basis of this discussion contemplates need.

Mr. JOHNSON of Colorado. Let me read what the Denver welfare director had to say about the matter:

The Denver Bureau of Public Welfare is again accepting applications for the Civilian Conservation Corps, Miss Bernice Reed, director of the bureau, announced yesterday.

That was one day last week. I do not know the exact date. It was probably Saturday, or perhaps Monday of this week.

Miss Reed pointed out that regulations concerning applicants have been changed.

Have they been changed by any law enacted, I will ask the Senator from Louisiana?

Mr. ELLENDER. In what respect have they been changed? I was not present to hear all the discussion.

Mr. JOHNSON of Colorado. I will read how they have been changed:

Miss Reed pointed out that regulations concerning applicants have been changed, and it is no longer necessary that enrollees come from families on relief. Youths between 17 and 23½ years of age will be accepted immediately. She said: "So far as I now know, the Denver quota is unlimited, and the C. C. C. is seeking as many young men as possible."

They are seeking them, and the Army is also seeking them at the same time. I do not believe there should be that kind of competition.

For those reasons I have submitted the resolution and asked that it be referred to the Military Affairs Committee.

Mr. BYRNES. Mr. President, I desire to say only a few words with reference to the statement of the Senator from Colorado

Prior to 1937 admission to the C. C. C. camps was restricted entirely to members of families on relief. When the committee of which the Senator from Utah [Mr. THOMAS] is chairman reported the bill in 1937, the Congress, after discussion of the subject, intentionally made a change in the law. Whether it was wise or not the Congress then determined it. The Administrator had nothing to do with the determination. Congress determined that the individual boy should not be denied admission to a C. C. C. camp if he could not show that he was on relief. The matter is generally known; it was discussed before the Appropriations Committee when the representatives of the C. C. C. organizations appeared upon the bill providing funds for the fiscal year beginning July 1. Mr. McEntee advised the committee in response to a question by the Senator from Massachusetts [Mr. LODGE]:

We work on that basis, Senator.

That is, whether one boy is needier than another. He proceeded—

Prior to the basic act of 1937 being passed we enrolled exclusively from families that were on relief. We ran into a condition that we were never able to remedy until after the act was passed, that we could not accept an orphan into the camp because he had no dependents. Congress had that in mind, I think, and was desirous of relieving the restriction. The act passed in 1937 carries the qualification which the Congress set up, that the applicant shall be unemployed and in need of employment.

Not that he has dependents or is on relief.

In administering the law Mr. McEntee advised the committee that if they had 100,000 more applicants than there were vacancies, they gave preference not to the man who was in need of employment but to the one who was in the greatest need at the time.

I know nothing about the regulation which has been issued, but it must be borne in mind that the Congress changed the law so as to eliminate the requirement as to a relief status which was referred to in the newspaper article the Senator read. So, under the law it is no longer required that a man be upon relief.

Mr. JOHNSON of Colorado. Mr. President, I have not stated that it is necessary that his family be on relief, but he must require relief. The Senator does not mean to say, does he, that his understanding of the law is that any boy, if he is otherwise qualified, can be enrolled; that a millionaire's boy can be enrolled, for instance?

Mr. BYRNES. As a matter of fact, it occurred to me at the time the question was discussed before the committee that, whether the Congress intended it or not, what the Congress said was, "is out of a job and in need of a job." In endeavoring to administer the law those in charge have placed what I regard as the humane construction upon it. They determined that they would interpret the intention of Congress as wanting preference to be given to the man who is most in need of a job, and that has been the policy which has been followed.

Mr. JOHNSON of Colorado. Under this new ruling they have now abandoned that policy and have adopted a broader policy and are now going out on the highways and byways seeking enrollees on any basis whatsoever.

Mr. BYRNES. Under the law, they would be restricted to enrolling men who were out of jobs and who were in need of employment. I certainly think they ought to follow the policy they have heretofore followed. Certainly where they have a surplus of applicants, as is generally the case, preference should be given to the man who is most in need of a job.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield further?

Mr. BYRNES. I yield.

Mr. JOHNSON of Colorado. I may say that there is an over-all limit of 300,000. Suppose those in charge of the C. C. C. in the month of September enroll boys for 2 years on the basis of something else than need and fill up their rolls and then in December and January 100,000 boys, on the basis of need, want to get in, but they cannot be enrolled because the rolls are filled up with boys who were not taken in on the basis of need. There is that situation, but the situation which I want investigated and to which I am calling attention of the Senate is the interference, the disruption this new policy is causing to our efforts to enlist men in the Army. The C. C. C. boys are paid more. It costs the Government, if the Senator will bear with me for just a moment longer, more than a thousand dollars a year to keep a boy in a C. C. C. camp, I think it is money well spent when it is limited to boys who are in need, but when it is extended to every boy, I do not think that the Government can afford to spend a thousand dollars in that way. It does not cost any more to send the boy to a university.

Mr. BYRNES. The Congress could well consider whether it should amend the law and restrict it to those in need and not those in need of jobs.

Mr. WILEY. Mr. President, I inquire what is the date of that new regulation?

Mr. JOHNSON of Colorado. August 14, 1940, is the date of the bulletin. I presume that is the date.

In reply to my inquiry, this is what Mr. McEntee tells me:

In accordance with your telephone request there is attached a copy of a memorandum dated August 14, 1940, which was sent to all Civilian Conservation Corps State selecting agents.

Mr. WILEY. It seems to me that there might be two implications drawn from the fact that the regulation originated in August, one political and the second that here we have demonstrated the fact that once a Government agency is established, it is difficult to get rid of the agency. Employees hate to let go.

The Senator should be given a vote of thanks for bringing this matter before the Senate. At this time, when the country needs men, the C. C. C., which is a fine organization in itself, should not be competing for men. We should have this matter investigated. So I say the Senator from Colorado is entitled to have the support of every Senator.

Mr. ELLENDER. Mr. President, of course the bureaus of public welfare are accepting applications for the C. C. C. so as to fill the quota contemplated by the law which is fixed at 300,000 enrollees. I do not wish to discuss the merits of the resolution at this time. As I stated a few moments ago, I believe that the resolution should be referred to the Committee on Education and Labor rather than to the Committee on Military affairs. The Committee on Education and Labor has considered all legislation pertaining to the Civilian Conservation Corps. Should the motion of the Senator from Colorado not prevail, it is my purpose to move that the resolution be referrred to the Committee on Education and Labor.

Mr. JOHNSON of Colorado. Mr. President, I asked unanimous consent that the resolution be referred to the Committee on Military Affairs, and that was granted. If the Senator from Louisiana wants to reconsider that action, that is all right, but——

Mr. ELLENDER. Mr. President, I thought that was the pending motion; that is, that the resolution be referred to the Military Affairs Committee.

Mr. JOHNSON of Colorado. But my request has already been agreed to. If the Senator desires to reconsider the action, very well, but I want to oppose the action.

Mr. ELLENDER. Mr. President, I inquire what the parliamentary situation is?

As I have just stated I understood that the pending question was on the motion of the Senator from Colorado that the resolution be referred to the Committee on Military Affairs.

The PRESIDING OFFICER. As the Chair understands the matter, the Senator from Colorado asked unanimous consent to submit a resolution and have it referred to the Committee on Military Affairs, and there was no objection.

Mr. ELLENDER. I was out of the Chamber and answering a telephone call when that happened.

Mr. JOHNSON of Colorado. If the Senator from Louisiana desires to enter a motion to reconsider the reference of the resolution, of course, he has that opportunity, although I shall oppose it, because if he will read my resolution he will find that I based it on the national-defense issue, and his

committee has nothing whatever to do with military matters. That is a matter for the Military Affairs Committee to consider.

Mr. ELLENDER. Mr. President, according to the Senator's views, as expressed on the floor of the Senate, his resolution affects the administration of the law by the Director in charge of C. C. C. It also affects an interpretation of the law.

Mr. JOHNSON of Colorado. My resolution does not question the law in any way. It questions the action under the law.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. The Senator from Louisiana has the floor.

Mr. ELLENDER. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I understand, the parliamentary situation is that which has been stated by the Chair. The Senator from Colorado asked unanimous consent, out of order, to introduce a resolution and to have it referred to the Committee on Military Affairs, and there was no objection. That raises the question, however, just what connection the resolution has with the military program. The mere fact that, as the Senator from Colorado says, there is some competition between the C. C. C.'s efforts to get boys into the C. C. C. camps and the War Department's efforts to get the same boys into the Army would not necessarily confer jurisdiction on the Military Affairs Committee.

Personally, I do not care where the resolution goes. I am sure either committee would give it appropriate consideration; but it seems to me the mere fact that there may be, in the opinion of the Senator, some competition between these two Government agencies for possession of these boys might make it appropriate not to refer the resolution to either committee, but to refer it to some committee that is impartial as between them.

I very much doubt, however, if the competition is as serious as it may seem on the surface. There is not anything particularly military about the resolution which would automatically cause its reference to the Committee on Military Affairs.

Mr. ELLENDER. Mr. President, that was my reason for rising to oppose the motion to send the resolution to the Committee on Military Affairs. If action has already been taken by the Senate to that effect, I now move to reconsider the vote by which the resolution was sent to the Military Affairs Committee.

The PRESIDING OFFICER. Is there objection to the reconsideration of the reference of the resolution to the Committee on Military Affairs?

Mr. BARKLEY. Mr. President, I inquire of the Senator from Colorado if he would be willing to let the resolution lie on the table for the time being, and give further consideration to the committee to which it may be referred.

Mr. JOHNSON of Colorado. I shall be glad to have the resolution lie on the table without changing the parliamentary situation with regard to it; that is, it has been ordered referred to the Committee on Military Affairs, and I want it to come up under a motion to reconsider, if the reference is to be changed. With the understanding that unless some action of that kind is taken the resolution will go to the Committee on Military Affairs, I shall be glad to have it printed and lie on the table.

Mr. VANDENBERG. Mr. President, how can a unanimous-consent agreement be reconsidered?

Mr. BARKLEY. Of course, the result can be attained by moving to reconsider something that has been done by unanimous consent.

Mr. ELLENDER. Mr. President, a parliamentary inquiry. If the resolution has been referred to the Military Affairs Committee, how can it lie on the table? I should like to know that.

The PRESIDING OFFICER. The Parliamentarian says it cannot.

Mr. JOHNSON of Colorado. The Senator may ask unanimous consent to have that done.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield the floor?

Mr. ELLENDER. I yield to the Senator from Georgia.

Mr. GEORGE. I desire to make a very brief observation in my own time. The Senator has not finished?

Mr. ELLENDER. I have nothing further to say at the moment, except this, that after my motion to reconsider is considered, the resolution may lie on the table, if that is agreeable to the Senator from Colorado.

Mr. JOHNSON of Colorado. No; that is not agreeable.

Mr. ELLENDER. Very well, then; as I understand the situation, my motion to reconsider will go over.

Mr. GEORGE. Mr. President, it seems to me that if unanimous consent has already been given that the resolution shall go to a particular committee, the appropriate motion would be to discharge that committee and refer the resolution to some other committee, either now or hereafter; but I am not interested in that phase of the matter, and I am not concerned about where the resolution goes. I think the resolution is timely, and that is why I rose to make an observation.

Personally, I have been very greatly disturbed to know what is the policy which is back of an increased enrollment in the C. C. C. camps at this time. I do not know that anybody ought to ask what policy is back of any move; but up to this time we may do so with some fair degree of immunity, at least.

I have been interested in this matter for some time. It will be recalled that many weeks ago I offered in the Senate a simple amendment to provide for voluntary military training in the C. C. C. camps. I was met by the most stubborn opposition—I may say concerted administrative opposition. I was very much at a loss to know why there should be so much opposition to training some 250,000 young men in the C. C. C. camps at an expense to the Government of $1,000 a year each, particularly when it was put on a voluntary basis.

Since that time much water has gone over the dam or under the bridge, as we may see fit to phrase it. We have passed what we referred to as a conscription bill, and a National Guard bill, and brought the units of the guard into the Federal service in peacetime, to be trained, or to be sent, or to be used in active service anywhere in the Western Hemisphere, in the Philippine Islands, or wherever somebody may want to send them; and we are about to do the same thing with the young men who are to be conscripted.

I voted for compulsory military training, but I did not do it under the craven fear that any other nation was attacking or would attack this country. I did it because of the settled conviction that the United States should have an adequate national defense. It needs it. It has long needed it. I do not know when it will have to be employed, but, whenever it becomes necessary to employ it we ought to have it. The amendment, however, to give voluntary military training in the C. C. C. camps was opposed and was defeated, whereupon I made some inquiry to this effect: Was it intended to create a haven against military service for anyone who was fortunate enough to get into the C. C. C. camps?

The members of the C. C. C. camps do not want any such policy as that. As a matter of fact, they wanted voluntary military training. As a matter of fact, they were willing to take military training, and desired to do so; but I have made that inquiry.

Recently the Senator from Colorado has very appropriately called the attention of the Senate and of the country to what is going on. I do not know why it is being done; but there has been and is in progress an effort to increase the number of young men in the C. C. C. camps. In some places I have seen it stated that they were bringing some of the middle class—if anybody wants to classify our citizens as top and middle and lower—or some of the "white collar" class into the C. C. C. camps. I had the idea when I voted for the C. C. C., and I have entertained it ever since, that it was to take care of the young men who were in need, who were

unemployed, and who could not find employment, and to take care of their families as well, because a portion of the money—in fact, $25 of the $30 paid to a C. C. C. enrollee—went to the family, as I understood, rather than to the boy. That, however, is beside the question; but it is important to know what policy is involved. Is it intended to create a haven? Is it intended to invite young men into the C. C. C. camps and protect them from the draft bill which has been passed by both Houses and which is now in conference? I have asked that question, but I have been unable to obtain an answer, though some Senators have stated to me that, of course, that was not the policy.

Mr. BARKLEY. Mr. President, may I ask the Senator a question?

Mr. GEORGE. Yes.

Mr. BARKLEY. Does the Senator understand that the draft bill which has been recently passed by both Houses, and is now in conference, exempts from registration or service the young men who are in the C. C. C. camps?

Mr. GEORGE. No; I do not.

Mr. BARKLEY. I do not, either.

Mr. GEORGE. But I am coming to that point now, if the Senator will permit me. I do not so understand.

Mr. BARKLEY. Neither do I.

Mr. GEORGE. Had it done so, I would not have voted for the law, and I would oppose it now; but if the policy of the administration is to do it, I dare say they will be exempted.

Mr. BARKLEY. If the Senator will yield at that point, I have never heard any suggestion, intimation, or hint from anyone in the administration that any such purpose was in the mind of anybody.

I will say to the Senator that, so far as I am personally concerned, I voted against his amendment. I did it for reasons which I then expressed, that I did not believe that the C. C. C. boys, who were taken very largely from relief families, ought to be the first to be trained.

Mr. GEORGE. I am not criticizing the Senator for his vote, nor am I complaining because the amendment was defeated, but by that illustration I am trying to emphasize the fact that I then desired to know what the policy was going to be with respect to the C. C. C. enrollees.

Mr. BARKLEY. I took my position on my own volition, without consulting anyone in the administration, in the War Department, or in any other executive department, or anyone else. I acted on my own conviction on the subject, which had no relationship to what anyone else thought about it. I felt, as I stated then, that it was a mistake to pick young men of the C. C. C., drawn from the poorer families, those on relief, and give them training first, because those trained first, if we have to get into war, will probably be the first to do the fighting. I felt that when we should undertake to train young men we should not pick out those as the first to train in any branch of the service, and my attitude on the subject was not understood to reflect the opinion of anyone else except myself, and I would disclaim that it did. Certainly I took my attitude without consulting anyone in any executive department in the United States, from the highest to the lowest.

Mr. THOMAS of Utah. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield.

Mr. THOMAS of Utah. If I may break in at this point, if the Senator from Georgia does not object, there could not be any policy on the part of the Government to exempt the C. C. C. boys from registration and from service. In fact, it could not be done, because it would be directly contrary to the Selective Service Act itself. I think, however, that probably someone might assume that they would be exempt. There is in the Senate bill, and also in the House bill, provision giving the President the right to make rules and regulations governing classifications, and men can be deferred because of the classification, with regard to whether their work is more essential to the health of the Nation, to the agriculture of the Nation, or to some other activity. But that has nothing to do with exemptions from military training. It relates merely to deferment so far as classification is concerned.

It must be remembered that under any scheme of selective draft that is adopted we will not go below the age of 21 years. The enrollee in the C. C. C. camp may start, and generally does start, at the age of 17. His period of enrollment, if it continues as it has been in the past, is a 6-month period. So there would be eight 6-month periods of enrollment of the C. C. C. before the boys would even be required to register. Therefore that plan would not have anything to do with exemption from military training.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Georgia yield to permit me to ask a question of the Senator from Utah?

Mr. GEORGE. I yield.

Mr. JOHNSON of Colorado. Conscription is not the only means of getting into the Army. The Senator from Utah knows full well that boys can enlist in the Army at 18 years of age.

Mr. THOMAS of Utah. That is true.

Mr. JOHNSON of Colorado. He knows very well, because he served with me on the Committee on Military Affairs, that many thousands of boys are needed for the Regular Army, and that the Army is taking them at 18 years of age. The age limit in the C. C. C. is 17 to 23½ years.

Mr. THOMAS of Utah. I cannot see that there is any point in exempting the C. C. C. men from military service, if it is a voluntary arrangement. The boy in the C. C. C. elects to go into the C. C. C. If he elects to go into the Army, he cannot be in both places at the same time.

Mr. JOHNSON of Colorado. But my point is that the authorities are carrying on a campaign to get enrollees into the C. C. C. camps, conflicting with efforts to get them into the Army.

The PRESIDING OFFICER. Does the Senator from Georgia yield further to the Senator from Utah?

Mr. GEORGE. I yield.

Mr. THOMAS of Utah. I cannot say as to that, because I do not know anything about such a campaign. I was merely trying to explain, if I could, that there could not be any exemption from registration given to C. C. C. boys because they were in the C. C. C. That is the point I wanted to make, if that has been bothering anyone.

Furthermore it should be remembered in regard to boys on relief, that during the consideration of the C. C. C. Act, which was renewed for another 2 years, the Senate and the House agreed to change the provision which made it necessary for the boys to be taken from families on relief. The wording was changed so as to provide that a boy must show that he is in need of employment, not that his family is in need of relief. The idea was that it was time to remove from the C. C. C. uniform and from the parents of boys in the C. C. C. camps the stigma which might be attached to service in the C. C. C. I thank the Senator from Georgia.

Mr. GEORGE. Mr. President, I am very glad to have the observations of the Senator from Utah and the Senator from Kentucky. I am not complaining about what is in the law. There is nothing in the bills which have been passed authorizing the exemption or the deferment of the C. C. C. boys, nor do I know that that is the intent or purpose. But there are two legitimate grounds upon which the resolution of the Senator from Colorado should be looked into carefully, and not in a perfunctory manner. First, is it intended to create a haven in the C. C. C. camps for all men who have reached the military age fixed under the proposed compulsory military training law; and, second, is there necessity to burden the Government further by the expenditure of additional funds at this time through an increase in the C. C. C. camps?

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. GEORGE. I am glad to yield.

Mr. BARKLEY. It is my understanding that the administration cannot go above the 300,000 figure which the law provides, no matter what sort of campaign may be undertaken to increase the number. I had not heard of any such cam-

paign; it has not been carried on in my State, so far as I know. It may be that in some localities where the enrollment may fall short of what it is felt it should be, in order to fill up the full complement of the companies, or whatever the units are called in the different camps, efforts have been made to increase the enrollment. But I would doubt whether it was intended as competition with the Army in undertaking to get enrollees in the Army, and certainly, no matter what might be done in any community to get the complement filled, the total number of enrollees could not exceed, as I understand, the 300,000 provided for by the law.

Mr. GEORGE. Mr. President I wish I could be as certain as the Senator is about it; but I recall that we have voted a great many blank checks, and I do not know what may be undertaken in the expenditure of large sums of money for the spending of which Congress has given no specific direction. I know that it has been published in the newspapers—I do not know whether anyone else saw it or not, but I have seen it in the public prints—that it was intended practically to double the number of enrollees in the C. C. C. camps. It may have been a publication from some irresponsible, unauthorized source, I do not know, but I have been concerned about it, and I have wanted to know what was the purpose or policy back of it.

I know that at this time unemployment of able-bodied men in this country should be decreasing. Certainly it should be, in view of the vast expenditures of public funds which Congress has authorized for the national defense, as well as the general appropriations which Congress has been making. I also know—and I do not want to give any offense by this—that the Draft Act may be administered not according to the letter of the act. I know very well that it will be altogether possible to say that young men in the C. C. C. camps are now being trained in building bridges and doing Signal Corps work, that they are getting a form of noncombatant training which is essential to the Army and to the maintenance of the national defense, and that the authorities would rather that they be not interfered with. I do not know that that is the purpose, I do not charge that it is, but I say that I have been more than curious to know what is the purpose. I think Congress and the country have a right to know the policy back of any proposed increase in the C. C. C. camps at this time.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. ADAMS. I wish to recall to the Senator's mind, if by chance it should have escaped him, the fact that the Senate increased the appropriation for the C. C. C. camps by $50,000,000 over and above the amount in the bill as it came from the House. That was done because of the statements which were made that great numbers of qualified young men were seeking to get into the C. C. C. camps, and without the added appropriations many camps must be closed, but now we find a campaign or a stimulus under way to bring into these camps men who heretofore were not regarded as qualified.

Mr. GEORGE. I think the Senator's statement is correct. I am the last Member of the Senate who would object to the C. C. C. camps and the work being done in the C. C. C. camps. I have always believed it to be a very wise movement. I have no objection, of course, to the young men who enter C. C. C. camps not being disturbed, even by the draft law, if there is some sound basis for such a policy. I am simply anxious to know—and I believe we are entitled to know—what the policy is with respect to the C. C. C. camps. I know there will be many applications for entrance into the C. C. C. camps, if a camp is to be a city of refuge, a haven against the application of the provisions of the Military Training Act. I am sure of that.

Mr. President, I wish to make a further observation, and I almost apologize for doing so, because I am sure no one is especially interested in it. The second consideration I mentioned is one, however, which ought to concern the Congress, to wit: What justification is there for expending increased sums of Federal money to bring about an increase in the enrollment or to make possible the enrollment of a larger number of men in the C. C. C. camps? If I may be pardoned again, I wish to refer to the fact that some days ago we were advised, perhaps unofficially—we received the advice, nevertheless—that the appropriation for relief would be exhausted in the early part of next year, and that it would be necessary to increase by some considerable sum appropriations for general relief, and at about the same time it was suggested that there would be a great increase in the enrollment in the C. C. C. camps.

On the question of relief I have nothing whatever to say, because that must be determined when we reach it, and the relief appropriation should be made, as I hope it has been made, on the basis of the necessity for it, the desirability of meeting a call of that kind upon our organized society. But as for an increase in enrollments in the C. C. C. camps at this time, it is hardly conceivable that it is justified. It cannot be justified from the experience of anyone in this body who knows anything about what is going on in his home State or section or community. With few exceptions, by and large, there are available fewer young, active men in every community in the country, so far as I know, in the average agricultural industrial State at least, than at any time within the last several years. There is no necessity for increased expenditures for the C. C. C. The military conscription bill will call for the registration of everyone from 21 years of age up to 30 years of age, or 44 or 45 years of age, depending upon the language of the bill as it is finally approved. So there is afforded opportunity for honorable service in training under a law which I assumed, when I voted for it, would be equally and equitably and fairly applied to all classes of our fellow citizens.

Now, Mr. President, with a diminishing demand for relief, especially among the young men, men who are able to go into C. C. C. camps, with an increased demand outside of Government for the services of more young men, with an increased demand within the Government for the services of more young men within the military age limit, why this effort to increase the enrollment in the C. C. C. camps? Why this encouragement?

Mr. President, the Treasury of the United States is in not too good condition. No one wants to say anything about it because the facts have ceased to make any impression upon the public mind. But one day down the road we must meet the problem. We propose to increase the enrollees in the C. C. C. camps. We talk about increasing the relief expenditures of the Government. We propose to authorize another $500,000,000 to the Export-Import Bank for the purpose of lending money to countries in the Western Hemisphere without any intelligent idea of what is going to be done with the money. We are simply traveling along, spending more and more and more money.

We have recently acquired bases in various islands off our coast—in some instances a long distance off our coast—for the purpose of establishing air bases at least, and perhaps naval bases—I do not know. Everyone approved that action because it was regarded as a necessary step under modern conditions for the complete defense of the Nation. But we have had no treaty covering the project, and in the acquisition of those bases we have assumed, and will of necessity assume, some of the most momentous international obligations this country in all its long history has undertaken. Yet there is not to be any treaty or anything of the kind in respect to that matter. Now that it is suggested that we acquire these bases and spend the money necessary to prepare them, before we adjourn perhaps there will be a bill of $900,000,000 or a billion dollars for that purpose on top of other expenditures for military defense.

Then what are we going to do? Out of the goodness of our hearts, and because we want our South American and Central American neighbors—and our neighbor on the north—to be on perfectly good terms with us, and to aid willingly and actively in the defense of the Western Hemisphere against any power which may wish to invade it or to violate the Monroe Doctrine, we propose to let all the countries in the Western Hemisphere share in these bases and use them.

What does that mean? Mr. President, it means beyond all doubt one of the most complicated, one of the most far-reaching, one of the most important international engagements this Nation ever entered into; one fraught with more possibilities for good—and, if we say good, why not be candid in saying equal possibilities of evil, for the two go hand in hand. Yet has anyone said anything about a treaty? Under the fear that the United States is to be invaded, under the fear that our Nation is open to attack, under the constant appeal that we must forget reason and every single duty resting upon the Congress of the United States but one, we must not open our mouth about these things.

Mr. President, there is another day ahead of us, and the Democratic Party will be compelled to answer whether it is the party of economy, whether it believes in it, whether it wants to practice it, or whether it is the party of waste, waste upon a large scale, whether it is the party that wants to stay within the Constitution, to pay decent respect to the simplest democratic processes, and handle the most important businesses that ever can come before this Nation in the way they ought to be handled, or whether we should forget all these things because we believe we are in danger. Should they be forgotten? If we were in actual danger, Mr. President, is there any warrant for the assumption that the Congress of the United States would not grant every power and take every step necessary to the defense of the country, by acquisition of bases in the oceans on either side of the Western Hemisphere, and by invitation to other nations to participate in the use and occupancy of such bases when they were completed? Is there any doubt that Congress would grant such power if there were any reason why the power should be granted? We may know in a general way of the general reasons for a particular policy; but is there any sound or justifiable reason why we should not proceed to determine our policy in the way in which it should be determined?

Mr. President, there is not much difference between willful and wanton waste and outright corruption. They go hand in hand. They march down the same road. They end at the same destination.

If we may not make an inquiry about the expenditure of public money, and if we may not know what the policy is with regard to the expenditure of public money; but if, on the contrary, day after day we must be met with requests for increased appropriations of public funds to carry out purposes which may be very wise and very desirable, but about which we know nothing, although they may be very clear in the minds of many persons, we are the most wasteful Congress that ever was assembled in the whole history of the Republic.

Mr. President, we cannot throw away public money and save this Nation. It is not merely a question of becoming bankrupt. The question is far more important than that. We cannot, out of the Public Treasury, out of the pockets of the taxpayers, make vast grants of public money in the name of any cause and preserve the Nation. The waste of money is bad enough. Increasing taxes on our industries and on our individual citizens who pay taxes may be bad enough; but that is not the worst of it. The profligate use of public money leads to—aye, it is within itself—public corruption. The very heart of it is corruption; and this Republic cannot stand that kind of strain any more than can any other government.

What do we do? If an appeal comes to us for $500,000,000 or $1,000,000,000, we grant it. Hardly anyone questions it. Last week, on a bill appropriating more than $5,000,000,000, there was not a yea-and-nay vote. Although some Senators asked for it, they could not obtain it. I did not ask for it, because I knew how I would vote upon it. Does that indicate that the Congress is trying to protect not merely the money of the people but the political integrity and morality of the people of the United States?

We may go on increasing the C. C. C. camps at a time when, Heaven knows, they should be on the decrease; we may go on spending money for any purpose proposed, without very much inquiry into why the money is being spent, and with no knowledge of the underlying or basic reason or policy which is to be advanced; but we cannot indulge in such activity and leave a strong, free people to uphold free institutions.

In June of this year we passed a tax bill which added a cold billion dollars to the burden on the bent backs of our taxpayers—individuals, copartnerships, and corporations. We are now engaged in the preparation of another tax bill which, next year and the year following, will add another cold billion dollars to the burdens of the American taxpayer; and we are not balancing our account. If we were, we should have a different situation; but we are not balancing our account. We are simply taking a step in that direction for the purpose of putting our accounts in proper shape and setting our house in order. No one will object to higher taxes for the purpose of national defense. All our citizens join in saying that we should make that sacrifice. But, Mr. President, it is a mere matter of calculation that when the bill now in the hands of the Finance Committee finally becomes law, the effective tax rate on corporate incomes—and the rates on all others will be in proportion—will approach dangerously close to 33⅓ percent. Could we give any man a business, take 33⅓ percent from it, and ask him to operate it? If he were capable of running it, would he have it? Would he not know that the business was doomed?

The same thing applies to the aggregate industry of this country. When the cost of government, or civilization, becomes so great that business cannot struggle through as a free enterprise, we are approaching some other end; and we are dangerously near it whenever the total effective tax rate in the country approaches 33⅓ percent out of every dollar of earnings made by our people.

Should not that fact give us a little pause? Is not that a good reason why the resolution of the Senator from Colorado should go to a committee which will immediately ask, "Why this increased expenditure? What is the purpose and the policy back of it?" However commendable may be the particular bill now before the Senate calling for an additional appropriation of $500,000,000 to be loaned to the governments, banking institutions, or nationals of other countries in the Western Hemisphere; however good its purpose, is it not reasonable, with a tax rate of more than 30 percent upon the income taxpayers of this country, to ask, "Is it wise to do it? Is it advisable to do it? Is it necessary to do it? Will the good effects outweigh the possible evil effects?"

Mr. President, all my life I have been an optimist. I have never indulged in any pessimism so far as my country is concerned. I may be altogether mistaken in having the slightest misgivings as to whether everything will work out for good in the end; but I cannot for a moment see conditions in that light.

Some months ago the Secretary of Agriculture conceived the brilliant idea of a Western Hemisphere cartel. Back of that idea lay the philosophy of the Secretary of Agriculture; namely, the control of production of the farms. Back of that idea lay the long-time dream of the Secretary of Agriculture. Not only must we have regimentation of the farms in the United States, but there must be some sort of international agreement whereby the cotton-producing and wheat-producing countries of the world may all be brought into harmony and agree to restrict production, and therefore arrive at beneficial and profitable prices for wheat and corn. That purpose lay back of the cartel idea. The idea was not very favorably received. Now, we have a proposal for an increase in the capital of the Export-Import Bank, for perfectly laudable purposes so far as they are expressed on the face of the proposal.

I have listened patiently and attentively to ascertain what would be done with the $500,000,000. I do not know in detail, but I do know that, in part, it would be used to provide for the marketing of agricultural products grown in the Western Hemisphere outside the United States. That is a fair statement, Mr. President. It is the cartel idea; it is the cartel

theory. I have already shown what is the philosophy back of the cartel theory. It is the regulation of production, the control of production by law. Perhaps it is a good philosophy, but, in order to make it entirely effective, of course, competitors in other parts of the world must likewise be controlled.

It may be asked, What has that to do with the Export-Import Bank capital? Mr. President, I will tell you what it has to do with it. When the Producers of wheat and cotton in Central America and in South America become our debtors they will be politely asked to consider the terms on which we extended the credit; they will be politely, but very effectively, persuaded that it is proper and wise for the South American and Central American countries to reduce their wheat production; to reduce their cotton production; to reduce their production of other commodities, and the same old theory back of the control of production in the United States will be put into practice. The difficulty is that we have not sufficient money to do likewise all around the earth. We may get by with it in this country, but it is a pretty heavy drain on us here even to supplement, out of the Government Treasury, the greatly reduced income of the hog raiser, the wheat raiser, the corn raiser, and the cotton raiser, to such a point as will permit the farmers to live and enjoy whatever meager prosperity they may have. But when we come to do the same thing all around the world—and, while we merely start out with one hemisphere, we can extend our operations—when we come to do the same thing outside the United States, then, Mr. President, it becomes too costly a program, as I think, to permit the United States Senate to conclude rightly that we can afford it.

Oh, I know this is a national-defense measure. I know very well that we must do this now because we must sustain our neighbors to the south and to the north, all for the common security of the Western Hemisphere. I know it is now based on the ground of national defense, Mr. President; but, after all, a philosophy that was not born of the exigencies of national defense in a military sense is back of this program.

If Argentina becomes a debtor of the United States, and has the prospect of an increased advance from the Federal Treasury, it may be assumed that Argentina will listen to the suggestions we may wish to make with reference to production and distribution of the products which the Argentine people make and which are, of course, competitive with ours in whole or in part.

Mr. President, I do not believe in the doctrine, the philosophy, the principle back of the theory that by reducing the production of wealth thereby wealth is increased. I myself have never been so confused, I hope, as to assume that greater wealth can be produced or that a nation can become wealthy by the restriction of the production of wealth. I hope, Mr. President, at least, that I have not become so confused as to think of the mere money price which for a day or a year or a season may be received for a product as representing value.

Mr. President, true value is in the service rendered and in the commodities produced by labor, the result of the combination of the hand, the head, the purpose, and the heart of men who are making things. The more labor profitably employed, the more employment and service we have in this Nation, the greater the wealth we are producing.

The answer that, somehow or other, the products of labor have not been equitably or equally distributed, and, therefore, we must restrict the production of wealth in order to advance the price of those things that are below the average price, is the poorest answer that any intelligent government, in my opinion, ever made to a pressing problem. It is simply no answer at all; it is merely a temporary expedient; and it does not seek a real remedy.

Mr. President, I have great regret in not voting for this particular bill. I have the utmost respect for Mr. Jones, who has been the managing head, at least, to the Export-Import Bank; I have the utmost respect for those who in other departments of the Government have been associated with him; I have the utmost confidence in his judgment; but, Mr. President, I think I know the ultimate purpose back of this bill, in part, at least, and I think that I appreciate the utter futility of a movement or purpose of that kind. I think also, Mr. President, that I appreciate the fact that, day by day, as we pile up debt upon the Public Treasury, as we assume greater and greater financial risks, we are approaching a point where the situation will be all too evident to all of us who dare take the time to look or to reason or to listen.

I think also, Mr. President, that the very policy itself is one fraught with the greatest danger. The extension of credit to our South American friends will invite a demand for greater credit, and when the time comes when we must either refuse or reduce the credit, we will find ourselves in a much more unhappy position than we would occupy if we never embarked upon a program of this kind.

To extend our own commerce, yes. If that were the purpose of the bill, I would gladly support it. I would go further than most men in this Chamber to extend our own commerce, whether of manufactured or raw products. I would certainly go as far as anyone. I would do more than that, Mr. President; I would even be willing, if necessary, to subsidize travel in Central America and South America and make it possible for a class of our citizens to visit those countries and to become acquainted with them, to make friends with our neighbors to the south.

The money spent by the tourist trade in Central America and South America would furnish the dollar basis for credit in the United States and would give to Central American and South American peoples the purchasing power for more and more of our products.

Anything, Mr. President, that has for its real objective the expansion of our own commerce and trade may be justified, if we are able to do it, but to undertake a program of this kind, that has back of it the philosophy which I have feebly tried to express, is a venture to which I do not wish to be a party. I would rather go back to the people of my State and say that I declined to make possible the use of $500,000,000 out of our Treasury in Central America and South America, even if it shall become necessary ultimately to assist in the military defense of Central America and South America.

It is most unfortunate, Mr. President, as I think, that a measure of this kind and other similar measures cannot be considered on their true basis of value, that is to say, upon the merits of the question, aside from the fear and apprehension, real or imaginary, that we are about to be engulfed in military campaigns to defend the Western Hemisphere.

Mr. BARKLEY. Mr. President, I wish to refer to the discussion which took place a while ago as a result of the submission of the resolution of the Senator from Colorado [Mr. JOHNSON].

I thought I knew then, and I so expressed myself, that there could not possibly be any increase in the enrollment of young men in the C. C. C. camps beyond the 300,000 authorized by the Congress. In order that I might ascertain and give the Senate the benefit of the information growing out of this discussion, I called up over the telephone Mr. McEntee, who is the head of the Civilian Conservation Corps, and inquired of him about the program. I, of course, advised him that the statement had been made on the floor of the Senate that a campaign was on to increase the enrollees in the Civilian Conservation Camps all over the country and, of course, that the suggestion had been made that it was in competition with the War Department, which is trying to enlist men in the Army, and that the inquiry had also been made whether the C. C. C. camps were to operate as a haven against enrollment in the Army or against the administration of the draft insofar as they are concerned, and I learned that these are the facts:

It is true that not only do the C. C. C. authorities not intend to increase the enrollments above the 300,000 authorized by law, but they do not consider that they have any authority to do it even if they wanted to do it, and that the only authority for any increase in the number above 300,000 would be an amendment of the law on the part of Congress. They do try to keep the number up to 300,000. They have two enrollment periods—one in July and one in January—

at which times most of the men go out because of the expiration of their 6 months' service in the C. C. C. camps, but there are some who go out between January and July. In order that the C. C. C. authorities may keep the enrollment up as nearly as possible to 300,000, they have an intermediate enrollment period in October and in April.

The C. C. C. authorities now have in the various camps 285,000 men. They desire to take in another 15,000 in October, so that the entire enrollment will be the 300,000 authorized by law; and all they are attempting now to do is to bring to the attention of eligible young men in various parts of the country the fact that there are these vacancies in the present camps, amounting to 15,000. If they get the 15,000, that will carry them until January, when one of their regular enrollment periods will approach; and, because there will be more enrollees whose 6 months' service have expired, the C. C. C. authorities will, of course, attempt to refill the various camps with eligible men, so as to keep the enrollment as near the numerical strength of 300,000 as is possible; and that is what Mr. McEntee says they are doing, in order to fill the gaps.

In addition to that not only are the C. C. C. camps not a haven of refuge, but already, assuming that the draft law will become effective soon, the C. C. C. authorities have given to the War Department information as to the location of all the camps in the United States, as to the numerical strength in those camps, and have set up machinery to cooperate with the War Department in the registration of all those eligible for registration between the age of 21 and whatever the maximum age may be, whether 31 or 45 or some figure between the two; and not only are they attempting to set up machinery to cooperate with the War Department for registration but they are also attempting to set up machinery for the administration of the act under the jurisdiction of the local boards which are to have charge of the selection of those eligible for service in the various training camps of the War Department where they are to train for the period of 12 months.

I feel that the Senate as a whole and particularly the Senator from Colorado [Mr. JOHNSON], the Senator from Georgia [Mr. GEORGE], and other Senators who have engaged in the discussion will be glad to know that there is nothing unusual about this program. It has been going on during the entire 8 years.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. Yes; I yield.

Mr. JOHNSON of Colorado. The unusual part about the program is that on August 14 the Director changed the interpretation of the law relative to eligibility of the enrollees. That is what we wanted to inquire about.

Mr. BARKLEY. No; according to my interpretation of the law, there is nothing strange about that. The Director was giving an interpretation, based upon the act of Congress, that no longer was eligibility determined by the fact that the family was on relief, but it was determined by the fact that the enrollee himself needed work, or was out of employment.

Mr. JOHNSON of Colorado. Oh, no; the law of 1937 changed the eligibility as to the family, but by interpretation on August 14 the Director of the C. C. C. camps completely changed the understanding as to the enrollees who are eligible. It is not on the basis of need at all.

Mr. BARKLEY. He did not change his interpretation so as to violate the law, or to go outside the terms of the law, as I understand.

Mr. JOHNSON of Colorado. That may be.

Mr. BARKLEY. There is nothing in the law as it is now written which indicates how impecunious the family must be in order to make one eligible for enrollment in the C. C. C. camps.

Mr. JOHNSON of Colorado. I am quite sure the Members of the Senate, when they passed the act in 1937, never for a moment thought that all the boys in the United States, regardless of their financial standing, could enter the C. C. C. camps. I am sure they did not, but under the interpretation of the law as stated by the Director every boy in the United States, regardless of whether his parents are millionaires or in what financial condition they are, may become an enrollee.

Mr. BARKLEY. Of course, all the boys in the United States within the ages of 18 to 25 could not get into the C. C. C. camps because they can take only 300,000, but if a young man whose family is not on relief is out of work and cannot secure employment, I presume both Congress and the Director took it for granted that that boy was properly eligible to be taken into a camp and given the sort of training that the C. C. C. enrollees obtain. I do not know how many of those boys would be taken in. I have no figures as to the proportion. I am satisfied that it would be a very small proportion because, as a rule, unless some young fellow desires the particular type of training that he can get, physical and otherwise, in the C. C. C. camps, I think he would have no particular incentive to go in simply because of the pecuniary situation, if he did not need employment.

Mr. JOHNSON of Colorado. Mr. President, will the Senator further yield?

Mr. BARKLEY. Yes; I yield.

Mr. JOHNSON of Colorado. The law of 1937 changed the original law from the need of the boy's family to the need of the individual boy. Now the Director of the C. C. C. camps has changed it so that the matter of financial need does not any longer enter into the question at all.

Mr. BARKLEY. I have not seen the new regulations, and I am not in a position to discuss them.

Mr. JOHNSON of Colorado. I am sorry I have not the regulations here. I let the Official Reporter take them.

Mr. BARKLEY. I have given the Senator the information that was conveyed to me by Mr. McEntee, and I am satisfied the Senate will be glad to give it the consideration to which it is entitled.

Mr. GEORGE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. GEORGE. So far as I am concerned, I am very happy, indeed, to have any information, because I have been anxious to know the facts. I think the failure to indicate the real policy and purpose of an increase at this time, coupled with the speculation which arises out of that fact, might reasonably be calculated to do one of the very best services we have established serious injury. I am very happy to have the information.

Mr. BARKLEY. Of course, we all realize that we cannot as a rule obtain full information as to the reasons why anything is done in the executive branch, or even in the legislative branch, by more or less casual notice we take of newspaper comments or newspaper articles, which very rarely can, in the very nature of things, give the background for action that is contemplated or is taken.

Mr. President, that is all I care to say about that subject. I do not desire to consume the time of the Senate discussing the bill now before us. However, I do wish to take occasion to make one statement. With much the Senator from Georgia has said I find myself in great sympathy. I think it would have been desirable on the part of all of us if we could have avoided the necessity of doing some of the things we have been required to do, not by any pressure from individuals or agencies, but because of the pressure of events over which we had no control, and over which we now have no control. It would be a wonderful thing if we could take ourselves back even beyond 1929, if we could wipe out the last 10 years, so that there would be no collapse of our financial institutions, so that there would be no collapse of our industrial fabric, so that there would be no unemployment in the United States. It would be a wonderful thing if we could have slept through all these years and not have experienced the things with which we have come in contact. But that was not to be. We had to live through them, and we are compelled to live through conditions which now beset us—conditions which we

did not produce, conditions over which we had no control, and over which we have no control now, because we are the victims of world events and world conditions, and we must take note of that fact, and we cannot escape it.

One of the reasons why Great Britain is now in her dire distress and extremity is that the people of Great Britain were more anxious to balance their budget and to keep down taxes than they were to prepare for what is now happening, with England and the greatest city in the world as the object of attack. I do not draw any irrevocable, inflexible comparison between the situation of Great Britain, which is only 20 miles across the English Channel from the continent of Europe, and the situation of the United States, which is 3,000 miles from that scene. But I dare say that if the people of Great Britain could call back 4 years, when a few voices crying out in the wilderness, were trying to persuade the people of Great Britain that they were in danger, the actions of the British people and the British Government would have been entirely different from what they were and are, and the results of their actions would be entirely different from what is happening today, and we would not now be harrowed by the daily news that helpless men, women, and children, and the property of men, women, and children, which has been in existence in some instances for centuries, are being ruthlessly destroyed because England was not ready for the emergency although it has always seemed to me that any sensible man or any sensible people with their eyes open should have seen what was on its way.

I wish we could balance our Budget. I have been, frankly, one of those who have voted for appropriations which kept it out of balance, much as I desire a balanced Budget, much as I regret to have to vote in favor of increased taxes. As the Senator from Georgia knows, we have been working most of this session, at one time or another, on some form of increased taxes, and I agree with his calculation that a bill we have heretofore passed, which will raise a billion, and ultimately the bill we are now considering, and which we hope to take up in the Senate before the end of this week, will probably raise another billion by the end of this year. At least, I hope it will.

It would have been a wonderful thing if we had not had to do this, but regardless of our regret and our remorse, regardless of what we might have done in years gone by that was different from what we did, we are faced with a situation which we cannot ignore, and I think we are bound to conclude, as desirable as balanced budgets and low tax rates are, that there are some things more valuable; there are intangible values, imponderables, incalculable equations in the history of every nation, which cannot be measured by any yardstick of dollars and cents.

I think we are now in the midst of one of those situations. We could very well sit by and say, "What is the use? We are safe. It is true that all of Europe is being dominated by a certain school of thought which has been able to carry itself forward by military prowess and genius and superiority. It is true that there is still a little island over there which is putting up a game fight, and may win. But all that matters little to us. We are safe; our institutions are beyond approach and beyond danger. Our economic life is subject to no encroachments from any source in the world."

We might still sit under our own vine and fig tree, we might still enclose ourselves within our own shells and not move out or recognize conditions. But we cannot do that, we have not done it, and we are not doing it. The American people are not willing to do it; they are not willing to have their representatives here do it. It is because the American people have not been willing for us to do that that we have voted $15,000,000,000 for our national defense.

I am convinced from my contact with those whom I represent in this Chamber in part, that the American people are ahead of us in their desire to protect our institutions. I do not mean that the men in Kentucky, Georgia, Pennsylvania, New York, Delaware, and Colorado are more interested than we are, more patriotic than we are, but I think probably we have been a little more cautious, we have been a little more tender-footed in our approach to this problem than the great masses of the people have been as they have noticed what has been taking place in the world.

We have gone pretty rapidly when we did take hold of the power; we have gone much further in the past few months than any of us anticipated we would have to go or would go; but we have been driven by the force of events; we have been driven by an avalanche of world conditions which we did not produce and which we could not prevent in spite of all our efforts.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. BARKLEY. Mr. President, with reference to the bill now before us, I suppose it would be impossible to write into the law the details of every sort of loan which might be made and every contract which might be entered into between the Export-Import Bank and those who would become the debtors of the Export-Import Bank. But that is no more true in regard to these loans than it has been with regard to all the loans made by the Export-Import Bank, the Reconstruction Finance Corporation, and all the other lending agencies which we have set up.

We do know that, as a matter of fact, South America and Central America should be our natural customers, they should be a part of our economic life no less than they should be a part of our hemispheric and defensive life, as we have in recent months emphasized. But we do know that, although South America and Central America should have been our customers all the time, they have not been to as large an extent as they would have been or might have been if our Nation and our people and our financiers had been in a position or had been willing to grant to them the same sort of credit which has been granted to them on the part of other nations.

Reference has been made to the fact that some of these countries owe us money which they have not paid; and that is true. They owe us that money very largely because in the boom days American sellers and agents of bond houses and banks went out and persuaded the American people to invest their money in South American and Central American securities. They did the same thing with respect to domestic securities, and I doubt very much whether what the people have lost or may lose on account of what we have loaned to Central America and South America will be half as much as they have lost or will lose because they were persuaded to buy domestic securities on the assurance of the same agencies which sold them the South American and Central American securities. The Export-Import Bank has been making loans to some of the South American and Central American countries, and there exists today an amount not exceeding $20,000 of overdue paper owing to the Export-Import Bank on account of loans heretofore made.

The trade between South America and Central America and other countries has been disrupted because of the war. Those countries have not been able to sell their products to European nations, and there are millions upon millions of dollars, if not hundereds of millions of dollars worth of their products which are now piled up, without a market for their sale. It happens that in many cases the markets of the world, which have been receiving products of South America and Central America, have likewise been receiving products of the United States, and when the war shall end, no matter how, every nation with a surplus that cannot be disposed of domestically including the United States, will be looking for markets in all parts of the world.

The prices obtained in foreign markets may depend to some extent, and probably will, upon the degree of salability of these surplus products, and upon the ability of a particular nation to compete with other nations in the world market in order that it may dispose of its surplus, or there may result such a dumping of products on the world market as to drive down the prices not only of products of South American and Central American nations, but of products of the United States as well.

Mr. Jones, in his testimony before the committee, having in view that possibility, made this statement:

> We might in some instances lend for the carrying and orderly marketing of their surplus agricultural products in order to avoid the necessity of selling at sacrifice prices.

If the nations of South America and Central America are required to sell their surplus products at sacrifice prices because they cannot carry them and feed them to the market as the market will absorb them, of course our products will suffer a like decline in price, and therefore we will sell our products in the world market in competition with the Central American and South American countries, and they will be selling in the world market in competition with us, and it is, of course, impossible to imagine that we can sell our products in the world market at a price higher than the South American and Central American nations can sell theirs.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator think that we could, at a discount of $500,000,000, and a good deal less, sell our products in the world market at a fair price?

Mr. BARKLEY. No; I do not think so, and if the Senator has in mind the possibility of appropriating to American producers $250,000,000 or $500,000,000, instead of lending it to South American and Central American countries, I doubt very much if he would vote for such a bill if it were presented here in behalf of the American producer.

Mr. TAFT. I think that on the whole I approve the theory of export subsidies, and for an export subsidy infinitely lower than $500,000,000 I believe we could accomplish twice as much as we could by trying to hold up the world price of commodities coming from 20 different countries in South America and Central America.

Mr. BARKLEY. Of course, I assume the Senator believes that, but sincere as he is in his statement, I should have to have additional evidence before I would be convinced of the accuracy of his theory.

I quote further from Mr. Jones:

> Some South American products, particularly wheat, corn, meat, and cotton, come in direct competition in world markets with products of the United States, and it is in the interest of American producers that cutthroat competition be avoided where possible.

That is what I have been talking about.

> Temporary aid in carrying such surplus will contribute to orderly marketing and lessen the necessity of barter arrangements which, once undertaken, are difficult to stop.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ADAMS. Will the Senator illustrate how that is to be accomplished? I am interested in the statement that Mr. Jones made as to how cutthroat competition is to be avoided by the loans. I am interested in a little further explanation, if the Senator can give it.

Mr. BARKLEY. I read from page 1 of the bill:

> (1) To assist in the development of the resources, the stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere by supplying funds—

And so forth. I assume under that language and it is undoubtedly so contemplated, that loans will be made in South and Central America to enable those who are holding products to hold them still longer in order that they may not be required to dump them on the world market below a fair price.

Mr. ADAMS. Would that have the effect of increasing further production?

Mr. BARKLEY. I do not think so.

Mr. ADAMS. We saw in the United States when we took off the market certain products that we stimulated further production. I believe we should be a little careful not to aggravate the disease.

Mr. BARKLEY. Yes; I agree with the Senator that we must be careful, and the Export-Import Bank must be judicious in making the loans. But if an individual or a group of individuals have on hand surplus commodities which have been already produced and awaiting some orderly market, I doubt very much whether the lending of money to them in order that they may carry the commodities still further, without selling them at cutthroat prices, will induce them to produce more of the same products and pile up additional surpluses.

Mr. ADAMS. Unless the effect of the loan was to keep prices up at an artificial level. If the prices were to be kept at an artificial level, production would be stimulated.

Mr. BARKLEY. I do not think it is intended to keep prices at an artificial level, but to keep them at a normal level instead of allowing them to go down so abnormally and artificially low as to bring about demoralization of markets all over the world in which our people are economically and financially interested.

Mr. ADAMS. I am interested in the mechanics of how it will be worked out.

Mr. BARKLEY. Yes; the mechanics will have to be worked out by the Export-Import Bank itself.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. McKELLAR. The Senator from Colorado [Mr. ADAMS] said that prudence and care was necessary in management of this matter, and I agree with him entirely; but the question I want to ask the Senator is this: Is it not true that Jesse Jones is one of the most careful, one of the most prudent, one of the most level-headed businessmen we have ever had in charge of any department? Is that not well known to everyone? Has not the record of the management of the bank shown that Mr. Jones is a prudent and careful businessman, and that losses have been exceedingly few and far between?

Mr. BARKLEY. The tribute paid Mr. Jones by the Senator from Tennessee is well deserved, as we all know. Regardless of anyone's views as to the wisdom of the proposed legislation, I think we all have confidence in the business acumen and ability and judgment of Mr. Jones, who has been head of all these lending agencies.

Mr. ADAMS. I thoroughly agree in the encomium on Mr. Jones, but are we in such a situation that the whole economic program depends on the continuance of Mr. Jones in his present position? If the program is sound, it should not depend on one man.

Mr. BARKLEY. I do not contend that Mr. Jones is the only man in the United States who could operate this lending agency, nor do I think he would contend that he is the only man who could do so, but he is the man who has done it, and he has done such a good job that it is really difficult for us to visualize the possibility of finding another man who has done as good a job as Mr. Jones has already done.

Mr. ADAMS. We are spreading him out rather thin, are we not, by giving him another job?

Mr. BARKLEY. I think it would take more than the secretaryship of the Department of Commerce to thin him out very much.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I concur in the compliment paid to Mr. Jones; but is not this the first time we have authorized Mr. Jones to make loans without adequate security, and, by eliminating the requirement for adequate security, are we not virtually instructing Mr. Jones that under the policies which we are now launching we have a "political" purpose—I use the expression in respect to our international relations—rather than the purpose of sustaining the collection record which has heretofore been so excellent?

Mr. BARKLEY. The question of adequate security which, in one of our laws amending the Reconstruction Finance Corporation Act, was described to be such security as to be reasonably expected to produce repayment, may not apply in all the loans that are to be made under the bill. We have gradually been getting away from the rigid provisions contained in the original law, which required adequate securities of almost the same nature as the securities required by a commercial bank.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WAGNER. There is absolutely no change, so far as the requirements with respect to security are concerned,

From the time we first established the Export-Import Bank, there has been no definite requirement with respect to any particular kind of security. So we are not changing that at all.

Mr. BARKLEY. There is nothing in the bill which changes the policy.

Mr. WAGNER. We are not changing the policy at all.

Mr. BARKLEY. All the bill does is to increase by $500,000,000 the lending ability of the Export-Import Bank for the purposes stated in the bill; but it does not in any way change the provisions with respect to security.

Mr. WAGNER. That is correct.

Mr. GILLETTE. Mr. President, will be Senator yield?

Mr. BARKLEY. I yield.

Mr. GILLETTE. Another question has been bothering me in connection with the pending measure. Is there anything in the provisions of the bill as drafted which would prevent the use of the money loaned to enable the countries to which it is loaned to market their surplus production in competition with our own products? May they not sell them anywhere in the world?

Mr. BARKLEY. There is nothing in the bill which attempts to prevent other countries from selling their products wherever they can; but there is a specific intention and a direct suggestion in the bill that money may be loaned in order to enable countries to avoid the necessity for selling their products in an unfavorable market, and therefore affecting our economy as well as that of the entire world.

Mr. GILLETTE. At the same time, there is nothing to prevent their use of the money to finance the marketing of their surpluses in competition with our products.

Mr. BARKLEY. Of course, the purpose for which each loan is made will have to be worked out within the terms of the law, between the country, or agency, or national and the Export-Import Bank; but I do not suppose there is anything in the bill which specifically refers to that situation. However, it is inconceivable to me that the Export-Import Bank would make loans to any South or Central American country primarily and exclusively in order to enable that country to market its products in competition with ours.

Mr. GILLETTE. However, that might be the effect.

Mr. BARKLEY. It would all depend on the contract.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WAGNER. A short time ago the Senator read the testimony of Mr. Jones, in which he emphasized that this authority would protect American agriculture against the terrific drop in the foreign market because of surpluses existing in other countries. So, whatever contract is made will protect American agriculture. Therefore, provision would have to be made for the proper protection of our agriculture.

Mr. GILLETTE. Mr. President, will the Senator yield for a further statement?

Mr. BARKLEY. I yield.

Mr. GILLETTE. I will say to the Senator from New York that with respect to security, we are absolutely dependent upon the provisions of the request which Mr. Jones submits for the approval of the President.

Mr. WAGNER. As stated by Mr. Jones, it is clearly the intent of the legislation to protect American agriculture.

Mr. GILLETTE. I am sure of that.

Mr. WAGNER. We must trust the administration to somebody.

Mr. BARKLEY. Mr. President, I do not desire to take further time, but I wish to call attention briefly to the fact that during the first 10 months of the war our exports to South and Central America constituted one-fifth of our entire exports to all the nations of the world. Our gain in those 10 months, compared to the corresponding 10 months of 1938 and 1939, amounted to 43 percent.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Kentucky yield to the Senator from Ohio?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator realize that that circumstance arises from the fact that European supplies have been cut off?

Mr. BARKLEY. Of course, I realize that.

Mr. TAFT. The same thing occurred in the World War; and it is the inevitable result, which will last as long as the European supply is cut off.

Mr. BARKLEY. Of course, that is true; but what I am contending is that we ought not to lose that trade when the war is over. We ought to be in a position to keep it. We ought to be in a position to send our products into Latin American countries after the war is over, and not simply depend upon their inability to buy elsewhere because of the war.

Mr. TAFT. Mr. President, will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. TAFT. Does not the Senator realize that unless we buy South American products we cannot hope to sell our products to South America? If we buy from South America only 35 percent of our imports, in the long run we cannot expect South American countries to buy from us more than about 35 percent of their imports, no matter what means we take to promote our exports.

Mr. BARKLEY. I realize, of course, that we cannot continue to sell to other nations without buying from them. Not only is that true of South and Central America, but it is true of every market. We cannot continue to sell to them and not buy anything from them; but we can buy from them things which we do not ourselves produce, or which we do not produce in sufficient quantities to meet our needs.

No doubt it will be a surprise to many Senators to realize what an undeveloped market there is in South American countries for American products. The State of Pennsylvania alone has almost as much mileage of good roads as has the whole of South America. There is a market for road materials and machinery. The State of Pennsylvania has three times as many automobiles registered as has all South America. Although Brazil alone is larger than the United States, there are more automobiles registered in the State of Pennsylvania than in all South America. There is a wide market for the products of American industry.

Last year one store in the city of New York held a special sale and sold one-fourth as many radios as are sold in all South America in an entire year. That is not a bad prospect for a market. There are only two and a half to three million radios among the 120,000,000 people of South America, while we have 40,000,000 in the United States.

I mention those as only a few of the things which South American countries do not produce, which they will buy from us in return for things which we do not produce, such as rubber, tin, certain types of iron ore, and things which we do not produce in quantities sufficient for our own use.

I have been reliably informed that the German Reich, anticipating that the war would be over in time for it to carry out its contracts, had made contracts with various South American countries to begin the delivery of certain German products on the 15th day of September, which is next Sunday. I think the resistance of the British Empire has brought about some miscalculation in Germany's ability to deliver such products. But the point is, are we, the largest, richest, and most populous country in the Western Hemisphere, while we are trying to bring about Western Hemisphere solidarity which will protect our interests and those of our neighbors, willing to sit by and permit this infiltration and disintegration to go on under our very noses without taking steps to counteract it or taking advantage of the situation for our mutual benefit in the northern and southern continents?

I have been reliably informed that the Hitler government has made advances toward certain South American nations by holding out the prospect that when the war is over Germany will have innumerable pieces of military equipment of various kinds which she will not need, and that she has even offered to give to some of those countries as much as $20,000,000 worth of military equipment, which she could very well do.

That raises the question whether or not, in the interest of Western Hemisphere solidarity, the cooperation which has been brought about in the conferences at Montevideo, Habana, and Lima—conferences which have been fostered by our great Secretary of State, Mr. Hull—has brought about a better understanding among the Western Hemisphere nations and has dissipated the suspicion which has existed for such a long time, that all we are interested in is taking something from them and giving them nothing in return. In my opinion a wonderful opportunity is presented to make good on our professions of friendship and our willingness to cooperate and help coordinate our economic and industrial life, having in mind at the same time the political repercussions which we cannot ignore in these various relationships.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TAFT. I understand that the Senator desires to increase American trade, and he says that the good-neighbor policy has done so. Is the Senator aware of the fact that from 1917 to 1930, inclusive, our trade with South America was bigger every year than it was in 1939? Is the Senator aware of the fact that the ordinary methods, through assistance to private enterprise, have invariably succeeded better than Government assistance in the promotion of Government loans in South America?

Mr. BARKLEY. I do not concede the accuracy of the Senator's last statement; but even with the increase in our exports to South America during that period, they were infinitely lower than they might have been if there had been the same degree of cooperation between our country and those countries as has been indulged in by other countries which went in and got the lion's share of the market.

Mr. President, I have no desire to take further time. For the reasons which I have stated, and many others which might be assigned, I am in favor of the bill and opposed to the amendment offered by the Senator from Ohio, and hope it will be rejected.

INVESTIGATION OF ENROLLMENT METHODS, CIVILIAN CONSERVATION CORPS

Mr. BYRNES. Mr. President, I did not wish to interrupt the Senator from Kentucky while he was speaking with reference to the Civilian Conservation Corps matter. I shall take only 3 or 4 minutes at this time to attempt to keep the record straight with reference to that appropriation.

To those Members of the Senate who believe that boys should not be recruited at this time for the Civilian Conservation Corps, I wish to say that the President of the United States asked for $50,000,000 less than the Congress appropriated for that corps.

When the appropriation bill went to the House, it was pointed out that it meant a reduction of 273 camps. From the information we received in the Appropriations Committee, persons in the communities where the camps were located who were interested in the continuance of the camps immediately brought pressure to bear upon their Congressmen. The estimate was for $230,000,000. The House Committee reported the bill at $230,000,000, and on the floor of the House the appropriation was increased to $280,000,000. The House added to the bill $50,000,000 more than the President had asked for. The Senate Appropriations Committee reduced the appropriation by $25,000,000. When the bill came to the floor of the Senate, the Senator from Wyoming [Mr. O'MAHONEY] led the fight for an increase; and the Senate, by a vote of 43 to 14, restored the full amount which had been appropriated by the House, which was $50,000,000 more than the President of the United States had estimated for this particular service.

We may as well be frank with each other. Whenever an attempt was made to reduce the amount of money, a demand for the full amount came from the communities where the camps had been established throughout the country. From the different communities where soil-conservation projects and forestry projects were being maintained by the Civilian Conservation Corps there came the demand for the full amount, and Congress provided the funds which brought about the recruiting of the organization up to the number of men referred to in the discussion here today. If we complain of anybody, we must complain of ourselves if anyone thinks too many boys are being recruited.

The House added $50,000 to the bill, which the Senate Appropriation Committee reduced to $25,000,000. The Senate decided that they would be just as fair as the House had been, and added the other $25,000,000, thus restoring the $50,000,000 which had not been estimated for by the President.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. BYRNES. I yield to the Senator from Wisconsin.

Mr. WILEY. Is not this the stiuation? There has been no criticism about the C. C. C. camps as far as they have operated. They have done a great job; but the time when that money was voted and when they considered the number that would come into the camps was before the crisis developed, and before there was any thought of conscription, or any thought of calling for an increased number of volunteers. Is it not also true that when we were talking about the preparedness program we said that while we were voting all this money, we expected that there would be savings in other lines, such as the C. C. C., the W. P. A., and other activities of the Government?

Mr. BYRNES. There is not any doubt that when the President submitted his Budget he used substantially the language which is now used by the Senator from Wisconsin. He based his action on the ground that inasmuch as he was asking for an increase in the Army and Navy he would ask for a reduction of $50,000,000 in this particular appropriation. The Congress said, "Mr. President, we heard you about the increase for Army and Navy; we will grant that, but we will grant this, too;" and we added the $50,000,000.

Mr. BARKLEY. Mr. President, will the Senator from South Carolina yield to me?

Mr. BYRNES. Yes.

Mr. BARKLEY. I have just received a letter from Mr. McEntee enclosing a memorandum which he thinks is the memorandum which the Senator from Colorado referred as a campaign for the enlistment of C. C. C. enrollees. I should like to read Mr. McEntee's letter. It is only two paragraphs.

Mr. BYRNES. I will yield the floor, and the Senator may do so.

Mr. BARKLEY. The letter is as follows:

CIVILIAN CONSERVATION CORPS,
OFFICE OF THE DIRECTOR,
Washington, D. C., September 10, 1940.

Hon. ALBEN W. BARKLEY,
United States Senate, Washington, D. C.

DEAR SENATOR BARKLEY: This is the memorandum which I believe Senator JOHNSON is talking about. It was forwarded to all Civilian Conservation Corps State selecting agencies for their guidance.

The corps never has carried on a recruiting campaign. We are not carrying on one now. There are always more applicants available than there are vacancies.

Sincerely yours,

J. J. MCENTEE, *Director.*

I should like to have printed, in connection with the letter, the first paragraph of the act establishing the Civilian Conservation Corps, approved June 28, 1937.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Be it enacted, etc., That there is hereby established the Civilian Conservation Corps, hereinafter called the Corps, for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment, and to a limited extent as hereinafter set out, for war veterans and Indians, through the performance of useful public work in connection with the conservation and development of the natural resources of the United States, its Territories, and insular possessions: *Provided,* That at least 10 hours each week may be devoted to general educational and vocational training: *Provided,* That the provisions of this act shall continue for the period of 3 years after July 1, 1937, and no longer.

Mr. ELLENDER. Mr. President, awhile ago, when I rose to ask that the resolution of the Senator from Colorado [Mr. JOHNSON] be referred to the Committee on Education and Labor, I had in mind not a delay in the investigation, if it is

necessary, but that if any committee should consider the resolution, certainly the committee which helped to draft the law, and to which the original bill was referred, should have jurisdiction.

The Senator from Kentucky [Mr. BARKLEY] has just referred to the memorandum which forms the basis of the complaint of the Senator from Colorado [Mr. JOHNSON]. I call the particular attention of Senators to the fact that there is very little difference between the so-called new ruling made by Mr. McEntee and that which existed just prior to that time.

It will be recalled that when the C. C. C. law was first enacted, the only enrollees eligible were those young men on relief and war veterans. In 1937 the law was amended so that enrollees did not have to be on relief. The law provides that—

* * * C. C. C. is established * * * for youthful citizens * * * who are unemployed and in need of employment.

Several regulations were made following the passage of the 1937 law. One provided for the enrollment of young men from families who were in need but whose names were not on the relief rolls. Later another modification of the existing regulations was made so as to permit the enrollment of young men from families whose incomes were below the normal standard of living in the community of the applicant's family.

Now let us examine the new ruling that forms the basis of this discussion. I quote from the memorandum of Director McEntee:

For the purpose of C. C. C. selection the phrase "Unemployed and in need of employment" shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational, and other opportunities available in the Civilian Conservation Corps.

In the same memorandum appears a definition of "need," and I read from the memorandum:

The word "need" used in this connection has its customary meaning of inability to provide such opportunities out of his own or his family's resources.

Mr. President, that language should make it plain that if the parents of an applicant are able to give their son the same facilities he can obtain at the C. C. C. camp, he will not be eligible. How can it be argued that the doors are thrown wide open for all applicants, no matter how wealthy their parents may be? Permit me to further point out that applicants must show their own inability, out of their own resources, to obtain such facilities in order to make themselves eligible.

Again permit me to point out that I just spoke to Mr. McEntee, and he stated that it is the policy of his department, that where there were two or more applicants, to take in the enrollee whose family was most in need. Therefore, as I have just pointed out, I can see little difference in the new ruling from what existed prior thereto.

Mr. President, further debate is not necessary. The memorandum of Director McEntee is clear and concise and I ask unanimous consent that it be printed in the RECORD following my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

CIVILIAN CONSERVATION CORPS,
OFFICE OF THE DIRECTOR,
Washington, D. C., August 14, 1940.

From: J. J. McEntee.
To: W. Frank Persons.

It is important that the meaning and scope of the change in Standards of Eligibility and Selection for Junior Enrollees, as announced on July 17, 1940, should be fully understood and uniformly applied during the October and later enrollments.

I appreciate the fact that, with very few exceptions, this change in regulations has been accurately publicized by the State and local selecting agents. It remains to make certain that the public shall become fully and accurately informed. This objective will require careful and continuous attention on the part of each of our State and local representatives.

Prior to the recent change in eligibility standards, enrollment in the junior contingent of the corps was limited to young men whose families were on relief, eligible for relief, or whose incomes were below the normal standard of living in the community from which the youths were to be enrolled.

During the early years of the corps enrollment was limited strictly to young men on relief and war veterans, the latter group constituting about 10 percent of the C. C. C. The act of June 28, 1937, extending the life of the Civilian Conservation Corps, opened the way for the enrollment of young men who were not on relief. This law simply stated that "the Civilian Conservation Corps is established for the purpose of providing employment, as well as vocational training, for youthful citizens of the United States who are unemployed and in need of employment."

Immediately following passage of the 1937 act, the entrance regulations of the corps were revised to permit the enrollment of young men from families who needed aid but whose names were not on public-relief rolls. Later these regulations were modified to permit the enrollment of a third group which consisted of young men from families whose incomes were below the normal standard of living in the community in which the applicant lives.

The latest modification in the regulations defining the terms "unemployed and in need of employment" reads as follows:

"For the purpose of C. C. C. selection the phrase 'Unemployed and in need of employment' shall be understood to cover unmarried junior applicants otherwise qualified by age, citizenship, fitness, and character; not in attendance at school, nor on temporary vacation therefrom; not possessing other regular or full-time employment, and who need the employment, the job training, the educational, and other opportunities available in the Civilian Conservation Corps."

It is important to have in mind the new definition of "unemployed and in need of employment." This new definition is the heart of the new regulation. The final clause of the new definition specifies that in order to be eligible the applicant must "need the employment, the job training, the educational and other opportunities available in the C. C. C." The word "need" used in this connection has its customary meaning of inability to provide such opportunities out of his own or his family's resources. In other words, while it is not necessary that the family be in a relief status or unable to maintain a normal standard of living in order that the son shall be eligible for enrollment, it is still the intent, as indeed the statute requires, that the enrollee shall "need" the employment and vocational opportunities of the corps. If such opportunities are fully available to him because of his own or his family's resources, he is not within the regulations and under the statutes eligible for enrollment.

The new regulation does remove a restriction upon selection of desirable and qualified young men. It opens the door to enrollment to a new group of unemployed youths who have energy and ambition and who need the opportunities for work and training which the corps provides. It is vital that the vacancies in the camps should be filled by young men who will make the most of those opportunities.

It would be a splendid thing if every young American could be given the opportunity to serve for 6 months or a year in the healthful, outdoor atmosphere of the C. C. C. camps. The discipline, the orderly routine of camp life, the training facilities, the constant medical attention, and the inspiring leadership found in every C. C. C. camp could not help but leave their imprint upon every youth who enrolled. The opportunity to be of service to the Nation, especially in these times, should appeal to every young American.

We have moved, logically, one further step in the direction of selecting applicants on the basis of their own need and fitness for C. C. C. opportunities. We have, at the same time, moved further away from the application of an arbitrary standard of family income as a basis for selection.

During the October enrollment selecting agents throughout the country should apply these principles with care so that we shall obtain a group of youths who are eminently fitted to profit in exceptional degree from the fine training opportunities of the corps.

In conclusion, I wish to emphasize my hope and expectation that during the October enrollment we shall have, and make use of, the fullest opportunity to select enrollees on the basis of their personal qualifications.

J. J. MCENTEE, *Director.*

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. BARKLEY. Mr. President, it is obvious that we cannot conclude the consideration of this bill today, as we had all hoped to do.

I ask unanimous consent that during the further consideration of the pending bill no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment thereto.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the committee amendment.

Mr. BARKLEY. Mr. President, in view of the limitation of time, I do not believe we can get a vote on the amendment tonight.

Mr. TAFT. That is agreeable to me.

JESSE H. JONES

Mr. BARKLEY. Mr. President, the House has just passed a joint resolution, which I ask to have considered at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 602) to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the office of Secretary of Commerce, which was read the first time by title and the second time at length, as follows:

Resolved, etc., That notwithstanding any provision of law to the contrary, Jesse H. Jones, Federal Loan Administrator, may continue in such office and be appointed to, in the manner now provided by law, and may exercise the duties of the office of Secretary of Commerce: *Provided*, That the total compensation to be paid him as Secretary of Commerce and as Federal Loan Administrator shall be that provided by law for the Secretary of Commerce.

Mr. TAFT. Mr. President, I do not wish to object to the joint resolution, since I have the highest respect for Mr. Jones and think he is one of the ablest men in the public service. I merely wish to call attention to the fact that Mr. Jones already probably has more power than any other man in the Government, with the single exception of the President. He has unlimited power to lend money to anyone, to any industry in the United States, or refuse to lend. We gave him unlimited power to invest Government money in any Government plant which manufactures any form of supplies or any other kind of material which has the remotest relation to war. I do not think that, with the exception noted, any man in the United States ever has enjoyed so much power. I have no great objection to giving Mr. Jones the additional power to act also as Secretary of Commerce, but I think it is an extraordinary precedent, which is justified only by the character of the man, and which I hope may not be repeated.

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. WAGNER, from the Committee on Banking and Currency, reported favorably the nomination of William E. Rhea, of Missouri, to be land bank commissioner in the Farm Credit Administration, vice Roy M. Reen, resigned.

Mr. BAILEY, from the Committee on Commerce, reported favorably the nominations of several deck officers to be aides (with relative rank of ensign in the Navy) in the Coast and Geodetic Survey.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc. That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 13 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, September 11, 1940, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 10 (legislative day of August 5), 1940

UNITED STATES PUBLIC HEALTH SERVICE

TO BE SENIOR SANITARY ENGINEERS

Arthur L. Dopmeyer — Arthur P. Miller
Edmund C. Sullivan — Frederic J. Moss

POSTMASTERS

CONNECTICUT

Evelyn M. Dwyer, Short Beach.

FLORIDA

Bernice Parham, Lacoochee.

GEORGIA

Lige Corbitt, Willacoochee.

KANSAS

Henry F. Schmidt, Dodge City.
Harold B. Iliff, Strong.
Howard R. Hartman, Toronto.

MICHIGAN

Margaret M. Moore, Bloomfield Hills.
Daniel Riordan, Crystal Falls.
Henry Matthews, Lexington.
Ben M. McElhinney, Snover.

MISSISSIPPI

John N. Truitt, Minter City.

NORTH DAKOTA

Frank W. Kelly, Devils Lake.

SOUTH CAROLINA

Andrew McConnell Blair, Rion.

WASHINGTON

Charles I. Wood, Cathlamet.
Jesse Francis Leverich, Olympia.

WISCONSIN

Miles P. Tierney, Boscobel.
Loretta M. Takach, Carrollville.

WYOMING

Joseph D. Kurtz, Yellowstone Park.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 10, 1940

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. RAYBURN.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, our Heavenly Father, Maker of all things pure, Author of all life and Judge of all men, abide with us in the fullness of Thy mercy and wisdom. Do Thou possess our hearts and minds, enabling us to resist evil and overcome difficulty. Amid turbulent conditions and mental disquietude, Oh, speak to men everywhere, without qualification or exemption: "I am the way, the truth, and the life"; touch the deep powers of their souls. To our fathers' God, we humbly pray for an overcoming faith in truth and freedom; from ocean to ocean may our land own Thee as Lord. Oh, protect, preserve, and bless the soul of our Republic;

for our country's weal we humbly appeal to Thee. Father of mercy and love, abide with our Speaker and grant that the Congress may ever cultivate a free, brotherly, and wholesome interchange of thought and be led to receive the injunction of the Psalmist: "Hope thou in God." In the blessed name of our Saviour. Amen.

The journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2009) entitled "An act to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes."

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training"; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SHEPPARD, Mr. REYNOLDS, Mr. THOMAS of Utah, Mr. MINTON, Mr. AUSTIN, and Mr. BRIDGES to be the conferees on the part of the Senate.

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by Dr. Nicholas Murray Butler. The speech exceeds the limit a little bit, and I have an estimate from the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ELLIS. Mr. Speaker, I ask unanimous consent that after the reading of the Journal tomorrow and the disposition of business on the Speaker's table and the legislative program of the day I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

EXTENSION OF REMARKS

Mr. MACIEJEWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an article entitled "It's a Wonderful Privilege To Be an American."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I may correct my remarks of Saturday last, commencing at page 5509 Appendix of the RECORD, and to further extend and rearrange and renumber the questions and answers in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein two short editorials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to make two insertions in the RECORD, first, on Federal-aid highway apportionment for 1942 and 1943, and also a letter relative to highways.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein remarks I made yesterday before the House deficiency appropriations subcommittee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therewith a brief editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article relative to a book by Albert Bushnell Hart, professor of government, Harvard University, entitled "School History of the United States."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include two articles, one relative to a book by William Backus Guitteau, director of schools, Toledo, Ohio, entitled "Our United States"; and the other about a book entitled "Burke's Speech on Conciliation," edited by O. H. Ward, Taft School, Watertown, Conn.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

SIX YEARS OF BACK INCOME TAXES FOR EMPLOYEES PAID WITH FEDERAL-AID FUNDS

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, my attention has been called to the fact that under a 1934 ruling by the Treasury Department and a section of the revenue bill of 1940, all State employees who are paid by Federal funds in a way that they are considered paid directly or indirectly by the United States or any of its agents or instrumentalities will be subject to retroactive taxation on their income-tax returns back to 1934. This, I have been told, will include employees of State highway departments, unemployment compensation commissions, and other agencies of that character. No penalty, other than interest, attaches if payment is made before March 15, 1941. Before that date, Congress should study the situation, Mr. Speaker, and determine the equities in the matter.

I have a letter from the Assistant Secretary of the Treasury on the matter and I ask unanimous consent, Mr. Speaker, that I may place this letter in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I want to call attention to the fact that this last request of mine is slightly over the two and a half pages or two pages, but I have an estimate here from the Public Printer.

Mr. COCHRAN. Mr. Speaker, reserving the right to object, what is the estimate?

Mr. THORKELSON. Two pages, $90.

Mr. COCHRAN. Mr. Speaker, the gentleman from Montana has used thousands and thousands of dollars of space in the RECORD. I do not know what he puts in the RECORD, because I have never read one word of it, but the gentleman had three requests yesterday and now he wants two more and he desires to set aside the rules of the House. I think it is time to call a halt. The taxpayers are paying this money. Why is the gentleman not satisfied to cut out some of this matter to come within the rule?

Mr. THORKELSON. Your own New Deal has cost the taxpayers over $51,000,000,000.

Mr. COCHRAN. Never mind about the New Deal. Now we have a rule that governs the RECORD and for the time being I am going to object, because I would like to see the gentleman bring his remarks within the legal limit.

Mr. THORKELSON. They are within the legal limit.

Mr. COCHRAN. The gentleman just said it was over the limit. He states the remarks will cost $90 additional.

Mr. THORKELSON. These remarks are within the legal limit.

Mr. COCHRAN. I object, Mr. Speaker.

GOLD

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. RICH. Mr. Speaker, if you take the daily statement of the Federal Government issued by the Secretary of the Treasury September 6 you will find that there is $20,971,382,767.25 worth of gold buried down at Fort Knox, Ky., and in the New York assay office. What good is that gold? Seventy percent of the world's gold held by whom? Held by the Federal Government. What good is it going to be? Why do you not make distribution of it to the people of this country as formerly to individuals and to banks? It is not any good as far as the Government is concerned to own 100 percent of the world's gold and bury it in the earth, and I say it is worthless stuff. Great Britain went off the gold standard 9 years ago. France went off the gold standard 4 years ago. On February 1, 1934, when you devalued the gold dollar, you then paid $20.67 an ounce for gold, and you increased it to $35; you made a profit of $3,000,000,000, for you had on hand $4,034,867,780 in gold at $20.67 per ounce. Then you said it was worth $35 an ounce, and you then had $7,018,263,295 in gold, gold, gold, gold. Folly, folly, folly. New Deal blunders. Who made the profit? The foreign countries made the profit out of most of their valueless gold. Now our Nation owns it, and unless we see that it gets some use it is worthless stuff. I say we should permit the people to own it and get some use at the hands of our own people, at least, for other nations have no use for it. It is now a beacon light of dictators to acquire a part of it, and it may be one object of attack by a dictator to get a part of it. It requires an army to stand by to guard it, a great cost daily to our Government. This Treasury statement also reveals that we are going in the red millions daily. We have created the greatest national debt in the past 8 years than any period in our history. We have not been within one and one-half billions of dollars of a balanced Budget.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. LEMKE, by unanimous consent, was granted permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

POLITICAL FORECAST

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, it seems that I have developed into a political forecaster. I am the only Member of the House who told you a year in advance that Wendell L. Willkie would be a candidate for President on the Republican ticket.

Now, then, since he seems to change his position every time he goes on the radio or into the press, I am constrained to suggest what should be his next change. He has already come out for rural electrification, after fighting it for years, and, according to this morning's paper he has come out for the draft to be put into effect at once, and against the voluntary provision. I make the bold prediction that if he is at all consistent his next change will be the most appropriate one, that is, to come out for President Roosevelt for a third term. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and insert a radio address which I gave last night over WMAL and also an excerpt from the Washington Post.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE

Mr. COLMER. Mr. Speaker, I call up House Resolution 594.

The Clerk read as follows:

House Resolution 594

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Buildings and Grounds, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for 1 hour.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

The SPEAKER pro tempore. The gentleman from Illinois is recognized.

Mr. ALLEN of Illinois. Mr. Speaker, the gentleman from Mississippi has so ably stated the purpose of the bill, and so completely, that it does not leave a great deal for any of the rest of us to say. Sufficient to say that this bill provides for housing units in our national-defense program, $150,000,000. It has been sponsored by the War Department, by the Navy Department, and by the Council for National Defense. Admiral Moreell appeared for the Navy Department, Major Wilson for the War Department, and Mr. Carmody, Administrator of the Federal Works Agency, for his agency. Anyone reading the hearings cannot but be convinced that these facilities are needed. For several years I personally have followed the work of Mr. Carmody. I do not believe there is a Member here who does not know that Mr. Carmody has handled with ability every task that has been entrusted to him, carried it out in an able, honest, and fair way. I am particularly pleased that Mr. Carmody will be in charge of this, because it will assure that fairness, efficiency, and honesty will govern in the carrying out of this work.

There has been little if any opposition on the part of the Public Buildings and Grounds Committee. This bill was unanimously reported by the Rules Committee. From my

personal experience and observation of the situation at the Savanna, Ill., proving ground, which is close to my home city, I know they need additional facilities there. In a statement by Major Wilson which appears on page 65 of the hearings he says they need 200 units at Savanna, Ill. The gentleman from Illinois [Mr. JOHNSON], in whose district is located the Rock Island Arsenal, states they have asked for 1,800 units at Rock Island; and at Rantoul, Ill., in the district of the gentleman from Illinois [Mr. WHEAT], they have asked for 470 units.

Personally, I have heretofore been violently opposed to the general U. S. H. A. and their program of slum clearance in which they have spent and wasted so many billions of dollars—these gentlemen and I have been opposed to that sort of thing, but we are convinced that in these congested localities where they are bringing mechanics and others to work on the national-defense program there is an acute shortage and great need for additional facilities.

I hope the rule is granted without delay and that the resolution itself will pass.

Mr. MILLER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MILLER. I understand that under this national defense housing program it is planned to go into communities, and I am concerned about its effect on the communities. Will the local authorities have anything to say at all about the type of housing? I want to make this clear. These national-defense plans have gone out of the larger cities into more rural areas. I have in mind the small town of East Hartford, a very beautiful old residential town. It would be unfortunate to have the Federal Government go in there and build the same type of housing, for example, that they build under the U. S. H. A. program. I believe that the authorities who will be in charge of this housing program should be subjected to local restrictions so that they may not go in and play havoc with existing localities.

Mr. ALLEN of Illinois. I do not believe the operations under this bill will interfere with local real-estate people who own apartments and homes. It is planned to provide these facilities where congested areas make it necessary. I am sure proper judgment will be used.

Mr. MILLER. Will they have to live up to the local zoning regulations?

This bill does not state that. This bill, however, provides that the Federal Government in lieu of taxes shall pay an annual sum.

Does not the gentleman believe it would be well to amend the act so the Federal Government would have to respect the local zoning restrictions and not, for instance, be allowed to erect an apartment building in an area restricted to single houses?

Mr. ALLEN of Illinois. I would think that would be one of the considerations.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. KEEFE. I call attention to section 10 in response to the question of the gentleman from Connecticut, which reads:

* * * This act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property.

Would not the gentleman conclude that would be interpreted to mean that the Federal Government subjects itself to the civil jurisdiction of the community to establish zoning ordinances and such things?

Mr. ALLEN of Illinois. I would say that was a proper interpretation.

Mr. KEEFE. I think that is what it means.

Mr. ALLEN of Illinois. Section 9 provides:

The Administrator may enter into any agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof.

This was inserted in the bill on the theory that the local authorities would have to furnish police and fire protection and that the Federal Government should reimburse them for this extra and added work.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. CRAWFORD. I find some language in this bill which is very difficult for me to understand. It appears in section 1 of the bill that the Federal Works Administrator, acting through the Public Buildings Administration, is authorized to do thus and so. In Rear Admiral Moreell's testimony on page 5 of the hearings, I notice where he states that the Bureau of Yards and Docks of the Navy Department has developed standard floor plans for single-family and two-family units which it appears will cost around $1,993 per house.

Mr. ALLEN of Illinois. That is right.

Mr. CRAWFORD. Based on what I have been able to find out about the governmental agencies, in building these dwelling units, family units, that $1,993 figure is the lowest I have been able to get any information on anywhere for living units of the type referred to.

If the Bureau of Yards and Docks of the Navy Department is in position to build family units or single-dwelling houses at around $2,000 each, why does this bill turn this dwelling-unit proposition over to the Federal Works Administrator and carry in it provisions authorizing him to spend from $3,000 to $4,000 per family unit, which, as I understand the bill, is exclusive of the expense of administration and the acquisition of public utilities and community facilities? Where is there any Government agency that can begin to build houses at as low a cost as the Bureau of Yards and Docks of the Navy Department indicates it can, according to Admiral Moreell's testimony? Can the gentleman give us any information on that at all?

Mr. ALLEN of Illinois. All I can say with regard to that is because it will be necessary to build some of these units in Alaska and other places where it is much colder and there will be a greater cost. They have not limited Mr. Carmody to the smallest amount. I believe the gentleman from Michigan will agree that Mr. Carmody has in the past kept very low the cost, and there will be no question about him doing this in a cheap, economical manner.

Mr. CRAWFORD. If I may say to the gentleman, I will never agree that Mr. Carmody can build houses suitable for these employees at as low a figure as $1,993. I do not believe he will do it, and I think those costs will certainly exceed the $3,000 to $4,000 limitation in the bill.

May I ask the gentleman about this testimony, also. On page 7 of the hearings, I understand from Admiral Moreell's testimony that machinists, mechanics, and skilled men who have been brought here to Washington to work at these high wages which are paid them, and I am not kicking about those wages, are leaving Washington and refusing to work on the ground, as he puts it, they cannot find a place in which to live that they can afford to pay for. If our Government clerks who are drawing from $1,150 on up as high as they go can live in these houses in Washington and pay the rent, why cannot these skilled mechanics pay the rent which they have to pay in Washington, and why do they leave the city as the admiral said? I think that testimony needs some expanding.

Mr. ALLEN of Illinois. I read that carefully, as well as the discussion between the gentleman from Wisconsin [Mr. SCHAFER] and the admiral, where they disagreed a great deal. I do not know who would be better able to know the needs of these people than Admiral Moreell would be, and I do not know why he would say that if it were not true.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. As a member of the committee who listened to the testimony at these hearings, may I say that Admiral Moreell did not know what he was talking about when he spoke of the scarcity of homes in the District of Columbia. If the navy yard skilled workers are leaving the navy yard in Washington because they cannot obtain housing facilities, as the admiral indicated, that is a valid reason why the Government should use the expansive and expensive Greenbelt housing project, to which Uncle

Sam now has title, in order to provide housing for those navy yard defense workers. I would suggest that before any more skilled navy yard workers leave Washington, that the admiral advise them to buy a few of the Washington newspapers in which they will find many pages of advertisements which reveal that many homes are available for sale and for rent, including apartments, rooms, and houses.

Mr. EBERHARTER. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. Every Member of the House knows that rents are very high in the District of Columbia. Every Member of Congress practically has had this experience. If these skilled mechanics who come here to Washington to work in the navy yard find they must pay more rent here than they do perhaps in industrial cities back home, naturally they feel, what is the use of paying more rent in Washington when I can go back home in my own district and live perhaps by paying $15 a month less rent? That is one of the reasons for Admiral Moreell's testimony along these lines. If you consider it from that angle, I do not think we should criticize the admiral's testimony on that point.

The gentleman from Michigan [Mr. CRAWFORD] stated that it is difficult for him to believe that the Navy can construct a house for $1,993. The proof of that is in the fact that already 50 houses are 60 percent completed, and the cost will not run more than $1,993, and, according to the testimony, will run less than $1,993 per house. The fact that it is actually being done below the estimate of $1,993, with the houses practically 60 percent complete, I think, is a complete answer to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, in the first place I made no such statement, and the gentleman can refer to my original remarks. If he does he will find he is entirely in error. I referred to the testimony with reference to the Bureau of Yards and Docks of the Navy Department, pointing out that they claimed they were building them for $1,993 and I raised the question why this bill carries an allowance of three to four thousand dollars per unit, transferring the job to the Federal Works Administration, when the Bureau of Yards and Docks of the Navy Department can build them for $1,993. In no way have I said they could not build them for that, because I know they can build these houses for that amount. I have built some houses myself.

Mr. EBERHARTER. I am sorry I misunderstood the gentleman.

Mr. CRAWFORD. The admiral states on page 9 of his testimony, as follows:

> Yes; we are dealing with realities here. These mechanics come here to Washington and try to find a place to live. They cannot find a place to live and they leave. It is hard to get a good mechanic to stay here unless he can find a decent place to live.

Now, I know something about rental costs in this town, and I know something about what is available, because I make it my business to go around and look. If we do not understand what it costs these people to live in Washington, we do not understand our job. So if you will watch the grocery stores and the cost of rents, you will know what is going on in the average man's mind from an economic standpoint.

This bill carries provisions in section 6 with reference to moneys to be derived from rentals or operation of property acquired or constructed. What rate of rent is to be charged for these houses that will be built? Are we going to put up $3,000 or $4,000 houses and rent them to these skilled mechanics for $15 or $20 a month and let the taxpayers of the country bear the burden, or are they willing to pay what Government clerks, for instance, have to pay? I think we need a lot of information on this bill.

Mr. ALLEN of Illinois. I understand that it is to pay for itself, and after the defense program is completed this property will be sold to private individuals. Is that correct, may I ask the gentleman from Texas [Mr. LANHAM], the chairman of the committee?

Mr. LANHAM. Yes. May I say to the gentleman that it is absolutely impossible to fix a certain standard of rentals because these buildings will be different in character, owing to their location, and the same rental would not apply to all.

May I say with reference to the District of Columbia that it is contemplated that very little of the amount authorized in this bill will be used in the District of Columbia. The purpose of this bill is primarily to provide housing for civilian workers out at the various plants and establishments where we are preparing for our national defense.

Mr. ALLEN of Illinois. As listed on page 65. That gives a good example of the different units and places they are to be built.

Mr. LANHAM. On page 14 of the hearings you will find a statement with reference to some of the Navy needs. On page 65 of the hearings you will see a statement with reference to some of the Army needs. May I say that the great bulk of these needs is being supplied through the $100,000,000 appropriation made just a few days ago in the defense measure. About 93 percent of that appropriation of $100,000,000 has already been allocated in 31 States and in the Territories to carry on particularly this Army and Navy construction. There is in that, in addition to the figures shown by the Army and the Navy, more units for the Army than are printed in that table, and approximately 120,000 units for civilian workers. This bill is intended primarily to take care of these civilian workers scattered throughout this land.

Mr. THOMASON. Mr. Speaker, will the gentleman yield in order that I may ask my colleague a question?

Mr. ALLEN of Illinois. I yield to the gentleman from Texas.

Mr. THOMASON. Does this bill include housing for any troops?

Mr. LANHAM. This bill provides, of course, that there may be housing for enlisted men in the Army and Navy because, although that will be looked after primarily under the $100,000,000 appropriation made the other day, there may be some of the enlisted men or employees of the Army and the Navy who will be delegated to carry on some of the work under this construction.

Mr. THOMASON. Does this bill then carry with it the authority for the erection of more buildings, either temporary or permanent, on existing army posts?

Mr. LANHAM. No. That was the principal purpose of the $100,000,000 that was appropriated the other day, $93,000,000 of which has already been allocated.

May I say that it is the purpose of the Government to recoup, certainly, a very large part of this money by disposing of these houses, many of which will be temporary in nature, after the emergency has passed. The latitude in the costs of the dwellings involves two or three different features. In the first place, in isolated communities where there is a plant away from a town or because temporary dwelling units will be constructed, they will not be expensive. In a congested area in the suburbs of a city close to a plant, for instance the shipbuilding industry at Newport News, where the buildings can be sold afterward for dwelling units in that community, a little better type of construction should be had because we want to recoup as much of this money as we can for the Treasury.

Mr. ALLEN of Illinois. I may say in answer to the gentleman that on page 5 Admiral Moreell states:

> The Bureau of Yards and Docks has made a survey of naval-housing requirements to determine the number of units needed. This survey indicates that there will be approximately 18,000 dwelling units required for enlisted personnel and 48,000 units required for civilians.

That gives the gentleman an answer.

Mr. THOMASON. In case the necessity exists there is nothing in this bill, however, to prohibit the War Department from using some of this money for necessary housing, whether it be either temporary or permanent?

Mr. LANHAM. There is not.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that it would be better to have the Navy Department undertake the building of these houses, inasmuch as they could do it more reasonably?

Mr. ALLEN of Illinois. I am not sure of that. I believe that with Mr. Carmody working in conjunction with the National Defense Committee—and it is contemplated that they will work in coordination—perhaps that will be better than having the Navy do it, because this construction is going to be done all over the country. In addition, I would say the Navy Department already has a big assignment of immediate work to do.

Mrs. ROGERS of Massachusetts. Buildings can go up at Fort Devens in my district, an Army fort?

Mr. ALLEN of Illinois. That is possible under the provisions of this bill.

Mr. LANHAM. Of course, this appropriation has to do more with construction for civilian workers.

Mrs. ROGERS of Massachusetts. Yes; but it could be used for those in the Army?

Mr. LANHAM. Parts of it could; yes.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Illinois.

Mr. KELLER. Is it the idea that these buildings are for people who are to be called into certain places where there is a lack of labor as well as a lack of housing?

Mr. LANHAM. That is correct.

Mr. KELLER. What is the justification for doing that, when situations exist like that in my district, where there are 28,000 people on relief? I am asking the Army and the Navy to consider giving some work there, showing them that we would not have to build a single solitary house. We are spending $26,000,000 a year to keep the coal miners of 6 counties, mostly, from starving.

Mr. ALLEN of Illinois. That is a separate question for the gentleman to take up, perhaps, with the War Department but not in connection with this matter.

Mr. KELLER. What I want to call the gentleman's attention to is that there is no sense in building houses for men who already have houses and there is no sense, insofar as I am able to see it, in putting these works where men will be called in who have not houses when you can put them where the men are and where they have houses. When men are on relief and crying for work, why not put the men there? That is a matter for this Congress to consider, certainly.

Mr. ALLEN of Illinois. That is right.

Mr. HOFFMAN. Pass another Guffey Coal Act and you will drive all of them out of work.

Mr. BROOKS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. BROOKS. Does this constitute any part of the civilian housing program?

Mr. ALLEN of Illinois. Not to any big degree at least, but, of course, any time you build houses, in a way it does affect the general program, but the ones who are supporting this measure are certainly not for the United States Housing Administration, where they are spending billions of dollars in direct competition with real-estate owners who own apartment buildings and houses.

Mr. COFFEE of Nebraska. Is it contemplated under this bill that the rents to be charged will be comparable with the rents on privately owned houses in these various sections?

Mr. ALLEN of Illinois. That is the understanding of everyone I have discussed this with.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SCHAFER of Wisconsin. The gentleman from Illinois [Mr. KELLER], made an exceptionally fine point. Out in the great Middle West we have many cities in which reside the best of mechanics, cities which have the best of transportation, and factory facilities and plenty of homes in which to house workers in the defense-expansion program. We have just received a report from Milwaukee, Wis., a large industrial city, where we have thousands of homes which are now available and new ones being constructed. We have many vacant manufacturing facilities and thousands and thousands of available skilled and unskilled workers. It is absolutely absurd to have the Government go into an expansive and expensive socialistic housing program in order to furnish homes in the name of national defense when we have homes and industries available in and adjacent to the large industrial cities in which reside many skilled mechanics, as well as unskilled workers, many of whom have been unable to find a job for the past several years.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman.

Mr. LANHAM. Of course, it will be the policy of those in charge of the administration of this act to use available housing whenever they can find it, but I do not think it is for us to determine the policy of the Army and the Navy as to where certain of these plans should be located. That is a matter of national defense, and you cannot pick up some item of national defense and just move it here, there, and yonder. There is a specific place and a strategic place for it, and they are scattered all over this country.

Mr. ALLEN of Illinois. I agree with the gentleman. For instance, they may let a contract to build some ships and, if that contracting company wants to build them in Connecticut they certainly should not be compelled to build them out in Indianapolis.

Mr. LANHAM. To be sure, and I can cite another instance quite in point. For instance, housing is contemplated here for workers at a powder factory that is being established. That cannot be in any city or in any town. It has to be in a secluded, isolated district, and the housing will have to be available. You cannot take a plant of that kind, with the incidental risk that always attends the operation of such a plant, and place it in some of these congested sections where housing may be available.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. MICHENER. As I understand, this bill is before the Congress primarily because the National Defense Commission asked that it be here.

Mr. LANHAM. Both the National Defense Commission and the Army and the Navy.

Mr. MICHENER. I am leaving out the departments. This is a bill that the National Defense Commission has asked Congress to pass in aid of national defense.

Mr. LANHAM. That is correct.

Mr. MICHENER. It does seem that inasmuch as this legislation is asked for, and inasmuch as the purpose is to have private industry and private initiative furnish these homes, if and when private initiative can or will, then I do not see why we should be quibbling about it. It is necessary that we have these homes for these defense workers.

Mr. LANHAM. The testimony is to the effect that private capital and private industry will be invited and urged to do as much of this as they can, and there is one incidental feature of it that may be attractive to private industry.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SCHAFER of Wisconsin. The gentleman mentioned powder plants. Let us keep the record straight. Our almost bankrupt Federal Treasury is called upon to furnish hundreds of millions of dollars in the form of subsidies to erect new powder and munitions plants and still I have here a Washington paper, the Evening Star of July 3, 1940, which states that 132 carloads of our Army's TNT was recently sold and sent to a belligerent foreign country 3,000 miles across the sea. We are now asked to appropriate from our almost bankrupt

Federal Treasury many millions of dollars to provide housing for workers who are to manufacture some more TNT.

We are asked in the name of national defense to spend millions of dollars under this bill to provide homes for additional workers in the navy yards and private shipyards after voting billions of dollars to provide additional ships for our United States Navy. And still the New Deal brethren sell 50 of our essential naval vessels to a foreign belligerent nation, 3,000 miles across the sea, in violation of international law and the law of the United States.

This same course is followed with reference to artillery, rifles, airplanes, and everything else which a nation at war needs. In view of the record it would appear proper to change the title of this bill so that it would be truthful. The title should properly state that it is a bill to raid our almost bankrupt Federal Treasury to the tune of $150,000,000 in order to increase the defense and offense of foreign belligerent European nations.

Mr. LANHAM. The gentleman ought to be gratified by the provision in this bill that allows us to recoup much of this money by the sale of this property when it has served its purpose.

Mr. GEHRMANN. Will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. GEHRMANN. There is no doubt that we need additional housing facilities, but I agree with the gentleman from Illinois [Mr. KELLER] and my colleague the gentleman from Wisconsin [Mr. SCHAFER] that we do have a lot of facilities that could be utilized. In my own district we have one of the largest Du Pont powder plants in the country. They employed over 4,000 people during the World War. They are not expanding that plant now. There are hundreds of vacant houses all around that neighborhood. I do not know why they could not increase the orders and use those facilities before they waste time and money for new plants.

Mr. ALLEN of Illinois. I think the War Department and the Navy Department will take those things into consideration. Naturally, I feel that the expenditure of the national-defense program should be allotted as far as possible to the different localities.

Mr. GEHRMANN. I would like to mention one more thing, and that is shipbuilding. We have one of the largest shipyards on the Great Lakes located at Superior. During the war they had three shipyards operating 24 hours a day. There is not a single ship being built there now, and I have used every possible means to inform the authorities of these facilities. We have hundreds of expert shipbuilders there. They are gradually drawing them out of that country and bringing them into these concentrated areas where they do not have housing. I know they cannot build a big battleship, but they did build all kinds of ships up to 500 feet in length, which the Navy needs, such as mine sweepers, mine layers, and all kinds of auxiliary ships. They are not building a single one there now. They always say, "We are going to use those facilities." Why could they not use them when they are now ordering hundreds of that type of ship that could be built and we have the men there and we have thousands of empty houses?

[Here the gavel fell.]

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker——

Mr. CROWE. Will the gentleman yield? I wish to make an inquiry.

Mr. SABATH. I gladly yield to the gentleman.

Mr. CROWE. I wanted to ask the gentleman if it is not a fact that, for instance, a powder plant that would be constructed at an isolated place, naturally, there would not be housing adequate to take care of the workers in that plant, and that would be one instance where it would be necessary to acquire housing to take care of the people who would work at that plant, somewhere near the vicinity.

Mr. SABATH. The gentleman is right.

Mr. KELLER. Will the gentleman yield?

Mr. SABATH. I am glad to yield to my friend.

Mr. KELLER. May I suggest the gentleman is entirely wrong and I will show that he is wrong.

Mr. SABATH. I will say that wherever a powder plant is to be erected it must be erected miles and miles away from the populated sections, and consequently there are no housing facilities there. Housing facilities must be provided. For instance, if I am not mistaken, there will be a powder plant erected somewhere near the district of the gentleman from Indiana [Mr. CROWE], in Kentucky. I am informed that there is no housing within 20 or 25 miles of that site. Consequently there must be some housing provided.

Mr. KELLER. What plant is the gentleman referring to?

Mr. SABATH. A powder plant.

Mr. KELLER. Where?

Mr. SABATH. At Charleston, Ind.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman.

Mr. McLAUGHLIN. The President, in an address to the Congress, stated that facilities would be placed in the Midwest, where they would be safe from attack, and would be at advantageous positions geographically. If the gentleman's statement is correct, it is not essential that adequate housing be at the places where these powder plants are to be erected, but under this bill, if passed, powder plants may be erected and the housing may be supplied by the Government at the site of the plants. Is that correct?

Mr. SABATH. That is what is intended.

Mr. McLAUGHLIN. One more question.

In my particular section of the Middle West a survey has been made for the purpose of determining whether adequate housing facilities exist. That has been named as a condition precedent to the establishment of a powder plant in any given area. If this bill is passed and if adequate housing does not happen to exist at any particular point, the Government can make up that deficiency under this bill by erecting the housing itself. Is that not correct?

Mr. SABATH. Correct. The gentleman is right.

Mr. McLAUGHLIN. So that in the event housing does not exist, that is not a bar to the location of a powder plant in the Middle West?

Mr. SABATH. The gentleman is right.

Mr. KELLER. Will the gentleman yield?

Mr. SABATH. If the gentleman will permit me to go on, I may yield to him later.

Mr. GORE. Will the gentleman yield to me just there?

Mr. SABATH. I wish to make a statement, but I yield to the gentleman from Tennessee.

Mr. GORE. I wish to say that I have worked with Mr. Palmer, who has charge of the housing for the National Defense Commission, and I can assure you, Mr. Speaker, that there is definite need in several places for housing for defense workers.

This, of course, is not a subsidy proposition. You may recall that I opposed continuation of the United States Housing Authority on the 60-year subsidy plan, but this is an entirely different matter. It is an answer to a need which is urgent, and I for one expect to support the rule and to support the bill.

Mr. SABATH. I thank the gentleman, because I know he has devoted a great deal of study and attention to the housing needs of the Nation. I am pleased to know that he is in favor of the bill. In fact, Mr. Speaker, any Member who is thoroughly familiar with the provisions of the bill cannot help but support and vote for it.

The Committee on Public Buildings and Grounds had this bill before it for 2 or 3 weeks. It studied the bill, amended it, and tried in every way to properly and adequately safeguard the interests of the United States. I feel that the administration of the bill has been placed in safe and competent hands. I join with the gentleman from Illinois in expressing faith and confidence in the competency of Mr. Carmody, the Federal Works Administrator, under whose jurisdiction, with the collaboration of Mr. Palmer, who was also mentioned by the gentleman from Illinois [Mr. KELLER], the work will be carried out.

It is essential that workers in the plants having to do with national defense should have adequate and proper housing facilities. I recollect, as I am sure most of you do, how during the war contracts were awarded so fast and to such an extent that thousands upon thousands of workers in the plants were without housing facilities. We must not permit a repetition of such conditions.

The gentleman from Nebraska [Mr. McLAUGHLIN] has called our attention to the advantageous availability of the Middle West in connection with our defense program. I agree with him wholeheartedly that it is absolutely necessary for proper defense that some of the new activities should be brought to the Middle West and our few such existing plants there be enlarged; and I am assured that will be done. In many places of the Middle West, however, housing will be imperatively required.

I am not going to consume any more time, except to say, as did the gentleman from Mississippi [Mr. COLMER], who presented this rule, that we must properly safeguard the workers in this important preparedness program. Moreover, we must not ignore the general public, the people of America, including especially the workers, who may not be so fortunate as to work with and for the Government. We must not lag in our successful endeavors to improve the conditions of the workers of America, regardless of where they are employed, because we must have a contented and satisfied people with a strong and enduring morale. Not only do we need hundreds of guns, vessels, airplanes, and such things, but we must have trained men to use them, we must have men who will energetically and efficiently support the Army and the Navy. I believe, consequently, we should not retard the initiation and progress that have been made toward providing proper housing facilities for all the wage earners of America whether they are engaged on Government or private work.

Mr. SCHULTE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. SCHULTE. It is contemplated building in my district several thousand tanks, which will employ between 2,000 and 3,000 men in that great area. It is a foregone conclusion that there is not anyone in that particular district who can finance all of the housing that will be needed to take care of these 2,000 or 3,000 families if we do not get some assistance from the Federal Government. Is it not a known fact that unless we do provide these additional houses, the owners of present properties will increase the rent from 25 to 30 or even 40 percent on the tenants who now occupy them?

Mr. SABATH. The gentleman is right. It is from just such people, big property owners, that opposition to the housing and slum-clearance program has come; and their opposition has been grounded on a fear that the Government program would force them to reduce rents or prevent them from raising rents as they desire. It was for that reason they unjustly and unfairly belittle and attack the United States housing program.

Under the able direction of Mr. Carmody this program will be supervised efficiently and costs will be minimized to the fullest extent consistent with good business practices.

The statement has been made that Rear Admiral Moreell, Chief of the Bureau of Yards and Docks of the Navy Department, did not know anything about general living conditions. I do not know whether he knows anything about living conditions in Washington. While I have had contacts with the admiral only 3 or 4 times, by all the eternal verities, I never met a more efficient, capable, and harder-working officer and engineer than is Rear Admiral Moreell. If he does not know all about housing in the District, that is probably the only thing with which he is not familiar. He, as a representative of the Navy Department, has recommended this legislation; a representative of the office of the Chief of Staff of the War Department has recommended this legislation, and the National Defense Council has recommended the legislation. There should be no question, in my opinion, as to the immediate passage of the bill. I hope, however, that the Federal Works Administrator will be given the power to use any and all present agencies in the prosecution of this program. This is one condition I have insisted upon and still insist upon. With that, Mr. Speaker, I conclude.

I yield back the remainder of my time.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that I may be given permission to revise and extend the remarks I shall make on this bill and to include therein certain excerpts and quotations from other documents.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein certain excerpts from documents.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE

Mr. LANHAM. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill, H. R. 10412, with Mr. BOEHNE in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. LANHAM. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, there has been some confusion and misunderstanding with reference to the terms and the purposes of this measure. There appeared before the Committee on Public Buildings and Grounds representatives of the Navy Department, representatives of the War Department and of the Council for National Defense, urging the necessity for the construction provided in this measure, and also accentuating the point that speed is essential. It is essential for more reasons than one, but there is one which will readily occur to you, and that is that with winter coming on it is important to obviate at these plants and establishments any likelihood of a recurrence of the epidemic of flu or other diseases which occurred during the World War. Let us not permit that to happen for the lack of proper housing.

In the defense appropriation bill considered a few days ago, $100,000,000 was appropriated primarily for the use of the Army and the Navy for housing at their regular establishments. Of the $100,000,000 so provided for defense housing by H. R. 10263, approximately $93,000,000 has already been tentatively allocated for the use of the Army and Navy in approximately 110 locations spread over 30 States, Hawaii, Panama Canal Zone, Puerto Rico, and Guantanamo in Cuba for the urgent needs of the Army and Navy, and providing approximately 10,000 units at naval stations or Army posts, with an additional 16,000 off the reservations to care for the families of defense workers whose housing requirements would not otherwise be met.

In this measure, we consider primarily the needs of our country with reference to housing for civilian workers, and laborers who will be employed in various capacities in connection with plants that have been established, plants that are in operation and plants that will be established and that will be in operation in proper preparation for our national defense. Some of these are in isolated localities where no housing is available; some of them are in localities more or less congested where little housing is available, and it is the purpose of those in charge to use all of the available housing that can be fitted into the picture of the program of national defense, but it will not be adequate, nor will it be adequate, according to the representations made before our committee, to use the funds provided in this bill and the funds which

have been provided in other measures. In other words, these various measures represent the minimum necessary for proper and adequate housing in the matter of national defense.

In order that there may be no possibility of scandal or reputed scandal that mansions have been erected under this measure here, there and yonder, the committee and those in charge of the defense program thought it wise to incorporate a maximum amount for any individual dwelling unit. This amount differs, of course, with reference to the continental United States and some of our territorial possessions, because it can readily be seen that in Alaska, for instance, and perhaps in Hawaii, where transportation costs are greater for materials, and where climate has quite an effect upon the character of building that is necessary, there will be more need for structures which will cost more money than in some parts of the continental United States. There is established an average of $3,000 per unit.

It is the expectation of those in charge of the work that this building cost will fall far below that figure so far as the construction of these buildings is concerned. From the standpoint of cost, it is estimated now that they can be built for approximately $2,000 to $2,200 per unit; however, in isolated instances there may be circumstances which will make it necessary to increase the expenditure above $2,000 or $2,200. For instance, in sections of certain cities that will have to be used because they are available to existing plants or plants to be constructed the dwelling unit will have to be of a little finer character than in some isolated community.

When we bear in mind that it is the purpose to recoup as much of this money as possible by disposing of the property as soon as the emergency has passed, it can readily be seen that a certain character of dwelling will be necessary in certain localities to insure not only a decent dwelling and quarters for the workers in those localities, but for a fair opportunity to dispose of the property when the emergency has passed. Although these houses can be built at the present time for less than the amounts specified in this bill, may I call attention to an excerpt from an article which appeared recently in a magazine in this country that goes rather thoroughly into matters of this character. This magazine was published in September of the present year and there appears this excerpt from the War Industries Board report of 1917–19, which graphically recalls the rise in commodity prices which then took place. This is the excerpt from that report of the War Industries Board:

An average weighted index of commodity prices during the war years shows that from a level of 100 in 1913 they rose to 144 by December 1916, and by March 1917 they had reached 156, and within a month jumped 14 points higher. Some individual commodities were increasing even more rapidly. By March 1917 the average price of metals was 247 in comparison to the 1913 standard of 100, and by July had reached a peak of 333. Foods rose from 142 to 167, clothing from 157 to 187, and chemicals from 159 to 180 during these first 3 months of American participation.

We cannot anticipate, in view of this past history, just what increases in building costs may arise during the operation of this act. Consequently, it would not be wise or prudent to fix the maximum cost at what the maximum cost would be at this time. There must be some leeway.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Arkansas.

Mr. TERRY. Has the gentleman any information as to whether or not there has been any appreciable rise in building costs within the last couple of months, say, since this program has been initiated?

Mr. LANHAM. I do not know that there has been, but I know that the testimony before the committee is that at present they can construct these buildings for an average cost of $2,000 to $2,200; in some instances a little more than that, but at that average cost, and they expect to do that. However, they must have some leeway by reason not only of conditions in prices of materials that may change, but also with reference to conditions in certain localities.

Mr. TERRY. For instance, I was in Alaska recently, at Anchorage and Fairbanks on a trip inspecting the Army air bases there, and I found that the housing condition in those cities is very acute. There are not sufficient quarters for the officers and the families of the men.

Mr. LANHAM. I may say to the gentleman that it is contemplated under this bill that some construction will be done there. Of course, it will be readily understood that that is the reason we placed a little higher limit of cost outside of the continental United States.

Mr. TERRY. I was going to say that prices there would probably be a great deal higher than in continental United States.

Mr. LANHAM. They will be, and for that reason we make that allowance in the bill.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Mississippi.

Mr. COLMER. The bill as written does not specifically refer to housing for workers engaged in building ships for the Maritime Commission, which is, of course, a part of the national defense. I understand, though, that the bill is broad enough in its terms to cover those workers. Is that correct?

Mr. LANHAM. The gentleman and I have discussed that matter, in which he has a very proper and solicitous interest. I consulted with those in charge and was advised that it does include housing of that character, without specific provision for it.

Mr. COLMER. I thought that was the case but I merely wanted to make a record of it. I thank the gentleman.

Mr. LANHAM. Let me bring this to your attention, and under leave to extend my remarks I shall insert this statement in the RECORD. These are reported needs for defense housing by States, after deducting the need which is taken care of by the $100,000,000 appropriated in H. R. 10263, which is the defense appropriation measure that was before us a few days ago. The information I am giving here comes from the National Council of Defense. All figures are necessarily approximate. They exclude some 40,000 additional needed dwelling units which the Army has reported it will require, but which have not yet been specified, and also exclude an unknown immediate volume of industrial defense housing in the larger cities. I may say that the 40,000 additional housing units for the Army are not included in the statement by Major Wilson for the Chief of Staff on page 65 of the hearings. These are States in which at present such housing is contemplated, and the present need, including the 40,000 further units needed by the Army, is estimated at 160,000 units.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 additional minutes.

These are the States, and in this statement will be seen the number of units provided for each of these States in the defense appropriation bill passed recently and the balances that remain:

Alabama, Alaska, Arizona, California, Canal Zone, Colorado, Connecticut, Cuba, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Philippine Islands, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Virgin Islands, Washington, and West Virginia.

	Total need reported Sept. 10, 1940	Need to be taken care of by H. R. 10263	Balance
Alabama	2,100	250	1,850
Alaska	300		300
Arizona	180	180	
California	12,400	3,825	8,575
Canal Zone	5,000	2,000	3,000
Colorado	300	175	125
Connecticut	10,800	100	10,700
Cuba	400	200	200
Delaware	40	40	

	Total need reported Sept. 10, 1940	Need to be taken care of by H. R. 10236	Balance
District of Columbia	1,000	600	400
Florida	3,200	1,350	1,850
Georgia	1,100	900	200
Hawaii	3,000	1,050	1,950
Idaho	100	100	
Illinois	4,800	700	4,100
Indiana	500	35	465
Iowa	500	500	
Kansas	125	125	
Kentucky	1,000	300	700
Louisiana	400		400
Maine	500	150	350
Maryland	3,400	2,140	1,260
Massachusetts	2,600	750	1,850
Michigan	470	470	
Mississippi	100	100	
Nebraska	500		500
Nevada	50	50	
New Hampshire	2,200	200	2,000
New Jersey	5,500	675	4,825
New Mexico	150	150	
New York	6,100	250	5,850
North Carolina	300	150	150
Ohio	2,500		2,500
Oklahoma	350	350	
Oregon	100	100	
Pennsylvania	7,400		7,400
Puerto Rico	980	980	
Philippine Islands	50	50	
Rhode Island	3,000	838	2,162
South Carolina	1,900	555	1,345
South Dakota	50	50	
Tennessee	2,900		2,900
Texas	4,700	1,975	2,725
Vermont	60	60	
Virginia	12,000	3,585	8,415
Virgin Islands	50	50	
Washington	1,900	750	1,150
West Virginia	2,500	450	2,050
Total	109,555	27,308	82,247

So it will be seen that this is not a measure designed for any particular part of the country. Some of these various establishments for strategic reasons will have to be put inland, and consequently this is by no means confined to our seaboards, but has to do with our country in general, allowing each part of it to participate in this important matter of national defense in accordance with its qualifications and the resources available.

Mr. BATES of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. I am particularly interested in naval housing on naval reservations. Do I correctly understand that such a housing program will be carried on under the Navy Department, or is a separate and independent agency going to carry on that work?

Mr. LANHAM. Under the appropriation bill recently passed, the Army and the Navy were authorized to use $100,000,000 in carrying on their necessary construction, and they were permitted by the amendment offered by the gentleman from Virginia [Mr. WOODRUM], which was adopted, to use any agencies of the Government in carrying out that construction.

Mr. BATES of Massachusetts. That is outside of this bill?

Mr. LANHAM. That will be outside of this bill by reason of the fact that the greater amount of funds under this measure will be used for civilian workers.

Mr. BATES of Massachusetts. But not on naval reservations?

Mr. LANHAM. The provision in the bill with reference to the purposes for which it will be used appears in section 2, that—

> The term "persons engaged in national-defense activities" shall include (1) enlisted men in the naval or military service of the United States; (2) employees of the United States in the Navy and War Departments assigned to duty at naval or military reservations, posts, or bases; (3) workers engaged or to be engaged in industries connected with and essential to the national defense.

Consequently some of the men of the Army and some of the men of the Navy could be used in carrying out this work. I may say in that regard that it is the desire to use every agency that can be used. It is the desire to use private industry, insofar as possible, and private capital, insofar as it can be attracted to this construction. The thing of prime importance is getting this thing done; consequently every pertinent agency that can be of advantage to that end will be employed.

Mr. BATES of Massachusetts. That is what I have in mind, where the Navy at the present time has a very excellent set-up to carry on a housing program within their own reservations.

Mr. LANHAM. Yes.

Mr. BATES of Massachusetts. Why should not some of this money be set aside for use by the Navy without any interlocking?

Mr. LANHAM. They have that under the $100,000,000 we appropriated in the defense bill. They have that authority absolutely.

Mr. BATES of Massachusetts. And there will be no interference at all with that?

Mr. LANHAM. Not unless they decide to interfere with themselves, because it will be left to their discretion.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Connecticut.

Mr. MILLER. I realize that every regulation and restriction cannot be written into the act, but I wonder if the chairman of the committee can assure us that local zoning laws and building codes will be respected.

Mr. LANHAM. I will say to the gentleman from Connecticut that those from the Departments who appeared before the committee said they were very anxious to do that and to comply with all local recommendations possible, and that in many instances their own requirements would be quite in excess of those of the localities where they would be established.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 minutes more.

But they did not want to write specific stipulations into the bill because the circumstances differ so in the various places, but it is their desire to conform with them just as far as possible, because there is a provision in this bill that where land is taken from the States and the counties and various localities, in order to get fire protection and police protection and other municipal protection, taxes shall be paid to the municipality or to the State—no higher, of course, than would be paid under ordinary circumstanes—and there must be cooperation between the local authorities and the authorities designated in this measure in order to carry out efficiently and harmoniously the purposes written into it.

Mr. MILLER. I am sure that explanation will satisfy everyone.

Mr. COFFEE of Nebraska and Mr. LEWIS of Colorado rose.

Mr. LANHAM. I yield first to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. As I understand it, any of the Federal agencies might be utilized in carrying on this work.

Mr. LANHAM. To this extent, it is provided in the bill, first section, that it is necessary for the President to determine that an acute shortage of housing exists or impends which would impede national-defense activities before any operation is done. And it is provided that the Federal Works Administrator, acting through the Public Buildings Administration, which we have known heretofore as the Procurement Division and which has its staff and facilities, and has had them through the years, doing construction in every State and Territory, shall be primarily in charge of this work.

Mr. COFFEE of Nebraska. My question following that is whether it is contemplated that there is any possibility that the Federal Government will be called upon for a rental subsidy should the United States Housing Authority be delegated the work of constructing some of the projects.

Mr. LANHAM. Nothing of that kind is contemplated.

Mr. COFFEE of Nebraska. Will it be possible for the United States Housing Authority to take over some of these projects and carry out their subsidy program?

Mr. LANHAM. In my judgment, it would not. For instance, I call the gentleman's attention to section 8, with the amendment that the Committee has suggested:

In carrying out the provisions of this act the Administrator is authorized to utilize employees and facilities of the Federal Works Agency and other Federal agencies, and of any local public agency, with the consent of such agency, and any funds appropriated pursuant to this act shall be available to transfer to any such agency in reimbursement therefor.

In other words, to the extent that the Federal Works Administrator would take facilities or personnel from these organizations, he would reimburse them for the facilities and the personnel used. That is the extent of the authority.

Mr. COFFEE of Nebraska. I thank the gentleman.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. The gentleman from Connecticut [Mr. MILLER] has just referred to the zoning regulations and the gentleman from Texas has answered that, I believe, very fully. How about fire regulations, and sanitary regulations of the local communities?

Mr. LANHAM. The gentleman will note that in section 11, by a committee amendment we have put in this language:

The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act, and shall establish reasonable standards of safety, convenience, and health.

It is the purpose of those who will have charge of the operation of this measure to cooperate in every possible way with municipal authorities, because they want their fire protection, they want their police protection, and other sources of security that can be afforded by the cities, but they do not wish to establish any particular standard by reason of the fact it would not fit all cases.

Mr. LEWIS of Colorado. I understand that fully. I just wish to be sure there shall be no violation of the fire regulations, or of police regulations, or of the sanitary regulations, or of the building regulations of the particular community in which these projects are to be established.

Mr. LANHAM. The speed of this program will depend very largely upon the harmonious spirit of cooperation existing between the two.

Mr. LEWIS of Colorado. I thank the gentleman.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Michigan.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MICHENER. Before the gentleman gets away from this controversy concerning the United States Housing Authority, am I correct in this, that this is a national-defense measure; that this is not one of those social reforms or uplift measures?

Mr. LANHAM. May I say in reply to my friend, the United States Housing Authority has a very different function from the functions set forth in this measure. The function of the United States Housing Authority in the first place is slum clearance and in the second place to afford decent dwelling units for low-income groups at a reasonable rental.

Mr. MICHENER. You mean that is the purpose of the act—not what they are doing?

Mr. LANHAM. That is the purpose of the act. That is not the purpose of this act. Any slum clearance that might be included in this act would have to be purely incidental, because most of the work will likely be done in isolated communities where there is no housing available, and it is not the purpose of this act, either, to afford dwellings for low-income groups except from the standpoint of housing during the time they are working for national defense, and except insofar as the houses may be available for sale for living quarters when the emergency is passed.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. MONRONEY. I am interested in the committee's amendment to section 8, which provides that in carrying out the provisions of this act the Federal Works Agency and other Federal agencies and any local public agency may be used. Is not this language so broad in its scope that they could take in almost every one of the thousands of such local housing authorities which have been promoted by the United States Housing Authority, and in the administration of this act they would be given full authority to make whatever expenditures were necessary in the upkeep, maintenance, and operation of these projects?

Mr. LANHAM. As a matter of fact, where they can use the personnel or facilities of those local housing authorities which know more about the local situation from the standpoint of housing than anyone else, it seems to me that that authority should be given; that they should use their facilities and their personnel to the extent that it is necessary to carry out the purposes of this act. The gentleman will see from the testimony of Mr. Breen, of Boston, in the hearings that some very interesting information was given by him which it was indicated by those from the Department could very well be used.

Mr. MONRONEY. There are no restrictions, then, to eliminate the local housing authorities from operating in an unlimited way on the maintenance and operation of these projects temporarily to be built?

Mr. LANHAM. The maintenance and operation is in the hands of the Administrator under this act.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. EBERHARTER. I think it might be reassuring, perhaps, to some of the Members to know that every cent spent under this bill would be under the direct control and supervision of the Public Buildings Administration, acting under the authority of the Federal Works Administrator, so that other authorities will only contribute their facilities and perhaps their personnel, but all money spent will be under the Public Buildings Administration, which was formerly under the Treasury Department, and construct really all the buildings for the Government throughout the entire United States.

Mr. LANHAM. That is correct. Mr. Reynolds has been at the head of that Division for some time, and I think many Members of Congress have found that he is most efficient and well versed in construction in every section of our country.

Mr. DARDEN of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. DARDEN of Virginia. Did I understand the gentleman to say earlier that it is the purpose to sell these houses after the emergency has passed?

Mr. LANHAM. Yes; to sell all that they can; to dispose of them. Of course, there may be some temporary houses that cannot be sold.

Mr. DARDEN of Virginia. On the matter of limiting the cost, some of these houses are going to be built next to military reservations throughout the United States. Would it be wise to limit them to temporary houses?

Mr. LANHAM. As a matter of fact, I think that will be reduced to the minimum, because I think that most construction of that character will be carried on through the $100,000,000 in the defense appropriation.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 2 additional minutes in order to answer the gentleman's question.

Mr. AUSTIN. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. AUSTIN. I have two or three brief questions which can be answered briefly. Following the suggestion of my colleague from Connecticut [Mr. MILLER], page 2, subsection (b), there, it seems to me, quite explicitly authority is given to the proper officials to disregard any community laws which may exist, and by that I refer to plumbing codes, sanitary codes, fire restrictions, and so on. The right by this

bill would be taken away from those municipalities, in my opinion, to see that their regulations were carried out. It must be taken into consideration that the proposed housing must certainly be within the vicinity of some large centers. Otherwise they would not be needed around the industrial centers. I also find in the same paragraph that right is given to override community facilities. That may mean electrical; it may mean transportation; it may mean fire prevention. Does not the gentleman think that is taking away from the municipalities and communities long-established rights?

Mr. LANHAM. I do not think so, in the spirit of it. It is very difficult, the gentleman will understand, to put into exact language something that will meet every circumstance and situation. The very thing that those in charge wish to avoid is conflict between themselves and the various municipalities and States, because, to use the parlance of the street, that would throw a monkey wrench into the whole procedure.

Mr. AUSTIN. Does not the gentleman think that a change in the exact language of the bill would be preferable to the way in which it is now worded? It absolutely takes away from the municipal authorities their rights, as established by their different codes.

Would it not be possible to use a term like "cooperate" or something of that sort instead of deliberately taking it away from them?

Mr. LANHAM. Personally, I do not think so because I think that, if there should be some slight difference or misunderstanding when they are trying to work this thing out, they ought not to be forced into some arbitrary settlement.

Mr. AUSTIN. The gentleman realizes, does he not, that the official is acting upon a code?

Mr. LANHAM. I think we have done the right thing in this bill. We have confidence in their expressed intention to economize in every way possible, because that goes to the success of their program.

Mr. AUSTIN. The gentleman realizes, of course, that the official acts upon a code, not personally; he is directed by a code.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield myself 3 additional minutes to answer these gentlemen, then I must reserve the remainder of my time.

Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. KEEFE. As I understand the bill it authorizes $150,000,000.

Mr. LANHAM. That is correct.

Mr. KEEFE. Section 5 of the bill, page 5, provides:

> Where any Federal agency has funds for the provision of housing in connection with national-defense activities it may, in its discretion, make transfers of those funds in whole or in part to the Administrator.

Is it contemplated that these transfers of funds may be in addition to the $150,000,000 authorized by this bill to be appropriated?

Mr. LANHAM. I think they would have to be in addition to the $150,000,000 if any such funds were transferred, because nothing is contained in this bill for those agencies.

Mr. KEEFE. Does the gentleman have in mind what particular agencies have funds that it is contemplated might be transferred under section 5?

Mr. LANHAM. Personally, I do not.

Mr. KEEFE. What is the purpose of the paragraph?

Mr. LANHAM. We have tried to put in this measure provisions that are sufficiently broad to prevent any bar to the speedy completion of these projects.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. EBERHARTER. I may say here that the Army and the Navy each have some money for housing, and they could transfer it to the Administrator.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. LUCE. Mr. Chairman, recently an official of the State of Kentucky told me he had built several houses with septic tank, closed-in porch, creditable toilet facilities, running water, and so forth, at a cost of $400. The gentleman must be aware that when he sets $3,000 as the average price that the whole $3,000 will be spent. There is no provision in the bill that it cost less.

Mr. LANHAM. May I say in reply that Mr. Carmody is a man very much interested in economy; and I may state further that it was brought to the attention of the committee that Mr. Carmody had completed a project at 50 percent of the estimated cost. It is the purpose to hold this down just as much as possible, but in view of the fact that we cannot foresee the future or foresee what advances may come in the cost of materials or what other exigencies may enter into the picture, we must allow a certain leeway. We must have decent housing for these various civilian workers.

Mr. LUCE. But you can put in the bill something to encourage building according to recognized standards.

Mr. LANHAM. That is quite in the spirit of this act. Furthermore we want houses of a type we can dispose of when the emergency is passed. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CROWTHER].

Mr. CROWTHER. Mr. Chairman, all of the discussion regarding this bill is very interesting. I have not had the time to make a study of it. All I know is that in line with other legislation that we have passed during this session of Congress it requires a very considerable amount of money, and in the days to come when some of the younger Members are here and some of the older Members are gone, somebody may in the confines of this legislative hall hear in something like a ghostlike whisper, perhaps, the voice of the gentleman from Pennsylvania [Mr. RICH] echoing, "Where are you going to get the money?" [Laughter and applause.]

Mr. Chairman, when the Congress passes the conscription bill and the excess-profits tax bill, it may think that its work for the session is done, but, in my opinion, a task of great magnitude and importance still remains. I refer to the urgent necessity of raising additional revenue with which to carry on the military and civil functions of the Government.

The Secretary of the Treasury has stated that Federal expenditures during the current fiscal year will exceed $12,000,000,000, of which some $5,000,000,000 will go for national defense. The estimated revenues are fixed at only $6,300,000,000. This means that on top of the $27,000,000,000 of deficits already accumulated during the last 10 years we will add this year the further stupendous sum of $5,700,000,000—the largest peacetime deficit in history. This figure does not take into account such expenditures as may be made in connection with calling out the National Guard and in putting the conscription program into effect, which probably will add another billion dollars.

The total appropriations and contract authorizations for national defense already aggregate approximately $15,000,000,000. How are we going to provide for this tremendous expenditure? We have not the money in the Treasury, nor does the Government even have the power to borrow that sum.

Last June we were forced to increase the authorized national debt by $4,000,000,000 in order to get the earlier part of the defense program under way. We limited the use of this borrowing to national-defense expenditures, and we passed a billion-dollar tax bill to provide for its amortization over a 5-year period. But we have done nothing as yet about amortizing the rest of the defense expenditures. True, an excess-profits tax bill is pending, the purpose of which is to prevent the creation of any new war millionaires out of the defense program, but the revenue from this tax will not pay for national defense. It will raise several hundred millions annually, depending upon the provisions of the final bill, but do not forget that we are faced with a deficit this year of $5,700,000,000, and more likely $6,700,000,000. The unfinished business of Congress clearly is the necessity of putting the Nation's financial house in order.

Our present financial situation is not due to the defense program alone. It is merely a continuation of the same old trouble we have had for the last 10 years of being afraid to face the facts regarding national finances. The necessity for huge defense expenditures has simply aggravated that problem. We need more taxes, not only to pay for national-defense expenditures, but to pay for the regular running expenses of the Government. We would still have a deficit this year, even if the present world situation had never developed. And then, do not forget that when we have finally balanced revenues and expenditures we still have to give some thought to paying off the huge debt that has been piled up, now aggregating forty-five billions, which constitutes a continuing threat to national solvency, and which is a first lien on the future earnings of every man, woman, and child in America, and of generations yet unborn.

During the hearings on the excess-profits tax bill before the Ways and Means Committee, the Under Secretary of the Treasury, Mr. Bell, made the following very significant statement:

> We will have about $300,000,000 of borrowing power at the end of this fiscal year.

That is, even with the $4,000,000,000 additional which was authorized under the defense tax bill, and which brought the national debt up to $49,000,000,000.

Mr. Bell continues:

> There is a statement attached to the Secretary's prepared statement showing that you already have on the books a national-defense program of $14,700,000,000. We are going to exhaust about $5,000,000,000 of that this year. So that you will have a program, if you enact no more legislation except that contained in the President's message of July 10, of $9,000,000,000. And to the extent that such balance is not offset by additional revenue that may be collected under existing tax laws as a result of improving business conditions, you will either have to have a debt increase or additional taxes to finance that.

There we have the picture, Mr. Chairman. We are faced with a $9,000,000,000 increase in the debt next year unless the Treasury receives additional revenues. Of course, I realize that we cannot possibly raise enough in new taxes to put our Government on a pay-as-we-go basis at the present level of expenditures. However, it is also true that we cannot go on borrowing and borrowing without limit, unless we are willing to run the grave risk of national bankruptcy. The solution lies in taking a position between the two horns of the dilemma; in other words, in authorizing limited additional borrowing and in raising the necessary revenue to amortize the additional debt over a reasonable period of years. Then, after the present emergency is over, we will have to give some thought to paying off the accumulated debt.

Mr. Chairman, in my opinion, this Congress should not consider its work done until it has directed the Ways and Means Committee to conduct a thorough study of our whole internal-revenue system with a view to recommending additional revenue legislation in January. The committee, in its study, should give consideration not only to possible new sources of revenue, but also to the matter of revamping our existing taxes so that they will produce the greatest possible revenue without discouraging business enterprise and without imposing more than his fair share of the burden on any taxpayer. For years we have been promised a thoroughgoing revision of tax structure all along the line, but for one reason or the other—mostly lack of time—we have never had anything more than a piecemeal revision. As a consequence we do not have a real revenue system, but only a conglomeration of individual laws and conflicting policies. With our sources of taxation now all but exhausted, and with the need for tremendously increased revenues facing us, it is high time that we took the time to give our revenue system the overhauling it needs. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, I am supporting this legislation, housing for national defense, because I think it is in line with the program that has been adopted by this House and by the Congress in recent months. This plan is to erect buildings to house workers engaged in industrial plants. For instance, a powder plant may be constructed not at some city but generally near some small village or town or far removed from any town or city in a location which is suitable for a powder factory. There will not be adequate housing to take care of the people who will work in that factory, which will be near enough to it so that they can go back and forth night and morning. So naturally housing must be constructed.

It is true there are some H. O. L. C. houses here and there, perhaps quite a number of them in the country, but if they are not accessible to the factories, of course they cannot be used for that purpose. National defense transcends all things else. Factories must be logically placed. Locations must be carefully selected. All housing now unoccupied should and will be used.

Now, concerning the expense of these buildings, for one thing they will be constructed under Mr. John M. Carmody and Mr. Reynolds. We know something of the work of Mr. Carmody and Mr. Reynolds. I had some experience with Mr. Carmody several years ago in my district when we set up a yardstick for rural electrification. He constructed lines and used native materials and local labor and cut the price per mile 50 percent. The Jackson County Rural Electric Membership Corporation under Mr. Carmody made a model plant, saving many thousands of dollars. He and Mr. Reynolds will do this job at the least possible expense consistent with suitable performance. I am confident that in this housing he will reduce the price to the lowest possible dollar. There will be no scandal in any buildings that are constructed in this program.

If we need national defense, of course, we need housing to house the people working in national-defense factories. If we do not need this housing, then we do not need national defense. I have not yet found anyone who has told me that we did not need national defense, and adequate national defense. I recently conducted a poll on that question in my part of Indiana and I found that 98 or 99 percent of all those interviewed believed that we did need abundant national defense. If we need it, then we need housing for the workers, because without that we would bring on an epidemic of sickness and a scourge of disease by not having proper housing facilities. Without proper housing, heat, water, and sanitation, epidemics are liable to spread throughout the country. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, my main interest by this motion is to get some additional information. If the chairman of the committee will help me out a few minutes, I think we can clear up all the questions I have.

If the first place, I wish to ask the chairman if this bill calls for $150,000,000 to be used for this purpose in addition to the $100,000,000 previously provided for?

Mr. LANHAM. The gentleman has reference to the $100,000,000 in the appropriation bill we passed recently?

Mr. CRAWFORD. That is correct.

Mr. LANHAM. This is an addition to that. However, it is principally for a different purpose.

Mr. CRAWFORD. On page 8 of the testimony I find where Admiral Moreell makes this statement:

> Well, if we took care of all the needs, Congressman SCHAFER, as indicated by the survey, the $150,000,000 would not meet it.

The question in my mind is, what additional needs not covered by this bill and the previously provided $100,000,000 does the admiral have reference to? In other words, should we expect within the next 6 or 8 or 10 months, based on our present defense program, another bill asking for fifty or one hundred or one hundred and fifty million dollars to make up this deficit to which the admiral refers? Can the gentleman give up any information on that?

Mr. LANHAM. As a matter of fact, I hope nothing further will be necessary after this bill has been enacted. However, the statement has been made by those in charge that all of the funds available for housing will not be sufficient to meet

the need, and it is going to take strict economy. For instance, in addition to the housing needs set out for the Army on page 65 of the hearings by Major Wilson, the Army estimates it will need 40,000 additional units. Then there are 120,000 units needed in the matter of the civilian workers, which will make 160,000 units needed at this time. The gentleman can very readily see, inasmuch as that is exclusive of the $100,000,000 appropriated the other day, that it will take quite a bit of economy.

Mr. CRAWFORD. This is some of the information which I desired to develop. In other words, I understand from the chairman's statement that the 160,000 living units will be required in addition to the 65,950 set forth on page 15 of the hearings. Is that correct? You have referred to 160,000 dwelling units that will be needed.

Mr. LANHAM. That page has to do primarily with the Navy.

Mr. CRAWFORD. Please do not misunderstand me. This is what I am trying to find out. What do you say is the dwelling-unit need for the Army and the Navy, based on the two pages I have referred to in the hearings?

Mr. LANHAM. I think they are substantially as set forth in this bill. I do not know of the other, because I am not advised as to just what the needs of the Navy Department are concerning these details.

Mr. SCHAFER of Wisconsin. If the gentleman will yield, I will give you the information.

Mr. CRAWFORD. Now, wait a minute, please.

Mr. LANHAM. I am advised that 40,000 more units will be needed for the Army than is shown on page 65 of the hearings.

Mr. CRAWFORD. We have had reference here in the hearings and in the statement of the chairman to 160,000 units.

Mr. LANHAM. Yes.

Mr. CRAWFORD. Are the 65,950 units referred to on page 15 of the hearings included in that 160,000 to which the chairman has referred?

Mr. LANHAM. They are not.

Mr. CRAWFORD. That would give a total in round figures of 226,000 units now in sight, as I recall. According to my quick calculations, on a basis of $3,000 per living unit, that calls for $678,000,000. In other words, we are approaching three-quarters of a billion dollars in this program.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I will in a moment. In other words, the $100,000,000 that has been appropriated, plus this $150,000,000 here authorized, would be only the first step—only a drop in the bucket. It is proposed to spend almost three-quarters of a billion dollars by the Government in the housing field.

F. H. A. FACILITIES AVAILABLE

It appears to me, Mr. Chairman, that we are making a mistake in not arranging for this job to be done through the facilities of the F. H. A. insofar as that would be possible. Certainly most of this building could have been financed in that manner by private capital. It would be just as reasonable to grant private investors amortization privileges in connection with the building and operation of these houses as it is to grant them to those who will build the plants and manufacturing facilities to carry on the defense program and where there will be employed those workers for whom the housing is being provided. Certainly, in every way possible, we should encourage investment by private citizens and relieve the Federal Treasury in every way possible of the terrific drain now imposed upon it.

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, a great deal has been said in the last few moments about the cost of this program. It is a part of the program for national defense. That program is to prepare and train men to defend America, to provide instrumentalities of defense, to build ships, airplanes, and other equipment for defense. That program means to be ready for any emergency. For my part, if this building program costs $250,000,000, or even $1,000,000,000, it will be cheap, if by means of that preparation it will save the lives of any of the boys of America. If our program of national defense will so prepare us that America will not be attacked, any sum, however large, will be money well spent. I wish to call attention briefly to certain housing conditions in my district in connection with the defense program.

The gentleman from Wisconsin has referred to the present ownership of the Newport News Shipbuilding & Dry Dock Co. That plant is in my district. I do not know where that ownership is and I do not care. I know that until within the last few months the plant was owned by the Huntington heirs, and I know that that stock has been on sale recently under the approval of the Securities and Exchange Commission. What matters is that that yard builds ships. That is what concerns me. It is the largest plant in this hemisphere, and one of the largest in the world. During the first World War it was engaged practically in its entirety in building ships of war. At the present time at least one battleship and several airplane carriers are being constructed at that yard, and I understand six or seven more carriers will be built under a contract just made. You must build ships where the plant is prepared to build them.

You cannot build your shipways on the Mississippi River or construct airplane carriers at inland points for service on the ocean. You must adopt and use existing facilities or the program cannot go ahead. I was at Newport News in the last war. I know the difficulties then. I know that throughout the Nation when influena came it levied a frightful toll. I know that we must have additional facilities at Newport News for the men who will be brought in to help build these ships. They will be skilled men from districts throughout the United States. They must work there in order to help carry on that great work within the shortest period of time. I do not want your men there without adequate preparation for their comfort and health. Otherwise they will not stay and the work will not proceed. Whether the facilities are permanent or temporary does not concern me, but they must be facilities of such magnitude—they must be facilities so prepared—that we shall not have as applicants irresponsible, unskilled men, or men who may desire to obstruct or commit sabotage. We must have the best men that can be found to carry on this work, and this work is needed. In order to procure and retain the men you need, you must have the facilities contemplated by this bill.

Fort Eustis is in my district. It embraces an area of about 12,000 acres of land owned by the Government, formerly used but later reserved for temporary emergencies. Fort Eustis needs these facilities for buildings must be replaced. Langley Field needs facilities such as are provided here.

If this work is to go on, we must provide, immediately, the homes in which the workers are to stay. You cannot and you should not conscript labor. It is necessary to prepare homes where the workers may live in comfort. I saw those temporary facilities in the time of the World War. They were necessary then, but they are vastly more necessary now. Consider for a moment the city of Newport News. Every house is occupied. There are no empty houses. They must be provided. We were prepared normally to take care of less than 10,000 shipyard employees; 12,000 men are employed now. In order to carry forward the work the country needs, the personnel must be increased immediately to 18,000. You cannot wait. There must be action now. We can build the ships you need if you help us to house the workers. Tomorrow will not do; it must be done now. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. BALL].

Mr. BALL. Mr. Chairman, I have profound affection for the gentleman from Wisconsin, I admire him, I admire his forthright attitude; but I think that at this particular time he is a little bit on the wrong track. I am not going to refer to a Milwaukee newspaper. The gentleman referred to a long and remarkable speech of Abraham Lincoln's. In return I should like to refer to something that Lincoln said that

we might all burn into our hearts at this minute. Lincoln said:

> I do the very best I know how, the very best I can, and I mean to keep on doing it until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings we out wrong 10 angels swearing I was right would make no difference.

Mr. Chairman, we are confronted with an emergency. We have voted billions of dollars for national defense and we have been somewhat heedless in our way of doing it. We have not thought too much of how we were going to do it. We are now confronted with the problem of housing these people, of finding suitable places for them and their families to live. I firmly believe this bill meets the need. The gentleman from Wisconsin said something about Newport News. Yesterday afternoon I was in Newport News. I saw that great plant which has recently expanded and is about to expand again, and I saw, too, the monument erected by the founder of that great plant, Collis P. Huntington. If I recall rightly, he said, and it is embossed there in stone:

> We build ships here. We build good ships here, at a profit if we can, at a loss if we must, but always good ships.

That, I believe, is the spirit of that splendid plant.

In my own district we have problems. We have a rapidly expanding industry there, and I know what these people need and the houses that they must have to live in. I believe the pending bill honestly tries to face the problem and to handle it in an efficient and sensible way.

Mr. HOLMES. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. AUSTIN].

Mr. AUSTIN. Mr. Chairman, I have requested this time in which to ask several questions of the chairman of the Committee on Public Buildings and Grounds which have risen in my mind relative to this bill. I appreciate the little colloquy we had earlier in the afternoon, but there is further information I would like to have. On page 7 of the bill, section 8 reads as follows:

> The Administrator is authorized to utilize employees and facilities of the Federal Works Agency.

Under the interpretation of this particular section, is it possible to employ W. P. A. labor in this construction?

Mr. LANHAM. Well, it says, "any Federal agency" or any "local public agency," and I suppose the Administrator would be authorized under this to utilize employees or facilities of any agency.

Mr. AUSTIN. I am thinking of an intended housing project under this bill in my own district in Connecticut, where there is unfortunately quite a large W. P. A. registration. I am wondering if it would be possible under this bill to employ some of those W. P. A. men, or men on relief, at the expense of organized labor or skilled workmen who are not enrolled on the W. P. A.

Mr. LANHAM. As a matter of fact, there are certain services that the W. P. A. workers might well render. However, it is the policy of those in charge of the administration of this measure to use the prevailing wage scale and not in any way to militate against either skilled or unskilled labor insofar as they can carry out their respective functions.

Mr. AUSTIN. The gentleman cannot give me assurances that such will not be done. He simply believes that it will not be the course of procedure?

Mr. LANHAM. I may say that there would be no objection to putting an amendment in this bill with reference to the prevailing-wage proposal, but the gentlemen who are to administer that and who appeared before the committee stated that it was their intention to do so any way and that that was their policy.

Mr. HOLMES. Will the gentleman yield?

Mr. AUSTIN. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I think the gentleman will find that this work will be done generally by contract and these contracts are drawn to protect the Government's interest. In view of that fact I cannot see how it would be possible to use W. P. A. labor because they have to have skilled labor to build these buildings. This legislation permits the Administrator to utilize such help, as, for instance, experienced mechanical, engineering, or other men affiliated with W. P. A. works who have had to do with construction and building. It does not have any reference at all to using any part of that employee personnel.

Mr. AUSTIN. I think the gentleman's reply has given me the assurance I want.

Mr. LANHAM. Of course, it is not intended to use the unskilled men to take the place of the skilled, but there will probably be work of some character for all kinds of labor.

Mr. AUSTIN. If I may, I would like to ask the gentleman one other question. At the beginning of the gentleman's address this morning with reference to this bill I understood him to say it was the purpose of the committee and the wish of the committee that when these men, these employees, men from the Army and Navy as well as civilians, enter these houses, suitable facilities will be provided, by which I presume the gentleman means heat, lighting, possibly hospital accommodations, an adequate water supply, and all of those things? I presume that is what the gentleman had in mind.

Mr. LANHAM. That is what I had reference to, decent housing in reference to health, sanitation, and so forth. In the selective-service bill the other day there was an amendment adopted by the House, and it was the gentleman's amendment, that these draftees should not be placed in the various camps until such facilities were made available. That is one of the very things that makes speed necessary in connection with this civilian housing program.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, the details of the measure now before us and the general plan of operation have been explained quite completely, I think, by the previous speakers, so I just want to make a general observation or two.

This bill provides for the authorization of an appropriation of $150,000,000 for emergency defense housing. It is not contemplated that the $150,000,000 will be in any way sufficient to take care of all the defense housing necessitated by our preparedness program. The fact of the matter is that it is expected that private capital will take care of practically two-thirds or perhaps a much larger percentage of the necessary defense housing, and we will not need to put further Government money into it. The chief function, as I understand, of the coordinator of the advisory commission of the National Council of Defense is to cooperate with the different private and semipublic agencies all over the country in order to get enough housing for these emergency purposes, but in spite of all that attempted coordination we can easily see that in certain instances and in many instances it would be impossible to get private capital interested in housing. Therefore, it leaves us with two avenues open. One is to give private capital a subsidy so that this necessary housing can be built, and the other is for the Government itself to go into it.

In connection with the efforts of the Coordinator, I call your attention in the hearings to the various communications and telegrams coming from the United States Association of Real Estate Boards, from the National Association of Building Owners and Managers, and from the National Association of Housing Associations, showing that they have been cooperating in every respect with the Coordinator here in order that we can get enough defense housing. I believe I can say without any fear of contradiction that each of these agencies has done everything it possibly can to help in the defense program, and in effect approves the proposition that is now before us. Therefore, this $150,000,000 will by no means take care of all the emergency housing, but we are hopeful that that will be all the Government will have to invest in addition to the $100,000,000 that has already been appropriated.

All of you know that the Committee on Appropriations came in here before an authorization had been passed by this House with a bill appropriating $100,000,000. The Advisory Commission went before the Committee on Appropriations and proved the urgency of the proposition, so that the Com-

mittee on Appropriations itself was convinced of the necessity for this action even before the Committee on Public Buildings and Grounds acted upon it.

In this measure we have thrown around the governmental agencies some restrictions, some safeguards, so that the money will not be spent carelessly or recklessly and so that they will not go on a wild spending spree, or anything like that. We have also provided in this bill for the Government to recoup to a large extent all the money that is being spent.

All of us who have had any experience with the Treasury Department or the Public Buildings Administration know that they are very conservative when it comes to spending money and that they get a dollar's worth for every dollar spent.

Mr. Chairman, this House has passed in the last several months every emergency defense proposition that has been presented to it that has had any merit whatever. I feel certain that the members of this committee should be convinced beyond the question of a doubt that this is another necessary defense measure. I believe it will be helpful in the preparedness program. I think it is practical, I think it is economical, and I have no compunction whatever about giving the bill as it now stands my wholehearted support. I hope it will be passed without any question. [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON of New Jersey. Mr. Chairman, the bill now before the House to provide housing facilities for persons engaged in national-defense activities, and their families, in those localities where it is found that an acute shortage of housing exists or impends which would impede national-defense activities, has my wholehearted support. I commend the chairman and members of the House Committee on Public Buildings and Grounds for having so quickly recognized the seriousness of the situation and provided the remedy that is contained in this bill.

The Members of Congress who live in industrial areas where much of the work is now being done to build up our national defense are aware of the need of legislation of this character. It is my privilege to represent a district which includes some of the most important national-defense industries to be found anywhere within the United States. I refer to the great shipbuilding plant at Camden, the munition works and oil refineries along the Delaware River that constitute some of the greatest industries of their kind to be found anywhere. Similar industries including the Philadelphia Navy Yard are located on the Pennsylvania side of the Delaware River. In addition to this is the immense R. C. A. plant, also located in Camden, N. J., which is engaged in producing many intricate and important devices for use in the operation of aircraft. This is only a limited description of the importance of this industrial area with respect to our national-defense program.

Already plans are being laid to have three shifts of workers each day in the shipyard at Camden and at others in that locality. This means that the number of workers will run into thousands. They are coming to this great shipbuilding area from all over the country. The same is true in other shipbuilding centers in other parts of the country. These new workers with their families must be properly housed. The housing facilities now existing are not sufficient. If something is not done it will mean distress to these workers and their families, or it will mean that they will not be able to take up the work in this important part of our national-defense program.

During the last war we had a most distressing experience in the Camden, N. J., area, resulting from lack of sufficient housing for the influx of workers that came into our city. As a resident of that city I was in a position to observe the unsatisfactory conditions that resulted. Rents went sky high. This in itself was sufficient to bring about much distress, but it was even more serious than that because there were not enough houses to take care of the people. Families were doubled up and others required to live under conditions that were neither wholesome nor proper. Shipyard workers were not the only ones who experienced the inconvenience of living in improper quarters and paying exorbitant rents. It affected the whole community. The conditions became so unbearable that it became necessary for the Governor of New Jersey to take cognizance of the situation and direct the county prosecutors to take action against real-estate profiteers. I was prosecutor of Camden County at that time and the task was in my hands. It was only when aggressive action was taken that we were able to break down the exorbitant rents that were being charged. But even this did not relieve the distress that was incident to lack of sufficient houses. This latter condition was only relieved when the Federal Government, through a housing agency that was set up, built two villages in proximity to the shipyards to house the workers.

With respect to the present and increasing need for housing facilities in the Camden and all other shipbuilding areas I direct attention to the testimony of John Green, international president of the Industrial Union, Marine and Shipbuilding Workers of America, given before the House Committee on Public Buildings and Grounds at a meeting of that committee held on September 3 last. Mr. Green said:

> My principal purpose, Mr. Chairman, in coming here today is to tell the Members of Congress that there is a serious and urgent need for a cheap, comfortable, and well-planned housing for workers in defense industries, and to ask that action be taken immediately to remedy this situation.

Continuing, he said:

> Rents are being raised in some cities so rapidly that workers are deprived of the benefits of the steadier employment which the defense program has afforded them. In some cases landlords are grossly exploiting wage earners in defense industries, not merely by exorbitant rent raises but by forcing tenants to make their own repairs. And in every city where workers are busy on defense orders you find the old home-buying racket revived. Workers are being forced by threats of eviction, or of rent increases, to begin buying homes which they don't want, or which they cannot afford to pay for.
>
> As a result of the scarcity of decent homes at fair rentals in almost all industrial centers, workers are being forced to double up or take in boarders. This creates much overcrowding and an unhealthy and uncomfortable situation all around.
>
> My union, like so many more, has been obliged to accept the responsibility for recruiting many new workers in order to increase output by having three full shifts on all jobs. I will not go into the difficulties of finding skilled mechanics for defense jobs but must say that in many cases it will be absolutely impossible to get the people we need most just because housing conditions are so bad in the cities where shipyard workers have to live.

And then, with respect to the effect on wage and other labor conditions, he said:

> My union cannot be responsible for recruiting new workers from now on unless we can hold out some definite promise to these men that it will be possible for them to bring their families with them and be able to live in decent surroundings and that all their earnings will not go to the landlords. I emphasize this further fact: That the labor movement has been asked to avoid industrial disputes during the period of the emergency. Unions have been asked, as patriotic citizens, to refrain from asking for wage increases at this time.
>
> The Camden local of my union will undertake negotiations with its employer for a new contract within a few days. As a responsible leader of a responsible union, I wish to be reasonable and moderate in my demands. But how can I tell my members in Camden to be reasonable when rents are going up and when they are being obliged to lay out all they are making to buy homes they do not want in order to find a place to live?
>
> The real-estate board in Camden will admit, I believe, that rents have gone up at least 10 percent in the past few months. It is our observation that rents have actually gone up more than that. How in the world can a negotiating committee for a union tell its members to be patriotic when a condition of this sort exists?

In emphasizing the need for additional housing facilities in the Camden area, he said:

> Another point I want to drive home is that you do not get the whole picture by reading figures about rents.
>
> The fact to bear in mind about cities like Camden is that there are today absolutely no vacancies in homes that workers can afford to rent or to buy. There are almost no vacancies, of any kind, at any rentals, high or low, in Camden. We are not asking for subsidies or guaranties such as have been asked for by many corporations before they would take defense orders or build ships. We are only asking that the Government use its facilities to help us get the things that we as workers must have if we are able to do the job that the Government and the people want us to do.

The morale of industrial workers in defense industries is a question that cannot be overlooked. It is a problem that the Members of Congress must not overlook. It is a problem which must be dealt with quickly and concretely.

This testimony of Mr. Green based upon a careful survey that was made by him shows plainly and forcibly the need for legislation, such as that which is now before us, to provide adequate housing facilities for workers engaged in the national-defense program. Mr. Green spoke not only in the interest of the workers but also with a keen desire to have our defense work proceed with the fullest efficiency. I wish the time allotted to me was sufficient to read his entire testimony to you. Every line and word is important. It should be read in its entirety by the membership of this House.

I do hope that the Members will realize that the need is urgent. The condition that is being created is similar to that which we experienced in the World War. With each day it grows worse, and will continue to do so until the Federal Government takes hold of the problem and does something about it. The bill now before the House is a step toward that end. It should have the support of this House. [Applause.]

Mr. HOLMES. Mr. Chairman, I yield such time as he may desire to the gentleman from Iowa [Mr. GOODWIN].

Mr. GOODWIN. Mr. Chairman, in the course of my remarks this afternoon I will endeavor to outline and touch briefly on salient facts concerning our highly concentrated population and industries and how a readjustment of the situation would benefit our national defense and our future well-being as a nation.

Many times when traveling through the eastern part of our country, especially the middle East, I have wondered what would happen in case of a military invasion. That thought first occurred to me when, as a boy, I saw the great preparedness motion picture, The Battle Cry of Peace, shown throughout the country in 1916. During the last 2 years we have seen the air arm of the military forces of all nations grow in strength and reach. Even so, it is highly improbable that a foreign foe could land troops in America by air sufficient for occupation and give them the very necessary protection and support. But it is conceivable that a hostile force could—at least in the not too far distant future—strike such continued nuisance blows at this vital and defenseless area that they would be highly effective.

Effective, why? Well, for a number of reasons:

This area, the Middle-Atlantic Seaboard, embraces the area of greater New York, Providence, Boston, the rich industrial, densely populated valleys of the Connecticut, the Susquehanna, and the Delaware, including Greater Philadelphia, and Wilmington, Baltimore, Washington—our National Capital and shrine—and the Hampton Roads area. In this part of the country we do not have very many highways, no auxiliary bridges and tubes, at the best no surplus of traffic arteries in proportion to the vehicles and the population; nor do we have too many rail lines, and one of these—the electrified one—is particularly susceptible to paralytic attack for very obvious reasons. Furthermore, all of these cities are located in terrain that is not, by nature, friendly—in many sections it still resembles a vast wilderness. Should these traffic arteries be smashed or badly harassed, traffic of all sorts, including much of which would be vital to our national defense, might easily find itself in a condition of chaos.

It should also be remembered that a vast section of our populace is rapidly becoming cliff dwellers; or would it be better to say, apartment house occupants? Well, it is pretty much the same, anyway. All of which leads up to one big fact, which is that in our already heavily over populated area the situation is becoming increasingly acute.

This high concentration of population calls for a high-powered system of supply—a system that functions in normal times without a hitch. But do you remember the play which a year ago Orson Welles had on the air? In the play itself you no doubt recall that New York and Philadelphia were cities of the dead not because the Martians had obliterated them but because of pestilence which came all too easily to the trapped, beleaguered populace. Think also of what happened to Rotterdam and what is happening to London today.

Stretching back beyond the seaboard are other vast industrial areas and large cities. These are only slightly less vulnerable to attack and for similar reasons. Not until one gets more than 600 miles inland is their any marked difference in the problem. Only in Ohio and westward do we have the flat, open country, a network of main and auxiliary traffic arteries—rail, pipe line, highways, electric lines—a multitude of small towns, many with their own small industrial plants, surrounded by much tillable soil so that the area is largely self-supporting. True, in these States of Ohio, Indiana, Michigan, Wisconsin, and Illinois, some of the same problems of excessive concentration of population exist as on the coast but to a much less vital degree.

These problems are not unique, in fact they are the result of very normal conditions and trends, factors that have existed for many years both here and abroad.

Today we are living in a new era. Transportation has speeded up; our people are even more literate, much more widely read, and more keenly alert to happenings outside their own neighborhoods. It is now possible for us to live out in the country, up to 20 miles or so from the factory where we work, or from our business; live where the children can have a yard with green grass to play on; where the air is uncontaminated with industrial gases; where the water is pure and sweet; where the living is reasonable and wholesome. In many localities with their small but busy industries, living is even more convenient. It is not necessary that our people live in these crowded congested surroundings with many social problems.

Did you read the excellent speech made by Mr. P. A. Olson of Story City, Iowa, on The Advantages of Life in a Small Town and inserted in the RECORD under date of July 9? It is worth-while reading in this connection.

What does all of this have to do with national defense? First, the safety of our population; second, the safety of our industries, especially our essential ones; third, unraveling of many of our transportation problems and the lessening of the hazard of an attack (or sabotage) to our industrial system; fourth, a better and more wholesome life with more hope for the future; fifth, a more hopeful future for our local governments, freed from temptation to corruption and graft.

We must attack without delay the problem of our population and overconcentrated real-estate wealth. We should help those immeshed to unsnarl themselves and escape, that the entire country may be stronger and our defense forces can be deployed to meet an aggressor in any section. This will take profound thinking by practical people. It is a real defense need. The sooner it is solved, the better for all of us. Let us keep these things in mind when we vote on the pending bill, H. R. 10412.

Mr. LANHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. CAMP].

Mr. CAMP. Mr. Chairman, I do not believe there is any opposition to this bill from any Member of the House who is familiar with the bill and who favors national defense. On yesterday a group from this committee went down to Newport News and Norfolk. I wish that every Member of this House could be familiar with the condition that exists there, because I believe the same condition exists in every city or town in this country where the national-defense program is now going forward. At the great shipbuilding yards of the Newport News Shipbuilding & Drydock Co., they are now building some 8 or 10 large ships, one being a large battleship, one being an aircraft carrier, and others being cruisers. There are working in that great plant at this time over 12,500 mechanics and other workers. The city manager of the city, the members of the chamber of commerce, and other prominent citizens implored and begged us to give this matter our most solemn and careful attention.

They tell me there that every room, every garret, and every cellar within 10 miles of that place is filled, and so crowded that living conditions cannot be tolerable when winter sets in for a great many of these workers. The personnel man-

ager of that plant told me that last month he employed 813 new skilled men of a certain class, I believe he said machinists, and that during the same month 512 of the same men left him because they did not have housing for their families. It is a question of housing at these places if the defense program can be speeded up at all. They expect to increase their workers to 18,600, but they cannot increase them now because they have nowhere for the workers to live.

I cannot understand the argument that has been made against this bill. If we expect to build ships we have to have a place for the men who build them to live. Anybody who wants to build ships will want those men housed, and I take it that opposition to this bill comes from those who are simply against national defense.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I do not believe any Member of this House is against national defense.

Mr. CAMP. I am certainly glad to hear the gentlewoman say that.

Miss SUMNER of Illinois. But I do think that we have not——

Mr. CAMP. I yielded for a question, please.

Miss SUMNER of Illinois. All right, I will ask a question. Is it fair to ask the members of the National Guard to leave their families and then let these men go down there and take their families with them at national expense to live in $3,000 Government-built houses and make high wages, $15 a day or so?

Mr. CAMP. The National Guard will be housed. I should like to reply to the gentlewoman in this wise. In my experience as a legislator, either in this Congress or in the State legislature, I have never referred to the fact that I served in the Army. I served in the ranks most of the time I was in the Army, over 2 years. No patriotic man expects to carry his family with him into the Army. That is out of the question, but those who are not drafted cannot be expected to be taken away from their homes unless you provide living conditions for them.

Mr. WOOD. Mr. Chairman, will the gentleman yield?

Mr. CAMP. Yes.

Mr. WOOD. The lady just mentioned that these men would get $15 a day. Does the gentleman know of any craft of men working in munitions plants or anywhere else that get an average of $15 a day?

Mr. CAMP. I never heard of it myself.

Mr. WOOD. The fact of the matter is that men in the building trades do not average $6 a day.

Miss SUMNER of Illinois. In the last war some of them made $50 a day, and I know that.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I must decline to yield further.

I want to say that the personnel manager of this plant said, "We need housing here for our colored helpers as much as for anyone else." [Applause.]

[Here the gavel fell.]

Mr. HOLMES. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I have always had, and I now have, a profound respect for the ability and patriotism of my good friend, the chairman of the Public Buildings and Grounds Committee. I have stood on this floor and fought to see that the men who are called to the service of the country have proper housing facilities. The one thing which I wish to stress in the remarks which I make now and shall make later is that I want to see this program of national defense, housing and otherwise, carried out without unnecessary waste or extravagance.

This emergency does not call for the useless waste of the taxpayer's money to achieve the desired objective of adequate national defense. When the United States entered the last war the Federal debt was only $1,000,000,000; now it is close to fifty billions, and even more than this vast sum, when contingent liabilities are considered. I insist that this is no time to throw away the taxpayers' money; but that whatever the exegencies require, whether housing, camps, hospitals, or cantonments, the sums appropriated be used for the purpose intended with as little waste as possible. I invite the Members to glance at the record of 23 years ago and see what it reveals as a warning to those who have brought in demands for more billions to be spent without restraint. The testimony of responsible persons given before investigating committees following the World War of 23 years ago shows a reckless disregard only equalled by the boondoggling, spendthrift, reckless waste of public money during the past 7 years. I would have you know that it is the same irresponsible undercover group that will, unless restrained, boondoggle away billions intended for national defense. Under the building program of 23 years ago, carload after carload of lumber, of hardware, of cement, and building material were dumped on the ground to rot, rust, and harden. Loads of finished lumber were dumped into mud holes for the purpose of repairing roads. Trucks were driven over lumber to destroy it. Finishing lumber and flooring in bundles were never untied, but according to the testimony of reliable witnesses, hauled away and burned. Colonel Oury testified that he employed his entire regiment of 3,000 men a week in carrying waste lumber off the drill ground. Tons of nails were hauled to the rivers and thrown away. Unbroken rolls of roofing materials were hauled away and burned.

Mr. Chairman, I say in the light of what the new dealers have wasted during the past 7 years and the resulting tax load now pressing heavily upon the shoulders of our citizens, they have a right to demand that this Congress shall protect them in the use made of the more than $14,000,000,000 made available for national defense. Real national defense calls for straight thinking and intelligent action. It requires the benefit of leadership that knows the value of a dollar because of experience of actually earning a dollar. The record of extravagance and waste of those who have spent over $60,000,000,000 in 7 years; who have made it necessary to place 10 tax bills on the statute books, while at the same time running huge deficits and putting the citizens further and further into debt, are the same persons who are to control billions of the money intended for defense.

Mr. Chairman, there is a very practicable question involved here. I feel that in view of the colossal debt of over $50,000,000,000 and faced as the people are with billions more for national defense that the President ought to cooperate with the taxpayers in their effort to shoulder the burden. Has the executive department cut expenses? I say to you that thousands of political appointees have been put upon the Federal pay roll, who in the present emergency, could be dispensed with. They are not of the indispensable type, except for political purposes.

Mr. Chairman, it is claimed that the Army officials should be absolutely relied on to make wise use of the billions appropriated. This is what we were told during the last war, but experience ought to measure our responsibility as stewards of the taxpayer's billions. Look at the record of the waste of money during the last war, even in the smaller items of expenditure:

There were ordered 41,100,152 pairs of shoes and deliveries made of 32,227,450 pairs, for 3,513,837 men.

There were purchased and delivered 500,326 double sets of harness and 110,828 single sets. There were 580,182 horses, of which only 67,948 were shipped overseas, and of the total number of horses 96,000 died.

The record shows that 945,000 saddles were bought, and yet there were in all only 86,418 Cavalry horses.

There were bought 2,850,853 halters, 585,615 saddle bags, 1,637,199 horse brushes, 2,033,204 nose bags, 195,000 branding irons, 1,148,364 horse covers. Those who purchased these articles did not forget to be well spurred, for the record shows that they bought 712,510 complete sets of spur straps, about 36 for each officer.

The taxpayers will willingly sacrifice now as they did then, but they will be in no mood to submit to political

trifling in this matter of national defense. The people, including the 10,000,000 unemployed, will not see their birthright to liberty boondoggled away. The citizens now know that after the expenditure of $7,000,000,000 for national defense, they are without the planes, the tanks, the rifles, the uniforms, the heavy guns, the tents, and other equipment which such an expenditure should have made available. I stand ready to go as far as any Member on this floor for adequate national defense, but I shall exert every effort possible to prevent a repetition of the waste, fraud, deceit that characterized the political program of the World War of 23 years ago. [Applause.]

Mr. HOLMES. Mr. Chairman, I yield myself the balance of the time on this side.

Mr. LANHAM. Mr. Chairman, I yield the balance of my time to the gentleman from Massachusetts [Mr. HOLMES].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 9 minutes.

Mr. HOLMES. Mr. Chairman, I feel sure that this House wants to cooperate with the committee and pass this legislation.

I have always lived in an industrial section, and I have been in the manufacturing business myself for over 30 years, and had worked in industry long before that. I know something of the problems of the man who has to work in industrial plants. I am somewhat familiar with the conditions around camps and shipyards and arsenals; and here in the last 6 months we have authorized appropriations of over $10,000,000,000 for a national-defense program. This is going to mean the enlargement of all the facilities that are owned by the United States itself, such as navy yards, arsenals, and other Government factories, in order to carry out this program. The enlargement of these industries means, naturally, an increase by thousands and thousands of the number of workers in these various organizations.

Surely, if this House authorized the expansion of these industrial plants, whether they are arsenals or navy yards, the Congress should provide, insofar as humanly possible, living facilities for the men to be employed.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HOLMES. I yield.

Mr. SCHAFER of Wisconsin. In view of the statement of the member of our committee from Georgia and the statement of our colleague the able and distinguished gentlewoman from Illinois, may I ask if it is not just as reasonable for the Government to provide housing facilities for the families of the members of the National Guard called into active Federal service and the drafted men who are to be forced into the active military service to serve for $21 a month, and not $9 a day and more which most of the navy yard and shipyard skilled mechanics receive? Why cannot these navy yard and shipyard workers in the national-defense expansion program, who will receive from $10 to $15 a day, leave their families at home, if they cannot obtain housing facilities for them near their work, the same as these soldiers who volunteer or are drafted and receive $21 to $30 a month have to do?

Mr. HOLMES. You know, my good colleage from Wisconsin is a great, big, jovial, good-natured, splendid Representative, and I think the world of him—otherwise I would not have yielded to him. There may be some merit in the statement which he has made, but, on the other hand, when we hire men from his district in Wisconsin—and this is still a free country—and when these employees that are in his district in Wisconsin decide they want to come to Boston or to Washington or go to Newport News or go to Springfield, where the Springfield Arsenal is located, or the Philadelphia Navy Yard, owned by the Government, or the Boston Navy Yard, owned by the Government, surely he would want us here in the East to provide suitable housing facilities, not only for the worker but also for the family, including the children of that worker. I know the gentleman would want that, and it is not a proper comparison, and it has not anything to do with this picture at all because we are faced here with an extreme emergency, and it is up to the Congress to pass this legislation and get the ball started and have this work go along.

I understand the President has already allocated approximately $50,000,000 on various projects. The other day we passed in the national defense bill an appropriation for $100,000,000 for Army and Navy housing. Now, primarily that will take care of activities connected with the Army and Navy—the expansion of those facilities. Here we have another situation, where we are asking private industry to double and treble its capacity. The National Defense Commission has already authorized and placed contracts doubling and trebling the capacity of those plants, so that they now must increase their capacity in order to fulfill the Government contracts and expedite that work as much as they possibly can. It will be found in the majority of cases where these expansions take place that there will be ample private capital to carry on a program of housing in connection with these industries.

However, if private capital fails in a community, the Government, through any one of its agencies can build these homes for the benefit of the workers who are working on Government contracts for national defense.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. HOLMES. Yes; I yield to the lady.

Miss SUMNER of Illinois. I wonder if the committee considered some provision by which homes surrounding those industries and not used by workers in the defense industries might be condemned at a fixed rate, to be bought by the Government. It seems to me that would be consistent with our program of conscription of men for the Army.

Mr. HOLMES. I do not want to be so rude as to say the Government will go in and condemn homes within an area where these plant expansions are going to take place. What are we going to do with the poor people who are living in those homes? Are we going to evict them and throw them out on the street? The committee gave that very serious consideration. We considered how best we could utilize the present dwellings and the present homes located in those districts. Certainly the lady would not want to embark on a program of evicting home owners and tenants.

Miss SUMNER of Illinois. Oh, that is a common Government program. We condemn for roads and all sorts of Government purposes. We frequently condemn all of a farm or all the farms all the way down a new highway.

Mr. HOLMES. Of course, that is a different proposition entirely.

Miss SUMNER of Illinois. Condemnation for any Government purpose is certainly a well-established custom and certainly defense is a Government function.

Mr. HOLMES. But the lady would not want us to go up to the Great Lakes station, for instance, and condemn the homes of people living around there——

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

Be it enacted, etc.,

TITLE I

SECTION 1. In order to provide housing for persons engaged in national-defense activities, and their families, in those areas or localities in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities, the Federal Works Administrator (hereinafter referred to as the "Administrator"), acting through the Public Buildings Administration, is authorized:

(a) To acquire (without regard to secs. 355, as amended, 1136, as amended, and 3709 of the Revised Statutes) improved or unimproved lands or interests in lands by purchase, donation, exchange, lease (without regard to sec. 322 of the act of June 30, 1932 (47 Stat. 412), as amended, the act of March 3, 1877 (19 Stat. 370), or any time limit on the availability of funds for the payment of rent), or condemnation (including proceedings under the acts of August 1, 1888 (25 Stat. 357), March 1, 1929 (45 Stat. 1415), and February 26, 1931 (46 Stat. 1421)).

(b) By contract or otherwise (without regard to secs. 355, as amended, 1136, as amended, and 3709 of the Revised Statutes, sec. 322 of the act of June 30, 1932 (47 Stat. 412), or any Federal, State, or municipal laws, ordinances, rules, or regulations relating to plans and specifications or forms of contract, the approval thereof or the submission of estimates therefor) to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and com-

munity facilities, on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provisions of law), provide proper approaches thereto, utilities, and transportation facilities, and procure necessary materials, supplies, articles, equipment, machinery, and portable or demountable structures, interchangeable parts or units: *Provided*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used, but this proviso shall not be construed to prevent the use of the cost-plus-a-fixed-fee form of contract: *Provided*, That the average cost per family dwelling unit shall not exceed the sum of $3,500, exclusive of expenses for administration, land acquisition, public utilities, and community facilities.

With the following committee amendment:

Page 3, line 6, after the word "and", strike out the remainder of the line and the words "parts or units" in line 7, and insert "do all things necessary in connection therewith to carry out the purposes of this act."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 12, after the word *"Provided"*, strike out down through the word "facilities", in line 15, and insert "That the cost per family dwelling unit shall not exceed an average of $3,000 for those units located within the continental United States nor an average of $4,000 for those located elsewhere, and the cost of no dwelling unit shall exceed $3,950 within the continental United States or $4,750 elsewhere, exclusive of expenses of administration, land acquisition, public utilities, and community facilities, and the aggregate cost of community facilities shall not exceed 3 percent of the total cost of all projects."

The committee amendment was agreed to.

Mr. LANHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANHAM: Page 1, line 3, strike out "Title I."

Mr. LANHAM. Mr. Chairman, there is only one title in this measure. That crept in by an inadvertence.

The amendment was agreed to.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: Page 1, lines 5 and 8, after the word "national", insert "the United States."

Mr. SCHAFER of Wisconsin. Mr. Chairman, this amendment is self-explanatory. We are told that it is essential to authorize the expenditure of this $150,000,000 from our almost bankrupt Federal Treasury in the name of national defense, in order to have the Government of the United States compete in the legitimate field of private business endeavor, to wit, the housing business.

Mr. LANHAM. Will the gentleman yield for a question?

Mr. SCHAFER of Wisconsin. I yield.

Mr. LANHAM. I assume that the gentleman intends by the term "United States" to include the Territories?

Mr. SCHAFER of Wisconsin. Most certainly. The language of my amendment does include the Territories.

Mr. LANHAM. And United States possessions?

Mr. SCHAFER of Wisconsin. Oh, yes; it certainly does. My admendment restricts this expansive and expensive Government in the housing business to providing housing which may be found necessary to expand and strengthen the defense of the United States and its possessions and Territories. As the bill has been reported by the Committee on Public Buildings and Grounds, any or all of the $150,000,000 authorized can be used to provide housing facilities for workers who are not engaged in United States defense activities, but who are engaged under a program to build and strengthen the offense and the defense of belligerent foreign European nations.

Mr. Chairman, we have been informed in the committee and on the floor of the House that the $100,000,000 carried in the recent appropriation bill for national-defense housing, and this $150,000,000 authorization will not come anywhere near providing the necessary Government housing for our national-defense workers.

My amendment should therefore be adopted in order that the funds taken from our almost bankrupt United States Treasury to provide housing facilities for workers on our country's national-defense program shall be used only to provide housing for defense workers who are employed in shipbuilding and other industries and producing for the United States national-defense machine and not engaged in producing warships, airplanes, implements of war, munitions of war, and war supplies for the defense and offense of some foreign European belligerent nation which is engaged in war.

In view of the fact that it is claimed by the sponsors of this bill that this authorization of $150,000,000 and the $100,000,000 recently appropriated will not come anywhere near providing the additional housing facilities which are needed for the national-defense activities of the United States, I do not see how there can be any valid objection to my pending perfecting amendment which will insure that the $150,000,000 will be entirely used in the defense program for our country and our countrymen and not for the defense or offense program of a foreign belligerent country.

With reference to the statement of a member of my committee, the gentleman from Georgia, I am going to offer some more perfecting amendments and I hope the gentleman will support them. The gentleman indicated that anyone who opposed this bill in its present form was not in favor of national defense. I am in favor of national defense just as much as the gentleman is and perhaps more so. I realize that perhaps the most effective thing we can do in the United States in the interest of our national defense is to protect and preserve the solvency of the Federal Treasury. No bankrupt nation can defend herself from within or without. No nation which is bankrupt or almost bankrupt can successfully fight a defensive war or an offensive war. May I say to the gentleman that we need more constructive action and less flag-waving talk with reference to providing a national defense and insuring the preservation of our Republic. Mr. Chairman, may I remind the gentleman from Georgia that we read in Holy Writ: "For as the body without the spirit is dead, so faith without works is dead also." With refernce to our national defense, let us demonstrate that we have the works as well as the faith. Let us have sound, constructive action as well as flag-waving oratory.

Mr. Chairman, the gentleman from Georgia, in support of this bill, said that it would provide necessary housing for the colored helpers in the shipyards and other defense activities down South. I sincerely hope that in the housing program provided under this bill there will be no discrimination against and segregation of the colored defense workers down South as there has been under the New Deal United States Housing Authority in the Nation's Capital and in the States below the Mason and Dixon's line.

Mr. Chairman, the gentleman stated that we should raid our almost bankrupt Federal Treasury to provide housing facilities for the colored helpers and workers in the Southland but thinks it highly improper because the gentlewoman from Illinois suggested that they could leave their families home if they could not obtain housing for them near their place of work the same as the members of the National Guard and those who are forced into the military service under the bill which passed the House on Saturday. These volunteers and drafted soldiers will serve their country for 21 and 30 dollars a month instead of the 8, 9, 10, and 15 dollars a day which many of the civilian shipyard and other defense workers receive.

Mr. Chairman, I sincerely hope that in the interest of our almost bankrupt Federal Treasury and in the interest of our own country's national defense that the gentleman from Georgia will rise and support this amendment. [Applause.]

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not know what reason the gentleman from Wisconsin could have had for offering this particular amendment. It seems to me to be entirely superfluous and to serve no purpose whatsoever. It can do no good. My

objection to it rises because of the fact that none of the preparedness measures this House has passed so far have contained these words. Were we to adopt this particular amendment, it might put this defense measure on a basis different from the others we have passed. I hope, therefore, the Committee will not agree to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 21, noes 52.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 3, line 23, after the words "the total cost of all projects", insert "The total cost of the land shall not exceed $1,000 nor more than 20 cents a square foot."

Mr. LUCE. Mr. Chairman, possibly through inadvertence as the bill now reads no limitation whatever is imposed on the amount that may be spent for land. In my own district there is an arsenal. I suppose there is not within easy walking distance a square foot of land that could be bought for less than 20 cents a foot. If the law stands as it is now, those who own any vacant real estate in that city will immediately jack up their prices and the Government will be gouged.

In Charlestown, a part of Boston, is a navy yard. It is on a promontory covered by blocks. There is probably not a house there with a square foot of lawn. From Charlestown it would be necessary to go some distance in order to get land available at a reasonable price.

I myself live on land that is assessed at 20 cents a square foot. It is in a suburb and can be reached, as it has been reached by myself in conducting my own affairs, by the use of the trolley car or the steam railroad. Land can be bought for 20 cents a foot in a suburb easily traversed now by automobile or by railroad. If you have no limit at all on the price that may be paid for land, there would be immediately offered the Government at exorbitant prices nearby land at 40 cents, 50 cents, or even a dollar a foot.

Mr. ALEXANDER. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. At 20 cents a foot, what does the gentleman compute that to produce per acre?

Mr. LUCE. We do not buy land by the acre up my way.

Mr. ALEXANDER. If you are in a suburban area, it may be undeveloped acreage. There are approximately 43,000 square feet in an acre, which would produce $8,660 per acre at 20 cents a foot. That should be adequate.

Mr. LUCE. That should be adequate. We do not want to go beyond that. This is simply to put a limit on the price of land, which does not now appear in the bill.

Mr. CRAWFORD. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. In my previous remarks I touched on this very lightly, but, as I understand the gentleman's amendment and the language on page 3 of the bill, the language as presented by the committee amendment would permit the Administrator, if he is willing to do so, to put as much as $5,000 into the cost of a 25 by 100 foot lot on which to build a $3,000 or a $4,000 home.

Mr. LUCE. That is true.

Mr. CRAWFORD. There is no limitation at all. The bill is wide open and I think the gentleman's amendment should be written into the bill without question.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. LUCE. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. The gentleman is an esteemed member of the Banking and Currency Committee, which considers F. H. A., national housing, and other housing legislation. I am frank to recommend his amendment, since the testimony before that committee has clearly shown that one great opportunity for corruption and for waste of public money has come from the buying of options upon property adjoining any housing project.

Mr. ALEXANDER. Will the gentleman yield further?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. To carry the thought that I brought up a moment ago a step farther, let us take the average city lot which usually runs about 50 feet wide and about 100 to 150 feet long.

Mr. LUCE. Yes.

Mr. ALEXANDER. In other words, if you have a lot 50 by 120, it will contain 6,000 square feet. At 20 cents a square foot that would give you $1,200 per lot. It seems to me that should be quite adequate.

Mr. MASON. It is more than adequate.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I rise in opposition to the amendment offered by the distinguished gentleman from Massachusetts [Mr. LUCE], and he is a most able and distinguished gentleman, for whom I am sure we all have a most affectionate regard. However, the amendment he has offered will, in my opinion, militate against the accomplishment of the purposes designed by this bill in the acquisition of real estate.

In the first place, if we put in a limitation of 20 cents per square foot, then every piece of land offered to the Government will be priced at 20 cents per square foot, while a great deal of land can be bought for very much less than that figure. In that regard it would be a limitation that would cost the Government additional money.

Mr. Chairman, it is impossible to tell in the various localities what land will cost. May I say that in my previous remarks I indicated the various States in which this construction would take place. The 120,000 dwelling units as contemplated for civilian workers under this measure are to be located in localities in these various States, and to specify those localities in advance, or to get the names of those places into the public record would bring about, I think, the very situation which the gentleman from Massachusetts has sought to anticipate by his amendment; that is, the publicity with reference to these places will immediately lead to speculation in land which would result in costing the Government more money. Under the circumstances, it is not wise to place this limitation in the bill, because the maximum would likely become the minimum. People would ask for their land, where this land was needed, the maximum, then we would have to resort to condemnation proceedings or something of that kind.

In the second place, we must leave the matter to the discretion of those who are to administer this act and we must manifest some confidence in them. It is no easier to say what your land standard of value shall be than it is to say what your standard shall be for the rental of dwellings, insofar as a uniform price is concerned. I think it would really militate against speedy construction which is urgently needed and desired if a limitation of this kind were placed in the bill, and in my opinion it might even cost the Government more money.

Mr. ALEXANDER. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Minnesota.

Mr. ALEXANDER. Is the gentleman not underrating the ability of the Government experts who will be sent out to negotiate for this real estate? Has the gentleman ever dealt with any of these Government buyers?

Mr. LANHAM. I am not underestimating their ability.

Mr. ALEXANDER. I think the gentleman should have more confidence in the representatives that the Government sends out.

Mr. LANHAM. We do have confidence in them, and that is the reason we do not wish to bind them to a limitation which might lead to the expenditure of more money than would otherwise be necessary.

Mr. MASON. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Illinois.

Mr. MASON. I understand the bill limits or sets up a standard that an average home shall not cost more than $3,000.

Mr. LANHAM. That is correct; and we do not expect them to cost that much.

Mr. MASON. If we set up a standard by which the lot upon which a $3,000 house is to be built shall not cost more

than $1,000 or $1,200, it seems to me we are setting up a standard that ought to be adopted and that we should not go beyond that.

Mr. LANHAM. I may say to the gentleman there are certain isolated sections where land will not cost anything like that; but if you set that standard up in this bill, those who own this land will say, "Give me 20 cents a square foot for the land."

Mr. MASON. Then by the same argument, when you set up a standard of $3,000 for the house, in certain localities the house could probably be built for $1,000.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and on a division (demanded by Mr. MASON) there were—ayes 22, noes 55.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. As used in this act (a) the term "persons engaged in national-defense activities" shall include (1) enlisted men in the naval or military services of the United States; (2) employees of the United States in the Navy and War Departments assigned to duty at naval or military reservations, posts, or bases; (3) workers engaged or to be engaged in industries connected with and essential to the national defense; (b) the term "Federal agency" means any executive department or office (including the President), independent establishment, commission, board, bureau, division, or office in the executive branch of the United States Government, or other agency of the United States, including corporations in which the United States owns all or a majority of the stock, directly or indirectly.

SEC. 3. The sum of $150,000,000, to remain available until expended, is hereby authorized to be appropriated to carry out the purposes of this act in accordance with the authority therein contained and for administrative expenses in connection therewith: *Provided, however,* That the Administrator is authorized to reimburse, from funds which may be appropriated pursuant to the authority of this act, the sum of $3,300,000 to the emergency funds made available to the President under the act of June 11, 1940, entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, and for other purposes" (Public, No. 588), and the sum of $6,700,000 to the emergency funds made available to the President under the Military Appropriation Act, 1941, approved June 13, 1940 (Public, No. 611).

SEC. 4. When the President shall have declared that the emergency declared by him on September 8, 1939, to exist has ceased to exist (a) the authority contained in section 1 hereof shall terminate except with respect to contracts on projects previously entered into or undertaken and court proceedings then pending, and (b) property acquired or constructed under this act shall be disposed of as promptly as may be advantageous under the circumstances and in the public interest.

SEC. 5. Where any Federal agency has funds for the provision of housing in connection with national-defense activities it may, in its discretion, make transfers of those funds, in whole or in part, to the Administrator, and the funds so transferred shall be available for, but only for, any or all of the objects and purposes of and in accordance with all the authority and limitations contained in this act, and for administrative expenses in connection therewith.

SEC. 6. Moneys derived from rental or operation of property acquired or constructed under the provisions of this act shall be returned to the appropriation authorized by this act and shall be available for expenses of operation and maintenance, including administrative expenses in connection therewith.

With the following committee amendment:

Page 5, line 25, after "therewith", insert "and the unexpended balance of the moneys so deposited shall be covered into the Treasury at the end of each fiscal year as miscellaneous receipts."

The committee amendment was agreed to.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill to provide housing for defense workers is, of course, an important and necessary piece of legislation. I presume it will pass the House with hardly any dissent at all. There are one or two remarks I want to make in connection with its consideration, however.

It has been provided in the bill that construction work shall be under the Federal Works Agency, which probably means under the Public Buildings Administration. Had we still intact, as we ought to have, the organization of the P. W. A., the handling of this matter would be much easier than it is, in my judgment. There was an organization all set up ready to go, able to do all sorts of jobs that are going to be important in connection with national defense. In the last year between 9,000 and 10,000 competent, experienced, trained, and loyal persons have had to be let go from that organization because we did not have the foresight to say that it should have been continued, and now, without in any way saying "I told you so," I would just like to remark that I offered an amendment to the bill last year which would have continued it, and I think it should have been done.

The second thing I want to speak about is this: While we are thinking about national defense we would do well to consider also the question of the morale of the American people. The spirit of those people is going to depend in large part upon how convinced they are that their Congress still cares deeply about what happens to them. It seems to me that it is a shame that there has not been reported out a rule for a bill to provide just a $5,000,000 appropriation to enable the payment of necessary subsidies which would make possible $150,000,000 worth of loans for low-cost housing projects under the United States Housing Authority. I think that should have been done long since. I think it ought to be done before we adjourn.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As a matter of fact, one of the necessary elements of a strong government is a sound, affirmative morale on the part of the people.

Mr. VOORHIS of California. Exactly. I thank the gentleman.

I know what the criticisms against the United States Housing Authority have been, and on the basis of it being understood that I am generally very much in favor of this slum-clearance program, I can paint for you a rather ridiculous picture of the financing provisions. For example, Congress first authorizes the sale of so many hundred million dollars worth of bonds—we will say for the sake of argument $500,000,000 worth of bonds—by the United States Housing Authority. All right; the Housing Authority goes out and sells those bonds. Most of them are sold to banks. The banks buy them with demand deposits which they write up on their books when they purchase the bonds, the bonds being eligible collateral for the issuance of Federal Reserve notes, so that the banks really exchange a certain number of dollars of the Nation's credit for bonds of the United States Housing Authority whose face value is the same number of dollars. To put it more simply, the banks just create the money with which to buy the bonds.

Then with the credit obtained by the sale of the bonds the United States Housing Authority makes loans to the local housing authorities which are secured by the bonds of those local authorities and on which there must be a rate of interest paid equal to, I believe, half a percent more than the going Federal rate which, of course, is paid by the United States Housing Authority on the bonds it has outstanding. Then, in order to be sure that the United States Housing Authority gets its money back, Congress makes appropriations and subsidies are paid to the local housing authorities equal to the going Federal rate plus 1 percent, over a 60-year period, which is approximately enough to liquidate both the interest and principal. These loans obviously are secured by the fact that the lending agency, that is, the Federal Government, guarantees to pay to the borrowing agency enough money to enable the borrowing agency to pay the lender back again. In addition, the loan is secured by the property, namely, the houses that are to be constructed.

Under such circumstances the credit involved in these loans rests directly upon the power of appropriation of Congress plus the value of the property itself. Therefore I should like to know why the bonds were sold by the United States Housing Authority in the first place and what necessity there is for the sale of those bonds.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. These bonds that were sold by the United States Housing Authority were, after all, a means of inducing the banks to create credit or check-book money for the use of a Government agency. The original creation of money is a function of sovereignty and should always be performed by government anyway. Hence, where secured loans are to be made the Government of the United States is, by its very nature, always in possession of the credit necessary to make such loans. Now, if these bonds had not been sold by the United States Housing Authority, but if the financing of these enterprises had been carried on exactly like a private bank would have done it, then you would not have had to charge the local Housing Authority 3 percent interest on the loans to them. If you had not had to charge them 3 percent interest on those loans, then you could have cut your subsidy in three, or maybe less than that, and it would not have been necessary for Congress to have made the appropriations that everybody kicks about to make the subsidies to the local housing authorities.

When all is said and done, what happens is that the subsidies that Congress appropriates under the United States Housing Authority are in reality eventually paid to the private banks which originally bought the bonds of the United States Housing Authority, as a subsidy to those banks for the creation of credit for the use of an agency of the United States Government.

My contention is that we ought to be able to short circuit this thing and to see clearly that it is altogether possible for a sovereign government to make loans from the credit that it commands through its taxing power and through its power to create money originally. We ought to be able to make secured loans against the construction of real property of substantial value without having to go into debt through the sale of bonds to do it. If you did that, this United States Housing Authority program would evidently be one of the easiest things to finance, one of the clearest things to do, and one of the things that would meet with the least opposition, perhaps, of any program we have.

I can make the same argument with regard to farm-tenancy loans and agricultural loans of every sort. I do believe, Mr. Chairman, that as we face this problem of national defense we had better give consideration to the recapturing of the power of the Government of the United States to make use directly of the credit of this Nation.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Minnesota.

Mr. PITTENGER. The gentleman's statement is a statement of facts, and indicates that the present set-up and structure of the United States Housing Authority is not working—that it is a huge joke.

Mr. VOORHIS of California. But it can work very easily, and on the construction side I should say it is working very well. My contention is that an utterly unnecessary financial burden is being carried. Most of the arguments against it are not the right arguments. Most people get up here and argue that it is extravangant and that it costs a lot more money than it should. They say we are paying for these houses three times over. The same argument can be made against any project that is financed by the sale of interest-bearing bonds. But we hear it used only in the case of the United States Housing Authority. I believe the real truth is that some people do not want this slum clearance to go forward, but they make a lot of arguments that they could use quite as well against road building or anything else that is financed by an interest-bearing public debt. [Applause.]

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Early in this discussion I tried to ask a few questions and get over one idea to this House. To start with I want to say that I am for this bill. I have been for every other defense bill that we have had, and I am going to be for every other defense measure that we may have hereafter. That is the way I feel about it. It is worth whatever it costs, because America is worth saving, and that is what we are undertaking at this time.

The thing, however, that induced me to ask questions was this: In the twenty-fifth district of Illinois, which I have the great honor to represent, there are in six coal counties alone, one of them in the district of the gentleman from Illinois [Mr. PARSONS], 235,000 people altogether. That is the number of all the inhabitants in those six coal counties. In 1926, 34,700 miners were employed constantly. This year they are employing on very slack part time 15,000. In other words, during that interval 19,700 miners have lost their jobs. We are spending in southern Illinois alone $26,000,000 a year to prevent starvation. I asked here quite recently for the whole of $400,000 to complete the Crab Orchard project, which had been misrepresented by men who knew nothing in the world about it and who were unwilling to learn. That was denied by the Appropriations Committee and by this House, and through that denial we lost our opportunity of getting a munitions plant to be paid for by the British and French Governments at that time.

I am suggesting simply this, that where a condition like that exists, it seems to me like nonsense and worse if we do not put some of these preparedness projects into a section where employment is so terrible as it is in these coal counties. We can save to start with if they give us one of the large or even one of the fair-sized units required at the present time, by cutting in two immediately the $26,000,000. We can save $13,000,000. We can provide also, little by little, for getting entirely out of the hole and going on to permanent prosperity in that great district. These six counties have produced 1,147,000,000 tons of coal since 1882, when we began to keep a record, and a great many millions more before that.

I am standing here saying to you that what the Government ought to do and what this body ought to do is to set it forth as a policy that where there are conditions of that kind we direct our representatives in the Army and the Navy to use that labor to do away with unemployment. I am saying to them, "Here is a place where you do not have to build a single solitary house; we are already housed; we have our houses and our schools and our homes. We want jobs. We know how to work with machinery and we want to work. We are not wanting W. P. A. or anything else outside of pay for a man's work, and it seems to me no section of the United States needs it so badly or has a better right to practical consideration. And I am standing here suggesting to this House that it ought to be one of the expressions of this body when we pass this bill or any other bill that requires employment of great numbers of people in the United States, to give employment where it is needed most. We have got the houses. All we want is the work, and nothing else; but we want an opportunity for work. We have the roads, we have a way of getting anywhere you may wish there, and we have in addition 40,000,000,000 more tons of coal there available under present mining conditions—enough to last us thousands of years. Put these war babies where they will do the most good. [Applause.]

Mr. MAGNUSON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I only do this to ask the chairman of the committee a question. In my own district is located the Puget Sound Navy Yard, in which there is an acute housing condition. I am glad to see this bill because, as a matter of fact, the workmen have been sleeping in the city jail there. That is how acute the condition is. About 2 months ago, under the United States Housing Authority, the President allocated the sum of about $2,000,000 through that Authority, to build housing projects in the city of Bremerton. This bill provides a new administrator for further housing projects in these navy-yard districts. Would there not be some duplication of authority there?

Mr. LANHAM. No; I do not understand there would be because the housing that is to be put up here for these civilian workers is to be additional to any housing that is already available, and it is the intention to employ any existing housing that may be available and therefore there would not be duplication.

Mr. MAGNUSON. Under this bill, suppose there was a housing project—and there are several in process of construction now in some of these navy yards, and suppose some more defense housing units were built, the Administrator under this Authority could well say, if the Housing Authority is managing those properties, "You go ahead and manage them just like you have before and manage the new ones," could they not?

Mr. LANHAM. It is not the function of the Administrator under this measure to be interfering with whatever the Housing Authority is doing under its functions, and under the law establishing those functions. This is to be additional to any housing that is now being done by other agencies. As far as the Army and Navy are concerned, they act in conjunction with the Council of National Defense, with reference to the necessity for all of this housing.

Mr. MAGNUSON. What I am getting at is this: In some of these navy-yard districts there will be housing projects completed before any housing project under the authority of this bill could be completed. It is conceivable that there will be two housing projects side by side. In that kind of a situation, what about duplication of the management?

Mr. LANHAM. One will be completed, under your statement, before the other begins.

Mr. BLAND. But they could utilize the same agency, could they not?

Mr. LANHAM. Under the terms of this measure the Administrator is authorized to use the personnel or facilities of any of these housing agencies, if that is the information the gentleman wishes to get.

Mr. MAGNUSON. Yes.

Mr. THOMAS F. FORD. Will the gentleman yield to me?

Mr. MAGNUSON. I yield.

Mr. THOMAS F. FORD. You are going to build housing facilities at plants that are manufacturing for national defense?

Mr. LANHAM. Yes.

Mr. THOMAS F. FORD. Now, let us take an airplane plant, for instance, in a big city, where there are 50,000 vacant units throughout the city. Are you going to permit them to leave those units vacant and build around that plant?

Mr. LANHAM. It is not the purpose to do that. They said they wanted to use all available housing before beginning any housing construction of their own.

Mr. THOMAS F. FORD. The people in my district are very much disturbed about that because there are a great many vacancies in a great city.

Mr. LANHAM. I would suggest that whatever construction is contemplated in the gentleman's district, he bring these available facilities to the attention of the Administrator and the Council for National Defense, in order that there may be no duplication, because it certainly is and should be the policy to use all available housing, where workers can be used, at reasonable rentals, that are now in existence.

Mr. THOMAS F. FORD. Will the gentleman yield further?

Mr. MAGNUSON. I yield.

Mr. THOMAS F. FORD. You are speaking of U. S. F. H. A. housing facilities, which are for people of small income.

Mr. MAGNUSON. Which have been allocated recently for those areas.

Mr. THOMAS F. FORD. That would be absolutely impractical, in my judgment, for the people who administer that, to undertake this, which is under another department of the Government.

Mr. McGRANERY. Will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman.

Mr. McGRANERY. Would the gentleman accept an amendment to the bill which would provide for the utilization of these local housing authorities, where they have already been established, so as to prevent any duplication?

Mr. LANHAM. If the gentleman has the bill before him with the committee amendment, he will see that in section 8 there was an effort made to do that. That is, to the extent of utilizing the employees and facilities, not only of the Federal Works Agency, but all other Federal agencies and of any local public agency.

[Here the gavel fell.]

Mr. MAGNUSON. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McGRANERY. Will the gentleman yield further to me?

Mr. MAGNUSON. Yes; I yield.

Mr. McGRANERY. Do I take it that the gentleman understands the language as in the amended bill would authorize these local housing authorities to carry on this work where they are already established?

Mr. LANHAM. It would authorize the Administrator, under this measure, to utilize the personnel and facilities of these various housing organizations, and reimburse them to the extent that they used their facilities and personnel. That is the authority as far as this bill is concerned. The statement was made before our committee by those sponsoring this bill that they wanted to use every available agency, and they must depend, of course, upon the circumstances of any particular place. They want to get as much private capital and industry into it as they can. They want to use whatever is available, but all to be under the direction, necessarily, of a responsible head, who will be the administrator mentioned in the bill.

Mr. McGRANERY. I have in mind a situation today which is most confusing. The commandant at the Philadelphia Navy Yard may say he would like to have it at a particular site. The local city council, which is also interested from a tax standpoint, may want some other site. And we have a local housing authority, established by law in Philadelphia, that has, for the past 5 years, made a complete survey of the entire housing situation in and around the city and they have all the data available at their fingertips as to just where housing projects should be established, and would be most beneficial in carrying out this program from a standpoint of national defense.

Mr. LANHAM. May I say to the gentleman right there, a few days ago we passed a defense bill carrying an appropriation of $100,000,000 to be used by the Army and Navy, and my information is to the effect that that practically takes care of the needs of the Navy. By the terms of that very legislation the Navy is permitted to use any agency that it pleases in carrying out that construction.

Mr. McGRANERY. That provides for housing within the navy yard. We are talking about two different things, I believe.

Mr. LANHAM. I think if the gentleman will read the amendment which became a part of the law and which was offered by the gentleman from Virginia [Mr. BLAND] he will find that it does not apply exclusively to the navy yards but also to the plants around and in connection with it.

Mr. MAGNUSON. That is what I was going to clear up. That rider to the defense bill is being used by the Army and Navy in these Army and Navy vicinities where there is a navy yard or an army post.

Mr. LANHAM. That is right.

Mr. MAGNUSON. In my case, in Bremerton they are using the local housing authority, under the United States Housing Authority, to build these units.

Mr. LANHAM. They have that authority under the law.

Mr. MAGNUSON. Yes. The purpose of this bill is to add additional units in other places where housing needs on account of the defense program are acute.

Mr. LANHAM. That is right. When the defense measure was before us and that amendment was pending, I made a few remarks on the floor of the House in which I expressed the desire and what I think is the purpose that the money

would be used by the Army and the Navy for their own establishments or for those needs that were in such proximity to them that they must have them if they were to carry on, and they were authorized to use any of these agencies in the expenditure of those funds. My understanding is, the information I receive is, that the Navy is getting what it needs in that regard for the construction which is now taking place.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield.

Mr. SABATH. Was it not intended that under this bill it would be possible for various agencies to be called in, especially when they had the knowledge and experience and were already working and preparing plans at sites that had been agreed on?

Mr. LANHAM. To the extent that is indicated in section 8 of the bill, the Administrator can use their facilities and personnel and reimburse the agencies to the extent they can be helpful.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 7. Notwithstanding any other provisions of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other matters, the Administrator, acting through Public Buildings Administration, with respect to any property acquired or constructed under the provisions of this act, is authorized by means of Government personnel, selected qualified private agencies, or public agencies (a) to deal with, maintain, operate, administer, and insure; (b) to pursue to final collection by way of compromise or otherwise all claims arising therefrom; (c) to rent, lease, exchange, sell for cash or credit, and convey the whole or any part of such property and to convey without cost portions thereof to local municipalities for street or other public use: *Provided*, That any such transaction shall be upon such terms, including the period of any lease, as may be deemed by the Administrator to be in the public interest: *Provided further*, That any lease authorized hereunder shall not be subject to the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412).

Committee amendment:

Page 6, line 19, after the word "interest", insert a colon and the following proviso: "*Provided further*, That the Administrator shall fix rentals, on projects developed pursuant to this act, which shall be within the financial reach of persons engaged in national defense."

Mr. CRAWFORD. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD to the committee amendment: On page 6, line 20, after the word "fix", insert the word "fair."

Mr. LANHAM. Mr. Chairman, I assume that the gentleman from Michigan intends by his amendment that the rentals to be fixed shall be fair to both workers and Government.

Mr. CRAWFORD. That is correct.

Mr. LANHAM. That is the intention of the committee amendment, and I see no objection to the adoption of the gentleman's amendment, for it merely clarifies the committee amendment.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: On page 6, line 25, after the period at the end of line 25, insert "*Provided further*, That funds authorized under this act can be made available to the United States Housing Authority for loans or grants to local municipal housing authorities for the erection of permanent housing projects: *Provided, however*, That projects built with such funds shall be used to house workers in defense industries and establishments during the emergency."

Mr. LANHAM. Mr. Chairman, I reserve a point of order against the gentleman's amendment.

Mr. SCHAFER of Wisconsin. Mr. Chairman, I hope the gentleman will not make a point of order against the amendment because if the point of order is sustained against this amendment as offered to section 7, it will not be sustained under the rules of the House when I offer it to section 8. Now, let us get at some facts. I ask the particular attention of Members from Boston, Philadelphia, and other large cities which will have increased shipbuilding and other national-defense activities.

This bill proposes to erect Government housing projects, permanent and temporary, at a cost of $150,000,000. Do you believe that it is good, sound business practice to erect in Boston, Philadelphia, or Chicago or other large centers temporary housing projects which are to be disposed of after the emergency is ended? The Government will receive very little for these temporary buildings and in most cases will have to pay a wrecking contractor for taking them away as was done after the last World War. The population in Boston, Chicago, Philadelphia, Washington, D. C., and these other large cities will naturally increase. We should therefore build permanent housing facilities, in and adjacent to these large cities, which can be utilized after the emergency is over. What does the testimony show?

One of the best witnesses before our Committee on Public Buildings and Grounds was presented to the committee by the very distinguished gentleman from South Boston, Mass. [Mr. MCCORMACK]. This witness was Mr. John A. Breen, chairman of the Boston Housing Authority, of Boston, Mass. Mr. Breen testified that the permanent municipal housing projects of his local municipal authority, including sidewalks, sewers, all the other trimmings, land, and buildings for permanent structures, substantially built with a life expectancy of 60 years or more, was an average of $4,755 per dwelling unit, with an average of 2.6 bedrooms per dwelling unit. Now, let us look at Boston. Near Boston we have the city of Quincy, about 10 miles away, where we have the Bethlehem shipbuilding establishment, where we are going to expand defense activities and, under this bill, provide housing facilities for defense workers. In Boston we also have the Charlestown Navy Yard, which we are going to expand and provide housing for defense workers. Do you think it is reasonable or economical to erect temporary homes in and adjacent to Boston and Quincy and tear them down or sell them for little or nothing after the emergency ended?

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield.

Mr. HOLMES. This legislation, of course, contains no provision for, nor did the Army or Navy request, any additional housing facilities in connection with the Charlestown Navy Yard, nor to my knowledge even for the Philadelphia Navy Yard.

Mr. SCHAFER of Wisconsin. I beg to differ with the gentleman because the administrative proponents mentioned many of the navy yards, including those in the District of Columbia, Boston, and Philadelphia, when they asked for the enactment of this bill. The record of the executive sessions and the public hearings will show that.

Mr. HOLMES. I agree with the gentleman as far as the Washington Navy Yard is concerned.

Mr. SCHAFER of Wisconsin. Yes; and the Boston and Philadelphia Navy Yards, as well as the Bethlehem Shipbuilding Corporation.

Mr. Chairman, in and adjacent to Philadelphia we have the United States Government navy yard, we have the Cramp Shipbuilding Co., the Sun Shipbuilding Co., and we have a large Government establishment which manufactures clothing for the Army and Navy. All of these facilities will be greatly expanded. Do you believe that it is good business or economical to erect temporary homes to house thousands of additional defense workers for these establishments under the pending bill and after the emergency is over pay some junk dealer or building wrecker to tear them down or sell them for little or nothing?

Mr. Chairman, my pending amendment is not mandatory. It is permissive. It merely makes available such funds as the authorities which have charge of the funds authorized in this bill desire to loan or grant to local municipal housing authorities through the United States Housing Authority so that permanent buildings can be erected in places such as Philadelphia, Boston, Chicago, and other large cities. My amendment also provides that such loans or grants to the local housing authorities shall have a restriction which insures that the permanent housing facilities built with those funds shall during the emergency be used for the purpose of housing workers who are engaged in defense activities.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin [Mr. SCHAFER]?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Chairman, my amendment is simply permissive. I am not suggesting that the United States Housing Authority or any local municipal housing authority be specifically allocated one penny under this bill. All I am asking you to do is to make available any portion of the $150,000,000 which those in charge of our national defense housing program desire to allocate for this purpose. Such grants and loans to be for local municipal housing authorities, so that they can construct permanent buildings which will be an asset instead of a liability after the emergency is over. During the emergency those buildings can only be used to house defense workers under my amendment.

Mr. EBERHARTER. Will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield to the distinguished gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman does not think it is wise or practical to mix up a national-defense program such as this is with the social-experiment program of the United States Housing Authority, which serves an altogether different purpose and would not work out practically with this defense program at all?

Mr. SCHAFER of Wisconsin. I respectfully disagree with the gentleman. I am not in favor of the Federal Government experimenting in the housing business or any other legitimate field of private business. We have a condition to meet, if you please, and section 8 of this bill, appearing on page 7, just discussed in the debate, only grants authority to the governmental agency having charge of this $150,000,000 defense housing program to utilize the services of the personnel and administrative set-up of the United States Housing Authority and local municipal housing authorities.

A number of Members on the floor of the House asked questions of the chairman of the Committee on Public Buildings and Grounds, and from the questions it appeared to me that they were trying to ascertain just how far the use of the local housing authorities and the United States Housing Authority could be made under this bill. Without my amendment their only use would be to utilize the services of their employees and their administrative set-up. Not one penny could be expended for the erection of housing facilities by them.

If you are really interested in providing permanent buildings in and adjacent to these large industrial cities and providing defense workers with housing facilities without delay and saving millions of dollars of our taxpayers' money, you should support my pending amendment. [Applause.]

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The CHAIRMAN. Does the gentleman withdraw his point of order?

Mr. LANHAM. Mr. Chairman, I withdraw my point of order.

Mr. Chairman, the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER] provides that loans from the funds authorized in this measure may be made to the United States Housing Authority, whereas that Authority now has $150,000,000 that it cannot use by reason of the fact that subsidies for maintenance and repayment of the loans are not available. Why put more money at their disposal when they cannot under existing conditions use what they have?

In addition to that, Mr. Chairman, his amendment provides for permanent housing under the Housing Authority, whereas the purpose of this bill is to provide temporary housing for national defense during the time of the emergency, then that housing will be disposed of when the termination of the emergency comes. The functions of the Housing Authority are different from the purposes set out in this bill.

The Housing Authority has to do with slum clearance, it was developed for the purpose of constructing dwelling units for people in low-income groups, it goes on permanently insofar as its operation is concerned with regard to those things, whereas the purposes of this bill are to provide temporary housing facilities primarily for civilian workers at these plants and establishments used for national defense.

Mr. HOLMES. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I do not think the gentleman means to convey to the Members of the House the impression that many of these units in municipal areas are going to be of a temporary nature.

Mr. LANHAM. Some of them will not be.

Mr. HOLMES. Many of these buildings—in all probability the buildings in metropolitan areas such as Boston, Philadelphia, Washington, and other places where the navy yards are located, will be of such character that they will be a permanent part of the community.

Mr. LANHAM. That is true and they should be, because they enhance the opportunity of sale when they are no longer necessary for national defense.

Let me call attention to the next provision of the bill. Insofar as the personnel and the facilities of these various housing authorities are concerned, the authority is given to utilize them and reimburse them for such use. But to divert funds that are set aside for definite, specific purposes to be handled in a definite, specific way, as outlined in this bill, to the Federal Housing Authority, would not be in keeping with the functions of that authority and would not be in keeping with the functions of the bill, because this construction must be under one responsible head, using, insofar as possible, the facilities of all housing agencies that will speed up the necessary work.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. This bill authorizes $150,000,000 for temporary and permanent housing for national-defense workers, does it not?

Mr. LANHAM. Yes.

Mr. SCHAFER of Wisconsin. It has been testified before our committee that many of these buildings will be of a permanent nature and many will be temporary?

Mr. LANHAM. Yes.

Mr. SCHAFER of Wisconsin. My amendment merely authorizes the erection of permanent buildings to house national-defense workers during the emergency under the United States Housing Authority and local municipal housing authorities in and adjacent to the large industrial cities. Therefore, after the emergency is over, instead of selling these buildings to a few racketeers for a song, as was done after the last World War, the local municipal housing authorities will have the use of those buildings for their slum-clearance programs which will enable them to provide decent homes at a reasonable cost for many of the rank and file of the poor people of the United States of America. My amendment is permissive and not mandatory. It will speed up the program of the Government to erect homes for national-defense workers in large industrial centers where private business does not provide sufficient homes.

Mr. LANHAM. But, Mr. Chairman, the gentleman's amendment diverts from the purposes of this bill funds to the

United States Housing Authority to carry out their purposes. It gives them grants and it gives them loans out of this money and diverts and divides the authority for carrying out the provisions of this bill. Winter is coming on and this housing is needed. We do not want any division of sentiment or any division of authority with reference to carrying this out.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Tennessee.

Mr. GORE. The gentleman has very correctly stated that this would add funds to funds now unusable. The United States Housing Authority operates through loans and subsidies. It cannot make the loans without the subsidies. As the gentleman stated very correctly, it has approximately $150,000,000 now which it cannot use because it does not have the subsidy to match that sum. This would only add to that and make it unusable.

Mr. LANHAM. The gentleman is correct. There is no reason to augment their funds by an amendment of this character. I hope the amendment will be defeated. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there is a great deal to what the gentleman from Wisconsin has said. The amendment the gentleman offered contained a great deal of merit. I am sure that my distinguished friend the gentleman from Texas [Mr. LANHAM], one of the soundest Members of this House and one of the most influential Members, did not mean that all this $150,000,000 was going to be used for temporary purposes. That is where the position taken by the gentleman from Wisconsin comes into the picture in a very important manner.

I can see where emergency housing for the purposes stated in this bill would be of a temporary nature in a country town or in a small-sized city where there is a substantial business but where, because of the preparation for war activities, tremendous orders come in, resulting in an unusual employment of help during that period. I can see where whatever buildings are constructed for housing purposes under such situations of necessity should be of a temporary nature. However, take the case of Boston, Philadelphia, New York, and Chicago, or any large city, where a situation exists where increased emergency housing facilities must be constructed as contemplated by this bill. To construct them purely of a temporary nature would be an inadvisable and unwise investment on the part of the Federal Government. The argument of the gentleman from Wisconsin on that premise is sound. It is not only logical but it is sound from the angle of finances. If the Federal Government is going into Boston, for example, or any other large city, to construct a project for the purposes set forth in the bill, why would not the wise thing be to construct the project for permanent use, in the first instance to be used by those employees of a navy yard or any private business in connection with national defense, and after the emergency is over, instead of tearing down the buildings, to use them in connection with the low-cost housing program, to allow the local housing authority to purchase them or to lease them under satisfactory conditions. I think the argument of the gentleman from Wisconsin carries great weight in that direction.

I had the pleasure of hearing some of the witnesses before the committee, and I was very much impressed with the very serious manner in which the members of the committee approached the consideration of this bill. The only premise on which this bill is justified is, first, the national-defense situation, and second, the fact that if we allow private companies, in connection with increased national-defense orders, to build houses it is a step backward in the progressive journey of labor in this country; it is a step backward by putting them under the control of a corporation, because the corporation that owns the houses controls to a great extent the lives of its employees.

I approve of this legislation under existing circumstances. The committee has done a wise thing in reporting it. However, I believe that the suggestions of the gentleman from Wisconsin are worthy of profound consideration and that something should be done; something should be put into this bill in order to try to meet the sound suggestion the gentleman has made.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Massachusetts.

Mr. HOLMES. I recall that the gentleman came before our committee during the hearings on this bill. I believe the gentleman will recall that as to the housing under the general-defense program, witnesses who came before our committee said that insofar as is humanly possible private capital will be utilized to do this construction.

Mr. McCORMACK. The gentleman from Massachusetts is correct.

I also suggest that the Administrator, when he goes into a city of large population, approach the construction of any project within the meaning of this bill from the angle of permanent construction, and that he consult the local housing authority and utilize their services, and allow the local agency to cooperate with him. I admire the United States Housing Authority, although I realize there is some division of opinion on it. In my opinion, Mr. Straus has done a wonderful job. That action, however, will not bring into the picture the United States Housing Authority but will bring into the picture the local housing authorities, which are created by State statutes and which know the local needs.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. LANHAM. I may say that the provision in the next section through the committee amendment authorizes the Administrator to use these various agencies.

Mr. McCORMACK. I know that, but the mere fact that the authority is there does not necessarily mean that they will exercise it. If the Administrator knows the views of the chairman and the members of the committee, and of other Members of Congress, as contained in the CONGRESSIONAL RECORD, when the Administrator and those associated with him go into the large cities they will recognize the feeling of Congress and ask the local housing authorities to cooperate with them and make suggestions as to the type of project that should be constructed, having in mind not only the national defense housing emergency but a long-term permanent program of low-cost housing. [Applause.]

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to revise and extend my own remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Chairman, I did not understand the gentleman from Massachusetts [Mr. MCCORMACK], and I want to ask him a question. Did the gentleman say that the housing or the buildings should be constructed by the Government or by a private corporation? I did not get that.

Mr. McCORMACK. What I said was that generally by private capital, but in the emergency, the passage of this bill is necessary.

Mr. HOFFMAN. You mean the Government should construct these buildings. Is that right?

Mr. McCORMACK. Under these circumstances, having in mind the exigency that exists, it is the only logical and reasonable course to take.

Mr. HOFFMAN That is, you assume that private industry cannot build them quickly enough?

Mr. McCORMACK. Of course, if private industry can do it, the Administrator should have private capital construct them, if private capital can be interested; but, if not, then in the emergency the Government is justified in stepping into the picture.

Mr. HOFFMAN. I thank the gentleman.

Mr. McCORMACK. May I say this, that the Government, in investing its money, should have in mind not only the emergency but the long-time permanent use of them in connection with low-cost housing in cities where that condition exists.

Mr. HOFFMAN. That is, many of these buildings are to be of such a type that they will be permanent buildings? Is that your position?

Mr. McCORMACK. Where a situation exists, such as we have in large cities, where they could be used after the emergency is over?

Mr. HOFFMAN. Yes?

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield.

Miss SUMNER of Illinois. I hope the gentleman from Massachusetts [Mr. McCORMACK] will not see fit to revise his remarks because I thought it was a very interesting statement. So often some of us suspect our gradual progress toward socialism, but this is the first time I have heard the progress clarified in words.

Mr. HOFFMAN. The thought that came while the discussion was going on was this, and it was rather striking coming from the gentleman from Massachusetts, unless I misunderstood him, we have an emergency. That is not anything new, of course. So we draft a million or more men, then we must draft, I take it, sooner or later, men for work in the factories because we are not able, as it is, to produce as rapidly as we should and as we must. Then when we draft these men for work in the navy yards and in the factories we must build places for them to live. That gives us these homes, hundreds of thousands of them, apparently, and then after the emergency is over—and I ask the gentleman from Massachusetts, We do expect it to be over sometime, do we not?

Mr. McCORMACK. That is self-answerable.

Mr. HOFFMAN. I do not know. After 7 years of it, I do not know, I hope——

Mr. McCORMACK. As a matter of fact, it is 10 years, but we are talking about the immediate emergency. The gentleman knows that as well as I do.

Mr. HOFFMAN. Well, I do not know—immediate emergency. We have had immediate recurring emergencies one after the other for the past 7 years—you say 10 years. Well, if there were 2 years of emergency under Hoover and then you put 8 years more on it, that does make 10, but there has been an ever-increasing emergency. Roosevelt has given us a whole flock of emergencies. We would have one and then we would have another. When the war is over—this war we are going to fight for someone else, when the war is over, the emergency, I suppose, unless the New Deal is still in, will have ended. Then we will have the Government with thousands or hundreds of thousands of homes on its hands. People will be living in them. We will have the Government with millions of tenants. I do not know how these tenants are going to support themselves—they cannot all be on relief—they will have to have jobs. The jobs which caused the Government to build the homes will be gone for the emergency will be over. What is to become of the tenants. The people for whom the houses are to be built?

One of the foundation stones upon which this Government rests is the American home. A nation of home owners is a peaceful nation, a prosperous nation. A nation willing to fight and maintain itself. Who will not fight for home and fireside? A nation of tenants is a weak nation.

In his home every man has pride, every woman sanctuary. A home is the citadel of the family. A nation housed in Government houses, not homes, is a multitude of individuals. Cattle are kept in stalls. Would you compel the free, independent American to live as it might be in a Government stable? No home is worth having in the long run except as a man earns it for himself.

This administration has taken us a long way on the road toward state socialism, toward communism. Draft men? Put the worker under Government control, put him and his family in a Government owned and operated house, on Government work, under Government supervision, and what is there left of the traditional American freedom? Those who represent labor here in this House should consider before they commit themselves to a program like this.

[Here the gavel fell.]

Mr. JENSEN. Mr. Chairman, I ask unanimous consent to return to page 3, line 20, for the purpose of offering a perfecting amendment.

Mr. LANHAM. Mr. Chairman, we have long since passed that section and there are a number of gentlemen here who are anxious for the consideration of this measure to be concluded as early as possible on account of other important engagements, and I shall have to object.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman reserve his objection? Many of us have been patient here and have not called for quorums and we have done this in order to cooperate with the gentleman from Texas. The gentleman from Iowa was called to the telephone at the time this place in the bill was reached and could not offer his amendment. I hope the gentleman will permit him to offer it now.

Mr. LANHAM. I suggest the gentleman defer his request until we have finished the consideration of the bill and then we will have some opportunity to see what the gentleman's amendment is.

Mr. JENSEN. Will the gentleman from Texas allow the amendment to be read and then the gentleman can act on the request?

Mr. LANHAM. Mr. Chairman, I have no objection to the amendment being read.

The CHAIRMAN (Mr. BEAM). Is there objection to the request of the gentleman from Iowa that the amendment may be read?

There being no objection, the Clerk read as follows:

Amendment offered by Mr. JENSEN: On page 3, line 20, strike out the words "land acquisition", and, after the word "facilities", in line 29, insert "and the cost of real estate on which such dwellings are to be erected shall not exceed 20 percent of the cost of the completed dwelling unit or units erected thereon."

Mr. LANHAM. Mr. Chairman, I object.

Mr. WOOD. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

SEC. 8. In carrying out the provisions of this act the Administrator is authorized to utilize employees and facilities of the Federal Works Agency and of its constituent units, and any funds appropriated pursuant to this act shall be available for transfer to any such agency in reimbursement therefor.

With the following committee amendment:

Page 7, line 3, after the word "and", strike out "of its constituent units" and insert "other Federal agencies and of any local public agency, with the consent of such agency,"

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 7, insert a new sentence as follows:

"Nothing in this Act shall be construed to prevent the Administrator from employing or utilizing the professional services of private persons, firms, or corporations."

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment to the pending committee amendment, to strike out the word "utilizing."

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin to the committee amendment: Page 7, line 9, after the word "or", strike out the word "utilizing."

Mr. SCHAFER of Wisconsin. Mr. Chairman, I take this opportunity for a brief post mortem on my defeated amendment, which proposed to utilize the services of the United States Housing Authority and local municipal housing authorities in the interest of national-defense housing and to help prevent our almost bankrupt Federal Treasury from going bankrupt.

The gentlewoman from Illinois, who is one of the most distinguished, diligent, and able Members of the House, interjected her views with reference to the speech delivered by our able and distinguished colleague the gentleman from Massachusetts [Mr. McCORMACK], and inferred, as I interpreted her remarks, that those who supported the provisions of my amendment were expounding state socialism. Well, I am not in favor of state socialism. I favor more sound business principles applied to the business of Government and less Government competition in legitimate fields of private business endeavor, as well as less government monkey business with legitimate private business. [Laughter and applause.]

My amendment was not a socialistic amendment. Let us briefly look at the facts. It has been testified before our committee by the proponents of this bill that, in large industrial centers such as Milwaukee, Philadelphia, Chicago, Boston, New York, and so forth, additional housing facilities provided under this bill would only be provided by the Government if private business institutions did not and could not provide them. Funds which are authorized to be appropriated under this $150,000,000 authorization bill, if the Government provides housing facilities in or adjacent to these large cities are to be used to build permanent and not temporary housing facilities. That is good sound business practice. I do not favor having the Government spend three or four thousand dollars or more per unit to erect temporary housing facilities in or adjacent to Washington, Philadelphia, Chicago, Milwaukee, New York, or other large cities, and then after the emergency is over, pay some favored contractor or building wrecker money for tearing down the buildings or removing them, as was done after the last World War.

Now, with respect to socialism: I am not a supporter of United States Housing Authority expansion in competition with legitimate private business. However, let us face the facts. If the Government is to erect permanent housing facilities in or adjacent to these large cities like Boston, Philadelphia, New York, Milwaukee, and Chicago, and after the emergency is ended the Government is going to get rid of them, is it nearer state socialism, for the Government to sell them for a song to a favored private real-estate operator so that he can unfairly compete with legitimate private business, or is it nearer state socialism to make them available for a local housing authority to provide housing facilities at a moderate cost for the rank and file of the very poor people of the United States of America? In fact, the position which I have taken in offering my United States Housing Authority amendment has been directly to the rear along the highway of state socialism, and the position as indicated by the distinguished, able, and diligent gentlewoman from Illinois is a long step onward and forward along the highway leading to state socialism. [Applause.]

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, unless the amendment offered by the gentleman from Wisconsin was pro forma——

Mr. SCHAFER of Wisconsin. It is pro forma. I asked to strike out the word "utilization." It was utilized, under the rules of the House, to get 5 minutes to keep the record straight. I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Wisconsin [Mr. SCHAFER], a great and good man, mentally as well as physically [laughter], has expressed my sentiments exactly. He is not for state socialism. He is against totalitarianism. He is against communism. He is against the combination of these ideologies which is the New Deal. He has proved that again and again on the floor. But there is a middle ground, and I think the gentleman will agree with me, if he stops and remembers, that this Government has several housing programs. We have the slum-clearance program. The gentleman from Massachusetts [Mr. McCORMACK] says, that is a "sound" program. Some of us think it is mostly "sound." Then we have the F. H. A. program. I think one thing that has shocked some members of the Banking and Currency Committee is the fact that this bill seems essentially a bill that should have been considered by the Banking and Currency Committee, because that is the committee which considers bills relating to the F. H. A., the H. O. L. C., and the U. S. H. A. I should like to ask the chairman of the committee if he has considered how this plan might be financed by private capital and guaranteed by the Government?

Mr. LANHAM. From the standpoint of being guaranteed by the Government, we did not give any consideration to that.

Miss SUMNER of Illinois. That is the F. H. A. plan, the gentleman will understand.

Mr. LANHAM. However, we are very anxious for private capital to be invested in just as much of this work as possible, and wherever they are willing to take the risk we prefer that, but this being emergency construction, it is doubtful whether there is any very great part of it in which they will be interested.

There is an opportunity for them under a section we have passed by with reference to the Reconstruction Finance Mortgage Co. to which $10,000,000 of funds in this bill are being diverted, and there is another $40,000,000 available. Every effort is going to be made in every way to get private capital and private industry interested in this measure, but I do not think we should talk about a fast limitation.

Miss SUMNER of Illinois. It strikes me as odd that you so often neglect to think to use the F. H. A. plan. In this one program the New Deal has discovered what is rather a progressive invention toward better government; that is to say, when you have a situation such as this where there is an emergency such as war which is likely to end suddenly or a depression which might terminate quickly and when people are afraid to risk their capital, then at that time instead of paying billions out of the Federal Treasury you say: "Come on, invest your capital. The Government will guarantee you. If there is a loss we will pay it." Thus you save the Government a great deal of money and enable the Government to draw from that private capital the taxes which we so need to finance our ordinary operations; and I am sure the gentleman from Wisconsin will agree that that is a very adequate solution to the defense housing problem, is it not? Yes. You Democrats are so used to following a man but our Republicans do not mind following a woman occasionally. [Laughter and applause.]

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SABATH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 7, line 7, after the word "therefor", strike the period and insert a comma and the following: "or for use by local public agencies to whom loans may be made for the purposes of this act by the Administrator at such interest as he shall fix."

Mr. SABATH. Mr. Chairman, throughout consideration of the bill, both in general debate and under the 5-minute rule, we have heard several objections. In the first place, the gentleman from California [Mr. VOORHIS] criticized the Committee on Rules for not bringing in a rule on S. 591. I assure him, however, that it is not my fault that a rule has not been granted for that bill, which provided aid for the United States Housing Authority.

The gentleman from my own State [Mr. KELLER] pleaded that some of these housing projects are not needed; that some of the activity should be placed in centers where there is ample housing available, as well as manpower. I agree with him in this last statement. I also agree in his statement that the P. W. A. and the U. S. H. A. both have done a good job.

I offer this amendment to make the bill comply with the suggestion of the gentleman from Washington [Mr. MAGNUSON] and the gentleman from Massachusetts [Mr. MCCORMACK].

I will state the object of the amendment. I had every reason to believe that the committee would agree to the amendment. A rule was granted and I am amazed that the committee, which agreed that the facilities of the U. S. H. A. may be utilized by the Public Works Administrator, and that the requirements to which attention was called by the gentleman from Wisconsin [Mr. SCHAFER] will be taken care of, did not put some such definite provision in the bill which would make this amendment unnecessary.

All this amendment will do is to give the local housing authority the opportunity to proceed with the work, especially where it has already expended time and money in acquiring sites, plans, and specifications. If we turned this over to it the money spent by it in developing plans and specifications and in acquiring sites would not be wasted. This seems to me to be particularly practicable and desirable in those areas where defense manufactures, shipyards, and so forth are to be located.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I gladly yield.

Mr. SCHAFER of Wisconsin. If the committee adopts your amendment, it will expedite the construction of housing facilities, provide roofs over the heads of these men, provide suitable homes for these national-defense workers and their families, without having to wait from 6 months to a year to draw new plans and specifications and purchase real estate upon which to erect the structures.

Mr. SABATH. I am, indeed, gratified and immensely pleased that for once I can agree with the gentleman from Wisconsin. [Applause and laughter.] I believe he understands the situation thoroughly. His amendment, unfortunately, could not be adopted. I therefore suggested this one, which, I believe, will be adopted.

In the bill, at page 2, the Federal Works Administrator is authorized, acting through the Public Buildings Administration, to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and community facilities. That is what the bill provides. Under the U. S. H. A. program, this has already been done by the local authorities, not by private contractors who desire contracts promising fat returns, but by local authorities of the communities and the cities. That work and valuable experience should not be wasted. The chairman of the Committee on Public Buildings and Grounds has stated that haste is required. This will save time and we can proceed with the construction at the lowest possible price. Consequently I hope the amendment is understood and will be agreed to.

[Here the gavel fell.]

Mr. EBERHARTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have no particular quarrel with any Member of the House who has a particular interest in the activities of the United States Housing Authority, but I call the attention of the Committee to the fact that it was never the intention of the Administrator of the Public Works Agency to make all of these housing projects of a temporary nature. No testimony was given before the committee, nor has anything been said on the floor of the House this afternoon in the debate that should leave the impression that all the houses are going to be of a temporary nature. It is contemplated that where circumstances fit into the picture the housing projects will be of a permanent nature. I call your attention to the fact the measure we are considering this afternoon is a defense measure and the proposition is altogether different from the social aspects of the United States Housing Authority projects. The gentleman from Illinois offers an amendment which would in effect direct the Administrator to make loans and grants to the United States Housing Authority. I do not think this Committee wants to approve any such proposal as that. There was only one person appeared before the committee to sort of protect the interests of the United States Housing Authority, and that was a gentleman from Boston, Mass., a very fine man introduced by the gentleman from Massachusetts [Mr. MCCORMACK]. I talked to him about the provisions of the bill, and I asked him this question:

> Will you tell me whether I have the correct insight as to your position on this. Under the United States Housing Authority and the authority granted to it and under the State laws, the local housing authorities are not now in a position to put up defense housing because of restriction as to eligibility of tenants and the time it would take to erect them—

And so forth?—

> That is right.

Further down:

> Mr. EBERHARTER. You do not want any mandatory provision in this bill saying that the United States Housing Authority and the local authorities must be used in the construction of those houses?
> Mr. BREEN. No.

If we put anything in this measure this afternoon that may be construed to give special right to the United States Housing Authority we are simply trying to mix something that will not mix at all; in other words, two fundamentally different propositions. I am sure that the language of the bill as it now stands gives the Federal Works Agency, the Public Buildings Administration, and Mr. Carmody the right to use the plans, the specifications, the personnel, and the facilities of the United States Housing Authority. I believe it would be fundamentally wrong to incorporate any separate provision in the bill for the United States Housing Authority.

Mr. SABATH. Will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Illinois.

Mr. SABATH. I am afraid the gentleman has not carefully read my amendment. There is no "must" or "shall" in it. If the Public Administrator finds that it will be to the advantage and will hasten the activities and the completion of these needed housing projects, then he has the right to utilize and aid this United States Housing agency which has constructed buildings for $2,740, $1,000 lower than the bill now provides.

Mr. EBERHARTER. Is the gentleman asking me a question? My chief objection to the amendment offered by the gentleman from Illinois is that it gives the Federal Administrator instructions practically to make loans or to grant subsidies, which is not the thing we want in this particular measure. The gentleman from Illinois stated that if it was up to him he would have reported the rule which would have given the right-of-way to the United States Housing Authority measure. So for these reasons, considering the bill and its general purposes, I trust the amendment will be defeated.

Mr. MCGRANERY. Will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Pennsylvania.

Mr. MCGRANERY. Is it true that under the present law, or under this bill now before the Committee, if the Administrator were directed to turn this work over to the United States Housing Authority the local authority under the law would be required to advertise for bids?

Mr. EBERHARTER. The local authorities are set up under State laws. They all have their own State laws, which throw certain restrictions on the activities of those local authorities. So the local authorities would in most instances not be able to function through any money received by this bill. In other words, the only authority granted to them is through their State laws, and we have 48 different State laws covering the expenditure of any loans or grants that may be put into this bill.

Mr. McGRANERY. Does the gentleman agree with the chairman of the Committee on Public Buildings and Grounds that under the pending bill the Administrator would have the authority under this bill to use the facilities of, in my case, the Philadelphia Housing Authority for any project they saw fit to put forth?

Mr. EBERHARTER. The Administrator would have the authority to use the personnel, the facilities, and the plans and specifications, and would reimburse the Housing Authority for any expenditures they might make.

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Illinois [Mr. SABATH].

Mr. Chairman, let us briefly refer to the debate on the floor of the House, including that of our very able and distinguished chairman of the Committee on Public Buildings and Grounds whom we all admire. The chairman opposed my United States Housing Authority and local municipal housing authority amendment, which was along the lines of the pending Sabath amendment, and he indicated that all of the housing facilities provided under this bill were to be temporary structures, until one of our colleagues, a member of the committee, the able and distinguished gentleman from Massachusetts [Mr. HOLMES] corrected him.

With reference to the questions raised by the gentleman from Pennsylvania, who wanted to know something about what was to be done for Philadelphia under this housing program, let me suggest that he carefully read the language contained in section 8 on page 7 of the bill as reported by the Committee on Public Buildings and Grounds. This section merely provides that the Federal Works Administrator can utilize the services of the employees and administrative departments of the United States Housing Authority and the local municipal housing authorities.

Insofar as providing funds to erect housing facilities by those authorities this bill does not authorize one penny for construction in Philadelphia or in any other part of the country. After listening to the hullabaloo raised by some of the members of the committee reporting this bill who opposed the Sabath amendment and my United States Housing Authority and Municipal Housing Authority amendment, one would be led to believe that those amendments were mandatory although they were only permissive. As a matter of fact, the amendment which I offered and the pending Sabath amendment are merely permissive amendments in the interest of preventing delay, expediting completion of defense housing, and conserving the funds of the Federal Treasury, which will have to be produced by our overburdened American taxpayers.

Mr. SABATH. Yes. It only gives them the right if they desire.

Mr. SCHAFER of Wisconsin. The distinguished gentleman from Illinois is absolutely correct. Mr. Chairman, one of the best witnesses who appeared before our committee was Mr. Breen, the head of the Boston (Mass.) Housing Authority, and he said that if funds in the way of loans or grants were made available to the Boston Housing Authority they could immediately commence to build housing projects which could be used to house defense workers during the emergency.

Mr. Chairman, in the interest of economy, in the interest of providing housing facilities for national-defense workers without delay, and in the interest of good, sound business practice, and conserving the funds which must be produced in the sweat and toil of the American taxpayers, I urge the thinking Members of this House to support and vote for the pending amendment which was offered by the chairman of the Rules Committee, the able and distinguished gentleman from Illinois [Mr. SABATH]. This amendment is not mandatory but only permissive. Let us be reasonable. We Members of Congress, the legislative body of the United States Government, do not have to goose-step and rubber-stamp a bill without crossing a "t" or dotting an "i" just because some bureaucrat asks the committee and the Members of Congress to do so. Mr. Chairman, in the interest of national defense, in the interest of conserving the funds of the Federal Treasury, in the interest of obtaining defense housing facilities in and adjacent to the large industrial centers where we must have additional housing facilities, which cannot be provided by private business, I ask the Members, irrespective of their political party affiliations, to vote for the pending Sabath amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The amendment was rejected.

The Clerk read as follows:

SEC. 9. The Administrator may enter into any agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof, with respect to any real property acquired and held by him under this act, including improvements thereon. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation.

SEC. 10. Notwithstanding any other provision of law, the acquisition by the Administrator of any real property pursuant to this act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property.

SEC. 11. The Administrator is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

With the following committee amendment:

Page 8, line 2, after "act", insert the following: "and shall establish reasonable standards of safety, convenience, and health."

The committee amendment was agreed to.

Mr. SCHULTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHULTE: On page 8, after line 3, insert a new section, as follows:

"SEC. 12. Notwithstanding any other provision of law, the wages of every laborer and mechanic employed on any construction, repair, or demolition work authorized by this act shall be computed on a basic day rate of 8 hours per day, and work in excess of 8 hours per day shall be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than one and one-half times the basic rate of pay. Not less than the prevailing wages shall be paid in the construction of defense housing authorized herein."

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. SCHULTE. I yield to the gentleman from Texas.

Mr. LANHAM. All of the legislation with reference to matters of this character has carried a provision similar to this. Those who have been sponsoring this bill have stated that it is their intention and their policy to carry out such a procedure, and that it was not incorporated in the measure by reason of the fact that it might be considered as surplusage. Whether or not it is properly drawn in exactly the right language, I do not know, but that can be investigated later. I may say that from my angle I will interpose no objection to the adoption of the amendment.

Mr. SCHULTE. Mr. Chairman, the only reason I offer this amendment is to protect the rights of labor. In the building trades in particular advances and gains have been made over a period of years, and only through hard struggle and self-sacrifice have they been able to do this. There have been a great many contractors, on Federal projects as well as on private ones, who have taken advantage of this particular section. They go into some section and take a contract on a very low bid and then try to take it out on the labor, who will be sacrificed. In other words, they will come into a particular district where the prevailing rate of wage, we will say, is $1.25 or $1.50 for carpenters, and they will offer them 90 cents. Where bricklayers are getting $1.25 the contractor will offer them 75 cents. In other words, he will tear down the entire wage structure. All this amendment does is protect the wages and hours and the prevailing rate of pay in the district in which the work takes place. I do hope the Committee sees fit to adopt this amendment. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

The Clerk read as follows:

SEC. 12. If any provision of this act, or the application thereof to any persons or circumstances, is held invalid, the remainder of this act, or application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 13. At the beginning of each session of Congress, the Administrator shall make to Congress a full and detailed report covering all of the transactions authorized hereunder.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. RAYBURN] having assumed the chair, Mr. BEAM, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, pursuant to House Resolution 594, he reported the same back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. LANHAM, a motion to reconsider was laid on the table.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that in the bill just passed the sections may be renumbered, inasmuch as a new section was added.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, calendar Wednesday, may be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in Committee of the Whole today and to include therein certain brief excerpts from records and documents.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. SHORT] may extend his own remarks in the RECORD and include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a petition by some mothers' clubs of Minnesota regarding conscription.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

SACO DIVIDE UNIT, MILK RIVER PROJECT

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 9734) authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, is this the irrigation bill about which the gentleman from Montana spoke to me?

Mr. O'CONNOR. That is right.

Mr. MARTIN of Massachusetts. I have no objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the President in making allocation from and pursuant to the item for water conservation and utility projects contained in the Interior Department Appropriation Act, 1940, may allocate such amounts as he deems necessary for the construction of pumping and distribution facilities and land development for the Saco Divide unit of the Milk River project: *Provided*, That such amounts shall be reimbursed to the United States by the water users on the Saco Divide unit in not to exceed 40 annual installments, the first installment to begin in the year following the last payment made to the United States by the water users on the Saco Divide unit for that portion of the cost of facilities common to the Saco Divide unit and other units of the Milk River project to be allocated by the Secretary of the Interior to the Saco Divide unit. Payments on account of those costs of said common facilities thus allocated shall be paid into the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary of the Interior shall be credited to write-offs made on the Milk River project pursuant to the act of May 25, 1926 (44 Stat. 636).

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That the President in making allocations from and pursuant to the item for water conservation and utility projects contained in the Interior Department Appropriation Act, 1940, may allocate such amounts as he deems necessary for the construction of pumping and distribution facilities and land development for the Saco Divide unit of the Milk River project: *Provided*, That such amounts expended on land development shall be reimbursed in not to exceed 40 annual installments: *Provided further*, That such amounts expended on the construction of pumping and distribution facilities shall be reimbursed to the United States by the water users on the Saco Divide unit in not to exceed 40 annual installments, the first installment to accrue not later than the year following the last installment due and payable to the United States by the water users on the Saco Divide unit for that portion of the cost of the facilities common to the Saco Divide unit and other units of the Milk River project to be allocated by the Secretary of the Interior to the Saco Divide unit. Payments on account of those costs of said common facilities thus allocated shall be paid into the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary of the Interior shall be credited to write-offs made on the Milk River project pursuant to the Act of May 25, 1926 (44 Stat. 636).

"SEC. 2. No water shall be delivered for the Saco Divide unit until the Secretary of the Interior has entered into the contract or contracts required in his judgment, to carry into full effect the provisions of section 1 and to provide for repayment of the reimbursable construction costs chargeable to the Saco Divide unit."

Mr. O'CONNOR. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment by Mr. O'CONNOR, as a substitute for the committee amendment:

"That in connection with the Saco Divide unit of the Milk River project there shall be included in the water users repayment obligations, in addition to the amounts that may be allocated by the President for the construction of pumping and distribution facilities and land development of this unit from funds appropriated for water conservation and utility projects by the Interior Department Appropriation Act, 1940, to be repaid as therein provided, that portion of the cost of the facilities of the Milk River project common to the Saco Divide unit and other units of the Milk River project that may be allocated to the Saco Divide unit by the Secretary of the Interior. The cost of Fresno Dam and Reservoir so allocated by the Secretary shall be included for repayment in not to exceed 40 annual installments along with the costs of pumping and distribution facilities allocated by the President for repayment as provided by the water conservation and utility projects item in the Interior Department Appropriation Act, 1940; the cost of the other common facilities of the Milk River project

allocated by the Secretary to the Saco Divide unit shall be repaid in not to exceed 20 annual installments, the first to accrue not later than the year following the last installment due and payable to the United States from the water users of the unit on the obligation comprising the amounts allocated by the President for construction of pumping and distribution facilities and the costs of the Fresno Dam and Reservoir allocated to the unit by the Secretary. Payments on account of the costs allocated by the Secretary shall be credited to the reclamation fund, and the component of such payments attributable to costs of construction prior to 1935 as determined by the Secretary shall be credited to write-offs made on the Milk River project pursuant to the act of May 25, 1926 (44 Stat. 636).

"SEC. 2. No water shall be delivered for the Saco Divide unit until the Secretary of the Interior has entered into the contract or contracts required, in his judgment, to carry into full effect the provisions of section 1 and to provide for repayment of the reimbursable construction costs chargeable to the Saco River unit."

Mr. O'CONNOR. Mr. Speaker, this bill as amended has the approval of the Committee on Irrigation and Reclamation and also the approval of the Interior Department, likewise the O. K. of the Bureau of the Budget. To go into it I would have to give you some history of the matter.

The Saco Divide project is not a new one, but is an extension of the Milk River project which has gone through a long period of slow but steady development, the first irrigation in the Milk River valley being in 1890, when an early settler by the name of T. B. Burns and some of his neighbors constructed a brush and rock dam near the present site of the Fort Belknap diversion dam. This dam was maintained for 20 years.

In 1902 an investigation by the Geological Survey showed that if successful irrigation were to be accomplished along the Milk River the flow of the river would have to be increased by delivery of water from St. Marys River to the Milk River through the proposed St. Marys Canal and transportation by river channel to the lower valley. A suitable agreement had to be made with Canada to protect the water supply from diversion throughout the 200 miles or more of river channel in Canada. Preliminary work in connection with the St. Marys unit was continued through 1903 and 1904. In 1905, $1,000,000 was taken from a Reclamation fund previously created, for the construction of the canal. In 1916 the St. Marys Canal was completed, and the first water delivered to the Milk River for irrigation use was during the season of 1917. A storage reservoir was constructed at Sherburne Lake, now included in Glacier Park, and water is diverted through a 29-mile canal which empties into the north fork of the Milk River, thus supplementing the river's natural flow and that of other streams emptying into it. Water is diverted from Milk River by dams near Chinook, Harlem, Dodson, Vandalia, and the Fresno dam which was completed in 1939.

Progress and development has been slow, but in 1939 there were 691 farms irrigated in the Milk River Valley and crops produced were valued at $1,181,583.03.

This very fertile valley winds through a drought- and insect-infested country, where hundreds of families found a living could not be made by dry-land farming. The Soil Conservation Service took over 970,199 acres of abandoned cropland, and it is the purpose of that agency to reseed and bring this land back to where it can be reverted to its former use, that of grazing, and to resettle the families who had to give up dry-land farming in the Milk River Valley as the irrigation program can be extended to make room for them. The Milk River Valley contains thousands of acres of rich and as yet undeveloped irrigable land, enough land, it is said, to resettle all of the unsuccessful dry-land farmers within the area. The Farm Security office at Malta has applications on file from hundreds of dry-land farmers now living within the area who desire resettlement on irrigable farm units.

The lands of the Saco Divide project, comprising 9,400 acres, are situated between Beaver Creek and Milk River near Saco, in Phillips County. They lie above the Nelson South Canal of the Milk River project and are planned to be irrigated by pumping from this canal, which will be slightly enlarged for a distance of 10 miles. Water for irrigation will be raised a maximum height of 85 feet and be conveyed to the farms by four laterals, of 30 miles aggregate length, through a system of sublaterals and farm ditches. Electrical energy for pumping will be obtained from the plant which is being installed at Fort Peck Dam and can be delivered by transmission lines already in existence.

The bill proposes to charge against said project the following items that will be repayable within the first 40 years: Two hundred and forty-five thousand dollars, money heretofore expended in construction of Fresno Dam, for which there are no contracts guaranteeing repayment to the Government; $210,000 for construction purposes; and $200,000 to be used by the Agricultural Department in land development. As a second series covering a period of 20 years, beginning the last year of the 40 years, covers repayment of $225,000 charged off in 1926 by an act of Congress. There will be used $160,000, which will be nonreimbursible, of W. P. A. labor and materials. The Agricultural Department will also advance for the purchase of lands a sufficient amount of money with which to secure title. The whole project will be paid off in approximately 60 years. Four hundred and ten thousand dollars of this money comes from the appropriation made by the Congress under the Wheeler-Case law. This project was about 2 years ago approved by the Great Plains Committee. This committee was appointed at the request of the President to make a survey to meet drought conditions in Montana, South and North Dakota, Wyoming, and part of Nebraska. The people had been droughted out continuously and were migrating to other States. The Great Plains Committee made the survey, as I have heretofore stated, and recommended, among others, this project. The project has the unique characteristic of being a combined irrigation and relief project, which involves also the use of the existing works constructed under the reclamation law. The only reason that the Saco Divide unit cannot be undertaken under the existing law is that the amounts which must be reimbursed, even taking into account the relief expenditures, cannot be repaid by the water users within 40 years. That is the limitation fixed in the Wheeler-Case law. Consequently, this special legislation must be enacted.

The reason why it is contended that this land should bear part of the cost of the Fresno Dam and the Nelson Canal cost is that the project will have the use of these facilities already in existence. The land will bear a little in excess of $3.60 per acre per year. About $1.25 per acre per year will be applied on construction charges and $2.25 for operation, maintenance, and power. It must be borne in mind that the Fresno Dam cost approximately $1,700,000, and also the canal cost several times the $225,000; so this land will only bear a part of the expense of these two projects. None of these items bear interest under the reclamation law and policy brought into existence under Theodore Roosevelt in 1902. The amendment that I offered to the bill today, which was requested by the Interior Department and the Bureau of the Budget, simply defers part of the amount charged off for payment under the second series and limits the second series to 20 years, and places the new money advanced as part of the first to be paid in the 40-year series.

The benefits to be derived from the passage of this legislation are about as follows:

When completed this project will reclaim approximately 10,000 acres of very fine, deep-soil benchland, on which now live about 30 families. This is a very dry section of the country and is of little value without artificial irrigation. It is estimated that this project, when completed, will furnish homes for about 200 families. In addition, it will obviate the necessity of advancing seed, feed, and subsistence loans by other Federal agencies. It will also furnish work for W. P. A. labor to about $160,000. This money would have to be spent anyway for relief. As the location of this project is near Glasgow, many people who worked at Fort Peck may find employment. Work of this kind brings into existence permanent and profitable improvements on which and from which people will be able to make a living.

The project will also recoup for the Government $225,000 already charged off and $245,000 for which there is no security

for repayment. Consequently this bill will not only be advantageous to the poor people in that section but also to the W. P. A. worker and likewise to the Government in the end.

Mr. TABER. Are there families already there?

Mr. O'CONNOR. Yes; about 30 families.

I trust that the House will approve the bill.

The SPEAKER pro tempore. The question is on the amendment to the committee amendment offered by the gentleman from Montana.

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I renew my request made this morning, and ask unanimous consent to extend my own remarks and to include two articles, one relative to a book by William Backus Guitteau, director of schools, Toledo, Ohio, entitled "Our United States," and the other relating to an article entitled "Burke's Speech on Conciliation," edited by O. H. Ward, Taft School, Watertown, Conn. I have an estimate from the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial, and I also ask unanimous consent, Mr. Speaker, that tomorrow, at the conclusion of all legislative business and any other special orders, I may be permitted to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent that on next Thursday, after the disposition of the business on the Speaker's table I may be allowed to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SCHULTE. And I wish to call to the attention of the House an article that appears in the paper tonight. Three or four months ago, during the investigation of the Milk Trust and the monopoly existing here in the District of Columbia, I made the statement that the committee that was then investigating the milk situation had been sold down the river, and the reason for that was that of the peculiar attitude the corporation counsel took, and in this case only. Now I believe that the Members of this House and the residents of the District of Columbia can readily understand what we were up against. I now want to read an article that is in the Times-Herald today:

Elwood H. Seal resigned today as District corporation counsel to "return to private practice." The District Commissioners accepted his resignation and named Richmond B. Keech, assistant chairman of the Public Utilities Commission, as his successor.

Seal said his resignation would become effective October 31, when he will join the Maryland and Virginia Milk Producers' Association.

* * * * * * *

The position Seal will take with the milk association is that of general counsel.

COMMANDER HOWARD L. VICKERY

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Joint Resolution 596, to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

The Clerk read the title of the House joint resolution.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There was no objection.

Mr. BLAND. Mr. Speaker, this is a unanimous report from the committee. The ranking minority member is present. This removes the bar of two statutes to the appointment of Commander Vickery to the Maritime Commission.

Mr. WELCH. Mr. Speaker, the resolution was carefully considered by the Committee on Merchant Marine and Fisheries and reported without opposition.

Mr. Speaker, I am fully cognizant of the valuable services which Commander Vickery, of the United States Navy, has been rendering in his capacity as administrative assistant to the Chairman of the United States Maritime Commission. It is felt that his able and proficient capacity should be further recognized and retained in the best interests of the merchant-marine expansion and development. This may best be accomplished by the adoption of this legislative proposal authorizing him to accept appointment as a member of the United States Maritime Commission, which entitles him to the salary of such position while he retains his position and status in the United States Navy. I contend, however, that any future appointments should be made on the basis of a wider geographical representation, for the purpose of bringing to the United States Maritime Commission the peculiar problems affecting each and every area of the Nation. I commend the national attitude of the Commission but believe that the best interests of the Nation will continue to be best served by personnel more widely representative.

The Pacific coast, with its enormous maritime interests, should, as a matter of fairness, be represented on the Maritime Commission.

I certainly trust the resolution will be adopted.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield.

Mr. MICHENER. I am not opposing this, but I want it understood that this will not be considered as establishing a precedent so that one man may hold several jobs under the present administration.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That notwithstanding any provision of law contrary hereto or inconsistent herewith, Commander Howard L. Vickery, being a commissioned officer on the active list, United States Navy, is authorized to hold the office of a member of the United States Maritime Commission without loss of or prejudice to his status as a commissioned officer on the active list of the United States Navy; and if appointed to such civil office, he shall receive, in addition to his pay and allowances as such commissioned officer, an amount equal to the difference between such pay and allowances as such commissioned officer and the salary prescribed by law for such civil office.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADJOURNMENT

Mr. SOMERS of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Wednesday, September 11, 1940, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAAS: Committee on Naval Affairs. H. R. 10405. A bill to provide for adjusting the compensation of persons employed as masters-at-arms and guards at navy yards and stations, and for other purposes; without amendment (Rept. No. 2935). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLER of Minnesota:

H. R. 10488. A bill to provide for the construction, extension, and improvement of public-school buildings on the Red Lake Indian Reservation, Minn.; to the Committee on Indian Affairs.

By Mr. LEWIS of Ohio:

H. R. 10489. A bill to impose duties on importation of fuel oil and coal; to the Committee on Ways and Means.

By Mr. ROGERS of Oklahoma:

H. R. 10490. A bill for the relief of the Eastern and Western Cherokees; to the Committee on Indian Affairs.

H. R. 10491. A bill for the relief of the Eastern Cherokees; to the Committee on Indian Affairs.

By Mr. IZAC:

H. R. 10492. A bill limiting number of diplomatic or consular officers or attachés accredited to and maintained in the United States by any foreign power; to the Committee on Foreign Affairs.

By Mr. LEWIS of Ohio:

H. Res. 596. Resolution authorizing and directing the Committee on the Judiciary of the House of Representatives to inquire into the transfer of American naval vessels, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SUTPHIN introduced a bill (H. R. 10493) for the relief of the estate of William Sandlass, which was referred to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of the rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9290. By Mr. GREGORY: Petition of Thomas Wright, noble grand, and Fred Heflin, secretary, Lodge No. 151, Independent Order of Odd Fellows, Mayfield, Ky., favoring material aid to the Allies, the withholding of our manpower, and the curbing of "fifth columnists"; to the Committee on Military Affairs.

9291. By the SPEAKER: Petition of F. A. Billhimer, of Los Angeles, Calif., petitioning consideration of resolution with reference to House bill 7534, the anti-poll-tax bill; to the Committee on the Judiciary.

SENATE

WEDNESDAY, SEPTEMBER 11, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, who art loving unto every man, who hast made us heirs of all the ages of Thy creative power: We thank Thee for Thy divine compassion which is manifest toward us despite our weaknesses, our cowardice, and our self-love. Do Thou make us ever mindful of the radiance and mystery of life, revealing not only Thy wisdom and beauty but also the hallowing influence of friends which, in the quiet corners of experience, illumes the common task. Bestow upon us all the true ideals of liberty, justice, and brotherhood which alone can guide the nations into the way of peace. In this our day of trial may we not shun the discipline of life but rejoice in the work which is its own reward and glory in the difficulties which provide the materials of victory, Thy victory in us. So lead us upward and onward and endow us with the courage of those gallant souls whose cheerfulness in the face of peril puts to shame our self-concern. Through the turmoil of life may we find Thy peace; for the challenge of life may we find Thy strength; and in the adventure of death may Thine everlasting arms be our hope and our eternal refuge. We ask it in the name of Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Tuesday, September 10, 1940, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the following bills and a joint resolution, in which it requested the concurrence of the Senate:

H. R. 9734. An act authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes;

H. R. 10412. An act to expedite the provision of housing in connection with national defense, and for other purposes; and

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

CALL OF THE ROLL

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Ellender	Lee	Russell
Austin	George	Lodge	Schwartz
Bailey	Gerry	McCarran	Schwellenbach
Barkley	Gibson	McKellar	Sheppard
Bilbo	Gillette	McNary	Smathers
Brown	Green	Maloney	Stewart
Bulow	Guffey	Mead	Taft
Burke	Gurney	Miller	Thomas, Idaho
Byrd	Hale	Minton	Thomas, Okla.
Byrnes	Harrison	Murray	Thomas, Utah
Capper	Hatch	Neely	Townsend
Caraway	Hayden	Norris	Vandenberg
Chandler	Herring	Nye	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Hughes	Pepper	Wheeler
Connally	Johnson, Calif.	Pittman	White
Danaher	Johnson, Colo.	Radcliffe	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Florida [Mr. PEPPER], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

ABUSES AND DEFICIENCIES IN ORGANIZATION AND OPERATION OF INVESTMENT TRUSTS AND COMPANIES

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, a supplemental report, being section I of chapter VI of part 3 of the Commission's over-all report on the study of investment trusts and investment companies dealing with abuses and deficiencies in the organization and operation of such trusts and companies, and also a list of those parts of the over-all and supplemental reports that have been transmitted already to Congress, which, with the accompanying papers, was referred to the Committee on Interstate Commerce.

PETITIONS

Mr. VANDENBERG presented a petition of sundry citizens of the Upper Peninsula of Michigan, praying that appropriate steps be taken to control recurring floodwaters in the valleys of the Sturgeon and Otter Rivers, Mich., which was referred to the Committee on Commerce.

He also presented a petition of sundry citizens of Benton Harbor, Mich., praying that the United States may keep out of war and remonstrating against the enactment of compulsory military-training legislation, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 3841) to allow an additional period of 6 months in which to file claims for increased compensation to certain Government employees for the period July 1, 1917, to June 30, 1924, reported it without amendment.

Mr. SMATHERS, from the Committee on Claims, to which was referred the bill (S. 3489) for the relief of the estate of Frank H. Lusse, deceased, reported it with amendments and submitted a report (No. 2111) thereon.

He also, from the same committee, to which was referred the bill (H. R. 6512) for the relief of F. W. Heaton, reported it without amendment and submitted a report (No. 2112) thereon.

Mr. MINTON, from the Committee on Pensions, to which was referred the bill (H. R. 7731) to provide for the burial and funeral expenses of deceased veterans of the Regular Establishment who were discharged for disability incurred in the service in line of duty, or in receipt of pension for service-connected disability, reported it without amendment and submitted a report (No. 2113) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

S. 4342. A bill to authorize the presentation of a Distinguished Service Cross to Barney F. Salner; to the Committee on Military Affairs.

By Mr. PEPPER:

S. 4343. A bill authorizing the appointment of certain civilians as commissioned officers of the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

HOUSE BILLS AND JOINT RESOLUTION REFERRED OR PLACED ON THE CALENDAR

The following bills and joint resolution were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated below:

H. R. 9734. An act authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes; to the Committee on Irrigation and Reclamation.

H. R. 10412. An act to expedite the provision of housing in connection with national defense, and for other purposes; to the Committee on Public Buildings and Grounds.

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission; to the calendar.

JESSE H. JONES—INDEFINITE POSTPONEMENT OF JOINT RESOLUTION

Mr. BARKLEY. Mr. President, yesterday the Senate passed House Joint Resolution 602, authorizing the appointment of Mr. Jesse H. Jones to be Secretary of Commerce. There was on the calendar and is now on the calendar Senate Joint Resolution 294, Calendar No. 2195. I ask that the Senate joint resolution be indefinitely postponed.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ALLEGIANCE TO AMERICA—ARTICLE BY SENATOR GILLETTE

[Mr. HERRING asked and obtained leave to have printed in the RECORD an editorial embodying an article written by the senior Senator from Iowa [Mr. GILLETTE] and published in the Geode Echo, a C. C. C. camp publication, New London, Iowa, which appears in the Appendix.]

ADDRESS BY SOLICITOR GENERAL BIDDLE AT SEATTLE CIVIC AUDITORIUM

[Mr. MEAD asked and obtained leave to have printed in the RECORD an address delivered by Hon. Francis Biddle, Solicitor General of the United States, at Seattle Civic Auditorium, Seattle, Wash., on Saturday, August 24, 1940, which appear in the Appendix.]

ACQUISITION OF NAVAL AND AIR BASES—ADDRESS BY JAMES W. RYAN

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address before the American Bar Association's section of international law, at Philadelphia, Pa., delivered by James W. Ryan, Esq., of New York, on the action of the President in taking measures to acquire naval and air bases, which appears in the Appendix.]

LABOR DAY ADDRESS BY JOHN L. LEWIS

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD a Labor Day address by John L. Lewis, president, Congress of Industrial Organizations, on Monday, September 2, 1940, which appears in the Appendix.]

COMMENT BY MR. VILLARD ON SPEECH OF SECRETARY WALLACE

[Mr. BURKE asked and obtained leave to have printed in the RECORD a newspaper article under the heading "Villard says Wallace speech is new low in United States politics," published in the Omaha (Nebr.) World-Herald of the 8th instant, which appears in the Appendix.]

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. MILLER. Mr. President, I desire to speak for a few minutes on the pending bill.

Since this Nation is irrevocably committed to the proposition of hemispheric defense, it appears to me that the implications of the bill may be very far-reaching. If the bill is enacted and administered as is evidently intended, we may or may not be taking a step which will have profound effect upon the economy of the Western Hemisphere.

I think we may proceed upon the assumption that political control and political domination follow as a matter of course economic control and economic domination. I think that is fundamental. If it is fundamental, then it seems to me we should do well to give serious consideration to what our future economic policy shall be so far as Western Hemisphere trade and commercial intercourse are concerned.

When we investigate what has been going on in the Western Hemisphere from an economic standpoint during the past few years, we find some rather startling facts as to the infiltration of certain European doctrines into South American countries. We cannot defend the Western Hemisphere from a military standpoint if we lose our economic grip. In other words, if the Latin American nations and peoples are dominated industrially and economically by powers which are not in accord with this Government and not in accord with our theory and way of life, we cannot hope to succeed in defending the Monroe Doctrine. For that reason I think this bill should be enacted.

Academically, I have no fault to find with those who say that the bill grants practically unlimited power in making loans to governments and to financial institutions. That is true; but, practically speaking, I find no fault with that power. We are dealing with an unknown quantity. Neither Congress nor any other legislative body can write into the law specifications to meet every contingency which may arise in the development or in the protection of our industrial and economic interests in the Western Hemisphere.

Mr. President, I find from an examination of the latest statistics furnished by the Department of Commerce that the imports of Brazil from Germany during the year 1939 were 19.4 percent of Brazil's total imports from the world. She paid to the German economic or industrial interests in 1939 $50,760,000. The imports of Brazil from this country considerably exceeded that amount; but during the past few years the imports from Germany have been steadily increasing. A disturbing feature from an economic standpoint is that the imports from Nazi Germany during 1939 exceeded by 50 percent the exports from the South American countries to Nazi Germany, conclusively showing that Germany

is acquiring a stranglehold upon the economic life of the South American republics.

I am not an economist; I certainly am not an industrialist; I do not profess to know the ins and outs of world trade or of commercial intercourse; but I am convinced that if this Nation sits idly by, and does not carry on and prosecute its campaign for the industrial or economic control of the South American republics, it is utterly useless for us to make any attempt to prevent those countries from being dominated by Germany.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. TAFT. How can the Senator possibly support the statement that Germany has acquired, or was acquiring in 1939, an economic stranglehold on Brazil, when we were selling to Brazil 36 percent of all her imports, and Germany was selling to her something like 18 or 19 percent?

I cannot understand the Senator's argument that economic domination is acquired by selling a nation a large amount of exports.

Mr. MILLER. Let me call attention to a table. I know the Senator has before him the same table I have.

The imports of Brazil from Germany in 1939 were 19.4 percent of Brazil's total imports. The imports of Brazil from the United States in the same year were 33.3 percent of Brazil's total imports.

Mr. TAFT. My figures are 36 percent, but they are approximately the same.

Mr. MILLER. This table was furnished me this morning by Mr. Young, Director of the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

The imports of Chile from Germany were 22.7 percent of Chile's total imports, against 31.1 percent in the case of the United States.

Dropping down in the table—I do not care to burden the RECORD—the imports of Ecuador from Germany were 18.1 percent of Ecuador's total imports, against 48.7 percent in the case of the United States.

The total imports of South American countries from the United States in 1939 were 40.1 percent of their total imports. The total imports of South American countries from Germany in 1939 were 12.9 percent of their total imports. Those are the figures; but let me call the attention of the Senate to the fact that if we have any territory left in the world and if we are going to have any territory left in which to expand commercially or upon which to live, commercially speaking, South America and Canada are the only customers we can have.

Now let me mention a peculiar thing. On the export side, the 20 South American republics exported to Germany in 1939 6 percent of their total exports, while they bought from Germany 12.9 percent of their total imports, the balance of trade flowing to Nazi Germany. They exported to the United States 34.3 percent of their total exports, while they imported from us 40.1 percent of their total imports—a considerable difference in the percentage of the balance of trade.

The PRESIDENT pro tempore. The Senator's time on the amendment has expired.

Mr. MILLER. I will take time on the bill, Mr. President. I ask unanimous consent to have printed in the RECORD at this point the two tables to which I have referred.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Imports of 20 Latin American republics, totals from the United States, Germany, the United Kingdom, Japan, France, and Italy, 1939

[Values in thousands of United States dollars]

Country	Total United States dollars	From United States		From Germany		From United Kingdom		From Japan		From France		From Italy	
		United States dollars	Percent of total	United States dollars	Percent ot total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total
Argentina [1]	337,679	58,096	17.2	31,075	9.2	67,216	19.9	2,702	0.7	18,915	5.6	9,120	2.7
Bolivia [2]	24,237	6,063	25.0	2,687	11.1	1,419	5.9	1,059	4.4	329	1.4	256	1.1
Brazil	261,012	87,016	33.3	50,760	19.4	24,230	9.3	3,956	1.5	7,186	2.8	4,791	1.8
Chile	84,673	26,366	31.1	19,243	22.7	6,985	8.3	3,172	3.8	1,924	2.3	3,282	3.8
Colombia	104,536	58,170	55.6	13,361	12.8	10,977	10.5	182	.2	3,082	2.9	2,264	2.2
Costa Rica	16,885	9,925	58.8	2,982	17.7	667	4.0	857	5.1	220	1.3	282	1.7
Cuba [3]	105,862	78,381	74.0	3,391	3.2	3,065	2.9	379	.4	2,273	2.1	987	.9
Dominican Republic [4]	11,514	6,684	51.9	992	10.0	508	5.0	1,140	12.1	353	3.9	176	1.7
Ecuador	10,190	4,959	48.7	1,845	18.1	558	5.5	538	5.2	506	5.0	315	3.0
Guatemala	15,296	8,332	54.5	4,129	27.0	595	3.9	36	.2	213	1.4	266	1.7
Haiti [5]	8,181	5,093	62.3	462	5.7	910	11.1	195	2.4	419	5.1	75	.9
Honduras [6]	9,704	6,333	65.3	1,103	11.4	295	3.0	584	6.0	97	1.0	43	.4
Mexico [2]	121,592	77,389	63.6	15,629	12.9	3,523	2.9	1,522	1.3	5,135	4.2	2,593	2.1
Nicaragua	6,365	4,352	68.4	777	12.2	330	5.2	55	.9	165	2.6	33	.5
Panama	20,464	11,917	58.2	1,620	7.9	971	4.7	2,007	9.8	492	2.4	[2] 145	.7
Paraguay	6,625	643	9.7	775	11.7	512	7.7	856	12.9	118	1.8	176	2.7
Peru	48,344	19,857	41.1	7,112	14.7	4,066	8.4	1,515	3.1	1,714	3.5	987	2.0
Salvador, El [4]	8,500	5,000	58.8	1,445	17.0	680	8.0	----------	----------	275	3.2	[2] 400	4.7
Uruguay	32,687	1,716	5.2	5,347	16.4	5,991	18.3	876	2.7	786	2.4	2,105	6.4
Venezuela [2]	101,900	60,000	58.9	7,900	7.8	6,800	6.7	1,700	1.7	2,600	2.6	2,600	2.6
Total, 20 republics	1,336,246	536,292	40.1	172,635	12.9	140,298	10.5	23,331	1.7	46,802	3.5	30,896	2.3

[1] Argentine imports in "Tariff values."
[2] Estimated.
[3] Cuban peso taken as equivalent to United States dollar.
[4] Estimate based on 11 months' figures.
[5] Fiscal year ending Sept. 30.
[6] Fiscal year ending June 30.

Exports of 20 Latin American republics, totals to the United States, Germany, the United Kingdom, Japan, France, and Italy, 1939

[Values in thousands of United States dollars]

Country	Total United States dollars	To the United States		To Germany		To United Kingdom		To Japan		To France		To Italy	
		United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total
Argentina [1]	424,726	40,195	11.9	19,252	5.7	111,126	32.9	2,364	0.7	15,875	4.7	7,093	2.1
Bolivia	43,003	3,935	9.2	218	.5	27,859	64.8	516	1.2	9	.02	1	----------
Brazil	305,395	110,248	36.1	36,883	12.1	29,359	9.6	16,621	5.4	19,273	6.3	7,235	2.4
Chile [1]	138,368	42,207	30.5	11,636	8.4	17,003	12.2	2,449	1.8	6,527	4.7	5,166	3.7
Colombia	100,885	68,602	68.0	7,401	7.3	1,407	1.4	36	.03	3,156	3.1	1,328	1.3
Costa Rica	9,086	4,143	45.6	2,279	25.1	1,540	16.9	51	.6	80	.9	71	.8

Exports of 20 Latin American republics, totals to the United States, Germany, the United Kingdom, Japan, France, and Italy, 1939—Con.

Country	Total United States dollars	To the United States		To Germany		To United Kingdom		To Japan		To France		To Italy	
		United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total	United States dollars	Percent of total
Cuba [2]	147,676	111,190	75.3	1,471	1.0	17,983	12.2	122	.1	1,753	1.2	390	.3
Dominican Republic	18,643	5,051	27.1	387	2.1	5,876	31.5	73	.4	2,219	11.9	6	
Ecuador	11,360	5,579	49.1	777	6.8	424	3.7	440	3.9	744	6.5	248	2.2
Guatemala	16,985	12,003	70.7	1,948	11.5	[4] 50	.3	[4] 25	.1	[4] 100	.6	[4] 100	.6
Haiti [3]	7,268	2,502	34.4	228	3.1	1,372	18.9	5	.07	1,523	21.0	30	.4
Honduras [5]	9,867	8,949	90.7	191	1.9	180	1.8	22	.2	(7)		9	.1
Mexico [6]	176,523	131,046	74.2	9,700	5.5	1,314	.7	1,465	.8	2,923	1.7	2,210	1.3
Nicaragua	8,301	6,432	77.5	906	10.9	104	1.3	40	.5	169	2.0	5	.0
Panama	3,487	2,991	85.8	140	4.0	45	1.3			[4] 10	.3	[4] 5	.1
Paraguay	8,321	1,223	14.7	412	5.0	649	7.9	2	.02	146	1.8	30	.4
Peru	72,089	21,898	30.4	4,311	6.0	14,140	19.6	1,723	2.4	4,029	5.6	478	.7
Salvador, El [3]	12,000	8,000	66.7	1,000	8.3	120	1.0			[4] 150	1.3	[4] 200	1.7
Uruguay	50,683	7,027	13.8	6,150	12.1	9,365	18.5	917	1.8	1,930	3.8	3,044	6.0
Venezuela [7]	300,737	47,500	15.8	7,500	2.5	15,700	5.2	44	.01	3,500	1.2	2,200	.7
Total, 20 republics	1,865,403	640,721	34.3	112,790	6.0	238,613	12.8	26,915	1.4	64,116	3.4	29,840	1.6

[1] Values of exports to individual countries subject to revision upward when "to order" shipments are finally distributed.
[2] Cuban peso taken as equivalent to United States dollar.
[3] Fiscal year ending Sept. 30.
[4] Estimated.
[5] Fiscal year ending June 30.
[6] Partly estimated.
[7] Less than 500.

Mr. MILLER. I do not know whether this is or is not the answer to the problem; but I am firmly convinced—and this is why I think the bill ought to be enacted—that this Government must do something to bring about a closer commercial relationship with South America than has heretofore existed.

Where will we send our exportable commodities after the conclusion of the European war? Where will we find a customer after the war? Will it be among the countries which are overrun by Nazi Germany? If so, upon what terms will we trade? Will it be exclusively under a barter system, or will it be under some other system, dominated and dictated by Nazi Germany? That is the question which concerns me as a Senator. It is a question which I think the Congress must meet now.

I do not know who conceived the idea embodied in the measure before us, whether it grew out of the conference in Habana, whether it emanated from the brain of our Secretary of State, Mr. Hull, or whence it came; but I am not unmindful of the fact that there is a limitation on the credit of a government as on the credit of an individual. However, the war will end sometime, and when it ends there will be a chaotic condition which will make the depression through which we passed after the last war look like a chamber of commerce celebration unless we take every step we can take to prepare for it. If someone else has an idea, if anyone else has some other plan whereby we can make a better approach to the problem and whereby we can weld a better relationship, then he should bring it forth. Frankly, I am not wedded to the proposition suggested, but I am concerned with the general question and with its outcome.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MILLER. I yield.

Mr. TAFT. I merely desire to point out that the bill as I propose to amend it would retain the power of the Export-Import Bank to finance exports to South America, would retain the power to finance the development of strategic materials in South America, and would eliminate only the idea of lending on agricultural surpluses and promoting the general economic welfare of South American countries, which to my mind in no way would increase the exports of the United States to South America.

Mr. MILLER. I am familiar with the Senator's amendment. Ordinarily I would find no fault, let me say to him, with his amendment; but as I stated a while ago, not necessarily has Congress committed us, but our traditional national policy has committed this Government irrevocably to hemispheric defense. We cannot further that program if turmoil and strife, if civil warfare, insurrection, famine, and pestilence are rampant in the other countries of this hemisphere, because those are the conditions which produce revolutions.

I know it may be argued that we go far afield when we undertake to become the guardians of the South American republics. I do not argue that we should become their guardians. But we have heard a great deal about the "good neighbor" policy and a great deal about extending to neighboring countries a helping hand under trade treaties. If conditions should develop in South America which would make it imperative that their surplus products be held off the market in aid of orderly marketing, as an indirect aid to this Nation and to its agricultural producers, then I think we should have some agency with authority to handle that problem.

Mr. President, I realize that I have touched only the broader aspects of the bill, but I have given the Senate my views, and I think anyone who is aware of my inherent feelings about these questions knows that I have always been more or less committed to the doctrine of attending to our own business and letting other people alone. But we cannot long proceed on that theory, not because we would not desire to do so, but because of conditions and circumstances over which we have no control. If we wish to sit idly by and let the war end without having any machinery or implements with which to combat the commercial invasion of South American countries by Nazi Germany and Italy and their allies, we have that right; but I am willing to give to the Export-Import Bank the implements and the means provided by the proposed legislation to enable us to make an effort to stabilize conditions in the Western Hemisphere and make it easier for us as a people to maintain the Western Hemisphere way of life.

Mr. VANDENBERG. Mr. President, the able Senator from Arkansas [Mr. MILLER] has presented a question which emphatically deserves answer. Preparedness against the post-war economic combat is as essential as preparedness in a military sense against the immediate jeopardy. But if the able Senator from Arkansas thinks that he can lean upon the instrumentality now proposed to defend the economic life of the United States in the utterly terrific challenge which we shall confront economically in the post-war era, then I am afraid he is depending upon a broken reed.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. VANDENBERG. Very briefly. I should like to have my time.

Mr. MILLER. I merely wish to say that I appreciate the Senator's remarks, but I am not relying upon the proposed solution entirely. There are other problems which will tax the ingenuity and the intelligence of every man in the United States.

Mr. VANDENBERG. Oh, yes; and let me tell the Senator, from my humble point of view, some of the things which we should do in line with his hypothesis which we are totally ignoring and neglecting.

We certainly can never build a pan-American economic union, or provide for the adequate promotion of our own exports in this connection, through a mere lending bill. Lack of credit is one of the very minor obstacles now confronting the flow of pan-American trade. It will be one of the very minor obstacles involved in the post-war debacle to which the Senator referred.

Mr. Jesse Jones, who is our best authority on the subject, summarized, at page 92 of the hearings before the House committee on the pending bill, the things which are bothering the development of a satisfactory pan-American flow of trade. What are they? I quote Mr. Jones:

> Numerous import restrictions and exchange regulations have been imposed in most of the other American republics since 1930 and these have been accentuated in certain countries during the last 6 months in order to protect their economies in the face of serious curtailment of European markets as a result of the war. The several Latin American countries have utilized most, if not all, of the various types of trade controls now employed by nations which include, in addition to customs duties, exchange and quota controls, bilateral agreements, official valuations, export taxes, and export subsidies. All of these controls are not employed by each of the countries and some of the controls are enforced more rigidly and are more inclusive in certain countries than in others.

Mr. President, that is the type of complexity which is confronting us, and we in turn confront this multiplied challenge with a continuing fidelity first and with chief reliance on reciprocal-trade treaties based upon the unconditional most-favored-nation principle of international treatment, when of course there cannot be any unconditional most-favored-nation treatment on our part when our objective, as it should be, is to treat one part of the world in a different manner from that in which we treat the other parts. Yet, on the one hand, under the reciprocal program we are relying upon the untenable principle of unconditional most-favored-nation treatment at a time when we announce that our objective is the exact contrary—and it should be—and now it is proposed that we supplement it solely with a lending bill.

Mr. President, the most elementary prudence, as we confront the situation presented by the able Senator from Arkansas, would dictate the creation of a foreign-trade authority in this country, armed with all the powers necessary to deal with all the various phases of the problem which we confront, not only the complexities asserted by Mr. Jones in his testimony I have read, but in whatever other way the problem may develop.

At the present time our foreign-trade problem is dealt with in the State Department in one aspect, and in the Department of Commerce in another aspect. I think there are approximately 30 different bureaus of the Government dealing with our foreign-trade problems. At no point is there a concentrated responsibility for determining what instrumentality we should use in a given situation, what weapons we should forge economically to meet the threat to which the Senator refers. No one is charged with that responsibility, and, in my humble judgment, it is perfectly absurd to talk about meeting that enormous challenge by a mere bill to permit the Export-Import Bank to lend another $500,000,000 in pan-America. Until we create a Federal trade authority large enough and strong enough to meet every phase of the international challenge which we shall confront in the post-war economic conflict, we shall be as weakly prepared upon that front as we, unfortunately, found ourselves to be on the military front.

Lest the Senator from Arkansas think I am merely preaching without practicing, I refer him to the bill which I introduced in the Senate several months ago to create a Federal trade authority, which in turn can meet the problem which he presents to the Senate—a problem which can never be met in this world by any such inadequate contemplation as we are now asked to accept in the name of a complete answer to the jeopardy.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. MILLER. I wish to congratulate the Senator upon the work he is doing. I, for one, agree most heartily that we ought to have an agency to coordinate these problems, and to meet them.

Mr. VANDENBERG. Mr. President, it is necessary to have an agency not only to coordinate—and we certainly need that—but we must have an agency which can meet barter with barter, if that is the only way it can be done; to meet exchange with exchange, if that is the only way it can be done; to meet quotas with quotas, if that is the only way to do it. The mere creation of easy money for our good neighbors is no answer at all so far as the fundamental economic challenge is concerned.

Mr. President, so much for the present. So much for my feeling that the bill does not mount to the magnitude of importance which is assigned to it. The problem itself mounts to that magnitude—I concede that freely—and I join the Senator from Arkansas in saying that we must find a way realistically to meet it. The magnitude of the problem exists, but this answer is a very weak and relatively puny one. Nevertheless I should like to see this particular effort made, if it can be made with reasonable safety. But I would not want to see it made on the theory that we have answered the problem and that we can then forget it, because we will not have even started to commence to begin to get ready to meet the problem after the bill shall have been passed.

I should like to ask the Senator from Ohio [Mr. TAFT] the same question I asked him before the Senate recessed last night. I wish to be sure if his amendment is put into the bill that there still remains all the orginal powers of the Export-Import Bank to deal in credits to the extent of an additional $500,000,000 pursuant to the practices which the bank has heretofore followed.

Mr. TAFT. I may say that the amendment does not deal with that question. There is a question under the original bill whether or not the $500,000,000 can be used for the original purposes of the Export-Import Bank, and I have suggested an amendment to the Senator from New York [Mr. WAGNER] to make it perfectly clear that that $500,000,000 can be used for financing American exports. I so intended, but I think there is perhaps a slight question about it under the present language of the bill.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. WAGNER. I personally do not think there is any question but that the bill as it is now drawn increases the lending power of the Export-Import Bank from $200,000,000 to $700,000,000; that not more than $500,000,000 may be used for the additional authority given to the Export-Import Bank in this bill; and that all funds not so used may be devoted to the other functions of the bank in aiding American exports, under authority previously given.

Mr. VANDENBERG. Very well.

Mr. TAFT. I may say that if the Senator from New York is unwilling to amend the bill itself, I shall amend my amendment to meet the objection of the Senator from Michigan.

Mr. VANDENBERG. I thank the Senator from Ohio. Then we will make certain that we are confronting this problem. We can adopt the amendment submitted by the Senator from Ohio, and we can then pass the bill as thus amended, and will then have done the following things: We will still be making available $500,000,000 more for the development of pan-American economic unity, and for the adequate promotion of our own exports in this connection. We shall make one-half billion dollars available for the development of these contacts which are deemed so essential through the tried and proven methods of the Export-Import Bank which have thoroughly justified themselves up to date. In addition, the $500,000,000 will be available for use in the development of resources in pan-America which are defined by the President as—

> Strategic and critical materials or of resources and materials which are not produced in the United States in appreciable quantities and which are required for use in the United States.

In other words, after the amendment of the Senator from Ohio shall have been adopted, we still will have a completely comprehensive plan of pan-American aid through the Ex-

port-Import Bank. The only thing that then substantially will be lacking, Mr. President—and it is the only way that I know of that we can inject this limitation into this adventure—is that it will not be possible under the bill, as amended by the Senator from Ohio, to create an international cartel to handle all exportable surpluses of all the agricultural commodities of all the 21 republics in the western world. That was the original purpose behind the pending bill. The increased loaning power for the Export-Import Bank was born in connection with a scheme for the creation of an international cartel to control the exportable surplus in agriculture all throughout this New World, at the expense of the Treasury of the United States. Now we are told that plan has been abandoned.

Of course, it would have to be abandoned if there were any remote consultation with common sense. It would have to be abandoned if there were any consultation with our own experience, because, heaven knows, we have not yet discovered how to get out from under the fiscal responsibility involved in subsidizing our own exportable surpluses in agricultural commodities, and if under the terms of the bill we are to multiply the existing hazard to the extent of the problem as it rises in 21 other republics in the New World, and charge the account to the Treasury of the United States, the contemplation is simply fantastic. Yet that was the original contemplation.

Now we are told, I repeat, that nothing of the sort is intended. But, Mr. President, the whole original scheme can proceed without changing the dot on an "i" or the cross on a "t" so far as the language in the bill is concerned.

My sole purpose and hope is that, through the adoption of the amendment submitted by the able Senator from Ohio, we can release $500,000,000 of additional credit for the laudable purposes and objectives to which the bill is addressed, and yet be sure that we have saved ourselves from the utter monstrosity of an international cartel to control agricultural surpluses throughout the western world at the expense of the Treasury of the United States.

Therefore, Mr. President, I am supporting the Taft amendment, and I hope that the bill, as thus amended, may be adopted.

Mr. WILEY obtained the floor.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. BARKLEY. Mr. President, will the Senator from Wisconsin yield so I may suggest the absence of a quorum?

Mr. WILEY. I yield for that purpose.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Ellender	Lee	Russell
Austin	George	Lodge	Schwartz
Bailey	Gerry	McCarran	Schwellenbach
Barkley	Gibson	McKellar	Sheppard
Bilbo	Gillette	McNary	Smathers
Brown	Green	Maloney	Stewart
Bulow	Guffey	Mead	Taft
Burke	Gurney	Miller	Thomas, Idaho
Byrd	Hale	Minton	Thomas, Okla.
Byrnes	Harrison	Murray	Thomas, Utah
Capper	Hatch	Neely	Townsend
Caraway	Hayden	Norris	Vandenberg
Chandler	Herring	Nye	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Hughes	Pepper	Wheeler
Connally	Johnson, Calif.	Pittman	White
Danaher	Johnson, Colo.	Radcliffe	Wiley

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

STATEMENT BY SENATOR ASHURST

Mr. ASHURST. Mr. President, will the Senator from Wisconsin yield to me?

Mr. WILEY. I yield.

Mr. ASHURST. I have just sent—not at public expense, but charged to my personal account—the following telegram:

Judge ERNEST W. MCFARLAND,
Phoenix, Ariz.:

Heartiest congratulations upon your victory. You will make splendid Senator, and when Congress adjourns I shall come home to campaign joyously for you and the entire State ticket. I wish for you health, happiness, and political success.

SENATOR ASHURST.

About 7 o'clock this morning the telephone rang, and when I answered, a venerable lady who lived in Arizona more than 56 years ago spoke and said "Senator, I am distressed to see in the newspaper that you are defeated. What are you going to do for a living now?" [Laughter.] I said, "I may rest a year, and then practice law." She said, "Oh, are you a lawyer?" [Laughter.]

Coming to the Capitol in a taxicab, the young man who was driving said, "Senator, what are you going to do for a living now?" I said, "I think I shall sell apples." [Laughter.] He said, "What do you mean by that?" I replied, "Well, for almost 30 years I have successfully distributed applesauce in the Capitol. I ought now to be able to sell a few apples." [Laughter.]

I am sure some of my colleagues expect me to describe the sensation of defeat. The first half hour you believe that the earth has slipped from beneath your feet, that the stars above your head have paled and faded, and you wonder what the Senate will do without you, and you wonder how the country will get along without you. But within another half hour there comes a peace and a joy that would be envied by the world's greatest philosopher.

So much by way of camaraderie; and now, no longer speaking jocosely, I do not intend to trespass upon the time of the Senator from Wisconsin, or to take the time of the Senate or of the country to describe the means and the manner by which a child of the desert ascended the steep but glamorous acclivity to the Alps of fame. I am sure that my descent of the declivity will be as graceful and pleasant as was the ascent of the acclivity.

I say here in this presence that my ascent in politics and success in life were due to two great women. One was my mother, and the other my wife. Without their help and support I probably would have been nothing more than a cipher, with the rim removed.

How far my opposition to the peacetime draft influenced the electorate in my State I do not know; and, without being flippant, or defiant, I do not care. No man is fit to be a Senator and no man should presume to serve here unless he is willing at any time to surrender his political life for a great principle, for a vital thing in American liberty and stability.

We frequently hear the Senate criticized. Quite recently it was deplored that there had been a heated debate on the floor of the Senate. Mr. President, I welcome the heat of debate between Senators. It is a sign of freedom. There is no life in the still and dead waters. It was a singular and happy circumstance that about the same time the so-called heated debate occurred on the floor of our Senate a still more torrid debate was taking place in the British House of Commons, in which the Prime Minister, Winston Churchill, took part. Rolands were given for Olivers; there was thrust and there was riposte. Those are signs of a free people. Senators need not be disturbed by heated debates in the Senate or House. They are signs, signal smokes, evidences of a free parliament and a free people.

Moreover, Senators, you should not be disturbed by criticism of Congress. When the press or citizens generally criticize Congress, it is the sign of a free people. As I said once before, if one were a stranger to this planet, but understood somewhat human affairs, and he had made an excursion here to discover quickly and accurately what governments were free and what were despotic and autocratic, he would not look to the Treasury to ascertain what governments were free; he would not even look to the army or the navy. He would look to the parliament, the lawmaking body. If its members spoke freely, and said what they believed, and if the citizens who elected the parliament were free at all times to criticize the parliament or the congress, these would be the signs, the symbols, and the proofs of a free people.

We hear it said that the Senate is not so great now as it was in bygone days. Mr. President, after many years in the Senate I am prepared to testify that today the Senate is as great as it was in what we think of as the majestic past.

Webster, whose voice boomed like a golden bell hung in the canopy of the skies, could not be elected by any constituency today. I doubt very much if Henry Clay could be elected by any constituency today. Not even the great logician John C. Calhoun could be elected. Thomas H. Benton could not be elected today. The most imperious, and one of the ablest of all men who ever served in the Senate, Roscoe Conkling, who was elected Senator three times from New York, could not carry New York today. By a like token, not one of us could have been elected to the Senate in their day. Persons change, manners and philosophies change, although American principles remain the same.

Mr. President, I shall not waste any time on such miserable twaddle as to say that I ought to have been elected. A man only moderately versed in statesmanship, and with only a small degree of sportsmanship, is bound to admit that in a free republic, in a government such as ours, it is the undoubted right of the people to change their servants, and to remove one and displace him with another at any time they choose, for a good reason, for a bad reason, or for no reason at all. If we are to remain a free people, it is the duty of public servants not grumpily and sourly to accept the verdict of the majority, but joyously to accept that verdict; and I joyously accept the verdict of my party. But it would be hypocrisy and pretense for me to say that I do not regret leaving the Senate. Senators, I deeply regret that I shall not be here with you when you convene in January.

During these 29 years I have served with many different men. I had heated debates with some of them. Elihu Root, of New York, and I did not agree in our philosophies. I had heated debates with him, but to his dying day we were close friends. Senator Bailey, of Texas, was one of the most eloquent of all the orators ever in the Senate. We had heated debates, but to his dying day I cherished a fond affection for Senator Bailey, of Texas. The most heated debate I ever had in the Senate was with Bristow, of Kansas, but there was never a better Senator than Joseph L. Bristow, of Kansas.

Mr. President, this is not exactly a swan song, as I may take part in the discussion on the tax bill at the appropriate time, or on other questions which may come before the Senate before its adjournment, but I deem it not inappropriate to make these remarks.

To say that I am grateful to the people of Arizona for keeping me here in the Senate so long is but a feeble expression of my sense of gratitude. I am not only grateful to the people of Arizona for keeping me here so long, but I am grateful for that which they additionally did for me. I doubt very much if it was ever done for any other Senator. During my entire service they allowed me to do as I pleased and to say what I pleased. I should rather serve 1 week doing as I please than to serve 30 years doing what somebody else pleases. For the fact that the people of Arizona have allowed me to carry on as I chose I am duly grateful. As I said before, they have a right to displace a Senator for a good reason, a bad reason, or for no reason at all; and I should be lacking in frankness, I should be disingenuous if I failed to say that they probably had a fairly good reason for displacing me.

Mr. President, when I take my leave in January, I shall carry with me tender and precious memories of our associations here. In all my 29 years here I do not believe a single unkind word has ever been said of me by any Senator; and I am overwhelmed when I remember the thousands of acts of kindness, of courtesy, and of forebearance which have been extended to me by all Senators during my service.

I particularly am grateful to my colleague from Arizona, Senator HAYDEN. Fortunate is the State to have a Senator like the Senator from Arizona, CARL HAYDEN, and fortunate is a Senator who has a colleague from Arizona like Senator HAYDEN, industrious, brave, honest, and capable to a superlative degree. I feel that he is entitled to and should receive this public but all-to-inconclusive a tribute.

I shall always have for the Senate an inviolable attachment for its honor, its purposes, and its success.

A great many people unwisely imagine that the beauty and serenity of life inhere in office. No, Mr. President; royalty and honor do not necessarily inhere in cabinets, congresses, and courts; royalty and honor inhere in the citizen. Honor of itself does not reside in office; honor resides in the man. The great things of life are not signed and sealed before a notary public; they reside in honor.

When my present colleagues are here worrying about patronage, worrying about committee assignments, and about the scorching demands of constituents I shall possibly be enjoying the ecstasy of the starry stillness of an Arizona desert night, or viewing the scarlet glory of her blossoming cactus, and possibly I may be wandering through the petrified forest in Arizona, a forest which lived its green milleniums and put on immortality 7,000,000 years ago. Enjoyment and ecstasy arise in human life from the contemplation and appreciation of such things.

Many people, many good people, many Senators—and Senators we will admit are good people—are inclined sometimes to take a pessimistic view of our country's future. There are many reasons why we will survive when other nations have gone down. First, we may depend upon the justice of Americans, the dignity of mankind itself, and the dignity of mankind especially is noted in American life. In a material way we have the richness of the earth, of its soils, of its mines, and its forests and its minerals. We have the heritage of the inventions of all the past. We are the inheritors of the body, the corpus, of all the inventions of the past both in the art of government, and in science, and in industry.

Moreover, Mr. President, the American people have that transcendent attribute which I believe is superior to the other things I have mentioned—the determination to remain free. As William Allen White said in an article not 3 days ago, democracies cannot be extinguished by tanks and airplanes. The democratic spirit; that is, the spirit of freedom, is inborn, invincible, ineradicable in the true American.

In 1831, 109 years ago, a brilliant Frenchman toured the United States. We were not opulent then; the great monuments of architecture, of art, and the temples of religion, of industry, of learning, of mammon were not then erected. His name was De Tocqueville. When he returned to France he wrote, as all Frenchmen do, brilliantly, and in one of the concluding paragraphs of his book he said:

> During my journey throughout America I sought for the secret of the genius and the greatness of America; I sought for her genius and greatness and growth and glory in her rich soils, in her rich mines, her great forests, her fallow fields, her ample rivers and noble harbors, but I did not discover it there. I further sought for the reason for her growth and her glory and her genius and her greatness, and I found it in her matchless Constitution; I found it in her schools, churches, and homes, ablaze with righteousness. It was there in her Constitution, in her homes, in her schools, in her churches, that I found the true secret of the source of America's genius and greatness.

So it is, fellow Senators. America is great because she is good. When America is no longer good, she will no longer be great.

In conclusion, our country is fortunate in that we have inherited all in history that has gone before us. America does not belong to the past, as some pessimists would have us believe, America belongs to the future. Every American citizen is entitled to say, "Mine is the glorious past, mine is the shining future." I, for one, decline to believe that as a Nation or a people we are losing any of our vital inspiration. I believe that we are still clinging to and will continue to cling to the stern old virtues that made America great and strong, for this system of American government is a precious distillation of art and of truth more romantic than imagination can conceive or fiction can invent.

Mr. WILEY. Mr. President, next January when we again meet in this Chamber, there will be a presence missing, but our friend and comrade, Senator ASHURST, will not be absent from our hearts and minds. We know the distinguished Senator has not gone down to defeat. Napoleon himself said that no one goes down to defeat except he who accepts it. The Senator from Arizona does not accept defeat. Mr. President, as a Republican Senator and one of the novitiates in the Senate, I can say that the distinguished Senator has my love and respect and affection. We will miss him for many reasons. He never rose in the Senate that he did not give an idea that made us better for what he said. He always thought straight and clear. The Senate can ill afford to lose his philosophy,

his equanimity, and his smile. He has built his house not on the sand but on the rock—the rock of service, high thinking, and fine living.

We know, Mr. President, that as he goes out from here he will continue to give his fellow men the benefit of his way of life. He will continue to serve his fellow men. We know not what direction such service may take, but we do know it will be constructive and helpful to his fellows. If he were to continue to give the message to America that he has been giving ever since I came to the Senate—a message of cheer, of courage, of fearlessness—America would be stronger and healthier, financially, morally, and spiritually. His life exemplifies the words of Browning that—

Life has meaning and to find its meaning is my meat and drink.

Senator ASHURST has been a seeker for truth, for more light. The loss of office will not unbalance him. He knows there are "more worlds yet to conquer"—more adventure up ahead.

I believe that he will go out of office with a smile on his lips accepting the challenge that tomorrow presents, and he will continue to fulfill in the highest way his obligations to the Government in this crucial period which we face. We wish him continued health, joy, and prosperity.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment reported by the committee.

Mr. WILEY. Mr. President, Senate bill 4204 to provide for increasing the lending authority of the Export-Import Bank of Washington opens new doors economically and politically through which Uncle Sam is asked to step. Under this administration we have stepped out into many blind passages. Here is another opportunity for "adventure in the red," for "a rendezvous with destiny"—lending and spending.

Mr. President, we are told by the Senator from New York that this bill is an essential part of our total-defense program and will give us an opportunity to prove again our good-neighbor policy.

A famous Frenchwoman once said, "Oh, liberty, what crimes are committed in thy name." We might paraphrase that statement and say, "Oh, total defense, what crimes are to be committed in thy name."

The pending bill proposes to give the Export-Import Bank an increase of $500,000,000 in its capital stock, $500,000,000 of the people's money from the R. F. C. What for? To loan to South American countries and banks. The distinguished Senator from New York says, "it confers authority broad and flexible." That is true.

The American people have two and a half billion dollars in defaulted South American bonds. The excuse for the default is given by the distinguished Senator from New York; and I ask Senators to read his great speech for it was a great speech. He therein pictures a condition which should cause us to pause before repeating this "high adventure," and I repeat what I said, putting $500,000,000 more into South America. Are we throwing more good American dollars after bad ones, Mr. President? What does this policy lead to? Let us see.

The first objective, as outlined by the distinguished Senator from New York, and which the bill contains, is to develop our trade with South America. We are told that this will develop our trade. That sounds good. We want more trade. We heard an exposition today by the distinguished Senator from Arkansas [Mr. MILLER], giving us some figures. I say, this sounds good, but how develop our trade is the question? Loan money to South America so that she can buy our goods we are told. We did that before, and we have two and a half billion dollars of their I O U's. South America learned that lesson from "the boys" over in Europe. We have from Europe billions of their I O U's. They borrow and pay not.

Does this policy create sound commerce? That is the question. Even if we assume that loaning results in their taking our money and buying our goods, does it create sound commerce? Does it build for good relationship? Stop and think that one over: Does it build for good relationship, or is America just being made a sucker?

I can give away my own money which I have in my pocket, and which belongs to me, but can I, as a trustee, a public servant, give away Uncle Sam's money? That is what loaning money to South America will amount to.

The second objective claimed is that the passage of this bill will provide a means of getting strategic materials. I am strongly for that result. Therefore we should adopt the Taft amendment, with the amendment suggested to it today by the Senator from Michigan [Mr. VANDENBERG]; but let me say, Mr. President, that we can get strategic materials any time by buying them and paying for them; so there is not a great deal even to that argument.

The third objective of the bill, according to the Senator from New York, is to aid in the orderly marketing of Latin American surpluses, because, as it is said, "The threat of totalitarian infiltration is very real." That was demonstrated today by the Senator from Arkansas [Mr. MILLER], too—that Germany has gotten a hold, he calls it a strangle hold, on South America. I cannot concede the strangle hold, but I know Germany is down there. We know that. This argument of marketing South America's products also sounds very good, but a keen analysis of it will show that it is not so good. It is just like many other of the fancy ideas of the past 7 years. Are we to drag America into becoming Santa Claus for the cotton, sugar, wheat, and meat producers of South America? Let us ask ourselves that question. Let us be realistic about it. We have done that for our own people; but are we going to tax our people, are we going to take money from our own people now, to attempt to step into South America and become Santa Claus down there?

The PRESIDENT pro tempore. The time of the Senator from Wisconsin on the amendment has expired.

Mr. WILEY. I will take other time on the bill, Mr. President.

Let us be practical. If we have all the gold in the world, none of the countries can pay in gold except ourselves. The other countries can pay in goods. We can buy South American coffee, tin, and other noncompetitive goods, and South America can, with the money she gets and the credit she can obtain, buy what she needs of our goods; or we can do a little bartering between us.

The fact of Germany's infiltration of South America is established. The distinguished Senator makes out a good case in that respect, in that he establishes the fact of the infiltration; but I ask—and this is the real question—Can we meet this infiltration by America loaning money to South American nations? I answer that question, "No."

How, then, can we meet the danger of German domination in South America caused by this infiltration?

The argument made on this floor is that we can meet that problem by loaning $500,000,000 to the South American banks and to the governments of South America. I say that cannot be done. That sort of thing has not even solved similar problems in our own country. What should we do, then?

First, let us use a little horse sense. Let us say to South America, "We expect you to pay the honest obligations that you owe in this country." Let us get down to brass tacks, so they will know that when we deal with them we are not making gifts.

Second, let us infiltrate South America with Americans who know the languages of South America. Let us educate our youth to speak Spanish and Portuguese. Let the youth of this country go down there and speak the languages of South America. Let them go down there and help South America. Let them go down there and deal honestly and fairly.

Third, let us exchange scholars and professors and ideas with South America.

Fourth, let us start traveling to South America. Let the tourists of North America go down there and spend their money seeing that great country, and learning what South

America has to show to them; and let these tourists show their appreciation of South American culture and customs. Let them become acquainted with South Americans, and let them become friendly with South American people.

Fifth, let this Government and its agencies cooperate in every way to offset Nazi propaganda, methods, and domination. But, Mr. President, let us not try to buy friendship. That never can be done. You and I have never succeeded in buying friendship. If we seem to gain friendship by buying it, the friendship is not real or lasting or genuine.

But I hear someone say, "Something must be done." Yes; something must be done. What?

(a) South America herself must immediately awaken to her own danger. Every country has a right to expel and should expel every person who is plotting her downfall; who is a "fifth columnist," or who settles in the country and will not swear allegiance to her flag. Every country has a right to expel such a person.

(b) South America should, and we should, foster the idea of creating one or two strong nations in South America, several or even one United States of South America.

(c) We should lend her our experts in business and science and government and defense. Yes; we might even leave a few of those experts down there permanently. We can get along without some of them.

South America should belong economically to South Americans, and not to Europeans. South America should belong politically to South America, and to no other nation.

Mr. President, I desire to compliment the Senator from New York [Mr. WAGNER] on a great speech. As I said, I read it over again last night. I might say, paraphrasing the words of a great Roman, "Almost thou persuadest me" by thy picture of the situation in South America. If the money it is proposed to lend were my money, I might even chance it, but it is the people's money that we are asked to lend and spend, and, Mr. President, in my opinion, showing the situation which exists in South America does not prove anything. It does not show that lending this money will solve the problem. In other words, there is nothing to show that lending this money would remedy the evil or would bring about the desired result. This $500,000,000 would be just a drop in the bucket. We should be asked, I believe, to pour more and more millions into this rat-hole.

I believe the use of this money is not the way out of the dilemma. Spending the money, or lending it, would prove to be just another palliative. The mere profligate use of money, as this administration has demonstrated time and time again, is no curative. It leaves the patient worse off than before.

Let South America demonstrate that American capital is safe there and American private capital will flow to South America. Let us provide for our own people here, as suggested by one of the Senators today, not by any guardianship—that weakens an individual or a people—but by raising the income of America. Give the farmers of America an increased purchasing power. If we could increase it so that each of them had $500 more to spend, we should see the economic life of the United States made healthy.

The mirage of foreign trade—and it generally averages only about 5 percent of our total trade, and 2½ percent of that is noncompetitive—is leading us out into the desert. I hope we shall be able to find a spring out there, but it is dangerous to tread those hot sands and not know where we are going.

As the Senator from Michigan says, the lending of money is a broken reed on which to lean. Foreign trade in the post-war period will indeed be a poor staff on which to lean.

Build America strong, build her strong within her borders, and we will be able to meet the post-war era with chins up, even as the distinguished Senator from Arizona is meeting his situation with chin up, with a smile on his lips, with victory in his heart, and knowing that life ahead is rich.

Mr. President, I ask to have inserted in the RECORD a very illuminating discussion of the Latin American economic problem found in a recent issue of the bulletin of the National City Bank of New York, dated September 1940.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

LATIN AMERICAN ECONOMIC PROBLEMS

Measuring the results against what it set out to do, the Pan American Conference held in Habana, July 21 to 30, is entitled to general acclaim. The chief object of the conference was to provide against the possibility of a victorious Germany seizing British, French, or Dutch possessions on this side of the Atlantic. The United States made proposals, but the agreement reached was in the fullest sense a joint expression embodying the views of other countries. It took the form, first, of a solemn pact to counter with joint action, or independently if necessary, any projected transfer of sovereignty over the territories held by European powers in the American hemisphere; and it included a 19-point convention which covers the steps to be taken, details of the provisional administration of such territories, and their final disposition. This swift agreement, which gives the Monroe Doctrine a stronger continental backing than it has ever before had, is evidence that statesmen and public opinion of all countries are united upon questions involving territorial integrity and security.

Secondly, the conference agreed upon a declaration on inter-American economics, providing especially for study and action on the emergency problems created by the war. The economic declarations are less definite than the political pact, but no more was practicable or expected. An attempt to devise cooperative measures to cover contingencies which are still vague would have been futile.

SOUTH AMERICA'S TRADE INTERESTS

The fact that political problems could not be considered without reference to economic problems is obvious. The South American countries do not wish to sever or weaken valued trade relations, and they are more dependent upon foreign trade, and upon Europe, than the United States. They normally export 30 to 50 percent of their production. In peacetime years half of their exports have gone to Europe and half of their imports have come from Europe. Many of their major products are also major products of the United States, with which we are heavily supplied, and there is no natural market for them here.

Furthermore, South American exports worth $490,000,000, and representing 31 percent of the total, went to the European Continent, as shown by the table following. The war and the extension of the British blockade have virtually destroyed this trade. Exports to Great Britain and the United States have increased; nevertheless, surpluses of some commodities have piled up, with depressing effects upon markets, and unless conditions change before the next crops are harvested the situation in other commodities will be critical.

Distribution of South American foreign trade

IMPORTS

[All figures in millions of dollars; 1936-38 average values]

	Western Hemisphere		Europe		All other countries	Grand total
	United States	Other	United Kingdom	Continent[1]		
Argentina	66	40	86	153	67	412
Bolivia	6	7	2	6	2	23
Brazil	68	50	33	116	24	291
Chile	24	11	10	33	9	87
Colombia	40	2	14	26	3	85
Ecuador	4	1	1	5	1	12
Paraguay	1	4	1	2	1	9
Peru	18	7	6	18	5	54
Uruguay	7	10	10	17	11	55
Venezuela	42	1	7	26	4	80
Total	276	133	170	402	127	1,108
Percent	25	12	15	36	12	100

EXPORTS

Argentina	59	55	172	220	32	538
Bolivia	3	1	26	9	----------	39
Brazil	117	22	32	125	26	322
Chile	29	4	29	44	[2] 45	151
Colombia	54	6	1	22	12	95
Ecuador	5	2	1	5	1	14
Paraguay	1	4	1	2	----------	8
Peru	19	16	18	22	9	84
Uruguay	8	10	18	27	7	70
Venezuela	36	[3] 180	11	13	----------	240
Total	331	300	309	489	132	1,561
Percent	21	19	20	31	9	100

[1] Excluding Soviet Russia.
[2] Chiefly nitrate of soda and iodine shipped for unspecified destinations.
[3] Chiefly petroleum shipped to Curaçao and Aruba (Dutch West Indies) and exported to the United Kingdom and Continent.

Supplies of foreign exchange (particularly dollars) available to the South American countries to pay for imports and meet other requirements are diminishing. It has been calculated, for example, that each decline of 1 cent per pound in coffee reduces Colombia's available foreign exchange at the rate of $5,000,000

annually, and coffee has dropped about 4½ cents in a year. Colombia has borrowed $8,000,000 from the Export-Import Bank at Washington and restricted nonessential imports to a minimum. Venezuelan oil exports have been disappointing, and the ending of a barter agreement with Germany has reduced exports and compelled her to find free exchange for the corresponding imports. The same situation affects Chile. Brazilian coffee shipments have fallen and the sale of cotton is slow and uncertain. The details differ, but all the countries are affected. Some thought they would benefit temporarily from war trade, but in fact the inescapable losses due to the war are being incurred now.

These are facts which were bound to be of chief concern in a conference dealing with American-European relations. The Latin American nations are unanimous in wanting security. Individually they also want to preserve their trade. Their international policies must take trade into account. The United States, whose policy is to promote a free world trade, cannot be other than sympathetic with their difficulties.

DECLARATION UPON INTER-AMERICAN ECONOMICS

The economic declaration made by the conference properly recognizes that the problem includes two distinct though related parts. First, it states that the American nations maintain their adherence to liberal principles of commerce, and that they propose to apply these principles to their mutual relations as widely as circumstances permit, and to all their commerce as soon as non-American countries are disposed to reestablish them. It will be appropriate to refer to these declarations after the war. They constitute a clear statement that so far as the preferences of the American countries go they are indisposed to barter and the equivalent totalitarian methods of which they have had experience.

The second part of the problem, the disruption of South American exports by the war, is concrete and urgent. The declaration calls for amplification of the activities of the Inter-American Economic and Financial Consultative Committee, created at the Panama Conference last fall. It charges this Committee to study measures whereby living standards can be raised, internal consumption of export products increased, and interchange among the American nations advanced; to create instruments of inter-American cooperation for warehousing, financing, and transitory disposition of surpluses; to formulate programs for the distribution of surplus products as humanitarian measures; and for promoting economic development with suitable financial aid.

These recommendations are all appropriate and in principle noncontroversial. Meanwhile President Roosevelt has asked Congress for legislation making an additional $500,000,000 available to the Export-Import Bank, to enable the bank to make loans to governments and governmental agencies of other Western Hemisphere countries. The President's request was made during the conference, and was a commitment as to the administration's attitude, although naturally not binding on the Congress. One of the several purposes of the proposal, as expressed in the President's message, is to finance indirectly the "handling and orderly marketing of some part of their surpluses." The bill at this writing has passed the House of Representatives and is expected to become law.

ROLE OF THE UNITED STATES

The role to be played in economic affairs by the United States, whose paramount interest is in defense and security, is one for the gravest consideration. The first question is whether this country, accepting the President's leadership, should help in dealing with the immediate difficulties. While of uncertain duration, the emergency is obviously temporary, inasmuch as European needs for the food and supplies which are piling up on this side of the ocean will some time be immense. This is one justification for support to bridge over the period of disruption.

Second, the economic situation in the United States is affected. Pressure to sell products competitive with ours, which formerly went to the Continent, depresses our markets, as witness the sharp decline in hide prices, from 13½ cents on May 10 to 9¾ cents, due to weakening of the Argentine market and larger imports into the United States. Lead prices are down, due to excessive Mexican and Peruvian supplies. The loss of exports to Europe diminishes the ability of South American countries to buy goods here, since they have normally covered part of their payments to the United States by converting the proceeds of sales to Europe. At the same time the proceeds of exports of certain commodities to Great Britain, notably Argentine and Uruguayan meat, by agreement have been blocked in pounds sterling, usable only in Great Britain, which reflects the British necessity to conserve foreign exchange. Inability to convert these British funds into dollars prompted Argentina in June to arrange a credit of $20,000,000 with the Export-Import Bank.

In the third place, defense of a hemisphere is a common enterprise. The United States asked from the conference only cooperation in the common interest, and sought nothing for itself. The Latin American countries have confidence in Secretary Hull, and have learned that this country has no imperialistic aims and will take no selfish advantage of their necessities. Manifestly, however, if the United States contributes financial aid it is better able to ask for equivalent contributions to defense. Negotiations are in progress for naval bases in British possessions. Whether the use of bases on the continent of South America would be advisable is for the general staffs to decide, and we do not presume to offer an opinion. The question may be typical, however, of those which come up as defense is explored.

These are the arguments for the Export-Import Bank proposals. There is also much to be considered on the other side. Even though the United States has interests at stake, in the long run each country must bear its own losses resulting from the war; and for the most part it appears that each South American country desires to make its own adjustments and minimize its losses in its own way, appealing only for such financial assistance as will spread the burden over a longer time. As a general rule resort to loans for economic relief is simply taking the path of least resistance. Loans open no new markets to the borrower, they add to his burdens for the future, and in the long run they are likely to bring him little benefit.

The United States has had experience with loans to support commodities, and the best that can be said of them is that the need tends to become perpetual unless production is concurrently controlled. It is not to be expected that independent countries will allow their production or trade policies to be governed by an outside authority. Plainly they are the business of each country. Many of the South American countries are already making loans out of their own resources, and controlling supplies for market in one way or another.

PROPOSALS TO PURCHASE COMMODITIES

It has been proposed also that the United States should purchase appropriate quantities of commodities which can be used here, though not now needed, and carry them as a reserve; and probably more will be heard of this proposal. It might apply, for example, to Chilean nitrates, which are fertilizers and are needed to make explosives; to Argentine wool and hides, of which this country is regularly an importer; to Peruvian long-staple cotton, replacing Egyptian cotton here; and to a considerable number of less important commodities which this country regularly imports.

It must be recognized that any purchase plan would involve dangers. Unless favored by unusual good fortune, losses would probably be incurred. Any effort to withdraw surpluses from markets tends to stimulate overproduction and lead to still larger surpluses. The stocks withdrawn, if their disposition is uncertain, are an incalculable and disrupting element in normal trade. Moreover, a commitment by one country for the benefit of another may be interpreted as implying commitments for the future and considered a form of subsidy that cannot be withdrawn without repercussions.

These hazards make it plain that any program of purchases should be clearly and definitely limited as to time, as to the quantities of commodities involved, and as to the prices fixed; and that the disposition of the stocks in orderly manner should be provided for. The governing principle should be that the market support should bridge over a temporary situation and should not be construed as a substitute for natural trade.

If a purchase program could in fact be arranged within these limitations, it appears from the figures that a great deal of aid in the emergency could be given with comparatively small sums. Calculating the average exports of Chilean nitrate, for example, at 1,600,000 tons, a contract for 400,000 tons would make up for most of the possible loss of sales for the year 1940 and would support normal operations in the nitrate industry. The cost in Chile at $12 a ton would be $4,800,000.

Purchases of wool would run to considerably higher totals, if lost European markets were to be wholly compensated for; but this country is normally an importer of wool, and possibly could increase its consumption of Argentine carpet wools in place of oriental wools now inaccessible. The same comments apply to hides, cocoa, and long-staple cotton, and the amounts that would give relief would not run to many millions. In coffee substantial sums (perhaps $25,000,000 to $30,000,000) would be required to absorb the major part of the 5,250,000 bags of Brazilian coffee and 750,000 bags of Colombian coffee normally exported to the Continent, and the disposition of the stocks acquired would present difficult problems. The coffee surplus is chronic in Brazil, however, and for years has been dealt with locally.

What the United States could do with the huge surplus of Argentine corn is not clear, since we have a corn-surplus problem also; the Argentine Government is lending growers 15 cents a bushel to keep corn on the farm. Argentine wheat and flaxseed present no great difficulties at present, as stocks are not abnormal. The next crops, however, will come to market with very unfavorable prospects if the war continues.

We lack space for further elaboration of the facts in each commodity market. It is sufficient to say that the situation as it now exists requires no grandiose scheme for its alleviation. Nor are the amounts of money needed for storage and orderly marketing as large as many people have assumed. It remains to be seen how far they are beyond the means of the countries concerned, and whether the requests for assistance from the United States will mount to large sums, as compared with other government spending for economic relief. One thing is certain: The greater the scale of proposed assistance the more likely it is to be wasteful and empty of ultimate benefit.

The cartel proposal, by which Latin-American commodities normally exported to Europe would have been impounded in a huge pool financed by the United States, which would have controlled their sale, has perished unregretted. The proposed obligations to be assumed by this country were excessive and the plan probably unmanageable; and to the Latin Americans the surrender of authority over their trade was objectionable. With the nature of post-war trade undefined, and the feared totalitarian threats

still wholly in the realm of surmise and speculation, it would be premature to begin combating them by setting up pan-American totalitarian measures.

APPROACHES TO A BROADER TRADE

Two fundamental facts underlie trade relations between the United States and Latin America. One is the general truth that all trade must be two-way in character. The other is the fact, already pointed out, that many products, particularly of South America, are competitive with rather than complementary to United States products, and that the major trade of their producers therefore is with Europe. Efforts to increase pan-American economic solidarity must be in harmony with these facts.

Three lines of approach may be suggested. One is that increased standards of living everywhere in the hemisphere would absorb more of the raw materials in which the surpluses exist. Greater industrialization would raise living standards in South America, and improved roads and other communications would enlarge the internal trade. The United States, which has management, technical ability, and capital goods to export, can aid productive economic development, and in the present situation opportunities for sound capital investments and intermediate term loans, by the Export-Import Bank or private interests, are less likely to be overlooked than ever before.

The second approach is the development in Latin America of new products not competitive with United States products, and expanded output of articles which we now draw from more remote sources. The number of commodities with possibilities for development is long, but the possible volume with some exceptions is small, and progress is necessarily slow.

The third approach is to determine whether more Latin American products, although competitive with American agriculture or industry, could be admitted into this country without disrupting domestic production to an extent that would offset the general benefits. It cannot be said too often that closer economic relations must begin with larger imports from Latin America. The larger exports would follow.

There is no over-all or quick and easy solution to the problem. Natural and well-developed trade relations can shift only gradually and in response to patient, careful, and mutually sympathetic effort. But if the American nations approach the problem in that manner they unquestionably will find that they are dealing not merely with a possibly critical situation, but with a great opportunity.

Mr. GILLETTE. Mr. President, I believe no one can seriously find fault with the announced and, of course, the real purpose of the pending legislation. I believe there is no American who has given serious consideration to the subject of the future control of South American and Central American trade who is not thoroughly disturbed over the possibility that the expansion of our trade in that direction is seriously jeopardized by infiltration from abroad. But the question of the desirability, the merit, or the attractiveness of a goal is no excuse for choosing a route to reach that goal which has no justification.

I wish to call attention to the steps by which we have reached the point of considering the particular proposal now before us, and I wish to say, as a prelude, that I cannot support the proposed legislation unless the amendment offered by the Senator from Ohio shall be adopted and added to the bill.

Mr. President, in 1934, under the authority of the National Industrial Recovery Act, section 2, the President of the United States issued Executive Order No. 6581, setting up the Export-Import Bank, and he used this language:

> For the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country and agency.

The purpose, as developed by the National Industrial Recovery Act, was to furnish an agency, a tool, and an instrumentality through which the United States might possibly recapture some of the foreign markets for our surpluses, particularly agricultural surpluses, which had been ruthlessly thrown away. We have been utilizing that agency and that power to extend loans for the purpose of negotiating contracts for the marketing of American products and the exchange of our products in foreign markets.

In 1935, in section 713 (b), Title XV of the United States Code, the Congress of the United States gave legislative approval to the Executive order which the President had promulgated, and this statutory enactment repeated, almost word for word, the purposes set forth in the President's proclamation. I read from section 713 (b). Up to the period June 30, 1941, the two Export-Import Banks were given this general banking authority—

> For the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and foreign nations.

There has been only one purpose at any time, and that was to furnish the funds which might enable us to negotiate contracts with foreign nations for the sale of our products, and again recapture the foreign trade. But what is the pending bill, what is the proposal? Is it to facilitate the trade of the United States? Oh, no. It is proposed "in order to assist in the orderly marketing of products of the countries of the Western Hemisphere," which is an entire change of purpose, having no reference whatever to the idea that we through this agency might furnish money to enable us to negotiate sales of our products. It is to enable the foreign nations in the Western Hemisphere to market their products. With us? No. Where? Most of their products are competitive with ours. We do not want them here. Most of them are competitive with our agricultural surpluses.

There is not one word in the pending bill which would prevent the money loaned to any nation in the Western Hemisphere from being used to promote marketing their surpluses in the world markets in competition with us, and thus taking our markets away.

Everyone knows the situation as to agriculture in the United States. Everyone knows the distress in which we have found ourselves because of the backing up of our agricultural surpluses through the destruction of our foreign markets; yet it is proposed that the agency by which we are seeking to recover those markets shall now be subverted into an agency which could be utilized against us.

I adverted to this matter yesterday when the distinguished majority leader was speaking, and I asked him whether there was anything in the measure as proposed which would prevent the use of the money to be loaned for financing the sale of agricultural surpluses of the country to which a loan might be made, in competition with us, and the distinguished Senator said:

> It is inconceivable to me that the Export-Import Bank would make loans * * * primarily and exclusively in order to enable that country to market its products in competition with ours.

The distinguished chairman of the Committee on Banking and Currency, the Senator from New York [Mr. WAGNER], rose and stated also, adverting to Mr. Jones' testimony, "Whatever contract is made will protect American agriculture."

Of course, that is true. A request for one of these loans would be submitted to the President, under terms laid down by Mr. Jones, or whoever might be in charge, and it would be made on the approval of the President; but the time has long since passed when, in my opinion, it is justifiable for the Congress of the United States to leave to the tender mercies and consideration of any individual the contract and conditions under which the public finances may be expended and disbursed; and that is what is proposed. By the amendment pending, or additional amendments, we can so secure ourselves that the money may not be so used.

We hear reference made to the infiltration of Germany into the markets of South and Central America. There is not a word in the bill which would prevent the money loaned to Brazil, or the Argentine, or Chile, or San Salvador, or Honduras, being used in financing the sale of their products to Italy or Germany. It would have to be protected against, as stated by the eminent Senator from New York, in the contract itself. But we are asked to enact legislation which would make us absolutely dependent on the wisdom, the justice, and the dependability of the countries with which we would be dealing. I would be the last person in the world to question them in any way, but I do question the wisdom of the United States Congress refusing to protect the agricultural interests and the industrial interests of this country, when we pass legislation placing in the hands of any man,

I do not care who he may be, the right to lend our money under such terms as may be laid down, money which could, under the terms of the legislation we are passing, be utilized to finance the sale of products in competition with our own in the markets we are seeking to reach.

Because of the reasons I have given, I cannot support the bill unless it shall be amended as I have suggested.

Mr. WAGNER obtained the floor.

Mr. McNARY. Mr. President——

Mr. WAGNER. I was about to suggest the absence of a quorum.

Mr. McNARY. I rose for that purpose also.

Mr. WAGNER. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BURKE in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Ellender	Lee	Russell
Austin	George	Lodge	Schwartz
Bailey	Gerry	McCarran	Schwellenbach
Barkley	Gibson	McKellar	Sheppard
Bilbo	Gillette	McNary	Smathers
Brown	Green	Maloney	Stewart
Bulow	Guffey	Mead	Taft
Burke	Gurney	Miller	Thomas, Idaho
Byrd	Hale	Minton	Thomas, Okla.
Byrnes	Harrison	Murray	Thomas, Utah
Capper	Hatch	Neely	Townsend
Caraway	Hayden	Norris	Vandenberg
Chandler	Herring	Nye	Wagner
Clark, Idaho	Hill	Overton	Walsh
Clark, Mo.	Hughes	Pepper	Wheeler
Connally	Johnson, Calif.	Pittman	White
Danaher	Johnson, Colo.	Radcliffe	Wiley

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Ohio [Mr. TAFT] to the amendment reported by the committee.

Mr. TAFT. Mr. President, I wish to say only a few words before the vote is taken on the amendment.

The distinguished majority leader yesterday, in arguing for the bill, made the statement that:

> One of the reasons why Great Britain is now in her dire distress and extremity is that the people of Great Britain were more anxious to balance their budget and to keep down taxes than they were to prepare for what is now happening.

I do not agree with that statement. While the British people undoubtedly made a tremendous mistake in not preparing adequately, I doubt very much whether it was any financial consideration which brought about that result. It is traceable to the international agreements, and to the ideas of the League of Nations. I should say that the statement that Great Britain's desire to balance her budget brought her into her present condition, is wholly erroneous.

I object very strongly to the implication which will inevitably be drawn from the position of the majority leader. Even if that assumption were true, it is argued that since England is unprepared, therefore we should forget our own Budget, and pay no attention to the ordinary rules which should govern the fiscal administration of a government. It is argued that we must accept any expenditure that is proposed under the label of defense. It is argued that we must accept any measure that is proposed as part of the defense program, whether it violates the fundamental principles of our Government, deprives men of liberty, or gives arbitrary power beyond anything heretofore contemplated. I object very strongly to the implications of the Senator's argument. Because a measure is alleged to be in the interest of defense, it may not necessarily be so. We still have an obligation to examine each expenditure, and determine whether that expenditure is really effective to accomplish the purposes it is supposed to have. In fact, it is all the more important that we do so, or we may wake up to find ourselves not only bankrupt, but without the kind of defense measures we really need. It is all the more important that we hold our measures as much as possible within the principles of American Government, or we may wake up to find ourselves overwhelmed by a form of totalitarian government without any attack from Europe.

I should not oppose this particular measure if there were any evidence whatever that it would supply additional strength in defense against possible attack from Europe; but I submit that it is completely hopeless for us to attempt to stabilize the economies and raise the standard of living of foreign countries. I submit that it would be worse than useless to attempt to hold South American surpluses off the world market; that it would actually make those countries weaker in meeting any possible threat of German aggression in the future; that it would subsidize competition against our own producers and result in the same complete collapse of prices which has followed every international cartel.

Finally, in my opinion, the policy of loaning money to other nations is bound to result ultimately in the loss of the money, and, above all, in the loss of the very good will which we are attempting to buy. The best possible way to alienate a good neighbor is to lend him money.

I doubt very much whether the South Americans themselves are anxious to secure loans. We have no evidence that they have ever applied for any. I should like to read a statement by Jose Maria Cantillo, former Foreign Minister of the Argentine, reported in a dispatch from Buenos Aires in the Washington Times-Herald of yesterday. Regarding loans from America, he said:

> "Argentina is not at war and there is no indication that she will ever go to war," declared Cantillo. "We must, therefore, remember, first of all, that we've got to do business in world markets. With Germany now controlling Denmark, Norway, France, Holland, Belgium, and Poland, and tied closely to Italy, Germans control lands where about 48 percent of our last normal year's exports were sold."
>
> "If the United States is eager to lend money, it will be hard for Argentina or any other South American country to turn down the loans," said Cantillo. "But we all will accept loans with the knowledge that it will settle no problem whatever. At best, a loan will be merely a gesture of good will."

The difficulty with the gesture of good will in lending money is that unless we continue that gesture every year, we create more bad will than good will. I have been anxious to give the administration such power to make loans as may actually have some effect.

Mr. President, I now desire to modify my amendment by inserting in line 5, after the word "made", the words "for the heretofore existing purposes of the Export-Import Bank and."

The PRESIDING OFFICER. The amendment will be so modified.

Mr. TAFT. With the modification that part of the amendment now reads:

> Such loans shall only be made for the heretofore existing purposes of the Export-Import Bank and for the purpose of assisting in the development of resources which are defined by the President as strategic and critical materials or of resources and materials which are not produced in the United States in appreciable quantities and which are required for use in the United States.

I can see how we can help our position in South America by financing American exports to South America. I pointed out that I think it is only an incidental thing, but it will help some. I pointed out yesterday that of our total exports to South America during the past 5 years, only 2½ percent, or $62,000,000 out of $2,400,000,000, has been financed by the Export-Import Bank, and the rest has been financed in the normal channels of trade. The Export-Import Bank can help that program and assist private exporters by loans to private exporters, and can assist private exporters even by loans to governments, by freeing the exchange, and making it possible for Americans to export further.

I can see how the other purpose also will assist if we enable Brazil to develop the kind of iron ore which we do not produce, or encourage Brazil to produce rubber. We now have such a project, and we have given the Department of Agriculture power to spend money in going ahead with the project. If we enable Bolivia to produce tin, we shall be assisting in developing something which Bolivia can sell to us. By enabling the South American countries to develop things which can be sold to us, we shall increase our exports to South America.

The Senator from Arkansas [Mr. MILLER] referred to the fact that in 1 year Germany had exported to South America

more than she had received in imports from South America. We might do so for 1 year. Competition might enable us to advance a little; but in the long run the only way we can increase our exports to South America, and the only way we can increase our economic domination, is by helping South America to develop products which we can buy, and not by encouraging the larger production of agricultural surpluses; not by encouraging South America to build up the production of hides and cattle to compete with our hides and cattle; not by encouraging South America to build up a surplus of corn, and then produce more corn next year for more surpluses to compete with our agricultural producers, but by lending the South American countries money to enable them to develop resources which we can buy from them and which will enable us to sell them a greater proportion of the total imports which South America requires.

The Senator from Arkansas said that economic domination is always followed by political domination. I do not know what economic domination is. Today we export a larger proportion of the goods exported to South America than does any other country in the world. We ought to be able to maintain our position. There is no reason why German political domination should not be met by the same methods which the Germans use, if they are effective. As a matter of fact, such domineering methods, relying on so-called German economic strength, apparently have created only enmity in South America.

So, Mr. President, it seems to me that if successfully carried through, the development under the bill, amended as I propose to amend it, would give us a stronger position to meet German competition in South America after the war, whereas if the idea of lending money on agricultural surpluses is permitted to remain, it will only make us weaker in South America after the war. There are a hundred methods by which we can combat German infiltration into South America. The most completely ineffective method is that of lending money on surplus agricultural commodities; and yet the message of the President mentioned no other purpose than that in asking us to enact the bill. The act of Habana contemplates that use of it. I say it is the most fantastic purpose for wasting American money that has been submitted to the Senate during the past 2 years, while I have been a Member of the Senate.

Mr. TAFT subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a table showing exports from South American countries.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Chief exports of the 20 Latin American republics, by countries, for 1939

[Sources: Official Statistics of the Respective Latin American Governments. Values in round numbers converted at average rate of exchange for the year; volume in metric tons except where otherwise stated]

ARGENTINA

[Peso converted at 27 cents]

Commodity	Metric tons	Dollar value
Animal products:		
Live animals	78,856	4,032,000
Meats	669,274	89,880,000
Hides	170,097	30,761,000
Wool	149,339	43,940,000
Dairy products	32,210	5,339,000
Miscellaneous animal	[1] 231,114	11,991,000
Agricultural products:		
Grains and linseed	[2] 9,995,424	186,723,000
Wheat products	[3] 490,233	6,944,000
Miscellaneous agriculture	[4] 395,819	13,414,000
Forest products	296,748	12,949,000
Mining products	181,210	5,091,000
Fish and game	1,382	1,475,000
Miscellaneous general	183,394	12,218,500
Total	12,875,100	[5] 424,757,500

[1] Includes tons of lard, 9,000; fats and tallow, 70,500; casein, 20,600; sausage casings 7,600.
[2] Includes tons of wheat, 4,744,000; corn, 3,196,000; linseed, 1,183,000.
[3] Includes tons of flour, 98,700; bran, 291,000.
[4] Includes tons of fresh fruits—apples, pears, grapes—52,700; oil cake, 113,000; cotton, 19,400.
[5] 11.9 percent to United States.

Chief exports of the 20 Latin American republics, by countries, for 1939—Continued

BOLIVIA

[Given in pounds sterling converted at $4]

Commodity	Metric tons	Dollar value
Tin	27,648	25,051,000
Wolfram (tungsten)	2,002	1,860,000
Antimony	10,060	1,376,000
Lead	14,119	861,000
Copper	4,056	715,000
Zinc	7,769	459,000
Bismuth	13	22,000
Silver	225	2,455,000
Gold, fine grams		260,500
Other exports [6]		2,160,000
Total	65,892	[7] 35,219,500

BRAZIL

[Conto of milreis converted at $54.4384]

Oranges	202,500	6,536,000
Refrigerated meats	45,011	5,457,000
Canned meats	38,184	6,497,000
Cattle hides	57,461	13,397,000
Coffee	987,695	121,509,000
Cacao	132,131	12,214,000
Cotton	323,480	63,054,000
Lumber	398,395	5,987,000
Rubber	11,859	3,087,000
Carnauba wax	10,000	6,536,000
Vegetable oils	33,771	3,722,000
Oilseeds, kernels, and cakes	463,088	14,242,000
Total	2,703,575	[8] 262,238,000

CHILE

[Peso converted at 20.6 cents]

Copper bars	312,300	68,318,000
Nitrate	1,415,800	26,250,000
Gold and silver concentrates	158,100	7,366,000
Iron ores	1,592	2,814,000
Iodine	404	1,555,000
Wool	11,627	5,714,000
Hides	4,986	1,613,000
Lentils	21,850	2,028,000
Beans	22,978	1,879,000
Fresh fruits	18,037	1,529,000
Frozen meats	10,660	1,414,000
Lumber	52,605	1,327,000
Barley	44,596	951,000
Gold bars		2,247,000
Total	2,075,535	[9] 125,005,000

COLOMBIA

[Peso converted at 57 cents]

Coffee	221,796	49,663,000
Hides	2,741	2,074,000
Bananas (1,000 stems, 7,575)		4,718,000
Petroleum (1,000 barrels, 19,417)		18,186,000
Gold		23,132,000
Platinum		632,000
Total	224,537	[10] 98,405,000

COSTA RICA

[Colon converted at 17.825 cents]

Coffee	20,245	4,644,000
Cacao	7,672	1,151,000
Bananas	83,262	1,911,000
Sugar, raw	1,412	30,000
Tuna fish	3,393	413,000
Total	115,984	[11] 8,149,000

CUBA

[Peso converted at 93 cents. Department of Commerce converts peso at $1 and reports $147,676,000]

Sugar, raw	2,326,077	78,321,000
Sugar, refined	418,324	20,119,000
Molasses	1,205,820	8,271,000
Leaf tobacco	13,047	10,284,000
Hides	5,269	946,000
Minerals [12]	507,000	4,298,000
Cigars (1,000 units, 29,417)		2,760,000
Total	4,475,537	[13] 124,999,000

[6] Includes manufactures, $430,000; foodstuffs, $383,000; live animals, $175,000.
[7] 84 percent of total exports of $43,003,000; 9.2 percent to United States.
[8] 86 percent of total of $305,395,000; 36.1 percent to United States.
[9] 90 percent of total of $138,368,000; 30.5 percent to United States.
[10] 97 percent of total of $100,890,000; 68 percent to the United States.
[11] 90 percent of total of $9,086,000; 45.6 percent to United States.
[12] Includes 107,662 tons of manganese.
[13] 91 percent of total of $137,389,000, 75.3 percent to United States.

Chief exports of the 20 Latin American republics, by countries, for 1939—Continued

DOMINICAN REPUBLIC

[Peso equals $1]

Commodity	Metric tons	Dollar value
Sugar, raw	407,370	11,804,000
Cacao	28,072	2,014,000
Coffee	14,135	1,732,000
Yucca starch	11,473	624,000
Leaf tobacco	8,714	422,000
Corn	14,401	250,000
Molasses	95,461	242,000
Live cattle	9,761	205,000
Bananas (1,000 stems, 824)		191,000
Total	589,387	[14] 17,484,000

ECUADOR

[Sucre converted at 6.7 cents]

Cacao	13,500	2,481,000
Petroleum products	215,400	1,675,000
Cyanide precipitates		1,769,000
Gold and silver		998,000
Total	228,900	[15] 6,923,000

EL SALVADOR

[Colon converted at 40 cents]

Coffee	55,792	10,657,000
Sugar	6,500	359,000
Balsam, Peru		225,000
Henequen (estimated)	1,400	101,000
Total	63,692	[16] 11,342,000

GUATEMALA

[Quetzal equals $1]

Coffee	47,265	[17] 10,000,000
Chicle	871	684,000
Bananas (1,000 stems, 10,264)		5,482,000
Total	48,136	[18] 16,166,000

HAITI

[Gourde converted at 20 cents]

Coffee	29,284	3,745,000
Cacao	1,805	122,000
Sugar, raw	37,145	975,000
Cotton	4,672	883,000
Sisal	7,492	540,000
Bananas (1,000 stems, 2,030)		564,000
Total	80,398	[19] 6,829,000

HONDURAS

[Lempira converted at 50 cents]

Coffee	1,919	249,000
Bananas (1,000 stems, 12,537)		6,245,000
Gold		778,000
Silver		1,676,000
Total	1,919	[20] 8,948,000

MEXICO (1939)[21]

[Peso converted at 19.3 cents]

Animal products		8,731,000
Vegetable products		27,307,000
Mineral products		136,721,000
Manufactured products		1,826,000
Total		174,585,000

[14] 94 percent of total of $18,643,000; 27.1 percent to United States.
[15] 61 percent of total of $11,360,000; 49.1 percent to United States.
[16] 90 percent of total exports of $12,750,000; 66.7 percent to United States.
[17] Estimated.
[18] 95 percent of total exports of $16,985,000; 70.7 percent to United States.
[19] 94 percent of total exports of $7,268,000; 34.4 percent to United States.
[20] 90 percent of total exports of $9,867,000; 90.7 percent to United States.
[21] No break-down available for 1939.

Chief exports of the 20 Latin American republics, by countries, for 1939—Continued

MEXICO (1938)

[Peso converted at 22 cents]

Commodity	Metric tons	Dollar value
Silver	2,957	37,576,000
Lead	250,868	26,505,000
Tin	253	218,000
Zinc	165,433	17,600,000
Copper	42,789	8,547,000
Coffee	35,117	5,652,000
Henequen	57,918	4,237,000
Chicle	3,320	2,150,000
Cotton	222,069	3,890,000
Cattle (head, 350,441)		1,919,000
Bananas (1,000 stems, 14,345)		3,721,000
Gold (grams)		33,597,000
Petroleum (cubic meters, 769,500)		3,790,000
Total	780,724	[22] 149,402,000

NICARAGUA

[Cordoba converted at 20 cents]

Coffee	17,416	2,640,000
Sugar	3,248	84,000
Cotton	1,246	253,000
Hides	239	99,000
Bananas (1,000 stems, 1,713)		654,000
Lumber (1,000 square feet, 17,300)		363,000
Livestock (head, 13,000)		187,000
Gold		3,503,000
Total	22,149	[23] 7,783,000

PANAMA

[Balboa equals $1]

Cacao	5,262	601,000
Cattle (head, 3,791)		184,000
Bananas (1,000 stems, 5,413)		2,430,000
Coconuts		48,000
Total	5,262	[24] 3,263,000

PARAGUAY

[Gold peso converted at 61.34 cents]

Quebracho	55,174	2,037,000
Yerba mate	7,231	805,000
Tobacco	3,499	243,000
Cotton	5,995	553,000
Oil of petit grain	159	293,000
Canned meats	12,082	1,104,000
Meat extract	584	716,000
Meat boullion	948	375,000
Hides (number)	9,400	1,005,000
Lumber		283,000
Total	95,072	[25] 7,414,000

PERU

[Sol converted at 18.75 cents]

Cotton	77,203	14,098,000
Wool	6,089	2,706,000
Sugar	272,179	7,691,000
Copper	34,061	12,649,000
Mineral concentrates	94,383	4,118,000
Petroleum and derivatives	1,448,593	20,786,000
Gold (kilos, 4,088)		2,570,000
Total	1,932,508	[26] 64,618,000

URUGUAY

[Peso converted at 50 cents]

Unwashed wool	38,071	14,550,000
Washed wool	9,937	5,187,000
Linseed	108,919	3,701,000
Frozen beef	35,973	13,292,000
Frozen mutton	11,157	1,136,000
Chilled beef	18,829	1,767,000
Preserved meats	23,661	2,867,000

[22] 81 percent of total exports of $185,394,000; 74.2 percent to United States.
[23] 94 percent of total exports of $8,301,000; 77.5 percent to United States.
[24] 91 percent of total exports of $3,487,000; 85.8 percent to United States.
[25] 90 percent of total exports of 8,321,000; 14.7 percent to United States.
[26] 90 percent of total exports of $72,089,000; 30.4 percent to United States.

Chief exports of the 20 Latin American republics, by countries, for 1939—Continued

URUGUAY—Continued

Commodity	Metric tons	Dollar value
Jerked beef	2,565	460,000
Beef extract	671	398,000
Cowhides	17,100	3,250,000
Sheepskins	3,869	812,000
Wheat	133,025	2,936,000
Flour	20,550	598,000
Total	424,327	[27] 50,954,000

VENEZUELA

[Bolivar converted at 31 cents]

Petroleum	29,593,143	277,450,000
Coffee	27,391	6,595,000
Cacao	15,378	2,993,000
Total	29,635,912	[28] 287,038,000

Estimated tons, reported and unreported	60,000,000
Total value as tabulated	[29] $1,742,000,000
Tonnage totals here tabulated	56,444,546

[27] 100 percent of total exports; 13.8 percent to United States.
[28] 895 percent of total exports of $300,737,000; 15.8 percent to United States.
[29] 993 percent of total exports of $1,865,000,000; 34.3 percent to United States.

Mr. ADAMS. Mr. President, I wish to offer a suggestion or two on the amendment and on the bill. Having been a member of the Banking and Currency Committee, which had the bill under consideration, and having disagreed with the majority of the committee, I wish to make reasonably clear my own views.

As was stated by the Senator from Arkansas [Mr. MILLER] earlier in the day, the bill is of real consequence. The dollars involved are important, but the policy involved is of greater importance. The purpose of the bill, as stated in the bill itself, is "to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere."

The remainder of the paragraph makes it clear that the countries whose products are to be developed are countries of the Western Hemisphere other than the United States.

The method which the bill establishes for this purpose is the making of loans by the Export-Import Bank of Washington. Where do the funds come from with which the loans are to be made? The Export-Import Bank is to get its money from the Reconstruction Finance Corporation, which is directed by the bill to lend money to the Export-Import Bank. The Reconstruction Finance Corporation gets the money by borrowing upon the credit of the United States. The notes, bills, or bonds of the Reconstruction Finance Corporation are nothing more or less than obligations of the United States. Both the Export-Import Bank and the Reconstruction Finance Corporation are artificial corporations. Nevertheless, they are no less agencies of the Government than is the Secretary of the Treasury or any other official. So the people of the United States are to lend money to foreign nations and to the banks of foreign nations. Bear in mind that the loans are not limited to foreign nations but may be made to the nationals of foreign nations.

In other words, the bill authorizes lending the money of the people of the United States to the citizens of Patagonia in order to develop the resources of Patagonia. In the bill there is no limitation as to the character of resources. My State produces cattle, wheat, and other agricultural products, as well as minerals. We compete in the world markets with Argentina. We are to lend the credit provided by the people of my State and other Western States to develop the competitive products of South America; and we are told that this is for the purpose of the national defense. There is not one word in the bill in reference to national defense. We are told that it is for the purpose of suppressing subversive Nazi activities in South America. There is not a word in the bill in reference to that subject. The bill is a very plain, naked declaration that we are to make loans to South American interests to stimulate the production of their products, regardless of whether or not they compete with ours. The money which we lend them is the money of the citizens of the United States. As was pointed out by the able Senator from Iowa [Mr. GILLETTE], the bill represents a definite change of policy from the existing authority of the Export-Import Bank.

The Export-Import Bank up to this time has existed and has operated in order to encourage the exportation of American products to South America. Its sole purpose has been to stimulate our export commerce. This bill is designed to stimulate the export commerce of South America. We have apparently abandoned the original purpose and now propose to say to the people of South America, "Can we not let you have some of the credit, some of the funds produced or to be produced by citizens of the United States in order that you may develop your resources?"

I have read and listened to the arguments for the bill, but I have yet to have pointed out to me under what authority of law this proposed action can be taken. I should like to have the distinguished Senator from New York, the author and supporter of the bill, make it as clear as possible upon what provision of the Constitution of the United States this authority rests. We are proposing to take the money or the credit of citizens of the United States, and to lend it to a foreign government or its citizens. I should like to know upon what constitutional authority such power is to be given. I think all will concede that, if it is not to be found in the Constitution the power does not exist.

Perhaps it may be said we can take this step by virtue of the general-welfare clause. The general-welfare clause, under its more recent interpretation, is very broad, but the Constitution still contains the limitation that taxes shall be levied for the general welfare—of what? Of South America? No. It says "of the United States," and this bill totally omits to mention the United States of America. There will be found from the beginning to the end of this bill no mention of the United States of America or its interests. It is solely concerned with advancing the economic welfare of South America, and it is a proposal to expend money.

Recurring to the constitutional question, the Constitution provides:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law.

I repeat that clause:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law.

We cannot differentiate, as a matter of principle, between the Export-Import Bank lending money and the United States itself lending money. In any event money is to be drawn out of the Treasury of the United States for which there is no appropriation under the law. The Constitution vests in Congress the control of the expenditure of funds as well as the control of the borrowing of funds. It is proposed by this bill to provide as the first step $500,000,000. I should be glad to be satisfied if this is a constitutional delegation of authority. It is no answer to say that we have done the same thing heretofore. It is no answer to be told that the Export-Import Bank has heretofore made loans, because I should like to know upon what authority they made the original loans. With the obligation I have as a Senator, I do not propose to support a bill which takes the money and the credit of the United States and its citizens and sends it abroad unless there is clear authorization for it.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. ADAMS. I am very glad to yield.

Mr. BROWN. I understood the Senator to say that loans would be made to the citizens and nationals of South American countries?

Mr. ADAMS. The bill requires a guaranty.

Mr. BROWN. That is the point I desired to bring out. The government of the nation must guarantee the obligation.

Mr. ADAMS. But the loan can be made to a national, and that is a part of the objection I have. Regardless of what the condition may be, I do not know why the money to be raised by cattlemen in Colorado should be loaned to cattlemen in Argentina to enable them to compete in the markets

of the world with the men who furnish the money or the credit.

I am interested in South American welfare, of course, but the welfare of the United States comes first, and we should be very sure that when we are promoting the welfare of South America we are doing benefit, not injury, to the welfare of the United States.

We are spending in this Congress some $15,000,000,000 on a defense program. We are spending upon the defense program alone more than twice the total income of the Government.

The PRESIDING OFFICER (Mr. STEWART in the chair). The time of the Senator from Colorado on the amendment has expired.

Mr. ADAMS. I will take time on the bill.

The argument supporting these vast expenditures always, at some point, reaches the point of saying "we must do this because of South America; we are obligated to defend South America and to drive out of South America any invading European nation. I have not conceded that obligation, but the Congress has appropriated vast funds upon that basis, and I am wondering if we have not done pretty well by South America if we spend $15,000,000,000, in part to protect South America, without adding other billions and then undertake to promote the development of Latin-American resources.

Mr. President, some of us are concerned with the finances of our own Government. I am one of those who sincerely believe that of the dangers which threaten the United States the greatest danger is from financial catastrophe rather than from foreign invasion. We have observed the debt of this country pile up until today it is $45,000,000,000 or more, and we have appropriated or authorized for our defense programs sums which will run into another fifteen or twenty billion dollars. There is hardly a thinking man in the United States who is not uneasy over the financial future of this country. I hear day by day men of both political parties inquiring, "What is to be the end? What is to be the consequence?" I have been among the minority who have been struggling unsuccessfully to try to put the brakes on these expenditures, but they have continued. We do not know which hundred million dollars may be the straw that will break the back of the national financial camel; it may be the $500,000,000 sent to South America will be the ultimate disastrous cause; but, in any event, expenditures are so great that those for the purposes of national defense alone exceed the national income. No Senator would skimp or save so far as the necessities of his country are concerned, but we ought not, in view of the growing debt and increasing expenses, to seek out places for added expenditure. We can well retain the half-billion dollars involved in this expenditure. If we have a half-billion dollars to develop resources and to stabilize economies, I suggest that there is one country in which we might well spend it, and that is in the United States of America. If we have $500,000,000 to spend for the development of resources, we have 2,000,000 men on relief in the United States. We have an unsatisfactory situation in agriculture and in industry. If we can think of spending $500,000,000 in South America, we had better spend it at home; and that is not all.

If we go into South America with our $500,000,000 it will be only the beginning. We cannot go in today and say, "We will stabilize your industry, we will take your cattle, and your corn, and your wool off the market until you get a better price," and stop there. We shall have to add another $500,000,000, and another $500,000,000, and there will be no end to it. If we are seeking good will, we had better stay out the first time. Nothing incurs ill will so much as refusal to continue favors once commenced. As a matter of fact, lending money in excess of ability to pay is one of the best ways to incur enmities, nationally or privately.

Mr. President, the pending amendment definitely limits the matter to essential materials. I think it should be adopted; but I desire to add a few further words.

The end of the war now raging in Europe means what? It means economic discord; it means depression. There can be no question about that. In the United States we shall have a tremendously stimulated industry because of our defense appropriations and expenditures. Europe is destroying its purchasing capacity. When the war is over Europe will be a poorer purchaser of American products than ever. The United States will suddenly cease to manufacture guns and airplanes, and we shall have untold hundreds of thousands of men again seeking employment. We shall have crowded our debt up to 60, 70, or 80 billion dollars; and when that depression comes, as it is sure to come, we shall have weakened our ability to meet the depression by whatever amount we send outside the United States. So I am urging the husbanding of resources, the husbanding of credit, and looking after the needs of the United States first—and we have many needs—rather than going down, on no matter how philanthropic an errand, to South America. I think it is unwise. I think the law does not justify it; and, again, I am not willing to put control of the commerce of the Western Hemisphere in the hands of any one man and take it out of the hands of the Congress. I am not willing to put hundreds of millions of dollars absolutely at the disposal of any man, no matter how able he may be, no matter how patriotic he may be. It is not in accordance with the Constitution. It is an abdication of congressional authority. It is a defiance of the Constitution and the very fundamentals upon which it is based.

So, Mr. President, I cannot support the bill. I know that those who support it are doing so in the utmost good faith. We are told of Nazi subversive activities in South America. I hope they can be stopped. It has yet to be explained, however, how spending this great sum of money in South America will stop them. Among the big businessmen of South America who will profit by these loans will be the very Nazis about whom Senators are talking. They are producing cattle; they are producing wheat; they are the big bankers and the big economic producers of South America. It will be impossible to go down to South America and make loans here and there, in order to benefit the general commercial industry of South America, without benefiting the Nazis in the same locality.

Regardless of that, I do not know how loans to develop South American industry will protect the United States or further the national defense. I know that they will still further extend our credit, and involve us in a course of procedure that is almost unlimited. So I think, finally, we shall make a mistake if we strain the law in order to take the action which is proposed, and strain our credit in doing so.

Mr. BROWN. Mr. President, I desire to take 2 or 3 minutes to reply to some of the assertions which have been made by the able Senator from Colorado [Mr. ADAMS].

As the Senator from Colorado well knows, I share in a considerable degree his apprehension about the financial condition of the United States; but I think the burden of the argument he has just made is based on the assumption that we are spending this money. I think he fails to bring out clearly the fact that we are loaning the money.

In the hearings before the Banking and Currency Committee Mr. Jones stated that he would use banking principles in administering this bill if it should be enacted, that he would confine loans made in South America, as he has heretofore done, to safe loans. I call the attention of the Senator from Colorado and the other Senators who are present to the fact that in recent years I think the world has had a rather impressive lesson in the matter of international integrity in financial arrangements between nations. I have long been convinced that one of the reasons why the people of the United States have not gone further than they have gone in aiding certain countries in Europe, particularly France and Great Britain, was that they did not pay us the money we loaned them in the period of the World War and the period immediately following the war. To me, that lesson is impressive. Considering not only that situation but the situation in regard to Finland, which is a nation that paid us

what it promised to pay us—and we were exceedingly generous with Finland—I think those two instances, the failure of France and Great Britain to pay and the fact that Finland did pay, constitute an impressive lesson for the future.

Mr. ADAMS rose.

Mr. BROWN. If the Senator will bear with me for a moment, I look forward to a time when international obligations will be fulfilled, not because people or nations are perhaps any more honest than they were before, but because they realize that if they are to receive any help in the future they will have to pay their debts. Therefore I come to the conclusion that, generally speaking, we probably shall have a little higher standard of international obligations in the future than we have had in the past.

Therefore, if this bill is administered by Mr. Jones as he says he will administer it, as a banking proposition, in view of the fact that the nations in South America will be dependent for some time in the future upon the good will of the United States, I think we may safely assume that these loans will be safer than loans have been in the past.

I now yield to the Senator from Colorado.

Mr. ADAMS. Mr. President, I call the Senator's attention to some things that I know are in his mind. He points out the situation as it relates to Great Britain and France. They owe to the United States Government money which they have not paid. Almost every South American government owes money to the citizens of the United States; and the debts which are in default from South American governments aggregate nearly $2,000,000,000. I am willing to go along with the Senator and exact integrity from nations and from men; but I cannot see that there is any difference between defaulting in a government obligation to a nation and defaulting in a government obligation to the citizens of a nation.

Mr. BROWN. I do not think the point the Senator makes reaches my argument at all. The loans which were made largely through the National City Bank and similar institutions in the city of New York, and which, as the Senator well knows, were spread about among all the small banks in the United States, were made largely before the defaults occurred, before it was known that France and Great Britain and Germany and all the other European nations were defaulting in their obligations. I think a mistake was made in that respect. I think, however, they were quite largely high-pressure loans. I think American financiers were somewhat more anxious to loan the money than the people of South America were to borrow it.

The Senator speaks of the people of South America. I think those loans were very largely the obligations of the states and local subdivisions of government in Brazil and the Argentine. I think probably more than half the loans were of that character. They have not received any additional loans; and I think that very fact will lead them to the conviction that hereafter they will have to live up to their obligations if they are to get anything from the United States.

Mr. President, to me the justification for these loans has been very well expressed by the senior Senator from New York, the chairman of the Committee on Banking and Currency, but lest we overlook it, I repeat, I think, considering the present economic condition of the United States, of Europe, and of South America, considering that South America-European trade is practically nil, considering that we have long endeavored to sell our machinery, equipment, and manufactured materials to South America, that it is a wise thing for the Government of the United States to provide means of financing such sales. After all is said and done, that is what the bill proposes to do.

The figures show that, of the loans which have been made to South American governments, a total of $62,800,000, the borrowers have already repaid $40,000,000, or over two-thirds, and I do not understand that there is any material default in South America at the present time, if there is any at all.

Therefore, Mr. President, I desire to add my voice to that of the chairman of the committee, and urge upon the Senate the adoption of what I consider to be a very reasonable amendment to the Export-Import Bank Act.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. ADAMS. Am I correct in my understanding that the total export business from the United States to South American countries in recent years has been in the aggregate approximately $300,000,000?

Mr. BROWN. I really am not in a position to give the Senator information on that subject. I have no doubt the figure he states is correct.

Mr. ADAMS. I think the figure is correct, and I was questioning the expenditure of $500,000,000 on a relatively small export business.

Mr. BROWN. Certainly, with the sources of machinery, equipment, and like materials in Europe cut off from South America, it is wise now to advance sums of money to South America to enable our manufacturing establishments to sell additional manufactured equipment to the Latin American nations.

Mr. WAGNER. Our exports to South America have reached a point in excess of $600,000,000.

Mr. BROWN. That was the figure I had in mind.

The PRESIDING OFFICER. The time of the Senator from Michigan on the amendment has expired.

Mr. BROWN. I will take a little time on the bill.

Mr. TAFT. Let me say to the Senator from New York that those exports include all the exports to Central America as well.

Mr. WAGNER. Yes.

Mr. BROWN. Of course, the provisions of the bill would be of benefit to Central America as well as South America. It makes very little difference to us where the goods go, whether to South America or Central America.

Finally, the argument which appeals to me most forcefully in connection with the pending bill is that it is good judgment upon the part of the American people to do things which will make the people of South America our friends. We need friends at the present time. If all that has been said in the debate on the conscription bill is true, the expenditure of the sum of money proposed, even if it were lost—and I think very little of it will be lost—would be of great benefit to the people of the United States.

SELECTIVE COMPULSORY MILITARY SERVICE—CONFERENCE REPORT

During the delivery of Mr. BROWN'S speech,

Mr. SHEPPARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Texas?

Mr. BROWN. I do.

Mr. SHEPPARD. On behalf of the Committee on Military Affairs, I ask permission to file a report after the adjournment of the Senate.

Mr. DANAHER. Mr. President——

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANAHER. Mr. President——

Mr. SHEPPARD. I also ask that the Senator from South Dakota [Mr. GURNEY] be added to the conferees on the part of the Senate on the selective-service bill.

Mr. DANAHER. Just a minute, Mr. President. I ask for recognition on the last point.

The PRESIDING OFFICER. Objection may be heard. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. BROWN. Would the Senator as soon let me take 2 or 3 more minutes now? I have just been requested to go into the Finance Committee, where I think I should be, and I should like to conclude in about 2 minutes. Then I shall have some more time, and I will yield it to the Senator from Connecticut.

Mr. DANAHER. Let me say to the Senator, if he will, please, that the Chair purports, at least, to have declared a ruling, and I was calling "Mr. President" all during the course of the ruling. I do not want to have that stand as an order; that is all. If the Chair will vacate the ruling——

The PRESIDING OFFICER. The Chair stated that in the absence of objection it would be so ordered. If the Senator desires to object, the order will not be made.

Mr. DANAHER. Reserving the right to object, I wish to ask a question. That is all I rose for. I do not want to intrude on the time of the Senator from Michigan; and, with the indulgence of the Senator from Texas, I will withhold the question for a moment or two.

I thank the Senator.

After the conclusion of Mr. BROWN's speech,

Mr. SHEPPARD. Mr. President, I renew my request that the conferees on the part of the Senate on the conscription bill be given permission to file a report after the session of the Senate today, if it should not be ready before the Senate concludes its business for the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SHEPPARD. I also ask that the junior Senator from South Dakota [Mr. GURNEY] be added to the conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. ANDREWS. Mr. President, coming from a State in this Union which for over 2 centuries formed an important part of the Spanish-American colonial holdings in the Western Hemisphere, I feel that I am in a position to know some of the factors which should go toward forming a better relationship and understanding, economically and otherwise, between the United States and the 21 Latin American republics to the south.

On July 22 last, on the eve of the Habana Conference, I spoke over the National Broadcasting System on the subject of the economic defense of the Western Hemisphere. Because of their timeliness in the present debate I should like to restate some of the remarks I made at that time.

Since 1932 a wasting disease has settled upon Europe, a disease which is slowly destroying the minds, morals, and religion of mankind. If unchecked and allowed to spread to our hemisphere, this disease of world oppression may check the advancement of civilization itself. The three European "isms" have now combined to lay waste and seize not only all of Europe, but may include part or all of the Western Hemisphere as well.

As a lifelong resident of the State of Florida, and as United States Senator from that State, I have for many years been interested in cementing a closer relationship between Latin America and the United States. Because Florida was settled by Latins some 375 years ago, there is a closer bond between Latin America and Florida than between Latin America and any other State of our Union. It is not generally known, but all North America was shown on the maps of the then known world for many decades under the name "Florida," which then belonged to Spain.

I have the greatest respect and admiration for the people, our good neighbors, who inhabit the central and southern parts of this hemisphere. For the most part they are descendants of those people who, like our own pioneers, left Europe to find a new life in a new world where economic and political liberty and religious freedom were won and thereafter accepted as a matter of course.

I feel that these people of the Americas, whose high ideals, honor, and integrity are so well known to us, realize the danger of economic dealings with Germany and Italy, for such dealings can only result in economic, political, religious, and cultural slavery as the price of appeasement. I sincerely believe that, irrespective of the gilded promises of temporary advantage offered by the European aggressors, the people of Latin America will nevertheless join in a cooperative pact with the United States of America, their good neighbor.

Recent events in Europe have taught us that military defense is essential but not enough in this changing world. Economic methods must be immediately used not only to defend our Latin American neighbors from European aggression, but to protect us all from the economic strangulation which would result from the Nazi-Fascist system in Europe controlling the economic life of the Americas.

It is true that we in the United States are spending over $10,000,000,000 on military rearmament. However, at the same time we should be spending large sums for economic rearmament, for only by a combination of economic and military rearmament can we successfully prevent European aggression. The history of the progress of civilized man clearly reveals that economic security is the keystone in the arch of man's social welfare and contentment.

An integrated and centralized economy will soon exist in Nazi-dominated Europe containing 400,000,000 people. The majority of the people of Europe may become vassals, and by cheap labor, under government subsidization, they will be able to undersell us in the Americas, and thus strangle our mutual trade.

Many arguments can be given for and against strict nationally controlled trade, but we are living today in a world which leaves little time for quibbling over ideological abstractions and theories. Concepts of foreign trade which were valid yesterday are completely out of date today. Before we become enmeshed in a welter of economic argument, during which time we may lose our Latin American trade and the Latin American countries may lose their economic, political, religious, and cultural freedom, we should take some definite step to at least partially solve our hemisphere problem.

Unfortunately in the past we have not given enough attention to buying from Latin America; we have been too busy selling. To illustrate, last year we paid $180,000,000 for rubber from far eastern and African markets and purchased practically no rubber from Brazil where this product first was found years ago. Those markets in Africa and in the far eastern countries are now cut off, and it is time we undertook to buy needed rubber from Brazil, a country nearer to us.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. ANDREWS. I yield.

Mr. ADAMS. I merely wish to call the Senator's attention to the fact—and the Senator from Georgia [Mr. RUSSELL] I think will bear me out—that recently the Congress appropriated a very substantial sum of money for investigation and development of tropical products, such as rubber, in the Americas. I remember that either in connection with the deficiency measure, or in connection with the bill which was before the subcommittee presided over by the Senator from Georgia, a substantial amount of money was provided for the purpose of developing rubber production in Central and South America.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. ANDREWS. I yield.

Mr. RUSSELL. A considerable sum was not only appropriated for the purpose of developing tropical agriculture, but for a number of other purposes. As I recall, appropriations were made for the Civil Aeronautics Authority, for the State Department to distribute various literature, and to enable students in South American countries to come here, in addition to substantial appropriations for a survey of timber resources in South America, and for the encouragement of the producers of rubber, quinine, and other tropical products.

Mr. ANDREWS. I thank the Senator from Colorado and the Senator from Georgia for their contributions. The suggestion I make is along the line which is being followed in connection with the item of appropriation to which reference has just been made.

Mr. President, we purchase $50,000,000 worth of tin from the mines in the Orient when the largest tin mine in the world is located in Bolivia. We need many strategic materials and have imported them from far-off countries in spite of the fact that these strategic materials exist in abundance in Latin America.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). The Chair is constrained to advise the Senator from Florida that his time on the amendment has expired.

Mr. ANDREWS. I will take time on the bill. I desire only 3 or 4 more minutes.

The nations of the Western Hemisphere combined have a tremendous bargaining power. By placing this power under one leadership we can effectively stalemate aggressors in their attempts to secure a foothold on this hemisphere, and in addition help alleviate the economic condition of the conquered peoples in Europe.

It is axiomatic that the higher the standard of living in all the Americas the more certain we are of a self-sustaining Western Hemisphere. Some economists have urged a modified stamp plan for Latin America, similar to our surplus commodities stamp plan, in order to raise the standard of living in Latin America. Others have suggested the same result could be obtained by the manufacture in Latin America of consumer goods which were formerly imported from Europe which do not compete with manufactured products of the United States.

The United States is the richest nation in the world. We are rich in raw materials, rich in gold, and rich in a people whose ideals, initiative, fair dealing, and business ability have built this country into the greatest democracy in the history of mankind. With all the technical and economic information we possess it should be possible immediately to place a plan in operation which would keep any foreign economic dictatorship out of this hemisphere.

There is one important matter I should like to bring to the attention of the Senate at this time, and that is the recent splendid appointment by the President of Nelson Rockefeller as Coordinator of Commercial and Cultural Relations between the American republics. It is my understanding that Mr. Rockefeller will have much to say concerning the use of the money included in the pending bill.

Although young in years, Nelson Rockefeller already has a background of sound business experience, and it is comforting to know that men with business training, such as Jesse Jones and Nelson Rockefeller, instead of theorists, are to be in charge of our dealings with Latin America. Leaving an important place in the business world, Nelson Rockefeller came to Washington to accept Government service at $1 a year. His action should be an example to other businessmen who seek only to criticize the Government instead of offering to help. Other noted men of this country have done as Mr. Rockefeller has done. It is a good sign.

I trust the bill, as it is now framed, will receive approval of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Ohio [Mr. TAFT].

Mr. HALE rose.

Mr. WAGNER. Mr. President, does the Senator rise to suggest the absence of a quorum?

Mr. HALE. Yes.

Mr. WAGNER. I should like to say one word before that is done, with the Senator's permission. I do not wish to impose on the Senate's time any longer in discussing the merits of the legislation, because I discussed the measure day before yesterday and yesterday, and attempted to state the reasons for the program at that time. I simply wish to say that it is very clear, from my main statement, that the proposed amendment would largely defeat the purposes of the legislation.

I rise now simply to read into the RECORD letters received by me from Mr. Jesse Jones in reference to surplus agricultural commodities. Certain objections have been made, although I myself have repeated over and over again, that whatever transactions were to be had with reference to surplus agricultural commodities, would be made in order to protect the farmers of our country.

Mr. Jones writes:

> While it is not contemplated that loans would be made on surplus agricultural commodities—
>
> It is not contemplated as a general proposition at all—
>
> appropriate consideration would be given to applications from some of the governments or their central banks for loans in reasonable amounts that might enable the government or its banks to assist their nationals in the carrying and orderly marketing of some of their agricultural surpluses, with a view to avoiding demoralized prices that would affect our own farmers. No such loan would be considered that appeared to the officers and directors of the bank to be inimical to our own agricultural interests.

Mr. TAFT. Mr. President, will the Senator yield? I should like to read a comment appearing in the New York Times on that very statement made by Mr. Jesse Jones.

Mr. WAGNER. I should like to read another letter from Mr. Jones.

Mr. TAFT. The Times says:

> In other words, while it is not contemplated that loans would be made on surplus agricultural commodities, it is contemplated that loans would be made on surplus agricultural commodities.

Mr. WAGNER. I do not know what authority the New York Times has for making that statement. Mr. Jones himself, I should say, would be a more reliable authority.

Mr. TAFT. The New York Times quotes Mr. Jones' letter, the very letter the Senator has just read, and in commenting on the logical conclusion to be drawn from Mr. Jones' remarks says what I have just quoted.

Mr. WAGNER. Anyone can draw whatever conclusions are desired to be drawn. I have before me an editorial printed in the Cincinnati Enquirer of August 9, a newspaper published in the Senator's own city and State, which comments rather severely upon the minority report filed by the Senator; but I shall not read it, because I think it is rather extreme in its criticism. That editorial would show the other side of the question.

Mr. Jones wrote me the following letter, dated yesterday:

> In view of some of the debate in relation to S. 4204, now under consideration by the Senate, I think it appropriate that I should again say that the present legislation is no part of any cartel plan, or of any scheme or program, of hemispheric or international price control of farm products.
>
> I should also like to say again that I would oppose the approval of any loan under the proposed act which would, in my judgment, be inimical to the agricultural interests or any other interests in this country.
>
> Sincerely yours,
>
> JESSE H. JONES,
> *Administrator.*

Mr. President, I take it that we are prepared to vote upon the modified amendment of the Senator from Ohio. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Ellender	Lee	Russell
Austin	George	Lodge	Schwartz
Bailey	Gerry	McCarran	Schwellenbach
Barkley	Gibson	McKellar	Sheppard
Bilbo	Gillette	McNary	Smathers
Brown	Green	Maloney	Stewart
Bulow	Gurney	Mead	Taft
Burke	Hale	Miller	Thomas, Idaho
Byrd	Harrison	Minton	Thomas, Okla.
Byrnes	Hatch	Murray	Thomas, Utah
Capper	Hayden	Neely	Townsend
Chandler	Herring	Norris	Vandenberg
Clark, Idaho	Hill	Nye	Wagner
Clark, Mo.	Hughes	Overton	Walsh
Connally	Johnson, Calif.	Pepper	White
Danaher	Johnson, Colo.	Pittman	Wiley

The PRESIDING OFFICER. Seventy-two Senators have answered to their names. A quorum is present. The question is on agreeing to the modified amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment reported by the committee.

Mr. ADAMS. Mr. President, will the Senator yield for an inquiry?

Mr. TAFT. I yield.

Mr. ADAMS. Day before yesterday or yesterday I made an inquiry of the Senator with reference to the wording of his amendment. I was disturbed by the word "appreciable." The loans are proposed to be made only with respect to products which are not produced in the United States "in appreciable quantities." It seems to me that language would practically exclude loans because appreciable quantities of many such

products are produced in the United States. I wonder if the Senator will consider a modification so as to read:

Which are not produced in the United States in quantities reasonably adequate to meet the requirements of commerce and industry in the United States.

Mr. TAFT. I am willing to accept that modification. It is satisfactory to me.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment reported by the committee.

Mr. TAFT. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this amendment I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I am advised that if he were present he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. NORRIS (when his name was called). On this vote I am paired with the junior Senator from Pennsylvania [Mr. GUFFEY]. If I were permitted to vote, I should vote "yea." If the Senator from Pennsylvania were present, he would vote "nay."

Mr. NYE (when his name was called). Upon this amendment I have a pair with the senior Senator from Illinois [Mr. LUCAS]. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. STEWART (when his name was called). I have a general pair with the junior Senator from Oregon [Mr. HOLMAN], which I transfer to the Senator from New Mexico [Mr. CHAVEZ], and will vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Wyoming [Mr. O'MAHONEY], and will vote. I vote "nay."

Mr. WILEY (when his name was called). I have a pair with the senior Senator from Indiana [Mr. VAN NUYS]. I understand that if he were present he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. TOBEY], who would vote "yea," with the Senator from Virginia [Mr. GLASS], who would vote "nay";

The Senator from North Dakota [Mr. FRAZIER], who would vote "yea," with the Senator from Maryland [Mr. TYDINGS], who would vote "nay";

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea," with the Senator from Missouri [Mr. TRUMAN], who would vote "nay"; and

The Senator from West Virginia [Mr. HOLT], who would vote "yea," with the Senator from New Jersey [Mr. BARBOUR], who would vote "nay."

I announce the necessary absence of the Senator from New Hampshire [Mr. BRIDGES], who if present would vote "yea."

Mr. MINTON. I announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Iowa [Mr. HERRING], and the Senator from Montana [Mr. WHEELER] are absent because of engagements in Government departments.

The Senator from Washington [Mr. BONE], and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Maryland [Mr. RADCLIFFE] is necessarily absent. If present he would vote "nay."

The Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Illinois [Mr. LUCAS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily absent.

The result was announced—yeas 25, nays 41, as follows:

YEAS—25

Adams	Danaher	Johnson, Calif.	Thomas, Idaho
Austin	Davis	Johnson, Colo.	Townsend
Bulow	George	La Follette	Vandenberg
Burke	Gibson	Lodge	White
Byrd	Gillette	McCarran	
Capper	Gurney	Reed	
Clark, Mo.	Hale	Taft	

NAYS—41

Andrews	Gerry	Mead	Schwellenbach
Bailey	Green	Miller	Sheppard
Barkley	Harrison	Minton	Smathers
Bilbo	Hatch	Murray	Stewart
Brown	Hayden	Neely	Thomas, Okla.
Byrnes	Hill	Overton	Thomas, Utah
Chandler	Hughes	Pepper	Wagner
Clark, Idaho	King	Pittman	Walsh
Connally	Lee	Reynolds	
Downey	McKellar	Russell	
Ellender	Maloney	Schwartz	

NOT VOTING—29

Ashurst	Frazier	Norris	Truman
Bankhead	Glass	Nye	Tydings
Barbour	Guffey	O'Mahoney	Van Nuys
Bone	Herring	Radcliffe	Wheeler
Bridges	Holman	Shipstead	Wiley
Caraway	Holt	Slattery	
Chavez	Lucas	Smith	
Donahey	McNary	Tobey	

So Mr. TAFT's modified amendment to the amendment reported by the committee was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, informed the Senate that Hon. SAM RAYBURN, a Representative from the State of Texas, had been elected Speaker pro tempore during the absence of the Speaker of the House.

The message announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce.

ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2009. An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes; and

S. 4008. An act to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral development purposes.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

The Senate resumed the consideration of the bill (S. 4204) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. DANAHER. Mr. President, I send to the desk an amendment which I offer at this time and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 3, line 25, after the word "nationals", it is proposed to insert the following:

Provided, That the aggregate amount of loans to any one foreign country and the agencies and nationals thereof which are hereafter authorized to be made and are outstanding at any one time shall not exceed $50,000,000, and such amount shall be in addition to the amount of loans heretofore authorized or made to such foreign country and the agencies and nationals thereof.

Mr. DANAHER. Mr. President, this amendment requires a brief explanation. The law contains and will contain, until the time when this measure shall be enacted, a limitation of $20,000,000 on loans to any one country. If the

pending bill shall pass, however, that $20,000,000 limitation will be repealed. The language of the amendment in every other respect is identical with the existing law except that the limit is raised from $20,000,000 to $50,000,000 of loans to any one country.

Having in mind the explanation offered by the Senator from New York and other proponents of the bill, reasonable limitations meeting the very objections that have been voiced on this floor demand that we place some ceiling upon the extent to which the otherwise untrammeled discretion of the administrator might go. The Congress, it would seem very properly, ought to expend the public money within certain limitations, at least. Consequently, if we place a ceiling or a maximum of $50,000,000 on loans to any one country, we will be carrying out the spirit of the existing law, and more than doubling the enabling provisions of the existing law.

Mr. BARKLEY. Mr. President, will the Senator from Connecticut yield?

Mr. DANAHER. I yield.

Mr. BARKLEY. There are 20 of these various republics. Some of them are very small, and, in all probability, would not request very large sums of money in the way of loans; others of them are large, extensive countries, as large as or larger than the United States, and, while the amendment offered by the Senator might be adequate for the smaller countries, it seems to me that it might be wholly inadequate for a larger country such as Brazil or Argentina or some of the other Latin American republics. I should say that as many as half the 20 republics might possibly need more money, while others of them might not need anything and would not apply for it. It seems to me in dealing with this situation each country must be considered on its own basis and its own merit. I think any amendment of the kind offered by the Senator from Connecticut would throttle the Export-Import Bank, so that, no matter what the needs might be of a large country where there might be many opportunities for making loans to mutual advantage, they would be restricted to the amount set out in the amendment.

Mr. DANAHER. Let me say briefly to the Senator from Kentucky that, apparently, the larger the country the greater the debt which is owed to us by that country at the present time. In other words, they have already demonstrated, in a large way, that their credit with us ought to be limited.

I can think of no better answer for the Export-Import Bank to make to the importunities of such countries than to be able to say, "Congress has tied our hands; Congress, representing the people of the United States, says that no country shall have an aggregate of more than $50,000,000 outstanding, because, by experience, you have shown you are not entitled to an amount of money in any greater sum."

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. DANAHER. I yield.

Mr. BARKLEY. If the Export-Import Bank wanted to have its hands tied, it would have said so before the committee and it would have said so in the bill which was prepared under its jurisdiction. Furthermore, I may suggest to the Senator, since he refers to the $1,600,000,000 of debts of South American political subdivisions and private corporations held in the United States, that on a billion dollars of that indebtedness payments are being made. Of course the Senator realizes that that indebtedness was created and those securities were floated in this country at a time when the financial advisers of the American people were holding out the hope and almost the positive assertion that prosperity was perpetual, and that there never would be a time in the future when the American people would suffer from any want or depression, or from any decline in the value of securities. I am sure that if the people of the United States had known at that time what the future held for them, they not only would not have invested $1,600,000,000 in Latin American securities, but they would not have invested tens of billions of dollars even in securities at home which have declined in value, and on some of which there has been repudiation.

Mr. DANAHER. The Senator from Kentucky—fallacious in the extreme in this particular case, although very often I regard his judgment as controlling, as my votes will show—has indicated that because the Export-Import Bank did not write legislation and send here a bill the way it wanted it, we have to take this particular language. Surely we are still writing the legislation in this country.

Mr. BARKLEY. If the Senator will yield—the Senator is twisting what I said, unintentionally of course. My remark was made in reply to his suggestion that the bank itself might want to have its hands tied, so that if applications were made to it for loans beyond $50,000,000 it could say, "Congress has tied our hands." I said that if the bank had wanted its hands tied it would have said so and would not have left the matter up to Congress.

Mr. DANAHER. With that explanation, we understand that there is a reconciliation of viewpoint that far.

With reference to the rest of the Senator's argument, surely the Congress has not only the right but in this particular instance the duty and the definite obligation not to take money of the American taxpayers and turn it over to one administrator or two or three administrators and give him or them unlimited discretion as to where those funds are to be placed. The very fact that there is a depression is all the more reason why American moneys to the tune of $500,000,000 should not be taken from our taxpayers and turned over to South American countries without limit.

Mr. President, when Mr. Jesse Jones was before our committee in February we had up the matter of doubling the capital of the Export-Import Bank, raising it from $100,000,000 to $200,000,000. At that time Mr. Jones himself suggested the limitation. He was the one who thought there ought to be a limitation. Let me say to the Senate that at that time, as a result of the hearings and of his testimony, we put in the limitation of not to exceed $20,000,000 of loans to any one country outstanding at any one time. In other words, I am seeking to restore to this particular bill identically the same sort of limitation that Mr. Jones himself said ought to be in it, and which we wrote into it in February, the only difference being that instead of limiting loans to $20,000,000 I make the limit $50,000,000 in the generosity with which I am disposing of the American taxpayers' money. But, Mr. President, I certainly think we ought to have a ceiling on the activities of the Export-Import Bank and its advisers, and that the American people, speaking through us, ought to know to what extent their once-misplaced faith in those people can be abused. At least we should place a limitation on it.

Mr. WAGNER. Mr. President, I hope the amendment will be rejected. I think it would be an unwise thing to do at this time. We do not know the exact demands that may be made on the bank. It may require no more than $50,000,000 in most cases, but an emergency may arise requiring more than $50,000,000 to any one country. Another difficulty with the amendment is that it may give each country the impression or feeling that a general division is contemplated, each to get up to $50,000,000. That would be unfortunate. The matter should be left entirely to sound and wise administration by the bank.

Mr. ADAMS. Mr. President, when the Congress abdicates its function and turns over to agents the expenditure of this money, I do not think the Senator from Connecticut should seek to put any limitation on the agents who determine the policies and the amounts that may be loaned.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DANAHER] to the amendment reported by the committee.

Mr. DANAHER. On that question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. MCNARY (when his name was called). Making the same announcement as before of my pair with the Senator from Alabama [Mr. BANKHEAD], I am informed that if he

were present he would vote "nay." If I were at liberty to vote I should vote "yea." I withhold my vote.

Mr. STEWART (when his name was called). I have a general pair with the Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the Senator from New Mexico [Mr. CHAVEZ], and will vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Wyoming [Mr. O'MAHONEY], and will vote. I vote "nay."

Mr. WILEY (when his name was called). On this question I have a pair with the senior Senator from Indiana [Mr. VAN NUYS], and therefore withhold my vote. If the Senator from Indiana were present, he would vote "nay," and if I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. MINTON. I announce the necessary absence of the Senator from West Virginia [Mr. HOLT] and the Senator from Washington [Mr. BONE] because of illness.

Mr. MCNARY. I am advised that, if the Senator from New Jersey [Mr. BARBOUR] were present, he would vote as I am about to vote. Therefore I transfer my pair to him, and will vote. I vote "yea."

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. TOBEY], who would vote "yea," with the Senator from Virginia [Mr. GLASS], who would vote "nay";

The Senator from North Dakota [Mr. FRAZIER], who would vote "yea," with the Senator from Maryland [Mr. TYDINGS]; and

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea," with the Senator from Missouri [Mr. TRUMAN], who would vote "nay."

The Senator from New Hampshire [Mr. BRIDGES], if present, would vote "yea."

The Senator from North Dakota [Mr. NYE] is unavoidably detained. He has a pair with the Senator from Illinois [Mr. LUCAS]. If present, the Senator from North Dakota would vote "yea" and the Senator from Illinois would vote "nay."

Mr. MINTON. I announce the necessary absence of the Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS].

The Senator from Georgia [Mr. GEORGE] and the Senator from Utah [Mr. KING] are detained in the Committee on Finance.

The Senator from Arkansas [Mrs. CARAWAY] is detained in one of the Government departments. I am advised that, if present and voting, she would vote "nay."

The result was announced—yeas 22, nays 47, as follows:

YEAS—22

Adams	Danaher	Lodge	Thomas, Idaho
Austin	Davis	McCarran	Townsend
Bulow	Gibson	McNary	Vandenberg
Burke	Gurney	Reed	White
Byrd	Hale	Russell	
Capper	Johnson, Calif.	Taft	

NAYS—47

Andrews	Gerry	McKellar	Reynolds
Bailey	Gillette	Maloney	Schwartz
Barkley	Green	Mead	Schwellenbach
Bilbo	Harrison	Miller	Sheppard
Brown	Hatch	Minton	Smathers
Byrnes	Hayden	Murray	Stewart
Chandler	Herring	Neely	Thomas, Okla.
Clark, Idaho	Hill	Norris	Thomas, Utah
Clark, Mo.	Hughes	Overton	Wagner
Connally	Johnson, Colo.	Pepper	Walsh
Downey	La Follette	Pittman	Wheeler
Ellender	Lee	Radcliffe	

NOT VOTING—26

Ashurst	Donahey	King	Tobey
Bankhead	Frazier	Lucas	Truman
Barbour	George	Nye	Tydings
Bone	Glass	O'Mahoney	Van Nuys
Bridges	Guffey	Shipstead	Wiley
Caraway	Holman	Slattery	
Chavez	Holt	Smith	

So Mr. DANAHER's amendment to the amendment reported by the committee was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. WAGNER. Mr. President, I now move that the Senate proceed to the consideration of House bill 10361, Calendar No. 2141.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Mr. WAGNER. Mr. President, I move that all after the enacting clause of the bill be stricken out, and that there be substituted therefor the provisions of Senate bill 4204 as amended.

Mr. TAFT. Mr. President, I do not object to the substitution of the Senate amendment for the bill which passed the House, but I desire to call the attention of the conferees, in case the bill shall go to conference, to two very important differences in the bill. The House did not insert the exception which provided that the proposed legislation should not affect the Johnson Act or the Neutrality Act. Under the bill as it passed the House the legislation would supersede those acts, and loans could be made in violation of the acts.

In the second place, the House has added, entirely apart from the question we have been discussing, a billion dollars to the borrowing power of the R. F. C. I do not think either of those things should be agreed to by our conferees without consulting the Senate, when that question arises. With this statement, I have no objection to the substitution.

Mr. WAGNER. I understand the differences between the measures.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York, that all after the enacting clause of the pending bill be stricken out and that there be inserted the provisions of Senate bill 4204 as amended.

The motion was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. TAFT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I transfer that pair to the senior Senator from North Dakota [Mr. FRAZIER] and will vote. I vote "nay."

Mr. STEWART (when his name was called). Making the same announcement as before with respect to my pair with the Senator from Oregon [Mr. HOLMAN] and its transfer to the Senator from New Mexico [Mr. CHAVEZ], I vote "yea."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Wyoming [Mr. O'MAHONEY] and will vote. I vote "yea."

Mr. WILEY (when his name was called). I have a pair with the senior Senator from Indiana [Mr. VAN NUYS], who is absent. If he were present he would vote "yea." If I were permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably absent. Were he present, he would vote "yea."

Mr. MINTON. The Senator from West Virginia [Mr. HOLT] and the Senator from Washington [Mr. BONE] are detained by sickness.

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Hampshire [Mr. TOBEY], who would vote "nay," with the Senator from Virginia [Mr. GLASS], who would vote "yea";

The Senator from Minnesota [Mr. SHIPSTEAD], who would vote "nay," with the Senator from Missouri [Mr. TRUMAN], who would vote "yea";

The Senator from New Jersey [Mr. BARBOUR], who would vote "yea," with the Senator from Maryland [Mr. TYDINGS], who would vote "nay";

The Senator from North Dakota [Mr. NYE], who would vote "nay," with the Senator from Illinois [Mr. LUCAS], who would vote "yea"; and

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from North Dakota [Mr. FRAZIER] would vote "nay" if present and voting.

Mr. MINTON. I announce the necessary absence of the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Missouri [Mr. TRUMAN], and the Senator from Indiana [Mr. VAN NUYS].

I am advised that if present and voting these Senators would vote "yea."

The Senator from Arkansas [Mrs. CARAWAY] is in a conference in one of the Government departments. I am advised she would vote "yea" if present.

The Senator from Utah [Mr. KING] is detained in a committee meeting.

The Senator from Maryland [Mr. TYDINGS] is unavoidably detained. I am advised that if present and voting he would vote "nay."

The Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. DONAHEY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

The result was announced—yeas 43, nays 27, as follows:

YEAS—43

Andrews	Gerry	Mead	Schwartz
Bailey	Green	Miller	Schwellenbach
Barkley	Harrison	Minton	Sheppard
Bilbo	Hatch	Murray	Smathers
Brown	Hayden	Neely	Stewart
Byrnes	Hill	Norris	Thomas, Okla.
Chandler	Hughes	Overton	Thomas, Utah
Clark, Idaho	La Follette	Pepper	Wagner
Connally	Lee	Pittman	Walsh
Downey	McKellar	Radcliffe	Wheeler
Ellender	Maloney	Reynolds	

NAYS—27

Adams	Danaher	Herring	Russell
Austin	Davis	Johnson, Calif.	Taft
Bulow	George	Johnson, Colo.	Thomas, Idaho
Burke	Gibson	Lodge	Townsend
Byrd	Gillette	McCarran	Vandenberg
Capper	Gurney	McNary	White
Clark, Mo.	Hale	Reed	

NOT VOTING—25

Ashurst	Donahey	Lucas	Truman
Bankhead	Frazier	Nye	Tydings
Barbour	Glass	O'Mahoney	Van Nuys
Bone	Guffey	Shipstead	Wiley
Bridges	Holman	Slattery	
Caraway	Holt	Smith	
Chavez	King	Tobey	

So the bill (H. R. 10361), as amended, was passed, as follows:

Be it enacted, etc., That section 9 of the act of January 31, 1935 (49 Stat. 4), as amended, is hereby amended (a) by striking out "June 30, 1941" and inserting in lieu thereof "January 22, 1947", (b) by striking out "$200,000,000" and inserting in lieu thereof "$700,000,000", (c) by striking out the second proviso thereof, and (d) by inserting at the end thereof the following new paragraph:

"In order to assist in the development of the resources, the stabilization of the economies, and the orderly marketing of products of the countries of the Western Hemisphere, the Export-Import Bank of Washington is authorized, upon the written request of the Federal Loan Administrator with the approval of the President, subject to such conditions and limitations as may be set forth in such request or approval, to make loans to any governments or to their central banks or to other acceptable banking institutions and, when guaranteed by any such government or a central bank or other acceptable banking institution, to a political subdivision, agency, or national of any such government, notwithstanding any other provisions of this section insofar as they may restrict or prohibit loans or other extensions of credit to, or other transactions with, the governments of the countries of the Western Hemisphere or their agencies or nationals: *Provided*, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the act of April 13, 1934 (48 Stat. 574), or of the Neutrality Act of 1939. Such loans may be made and administered in such manner and upon such terms and conditions as the Export-Import Bank of Washington may determine. The Reconstruction Finance Corporation is authorized to supply such bank with funds for such purposes, in an aggregate amount not to exceed $500,000,000 outstanding at any one time, through loans to or by subscriptions to the preferred stock of such bank."

SEC. 2. The aggregate amount of notes, bonds, debentures and other such obligations which the Reconstruction Finance Corporation is authorized to issue and have outstanding at any one time under the provisions of law in force on the date of enactment of this act is hereby increased by $500,000,000.

The PRESIDING OFFICER. Without objection, Senate bill 4204 will be indefinitely postponed.

Mr. WAGNER. Mr. President, I move that the Senate insist on its amendment, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WAGNER, Mr. GLASS, Mr. BARKLEY, Mr. BYRNES, Mr. TOWNSEND, and Mr. FRAZIER conferees on the part of the Senate.

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT

Mr. GILLETTE. Mr. President, I move that the Senate proceed to the present consideration of Senate bill 3426, Calendar No. 1800.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). The bill will be read by its title for the information of the Senate.

The LEGISLATIVE CLERK. The bill (S. 3426), to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. MILLER. I merely wanted to ask the Senator from Iowa if he would not agree to postpone that motion until tomorrow, for the following reason: The Senator from Georgia [Mr. GEORGE] has given a great deal of consideration to the bill and is opposed to it. He is not able to be present at this time as he is in attendance on the Finance Committee. I spoke to him a while ago and I know he would like to be present when the bill is taken up for consideration. I am opposed to some sections of the bill. The Senator from Georgia would like to have the bill go over until tomorrow in order that he may be present when it is taken up for consideration. I understand there are some other matters which may be disposed of this afternoon, which are of equal importance to the country. I simply ask the Senator if he will postpone the motion until tomorrow.

Mr. GILLETTE. Mr. President, I am aware, of course, of the interest of the Senator from Georgia in the measure, in opposition to some of its provisions, and have discussed the matter with him. I should hesitate to consent to postponement of the consideration of the motion at this time. I understand if the motion is agreed to then other matters, which are privileged, may be taken up for consideration.

Mr. MILLER. It is perfectly satisfactory that the bill be made the unfinished business, and then laid aside until tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Iowa [Mr. GILLETTE].

Mr. McNARY. Mr. President, if the bill is made the unfinished business there would be no other reason for its deferment than the fact that we do not have the physical presence of the Senator from Georgia. Why not let the motion of the Senator from Iowa be the unfinished business tomorrow? I suggest that the motion lie on the table until tomorrow, when the Senator from Georgia will be present. The motion will then be the unfinished business. That will meet the present object of the Senator from Iowa, and the opposition of the Senator from Arkansas.

The PRESIDING OFFICER. Does the Senator from Iowa agree to the suggestion made by the Senator from Oregon?

Mr. GILLETTE. The suggestion made by the Senator from Oregon is agreeable to me. I withdraw the motion at the present time.

The PRESIDING OFFICER. The Senator from Iowa withdraws his motion.

LABELING OF WOOL PRODUCTS—TRUTH IN FABRIC

Mr. SCHWARTZ. Mr. President, I move that the House amendment to Senate bill 162 be laid before the Senate.

Mr. McNARY. Mr. President, what is the motion?

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming.

Mr. McNARY. Let us have some description of the measure.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

Amendment of the House of Representatives to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Strike out all after the enacting clause and insert—

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming [Mr. SCHWARTZ].

The motion was agreed to; and the Presiding Officer laid before the Senate the amendment of the House of Representatives to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes; which was to strike out all after the enacting clause and insert:

That this act may be cited as the "Wool Products Labeling Act of 1939."

DEFINITIONS

SEC. 2. As used in this act—

(a) The term "person" means an individual, partnership, corporation, association, or any other form of business enterprise, plural or singular, as the case demands.

(b) The term "wool" means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat (and may include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) which has never been reclaimed from any woven or felted wool product.

(c) The term "reprocessed wool" means the resulting fiber when wool has been woven or felted into a wool product which, without ever having been utilized in any way by the ultimate consumer, subsequently has been made into a fibrous state.

(d) The term "reused wool" means the resulting fiber when wool or reprocessed wool has been spun, woven, knitted, or felted into a wool product which, after having been used in any way by the ultimate consumer, subsequently has been made into a fibrous state.

(e) The term "wool product" means any product, or any portion of a product, which contains, purports to contain, or in any way is represented as containing wool, reprocessed wool, or reused wool.

(f) The term "Commission" means the Federal Trade Commission.

(g) The term "Federal Trade Commission Act" means the act of Congress entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, as amended, and the Federal Trade Commission Act approved March 21, 1938.

(h) The term "commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

(i) The term "Territory" includes the insular possessions of the United States and also any Territory of the United States.

MISBRANDING DECLARED UNLAWFUL

SEC. 3. The introduction, or manufacture for introduction, into commerce, or the sale, transportation, or distribution, in commerce, of any wool product which is misbranded within the meaning of this act or the rules and regulations hereunder, is unlawful and shall be an unfair method of competition, and an unfair and deceptive act or practice, in commerce under the Federal Trade Commission Act; and any person who shall manufacture or deliver for shipment or ship or sell or offer for sale in commerce, any such wool product which is misbranded within the meaning of this act and the rules and regulations hereunder is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

This section shall not apply—

(a) To any common carrier or contract carrier in respect to a wool product shipped or delivered for shipment in commerce in the ordinary course of its business; or

(b) To any person manufacturing, delivering for shipment, shipping, selling, or offering for sale, for exportation from the United States to any foreign country a wool product branded in accordance with the specifications of the purchaser and in accordance with the laws of such country.

MISBRANDED WOOL PRODUCTS

SEC. 4. (a) A wool product shall be misbranded—

(1) If it is falsely or deceptively stamped, tagged, labeled, or otherwise identified.

(2) If a stamp, tag, label, or other means of identification, or substitute therefor under section 5, is not on or affixed to the wool product and does not show—

(A) the percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 percent of said total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool if said percentage by weight of such fiber is 5 percent or more; and (5) the aggregate of all other fibers: *Provided*, That deviation of the fiber contents of the wool product from percentages stated on the stamp, tag, label, or other means of identification, shall not be misbranding under this section if the person charged with misbranding proves such deviation resulted from unavoidable variations in manufacture and despite the exercise of due care to make accurate the statements on such stamp, tag, label, or other means of identification.

(B) the maximum percentage of the total weight of the wool product, of any nonfibrous loading, filling, or adulterating matter.

(C) the name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

(3) In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures plainly legible.

(4) In the case of a wool product represented as wool if the percentages by weight of the wool content thereof are not shown in words and figures plainly legible, or if the total fiber weight of such wool product is not 100-percent wool exclusive of ornamentation not exceeding 5 percent of such total fiber weight.

(b) In addition to information required in this section, the stamp, tag, label, or other means of identification, or substitute therefor under section 5, may contain other information not violating the provisions of this act or the rules and regulations of the Commission.

(c) If any person subject to section 3 with respect to a wool product finds or has reasonable cause to believe its stamp, tag, label, or other means of identification, or substitute therefor under section 5, does not contain the information required by this act, he may replace same with a substitute containing the information so required.

(d) This section shall not be construed as requiring designation on garments or articles of apparel of fiber content of any linings, paddings, stiffening, trimmings, or facings, except those concerning which express or implied representations of fiber content are customarily made, nor as requiring designation of fiber content of products which have an insignificant or inconsequential textile content: *Provided*, That if any such article or product purports to contain or in any manner is represented as containing wool, this section shall be applicable thereto and the information required shall be separately set forth and segregated.

The Commission, after giving due notice and opportunity to be heard to interested persons, may determine and publicly announce the classes of such articles concerning which express or implied representations of fiber content are customarily made, and those products which have an insignificant or inconsequential textile content.

AFFIXING OF STAMP, TAG, LABEL, OR OTHER IDENTIFICATION

SEC. 5. Any person manufacturing for introduction, or first introducing into commerce, a wool product shall affix thereto the stamp, tag, label, or other means of identification required by this act, and the same, or substitutes therefor containing identical information with respect to content of the wool product or any other products contained therein in an amount of 5 percent or more by weight and other information required under section 4, shall be and remain affixed to such wool product, whether it remains in its original state or is contained in garments or other articles made in whole

or in part therefrom, until sold to the consumer: *Provided,* That the name of the manufacturer of the wool product need not appear on the substitute stamp, tag, or label if the name of the person who affixes the substitute appears thereon.

Any person who shall cause or participate in the removal or mutilation of any stamp, tag, label, or other means of identification affixed to a wool product with intent to violate the provisions of this act, is guilty of an unfair method of competition and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act.

ENFORCEMENT OF THE ACT

SEC. 6. (a) Except as otherwise specifically provided herein, this act shall be enforced by the Federal Trade Commission under rules, regulations, and procedure provided for in the Federal Trade Commission Act.

The Commission is authorized and directed to prevent any person from violating the provisions of this act in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this act; and any such person violating the provisions of this act shall be subject to the penalties and entitled to the privileges and immunities provided in said Federal Trade Commission Act, in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though the applicable terms and provisions of the said Federal Trade Commission Act were incorporated into and made a part of this act.

The Commission is authorized and directed to make rules and regulations for the manner and form of disclosing information required by this act, and for segregation of such information for different portions of a wool product as may be necessary to avoid deception or confusion, and to make such further rules and regulations under and in pursuance of the terms of this act as may be necessary and proper for administration and enforcement.

The Commission is also authorized to cause inspections, analyses, tests, and examinations to be made of any wool products subject to this act; and to cooperate with any department or agency of the Government, with any State, Territory, or possession, or with the District of Columbia; or with any department, agency, or political subdivision thereof; or with any person.

(b) Every manufacturer of wool products shall maintain proper records showing the fiber content as required by this act of all wool products made by him, and shall preserve such records for at least 3 years.

The neglect or refusal to maintain and so preserve such records is unlawful, and any such manufacturer who neglects or refuses to maintain and so preserve such records shall forfeit to the United States the sum of $100 for each day of such failure, which shall accrue to the United States and be recoverable in a civil action.

CONDEMNATION AND INJUNCTION PROCEEDINGS

Sec. 7. (a) Any wool products shall be liable to be proceeded against in the district court of the United States for the district in which found, and to be seized for confiscation by process of libel for condemnation, if the Commission has reasonable cause to believe such wool products are being manufactured or held for shipment, or shipped, or held for sale or exchange after shipment, in commerce in violation of the provisions of this act, and if after notice from the Commission the provisions of this act with respect to said products are not shown to be complied with. Proceedings in such libel cases shall conform as nearly as may be to suits in rem in admiralty, and may be brought by the Commission.

If such wool products are condemned by the court, they shall be disposed of, in the discretion of the court, by destruction; by sale; by delivery to the owner or claimant thereof upon payment of legal costs and charges and upon execution of good and sufficient bond to the effect that such wool products will not be disposed of until properly stamped, tagged, labeled, or otherwise identified under the provisions of this act; or by such charitable disposition as the court may deem proper. If such wool products are disposed of by sale, the proceeds, less legal costs and charges, shall be paid into the Treasury of the United States.

(b) Whenever the Commission has reason to believe that—

(1) Any person is violating, or is about to violate, sections 3, 5, 8, or 9 of this act, and that

(2) It would be to the public interest to enjoin such violation until complaint is issued by the Commission under the Federal Trade Commission Act and such complaint dismissed by the Commission or set aside by the court on review, or until order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act, the Commission may bring suit in the district court of the United States or in the United States court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin such violation, and upon proper showing a temporary injunction or restraining order shall be granted without bond.

EXCLUSION OF MISBRANDED WOOL PRODUCTS

SEC. 8. All wool products imported into the United States, except those made more than 20 years prior to such importation, shall be stamped, tagged, labeled, or otherwise identified in accordance with the provisions of this act, and all invoices of such wool products required under the act of June 17, 1930 (ch. 497, title IV, 46 Stat. 719), shall set forth, in addition to the matter therein specified, the information with respect to said wool products required under the provisions of this act, which information shall be in the invoices prior to their certification under said act of June 17, 1930.

The falsification of, or failure to set forth, said information in said invoices, or the falsification or perjury of the consignee's declaration provided for in said act of June 17, 1930, insofar as it relates to said information, shall be an unfair method of competition, and an unfair and deceptive act, or practice, in commerce under the Federal Trade Commission Act; and any person who falsifies, or fails to set forth, said information in said invoices, or who falsifies or perjuries said consignee's declaration insofar as it relates to said information, may thenceforth be prohibited by the Commission from importing, or participating in the importation of, any wool products into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of said wool products and any duty thereon, conditioned upon compliance with the provisions of this act.

A verified statement from the manufacturer or producer of such wool products showing their fiber content as required under the provisions of this act may be required under regulations prescribed by the Secretary of the Treasury.

GUARANTY

SEC. 9. (a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, that said wool product is not misbranded under the provisions of this act.

Said guaranty shall be either (1) a separate guaranty specifically designating the wool product guaranteed, in which case it may be on the invoice or other paper relating to said wool product; or (2) a continuing guaranty filed with the Commission applicable to all wool products handled by a guarantor in such form as the Commission by rules and regulations may prescribe.

(b) Any person who furnishes a false guaranty, except a person relying upon a guaranty to the same effect received in good faith signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, with reason to believe the wool product falsely guaranteed may be introduced, sold, transported, or distributed in commerce, is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

CRIMINAL PENALTY

SEC. 10. Any person who willfully violates sections 3, 5, 8, or 9 (b) of this act shall be guilty of a misdemeanor and upon conviction shall be fined not more than $5,000, or be imprisoned not more than 1 year, or both, in the discretion of the court: *Provided,* That nothing herein shall limit other provisions of this act.

Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section, it shall certify all pertinent facts to the Attorney General, whose duty it shall be to cause appropriate proceedings to be brought for the enforcement of the provisions of this section against such person.

APPLICATION OF EXISTING LAWS

SEC. 11. The provisions of this act shall be held to be in addition to, and not in substitution for or limitation of, the provisions of any other act of the United States.

EFFECTIVE DATE

SEC. 12. This act shall take effect 9 months after the date of its passage.

SEPARABILITY CLAUSE

SEC. 13. If any provision of this act, or the application thereof to any person, partnership, corporation, or circumstance is held invalid, the remainder of the act and the application of such provision to any other person, partnership, corporation, or circumstance shall not be affected thereby.

EXCEPTIONS

SEC. 14. None of the provisions of this act shall be construed to apply to the manufacture, delivery for shipment, shipment, sale, or offering for sale any carpets, rugs, mats, or upholsteries, nor to any person manufacturing, delivering for shipment, shipping, selling, or offering for sale any carpets, rugs, mats, or upholsteries.

Mr. SCHWARTZ. Mr. President, I move that the Senate concur in the House amendment to Senate bill 162, and on that motion I desire to be heard. It will be necessary, in order to support that motion, to explain the House amendments, and I desire at this time to explain the amendments, and the manner in which they affect the pending bill.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is it not in order at this time to move that the bill, with the House amendment be referred to the standing committee from which the original bill came, as a preferential motion to the one made by the Senator from Wyoming?

The PRESIDING OFFICER. The motion can be made by the Senator when he obtains the floor. The Senator from Wyoming now has the floor.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. WHITE. There were a number of Senators who had understood that the bill in which the Senator from Iowa [Mr. GILLETTE] was interested was to follow the disposition of the Export-Import Bank bill. Some of those Senators have left the floor. I suggest that there should be a point of no quorum made, so that absent Senators who have an interest in this bill may be present and may be advised that it is under consideration by the Senate.

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Maine for that purpose?

Mr. SCHWARTZ. Yes; I yield for that purpose.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lee	Russell
Andrews	Ellender	Lodge	Schwartz
Ashurst	George	McCarran	Schwellenbach
Austin	Gerry	McKellar	Sheppard
Bailey	Gibson	McNary	Smathers
Barkley	Gillette	Maloney	Stewart
Bilbo	Green	Mead	Taft
Brown	Gurney	Miller	Thomas, Idaho
Bulow	Hale	Minton	Thomas, Okla.
Burke	Harrison	Murray	Thomas, Utah
Byrd	Hatch	Neely	Townsend
Byrnes	Hayden	Norris	Vandenberg
Capper	Herring	Nye	Wagner
Chandler	Hill	Overton	Walsh
Clark, Idaho	Hughes	Pepper	Wheeler
Clark, Mo.	Johnson, Calif.	Pittman	White
Connally	Johnson, Colo.	Radcliffe	Wiley
Danaher	King	Reed	
Davis	La Follette	Reynolds	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present.

Mr. SCHWARTZ. Mr. President, as I stated a moment ago, as a preliminary matter I wish to say for the benefit of any Senators who have not heard what has gone on in the last few minutes, that the bill we have under consideration now is what is known as the truth-in-fabric bill, or the wool-labeling bill.

Senate bill 162 was passed by the Senate on July 21, 1939, by a vote of 48 to 23; and on August 30, 1940, the House adopted a motion to consider a companion bill by a vote of 288 yeas to 18 nays. After 4 hours' debate in the House, the House adopted its own bill, and substituted it for Senate bill 162 without a record or teller vote. The Senate bill 162 and the House bill adopted as a substitute are identical, except for certain amendments I shall discuss.

A similar bill introduced by me passed the Senate in 1938, but was not considered by the House prior to the adjournment of the Congress. There have been long and extensive hearings on this bill. Over 800 pages of testimony have been taken. There have been extensive debates both in the Senate and in the House; in the Senate twice and in the House this last week.

Mr. President, it would be difficult to find much new matter to consider, and I hope it will not be necessary to take the time of the Senate to reargue the general merits of the bill. If that shall become necessary, of course, I shall do so.

I wish to point out the amendments made to the bill as it passed the Senate, and endeavor to explain the reasons assigned by the House proponents for such amendments, and how those amendments affect the purposes of the bill. Of the 22 or 23 amendments in the substitute, only 3 or 4 are important, and they do not militate against the purpose of the bill. Practically all the other amendments are merely changes of words, dropping out words, or renumbering some of the paragraphs.

The bill has been pending a long time. It has passed the Senate twice. Most of the amendments of the House have been made to meet objections which were raised in the Senate by those who were against the bill.

In my opinion, those amendments do not materially affect the purposes of the bill. They are satisfactory to the consumers of the country and to those directly interested in wool. Most of them have been asked for by retailers' associations of the country or by some of the wool interests, and I believe they are opposed only by those who are opposed to a regulatory bill of any kind.

For those reasons I hope that before we get through the Senate will agree to my motion to concur in the House amendment, and that the Senate will turn down certain amendments which have been offered to the bill; amendments which, in my judgment—I might be mistaken—are purely dilatory. If any of the three amendments to which I refer is adopted, the intention is to bring about a parliamentary situation in which the bill will again go back to the House and will be there for some time; and it is the hope of the opponents of the bill, if that course shall be taken, that we shall adjourn before we can obtain final action on the bill. With the adjournment of Congress, of course, all the work which has been done by the committees and the votes taken by the Senate and House will have to be done over again in the next session.

For those reasons, Mr. President, I hope the Senate will be of the opinion that the House amendments are reasonable, and that my motion will prevail.

I wish to speak, first, about the first amendment, which is in section 2 (b). It deals with the definition of wool. The House substitute for the definition of wool is similar in language to Senate bill 162 as reported to the Senate by the Senate Committee on Interstate Commerce, and reads as follows:

> (b) The term "wool" means the fiber from the fleece of the sheep or lamb, or the hair of the Angora or Cashmere goat (and may include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) which has never been reclaimed from any woven or felted wool product.

That is the definition now in the bill. With the exception of a concluding clause added after the word "vicuna" above, which has nothing particularly to do with the definition, that is the way this definition was brought to the Senate by the Interstate Commerce Committee. When it reached the Senate, after we had reached the point of amendments to the b ll, the distinguished senior Senator from Oklahoma [Mr. THOMAS] offered an amendment to the definition. His amendment read:

> The term "wool" means the fiber from the fleece of the sheep or lamb.

That was the end of it. It eliminated Angora, and all the specialty fibers.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. WHITE. Was that amendment adopted by the Senate?

Mr. SCHWARTZ. Yes.

Mr. WHITE. I have a very hazy recollection about it.

Mr. SCHWARTZ. I can explain it.

Mr. WHITE. My recollection, such as it is, is that under the terms of the amendment as the committee reported it, we could define as wool something with absolutely no wool in it. Was not that criticism made?

Mr. SCHWARTZ. That criticism was made, and I now propose to explain the matter in detail.

At the time the amendment was adopted limiting the definition of wool to fiber from the fleece of the sheep or lamb, it may not be material but as a matter of fact only 15 Senators were present in the Chamber, and the amendment was adopted by a vote of 8 to 6, I believe. That is not material, because eventually we passed the whole bill.

It is evident that those who supported the Thomas amendment at that time either did not understand the bill or were opposed to labeling of any kind. The purpose of the definition of wool under the general provisions of the bill is not to limit the term to wool from the fleece of the sheep or lamb. "Wool" was and is intended as a commercial term to cover all natural wool, including the natural soft, silky hair of the Angora or Cashmere goat. The bill was never intended simply as a sheep-wool bill. I recall that on one occasion a distinguished Senator who is not now present, and whose name I

shall not mention, said, "This bill is a bill which the sheep herders want." In that connection I will say that some sheep herders want the bill, but the record shows that practically all the consumer leagues and the labor organizations of the country want it, because they want fiber identification. The bill was never intended simply as a sheep-wool bill, but as a bill to protect the pubic in purchasing garments and other products which contain wool or which are represented as containing wool.

I think it will be of interest to take the time of the Senate for a moment to give a few definitions of wool generically, and also of the special wool fibers included in the House amendment.

This is Funk and Wagnalls' definition of "wool":

(1) The soft and more or less long, curly, or crisped hair which is obtained from sheep and some allied animals, and used in making material for the manufacture of clothing. * * * Among commercial wools of importance are those obtained from the alpaca, the llama, the Angora goat, the camel, and from the Cashmere goat of the Himalayas.

Webster gives practically the same definition:

(1) The soft and curled, or crisped, covering or coat of domestic sheep and some other animals. * * *
(3) Short, thick hair, especially when crisped or curled.

Funk & Wagnalls' Standard Dictionary defines "alpaca" as—

(1) A semidomesticated cameloid ruminant of the lofty mountains of Chile, Peru, and Bolivia, resembling a sheep, but with a longer neck, and yielding a long fine wool, usually dark brown or black; (2) alpaca wool.

Angora is described by Funk & Wagnalls, in definition (2), as follows:

(3) A fine light dress goods of Angora wool, or an imitation of it.

Webster says:

Angora goat: A variety of the domestic goat, having long, silky hair, Angora wool, which is the true mohair; a cloth shawl, or the like, made of Angora wool or an imitation of it.

Webster describes "camlet" as a costly fabric of satin weave, made in Asia of camel's hair or Angora wool.

Webster defines camel's hair as—

(2) Cloth made of camel's hair or a mixture of camel's hair and wool, usually light tan and of soft, silky feel.

The definition of "wool" as it is given in the bill is for the purpose of showing what is a "wool product," and then the wool product is what is to be labeled.

Funk & Wagnalls' dictionary defines camel's hair as—

The hair of the camel used in the manufacture of dress goods, heavy warm clothing for travelers, and similar cloth. Also camel's wool, camel's hair.

Funk & Wagnalls' dictionary defines "cashmere" as—

(1) A fine and soft woolen dress fabric, usually made in plain colors; also a cotton-and-wool imitation of it; (2) a fine, soft, costly fabric made in Kashmir and neighboring regions, from yarn handspun from the flossy wool of the Cashmere goat.

Funk & Wagnalls' dictionary defines "llama" as—

(1) A South American wooly haired cameloid ruminant without a hump and usually white or spotted with brown or black; (2) cloth woven of llama hair.

Funk & Wagnalls' dictionary defines "vicuna" as follows:

A small cameloid mammal of the high northern Andes, having fine and very valuable wool.

Mr. President, to require a special classification for each of these specialty wools, for camel's hair, and for Angora hair or wool, would needlessly multiply detail to be shown on the labels. It should be sufficient to know whether the wool is new, reprocessed, or reused.

There is another and stronger reason why the wool or hair of the Cashmere and Angora goats and the soft hair of the camel should be included in the generic term "wool," and, as such, covered by the labeling provisions. The worn cloth and articles, and the rags of all these products, are now being garnetted, reworked, and reused, put on the market, mixed with reworked and reused sheep's wool, and advertised and sold as "cashmere shawls," "Angora" or "mohair" cloth and clothing, and as "camel's hair" coats, sport goods, and heavy traveling clothing. The public is entitled to be protected, and wants to be protected, from these frauds. I have not heard any reputable dealer or merchant object to the definition of "wool" including these fibers as listed in the House substitute, and as contained in Senate bill 162 when it was reported to the Senate by the Interstate Commerce Committee. There should be no difficulty in these classifications.

I wish to call attention to section 6 (a) of both the Senate bill and the House bill, which are identical. Practically every word, clause, and sentence of the bill has been studied for a long time, and has been thoroughly considered, not only by those who are in favor of the bill, but by men competent in the industry, and particularly by officials and others connected with the Federal Trade Commission.

I read from the third paragraph of section 6 (a), which, as I have said, was originally in Senate bill 162 as it passed the Senate, and is now also in the House amendment:

The Commission—

The Federal Trade Commission—

is authorized and directed to make rules and regulations for the manner and form of disclosing information required by this act, and for segregation of such information for different portions of a wool product—

We shall later come to the definition of a wool product—

as may be necessary to avoid deception or confusion, and to make such further rules and regulations under and in pursuance of the terms of this act as may be necessary and proper for administration and enforcement.

This is in both bills and, of course, is in addition to the labeling provided in the bill, and is the authority of the Federal Trade Commission to see that the labeling is done in such a way and gives such a description of the wool product as not to be confusing or misleading to the public or permit deception.

(b) In addition to the information required in this section, the stamp, tag, label, or other means of identification, or substitute therefor under section 5, may contain other information not violating the provisions of this act or the rules and regulations of the Commission.

It must be evident, Mr. President, that with the power given to the Federal Trade Commission in those two sections, there will be no confusion in the classifications that appear upon the label. As I said a moment ago, there is the same means for protecting the public against misrepresented cloth which happens to be made of Angora wool or camel's hair as there is of cloth made from sheep's wool. This bill primarily, after all, has been demanded for years by the great consumer organizations of the country and all the great farm organizations, and by organized labor. They demand fiber identification.

I now pass to amendment numbered 2, which is a substitute for the "virgin wool" definition of the Senate bill. A difference between Senate bill 162 and the House substitute is that Senate bill 162 gave "wool" and "virgin wool" two separate paragraphs and definitions. The House substitute amendment No. 1, just explained by me, makes this single definition act as a definition for wool generally and also for what in Senate bill 162 is called virgin wool. Thus, the House amendment will permit yarns, such as knitted sweaters, and so forth, which have never been used or worn, to be classified as "wool" along with new wool. It has been assumed, I think, in all the debates we have had before the committees and elsewhere, that there is a very logical distinction between clippings of new wool and those from used or worn garments which have to be garnetted. The clippings from a reworked sweater, for instance, may be drawn right into the roving or combing machines and worked right out into fiber, while the cloth which is woven like a suit and other cloth of that kind has got to be run through garnetting machines and cut into small pieces, decolored, treated with acid, softened with sheep's wool or lanolin and thus eventually reduced or reworked wool or shoddy, according to what one may choose to call it. Soft sweater yarns are reprocessed back into fiber without garnetting and the consequent heavy

damage to the fiber. Also, spun wool which has never been used or worn may be included in the definition of "wool."

So when I now talk about wool I am talking about that classification of fiber which may go in under the head of "wool," which would include new wool and the reprocessed soft sweater stuff or stuff that has never been used and which does not have to be garnetted. I might also state that spun, and certain so-called wool wastes is small in amount and so is not material to the general purposes of the bill.

A proposed amendment, to be offered by the senior Senator from Oklahoma, would readopt the former amendment to Senate bill 162, adding thereto the words:

which has never been reclaimed from any woven or felted wool product.

The amendment then would read:

The term "wool" means the fiber from the sheep or lamb which has never been reclaimed from any woven or felted wool product.

The net result would be to limit wool under the whole bill to the fiber from the sheep or lamb. For the reasons I have stated, this would deprive Angora wool, a very important wool product produced on a large scale in this country, specialty wools, and camel's hair wool from the protection of the labeling act.

Amendment numbered 3 in Senate bill 162 combined all wool products not included under the head of "virgin wool" into a single class and definition which reads:

SEC. 2. (d) The term "reclaimed wool" means wool which has been made into a fibrous state after having been spun, woven, knitted, felted, or otherwise manufactured.

The House substitute now before the Senate divides reclaimed wool, as defined in Senate bill 162, into two classes in lieu of the provision of Senate bill 162 which I have read. I will refer first to the House definition relating to reprocessed wool, that is, wool that has never been worn or used.

(c) The term "reprocessed wool" means the resulting fiber when wool has been woven or felted into a wool product which, without ever having been utilized in any way by the ultimate consumer, subsequently has been made into a fibrous state.

That is one definition, and I may say that it was offered and asked for by the General Retail Merchants Association of the United States. It segregates new clippings into a class by themselves.

The second clause of the definition, that as to "reused wool," reads:

(d) The term "reused wool" means the resulting fiber when wool or reprocessed wool has been spun, woven, knitted, or felted into a wool product which, after having been used in any way by the ultimate consumer, subsequently has been made into a fibrous state.

That, in short, means rags.

These changes of classification were asked for by President David R. Craig, of the American Retail Federation, which federation also includes the National Retail Drygoods Association, the National Retail Furniture Association, and practically all other similar associations in the United States.

I wish to read and put into the RECORD without taking too much time of the Senate just how those amendments came about. Mr. Craig said to the House committee, at page 360 of the hearings:

I offer the following amendments for your consideration. On page 2, delete lines 9 to 12, inclusive—

That was the definition in the Senate bill.

And substitute the following definitions:

(d) The term "reprocessed wool" means wool which has been spun, woven, knitted, felted, or otherwise manufactured into a wool product and subsequently has been made into a fibrous state, but which has never been utilized in any way by the ultimate consumer. This term shall include "wool wastes" as defined herein.

The term "reused wool" means wool which has been spun, woven, knitted, felted, or otherwise manufactured into a wool product and which has been used by the ultimate consumer and subsequently has been made into a fibrous state.

These terms should be substituted in the bill wherever "reclaimed wool" is mentioned.

The definitions of "reprocessed wool" and "reused wool" thus suggested by Mr. Craig, are definitions with slight modification, adopted by the House. They were really included in the bill in order to meet the objection that some forms of reworked wool are far superior to reused wool, as it is called. In other words, wool that has never been worn or used is superior to that which has been garnetted.

The next amendment is amendment No. 4. The House substitute amends S. 162's definition of a "wool product," and inasmuch as every provision in the bill practically, or all of it, is based on the term "wool product" it is important to consider that.

In the bill as it passed the Senate the term "wool product" under the amendment of the senior Senator from Oklahoma [Mr. THOMAS] was defined as follows:

SEC. 2 (e) The term "wool product" means any product made from the fiber of the fleece of the sheep or lamb and containing a percentage of wool as provided in subsection (A) of paragraph (2) of section 4 of this act.

As amended in the House and as it now appears in the House substitute it reads:

(e) The term "wool product" means any product, or any portion of a product, which contains, purports to contain, or in any way is represented as containing wool, reprocessed wool, or reused wool.

"Reprocessed wool" and "reused wool" are the two classifications.

Mr. ADAMS. Mr. President, will the Senator explain his understanding of the use in the House amendment of terms defining a wool product as including one which in any way is represented as containing wool? I wondered whether that might not in itself involve a conflict.

Mr. SCHWARTZ. No; it does not involve a conflict, because, as I said awhile ago, the basic purpose of the bill is to protect the consumer, the buyer. If a merchant or somebody else says to a buyer, "This is wool," and there is no wool at all in the fabric, and he has it labeled as being wool, this bill will reach him, because while the fabric does not contain any wool it is represented to the consumer as containing wool, and that kind of merchant is the man we are trying to reach, among others; and that is the purpose of broadening the definition.

The definition I have just read was practically that of the original Senate bill as reported by the committee, which was subsequently amended and limited by the senior Senator from Oklahoma [Mr. THOMAS]. There was a logical reason for his making that change, after the Senate adopted his first amendment, because by so doing he made the definition conform to his erroneous theory of the bill expressed in the first amendment, which tried to limit the bill to wool of the sheep and lamb, and nothing else. There is no occasion for it, however, either under the real theory, the Interstate Commerce Committee's theory of this bill, the theory under which the bill has been built up by all the persons who have been aiding in building it up, or according to the final action of the House. The purpose of the bill is to protect the buyer from false representations as to fiber content.

I may say again, as I said a while ago—it may not be important; probably it was to some extent my fault or that of somebody else—that when the second amendment was offered here, there were only 15 or 16 Senators on the floor at the time it was voted upon, and most of them happened to be those who were opposed to any regulation of this matter, of any kind, at any time.

I wish again to point out that this definition reaches three classes of products: First, products which contain wool; second, products which purport to contain wool; and, third, products which are in any way represented as containing wool. Thus the label provided for in section 4 would not only show the wool content when it is present, but, second, the content of any product which purports to contain wool when somebody is trying to deceive the public, and, third, any product offered to the public which is represented as containing wool. The original purpose of that provision, when it was first put in, was to reach signs and other representations set up that something is a wool product when, as a matter of fact, it contains no wool at all.

The whole scope of that classification of wool products was intended to uncover and prevent frauds, and to the extent that this act is enforced it will do so. I believe it will be enforced. It is easy to enforce it. If there are any kinks in the bill, after it has been worked over for years and years and subjected to all the attention it has received, the Federal Trade Commission can straighten them out, or point them out to us.

Although I have given a great deal of time to the bill, I am not so vain as to think that the bill is perfect, because, as I read the history of Congress and of legislation, I do not recall many important bills that were perfect in their first enactment. We perfect them and amend them after they are enacted. But it is important to get a start. It is important to have the public demand satisfied. They want the clothing they buy, and the wearing apparel they buy, labeled so that they will know what they are buying; but when a fabric is labeled "reprocessed wool," that does not mean that a man is necessarily going to refuse to buy reprocessed wool. He wants to know what it is, however. He may not buy it. He may prefer to buy some other fabric. He may prefer to buy cotton. He may prefer to pay a few dollars more—it should not cost much more—and buy new wool.

Amendment No. 3, section 3: Section 3 declares that misbranding is unlawful. This section is identical with the corresponding section of Senate bill 162 as it passed the Senate, except that the House strikes out certain words which deal with the retail merchant. Although other provisions still tie the retail merchants in, the retail merchants asked that this language be stricken out in the House. It was stricken out. When the retail merchants asked to have it stricken out they said they thoroughly understood that with this provision out they nevertheless were liable and nevertheless were required to see that the label remained upon the garment until it was sold.

I will read the clause which was stricken out. The section is not long, and I think probably it will be more intelligible if I read most of the section.

SEC. 3. The introduction, or manufacture for introduction, into commerce, or the sale, transportation, or distribution in commerce, of any wool product which is misbranded within the meaning of this act, or the rules and regulations hereunder, is unlawful and shall be an unfair method of competition, and an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act; and any person who shall manufacture or deliver for shipment or ship or sell or offer for sale in commerce—

Right there, this language was stricken out of the Senate bill:

or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person—

That language was stricken out, so that the bill as it comes to us from the House now reads like this, in the last clause:

and any person who shall manufacture or deliver for shipment or ship or sell or offer for sale in commerce any such wool product which is misbranded within the meaning of this act and the rules and regulations hereunder is guilty of an unfair method of competition, and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act.

This section shall not apply—

(a) To any common carrier—

And so forth. As I said a moment ago, certain retail houses objected to the stricken clause. However, leaving out the clause does not relieve the retailer from the provisions of the act, or from the necessity of keeping the label on the garment until the consumer buys it, because section 5 of the bill requires the person manufacturing for introduction, or first introducing into commerce, a wool product, to affix the label; second, that the label shall remain on the garment or article until sold to the consumer, and third, it provides that any person who shall cause or participate in the removal or mutilation of the label with intent to violate the provisions of the act is guilty, and so forth. So the retailer receives the goods with the label, and he is required not to remove or mutilate the label until the garment is sold to the consumer. It will be seen, therefore, that the responsibility of the retailer is in no manner affected.

When I first saw that amendment, I was rather inclined to doubt whether the Senate ought to accept it. I gave it considerable thought and consideration, and in the course of that consideration I went back through the House hearings to find out how the amendment was offered, and I also took other measures to show that the liability is still with the retailer to maintain the label. That is what the public wants. The public wants the label on the garment when the consumer buys it.

So again here we have the testimony of Mr. Craig, who, as I say, is the president of this company which is over all the retail associations of different kinds in the United States. He said:

Our second proposed amendment is that this provision be stricken from the bill.

That is the one I just read, which was stricken out by the House.

By the terms of this provision, retailers who purchase goods from another State are in interstate commerce. This purchasing theory was discussed by Congress when considering the Fair Labor Standards Act of 1938 and was discarded as being of doubtful constitutionality. In that act Congress made retailers subject to Federal regulations only when their sales were made in interstate commerce.

I therefore suggest that the following wording on page 3, lines 22 to 25, be stricken from the bill:

"Or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person."

Then he proceeds and says:

This provision is not necessary to enforce the provisions of H. R. 944.

That is the companion bill to my bill.

And Mr. Craig concludes:

Section 5 makes it mandatory to label all wool products introduced into interstate commerce. This section also prohibits the removal of a label unless a legal substitute is used in its place. These provisions combined mean that goods shipped to retailers must be properly labeled and that retailers are prohibited from removing these labels unless they replace them with a proper substitute.

That amendment also caused some concern to Mr. W. R. Ogg, director of research of the American Farm Bureau Federation. On September 6 he wrote to the Federal Trade Commission for an opinion thereon and on that date he received a reply from Mr. W. T. Kelly, chief counsel of the Commission. Mr. Ogg's letter, of date September 6, I have here. It is as follows:

SEPTEMBER 6, 1940.

Hon. EWIN L. DAVIS,

Chairman, Federal Trade Commission, Washington, D. C.

DEAR SIR: Due to the differences in language in S. 162 as it passed the Senate and the substitute bill passed by the House, the question has arisen whether retailers would be subject to this legislation under the language of the bill as it passed the House.

Section 3 of the Senate text, entitled "Misbranding Declared Unlawful," provides:

"The introduction, or manufacture for introduction, into commerce, or the sale, transportation, or distribution in commerce of any wool product which is misbranded within the meaning of this act, or the rules and regulations hereunder, is unlawful and shall be an unfair method of competition and an unfair and deceptive act or practice in commerce under the Federal Trade Commission Act; and any person who shall manufacture or deliver for shipment or ship or sell or offer for sale in commerce (or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person) any such wool product which is misbranded within the meaning of this act and the rules and regulations hereunder is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act."

The words "and having so received shall resell or deliver for pay" are not included in the language of the bill as passed by the House.

In this connection, I note that section 5 of the bill, both as it passed the Senate and as it passed the House, provides that—

"Any person who shall cause or participate in the removal or mutilation of any stamp, tag, label, or other means of identification affixed to a wool product with intent to violate the provisions of this act is guilty of an unfair method of competition, and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act."

We would like very much to have your opinion as to whether, under the language of the bill as it passed the House, retailers would be subject to its provisions.

Respectfully yours,

W. R. OGG,
Director of Research.

The chief counsel of the Federal Trade Commission wrote to Mr. Ogg as follows, under date of September 6:

SEPTEMBER 6, 1940.

Mr. W. R. OGG, *Director of Research,*
American Farm Bureau Federation,
Munsey Building, Washington, D. C.

DEAR MR. OGG: Your letter of September 6, 1940, addressed to Chairman Davis, has been referred to me for reply in reference to S. 162 and your request to be advised whether retailers would be subject to the bill as it passed the House. You refer in particular to the following language appearing in section 5:

"Any person who shall cause or participate in the removal or mutilation of any stamp, tag, label, or other means of identification affixed to a wool product with intent to violate the provisions of this act, is guilty of an unfair method of competition, and an unfair and deceptive act or practice in commerce within the meaning of the Federal Trade Commission Act."

In reply I wish to state that this language, as quoted, would clearly include retailers and make them subject to the inhibitions there expressed against the removal or mutilation of the stamp, tag, label, or other means of identification affixed to the wool product.

Yours very truly,

W. T. KELLEY, *Chief Counsel.*

On the receipt of that letter, and out of consideration of the terms of section 5 as it has been amended, Mr. Ogg, who is the director of research for the American Farm Bureau Federation, was satisfied with the House language, and said that it would require the label to stay on the garment until it was purchased by the consumer. I want the RECORD to show that it is the understanding of the Senate that the amendment notwithstanding, the label or tag must remain on the products until sold to the consumer, and that the retailer is liable if he permits it to be removed.

From this point on there are quite a few amendments, but they are not of much importance.

In section 4, which deals with misbranded wool products, and the description of what must be put on under subsection 2, the only difference between the House provision and the Senate bill as we passed it is that the term "virgin" is stricken out before the word "wool", for the reasons I have already explained, because that term has been abandoned and the description "wool" will stand for new goods.

"Reclaimed wool," as the term was used in the Senate, is changed to "reprocessed wool," made from garnetted clippings of other woolen garments which have never been worn.

Third, the word "reused" has been added, and that is the third definition, which I explained at some length awhile ago. That made necessary striking out the figure "5" and inserting "4" in the numbering of definitions.

Subparagraph (c) of paragraph 2 of section 4 of the Senate bill read as follows, with respect to whose name should be on the label:

(C) Either the name of the manufacturer of the wool product, or the name of one or more persons subject to section 3 with respect to such wool product, or the name of said manufacturers, and the names of one or more of such other persons.

The amendment is merely a change of the language, and does not affect the substance at all. It now reads:

(C) The name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

It amounts to the same thing.

Subparagraph 3 of section 4 has been amended. As it passed the Senate, this was the wording, describing certain false labeling:

In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, and so forth.

In the amendment the wording is "are not shown in words and figures plainly legible," leaving out the rest of the description, which is not important.

In the next paragraph the Senate section read:

In the case of a wool product represented as virgin wool, if the percentages by weight of the virgin-wool content thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, and so forth.

In the House that was amended so as to read:

In the case of a wool product represented as wool—

Dropping out the word "virgin"—

if the percentages by weight of the wool content thereof are not shown in words and figures plainly legible—

Eliminating the rest of it.

In another place where the term "virgin wool" occurs, the word "virgin" was stricken out.

Affixing the stamp, tag, label, or other identification is covered by section 5, and the House amendment is the same as the Senate language, with one exception. The section in S. 162 required the fixing of the tag, label, or stamp by the manufacturer or person first introducing the wool product into commerce, and that later substitutes for the original tag should contain "identical information with respect to content of the wool product, and other information required under section 4." The House added the words "or any other products contained therein in an amount of 5 percent or more by weight." They also added this proviso:

Provided, That the name of the manufacturer of the wool product need not appear on the substitute stamp, tag, or label if the name of the person who affixes the substitute appears thereon.

That is another way of stating what has already been said. It might serve an additional purpose, as where the retailer wishes to label under his own name and not disclose the name of the manufacturer.

There are two more amendments. Under the Senate bill we required the manufacturer to keep complete and accurate records showing the fiber content of his production as required by the act. The House struck out "complete and accurate" and substituted therefor the word "proper." That is not important.

Senate 162 required that the manufacturer should keep records of production and fiber contents thereof for 5 years. The House reduced the time to 3 years. In my opinion that is not of any importance. Three years should be long enough.

Some language was stricken from section 9. Section 9 (a) in the Senate bill provided:

No person shall be guilty under section 3 if he established a guaranty received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured for introduction into commerce and/or from whom it was received in commerce, that said wool product is not misbranded.

And so forth. The House struck out the words "for introduction into commerce" and "received in commerce." The House language is preferable to what we adopted in S. 162, and is unlimited.

Under the Senate bill a manufacturer could make a wool product with no intent to put it in commerce, but later he might receive orders or his business might so change that he would put it in commerce. Under the Senate language, if he does not manufacture it with intent to put it in commerce, he is not reached under the guaranty. Under the House language the guaranty follows when it goes into commerce.

Section 12 makes the act effective 6 months after the date of its enactment. The House substitute makes it effective 9 months after the date of enactment. Manufacturers and merchants thought the 6 months' period too short to readjust and clean up unbranded goods already on the shelves of jobbers and retailers. Nine months also gives the Federal Trade Commission and Treasury more time to work out details of enforcement. I do not believe anyone objects to extending the time from 6 months to 9 months.

At this point the senior Senator from Oklahoma [Mr. THOMAS] purposes to add another amendment, the effect of which, of course, would be to send the bill back to the House, and, while I do not say it is the intent, the effect would be

to keep it lagging around so that we could not get through a bill of any kind at this session of Congress. He purposes in addition to those 9 months, to add the following:

Provided, That if at that time—

At the end of the 9 months—

the present war between Germany and the Allies is still in progress and/or if the United States is at that time actively engaged in a war or wars with any nation or nations, the provisions of this act shall not take effect and be in force until the Chairman of the Federal Trade Commission issues and promulgates a declaration to the effect that a treaty of peace has been signed by representatives of the German Government and by the Allies as represented by the Government of Great Britain, and further that the United States is at peace with all the nations of the world.

Mr. President, if anything should happen in the future, after 9 months, which would suggest for any reason that the provisions of this measure should be set aside temporarily, or for any fixed time, there will then be plenty of time to act. Congress will be in regular session, and there will be plenty of time to suggest any needed amendments.

Further, I do not see any particular reason, and I do not know that there has ever been any precedent established for having the Chairman of the Federal Trade Commission issue an official proclamation as to when a state of war between foreign nations has ended. If it is purposed by the Senator's amendment, and if it shall be developed before we get through here that the purpose of that amendment is predicated upon the idea that we are short of wool, or likely to get short of wool, and that in some way this measure may militate against the general defense program, at that time, I shall endeavor to show that that fear is not well founded.

There is one more amendment by the House of Senate bill 162. I will say that I was not particularly concerned with having the provision of the Senate bill to which the amendment applies contained in the bill at the time we passed it. In some ways I thought the things dealt with by the House amendment should not be in the bill. I had gradually become of the opinion, and I am now of the opinion, that this bill should be limited generally to wearing apparel and clothing, dress goods, cloths, and certain other wool products. The House amendment consists of the addition of section 14, exempting from the bill "carpets, rugs, mats, and upholsteries."

As a general proposition we understand that the particular amount of wool in carpets is not so important. As to upholsteries, they are usually not a very controlling factor in furniture. So I think we can well agree to that exemption, which, I might add, was originally purposed and fought for by a distinguished Representative from Oklahoma.

Mr. President, that will conclude what I wanted to say now on the amendments themselves. I shall expect to be heard later with respect to other features of the bill if we are to go into the discussion of the general merits of the bill.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lee	Russell
Andrews	Ellender	Lodge	Schwartz
Ashurst	George	McCarran	Schwellenbach
Austin	Gerry	McKellar	Sheppard
Bailey	Gibson	McNary	Smathers
Barkley	Gillette	Maloney	Stewart
Bilbo	Green	Mead	Taft
Brown	Gurney	Miller	Thomas, Idaho
Bulow	Hale	Minton	Thomas, Okla.
Burke	Harrison	Murray	Thomas, Utah
Byrd	Hatch	Neely	Townsend
Byrnes	Hayden	Norris	Vandenberg
Capper	Herring	Nye	Wagner
Chandler	Hill	Overton	Walsh
Clark, Idaho	Hughes	Pepper	Wheeler
Clark, Mo.	Johnson, Calif.	Pittman	White
Connally	Johnson, Colo.	Radcliffe	Wiley
Danaher	King	Reed	
Davis	La Follette	Reynolds	

The PRESIDING OFFICER. Seventy-four Senators have answered to their names. A quorum is present.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. In view of the lateness of the hour, and the fact that the Senator wishes to discuss the matter at some length, I think it would be preferable to suspend at this time.

Mr. THOMAS of Oklahoma. Very well.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

FARM CREDIT ADMINISTRATION

The legislative clerk read the nomination of William E. Rhea to be Land Bank Commissioner in the Farm Credit Administration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST AND GEODETIC SURVEY

The legislative clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

The PRESIDING OFFICER. Without objection, the nominations in the Coast and Geodetic Survey are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That concludes the calendar.

AUTHORIZATION TO FINANCE COMMITTEE TO REPORT DURING RECESS

Mr. BARKLEY. Mr. President, as in legislative session, I wish to state that the Committee on Finance has just voted to report the tax bill. It is understood that it will not be taken up until Friday, but, in order that the committee may submit its report, I ask unanimous consent that during the recess of the Senate the Committee on Finance may be authorized to report the tax bill.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I have conferred with the able leader on the Democratic side. I have no objection, with the understanding that the bill will not come up before Friday—probably later than Friday.

Mr. BARKLEY. I assure the Senator that it will not be taken up tomorrow.

Mr. McNARY. I am happy and satisfied.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON entered the Chamber.

Mr. BARKLEY. Mr. President, I will say to the Senator from Mississippi that I have just obtained unanimous consent that the Committee on Finance may file its report during the recess of the Senate, with the understanding that the bill will not be taken up in the Senate before Friday.

Mr. HARRISON. I thank the Senator. I hope an arrangement can be made for a session on Saturday.

Mr. BARKLEY. Yes. I may as well state publicly what I have stated privately to Senators who have inquired, that on the theory that the tax bill will be taken up Friday, if it is not finished on that date, we plan to hold a session on Saturday.

Mr. HARRISON. I thank the Senator.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Thursday, September 12, 1940, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 11 (legislative day of August 5), 1940

FARM CREDIT ADMINISTRATION

William E. Rhea to be Land Bank Commissioner in the Farm Credit Administration.

COAST AND GEODETIC SURVEY

TO BE AIDES (WITH RELATIVE RANK OF ENSIGN IN THE NAVY)

Don Arden Jones
David Mullendore Whipp
Francis Xavier Popper
Harry Day Reed, Jr.

POSTMASTERS

MISSISSIPPI

Robert Donald Sharp, Grenada.

MONTANA

Grace J. Senef, Denton.
Leo R. Spogen, Red Lodge.
James E. Babbitt, Victor.

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 11, 1940

The House met at 12 o'clock noon and was called to order by Mr. RAYBURN, who directed the Clerk to read the following communication:

The Clerk read as follows:

THE SPEAKER'S ROOM, HOUSE OF REPRESENTATIVES,
Washington, D. C., September 11, 1940.

I hereby designate Honorable SAM RAYBURN to act as Speaker pro tempore today.

W. B. BANKHEAD, *Speaker.*

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, we thank Thee for the divinity of which we are conscious in our own breasts; may it ever be a supreme satisfaction to express it. As we wait upon Thee, give hush to every other voice and stir our minds with spiritual aspiration. Enrich these passing hours with service for our country that shall be supremely helpful and wise. Diligent and faithful, patient and helpful in our labors, may we know and understand that nothing finally wrong can endure. We pray Thee, blessed Lord, that the citizens of our fair land may always be persuaded that a high, splendid national life finds its noblest spring of excellence in that divine impulse to trust God and believe in the righteous destiny of man. Be with us this day, reminding us that in all we do and say Thou art nigh. O Love Divine that stoops to bless and dry the saddest tear, may our beloved Speaker rest in Thine arms, finding peace, rest, and restored strength. In the name of names, Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 602. Joint resolution to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the office of Secretary of Commerce.

SPEAKER WILLIAM B. BANKHEAD

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. HOBBS. Mr. Speaker, it is a real pleasure at times, where sentiments of the kind are naturally and spontaneously called forth, to pay a heartfelt and deserved tribute to a great character. One of the finest men who ever stood in shoe leather, in the opinion of every Member of this House, regardless of his politics, is our beloved Speaker.

Several years ago he had a heart attack. That old pump is as good today as it ever was. A heroic fight he made, and he won.

Last year the flu overtook him. He met and whipped that and became perfectly well.

Now the fates have brought him an attack of sciatica, and he is going to whip that and completely recover. [Applause.]

He is as tough as a lightwood knot or whitleather, and we glory in his physical stamina. But that is not the point I wish to make. Last night he gave an illustration of one of his characteristics which make him so beloved.

In spite of the excruciating agony of an acute attack of sciatica, he tried to the limit of human endurance to fill an engagement to make a speech. It was not to have been a speech for self, nor because of any official duty, but for his party. He had an engagement, and he tried to fill it. He went on until he dropped. That is BILL BANKHEAD, the man we love; and we want to convey to him in this public way our appreciation of that fighting spirit, that will, with the skill of his doctors and divine blessing, bring him back speedily to his place and work among us. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I am so delighted to yield to the distinguished gentleman from Massachusetts, another man of the same ilk. [Applause.]

Mr. MARTIN of Massachusetts. The gentleman from Alabama knows that every Member on the minority side of the House feels just as sad as he over the fact that our Speaker was stricken yesterday. Everyone hopes for an early convalescence, because we appreciate the fact that he is one of the finest gentlemen and one of the greatest Speakers the House has ever had. [Applause.]

Mr. HOBBS. I thank the gentleman very much.

Mr. COLE of Maryland. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I shall be so delighted to yield to the distinguished gentleman from Maryland.

Mr. COLE of Maryland. Mr. Speaker, it was my privilege to accompany the Speaker from Washington to Baltimore yesterday afternoon and to be with him and Mrs. Bankhead at the time he was stricken. I was with him considerably until close to midnight and have just come from his suite at the Emerson Hotel in Baltimore, where his devoted wife and two attractive daughters are with him.

He is much improved this morning.

Everything the distinguished gentleman has said about our great Speaker is true. I wish I could portray to the House and the country the fighting spirit, marvelous courage, and loyalty he demonstrated last night in trying to fulfill the engagement he had made, as I witnessed while with him yesterday afternoon and last night. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. HILL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. HILL. Mr. Speaker, I wish to read a news item from the Daily News of yesterday:

> The Bar Association last night overwhelmingly approved a committee report urging preservation of civil rights and denouncing the House-approved and Senate-pending measure to deport C. I. O. leader Harry Bridges.

To me that is a clear vindication of those few of us who had the courage of our convictions to vote against a popular measure. At the time it was under consideration we felt it was an unconstitutional and un-American thing to pass this bill. It seems to me that this rather conservative American Bar Association has approved our contention that the proper way

to attain this object is to do it in a legal and constitutional way which can be done after a full hearing now under the bill that was passed 2 days later and for which we voted, the Smith bill.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CROWE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short newspaper clipping.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered at the thirty-fifth annual convention of the Pennsylvania Electrical Association last week by myself.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS of Ohio. Mr. Speaker, I have prepared what would be, if prepared by somebody else, a real speech, and I have assigned it a real subject. The subject is The Two Conventions, the Two Platforms and the Two Candidates. With that kind of a subject anyone ought to be able to make a good speech.

Mr. Speaker, I ask unanimous consent to have my speech printed in the Appendix of the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. JENKINS]?

There was no objection.

EXTENSION OF REMARKS

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD a resolution adopted by the national convention of the Veterans of Foreign Wars, at Los Angeles, Calif.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. VAN ZANDT]?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD concerning the transfer of military equipment to the Allies.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. VAN ZANDT]?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include two articles by Dr. George Mecklenburg.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota [Mr. ALEXANDER]?

There was no objection.

R. O. T. C. IN COLLEGES

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, and to revise and extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. RICH. Mr. Speaker, it seems we are going to have conscription. I voted against that bill, and I am glad I did, for we should have offered $35 to $40 per month for 1-year enlistments, and we would have had more volunteers than we need, but it seems to me if we are going to train our boys in this country for military service, we can do no one thing that will be to the greater advantage of the American people than to establish more R. O. T. C.'s in colleges. It will not cost one-tenth as much for training men as it will by conscription and it will not be so liable to make us a militaristic nation.

There are some 350 schools that have made application for these units. Let the Government establish them. These students can be trained for $25 a year each. To establish 1 of these units in a school will require 1 or 2 officers, depending on the number of students involved. If there are only 400, 2 officers will be sufficient and it will not require over $10,000 for 1 of these units. Just multiply that by 350 schools and you will see what an economical thing it will be for the country and how advantageous it will be. To establish a unit in a college of 100 students only requires 1 officer and when we can uniform and train them for military service in colleges and when we have 350 colleges that have applied for R. O. T. C. units, why in the name of common sense do we not train college boys at $25 to $30 each per annum? To train men by conscription and in Army camps will cost from $1,000 to $1,500 each. You have to furnish housing and pay the men, while in colleges you do not pay salaries and you do not house the boys. It is the part of common sense since we have almost a bankrupt Treasury. Let the Government establish these additional R. O. T. C. units in all colleges that have requested them.

[Here the gavel fell.]

EXTENSIONS OF REMARKS IN RECORD

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, yesterday I objected to an extension of remarks by the gentleman from Montana [Mr. THORKELSON]. I did so for the moment because of the fact that it was over the limit provided by the rule of the Joint Committee on Printing. The gentleman had five separate extensions in this morning's RECORD. He was within the permission granted by the House.

Mr. Speaker, I am informed that yesterday it was necessary to advise the index clerk of the CONGRESSIONAL RECORD to start on the fifth volume of the Appendix. Never before, and Congress has been in session since I have been here for 11 months in 1 year, have we had more than two volumes of the Appendix. Everything is going into the CONGRESSIONAL RECORD. It has got to be a joke. It is no more my duty than the duty of any other Member of the House to object to extensions of remarks.

It is my understanding that the Joint Committee on Printing can issue a rule, and that no action is required by the House or Senate, that will provide that nothing except what occurs on the floor of the House and Senate may be printed in the RECORD, and the sooner that is done the sooner the people of this country will respect the RECORD more than they do today.

I am further advised that when Congress convenes in January, if the RECORD is to be printed, then it is going to be necessary to make a supplemental appropriation as the amount allocated for this purpose will be practically exhausted.

I appeal to the Joint Committee on Printing to take action immediately. I am confident if they do that they will receive the thanks of a great majority of the Members of both Houses of Congress. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, recently the House had before it the Hatch so-called clean-politics bill, to amend and strengthen the present Corrupt Practices Act.

The law prohibits the making of contributions by corporations to political parties. It was amended so as to prevent

the making of a contribution of more than $5,000 by any one individual or corporation.

Having in mind the fact that, during a recent campaign, certain labor organizations had contributed more than $700,000 to the New Deal campaign fund and that, thereafter, and undoubtedly relying upon some of those contributions, John L. Lewis undertook to demand special consideration from the White House, an amendment was offered by me to bring labor organizations, so far as the making of political contributions was concerned, within the same limits as are imposed upon individuals and corporations.

If the making of political contributions by corporations and by individuals in an amount in excess of $5,000 tends to corrupt the voters, has an undue influence on our elections, how can it be said that a similar contribution by labor organizations, which are always interested in national legislation, does not have a like effect?

Of course, there is no difference, insofar as clean politics or political corruption is concerned, whether a political contribution comes from one source or another, when such source is interested in legislation. A dirty dollar is a dirty dollar, whether given by a religious organization, an industrial corporation, or a labor union, and every Member on the floor knows that fact. Yet the amendment offered by me was not adopted.

Yesterday, the press contained the announcement that Daniel J. Tobin, president of the teamsters union, stated that, should the President's speech turn out to be political, his organization would contribute $20,000 to pay the broadcasting companies for the time to be used by Mr. Roosevelt today.

I call upon the Attorney General of the United States, not to give us an opinion as to whether such contribution is legal or illegal—for, he told us before on similar occasions that he is the adviser only of the President—but to invoke the provisions of the Hatch Act, if such contribution is made.

Let us play no favorites. The administration has enough of an advantage through its Cabinet officers, the use of relief funds, its propaganda machines and in other ways, without permitting it to take advantage of a violation of either the spirit or the letter of the law.

What about it, Mr. Attorney General? Does the fact that such organizations have contributed hundreds of thousands of dollars to the New Deal campaign fund, while they give practically nothing at all to the Republican organization, make them immune?

[Here the gavel fell.]

MAKING UNLAWFUL THE TRANSPORTATION OF CONVICT-MADE GOODS IN INTERSTATE COMMERCE

Mr. SUMNERS of Texas. Mr. Speaker, I call up the conference report on the bill S. 3550, to make unlawful the transportation of convict-made goods in interstate commerce and foreign commerce, and I ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, will the gentleman state why the conferees agreed to eliminate the exemption for binder twine?

Mr. SUMNERS of Texas. Will not the gentleman permit the matter to be called up first?

Mr. RICH. Mr. Speaker, reserving the right to object, what is the bill?

The SPEAKER pro tempore. The Clerk has read the title of the bill. Is there objection to the request of the gentleman from Texas [Mr. SUMNERS]?

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, I did not hear the answer of the gentleman from Texas.

Mr. SUMNERS of Texas. The gentleman did not make any answer. I am asking that the matter be called up first and that the statement of the managers on the part of the House be read in lieu of the conference report. Then if the gentleman wants any explanation, the chairman of the committee will explain it or some other gentleman, and if the gentleman from South Dakota desires some time we will see that he gets it.

Mr. CASE of South Dakota. All I want to do is to preserve the surety that we will have an explanation on that point and an opportunity to discuss it.

The SPEAKER pro tempore. The request is that the statement be read in lieu of the report. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"That whoever shall knowingly transport or knowingly cause to be transported in interstate commerce, in any manner or by any means whatsoever, or aid or assist, knowingly, in obtaining transportation for or in transporting any goods, wares, and merchandise manufactured, produced, or mined, wholly or in part by convicts or prisoners (except convicts or prisoners on parole or probation) or in any penal or reformatory institution, from one State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, or from any foreign country, into any State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment of not more than one year, or both: *Provided*, That nothing herein shall apply to commodities manufactured in Federal or District of Columbia penal and correctional institutions for use by the Federal Government or to commodities manufactured in any State penal or correctional institution for use by any other State, or States, or political subdivisions thereof; to parts for the repair of farm machinery; or to agricultural commodities: *Provided further*, That this Act shall go into effect one year after its approval by the President."

And the House agree to the same.

Amend the title so as to read: "An Act to make unlawful the transportation of convict-made goods in interstate commerce, and for other purposes."

And the House agree to the same.

HATTON W. SUMNERS,
DAVE E. SATTERFIELD, Jr.,
C. E. HANCOCK,
Managers on the part of the House.
PAT MCCARRAN,
M. M. NEELY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes on the House amendment to the bill (S. 3550), to make unlawful the transportation of convict-made goods in interstate and foreign commerce, submit the following statement, explaining matters agreed upon by the conference committee and recommended in the accompanying conference report.

The House passed the Senate bill after amending it by striking out all after the enacting clause and inserting its own provisions. The Senate disagreed to the House amendment and requested the conference, to which the House agreed.

The conference report recommends that the Senate recede from its disagreement to the House amendment and agree to the same with an amendment, the amendment being to insert in lieu of the matter proposed to be inserted by the House amendment, the matter agreed to by the conferees; and the House agree to the same.

The House amendment and the conference agreement with the exceptions herein mentioned, are substantially the same and accomplish the general purposes of the Senate bill.

The conference agreement contains clarifying language to make the bill inapplicable to District of Columbia penal and correctional institutions manufacturing commodities for the use of the Federal Government. The conference agreement retains the language of the House amendment which omitted the words "or foreign" before the word "commerce."

The House amendment provided exemption for farm machinery and binder twine, which were not exempted in the Senate bill. The conference agreement eliminates such exemptions.

The conference agreement also amends the title, omitting the words "or foreign," so that it will conform to the language of the bill.

HATTON W. SUMNERS,
DAVE E. SATTERFIELD, Jr.,
C. E. HANCOCK,
Managers on the part of the House.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. The Chair desires to state that the time that is being consumed now is coming out of the hour.

Mr. SUMNERS of Texas. Under those circumstances, I cannot yield, Mr. Speaker.

CALL OF THE HOUSE

Mr. SCHAFER of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. MICHENER. Will not the gentleman withhold the point of order?

Mr. SCHAFER of Wisconsin. I withhold it, Mr. Speaker, but I want to ask one question to expedite action on this conference report.

Mr. McKEOUGH. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. MICHENER. Will not the gentleman withhold his point of order?

Mr. McKEOUGH. I want a quorum here. This is a very important bill, and I want the Members here.

The SPEAKER pro tempore. The gentleman from Illinois makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 215]

Allen, Pa.	Evans	Lesinski	Rockefeller
Arnold	Fay	McDowell	Routzohn
Barry	Fernandez	McGranery	Sack
Barton, N. Y.	Fish	McLeod	Sandager
Bender	Fitzpatrick	Maas	Schaefer, Ill.
Blackney	Flaherty	Maloney	Schwert
Bolton	Folger	Marcantonio	Seccombe
Bradley, Mich.	Ford, Leland M.	Marshall	Shafer, Mich.
Bradley, Pa.	Gavagan	Martin, Ill.	Sheridan
Brewster	Gerlach	Merritt	Smith, Ohio
Buck	Gifford	Mills, La.	Smith, Va.
Buckley, N. Y.	Green	Mitchell	Stearns, N. H.
Byrne, N. Y.	Hall, Edwin A.	Murdock, Ariz.	Sullivan
Chapman	Hall, Leonard W.	Murdock, Utah	Sutphin
Clark	Halleck	Norton	Sweeney
Cole, N. Y.	Harness	O'Brien	Taylor
Collins	Hawks	O'Day	Tenerowicz
Connery	Hendricks	Oliver	Thill
Corbett	Hook	O'Neal	Thomas, N. J.
Darrow	Hope	Osmers	Vinson, Ga.
Delaney	Jarrett	O'Toole	Wadsworth
Dempsey	Jenks, N. H.	Patton	Wallgren
Dies	Johnson, Ind.	Peterson, Ga.	Whelchel
Dingell	Kefauver	Pfeifer	White, Idaho
Dondero	Kennedy, Michael	Plumley	White, Ohio
Douglas	Kilburn	Rabaut	Wigglesworth
Elliott	Kirwan	Ramspeck	Wolcott
Engel	Lemke	Reed, Ill.	

The SPEAKER pro tempore. Three hundred and eighteen Members have answered to their names, a quorum.

On motion of Mr. COOPER, further proceedings under the call were dispensed with.

COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent that the conferees on the conscription bill have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF REMARKS

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HENNINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two resolutions from the Central Trades and Labor Union of St. Louis.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a report from the State W. P. A. Administration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. PEARSON asked and was given permission to extend his own remarks in the RECORD.

MAKING UNLAWFUL THE TRANSPORTATION OF CONVICT-MADE GOODS IN INTERSTATE COMMERCE

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Speaker, this conference report deals with Senate bill 3550, which prohibits the interstate shipment of prison-made goods. As the bill passed the Senate it prohibited the shipment in interstate commerce of all prison-made goods excepting parts for the repair of farm machinery and agricultural commodities. The bill as it passed the House—and it passed on the Consent Calendar—exempted farm machinery, farm machinery parts, agricultural commodities, and binder twine. The conferees met and agreed to this conference report which eliminates the House exemptions of farm machinery and binder twine.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. HEALEY. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Does this strengthen or weaken the so-called Hawes-Cooper Act and the Sumners-Ashurst Act?

Mr. HEALEY. I believe this bill supplements the Hawes-Cooper Act and the Sumners-Ashurst Act. Those acts simply protected the laws of the States. In other words, if a State had a law prohibiting the sale of prison-made goods, the Hawes-Cooper and the Sumners-Ashurst Acts protected that State law by prohibiting the shipment of prison-made goods into that State if the State itself had a statute which prohibited the sale of prison-made goods in open-market competition with free labor.

There are 37 States that prohibit the sale of prison-made goods entirely. There are only 11 that do make it possible to sell prison-made goods. This bill does not prevent the intrastate sale of prison-made goods. It does not prevent the use of prison-made goods by the Federal Government or the States, but it does prevent the interstate shipment of products manufactured in prisons by convicts to compete in the same market with free labor and free enterprise.

You may say, and it will be argued here, that the prisoners must be kept busy, that they must have some employment, but if you must choose between the employment of prisoners and free labor, then I think we ought to decide in favor of free labor. [Applause.]

The binder-twine and farm-machinery industries are important ones. Some of these States are actually making a profit through the use of their convicts in these industries. They are exploiting prison labor to make a profit. Such competition is ruinous to some old industries. In my own State there is the Plymouth Cordage Co. that has been in business for many years. I am informed that the market on binder twine has been taken away from private industry to the extent of about 50 percent.

I submit that you are discriminating if you exempt any products at all. If you are going to permit the manufacture and sale of prison-made twine and prison-made farm machinery and prison-made farm machinery parts or agricultural

commodities, then you ought to permit the sale of prison-made shoes and furniture, or any other product. It is discrimination against these industries to have any exemption at all.

I am opposed to any exemptions. However, this conference report does eliminate the exemptions of farm machinery and binder twine that were contained in the House bill and leaves remaining only exemptions of farm machinery repair parts and agricultural commodities. In all other fields it will eliminate the ruinous competition of convict labor with free labor and legitimate enterprise. I trust the House will agree with the conference report. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. GUYER].

Mr. GUYER of Kansas. Mr. Speaker, I am opposed to this report from the fact that in the State of Kansas we have a binder plant and it is of immense importance to the farmers of Kansas that this plant be maintained. It is not only that, but it is important to the men who are in the prison. Idle men are always a threat and especially when they are confined within stone walls.

Years ago a great corporation had an absolute monopoly upon the twine business in Kansas and they bled millions of dollars out of the farmers of Kansas because of that monopoly. In the administration of Governor Capper, sometime between 1915 and 1919, a law was passed establishing this binder-twine plant, and it was of immense importance in savings to the farmers of Kansas. I think the same thing may be said in regard to all of these institutions in the penitentiaries of the different States.

I think we will not at all disagree upon the fact that we are all opposed to competition of prison labor with free labor. I do not believe there is any competition in Kansas as there are no binder-twine manufacturers in our State. I agree with the American Federation of Labor and the C. I. O. that we do not want any extensive competition of free and prison labor, but the men in these penitentiaries must have something to do. There is nothing that Kansas has for them to do except in the mines part of the time, and if they do not behave they are put in the coal mines, but we cannot use all of them in the coal mines and we have put thousands of dollars into this business of making twine, and it is of vast importance to the farmers of the State of Kansas. We cannot sell all the product in the State of Kansas, so we have been selling it in those States that have not a law against its importation and sale.

Mr. EATON. Mr. Speaker, will the gentleman yield?

Mr. GUYER of Kansas. I wish I could yield, but I have not the time.

In the old days Kansas used to bind most of the wheat. They do not do that any more. Some of you boys came to Kansas, South Dakota, and Nebraska to harvest wheat during the summer vacation of your colleges. The junior Senator from Louisiana told me that he came up there in my own neighborhood and worked during the harvest time, but they do not do that any more. They are combining and they are heading more than they used to do, and that has curtailed the use within the State of this product of the penitentiary. So we want the privilege of selling in the States where they have no law against the selling of prison-made goods within the State.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. GUYER of Kansas. I shall yield first to the gentleman from New Jersey if he has a question.

Mr. EATON. Does the bill, as we are asked to vote on it, permit penal institutions to manufacture farm machinery parts and twine and ship them anywhere they want to in this country?

Mr. GUYER of Kansas. No; it is supposed to prevent that. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] will discuss that amendment.

Mr. AUGUST H. ANDRESEN. The transportation of parts of farm machinery is exempt.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK. Mr. Speaker, this is a far more important bill than the Members of the House seem to realize. It is so important that we ought to have a roll call on it and know just where the Members of the House stand on prison-made goods competing with privately made goods and convicts competing with free labor.

As the gentleman from Massachusetts [Mr. HEALEY] has explained to you, the original bill as it passed the Senate and came to the House was a straight-out prohibition against interstate commerce in prison-made goods. After very little consideration in the House Judiciary Committee an amendment was adopted excepting farm machinery parts and binder twine from the prohibition. In other words, it made interstate commerce in those two articles legal. The bill came to the floor with those two amendments and, as I said, without any hearings on them. If those amendments were considered they were brought up some day when I was not present, but I am sure that no hearings were ever held by the committee. The bill was passed by unanimous consent late one day when there were very few Members on the floor. The only discussion was a little colloquy between the gentleman from Michigan and the gentleman from Alabama [Mr. HOBBS], who was handling the bill. The gentleman from Michigan wished to be assured that those two exceptions were in the bill, and on that assurance he permitted the bill to pass by unanimous consent.

When we came into conference the question was sharply raised as to the advisability of making those two exceptions, farm machinery parts and binder twine, and permitting the free interchange of those articles in the open market in competition with similar goods made by private industry.

Mr. COCHRAN. Will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. COCHRAN. If that exemption stood, is there not danger that every State in the Union would start manufacturing binder twine and farm machinery?

Mr. HANCOCK. It was an invitation to every State to go into those two businesses, entirely destroy the manufacturers making those products, and throw hundreds of employees out of work.

Mr. GWYNNE. Will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. GWYNNE. There are several exceptions in this bill. Do those exceptions repeal the Hawes-Cooper law and the Ashurst-Sumners law as to those excepted goods? That is the question that troubles me.

Mr. HANCOCK. As I understand the Hawes-Cooper bill, it merely gives the different States the right to protect themselves against the importation of prison-made goods. That still stands. The only exception is farm machinery parts, and the reason for that is this. Many prison-made farm machines have been sold to the farmers in the Middle West where this unholy traffic is permitted. We thought it was only reasonable to permit those farmers to be able to buy parts to keep the old machines in working order. That is the only exception.

The only hearing held was in the conference itself, which is a rather unusual proceeding. The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] appeared and presented the case of Minnesota as forcefully as many man could do it. I regard the gentleman from Minnesota as an extremely well-informed, able, and useful Member of this House. His arguments were impressive. We also had two gentlemen representing private industry and labor, in opposition to the bill. We learned that the prison industry in these two articles is a very substantial part of the entire business of producing farm machinery and binder twine. It is so serious that it has a real effect on the employment of this country. The question is clearly presented as to whether you favor permitting prison-made goods to compete with goods made by free labor, or whether you do not.

Mr. EATON. Will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. EATON. As I read this, it seems as if you have exempted farm machinery and agricultural commodities.

Mr. HANCOCK. Farm machinery parts, and that is only for the purpose of permitting the farmers who now own prison-made farm machines to keep them in repair.

Mr. EATON. What agricultural products will be manufactured in the prisons and shipped in interstate commerce?

Mr. HANCOCK. I cannot answer the gentleman. I raised that question in conference as to why we made that exemption. I got no satisfactory answer except that nobody seems to object to it.

Among the conferees were two or three men from agricultural States. I understood from them that the interstate traffic in agricultural commodities is trifling and unimportant, but interstate commerce in binder twine and farm machinery is substantial. It ought to be stopped. It is inherently and intrinsically bad. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Speaker, in the stream of our thinking on this subject, inevitably will be encountered the rapids that run between the scylla of competition between convicts and free labor and the charybdis of keeping incarcerated men in utter idleness, which is the height of inhumanity. Therefore, between this scylla and this charybdis we must draw the line somewhere, for none of us is in favor of espousing the cause of either of those rocks.

Personally I refused to sign this conference report because I did not consider that, as a conferee representing the House, I had any right to do so honorably. I am not sitting in judgment upon any other man's conscience, but I know that the contacts I had with fellow Members estopped me from signing. This bill could never have come from our committee except for the Minnesota amendment. I know that it never could have passed this House but for the Minnesota amendment, coming up, as it did, by unanimous consent. I know, or at least I believe I know, there never could have been a rule obtained for its consideration but for the Minnesota amendment. Otherwise I have not the least interest in the Minnesota amendment; but I think that when a bill is reported out of a committee by virtue of that kind of an understanding, when a bill passes the House because of that kind of an understanding, I should stand by the understanding, which I, in handling the bill, permitted. I feel that good faith requires me to go the second mile, if necessary, in trying to protect and retain every amendment we accepted, offered as a committee amendment, and which was adopted by the House.

That is the whole matter as I see it. All of us are as one in desiring to protect free labor and its markets against the competition of prison-made goods.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. Gladly.

Mr. MOTT. Would this bill prohibit the shipment in interstate commerce of manufactured articles the raw material for which was produced at State prisons; such, for example, as linen made from flax that was processed at a prison?

Mr. HOBBS. My judgment is that when the raw material was processed in a prison, unless the prison itself produced the raw material and traded it in kind with a similar institution in another State it would be within the condemnation of this act and would be denied movement in interstate commerce.

Mr. MOTT. This is a case where the prison processes the flax and sells it to a linen manufacturing company within the State.

Mr. HOBBS. Within the State? That would be intrastate commerce and would not be within the condemnation of this act.

Mr. MOTT. Would not be prohibited?

Mr. HOBBS. That is right.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. HOBBS. I shall be pleased to yield to the distinguished gentleman from Mississippi.

Mr. WHITTINGTON. The conference report adopts the substitute bill. In the substitute bill agricultural commodities are eliminated; it does not apply to agricultural commodities.

Mr. HOBBS. That is true.

Mr. WHITTINGTON. Would the bill prohibit the growing and the ginning of cotton?

Mr. HOBBS. I think clearly not. This bill does not apply to any agricultural products.

Mr. WHITTINGTON. Then it would not apply to the growing or ginning of cotton.

Mr. HOBBS. Mr. Speaker, I submit that the statement of facts which I make without passion or prejudice ought to be thought through by the Members of the House. We have a responsibility to maintain our own amendments. There could have been no favorable action by this body without them. Do we not owe our colleagues who gave unanimous consent that the bill be considered solely because of the Minnesota amendment, the retention of that amendment?

Let's vote down this conference report and reconsider this whole matter in January. No time would be lost for the bill provides that it shall become effective 1 year after approval. In January we could eliminate that provision.

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, about 12 years ago the Hawes-Cooper Act was passed, containing an exception which permitted this binder twine to be produced in prisons and distributed throughout the country. Since that time this is the story: About that time the domestic production in free factories was 240,000,000 pounds. Today it is 88,000,000 pounds. About that time the importations of binder twine were 13,000,000 pounds; today they are 50,000,000 pounds. Prison production at that time was about 250,000,000 pounds. Today it is 55,000,000 pounds. The International Harvester Co., to which some of our friends will refer, produces less than 50 percent of the total of the binder twine, and most of it is made in independent factories. It is a declining industry. The domestic consumption has fallen from 234,000,000 pounds to 190,000,000 pounds in the period to which I have referred.

This bill is designed to finish the job as far as it can be finished. The conference has resulted in a compromise by which the institutions that produce parts for farm machinery are allowed to continue doing so and to distribute them in interstate commerce. Binder twine is cut out. It does not seem as if we ought to go on any longer producing goods in prison factories to compete with goods produced by free labor.

At the time the Hawes-Cooper Act was passed there was a general conference in which the State institutions rather agreed that in 5 years a change would be made and that all of the interstate commerce of prison-made goods would be wiped out. I was very familiar with that situation at the time and was very much interested in it and was one of the promoters of that bill. When the 5 years passed there was a distressed situation in the country and the transportation of prison-made goods has been allowed to go on 7 or 8 years beyond what it was supposed to.

At this time with this compromise it seems to me that farm institutions are being well and very favorably dealt with. The manufacture of binder twine is a declining industry in which the price cannot be especially high anyway, nor can there be any margin because of the increasing imports and the declining demand due to the use of combines in harvesting.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. MOTT. As I see it, the compromise in this conference report consists merely of cutting out the exemption on binder twine. It exempts farm commodities.

Mr. TABER. It exempts parts for farm machines. It does not seem right that prison industry should go on increasing their production at the expense of free labor as they have been.

Mr. EATON. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. EATON. What is included in the words "agricultural commodities"?

Mr. TABER. I think the gentleman from Alabama described that as well probably as it could be: Things that were produced in the prisons themselves. I do not believe it would cover things that were manufactured, that were produced elsewhere than in the prisons.

Mr. EATON. Suppose the prison had a farm, what would be the situation?

Mr. TABER. It would be able to process its own stuff and send it out anywhere.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. GILCHRIST. In the case of linen, what the prison produces would not be prohibited by this act?

Mr. TABER. Provided they produced the flax.

Mr. GILCHRIST. Yes; the flax itself, or the cotton itself, would not be prohibited.

Mr. TABER. No.

Mr. Speaker, I hope this conference report will be adopted.

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, in the beginning, be it thoroughly understood that I am absolutely opposed to the general principle of permitting the sale of convict-made goods in competition with goods manufactured and produced by free labor. I have always entertained these views and during my service in Congress I have acted accordingly.

This bill, referred to in the conference report, is no stranger to Congress. For many years it was introduced session after session. In those days it had the support of organized labor. After a time the States manufacturing certain commodities in their penitentiaries and representatives of organized labor and the manufacturers got together in an effort to solve this vexing problem. The result was an investigation by a special committee of Congress. After that committee reported there was enacted what is commonly known as the Cooper-Hawes law. This law was a compromise, or an agreement, between all of the parties interested. All recognized the problem which confronted the State penal institutions. All wanted to help solve this problem with as little inequity as possible to any of the groups affected. The Cooper-Hawes law has worked well. No new prison industries have been developed under the Cooper-Hawes Act which in any way interfere with free labor, yet at the same time the States have been able to find some kind of employment for the prisoners. We all realize that finding employment for large numbers of institutional inmates is a very difficult thing to do. They cannot be left idle. That is inhuman.

Some months ago this bill was introduced and referred to the Committee on the Judiciary. A subcommittee gave consideration to the bill and reported it back to the full committee adversely. By unanimous action of the full committee the bill was then placed on the table, which means that the full committee accepted the recommendation of the subcommittee and disposed of the bill adversely for the session.

Later the bill was taken from the table and found its way to the calendar of the House. No hearings were held on the bill. When it was discovered that the bill had been favorably reported and was on the calendar those vitally affected began to make inquiry. As a result, the Judiciary Committee took the bill up for further committee consideration and unanimously authorized what has been referred to as the "Minnesota amendment," exempting from the operation of the proposed law binder twine and farm machinery.

The gentleman from Alabama [Mr. HOBBS], a member of the committee, called the bill up before the House on unanimous-consent day. I made inquiry on the floor of the House and felt I had the assurance that if the bill were permitted to pass the House the House conferees would not agree in conference to eliminate the farm-machinery and binder-twine amendment. With this understanding, the bill was permitted to pass the House.

Now the majority of the conferees have eliminated this amendment and have recommended to the House that the House abandon the position taken by the Judiciary Committee and by the House when it unanimously passed the bill and accept the bill passed by the Senate. That is what is before us today. This is just another reminder that no legislation should be permitted to pass the House by unanimous consent where the legislation will go to conference, because the unanimous-consent understanding in the House cannot technically bind the conferees.

The principal proponents of this bill are the cord and machinery manufacturers and those engaged in manufacturing commodities of that type. Organized labor did not appear before the committee and did not urge the passage of the bill. My judgment is that organized labor was content to abide by the agreement reached when the Cooper-Hawes law was enacted. I do know that up to date the prison industries have not done any material damage to free labor. Of course, everything manufactured in a prison must be used by someone. It matters not whether the State uses the manufactured product or whether the goods enter the general market. They certainly replace something that free labor would have manufactured. That is conceded. Yet we have this prison problem, and it has been well cared for in the Cooper-Hawes law. Under that law any State can prevent the sale of prison-made goods in the State if it so desires, and the Federal Government will protect it against outside importation.

Mr. COCHRAN. Will the gentleman yield?

Mr. MICHENER. I am sorry; I cannot yield. I only have 5 minutes and can get no more time.

The Members who are most enthusiastic in supporting this conference report today are not those Members who are usually leading the fight for organized labor in the House. Of course, I do not make reference to the gentleman from Massachusetts [Mr. HEALEY], who is a recognized leader of organized labor in this body. I admit that I have a State prison in my district where more than 5,000 prisoners are employed. There are other prisons in Michigan where prisoners must also be employed. There are a number of States in similar condition. The Members coming from these States naturally have a special interest in this legislation. On the other hand, the Members who are advocating this report, and who have cord factories, farm-machinery factories, and twine factories in their respective districts possibly also have a special interest in this legislation. I am sure that there are some such institutions in New York, and that possibly some of the Members from the New York districts are advocating this conference report.

Mr. HANCOCK. Which gentleman from New York is the gentleman referring to?

Mr. MICHENER. Possibly I might refer to the gentleman who is making the inquiry.

Mr. HANCOCK. I have not any binder-twine factories in my district and I would not change my opinion on a bill like this.

Mr. MICHENER. Possibly the gentleman from New York does not have a binder-twine factory in his district. I feel sure, however, that he would not change his opinion even though he had an international harvester concern, a cordage factory, or other manufacturing institutions affected by this legislation in his district. The gentleman is one of the most courageous men in Congress, and I would not want to indicate that he was ever influenced by any selfish motives. If he has none of these institutions in his district, then I do not want this remark to apply to him.

If this bill and conference report simply made it impossible to ship in interstate commerce any prison-made goods,

that would be one thing. However, this bill does contain exceptions. All farm products and farm commodities are excepted. That, of course, includes the products in processing plants, like canning factories, cheese factories, and the like. This bill also does except farm machinery parts. It also permits the shipment of all manufactured commodities from Federal prisons to any part of the United States, or its possessions, to be used by the Federal Government anywhere in this territory. Just why should a Federal prison in Georgia be permitted to send convict-made goods from Georgia in interstate commerce to New York, there to be used by the Government, and thus replace goods manufactured by free labor? On the other hand, this bill would make it impossible for the State prison in Michigan to sell to the State of Ohio, or to the farmers in Ohio—an adjoining State—binder twine to be used either by the State or by the farmer. Under the Cooper-Hawes Act that decision is left to Ohio. This bill brings more control from Washington.

Time will not permit further discussion. I fully realize that this conference report is going to be adopted. However, I shall offer a motion to recommit this bill to the conference committee. If this is done, the conference committee will be instructed to proceed further in the consideration of this whole matter. Free labor can then insist that all exemptions be taken out of the bill and that all industry be given an equal break. On the other hand, these States, where prison industries have been established for many years, and which are operating satisfactorily under the Cooper-Hawes law and without particular injustice to any manufacturer or to free labor, can be given an opportunity to present their case more fully. Remember, no hearings were held on this bill. This is not an emergency matter. There is no excuse for any hasty action, because the bill by its very terms does not take effect for 1 year from the time it is enacted. Why, therefore, should we not recommit the bill and give this important matter the consideration to which it is entitled? Any other course works a grave injustice.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Speaker, for years industry, labor organizations, and State officials could not agree on a general policy which would provide for the employment of convict labor. Competition between free labor and convict labor continued on the increase. Then came the contract system in several States, resulting in scandal after scandal. Finally the Congress decided to step in, so far as interstate transportation of convict-made goods was concerned. A resolution was passed by this House creating a special committee to investigate the subject, especially in reference to the employment of convicts in Federal penitentiaries. This committee was headed by a former Member of the House, Mr. Cooper, of Ohio; and the gentleman from New York [Mr. TABER], who took his seat a moment ago, was one of the members. As the result of that investigation, Federal Prison Industries, Inc., was provided for. Since that time Federal prisoners have been engaged in diversified industries. The objective was to spread the work into various occupations, so that as far as it was possible competition with free labor would be held at the minimum. Everyone agreed some provisions must be made for the employment of convicts, especially the long-term convicts. That has been a remarkable success.

Attention was then turned to the States, and finally the Hawes-Cooper Act was passed. It was, we all admit, impossible to put that act into immediate effect, and 5 years was provided to enable the States to meet its provisions. The right to ship prison-made goods to States that did not prohibit the sale of convict-made goods was one of its provisions.

I do not feel that my own State has passed proper laws; but regardless of that situation, I am in favor of this legislation. I say to my State do as you should do and reduce to the minimum competition with free labor.

If we can provide for diversified industries, manufacturing, say, what is needed for State institutions, the problem will be met.

Aside from that, we should always bear in mind the future of the convict. What good will it do to teach a convict a trade if he cannot secure employment when he leaves the institution? In connection with binder twine, penitentiaries have so crippled the industry that there is a surplus of trained men and women and no place for the convict to go to look for work when he is released. If men are not trained in some occupation where they can get work, then there is danger that they will soon be back in the penitentiary.

As I said, there was a general agreement that within 5 years the States would by law or rules and regulations meet the requirements of the Hawes-Cooper Act. It now becomes our duty to see that this agreement is kept. Why, if you exempt binder twine and farm machinery, then every State that wants to disregard the law will soon be found to be engaged in making twine and machinery. No one will deny that. What will become of this industry and the employees?

Mr. Speaker, I hope the conference report will be approved and that the agreement made between the States, industry, and labor will be lived up to.

Mr. HEALEY. Will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Massachusetts, who has taken such an active interest in this legislation.

Mr. HEALEY. Does the gentleman know that the A. F. of L. and the C. I. O. are solemnly back of this?

Mr. COCHRAN. I do know, and I also know the great majority of the States and industry favor this bill. Further, I took an active interest in passing the original bill, and I want to do what I can to see that the agreement is carried out. Therefore, I support the conference report. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I am not one of those who favors competition for private labor with convict labor, and when I speak against this conference report I speak as a friend of free labor in this country. Those who are advocating the adoption of this report, when it comes down to the final analysis, may find they are not the real friends of labor for reasons which I will point out.

There are eight States engaged in the manufacture of binder twine, and one State in manufacturing farm machinery and binder twine. If this report is enacted into law the first thing that will happen will be that other States not now engaged in the manufacture of binder twine in their prisons—and should they need binder twine in the respective States—will become so engaged because the machinery is not expensive to set up.

In the second place, if the cordage companies engaged in the manufacture of binder twine secure a real monopoly on it in this country they are going to boost the price. When they boost the price they are going to increase the imports into the United States which have run approximately 75,000,000 pounds a year. The main complaint, coming from the lips of the representatives of the cordage interests, was that their trouble was not from competition with the prisons but from competition with cheap foreign labor that is manufacturing binder twine and sending it into this country. Foreign-made binder twine is sold in the State of Minnesota, yet the prison in the State of Minnesota produces binder twine. The foreign binder twine is sold cheaper than the binder twine manufactured in the State prison.

Let me call attention to another thing. This bill exempts farm commodities.

What are they? Farm commodities take in everything that is produced from the soil, whether it is sold in its natural state or as a processed product. This bill encourages the sale and manufacture, by prison labor, of cotton and cotton goods, after the cotton has been processed, or tobacco or processed tobacco, or vegetables or canned goods, cattle

or packing-house products, hogs or hog products, wheat and flour, and I could go down the line and take in dairy products or any other farm commodity, whether in its natural or processed state. So you are encouraging all prisons in the United States to go into the production of farm products for interstate transportation without any restriction whatever. That is what is going to happen, and you will then find hundreds of thousands of laboring men who are now engaged in free enterprise suffering from the competition you are now seeking to prevent by action on this conference report.

I call this to your attention because I feel that after all the bill came out of the committee without due consideration. It would be far better for us in the interest of free labor in this country to recommit the conference report, send the bill back to the committee, and give it further study so that we may really protect labor in this country rather than create something here that may work a jeopardy upon the whole future of labor in the United States.

Mr. GEARHART. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from California.

Mr. GEARHART. Since the phrase "farm commodities" is not defined in the bill, is it not possible that it might be defined in the courts to include anything manufactured for use on the farm as well as produced on the farm?

Mr. AUGUST H. ANDRESEN. They could not do otherwise, because "agricultural commodities" takes in every farm commodity. If it is processed in a prison it would still be an agricultural commodity and exempt from the operation of this bill.

Mr. HOBBS. Mr. Speaker, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Alabama.

Mr. HOBBS. Is it not a fact that under its provisions this bill will not take effect for 1 year after it is signed by the President, so that if this conference report is voted down we can in January consider this subject anew and act intelligently and without any question as to whether or not we are doing violence to our agreement?

Mr. AUGUST H. ANDRESEN. The gentleman is absolutely correct. That is what should be done in the interest of American labor. I hope, therefore, that this conference report will be returned to the committee. Let the committee hold hearings on the subject, and then get a real piece of legislation for the benefit of American labor. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS of Ohio. Mr. Speaker, this is the first time the House has really looked squarely at this Minnesota amendment. My dear friends from Minnesota prate about their love for free labor in general, but they jump over and argue in favor of conscript prison labor for their State. That is an example of the famous "Minnesota shift." [Laughter.]

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. VORYS of Ohio. I refuse to yield.

Our only chance to make a real step toward eliminating convict labor at this session is to vote for this conference report. If we vote it down, you know it will never come out again this year.

I know of an instance of a small farm-implement factory, not in my own district but in Ohio, that employs 400 men, that has lost half of its business in 2 Western States because of Minnesota prison-labor competition. The prison, with no taxes to pay and with power to pirate patents, may eventually run this plant out of business. We have gone far in the past few days toward creating a situation where we may have conscript labor in this country. Let us not take a step here that, in order to permit prison labor to be employed, will throw free labor into unemployment. That is the proposal that is made when you try in any way to prevent this conference report from going through today.

I wish the bill were more sweeping than it is, but this is the best the conferees can secure, and it at least is a step in the right direction, the direction of protecting free American labor against the men who work in prisons. I urge that this House support its conferees, who have gone into this matter thoroughly, and support free American labor and private industry. This is the first and last chance the House will have to look squarely into the implications of this so-called Minnesota amendment, which would permit the manufacturing of machinery by prisoners in competition with free American workmen. This bill gives a fair outlet for prison labor; all States and their subdivisions may buy such products. Let us save the private free market for private free labor and not condemn free Americans to the "idle house." [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, one of the biggest problems we have in America is how to take care of the prison labor and what to do with the men. The ordinary State has about one in a thousand in the penitentiary or in some kind of incarceration. If a State has a population of 5,000,000 you will have 5,000 in prison, and these men are constantly going in and going out in large numbers. The ordinary prison sentence of 2 years means 10 months' incarceration. Under the ordinary parole now practiced in practically all States those prisoners walk out into society. That crowd is large going in and going out. Free labor, as you say, or organized labor, I think is making a great mistake in not helping form some kind of a plan to take care of these poor devils who go to the penitentiary, stay there a few months, and then have to try to make their way back into society.

I am going to vote against this conference report. I am for free labor and I am for organized labor, but there is certainly a real problem that must be solved by the States. I understand the importance of noncompetitive prison labor. As Governor of the State of Oregon I went a long, long way to establish the Oregon long-fiber-flax industry with prison labor. I tried to get hold of an industry which had no competition in the United States. We import most of our fiber flax from Belgium, Russia, and the European countries. This bill would destroy that unique industry and ruin the flax farmers for the benefit, not of labor, but of monopolies.

In the penitentiaries they should raise everything they can raise for their own use, and then they should be allowed to manufacture products and send them to other public institutions in the State, like insane asylums. The number of insane is about three times the number of those in penitentiaries. It will run about that figure throughout the United States. All the clothing and shoes and any other things that are consumed by the insane and those confined for feeble-mindedness should be made in the prisons. The number of feeble-minded, that is, those who cannot take care of themselves, runs in the States a little more than those in the penitentiaries and about half of those in the insane asylums. If all the feeble-minded were in there we would not have institutions enough to hold them [laughter] but, really, there is a great problem here, and this conference report ought not to be adopted. Organized labor ought to get together with a Governor's conference and work out a plan by which, if one State is making shoes, they can sell or trade them with other States for their prison-made goods.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. I yield.

Mr. PITTENGER. Is it not the binder twine and machinery trust that is against this Minnesota amendment?

Mr. PIERCE. I have heard so, and I think it is true. I do think the conference report ought to be voted down. [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 3½ minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Speaker, as the Member from Minnesota who offered the amendment to exempt farm machinery and binder twine, which was adopted by the House, naturally I am opposed to this conference report which strikes out my amendment.

You have heard the question of the ethics of this thing discussed very ably by the distinguished gentleman from Alabama [Mr. HOBBS]. I am not going to touch on that although I consider it important, but I do want to mention two aspects of this thing which have not been mentioned so far in the course of this debate. One of them is this: If you are going to say to the States that they cannot sell or manufacture and sell their products in interstate commerce, then are you not destroying another part of States' rights which we have so jealously guarded during the 150 years of this Nation's existence? If you do this, how far is it to the next step where, as suggested by my colleague from Minnesota [Mr. ANDRESEN] when the States set up their own plants to manufacture machinery and binder twine, you are going to say to them, "You cannot ship that outside the State, notwithstanding the fact it is manufactured by free labor, as you say." As long as we have the excellent Hawes-Cooper Act which is working so well and which gives each State the right to decide for itself whether it wants its people to patronize prison industry, I can see no need for a change.

The second point I want to make is that this is a double crack at the farmers. Of course, they are unorganized in this fight, and they have no "well oiled" lobby here in Washington to protect their interests, and I say it is a double crack at them because you are going to specifically exempt, under this conference report, agricultural products or commodities, therefore making competition by the prisons for the free farmers who have not yet gotten themselves into jail; and in addition to that, you are going to force off the market and take away the protection for our farmers, especially in the Northwestern States, the protection which they now have against the Machinery Trust and the Cordage and Twine Trust. I understand at one time farmers in the Northwest were forced to pay 20 to 25 cents a pound for their binder twine whereas, today, because we set up these plants to protect our farmers, they are getting it for between 7 and 8 cents a pound, and I understand that the difference between our excellent binders and reapers, mowers, cultivators and rakes made in our prison factory at Stillwater, in my district, runs approximately $40 on the more expensive machines as compared to the ones sold by the Implement Trust. You are taking a double crack at the farmers when you remove that check or that governor on prices, and you will find not only will they not get the benefit of this saving as now which has amounted to millions of dollars throughout the Northwest States during the past few years, but you are going to see that the prices skyrocket upward on all these things because there is no check; and in the name of the farmers of the Northwest I beg of you to think twice before you vote to adopt this conference report. It should be voted down. [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. GEHRMANN].

Mr. GEHRMANN. Mr. Speaker, certainly no one would accuse me of ever being opposed to labor. I know that my first election to the State legislature was at the insistence of labor and my election here to the Congress was due to the insistence and with the support of labor. They were the ones, organized labor, that got me here and I have never deserted them. Organized labor that understands the farmers' problems does not want the binder-twine manufacture eliminated, because they know that 20 years ago when we first started the fight against the monopoly of the Cordage Trust and the monopoly of farm machinery, the farmer was the goat, and the farmer will be the goat if this is eliminated, because 20 years ago when prices were lower than they are today, materials as well as labor prices, the farmer paid from 20 cents to 25 cents a pound for binder twine, and I bought lots of it because I have been on the farm all my life. In those same years, and during the World War, you will recall that we bought our binders for $115 to $125. Today those same binders cost $225 and $240. Is there anyone that will hold that labor is getting more today than they did during the war? Is there anyone today who will contend that materials that go into these farm machines cost more today than they did during the World War? It is simply because of the most vicious and best-organized trust, the Farm Machinery and the Cordage Trust, that we have been denied exemption for binder twine, and they are back of this thing. We do not want any exemption other than that. I am not in favor of manufacturing and shipping in interstate commerce all kinds of products, but the farmer is unorganized and the farmer is the one that is the goat, and nobody else is going to benefit by it except the Cordage and Farm Machinery Trust. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 1½ minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I simply wish to ask the chairman a question. Under the language of some of the bills that we have which deal with sales in interstate commerce and the application of legislation to interstate commerce, there have been rulings that where sales were made in intrastate commerce that were in competition with sales in interstate commerce, the activity came under the ban of the restriction. I want to ask the gentleman if, under the language adopted by the conference report, this legislation will have any bearing whatever upon the selling of prison-made binder twine within a State.

Mr. SUMNERS of Texas. Does the gentleman mean in the State of production?

Mr. CASE of South Dakota. In the State of production.

Mr. SUMNERS of Texas. I do not think so; no.

Mr. CASE of South Dakota. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman yields back one-half minute.

Mr. SUMNERS of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. JONES].

Mr. JONES of Ohio. Mr. Speaker, I wish first to answer the argument of the gentleman from Kansas, Judge GUYER, in regard to the production of binder twine in the prisons of Kansas. This bill will not affect in the least bit the ability of prisons to make products and sell them in their own State. Minnesota can make farm implements and sell them in their own State if this conference report is adopted. Any State can make their own products for consumption in their own State. If this conference report is adopted it will stop the sale in interstate commerce of farm implements.

Mr. ALEXANDER. Will the gentleman yield?

Mr. JONES of Ohio. No, I am sorry. I do not have time. The farm-implement industry is an old industry. Many of the patents that were granted to farm-implement companies have expired. Therefore, there is reason for the steady expansion of the production of farm implements in prisons. Prisons are not curtailed in many instances by patent rights of private manufacturers. As a matter of fact, the Minnesota prisons go into territory operated by competitive private manufacturers with a product so much like the products of one private manufacturer. The only difference in them is the paint and the color of the product.

Prison labor cannot be fair competition for private labor. One cannot say "I am a friend of free labor," and then say "I am against this conference report so that a prison can make these particular things." We must either protect free labor or we are not being true to that ideal of competition.

The farmers in my State will not gain any advantage if prison-made farm implements are allowed to be shipped in interstate commerce. The State statutes prohibit such sale in Ohio. If Minnesota prisons put four or five hundred people out of work in my State and cause private factories to close down, four or five hundred more men will go on relief, and the farmers in my State will have to help pay the burden of keeping them on relief. In Ohio, rejection of this conference report is a blow to free labor as against prison labor and a blow to the farmer who will have to pay for relief of the

unemployed, who have been displaced by prison labor. In addition they pay a higher price for the farm implements caused by the slowing down of production of private plants whose markets are displaced by prison-made goods.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, I am for free labor. This bill does not protect free labor, provided it is farm labor. Under this bill prisons can make and produce all of the agricultural commodities they wish to produce. They can produce canned goods—tomatoes, corn, cotton, flax, hogs, beeves, bacon, lard, meat, potatoes, and every other farm commodity that they want to, and they can then sell in interstate commerce everyone and all of these things. The free labor of the farmer is not protected. Why do you allow agricultural commodities to be produced on the prison farm, and sold from them, and then provide in the same bill that everything that the farmer buys shall not be protected?

Mr. COCHRAN. Will the gentleman yield?

Mr. GILCHRIST. No. I only have 1 minute.

It was not long ago that a binder would cost a farmer about $120. Now it costs him $350. Why do you not protect farm free labor as well as other free labor? You boys who say "I am so interested in protecting farm free people," all right, let us protect them.

Here as elsewhere in our legislation we forget the interests and rights of farm people. I am not speaking against free labor. All of my public life I have been voting in favor of labor. Many years ago in the State Senate of Iowa I voted for bills which would protect free labor against prison labor. I want to do the same thing here now today, but I want to include free farm labor as well as other free labor. Do not discriminate against the farmer as this report now does. Let us recommit it to the committee and cut out the restrictions against farmers and provide for freedom to their labor as well as freedom to all other labor. And when this is done let us all vote in favor of farm labor and factory labor and of every other kind of labor. I will do so if given the opportunity. I am not opposing the bill but am opposing unjust discrimination against country people. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Speaker, there is no State in the Union that has gone further to protect free labor from prison-labor competition than the State of Wisconsin. When we established our twine plant in that State in 1913 we had the cooperation of many labor members in that farmer-controlled legislature, because we wanted to get away from the old contract-labor system which was then in vogue in the State penal institutions.

This bill not only attacks the interests of the farmers, particularly of my district, but it also is not a labor bill, because it provides that it shall not apply to commodities manufactured in the District of Columbia penal or correctional institutions for use of the Federal Government, or to commodities manufactured in any State penal or correctional institution for the use of any other State or subdivision thereof. Under this particular bill the Federal and District institutions could set up shoe factories, blanket factories, and similar industries and sell the products to all State and county institutions in the United States. Call that a bill in the interest of free labor? [Applause.]

On the contrary, it opens the field for many new products which now are not made in any penal institution. Furthermore it will permit prison farms to produce and process their own commodities and sell on the open market in competition with the free labor of both farms and industries.

The measure has been carefully drawn to permit interstate and foreign commerce in prison-grown cotton, for instance. Such prison farms in Southern States are now producing cotton, selling it in the open market, and are receiving the full benefit of the A. A. A., soil conservation, and parity payments. The southern prisons under this measure may install canneries and sell canned goods in competition with northern farmers and the free labor of our canneries in the Northwest. Proclaiming the measure as a protection to free labor, the lobbyists of the special interests which are backing this bill have been particularly careful of the interests of the cotton-growing States which do not have twine plants in their prisons.

The twine plants in the Wisconsin and Minnesota prisons were established years ago, when the makers of binder twine combined to maintain prices at levels nearly double those of the present. They were intended to relieve farmers from extortionate charges for a farm necessity. In that way they have saved the farmers of the two States millions of dollars. The plant in the Minnesota prison manufacturing farm machinery was established for a similar purpose, and it has been successful also.

This is a bill to add to the profits of the cordage trust at the expense of the farmers and the laboring men as well. As I have explained, it will open new competition to labor in private industry far in excess of any alleged competition now coming from the prison labor of only eight States which have twine industries.

It is a bad bill and the conference report should be overwhelmingly voted down.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield one-half minute to the gentleman from Minnesota [Mr. ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Speaker, in the short 1 minute I have allotted to me, as a Member of Congress who has had much practical farming experience, I want to say to you Members of the House that if you desire to place the equivalent of a $10 tax on every quarter section of farm land in the United States, then vote for this conference report. If you vote for this conference report which is in the interests of the farm machinery monopoly and Binder Twine Trust, then stop talking about being helpful to those who are trying to make their living on the farms of this Nation.

Furthermore, my record here in the House shows that I have always been friendly to labor and this bill is manifestly unfair, not only to the farmer, but to farm labor. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, for a long time, of course, there has been conflict between those interested in the rehabilitation of persons incarcerated in penitentiaries and similar institutions, and those interested in protecting free labor against the competition of the people incarcerated in these institutions. A compromise has been worked out and generally agreed to that persons incarcerated in these penal institutions, that is, the institutions, may produce by prison labor and sell to these agencies of government of which they are a part or to which they are related those things which are used by these governments or such agencies. Anything that is produced in a State by the prison labor of that State may be sold in the State. Of course, this bill is in harmony with that general agreement. This bill does not attempt to touch that.

Under the bill, not the conference report, you remember that a State that produced more of the things in its prisons than the State used or than the State could consume within the State could swap its surplus with another State similarly situated. What we have done is to prohibit, with a few exceptions, the transportation in interstate commerce of prison-made goods.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. Not for the moment.

If you do permit prison-made goods to enter the general field of commerce, you create a condition under which private manufacturers of those commodities have to compete with prison-made goods, and free labor in general commerce must compete with convict labor.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield for a question?

Mr. SUMNERS of Texas. Not for the moment.

Mr. ALEXANDER. The question will take only half a second.

Mr. SUMNERS of Texas. Not until I complete my statement.

Those interested primarily in rehabilitating prisoners and those interested primarily in protecting free enterprise and free labor against prison factories and prison labor have tried to make it possible for these men in the prisons to work, but to restrict their market to the State where they produce.

Now I yield very briefly to the gentleman from Minnesota.

Mr. ALEXANDER. Does the gentleman know that only one-twentieth of 1 percent of the goods manufactured in prisons compete with similar goods manufactured by free labor in the United States?

Mr. SUMNERS of Texas. I do not know the percentage but I do know that if we do exempt these two commodities, binder twine and farm machinery, then we naturally turn into the production of binder twine and farm implements the productive energy of the penitentiaries of the country, and these manufacturers and workmen who are engaged in producing binder twine and farm implements with free labor will have to meet this combined productive energy of the penitentiaries.

We have, however, established the general policy of prohibiting the shipment in interstate commerce of the product of prisons, and to make these exceptions would turn the productive energy of the penitentiaries against the laborers in these particular industries.

[Here the gavel fell.]

The SPEAKER pro tempore. The time of the gentleman from Texas has expired, all time has expired.

Mr. HEALEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I move the previous question on the conference report to its adoption or rejection.

The previous question was ordered.

Mr. MICHENER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. MICHENER. Certainly.

The SPEAKER pro tempore. The gentleman qualifies.

The Clerk read as follows:

Mr. MICHENER moves to recommit the conference report to the conference committee.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MICHENER. If this motion should carry, the conferees would then be permitted to go back and cut out all the exemptions which they have included here if they wanted.

The SPEAKER pro tempore. The whole matter would be before the conferees.

The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. MICHENER) there were—ayes 28, noes 94.

Mr. HULL. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] One hundred and seventy-nine Members are present; not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 40, nays 262, not voting 127, as follows:

[Roll No. 216]

YEAS—40

Alexander	Bolles	Carlson	Crowther
Andersen, H. Carl	Buckler, Minn.	Coffee, Nebr.	Curtis
Andresen, A. H.	Burdick	Crawford	Doxey
Dworshak	Hull	Mundt	Rogers, Okla.
Ford, Miss.	Johns	Murray	Stefan
Gehrmann	Knutson	Pace	Sweet
Gilchrist	Lambertson	Pierce	Talle
Guyer, Kans.	McGehee	Pittenger	Whittington
Hawks	Massingale	Reed, N. Y.	Winter
Hobbs	Michener	Rees, Kans.	Youngdahl

NAYS—262

Allen, Ill.	Doughton	Kean	Rich
Allen, La.	Drewry	Keller	Richards
Anderson, Calif.	Duncan	Kelly	Robertson
Anderson, Mo.	Dunn	Keogh	Robinson, Utah
Andrews	Durham	Kerr	Robsion, Ky.
Angell	Eaton	Kilday	Rodgers, Pa.
Arends	Eberharter	Kinzer	Rogers, Mass.
Austin	Edelstein	Kitchens	Romjue
Ball	Edmiston	Kleberg	Routzohn
Bates, Ky.	Ellis	Kocialkowski	Rutherford
Bates, Mass.	Elston	Kramer	Ryan
Beam	Englebright	Kunkel	Sabath
Beckworth	Faddis	Landis	Sasscer
Bell	Fenton	Lanham	Satterfield
Bland	Ferguson	Larrabee	Schafer, Wis.
Bloom	Flannagan	Lea	Schiffler
Boehne	Flannery	Leavy	Schulte
Boland	Ford, Thomas F.	LeCompte	Scrugham
Boykin	Fries	Lewis, Colo.	Secrest
Brooks	Fulmer	Lewis, Ohio	Shannon
Brown, Ga.	Gamble	Luce	Sheppard
Brown, Ohio	Garrett	Ludlow	Sheridan
Bryson	Gartner	McCormack	Short
Bulwinkle	Gathings	McGregor	Simpson
Burch	Gearhart	McKeough	Smith, Conn.
Burgin	Geyer, Calif.	McLaughlin	Smith, Ill.
Byrns, Tenn.	Gillie	McLean	Smith, Maine
Byron	Goodwin	McMillan, Clara	Smith, Va.
Caldwell	Gore	McMillan, John L.	Smith, Wash.
Cannon, Fla.	Gossett	Maciejewski	Smith, W. Va.
Cannon, Mo.	Graham	Magnuson	Snyder
Carter	Grant, Ala.	Mahon	Somers, N. Y.
Cartwright	Grant, Ind.	Mansfield	South
Case, S. Dak.	Gregory	Marshall	Sparkman
Casey, Mass.	Griffith	Martin, Iowa	Spence
Celler	Gwynne	Martin, Mass.	Springer
Chiperfield	Hancock	Mason	Starnes, Ala.
Church	Hare	May	Sumner, Ill.
Clason	Hart	Miller	Sumners, Tex.
Claypool	Harter, N. Y.	Mills, Ark.	Taber
Clevenger	Harter, Ohio	Monkiewicz	Tarver
Cluett	Hartley	Monroney	Terry
Cochran	Havenner	Moser	Thomas, Tex.
Coffee, Wash.	Healey	Mott	Thomason
Cole, Md.	Hendricks	Murdock, Ariz.	Thorkelson
Collins	Hennings	Myers	Tibbott
Colmer	Hess	Nelson	Tinkham
Cooper	Hill	Nichols	Tolan
Costello	Hinshaw	Norrell	Treadway
Courtney	Hoffman	Norton	Van Zandt
Cox	Holmes	O'Brien	Vincent, Ky.
Cravens	Horton	O'Connor	Voorhis, Calif.
Creal	Hunter	O'Leary	Vorys, Ohio
Crosser	Izac	O'Toole	Vreeland
Crowe	Jacobsen	Patman	Ward
Culkin	Jarman	Patrick	Weaver
Cullen	Jenkins, Ohio	Patton	Welch
Cummings	Jennings	Pearson	West
D'Alesandro	Jensen	Peterson, Fla.	Wheat
Darden, Va.	Johnson, Ill.	Pfeifer	Williams, Del.
Davis	Johnson, Luther A.	Poage	Williams, Mo.
DeRouen	Johnson, Lyndon	Polk	Wolfenden, Pa.
Dickstein	Johnson, Okla.	Powers	Wolverton, N. J.
Dirksen	Johnson, W. Va.	Rankin	Zimmerman
Disney	Jones, Ohio	Rayburn	
Ditter	Jonkman	Reed, Ill.	

NOT VOTING—127

Allen, Pa.	Dingell	Jeffries	Mouton
Arnold	Dondero	Jenks, N. H.	Murdock, Utah
Barden, N. C.	Douglas	Johnson, Ind.	O'Day
Barnes	Elliott	Jones, Tex.	Oliver
Barry	Engel	Kee	O'Neal
Barton, N. Y.	Evans	Keefe	Osmers
Bender	Fay	Kefauver	Parsons
Blackney	Fernandez	Kennedy, Martin	Peterson, Ga.
Bolton	Fish	Kennedy, Md.	Plumley
Boren	Fitzpatrick	Kennedy, Michael	Rabaut
Bradley, Mich.	Flaherty	Kilburn	Ramspeck
Bradley, Pa.	Folger	Kirwan	Randolph
Brewster	Ford, Leland M.	Lemke	Reece, Tenn.
Buck	Gavagan	Lesinski	Risk
Buckley, N. Y.	Gerlach	Lynch	Rockefeller
Byrne, N. Y.	Gifford	McAndrews	Sacks
Camp	Green	McArdle	Sandager
Chapman	Gross	McDowell	Schaefer, Ill.
Clark	Hall, Edwin A.	McGranery	Schuetz
Cole, N. Y.	Hall, Leonard W.	McLeod	Schwert
Connery	Halleck	Maas	Seccombe
Cooley	Harness	Maloney	Shafer, Mich.
Corbett	Harrington	Marcantonio	Shanley
Darrow	Hook	Martin, Ill.	Smith, Ohio
Delaney	Hope	Merritt	Steagall
Dempsey	Houston	Mills, La.	Stearns, N. H.
Dies	Jarrett	Mitchell	Sullivan

Sutphin	Thomas, N. J.	Warren	Wolcott
Sweeney	Vinson, Ga.	Whelchel	Wood
Taylor	Wadsworth	White, Idaho	Woodruff, Mich.
Tenerowicz	Wallgren	White, Ohio	Woodrum, Va.
Thill	Walter	Wigglesworth	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Lemke (for) with Mr. Halleck (against).
Mr. Hope (for) with Mr. Seccombe (against).
Mr. Keefe (for) with Mrs. Bolton (against).

General pairs:

Mr. Warren with Mr. Wadsworth.
Mr. Dempsey with Mr. Reece of Tennessee.
Mr. Cooley with Mr. Maas.
Mr. Sullivan with Mr. Johnson of Indiana.
Mr. Barden of North Carolina with Mr. Dondero.
Mr. Dies with Mr. Barton of New York.
Mr. Ramspeck with Mr. Thomas of New Jersey.
Mr. Gavagan with Mr. Cole of New York.
Mr. Folger with Mr. Jeffries.
Mr. Buck with Mr. Gifford.
Mr. Rabaut with Mr. Bender.
Mr. Martin J. Kennedy with Mr. Wolcott.
Mr. O'Neal with Mr. Corbett.
Mr. Green with Mr. Rockefeller.
Mr. Camp with Mr. Blackney.
Mr. Steagall with Mr. Risk.
Mr. Michael J. Kennedy with Mr. Osmers.
Mr. Randolph with Mr. Bradley of Michigan.
Mr. Clark with Mr. Harness.
Mr. Martin of Illinois with Mr. Brewster.
Mr. Fitzpatrick with Mr. Wigglesworth.
Mr. McAndrews with Mr. Engel.
Mr. Barry with Mr. Edwin A. Hall.
Mr. Vinson of Georgia with Mr. Fish.
Mr. Whelchel with Mr. McDowell.
Mr. Woodrum of Virginia with Mr. Woodruff of Michigan.
Mr. Buckley of New York with Mr. Kilburn.
Mr. Hook with Mr. Douglas.
Mrs. O'Day with Mr. McLeod.
Mr. Kirwan with Mr. White of Ohio.
Mr. Barnes with Mr. Thill.
Mr. Byrne of New York with Mr. Leland M. Ford.
Mr. Chapman with Mr. Oliver.
Mr. Kefauver with Mr. Sandager.
Mr. Delaney with Mr. Smith of Ohio.
Mr. Boren with Mr. Plumley.
Mr. Sutphin with Mr. Jarrett.
Mr. Fay with Mr. Leonard W. Hall.
Mr. Parsons with Mr. Darrow.
Mr. Lynch with Mr. Gross.
Mr. Peterson of Georgia with Mr. Jenks of New Hampshire.
Mr. Schuetz with Mr. Shafer of Michigan.
Mr. Wood with Mr. Gerlach.
Mr. Merritt with Mr. Stearns of New Hampshire.
Mr. Arnold with Mr. Marcantonio.
Mr. McArdle with Mr. Bradley of Pennsylvania.
Mr. Mouton with Mr. Shanley.
Mr. Dingell with Mr. Elliott.
Mr. Fernandez with Mr. Walter.
Mr. Kee with Mr. Lesinski.
Mr. Taylor with Mr. Sacks.
Mr. Evans with Mr. Flaherty.
Mr. Harrington with Mr. Houston.
Mr. Schaefer of Illinois with Mr. Schwert.
Mr. Kennedy of Maryland with Mr. Sweeney.
Mr. Murdock of Utah with Mr. Maloney.
Mr. Mills with Mr. Wallgren.

Mrs. SMITH of Maine, Mr. RANKIN, and Mr. DITTER changed their votes from "yea" to "nay."

The doors were opened.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. D'ALESANDRO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a speech prepared to be made by Speaker BANKHEAD at the opening of the Democratic rally in Baltimore.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland [Mr. D'ALESANDRO]?

There was no objection.

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in memory of our late colleague, Mr. Seger, of New Jersey, and to include a eulogy by Rev. George H. Talbott.

The SPEAKER pro tempore (Mr. COOPER). Is there objection to the request of the gentleman from New Jersey [Mr. KEAN]?

There was no objection.

ELECTION OF SPEAKER PRO TEMPORE

Mr. McCORMACK. Mr. Speaker, at the suggestion of the Speaker, I offer the following privileged resolution, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 597

Resolved, That Hon. SAM RAYBURN, a Representative from the State of Texas, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

Resolved, That the President and the Senate be notified by the Clerk of the election of Hon. SAM RAYBURN as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to. [Applause.]

Mr. RAYBURN assumed the chair and was sworn as Speaker pro tempore by Mr. McCORMACK.

CODIFICATION OF THE NATIONALITY LAWS OF THE UNITED STATES

Mr. SABATH. Mr. Speaker, I call up House Resolution 544, and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 544

Resolved, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 9980, a bill to revise and codify the nationality laws of the United States into a comprehensive nationality code. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, later on I shall yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. Speaker, this rule will make in order consideration of the long-delayed bill covering codification of our nationality laws. The report is unanimous. I think this is the first time that the Committee on Immigration has reported a bill by unanimous vote and I congratulate the committee upon its action.

The rule is an open rule and provides for 1 hour's general debate, after which the bill will be taken up and read for amendment under the 5-minute rule. I have been informed by members of the committee and the Rules Committee has been so informed, that in view of the many months the committee and subcommittee has spent in the consideration of this bill, and due to the further fact that this has the unanimous report of that committee, the 1 hour allowed for general debate will not be utilized by members of the Committee on Immigration. This bill strengthens the arm of the Government, as I understand it, and restricts naturalization. It provides for heavy penalties for any misinformation or false statement on the part of anyone who aids and endeavors to obtain naturalization. There is also a heavy fine provided and properly so, the fine being up to $5,000 and imprisonment not to exceed 5 years.

Mr. Speaker, this bill does not change the immigration laws in any respect. It has the approval of four outstanding departments, and in fact urgent requests for the enactment of this legislation have been made for some time by the Secretary of State, Secretary of the Navy, Secretary of War, and the Attorney General.

Mr. Speaker, I ask unanimous consent to insert the letters urging the adoption of this bill which I have received from the Secretaries whom I have mentioned, as well as an excerpt of a letter from the President of the United States, in which they urge the passage of this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

THE WHITE HOUSE,
Washington, August 27, 1940.

The Honorable ADOLPH J. SABATH,
Chairman, House Rules Committee, House of Representatives.

MY DEAR MR. SABATH:

* * * * * * * *

I have no hesitation in believing that the facts and arguments strongly point to the desirability of the rule being granted and the

bill considered by the House with as little delay as possible, which would conceivably result in its becoming a law before adjournment of the present Congress. It seems to me the following facts should be given great weight:

For several years the importance of such legislation has been recognized. I think it was during the first year of my administration that I requested the Departments of State, Justice, and Labor to undertake the preparation of such a measure. In compliance with my request, the officials of the Departments named have done a great deal of work, and those Departments now urge its enactment, and this also appears to be the attitude of the Committee on Immigration and Naturalization, which has reported the bill. Furthermore, it is stated that there is no opposition to the bill. In addition, I am informed that the opinion is entertained in some quarters that its enactment might serve to curb certain "fifth column" activities.

Further detail is unnecessary in view of the communications you have received, and which you have given me the privilege of reading.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT.

WAR DEPARTMENT,
Washington, June 27, 1940.

Hon. ADOLPH J. SABATH,
Chairman, Committee on Rules, House of Representatives:

I am informed that H. R. 9980 has been approved by the Immigration and Naturalization Committee of the House of Representatives and is now before your committee. This bill has been drawn up in consultation with the State, War, and Navy Departments. The War Department is particularly interested in section 402, which, if enacted, would greatly simplify the important military problems.

I take this occasion to request your good offices in expediting the passage of the bill in question, in the interests of national defense.

Sincerely yours,

LOUIS JOHNSON,
Acting Secretary of War.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, August 21, 1940.

MY DEAR MR. CHAIRMAN: The Navy Department understands that the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code has been approved by the Committee on Immigration and Naturalization of the House of Representatives, and that it is now before your committee for consideration.

It is assumed that the bill will be amended to conform to the provisions of Reorganization Plan No. V, transferring the administration of immigration and naturalization from the Department of Labor to the Department of Justice.

The Navy Department favors the enactment of this bill in the interest of the national defense.

The Navy Department has been advised by the Bureau of the Budget that there would be no objection to the submission of this report.

Sincerely yours,

LEWIS COMPTON, *Acting.*

The CHAIRMAN, COMMITTEE ON RULES,
House of Representatives, Washington, D. C.

DEPARTMENT OF STATE,
Washington, June 13, 1940.

DEAR MR. SABATH: I understand that the Department of Justice and the Department of Labor are asking that, if possible, your committee afford an opportunity, as requested by the Committee on Immigration, for a rule to provide for the consideration as early as possible of H. R. 9980, known as the Nationality Act of 1940. This being assumed, I am writing to say that it would gratify this Department if such a disposition of the matter could be had.

Yours very sincerely,

R. WALTON MOORE,
Counselor, Department of State.

The Hon. A. J. SABATH,
Chairman, Committee on Rules,
House of Representatives, Washington, D. C.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, June 13, 1940.

Hon. ADOLPH J. SABATH,
Chairman, Rules Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: On June 5 the Committee on Immigration and Naturalization of the House of Representatives committed to the Committee of the Whole House on the state of the Union and ordered to be printed H. R. 9980, designated as Nationality Act of 1940.

The proposed nationality act of 1940 is based on a codification of the nationality laws of the United States, submitted on the request of the President by the Secretary of State, the Attorney General, and the Secretary of Labor and transmitted to the Congress with a message of recommendation by the President on June 13, 1938. It represents 5 years of work by representatives of the Departments of State, Justice, and Labor. It has been a very extensive and important undertaking for the benefit of citizens of this country who, by reason of foreign birth or marriage or family relationship with aliens, are interested in a clarified restatement and codification of our nationality laws. Representatives of the three departments named above have worked closely with members of the Immigration and Naturalization Committee of the House of Representatives through the present session of Congress; and the proposed nationality act of 1940, H. R. 9980, which has resulted, is a piece of legislation which I can recommend highly.

I sincerely hope that your committee may adopt a rule which will admit this proposed legislation to prompt consideration by the House of Representatives.

Sincerely yours,

FRANCES PERKINS.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., June 14, 1940.

Hon. ADOLPH J. SABATH,
Chairman of the Rules Committee, House of Representatives.

MY DEAR MR. CHAIRMAN: It has been brought to my attention that the chairman of the House Committee on Immigration and Naturalization, Mr. DICKSTEIN, proposes to ask a rule from your committee so that the proposed Nationality Code, H. R. 9980, be presented to the House for consideration.

For your information, you are advised that by Executive order dated April 25, 1933, the President designated the Secretary of State, the Attorney General, and the Secretary of Labor as a committee to review the nationality laws of the United States, to recommend revisions, particularly with reference to the removal of certain existing discriminations, and to codify those laws into one comprehensive nationality code. In due course the proposed code was submitted to the President, who in turn sent the matter to the Congress of the United States.

The proposed code has been considered for some time by the House Committee on Immigration and Naturalization under H. R. 6127, which committee has held a large number of hearings on the merits of the bill. The House committee seems to have approved the bill and is ready to submit it to the House under H. R. 9980.

Undoubtedly there is a great need for a nationality code, and it is to be hoped that your committee may aid in having the matter considered by the whole House.

With kind regards,

Sincerely yours,

ROBERT H. JACKSON,
Attorney General.

Mr. SABATH. About 4 years ago the President recommended that a commission be created to study a revision of these laws. This commission, as I recollect, was composed of the Secretary of State, the Attorney General, and I believe the Secretary of the Navy. They agreed on and recommended a bill to the Committee on Immigration and Naturalization, and that committee has spent nearly a year through its subcommittee in perfecting and strengthening the provisions of the bill.

Right here I wish to commend and compliment the Committee on Immigration and Naturalization in its splendid work, and I wish to compliment especially the gentleman from Kansas, who has been the chairman of the subcommittee in charge of this work. He has devoted a great deal of time to this matter and has worked diligently and ably on it. He has prepared a report, which was submitted to the President, who also commended the painstaking efforts of the gentleman from Kansas. I hope that others on the left will follow his example, and when it comes to legislating in the interest of the Nation will show the same accord and unanimity that has been displayed by and within the Committee on Naturalization and Immigration.

In view of the fact that there is no opposition to the bill, and that it comes to us with a unanimous report and is approved by various Departments, I shall not detain the House any longer. I reserve the balance of my 30 minutes and now yield 30 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, this bill, H. R. 9980, contains 98 pages. The report accompanying the bill contains 164 pages. Of course, no member of the Committee on Rules has read the entire bill or the report. I, therefore, shall make no comment on the bill.

The rule provides for consideration of the bill in the House. Under general debate and the 5-minute rule the matter can be thoroughly discussed.

I now yield to the gentleman from New York [Mr. KEOGH] 5 minutes. I may say that the gentleman from New York is the chairman of the Committee on Revision of the Laws, and should know something about this measure.

Mr. KEOGH. Mr. Speaker, I stand before the House at this time with a full consciousness of the difficulties that always confront the Committee on Immigration and Naturalization and which particularly confront that committee in times like these. This bill seeks to revise and codify the immigration and naturalization laws into a nationality code. Of course, I am grateful to the gentleman from Michigan [Mr. MICHENER] for his introductory remark about me, but I asked for this time not so much to talk on the substantive features of this bill but rather to call to the attention of the House a matter which necessarily comes to me in my capacity as chairman of the Committee on Revision of the Laws.

The function of the Congress in enacting laws is an important one. It seems to me, though, that the putting of those laws into form and shape so that the bench and the bar and the general public of the country may know what the laws are and may know where to find them is equally important.

Congress took a step that was perhaps the greatest advance in the method of preparing the laws enacted by the Congress when, in 1926 the first edition of the United States Code was prepared and published. In that code all the laws of a permanent and general nature were codified under 50 separate and individual titles, alphabetically arranged. From the date of the publication of that first edition of the United States Code to this very moment your committee has been classifying all the laws permanent and general in nature that have been passed by each Congress.

We took another forward step in the manner and the method of compiling and codifying laws a year ago last January when, under the jurisdiction of the Committee on Ways and Means, title XXVI of the United States Code, which is known as the Internal Revenue Code, was enacted into positive law. That title is the only title of our present code that is positive law. The remaining titles of the code are simply prima facie statements of what the law is. The reference of that bill to the Ways and Means Committee rather than the Committee on Revision was by unanimous consent.—CONGRESSIONAL RECORD, first session, 76th Congress, page 637.

We now have before us this admittedly huge task that has been performed by the Committee on Immigration and Naturalization. The chairman of the Committee on Rules in his opening remark mentioned that the subcommittee and the committee had been working for months and for years on this codification of the nationality laws. I call the attention of the House to the fact that the bill now before us was introduced on Monday, June 3, and was reported by the standing Committee on Immigration and Naturalization on June 5.

I submit to the House, without passing at all on the merits or demerits of this attempt to codify the nationality laws, that we must be careful in the enactment of these various codes else we will, bit by bit and piece by piece, destroy the effectiveness of the United States Code as a whole. I call your attention particularly to the fact that in the bill before us we have this committee taking from United States Code, title V, on the Executive; title VIII on Aliens; title XVIII on the Criminal Code and Criminal Procedure; title XXVIII on the Judicial Code and Judiciary; title XXXIX on the Postal Service; and title XLVIII on Territories and Insular Possessions, various sections of existing law, and bringing them in under this nationality code, which in all probability will eventually constitute title VIII of the United States Code.

We have pending before this House a resolution to create a joint committee composed of members of the Judiciary Committees of this House and the other body to codify the Judicial Code. I am informed that other standing committees of the House are attempting to codify the laws coming within and under their jurisdiction.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield 5 additional minutes to the gentleman from New York.

Mr. KEOGH. If your Committee on Immigration and Naturalization can in preparing a nationality code draw from at least six titles in the United States Code, there is no earthly reason why any other committee which seeks to codify the laws coming within its jurisdiction cannot draw from all the titles of the United States Code, including even the pending bill which you will probably enact today. So I say that the result of it is going to be that we will have confusion worse confounded by individual and separate efforts to codify the laws of the United States.

I submit to the House that what should be done and what should have been done in this case is that the nationality code or any other revision of any of the existing laws or statutes of the United States should have been referred to the standing committee of this House which has been constituted for that sole purpose, and under the jurisdiction of that committee any codification or even any revision might be taken. That Committee on Revision of the Laws would preserve and protect the structure of the entire United States Code, to the end that we will eventually have a code composed of those 50 titles enacted into positive law. Thereafter any changes, any amendments, or any revisions of the laws will be a relatively simple matter.

What this House does in connection with the nationality code is personally of little importance to me, but what this Congress does with respect to offering the laws it enacts to the people of this country in such a manner that they can more easily determine what the law is and where it is, is very important to me.

I do hope that in the future, if there are standing committees of this House that are working without legislation before them and, therefore, rendering impossible raising any point of order on the jurisdiction of that committee with respect to codifying or revising existing laws, that they will be good enough to advise the House Committee on Revision of the Laws so that we may consider the effect, not of the particular subject that might be before that committee, but rather that we may consider the effect of this codification on the entire code structure.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. KEOGH. I yield.

Mr. MICHENER. May I call the gentleman's attention to the fact that the House had this experience in the codification of the United States Code. For a number of years the Committee on Revision of the Laws, as members of the committee—and all good lawyers—attempted to recodify the law. It was a splendid effort but so full of errors and mistakes that it just could not be used. It got as far as the Senate, and now the Committee on Revision of Laws, under the gentleman who is now addressing the House as chairman, has the assistance of experts like the lawbook publishing companies and concerns of that kind that know how to codify and who do the work in a proper manner. I am not reflecting on the Committee on Immigration at all. They are all splendid men, but I am a member of the Judiciary Committee, and I do not think the Judiciary Committee would be qualified by experience to codify without expert assistance.

Mr. KEOGH. I may say to the gentleman from Michigan that I am familiar with the difficulties that were confronting the Congress when they sought to enact the entire United States Code into positive law, and that is the reason the United States Code today is simply prima facie evidence of what the law is. It was in the nature of a saving clause that enabled the creation of this code structure of 50 titles into which all the laws of a permanent and general nature may be classified in their appropriate places, but the Committee on Revision of the Laws of the House, under the precedents of the House, has dealt not only with the codifying of laws or the revising of existing statutes, but in some cases or in certain instances that committee has had referred to it bills which change existing law or which enact new law. [Applause.]

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, as the gentleman who preceded me has stated, this is not a very easy matter. We are now addressing ourselves to the situation of whether or not we shall adopt this rule. It goes without saying that most likely we will adopt the rule, and as far as I am concerned, I shall not object to the rule because there is no question but that the naturalization and immigration laws of the country are very much confused and need codification. I would not say that these laws are antiquated because the immigration laws and the naturalization laws both are comparatively new, so far as the law goes, as most of the important immigration laws have been passed since 1917. We are not considering here today the laws controlling the admission of individuals into the country or the deportation of them from the country. That is a subject by itself, and the law relating to the admission of immigrants and the expulsion of immigrants is also in such a state that they should be revised and codified. As I understand it, we are dealing today simply with the one subject of naturalization. That means conferring citizenship on those who are here and those who have a right to come. When we start out to confer citizenship we have to investigate as to whether that alien is here properly. That is the first thing to be determined, and if he is, then we proceed to naturalize him. This bill that we are considering will codify the laws on this subject so that they may be more easily understood.

I understand further there are a good many amendments that should be offered to the bill. It is impossible for any one individual to stand here and say this bill is right in every respect or that this is all wrong. Unless he has spent much time on it, it is impossible for him to fit it together, and nobody knows that any better than the lawyers and those who have tried it.

I want to say by way of compliment to our good and distinguished friend, the gentleman from Kansas [Mr. REES] he has spent many days and the days of many months in codifying these laws, working with the office of the Secretary of State and the office of the Secretary of Labor and other Government agencies. In my work in connection with immigration and naturalization I have always found it very satisfactory and very worth while to consult the Secretary of State's office.

I have done that in all my experience here, regardless of whether he was a Republican or a Democrat, because the career men in the office of Secretary of State generally know this subject. They generally know it well. Their idea of how it ought to be administered has always met with my approval. As I understand it, they have worked on this bill. They have spent many hours on it and they have approved most of it. Standing alone I would be willing to accept their approval, but I understand there are some sections that have not entirely met with the approval of the office of Secretary of State, but which have met with the approval of the other departments of Government. I shall withhold my support or refusal to support this bill until I hear more from those who are familiar with its details. I think it behooves all of us who have been for restriction and those who have not been so strong for restriction to understand what is before us. Let us adopt the rule and then let us consider page by page this important codification. Immigration and naturalization are not a difficult subject to understand, because they deal with humanity and with human beings. But the laws on these subjects have been passed piece by piece and need to be reconciled. The question we will want to know eventually is, Does this codification infringe upon fundamental law as we understand it now? If it does, does it infringe in a way to improve it or to weaken it? Then we will govern ourselves accordingly.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. DICKSTEIN. There is nothing in this that affects immigration, the quota laws, or anything the gentleman is talking about. We are simply strengthening the arm of the Government with a number of substantive laws to do away with dual nationality; strengthening the arm of the Government dealing with naturalization and other important substantive facts that this Government needs, particularly in this time of emergency.

Mr. JENKINS of Ohio. I am glad to have that assurance from the gentleman, and I hope it works out that way.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield the gentleman 1 additional minute.

I want to say to the gentleman from Ohio, who was a former member of the Committee on Immigration for a number of years, that the House has come to have great respect for his judgment on matters affecting the immigration laws. I realize that he is now a member of the Ways and Means Committee, but I would ask the gentleman if he has given consideration to this bill.

Mr. JENKINS of Ohio. I thank the gentleman for his comments, but I am sorry to say I am not as familiar with this as I should be. But if I have the assurance of the Committee on Immigration that it has gone into this thoroughly, and if this work meets the approval of the experts in the office of the Secretary of State, I shall be glad to support it, because for years I have recognized the necessity for codification.

Mr DICKSTEIN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman.

Mr. DICKSTEIN. It not only has the approval of the State Department, but also the Department of Justice, the War Department, and every department of our Government, as recently as yesterday.

Mr. JENKINS of Ohio. I am glad to hear that.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, I am now the ranking minority member of the Committee on Immigration and Naturalization. I prefer to call this codification a clarification or simplification of the present naturalization laws. It is a problem that has been before us for several years. The departments of Government—the State Department, the Department of Labor, the Attorney General's department—have all been working on it and interested in it and concerned about it. Finally, after years of effort, it has been placed in the shape of this bill.

When the question came up in our committee I was asked to recommend someone from the minority side to act on that subcommittee to work it out. I named the gentleman from Kansas [Mr. REES] and the gentleman from New York [Mr. ROCKEFELLER] on our side as two members who would give it serious and earnest consideration; and they did.

They have discussed this matter with me. This codification, as I understand it, is to simplify and clarify, not particularly amend, although it does in some particulars amend wherever it needs amending, but it amends in the direction of a tightening up of this thing. Our naturalization laws have grown up like Topsy and they conflict and overlap, and there was a real necessity, and has been for years, to straighten them out and codify them so that they can be made workable.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. MASON. I yield.

Mr. JENKINS of Ohio. To a student of naturalization it has been patent for a long time that the law ought to be amended and codified for the benefit of the poor immigrant.

Mr. MASON. Yes.

Mr. JENKINS of Ohio. It is not altogether necessary to amend it to put any hardships upon anybody, but to help many fine, poor immigrants who need the law, who need a little sympathy, so that they can get what is coming to them.

Mr. MASON. I wish to say in that regard that when an alien appears in one of our courts and applies for naturalization, there is no orderly questioning. Some courts ask the most ridiculous questions of that alien, and they seem to probe into his ability to answer technical questions rather than questions as to his character, his reputation, his stand-

ing in the community, and how he has acted as a resident preparatory for citizenship. Those things at least ought to be straightened out.

Mr. KERR. Will the gentleman yield?

Mr. MASON. I yield.

Mr. KERR. Knowing the gentleman as I do and having served with him on the committee, I would like to ask if he has thoroughly examined this proposed law?

Mr. MASON. I have not. I have only been consulted on several of the changes that were made. My colleague, the gentleman from Kansas [Mr. REES], who served as acting chairman of the committee who made this report, will answer all the questions on the various parts of the bill.

Mr. KERR. And you know his attitude, however?

Mr. MASON. Yes.

Mr. KERR. And he is in favor of this bill?

Mr. MASON. He is. It was voted out of our committee unanimously.

They say we ought to have had experts working on these things, that we were not capable of doing it. I admit that, but we have had the experts of various departments of the Government working on this for several years.

Mr. KEOGH. Mr. Speaker, will the gentleman yield?

Mr. MASON. I yield.

Mr. KEOGH. I call the gentleman's attention to the fact that one of the sections incorporated in this nationality code deals with the franking privilege accorded the district courts or the Immigration Bureau. I say to the gentleman that if I were a practicing lawyer attempting to find out what rights officials had with respect to the mails, I would more logically look under "Postal Service" than under "Aliens" or any other title of the code. So, from the point of view of immigration officials it may be very good, but we should consider it from the point of view of the public at large.

Mr. MASON. I believe the gentleman is right.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. MASON. I yield.

Mr. DICKSTEIN. May I not say to the gentleman from Illinois, the ranking member of my committee on the minority side that the American Bar Association have endorsed this bill in toto. They are happy to know that we are going to do something for the benefit of the country and at the same time plug up a lot of these loopholes that have existed for the last 50 years.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, has the gentleman from Michigan any more requests for time?

Mr. MICHENER. I have no more requests for time.

Mr. SABATH. I do not desire to take any additional time with the exception of saying to my colleague from New York that his statement that the bill was introduced early in June of this year would contradict my statement that the committee had the bill before them for a long while. This is a reprint.

Mr. KEOGH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KEOGH. I did not mean to contradict the gentleman. What I meant was that this committee has indulged in the increasing practice of considering legislation with no bill introduced before the committee. When the hearings are completed the committee then drafts the legislation, and reports it. The Ways and Means Committee does this in almost all instances.

Mr. SABATH. The bill was introduced during the last session of Congress and demand was made for its consideration. If the gentleman had any objection to its reference to the Committee on Immigration and Naturalization he should have raised the point in the House at the time it was referred. The Rules Committee had no jurisdiction to refer the bill to a committee. That power and right is vested in the Speaker, and the Speaker referred the bill to the Committee on Immigration and Naturalization.

Mr. KEOGH. Mr. Speaker, will the gentleman yield for a question?

Mr. SABATH. I yield.

Mr. KEOGH. I am conscious of the fact that a point of order against reference must be made before the bill is reported. I meant to serve notice that our committee proposed to exercise its right with respect to the point of order. We regret that for some reason or for no reason the point of order was not made in this case.

Mr. SABATH. The gentleman is jealous of the rights and prerogatives of his committee, and I am very glad to hear the chairman of a committee seeking additional work, especially when he feels that the work assigned to another committee properly belongs to his own.

I am satisfied now from the speeches I have heard on the part of Members on both sides of the aisle that the bill meets with the approval even of the gentleman from New York notwithstanding the fact the bill was not assigned to his committee.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The previous question was ordered.

The resolution was agreed to.

NATIONALITY ACT OF 1940

Mr. DICKSTEIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 9980, the Nationality Act, 1940, with Mr. WILLIAMS of Missouri in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York [Mr. DICKSTEIN] is recognized for 30 minutes, and the gentleman from Kansas [Mr. REES] will be recognized for 30 minutes.

Mr. DICKSTEIN. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. DICKSTEIN. Mr. Chairman, this proposed legislation will not only be materially beneficial to the country in the future, but particularly so at this time of disturbance and agitation by "fifth columnists" and other subversive groups.

I cannot help saying a word to my good friend the gentleman from New York [Mr. KEOGH], chairman of the Committee on Revision of the Laws. I listened to him very patiently. In the first place, as my colleague the gentleman from Illinois, chairman of the Committee on Rules [Mr. SABATH], said, the gentleman from New York should have made his motion at the proper time. But, Mr. Chairman, even though he had, the bill could not possibly have been referred to the Committee on the Revision of the Laws, because this proposed revision practically fixes substantive law, and where there is a change of substantive law the Committee on Revision of the Laws could not possibly deal with the problem.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. In a minute.

Let us briefly review the history of this bill. The gentleman from Ohio [Mr. JENKINS] was a member of the Committee on Immigration back in 1931. In those days both Republicans and Democrats on that committee found themselves troubled with complicated immigration and naturalization laws that contained many loopholes. The committee at that time voted unanimously to call upon the President to ask the departments to study this question. Accordingly, in April of 1933, the President issued an Executive order, which I will incorporate in my remarks, directing the State Department, the Attorney General, and other departments to make a complete study of this whole question.

Five years went by, 5 years of study. Study by whom? The Secretary of State, the Attorney General, the Secretary of Labor, and others. Not until June 13, 1938, did the President send a message to Congress on the subject, which I will incorporate in my remarks. This message submitting the report of the special committee requested this legislation and set forth the reasons why the legislation should be speedily enacted.

This committee does not want to take legislation away from any committee. The fact is that when I introduced this bill embodying the report of the committee, I had hoped that the bill would be referred to some other committee. It was apparent to me that a great amount of work would be involved. I felt that this committee had enough work to do involving needed immigration legislation without taking up this codification of the nationality laws contained in H. R. 6127, and I hesitated to call upon the members to assume the responsibility of reporting a bill involving so much study and research, as the report submitted contained some 1,980 pages of references alone, with numerous other documents which were referred to the committee by the several departments.

So far as I personally was concerned, I would have much preferred to have some other committee consider and report the bill. I knew that there had not been a revision of these nationality laws for almost 35 years; that the laws were scattered through more than 40 statutes; that it had been difficult, if not impossible, to decide definitely under the present law just what the law was in certain circumstances. Therefore, knowing the amount of labor this bill involved, you can readily see that I was not anxious to ask the committee to assume the task of recodification in view of the fact that the committee already had pending a large amount of important immigration legislation.

However, as the legislation was referred to the committee I am very proud to be able to say that the members of the committee made no objection or complaint with reference to the additional work and the subcommittee appointed assumed the task and worked faithfully and long, and finally submitted for consideration of the full committee the result of their labors and the full committee approved and unanimously reported the present bill, 9980.

Let me call to the attention of the Committee just a few of the urgent reasons for the recodification of the nationality laws.

For many years native and naturalized citizens who accumulated wealth through the opportunities afforded in the United States, have gone abroad, purchased chateaus and fine homes in these foreign lands, have spent their money, and the only responsibility as citizens of the United States has been to register at certain intervals as citizens of the United States, but in times of stress have demanded the protection as citizens of the United States.

There are others who, through accident of birth and circumstances have been born in the United States of alien parents, yet can claim citizenship and return at any time, regardless of character or political affiliations or beliefs, that are un-American and a danger to the country.

Not only these alien Americans, but others who now are able to claim citizenship, will be definitely expatriated, for example those who become naturalized in foreign countries, those who renounce their citizenship, deserters from military or naval forces who have been convicted by court martial, those who serve in foreign armies, those voting in the political elections of foreign countries, and others. Children of alien parents or naturalized parents whose parents return to their native land and become naturalized or repatriated. In short, this bill would put an end to dual citizenship and relieve this country of the responsibility of those who reside in foreign lands and only claim citizenship when it serves their purpose.

There has been reference to the fact that legislation of this kind should have had the benefit of legal experts. If any committee ever had the benefit of expert advice and the benefits of persons qualified as experts on the subject, the subcommittee has had such assistance. It has had the assistance and suggestions of an expert committee appointed by the President after 5 long years of study, it has had the benefit of the most expert talent of the Department of State, it has had the benefit of the legal experience of the Department of Justice, in the persons of Messrs. Flournoy, Butler, Shaughnessy, and Shoemaker. It has had before the subcommittee able representatives of the American Bar Association, other associations of attorneys, such as Mr. Noel and Mr. Butler, it has had before its subcommittee representatives of civic organizations and finally it has had the endorsement for this bill of the American Bar Association.

As chairman of the committee I gave considerable study to the report submitted by the President's committee, and I want to give credit that is due to the excellent work of the subcommittee each and every member and especially to the acting subchairman, the gentleman from Kansas, Congressman REES, and I desire to acknowledge the careful consideration given the report of the subcommittee by the full committee, and I am especially proud of the fact that from the Committee on Immigration and Naturalization a unanimous report was made by the full committee. There was not an element of partisanship in the consideration and report on this bill, but it was reported unanimously as a necessary and component part of our defense legislation.

I venture to say that few bills presented to this House have received more careful consideration and painstaking preparation, nor have more individuals, associations, or officials presented their views before a committee on proposed legislation.

Speaking for the full committee I ask that the bill as presented receive quick action.

As stated, I submit the following which is the message of the President commending the legislation and also the letter of submittal of the departments:

MESSAGE OF THE PRESIDENT

To the Congress of the United States of America:

I transmit herewith a report concerning the Revision and Codification of the Nationality Laws of the United States, submitted upon my request, by the Secretary of State, the Attorney General, and the Secretary of Labor. The report is accompanied by a draft code with three appendixes containing explanatory matter, prepared by officials of the three interested departments who are engaged in the handling of cases relating to nationality.

The report indicates the desirability from the administrative standpoint of having the existing nationality laws now scattered among a large number of separate statutes embodied in a single, logically arranged and understandable code. Certain changes in substance are likewise recommended.

In the enclosed letter forwarding the report to me the Secretary of State calls attention to a single question on which there is a difference of opinion between the Departments of Justice and Labor on the one hand and the Department of State on the other hand. If the committees of Congress decide to consider this question, the views of the three departments may be presented directly to them.

I commend this matter to the Congress for the attentive consideration which its wide scope and great importance demand.

FRANKLIN D. ROOSEVELT.

Enclosures: (1) Report. (2) Draft and code and annexes. (3) From the Secretary of State.

THE WHITE HOUSE,
June 13, 1938.

LETTER OF SUBMITTAL

JUNE 1, 1933.

The PRESIDENT,
The White House:

By your Executive order of April 25, 1933, you designated the undersigned a committee to review the nationality laws of the United States, to recommend revisions, and to codify the laws into one comprehensive nationality law for submission to the Congress.

In pursuance of this order a committee of advisers, composed of six representatives of the Department of State, six of the Department of Labor, and one of the Department of Justice, was appointed to study the existing laws governing nationality, and to prepare a draft code, embodying such changes and additions as might seem desirable, together with a report explaining the same. Because of the wide field covered by these laws, the complexity of the problems involved and certain obstacles which could not have been foreseen, the report was not completed until August 13, 1935.

In view of the unusual importance of this subject, which is designed to determine the basic status of nationality itself, upon which so many rights and obligations depend, the draft code mentioned above was thoroughly reviewed by officials of the three Departments, some of whom had taken no part in its preparation.

As a result of this review and of conferences between these officials, various changes were made in the original draft.

While the nationality laws of nearly all foreign states have in recent years been completely revised and codified, the laws of the United States on this subject are found scattered among a large number of statutes, and it is sometimes difficult to reconcile the provisions of different statutes. On the other hand, there are no statutory provisions fixing the nationality status of the inhabitants of certain of the outlying possessions of the United States, including American Samoa and Guam.

The nationality problem in the United States is especially complex and difficult for several reasons. In past years large numbers of persons of foreign origin have come to the United States, have had children born to them in this country, and have subsequently returned to reside in the foreign countries from which they came, or have moved on to other foreign countries, taking their American-born children with them. In some cases the parents while in the United States obtained naturalization as citizens thereof, and in such cases children born to them in foreign countries after such naturalization have acquired citizenship of the United States at birth, under the provision of the existing law (R. S. 1993). Children born in the United States to persons of the classes mentioned acquired at birth citizenship of the United States, and in many cases they also acquired at birth the nationality of the foreign states from which their parents came, thus becoming vested with dual nationality. Dual nationality has also attached at birth to children born in certain foreign countries, having in their law of nationality the territorial rule (jus soli), to parents who acquired American nationality at birth or through naturalization.

The Draft Code submitted herewith is divided into five chapters, as follows: Chapter I, Definitions; Chapter II, Nationality at Birth; Chapter III, Nationality Through Naturalization; Chapter IV, Loss of Nationality; and Chapter V, Miscellaneous.

Since the citizenship status of persons born in the United States and the incorporated territories is determined by the fourteenth amendment to the Constitution, the proposed changes in the law governing acquisition of nationality at birth relate to birth in the unincorporated territories and birth in foreign countries to parents one or both of whom have American nationality. Cases of the latter kind are especially difficult of solution, in view of the necessity of avoiding discrimination between the sexes, and of the fact that, under the laws of many foreign countries, the nationality thereof is acquired through birth in their territories.

With regard to chapter III, it may be observed that naturalization constitutes a vital part of the nationality system of the United States, and the naturalization measures proposed by the committee of advisers constitute a considerable portion of the committee's proposals.

United States citizenship is a high privilege and ought not to be conferred lightly or upon a doubtful showing. The experience of the naturalization courts and administrative officers who have had to deal directly with the problems presented has demonstrated, however, the need for an accurate, comprehensive, and detailed code by which naturalization is to be conferred and any abuse of the process remedied. No alien has the slightest right to naturalization unless all statutory requirements are complied with, and every certificate of citizenship must be treated as granted on condition that the Government may challenge it in regular proceedings for that purpose and demand its revocation unless issued in accordance with statutory requirements.

The proposed code, herewith, represents a studied effort to draft a measure which would conform to the constitutional requirement that the rule of naturalization be "uniform," and facilitate the naturalization of worthy candidates, while protecting the United States against adding to its body of citizens persons who would be a potential liability rather than an asset.

The provisions of chapter IV, Loss of nationality, are of special importance. Loss of nationality is in all cases to result from the existence of stated facts. In this relation mention may be made of the provision of section 501, in which diplomatic and consular officers are required to send to the Department of State reports concerning persons found by them to have committed acts resulting in loss of American nationality under the provisions of chapter IV of the proposed act. It is important to note that such reports are intended merely for the information of the Department of State, the Department of Labor, and any other branches of the Government which may be interested.

Chapter V, Miscellaneous, in addition to the provision of section 501, mentioned above, contains a provision (sec. 502) for the issuance of certificates of nationality, for use in foreign states in cases of American nationals other than naturalized citizens.

The most important changes in the existing laws proposed in the annexed code are as follows:

(1) The provision of section 201 (g) requiring that, in order that a person born abroad may acquire citizenship of the United States at birth when only one of his parents is a citizen of the United States, the latter must have resided 10 years in the United States. The requirement of the existing law concerning residence in the United States as a condition to retention of citizenship has been modified for the benefit of children of persons representing the Government, or American commercial, or other interests.

(2) The provisions of chapter III, concerning the facilitating of naturalization under special conditions, and in particular the following:

The provisions of section 311, for the naturalization, without prior residence in the United States, of the alien spouse of a citizen of the United States residing abroad in the employment of this Government or of organizations of certain specified classes.

The provision of section 314, for the naturalization of a person under 18 years of age upon the petition of a citizen parent; and the similar provision of section 315, for the naturalization of an adopted child.

The provision of section 317 for facilitating the entry into the United States and naturalization, without the usual requirements concerning residence in the United States, of a person who was formerly a citizen of the United States but who became expatriated while residing in a foreign country through the naturalization of a parent therein.

(3) The provisions of chapter IV concerning loss of nationality, especially the following:

The provisions of section 402 concerning loss of nationality by a naturalized citizen as a result of the following acts:

(a) Residing for at least 2 years in the territory of a foreign state of which he was formerly a national or in which the place of his birth is situated, if he acquires through such residence the nationality of such foreign state by operation of the law thereof;

(b) Residing continuously for 3 years in the territory of a foreign state of which he was formerly a national or in which the place of his birth is situated, except as provided in section 404 hereof.

Special mention may also be made of the provision in section 337 of the code for the revocation of naturalization in the case of a person who takes up a permanent residence in his native land or some other foreign country within 10 years (instead of 5 years, as provided in the existing law) after the date of his naturalization.

The problem of the child born abroad to parents of different nationalities was the subject of extended consideration by the committee and finally resulted in the draft of section 201 (g) referred to above which confers American citizenship at birth upon a person born abroad if one of his parents is an American citizen. Prior to the Citizenship Act of May 24, 1934, only the children of American fathers acquired citizenship at birth if they were born abroad. This, however, was changed by the 1934 act so that a woman retaining citizenship after marriage to an alien also transmitted citizenship to her children. In enacting this measure Congress apparently took into consideration the fact that persons born in foreign countries whose fathers were nationals of those countries would be likely to have stronger ties with the foreign country than with the United States, and consequently annexed as a condition for retaining citizenship a 5-year period of residence in this country between the ages of 13 and 18. This condition was equally applicable irrespective of whether the citizen parent was a father or a mother.

It has been recognized, however, that these residence requirements will impose great hardship in some cases. This is especially true where the head of the family is a salaried person residing abroad as a representative of the American Government or some American commercial or other organization. The committee has therefore recommended that in cases of this character the conditions relating to residence during minority shall no longer be imposed. If the citizen parent does not represent the American Government or an American educational, scientific, philanthropic, religious, commercial, or financial organization, the foreign-born child, in order to retain American citizenship, is required under section 201 (g) to reside in the United States 5 years between his thirteenth and his twenty-first birthdays. The committee recommends strengthening the 1934 act in another respect, however, by restricting the right of transmitting citizenship in a case of this kind, through the requirement that the citizen parent should have resided at least 10 years in the United States prior to the birth of the child.

Mention is made above of section 317 of the code. While probably the majority of former American nationals who have been naturalized in foreign states through the naturalization of their parents therein continue to reside in such foreign states, some of them return to the United States to reside, and it seems only reasonable to adopt special provisions to enable the latter to recover their American citizenship if they so desire.

None of the various provisions in the code concerning loss of American nationality, such as those applicable to children born abroad to parents only one of whom has American nationality and persons who, after obtaining American nationality through naturalization, establish a residence abroad, is designed to be punitive or to interfere with freedom of action. They are merely intended to deprive persons of American nationality when such persons, by their own acts, or inaction, show that their real attachment is to the foreign country and not to the United States.

Important reasons for terminating American nationality in cases of persons who reside in foreign countries and have to all intents and purposes abandoned the United States lie in the fact that it will prevent them from transmitting American nationality to their foreign-born children having little or no connection with the United States, and embroiling this Government in controversies which they may have with the governments of the foreign countries in which they reside. The mere presumption of expatriation provided for in section 2 of the act of March 2, 1907, in cases of naturalized citizens residing for 2 years in the foreign states from which they came or 5 years in other foreign states, has proven inadequate. In general the right to protection should be coexistent with citizenship, and a law under which persons residing abroad

are denied the protection of this Government, although they remain citizens of the United States and transmit citizenship to children born abroad, is deemed inconsistent and unreasonable. The admission of an alien to the privilege of American citizenship is subject to the condition that he intends to reside permanently in the United States and perform the duties of citizenship. When a naturalized citizen abandons his residence in the United States and takes up residence in the state of which he was formerly a national, definite termination of his American citizenshp should follow.

Further explanations of the various provisions of the code submitted herewith may be found in the comment on the various articles—appendix 1 herewith. In addition to the code and appendix 1, we also submit herewith the following:

Provisions of the code and corresponding provisions of the existing nationality laws, arranged in parallel columns (appendix 2), and constitutional, statutory, and treaty provisions relating to nationality (appendix 3).

Your committee, in the light of the experience of the interested departments in handling cases presented to them for action, is convinced that it is most desirable to have the nationality laws of the United States revised, and embodied in a single code, the meaning of which may be readily understood. We feel that there is no branch of the law of more importance to the country, or requiring more careful attention, than that branch which governs nationality, determining, as it does, what classes of persons shall compose the national society itself.

The proposals contained in the accompanying draft code are to be regarded merely as suggestions for the use of the appropriate committees of Congress. When the matter is to be considered by these committees, the undersigned will be glad to designate members of their respective departments whose duties involve the handling of citizenship cases to confer with the committees, if that is desired.

Respectfully,

CORDELL HULL,
Secretary of State.
HOMER CUMMINGS,
Attorney General.
FRANCES PERKINS,
Secretary of Labor.

Enclosures: Draft Nationality Code and appendixes 1, 2, and 3, as above.

Mr. REES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I think, with unusual propriety, I may say to our colleagues on this side of the aisle that in my humble judgment the Congress owes the gentleman from Kansas, ED REES, a great debt of gratitude for the labor which he has earnestly and diligently given a job that is long overdue. One of my first assignments in 1933 was to the Committee on Immigration and Naturalization, where I served in entire felicitous harmony with the chairman, the gentleman from New York [Mr. DICKSTEIN].

That is a very absorbing committee. You deal with hardship, you deal with human nature, you deal with people from all corners of the earth, people who have a full appreciation that this is one spot on the face of the earth where you have certain guaranties of liberty.

It is not strange at all that on the frozen steppes of Russia or in the shadows of Buckingham Palace or along the highway going by Potsdam Palace in Berlin or in all the other corners of the earth there appears a great desire to come to this country. So, manifestly, that puts some execution on the naturalization as well as immigration laws of the country, and in proportion as you try to reconcile those laws to individual cases so they furnish a lot of human drama.

I want to say again to our good friend the gentleman from Kansas [Mr. REES], who has labored on this thing from January to May 1940, and about whom some of the most refreshing and engaging things were said by people like the American Bar Association for the patience, devotion, and tolerance he put in the task, that the Congress does owe him a debt of gratitude.

I remember when I was a member of this committee—and the gentleman from New York [Mr. DICKSTEIN] will bear me out—we undertook to discuss this matter and to urge a codification, compilation, and clarification of these divergent laws, reconciling or ironing out some of the conflicts, and to me it is one of the most amazing things in the jurisprudence of this country. We have a lot of basic laws going away back to 1906. Of course, this whole field of endeavor goes away back to 1789. So that, little by little, there have been accretions, first by this Congress, then by that Congress. Too often a bill would go across the floor and we would not fully appreciate its implications until it got into the statutory law, then had to be interpreted in terms of and in conflict or in reconciliation with existing law that has not been repealed or nullified.

It puts a burden on the ingenuity of the immigration and naturalization administrators of the country. Too often the Congress has not been fair to them in the amount of time and devotion that has been addressed to a problem that is now receiving tremendous emphasis as a result, first, of the fitful and feverish condition that exists in the world today; second, the desire of people to come to these shores; and, third, a general demand in this country that more and more we require some kind of training, some kind of fitness, some kind of assimilation of the American philosophy before the door is open too wide and we extend our hands and say, "Welcome into the fold of American citizenship."

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. DICKSTEIN. This matter was considered on the basis of equality and justice to all, and no politics was played in its consideration.

Mr. DIRKSEN. I am sure of that.

Mr. DICKSTEIN. I believe every member of the committee did his best to bring about this legislation which is so sorely needed, and has been for the last 7 years. The gentleman from Illinois himself was on this committee when we discussed that very question.

Mr. DIRKSEN. Quite right. I recall when we discussed this whole matter with Mr. Wilbur Carr, later Minister to Czechoslovakia, who was then with the State Department and who had done a tremendous amount of work on it. This is, after all, a job for experts. They set up a technical advisory committee.

I think they have labored on this for 5 or 6 years. So the product that is before us today represents the best thought and industry of the Attorney General's office, the State Department, the Labor Department, the American Bar Association, and other agencies that now give the seal of approval to this bill.

[Here the gavel fell.]

Mr. REES of Kansas. Mr. Chairman, I yield 5 additional minutes to the gentleman from Illinois.

Mr. DIRKSEN. I recall that we sought even way back in 1934 to initiate a compilation and codification. We never quite got up to it until our friend from the plains of Kansas came and addressed his energy and his devotion to the job. So I take off my hat to him.

Let me conclude with this one other observation: There is one thing in this bill that engages my particular attention, and I am happy that it is here. It is a provision that is found on page 37 which authorizes the Commissioner to prescribe the scope and nature of the examination of petitioners for naturalization as to their admissibility to citizenship for the purpose of making appropriate recommendations to the naturalization courts. Such examinations shall be limited to inquiry concerning the applicant's residence, good moral character, understanding of and attachment to the fundamental principles of the Constitution of the United States, and other qualifications, and so forth.

As I understand, there is no prescribed course of examination today set down in the law, so it is sort of hit-and-miss. Here is one Federal judge who may be satisfied if a petitioner can tell him who the Governor is of the State where he has his monetary residence. Here is another judge who will ask him whether he can repeat the first 10 lines of the Declaration of Independence. There is no uniformity. It seems to me that the thing that needs emphasis today above everything else, if we are going to take any pride in this thing that we call American democracy, is to be sure that those who knock on the door for entrance as citizens know a little something about it.

How are you going to make a real American citizen out of somebody who came from foreign shores unless he is first familiar with the basic predicate of citizenship, until he knows what democracy really means, until he has some appreciation

of the American way of life? Way back—further back than I care to recall right now—in the days when I was a dredging contractor up on the Illinois River, I had lots of people march across my pay rolls year in and year out. Some of them had to go through the naturalization court. On occasion I used to go with them. I have had some of these old timers go through who have been here a long time.

To me, it was the most amazing experience that I ever underwent to stand there as a witness and as a coach trying to get these people into citizenship, knowing at the same time their limitations as well as the limitations of the examination to which they were to be subjected.

I shall never forget one who was entered into citizenship because he could recite the name of the Governor of Illinois. He had some difficulty doing it at the time, but he did it, and it was about as much as he knew. I labored with that man on a quarter boat on the Illinois River for months, trying to pound into him what this country meant, how it differed from a foreign country, and what was embraced in the philosophy of democracy and Americanism.

Too often, you know, it sort of recedes. I recognize the difficulties on both sides. A man has come here and been over here 30 or 40 years. He becomes 60 years of age. It is a pretty hard matter to sit down by the light of a kerosene lamp out in the sticks somewhere and take him over and over it, just as you would a child in the first grade, and seek to bring him up on the pabulum of Americanization. Yet if we are going to hold our own, if we are going to keep this lamp alight, if we are going to set an example for all the rest of the world, then it becomes imperative as we go along that to those who knock on the door and say, "Uncle Sam, I would like to be a citizen of your country," we have the right to say, "You qualify," and show him the basis on which he must qualify.

Heretofore, it has been hit-and-miss. This bill contains a provision whereby they can prescribe certain qualifications and a certain, shall I say, course that has continuity and that leads up to an ultimate result, and that is an appreciation of democracy and a capacity for assimilation.

So once more I take off my hat to my esteemed friend from Kansas for the grand job he has done. It was a laborious task, and the Congress owes him a debt of gratitude. [Applause.]

Mr. REES of Kansas. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I should like the gentleman from Illinois, as well as the other members who have spoken, to know that I appreciate the fine compliments that have been extended to me, to which I feel I am not really entitled. I do want to share these compliments with the representatives of the Department of State, the Department of Justice, and the War Department, together with the representatives of the American Bar Association, who diligently and unceasingly worked in an effort to bring about the legislation that is proposed this afternoon.

I only wish that a larger percentage of the members were a little more interested in this legislation. I believe we ought to be interested in this measure, because it is, I believe, one of the most important pieces of legislation that has come before this House during the present session.

The purpose of H. R. 9980 is to revise and codify the nationality laws of the United States, as has been suggested, in a comprehensive nationality code. We have tried here to put into systematic order a consolidation and a restatement of the laws of citizenship, naturalization, and expatriation. A further purpose, so you will not be mistaken, is to amend the law with a view to making it more workable and to strengthen it where experience has found it to be weak or vague in its terms, and a further purpose is to repeal obsolete and conflicting, as well as undesirable, provisions of the present law.

The code is arranged in five chapters: Chapter I, Definitions; Chapter II, Nationality at Birth; Chapter III, Nationality Through Naturalization; Chapter IV, Expatriation; and Chapter V, Miscellaneous.

As I have told you before, this code is the result of years of study, as the gentleman from Ohio [Mr. JENKINS] stated, on the part of career men, in the Immigration and Naturalization Service, the State Department and the Department of Justice, together with representatives of the War Department. Subcommittee hearings were held on this bill and technical advice was received from representatives of these departments, and their representatives cooperated with the subcommittee 100 percent. The American Bar Association, through a special committee, gave this code its careful study, and the code has its approval today, and so far as I know, no particular organized group appeared against it, at least before our committee. And right now the State Department, the Department of Justice, and the War Department not only are supporting the bill, but are extremely anxious that it be passed. This is the reason the bill is on the floor this afternoon. I think that it is well to state also that this measure comes within the category of emergency legislation, and it is certainly in the best interests of national defense.

The bill provides for a tightening up as well as a definite enforcement of our nationality laws, and if there is any place in this measure where there is any more laxity provided than at the present time, either directly or indirectly, I do not know about it. Personally, I think the bill should be passed as it is presented to you with the exception of a few amendments that are going to be offered by the committee. One amendment especially is a corrective one, because when this bill came out of the committee the Immigration and Naturalization Service was under the Department of Labor, while it is now under the Department of Justice.

I would like to point out briefly, if I may, some of the defects existing in the nationality laws and call attention to some of the changes made in the proposed code; and, before going on, I would like to call attention to this fact: That most of the procedure followed by the Immigration and Naturalization Service is based upon rules and regulations which they have promulgated from time to time, sustained by opinions of the Attorneys General through the years. This situation prevails because there was no definite, basic law governing the particular question involved. We even have two or three important court decisions that are based largely upon the opinions of Attorneys General, opinions that were handed down years ago. The famous Elge case had to do with the question of whether or not a child who was born in this country, taken to the old country in her infancy, and who then returned and claimed citizenship was a citizen of this country. The Supreme Court decision quotes in particular the opinion of the Attorney General on the question rather than any particular interpretation of a basic law.

One of the principal defects now found in the statutes beginning with the act of 1802, is drafting, which in many cases is vague, uncertain, and not clear, and notwithstanding the various court decisions in which it has been sought to clarify the laws, the meaning is still unsettled. For example, right now it is impossible to say with any degree of certainty what the law actually is on the subject of naturalization of minors through the naturalization of their parents. We do not have anything definite on that question. Surely, the law ought to be stated in such manner that individuals directly interested would be able to ascertain whether or not they are citizens of the United States. It is equally important from the standpoint of the safety and the general welfare of the country that the several departments of the Government should be able to determine without any great difficulty whether certain individuals are or are not citizens of the United States.

The situation ought to be more clean-cut than it is now, because of the duty of the Government to protect citizens abroad, and because of the fact that one who is a citizen of the United States has the right to reenter this country regardless of his character, regardless of his political views, and regardless of any criminal record he may have. If he has once become a citizen of the United States and has not lost that citizenship, it does not make any difference what kind of

a record he has, he still has the right to come back into the United States.

Not only do the nationality laws need clarifying and orderly arrangement in a single code, but substantive changes are necessary in connection with certain rights, with a view to preventing persons who have no real attachment to the United States from enjoying the high privilege of American nationality.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the distinguished gentleman from New York.

Mr. HANCOCK. Is the codified law brought down to date? Does it include the provision of the Smith Act, which called for the fingerprinting of aliens?

Mr. REES of Kansas. It does not. The Smith Act was passed since that time.

Mr. HANCOCK. Since this bill was introduced?

Mr. REES of Kansas. Yes; that is correct.

Mr. HANCOCK. So this does not include all the statutes dealing with aliens?

Mr. REES of Kansas. I believe two statutes are not included, which were enacted after this bill was recommended for passage by the committee.

Mr. HANCOCK. Could not the bill be amended to include those additional provisions?

Mr. REES of Kansas. Yes; I believe it could.

Mr. HANCOCK. And would that not be wise?

Mr. REES of Kansas. Yes; I am sure it would be the wise thing to do.

[Here the gavel fell.]

Mr. REES of Kansas. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MICHENER. Will the gentleman yield?

Mr. REES of Kansas. Yes; I am always glad to yield to my distinguished colleague the gentleman from Michigan.

Mr. MICHENER. I have glanced over the report in this matter. There are not a great many Members paying close attention to the debate. The reason for that is because they know the members of the committee have given a lot of attention to this very technical matter. I say to the gentleman from Kansas that he could have no greater compliment paid to him in connection with this matter than the fact that this bill is going to be passed unanimously, or almost unanimously, possibly without a roll call, relying entirely upon the standing of the gentleman, together with the other Members serving with him on his committee.

Mr. REES of Kansas. I appreciate the compliment extended to me.

Mr. MASON. And you feel the additional responsibility upon you?

Mr. REES of Kansas. Yes; I do, and I thank the gentleman from Illinois for his observation.

Now, one of the most important features of this legislation relates to the acquisition of citizenship in cases of persons born abroad to parents of whom one is a citizen of the United States and the other parent is an alien. The existing law is so lax that it confers citizenship at birth upon persons who are not at all likely to be American in character or become imbued with American principles.

Reference is made to section 1 of the act of May 1934, amending section 1993 of the Revised Statutes, that provides for the acquisition of citizenship in case of a child born abroad to an American mother married to an alien, as well as one born abroad to an American father married to an alien. While this statute requires specifically that the parent should have resided in the United States prior to the birth of the child, it does not require that he or she should have resided in this country for any specified length of time.

It may be that I will not have time to discuss this bill as fully as I should, and I want to call attention to one thing which I do not think you realize that is extremely important. That is this: Do you know that a man and his wife who are Italians may come to this country and become naturalized, then return to Italy and have children born to them abroad while they are still citizens of this country, or go to Germany or some other country, and yet those children who have never been in this country are citizens of the United States, because both of their parents were American citizens when the children were born. These children continue to be citizens of the United States unless they voluntarily perform some act of expatriation.

There are thousands of them abroad now who have dual citizenship. That is, they have citizenship of some foreign country and at the same time claim citizenship in the United States. We do not know how many there are. Nobody can tell. The State Department does not know. The Immigration and Naturalization Service does not know. But nevertheless that situation exists. This measure attempts to terminate such claims of citizenship. This is something that has never heretofore been attempted. So if no other reason existed, then the correction of this laxity in our naturalization laws would be sufficient reason for the passage of this legislation. This measure provides that after a 2-year period from the passage of this act, those individuals just described who may be citizens of the United States are forever barred from claiming such citizenship, unless they come to this country and establish permanent residence. However, section 201 (g) of the code requires that the citizen parent, in order to transmit citizenship to a child born abroad, should have had—

> Ten years' residence in the United States or one of its outlying possessions, at least 5 of which were after attaining the age of 16 years.

Very important changes are found in chapter IV—Loss of nationality. Section 401 thereof not only clarifies the law concerning the loss of nationality as a result of naturalization during minority in a foreign state through the naturalization of a parent therein but specifies certain acts causing loss of American nationality, including entry into a foreign army, acceptance of an office under a foreign government, and voting in a political election in a foreign state.

Section 402 was adopted upon the special recommendation of the War Department with a view to checking the activities of persons regarded as prospective "fifth columnists." This section provides for a presumption of loss of American nationally in the case of a person born in the United States—

> When he shall remain for 6 months or longer within any foreign state of which he or either of his parents shall have been a national according to the laws of such foreign state, or within any place under control of such foreign state.

Sections 404–406 contain very important provisions under which persons who have been naturalized in this country will lose their American nationality as a result of protracted residence in foreign countries. In the case of one residing in his native land, nationality is lost after a residence of 2 years, if as a result of such residence he acquires the nationality of the foreign state in which he resides. If he does not acquire such nationality, American nationality is lost as a result of 3 years' residence in the native land. Residence of 5 years in any other foreign state has the same result. Certain exceptions are provided in sections 405 and 406. The principal exceptions relate to persons residing abroad to represent the Government of the United States, or American interests of certain specified classes.

The provisions just mentioned are deemed to be distinctly preferable to the provisions in section 2 of the act of March 2, 1907, under which a mere presumption of loss of citizenship arises, in the case of a naturalized citizen who has resided for 2 years in any other foreign state. The courts have held that this presumption means merely a loss of the right to the protection of this Government, and not a loss of American nationality itself. Therefore, under the existing law, a naturalized citizen, notwithstanding the fact that he has been granted naturalization upon the understanding that he intended to reside permanently in the United States, may reside for any number of years in a foreign state, even though it be his native land, without losing his American nationality. Such a person is not likely to have any real attachment to the principles of the Constitution of the United States. However, he has a right, whenever he pleases,

to return to the United States as a citizen thereof. Furthermore, he may marry a citizen of the foreign country in which he resides and transmit citizenship to children born therein.

As already indicated, officials of this Government, regardless of party connections, have for many years been convinced that there is great need of revising the nationality laws of the United States in such a way that the acquisition and retention of American nationality would be based upon realities. They deemed such changes necessary to further the welfare and protect the interests of this country. Conditions which have arisen in various countries since the inauguration of the project to revise and codify these laws—have made it even more important than it was before.

Mr. SIMPSON. Will the gentleman yield?

Mr. REES of Kansas. Yes; I yield to my good friend from Pennsylvania.

Mr. SIMPSON. Would the gentleman care to explain how a revocation of naturalization which has once been issued may be brought about? I refer particularly to an instance of where there is fraud evidenced at the time the application for citizenship is made.

Mr. REES of Kansas. That is to say, if an individual has received a certificate of naturalization by fraud, then the gentlemen's question is, How do you go about it to revoke it later on?

Mr. SIMPSON. Yes.

Mr. REES of Kansas. Does the gentleman have that section before him?

Mr. SIMPSON. Yes. It is 338.

[Here the gavel fell.]

Mr. REES of Kansas. Mr. Chairman, I yield myself 2 additional minutes.

There are a number of grounds upon which the certificate may be revoked. For example, it may be discovered that the person granted naturalization had committed a felony before his certificate was granted, or it might be learned that he entered this country illegally, or made false representations at the time he filed his petition.

Mr. NORRELL. Will the gentleman yield?

Mr. REES of Kansas. Yes; I shall be glad to yield.

Mr. NORRELL. Is there anything in the bill providing for revocation of citizenship where a naturalized citizen becomes an undesirable person, such as becoming a believer in the philosophy of communism, or something like that? If he becomes a strong advocate of these foreign "isms," is there anything in the bill whereby we might revoke his citizenship?

Mr. REES of Kansas. The old law denies citizenship to anarchists, believers in polygamy, and some other classes. Under this bill, we believe we have covered the question of fascism, nazi-ism, communism, or any other "ism," although they are not specifically mentioned by name. Provision is made for careful investigation into the applicant's attitude in these matters, both at the time he files his declaration and when he takes out his final papers.

Mr. NORRELL. In other words, if he is that kind of person to begin with, he cannot become naturalized?

Mr. REES of Kansas. The gentleman is right.

Mr. NORRELL. And if he gets that way afterward, I assume the bill contains provisions whereby the naturalization may be revoked.

Mr. REES of Kansas. It is my opinion that it would be.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

[Here the gavel fell.]

Mr. REES of Kansas. Mr. Chairman, I yield myself 2 additional minutes.

Right here I should like to call attention of Members of the House to section 305, beginning on page 10 and running over to page 13:

No person shall hereafter be naturalized as a citizen of the United States—

(a) Who advises, advocates, or teaches, or who is a member of or affiliated with any organization, association, society, or group that advises, advocates, or teaches opposition to all organized government; or

(b) Who believes in, advises, advocates, or teaches, or who is a member of or affiliated with any organization, association, society, or group that believes in, advises, advocates, or teaches—

1. The overthrow by force or violence of the Government of the United States or of all forms of law; or

2. The duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers (either of specific individuals or of officers generally) of the Government of the United States, or any other organized government, because of his or their official character; or

3. The unlawful damage, injury, or destruction of property; or

4. Sabotage; or

(c) Who writes, publishes, or causes to be written or published, or who knowingly circulates, distributes, prints, or displays, or knowingly causes to be circulated, distributed, printed, published, or displayed or who knowingly has in his possession for the purpose of circulation, distribution, publication, or display any written or printed matter advising, advocating, or teaching opposition to all organized government, or advising, advocating, or teaching:

1. The overthrow by force or violence of the Government of the United States or of all forms of law; or

2. The duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers (either of specific individuals or of officers generally) of the Government of the United States or of any other organized government; or

3. The unlawful damage, injury, or destruction of property; or

4. Sabotage; or

(d) Who is a member of or affiliated with any organization, association, society, or group that writes, circulates, distributes, prints, publishes, or displays, or causes to be written, circulated, distributed, printed, published, or displayed, or that has in its possession for the purpose of circulation, distribution, publication, issue, or display, any written or printed matter of the character described in subdivision (c).

For the purpose of this section:

1. The giving, loaning, or promising of money or anything of value to be used for the advising, advocacy, or teaching of any doctrine above enumerated shall constitute the advising, advocacy, or teaching of such doctrine; and

2. The giving, loaning, or promising of money or anything of value to any organization, association, society, or group of the character above described shall constitute affiliation therewith, but nothing in this paragraph shall be taken as an exclusive definition of advising, advocacy, teaching, or affiliation.

The provisions of this section shall be applicable to any applicant for naturalization who at any time within a period of 10 years immediately preceding the filing of the petition for naturalization is, or has been, found to be within any of the classes enumerated in this section, notwithstanding that at the time petition is filed he may not be included in such classes.

Mr. JENKINS of Ohio. Is it not true that in the kind of case described by the gentleman from Arkansas citizenship is revoked as a part of the sentence of expulsion? When the man is found deportable and is deported, generally his citizenship is revoked. While I am on my feet will the gentleman yield for a question?

Mr. REES of Kansas. Yes; I yield to the distinguished Member from Ohio, a former member of the Committee on Immigration and Naturalization, who has given these questions careful study.

Mr. JENKINS of Ohio. As I understand it, when you start out to codify the laws you do not start out primarily to change any law.

Mr. REES of Kansas. That is right.

Mr. JENKINS of Ohio. And as you proceed the burden will be not to change any law, but assume you meet up with a situation not covered by any law, that you have come to the place where the law does not speak but is silent, will the gentleman tell us what he has done in such a situation? Has he inserted a law to meet the situation?

Mr. REES of Kansas. We certainly have. We have tried to met every contingency and have made a special effort to make this measure definite and workable.

Mr. JENKINS of Ohio. Have inconsistencies been taken care of?

Mr. REES of Kansas. Yes, the existing inconsistencies have been eliminated. We have tried to make this code as fair and complete as possible. Our subcommittee with the help and advice of these officials from the Department of State, the Department of Justice, and the War Department who have had years and years of experience in dealing with these problems feel we have produced a very complete and clean-cut measure.

Mr. JENKINS of Ohio. One more question, if the gentleman will permit. I believe the gentleman is familiar with the

American coalition, which is the outstanding restrictive immigration organization. Am I correct in understanding that the gentleman is ready to offer certain amendments to take care of suggestions they made.

Mr. REES of Kansas. We believe we have already met practically all of the important criticisms. We are going to offer amendments that we believe will take care of the most important questions raised. I regret that Mr. Trevor, who sent out that letter, did not appear personally before the committee. I am not criticizing him for not appearing, but if he were interested—and I know he was—I regret that he did not come before the committee to present his views while we were considering this legislation. We would have been glad to have his suggestions.

[Here the gavel fell.]

The CHAIRMAN. All time allowed the gentleman under the rule has expired.

Mr. DICKSTEIN. Mr. Chairman, I yield 3 minutes to the gentleman from Kansas [Mr. REES].

Mr. SPARKMAN. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. SPARKMAN. I notice in the bill a distinction is made between nationals and citizens. Can the gentleman give us an example of the kind of person who would be a national but not a citizen?

Mr. REES of Kansas. Yes. The gentleman has asked an important question. It is one of the questions that was raised by Mr. Trevor: Can an individual be a national but not a citizen. All citizens, of course, are nationals, but in some of our outlying possessions we have those who owe allegiance to the United States but who are not citizens of the United States; for instance, a native of Guam is one of our nationals but not a citizen. Have I answered the gentleman's question?

Mr. SPARKMAN. The gentleman has.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. MONRONEY. The gentleman has made a very interesting statement on the bill. He made a statement a moment ago about American citizens who reside in foreign countries for 2 years losing their citizenship in this country. Has ample care been taken, however, to protect Americans who are detained for as long as 5 years because of business requirements?

Mr. REES of Kansas. Yes; that situation has been properly safeguarded in the bill.

If aliens who are naturalized return to the country of their origin and stay 2 years and do anything that would identify them as a citizen of that country, for instance, voting or taking part in an election, it would cause them to lose their citizenship. If they go back to their home countries and stay for 3 years they lose their citizenship under those circumstances. If they go to any other foreign country and stay for 5 years they lose their citizenship except only for the provisions set forth in this bill.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield for a question?

Mr. REES of Kansas. I am glad to yield to my distinguished chairman.

Mr. DICKSTEIN. And American citizens who go abroad and participate in elections, vote in elections, or participate in wars for dictators are also in the same class.

Mr. REES of Kansas. That is right. I probably should emphasize the fact that the bill contains a provision whereby if a naturalized citizen of this country goes abroad and stays for a period of more than 6 months the burden rests upon him to show that he has not served in a foreign army. This is a new provision of law and is regarded as being especially important in view of the world situation today.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. Yes; I am glad to yield.

Mr. JENKINS of Ohio. I presume, of course, that such an individual could go before the proper official in the State Department and indicate before he goes what he expects to do and in that way expedite his return.

Mr. REES of Kansas. Yes; that is right.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. KELLER. What evidence must such an individual submit on his return, anything but his own testimony?

Mr. REES of Kansas. The consul abroad may accept the individual's own testimony or may require additional evidence to establish that this section of the act has not been violated.

Mr. KELLER. I rather gather there is no fundamental change in the law that would not be agreed to readily.

Mr. REES of Kansas. That is correct.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. Chairman, when I first came to Congress it was my pleasure to serve as a member of the Committee on Immigration and Naturalization. I enjoyed the work very much. I found it to be one of the earnest, hard-working committees of this House and many times I heard the chairman of that committee, the gentleman from New York [Mr. DICKSTEIN] bring out the fact that codification and revision of the statutes pertaining to immigration and naturalization, and to the control of those features pertaining to citizenship was badly needed.

I want to congratulate him on the appointment of this subcommittee, and especially do I want to congratulate the gentleman from Kansas [Mr. REES] for bringing out this bill and report as well as for the work he has done on it. May I add my word of tribute to that of others to Mr. Shaughnessy, of the Immigration and Naturalization Service. He has always been one of the most faithful, capable, and dependable workers aiding the Committee on Immigration and Naturalization. The same thing may be said of Mr. Shoemaker and others who I know have worked faithfully in the preparation of this measure.

I do not know of any argument in favor of this measure better than the message of the President when he transmitted to the Congress of the United States a recommendation pertaining to such needs. I want to read a part of that message date June 13, 1938:

To the Congress of the United States of America:

I transmit herewith a report concerning the Revision and Codification of the Nationality Laws of the United States, submitted upon my request, by the Secretary of State, the Attorney General, and the Secretary of Labor. The report is accompanied by a draft code with three appendices containing explanatory matter, prepared by officials of the three interested departments who are engaged in the handling of cases relating to nationality.

The report indicates the desirability from the administrative standpoint of having the existing nationality laws now scattered among a large number of separate statutes embodied in a single, logically arranged, and understandable code. Certain changes in substance are likewise recommended.

In the enclosed letter forwarding the report to me the Secretary of State calls attention to a single question on which there is a difference of opinion between the Departments of Justice and Labor on the one hand and the Department of State on the other hand. If the committees of Congress decide to consider the question, the views of the three departments may be presented directly to them.

I commend this matter to the Congress for the attentive consideration which its wide scope and great importance demand.

Attached to that message was letter of submittal signed by the Honorable Cordell Hull, Secretary of State; Mr. Homer Cummings, Attorney General; and Mme. Perkins, Secretary of Labor.

This committee has labored long and faithfully on this matter and it has brought out what I believe to be a very able work and a very clear report. I think it would be helpful to every Member if he would get a copy of the report, keep it and study the proposed code as contrasted with the existing laws. I am pleased with the reaction that this work has received, and I am happy to see the virtual unanimous approval of this measure.

[Here the gavel fell.]

Mr. DICKSTEIN. Mr. Chairman, I have no further requests for time.

The Clerk read as follows:

Be it enacted, etc., That the nationality laws of the United States are revised and codified as follows:

TITLE I

SECTION 1. This act may be cited as the Nationality Act of 1940.

CHAPTER I—DEFINITIONS

SEC. 101. For the purposes of this act—

(a) The term "national" means a person owing permanent allegiance to a State.

(b) The term "national of the United States" means (1) a citizen of the United States, or (2) a person who, though not a citizen of the United States, owes permanent allegiance to the United States.

(c) The term "naturalization" means the conferring of nationality of a State upon a person after birth.

(d) The term "United States" when used in a geographical sense means the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands of the United States.

(e) The term "outlying possessions" means all territory, other than as specified in subsection (d), over which the United States exercises rights of sovereignty, except the Canal Zone.

(f) The term "parent" includes in the case of a posthumous child a deceased parent.

(g) The term "minor" means a person under 21 years of age.

SEC. 102. For the purposes of chapter III of this act—

(a) The term "State" includes (except as used in subsection (a) of section 301), Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands of the United States.

(b) The term "naturalization court," unless otherwise particularly described, means a court authorized by subsection (a) of section 301 to exercise naturalization jurisdiction.

(c) The term "clerk of court" means a clerk of a naturalization court.

(d) The terms "Commissioner" and "Deputy Commissioner" mean the Commissioner of Immigration and Naturalization and a Deputy Commissioner of Immigration and Naturalization, respectively.

(e) The term "Secretary" means the Secretary of Labor.

(f) The term "Service" means the Immigration and Naturalization Service of the United States Department of Labor.

(g) The term "designated examiner" means an examiner or other officer of the Service designated under section 333 by the Commissioner.

(h) The term "child" includes a child legitimated under the law of the child's residence or domicile, whether in the United States or elsewhere; also a child adopted in the United States, provided such legitimation or adoption takes place before the child reaches the age of 16 years and the child is in the legal custody of the legitimating or adopting parent or parents.

SEC. 103. For the purposes of subsections (a), (b), and (c) of section 404 of this act, the term "foreign state" includes outlying possessions of a foreign state, but does not include self-governing dominions or territory under mandate, which, for the purposes of these subsections, shall be regarded as separate states.

SEC. 104. For the purposes of sections 201, 307 (b), 403, 404, 405, 406, and 407 of this act, the place of general abode shall be deemed the place of residence.

CHAPTER II—NATIONALITY AT BIRTH

SEC. 201. The following shall be nationals and citizens of the United States at birth:

(a) A person born in the United States and subject to the jurisdiction thereof;

(b) A person born in the United States to a member of an Indian, Eskimo, Aleutian, or other aboriginal tribe: *Provided*, That the granting of citizenship under this subsection shall not in any manner impair or otherwise affect the right of such person to tribal or other property;

(c) A person born outside of the United States and its outlying possessions of parents both of whom are citizens of the United States and one of whom has resided in the United States or one of its outlying possessions prior to the birth of such person;

(d) A person born outside of the United States and its outlying possessions of parents one of whom is a citizen of the United States who resided in the United States or one of its outlying possessions prior to the birth of such person, and the other of whom is a national but not a citizen of the United States;

(e) A person born in an outlying possession of the United States of parents one of whom is a citizen of the United States who resided in the United States or one of its outlying possessions prior to the birth of such person;

(f) A child of unknown parentage found in the United States, until shown not to have been born in the United States;

(g) A person born outside the United States and its outlying possessions of parents one of whom is a citizen of the United States who, prior to the birth of such person, has had 10 years' residence in the United States or one of its outlying possessions, at least 5 of which were after attaining the age of 16 years, the other being an alien: *Provided*, That, in order to retain such citizenship, the child must reside in the United States or its outlying possessions for a period or periods totaling 5 years between the ages of 13 and 21 years: *Provided further*, That, if the child has not taken up a residence in the United States or its outlying possessions by the time he reaches the age of 16 years, or if he resides abroad for such a time that it becomes impossible for him to complete the 5 years' residence in the United States or its outlying possessions before reaching the age of 21 years, his American citizenship shall thereupon cease.

The preceding provisos shall not apply to a child born abroad whose American parent is at the time of the child's birth residing abroad solely or principally in the employment of the Government of the United States or a bona fide American educational, scientific, philanthropic, religious, commercial, or financial organization, having its principal office or place of business in the United States, or an international agency of an official character in which the United States participates, for which he receives a substantial compensation;

(h) The foregoing provisions of subsection (g) concerning retention of citizenship shall apply to a child born abroad subsequent to May 24, 1934.

SEC. 202. All persons born in Puerto Rico on or after April 11, 1899, subject to the jurisdiction of the United States, residing on the effective date of this act in Puerto Rico or other territory over which the United States exercises rights of sovereignty and not citizens of the United States under any other act, are hereby declared to be citizens of the United States.

SEC. 203. (a) Any person born in the Canal Zone on or after February 26, 1904, and whether before or after the effective date of this act, whose father or mother or both at the time of the birth of such person was or is a citizen of the United States, is declared to be a citizen of the United States.

(b) Any person born in the Republic of Panama on or after February 26, 1904, and whether before or after the effective date of this act, whose father or mother or both at the time of the birth of such person was or is a citizen of the United States employed by the Government of the United States or by the Panama Railroad Co., is declared to be a citizen of the United States.

SEC. 204. Unless otherwise provided in section 201, the following shall be nationals, but not citizens, of the United States at birth:

(a) A person born in an outlying possession of the United States of parents one of whom is a national, but not a citizen, of the United States;

(b) A person born outside the United States and its outlying possessions of parents both of whom are nationals, but not citizens, of the United States, and have resided in the United States or one of its outlying possessions prior to the birth of such person;

(c) A child of unknown parentage found in an outlying possession of the United States, until shown not to have been born in such outlying possession.

SEC. 205. The provisions of section 201, subsections (c), (d), (e), and (g), and section 204, subsections (a) and (b), hereof apply, as of the date of birth, to a child born out of wedlock, provided the paternity is established during minority, by legitimation, or adjudication of a competent court.

In the absence of such legitimation or adjudication, the child, if the mother had the nationality of the United States at the time of the child's birth, and had previously resided in the United States or one of its outlying possessions, shall be held to have acquired at birth her nationality status.

CHAPTER III—NATIONALITY THROUGH NATURALIZATION

GENERAL PROVISIONS

Jurisdiction to naturalize

SEC. 301. (a) Exclusive jurisdiction to naturalize persons as citizens of the United States is hereby conferred upon the following specified courts: District courts of the United States now existing, or which may hereafter be established by Congress in any State, District Courts of the United States for the Territories of Hawaii and Alaska, and for the District of Columbia and for Puerto Rico, and the District Court of the Virgin Islands of the United States; also all courts of record in any State or Territory now existing, or which may hereafter be created, having a seal, a clerk, and jurisdiction in actions at law or equity, or law and equity, in which the amount in controversy is unlimited. The jurisdiction of all the courts herein specified to naturalize persons shall extend only to such persons resident within the respective jurisdictions of such courts, except as otherwise specifically provided in this act.

(b) A person who petitions for naturalization in any State court having naturalization jurisdiction, may petition within the State judicial district or State judicial circuit in which he resides, whether or not he resides within the county in which the petition for naturalization is filed.

(c) The courts herein specified, upon request of the clerks of such courts, shall be furnished from time to time by the Commissioner or a deputy commissioner with such blank forms as may be required in naturalization proceedings.

(d) A person may be naturalized as a citizen of the United States in the manner and under the conditions prescribed in this act, and not otherwise.

SUBSTANTIVE PROVISIONS

Eligibility for naturalization

SEC. 302. The right of a person to become a naturalized citizen of the United States shall not be denied or abridged because of sex or because such person is married.

SEC. 303. The right to become a naturalized citizen under the provisions of this Act shall extend only to white persons, persons

of African nativity or descent, and descendants of races indigenous to the Western Hemisphere: *Provided*, That nothing in this section shall prevent the naturalization of native-born Filipinos having the honorable service in the United States Army, Navy, Marine Corps, or Coast Guard as specified in section 324, nor of former citizens of the United States who are otherwise eligible to naturalization under the provisions of section 317.

SEC. 304. No person except as otherwise provided in this act shall hereafter be naturalized as a citizen of the United States upon his own petition who cannot speak the English language. This requirement shall not apply to any person physically unable to comply therewith, if otherwise qualified to be naturalized.

SEC. 305. No person shall hereafter be naturalized as a citizen of the United States—

(a) Who advises, advocates, or teaches, or who is a member of or affiliated with any organization, association, society, or group that advises, advocates, or teaches opposition to all organized government; or

(b) Who believes in, advises, advocates, or teaches, or who is a member of or affiliated with any organization, association, society, or group that believes in, advises, advocates, or teaches—

(1) the overthrow by force or violence of the Government of the United States or of all forms of law; or

(2) the duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers (either of specific individuals or of officers generally) of the Government of the United States or any other organized government, because of his or their official character; or

(3) the unlawful damage, injury, or destruction of property; or

(4) sabotage.

(c) Who writes, publishes, or causes to be written or published, or who knowingly circulates, distributes, prints, or displays, or knowingly causes to be circulated, distributed, printed, published, or displayed, or who knowingly has in his possession for the purpose of circulation, distribution, publication, or display any written or printed matter advising, advocating, or teaching opposition to all organized government, or advising, advocating, or teaching—

(1) the overthrow by force or violence of the Government of the United States or of all forms of law; or

(2) the duty, necessity, or propriety of the unlawful assaulting or killing of any officer or officers (either of specific individuals or of officers generally) of the Government of the United States or of any other organized government; or

(3) the unlawful damage, injury, or destruction of property; or

(4) sabotage.

(d) Who is a member of or affiliated with any organization, association, society, or group that writes, circulates, distributes, prints, publishes, or displays, or causes to be written, circulated, distributed, printed, published, or displayed, or that has in its possession for the purpose of circulation, distribution, publication, issue, or display, any written or printed matter of the character described in subdivision (c).

For the purpose of this section—

(1) the giving, loaning, or promising of money or anything of value to be used for the advising, advocacy, or teaching of any doctrine above enumerated shall constitute the advising, advocacy, or teaching of such doctrine; and

(2) the giving, loaning, or promising of money or anything of value to any organization, association, society, or group of the character above described shall constitute affiliation therewith; but nothing in this paragraph shall be taken as an exclusive definition of advising, advocacy, teaching, or affiliation.

The provisions of this section shall be applicable to any applicant for naturalization who at any time within a period of 10 years immediately preceding the filing of the petition for naturalization is, or has been found to be within any of the clauses enumerated in this section, notwithstanding that at the time petition is filed he may not be included in such classes.

SEC. 306. A person who, at any time during which the United States has been or shall be at war, deserted or shall desert the military or naval forces of the United States, or who, having duly enrolled, departed, or shall depart from the jurisdiction of the district in which enrolled, or went or shall go beyond the limits of the United States, with intent to avoid any draft into the military or naval service, lawfully ordered, shall, upon conviction thereof by a court martial, be ineligible to become a citizen of the United States; and such deserters shall be forever incapable of holding any office of trust or of profit under the United States, or of exercising any rights of citizens thereof.

SEC. 307. (a) No person, except as hereinafter provided in this act, shall be naturalized unless such petitioner, (1) immediately preceding the date of filing petition for naturalization has resided continuously within the United States for at least 5 years and within the State in which the petitioner resided at the time of filing the petition for at least 6 months, (2) has resided continuously within the United States from the date of the petition up to the time of admission to citizenship, and (3) during all the periods referred to in this subsection has been and still is a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States.

(b) Absence from the United States for a continuous period of more than 6 months but less than 1 year during the period for which continuous residence is required for admission to citizenship, immediately preceding the date of filing the petition for naturalization, or during the period between the date of filing the petition and the date of final hearing, shall be presumed to break the continuity of such residence, but such presumption may be overcome by the presentation of evidence satisfactory to the naturalization court that such individual had a reasonable cause for not sooner returning to the United States. Absence from the United States for a continuous period of 1 year or more during the period for which continuous residence is required for admission to citizenship, immediately preceding the date of filing the petition for naturalization or during the period between the date of filing the petition and the date of final hearing, shall break the continuity of such residence, except that in the case of an alien who has resided in the United States for at least 1 year, during which period he has made a declaration of intention to become a citizen of the United States, and who thereafter is employed by or under contract with the Government of the United States or an American institution of research recognized as such by the Secretary of Labor, or is employed by an American firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States or a subsidiary thereof, no period of absence from the United States shall break the continuity of residence if—

(1) Prior to the beginning of such period (whether such period begins before or after his departure from the United States) the alien has established to the satisfaction of the Secretary of Labor that his absence from the United States for such period is to be on behalf of such Government, or for the purpose of carrying on scientific research on behalf of such institution, or to be engaged in the development of such foreign trade and commerce or whose residence abroad is necessary to the protection of the property rights in such countries of such firm or corporation; and

(2) Such alien proves to the satisfaction of the court that his absence from the United States for such period has been for such purpose.

(c) No period of absence from the United States during the 5 years immediately preceding June 25, 1936, shall be held to have broken the continuity of residence required by the naturalization laws if the alien proves to the satisfaction of the Secretary of Labor and the court that during all such period of absence he has been under employment by, or contract with, the United States, or such American institution of research, or American firm or corporation, described in subsection (b) of this section, and has been carrying on the activities described in that subsection in its behalf.

(d) The following shall be regarded as residence within the United States within the meaning of this chapter:

(1) Honorable service on vessels owned directly by the Government of the United States, whether or not rendered at any time prior to the applicant's lawful entry into the United States: *Provided*, That this subdivision shall not apply to service on vessels operating in and about the Canal Zone in connection with the maintenance, operation, protection, and civil government of the Panama Canal and Canal Zone.

(2) Continuous service by a seaman on a vessel or vessels whose home port is in the United States and which are of American registry or American owned, if rendered subsequent to the applicant's lawful entry into the United States for permanent residence and immediately preceding the date of naturalization.

SEC. 308. Any alien who has been lawfully admitted into the United States for permanent residence and who has heretofore been or may hereafter be absent temporarily from the United States solely in his or her capacity as a regularly ordained clergyman or nun, shall be considered as residing in the United States for the purpose of naturalization, notwithstanding any such absence from the United States, but he or she shall in all other respects comply with the requirements of the naturalization laws. Such alien shall prove to the satisfaction of the Secretary of Labor and the naturalization court that his or her absence from the United States has been solely in the capacity hereinbefore described.

Requirements as to proof

SEC. 309. (a) As to each period and place of residence in the State in which the petitioner resides at the time of filing the petition, during the entire period of at least 6 months immediately preceding the date of filing the petition, there shall be included in the petition the affidavits of at least two creditable witnesses, citizens of the United States, stating that each has personally known the petitioner to have been a resident at such place for such period, and that the petitioner is and during all such period has been a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States.

(b) At the hearing on the petition, residence in the State in which the petitioner resides at the time of filing the petition, for at least 6 months immediately preceding the date of filing the petition, and the other qualifications required by subsection (a) of section 307 during such residence shall be proved by the oral testimony of at least two credible witnesses, citizens of the United States, in addition to the affidavits required by subsection (a) of this section to be included in the petition. At the hearing, residence within the United States during the 5-year period, but outside the State, or within the State but prior to the 6 months immediately preceding the date of filing the petition, and the other qualifications required by subsection (a) of section 307 during such period at such places, shall be proved either by depositions taken in accordance with subsection (e) of section 327, or oral testimony, of at least two such witnesses for each place of residence.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section the requirements of subsection (a) of section 307 as to

the petitioner's residence, moral character, attachment to the principles of the Constitution of the United States, and disposition toward the good order and happiness of the United States may be established by any evidence satisfactory to the naturalization court in those cases under subsection (b) of section 307 in which the alien declarant has been absent from the United States because of his employment by or contract with the Government of the United States or an American institution of research, recognized as such by the Secretary of Labor, or employment by an American firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States or a subsidiary thereof.

(d) The clerk of court shall, if the petitioner requests it at the time of filing the petition for naturalization, issue a subpena for the witnesses named by such petitioner to appear upon the day set for the final hearing, but in case such witnesses cannot be produced upon the final hearing other witnesses may be summoned upon notice to the Commissioner, in such manner and at such time as the Commissioner, with the approval of the Secretary, may by regulation prescribe. If it should appear after the petition has been filed that any of the verifying witnesses thereto are not competent, and it further appears that the petitioner has acted in good faith in producing such witnesses found to be incompetent, other witnesses may be substituted in accordance with such regulations.

Married persons

SEC. 310. (a) Any alien who, after September 21, 1922, and prior to May 24, 1934, has married a citizen of the United States, or any alien who married prior to May 24, 1934, a spouse who was naturalized during such period and during the existence of the marital relation may, if eligible to naturalization, be naturalized upon full and complete compliance with all requirements of the naturalization laws, with the following exceptions:

(1) No declaration of intention shall be required;

(2) In lieu of the 5-year period of residence within the United States, and the 6 months' period of residence in the State where the petitioner resided at the time of filing the petition, the petitioner shall have resided continuously in the United States for at least 1 year immediately preceding the filing of the petition.

(b) Any alien who, on or after May 24, 1934, has married or shall hereafter marry a citizen of the United States, or any alien whose husband or wife was naturalized on or after May 24, 1934, and during the existence of the marital relation or shall hereafter be so naturalized may, if eligible for naturalization, be naturalized upon full and complete compliance with all requirements of the naturalization laws, with the following exceptions:

(1) No declaration of intention shall be required;

(2) In lieu of the 5-year period of residence within the United States, and the 6 months' period of residence in the State where the petitioner resided at the time of filing the petition, the petitioner shall have resided continuously in the United States for at least 3 years immediately preceding the filing of the petition.

(c) The naturalization of any woman on or after May 24, 1934, by any naturalization court of competent jurisdiction, upon proof of marriage to a citizen or the naturalization of her husband and proof of but 1 year's residence in the United States is hereby validated only so far as relates to the period of residence required to be proved by such person under the naturalization laws.

(d) The naturalization of any male person on or after May 24, 1934, by any naturalization court of competent jurisdiction, upon proof of marriage to a citizen of the United States after September 21, 1922, and prior to May 24, 1934, or of the naturalization during such period of his wife, and upon proof of 3 years' residence in the United States, is hereby validated only so far as relates to the period of residence required to be proved by such person under the naturalization laws and the omission by such person to make a declaration of intention.

SEC. 311. A person who upon the effective date of this section is married to or thereafter marries a citizen of the United States, or whose spouse is naturalized after the effective date of this section, if such person shall have resided in the United States in marital union with the United States citizen spouse for at least 1 year immediately preceding the filing of the petition for naturalization, may be naturalized after the effective date of this section upon compliance with all requirements of the naturalization laws with the following exceptions:

(a) No declaration of intention shall be required.

(b) The petitioner shall have resided continuously in the United States for at least 2 years immediately preceding the filing of the petition in lieu of the 5-year period of residence within the United States and the 6-month period of residence within the State where the naturalization court is held.

SEC. 312. An alien, whose spouse is (1) a citizen of the United States, (2) in the employment of the Government of the United States, or of an American institution of research recognized as such by the Secretary of Labor, or an American firm or corporation engaged in whole or in part in the development of foreign trade and commerce of the United States, or a subsidiary thereof, and (3) regularly stationed abroad in such employment, and who is (1) in the United States at the time of naturalization, and (2) declares before the naturalization court in good faith an intention to take up residence within the United States immediately upon the termination of such employment abroad of the citizen spouse, may be naturalized upon compliance with all requirements of the naturalization laws, with the following exceptions:

(a) No declaration of intention shall be required; and

(b) No prior residence within the United States or within the jurisdiction of the naturalization court or proof thereof shall be required.

Children

SEC. 313. A child born outside of the United States, one of whose parents at the time of the child's birth was an alien and the other of whose parents then was and never thereafter ceased to be a citizen of the United States, shall, if such alien parent is naturalized, be deemed a citizen of the United States, when—

(a) Such naturalization takes place while such child is under the age of 18 years; and

(b) Such child is residing in the United States at the time of naturalization or thereafter and begins to reside permanently in the United States while under the age of 18 years.

SEC. 314. A child born outside of the United States of alien parents, or of an alien parent and a citizen parent who has subsequently lost citizenship of the United States, becomes a citizen of the United States upon fulfillment of the following conditions:

(a) The naturalization of both parents; or

(b) The naturalization of the surviving parent if one of the parents is deceased; or

(c) The naturalization of the parent having legal custody of the child when there has been a legal separation of the parents; and if—

(d) Such naturalization takes place while such child is under the age of 18 years; and

(e) Such child is residing in the United States at the time of the naturalization of the parent last naturalized under subsection (a) of this section, or the parent naturalized under subsection (b) or (c) of this section, or thereafter begins to reside permanently in the United States while under the age of 18 years.

SEC. 315. A child born outside of the United States, one of whose parents is at the time of petitioning for the naturalization of the child, a citizen of the United States, either by birth or naturalization, may be naturalized if under the age of 18 years and not otherwise disqualified from becoming a citizen and is residing permanently in the United States with the citizen parent, on the petition of such citizen parent, without a declaration of intention, upon compliance with the applicable procedural provisions of the naturalization laws.

SEC. 316. An adopted child may, if not otherwise disqualified from becoming a citizen, be naturalized before reaching the age of 18 years upon the petition of the adoptive parent or parents if the child has resided continuously in the United States for at least 2 years immediately preceding the date of filing such petition, upon compliance with all the applicable procedural provisions of the naturalization laws, if the adoptive parent or parents are citizens of the United States, and the child was—

(a) Lawfully admitted to the United States for permanent residence; and

(b) Adopted in the United States before reaching the age of 16 years; and

(c) Adopted and in the legal custody of the adoptive parent or parents for at least 2 years prior to the filing of the petition for the child's naturalization.

Former citizens of the United States

SEC. 317. (a) A person who was a citizen of the United States and who prior to September 22, 1922, lost United States citizenship by marriage to an alien or by the spouse's loss of United States citizenship, and any person who lost United States citizenship on or after September 22, 1922, by marriage to an alien ineligible to citizenship, may, if no other nationality was acquired by affirmative act other than such marriage, be naturalized upon compliance with all requirements of the naturalization laws with the following exceptions:

(1) No declaration of intention and no certificate of arrival shall be required, and no period of residence within the United States or within the State where the petition is filed shall be required.

(2) The petition need not set forth that it is the intention of the petitioner to reside permanently within the United States.

(3) The petition may be filed in any court having naturalization jurisdiction, regardless of the residence of the petitioner.

(4) The petition may be heard at any time after filing if there is attached to the petition at the time of filing a certificate from a naturalization examiner stating that the petitioner has appeared before such examiner for examination.

Such person shall have, from and after the naturalization, the same citizenship status as that which existed immediately prior to its loss.

(b) (1) From and after the effective date of this act, a woman, who was a citizen of the United States at birth, and who has or is believed to have lost her United States citizenship solely by reason of her marriage prior to September 22, 1922, to an alien, and whose marital status with such alien has or shall have terminated, if no other nationality was acquired by affirmative act other than such marriage, shall, from and after the taking of the oath of allegiance prescribed by subsection (b) of section 335 of this act, be deemed to be a citizen of the United States to the same extent as though her marriage to said alien had taken place on or after September 22, 1922.

(2) Such oath of allegiance may be taken abroad before a diplomatic or consular officer of the United States, or in the United States before the judge or clerk of a naturalization court.

(3) Such oath of allegiance shall be entered in the records of the appropriate embassy or legation or consulate or naturalization

court, and upon demand, a certified copy of the proceedings, including a copy of the oath administered, under the seal of the embassy or legation or consulate or naturalization court, shall be delivered to such woman at a cost not exceeding $1, which certified copy shall be evidence of the facts stated therein before any court of record or judicial tribunal and in any department of the United States.

SEC. 318. (a) A former citizen of the United States expatriated through the expatriation of such person's parent or parents and who has not acquired the nationality of another country by any affirmative act other than the expatriation of his parent or parents may be naturalized upon filing a petition for naturalization before reaching the age of 25 years and upon compliance with all requirements of the naturalization laws with the following exceptions:

(1) No declaration of intention and no certificate of arrival and no period of residence within the United States or in a State shall be required;

(2) The petition may be filed in any court having naturalization jurisdiction, regardless of the residence of the petitioner;

(3) If there is attached to the petition at the time of filing, a certificate from a naturalization examiner stating that the petitioner has appeared before him for examination, the petition may be heard at any time after filing; and

(4) Proof that the petitioner was at the time his petition was filed and at the time of the final hearing thereon a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States, and that he intends to reside permanently in the United States shall be made by any means satisfactory to the naturalization court.

(b) No former citizen of the United States, expatriated through the expatriation of such person's parent or parents, shall be obliged to comply with the requirements of the immigration laws, if he has not acquired the nationality of another country by any affirmative act other than the expatriation of his parent or parents, and if he has come or shall come to the United States before reaching the age of 25 years.

(c) After his naturalization such person shall have the same citizenship status as if he had not been expatriated.

SEC. 319. (a) A person who as a minor child lost citizenship of the United States through the cancelation of the parent's naturalization on grounds other than actual fraud or presumptive fraud as specified in the second paragraph of section 15 of the act of June 29, 1906, as amended (34 Stat. 601; 40 Stat. 544, U. S. C., title 8, sec. 405), or who shall lose citizenship of the United States under subsection (c) of section 338 of this act, may, if such person resided in the United States at the time of such cancelation and if, within 2 years after such cancelation or within 2 years after the effective date of this section, such person files a petition for naturalization or such a petition is filed on such person's behalf by a parent or guardian if such person is under the age of 18 years, be naturalized upon compliance with all requirements of the naturalization laws with the exception that no declaration of intention shall be required and the required 5-year period of residence in the United States need not be continuous.

(b) Citizenship acquired under this section shall begin as of the date of the person's naturalization, except that in those cases where the person has resided continuously in the United States from the date of the cancelation of the parent's naturalization to the date of the person's naturalization under this section, the citizenship of such person shall relate back to the date of the parent's naturalization which has been canceled or to the date of such person's arrival in the United States for permanent residence if such date was subsequent to the date of naturalization of said parent.

Persons misinformed of citizenship status

SEC. 320. A person not an alien enemy, who resided uninterruptedly within the United States during the period of 5 years next preceding July 1, 1920, and was on that date otherwise qualified to become a citizen of the United States, except that such person had not made a declaration of intention required by law and who during or prior to that time, because of misinformation regarding the citizenship status of such person, erroneously exercised the rights and performed the duties of a citizen of the United States in good faith, may file the petition for naturalization prescribed by law without making the preliminary declaration of intention, and upon satisfactory proof to the court that petitioner has so acted may be admitted as a citizen of the United States upon complying with the other requirements of the naturalization laws.

Nationals but not citizens of the United States

SEC. 321. A person not a citizen who owes permanent allegiance to the United States, and who is otherwise qualified may, if he becomes a resident of any State, be naturalized upon compliance with the requirements of this act, except that in petitions for naturalization filed under the provisions of this section, residence within the United States within the meaning of this act shall include residence within any of the outlying possessions of the United States.

Puerto Ricans

SEC. 322. A person born in Puerto Rico of alien parents, referred to in the last paragraph of section 5, act of March 2, 1917 (U. S. C., title 8, sec. 5), and in section 5a, of the said act, as amended by section 2 of the act of March 4, 1927 (U. S. C., title 8, sec. 5a), who did not exercise the privilege granted of becoming a citizen of the United States, may make the declaration provided in said paragraph at any time, and from and after the making of such declaration shall be a citizen of the United States.

Persons serving in armed forces or on vessels

SEC. 323. A person who, while a citizen of the United States and during the World War in Europe, entered the military or naval service of any country at war with a country with which the United States was then at war, who has lost citizenship of the United States by reason of any oath or obligation taken for the purpose of entering such service, may be naturalized by taking before any naturalization court specified in subsection (a) of section 301 the oaths prescribed by section 335.

SEC. 324. (a) A person, including a native-born Filipino, who has served honorably at any time in the United States Army, Navy, Marine Corps, or Coast Guard for a period or periods aggregating 3 years and who, if separated from such service, was separated under honorable conditions, may be naturalized without having resided, continuously immediately preceding the date of filing such person's petition, in the United States for at least 5 years and in the State in which the petition for naturalization is filed for at least 6 months, if such petition is filed while the petitioner is still in the service or within 6 months after the termination of such service.

(b) A person filing a petition under subsection (a) of this section shall comply in all respects with the requirements of this chapter except that—

(1) No declaration of intention shall be required;

(2) No certificate of arrival shall be required;

(3) No residence within the jurisdiction of the court shall be required;

(4) Such petitioner may be naturalized immediately if the petitioner be then actually in any of the services prescribed in subsection (a) of this section, and if, before filing the petition for naturalization, such petitioner and at least two verifying witnesses to the petition, who shall be citizens of the United States and who shall identify petitioner as the person who rendered the service upon which the petition is based, have appeared before and been examined by a representative of the Service.

(c) In case such petitioner's service was not continuous, petitioner's residence in the United States and State, good moral character, attachment to the principles of the Constitution of the United States, and favorable disposition toward the good order and happiness of the United States, during any period within 5 years immediately preceding the date of filing said petition between the periods of petitioner's service in the United States Army, Navy, Marine Corps, or Coast Guard, shall be verified in the petition filed under the provisions of subsection (a) of this section, and proved at the final hearing thereon by witnesses, citizens of the United States, in the same manner as required by section 309. Such verification and proof shall also be made as to any period between the termination of petitioner's service and the filing of the petition for naturalization.

(d) The petitioner shall comply with the requirements of section 309 as to continuous residence in the United States for at least 5 years and in the State in which the petition is filed for at least 6 months, immediately preceding the date of filing the petition, if the termination of such service has been more than 6 months preceding the date of filing the petition for naturalization, except that such service shall be considered as residence within the United States or the State.

(e) Any such period or periods of service under honorable conditions, and good moral character, attachment to the principles of the Constitution of the United States, and favorable disposition toward the good order and happiness of the United States, during such service, shall be proved by duly authenticated copies of records of the executive departments having custody of the records of such service, and such authenticated copies of records shall be accepted in lieu of affidavits and testimony or depositions of witnesses.

SEC. 325. (a) A person who has served honorably or with good conduct for an aggregate period of at least 3 years (1) on board of any vessel of the United States Government other than in the United States Navy, Marine Corps, or Coast Guard, or (2) on board vessels of more than 20 tons burden, whether or not documented under the laws of the United States, and whether public or private, which are not foreign vessels, and whose home port is in the United States, may be naturalized without having resided, continuously immediately preceding the date of filing such person's petition, in the United States for at least 5 years, and in the State in which the petition for naturalization is filed for at least 6 months, if such petition is filed while the petitioner is still in the service on a reenlistment, reappointment, or reshipment, or within 6 months after an honorable discharge or separation therefrom.

(b) The provisions of subsections (b), (c), (d), and (e) of section 324 shall apply to petitions for naturalization filed under this section, except that service with good conduct on vessels described in subsection (a) (2) of this section may be proved by certificates from the masters of such vessels.

Alien enemies

SEC. 326. (a) An alien who is a native, citizen, subject, or denizen of any country, state, or sovereignty with which the United States is at war may be naturalized as a citizen of the United States if such alien's declaration of intention was made not less than 2 years prior to the beginning of the state of war, or such alien was at the beginning of the state of war entitled to become a citizen of the United States without making a declaration of intention, or his petition for naturalization shall at the beginning of the state

of war be pending and the petitioner is otherwise entitled to admission, notwithstanding such petitioner shall be an alien enemy at the time and in the manner prescribed by the laws passed upon that subject.

(b) An alien embraced within this section shall not have such alien's petition for naturalization called for a hearing, or heard, except after 90 days' notice given by the clerk of the court to the Commissioner to be represented at the hearing, and the Commissioner's objection to such final hearing shall cause the petition to be continued from time to time for so long as the Commissioner may require.

(c) Nothing herein contained shall be taken or construed to interfere with or prevent the apprehension and removal, agreeably to law, of any alien enemy at any time previous to the actual naturalization of such alien.

(d) The President of the United States may, in his discretion, upon investigation and report by the Department of Justice fully establishing the loyalty of any alien enemy not included in the foregoing exemption, except such alien enemy from the classification of alien enemy, and thereupon such alien shall have the privilege of applying for naturalization.

PROCEDURAL AND ADMINISTRATIVE PROVISIONS

Executive functions

SEC. 327. (a) The Commissioner, or, in his absence, a Deputy Commissioner, shall have charge of the administration of the naturalization laws, under the immediate direction of the Secretary of Labor, to whom the Commissioner shall report directly upon all naturalization matters annually and as otherwise required.

(b) The Commissioner, with the approval of the Secretary, shall make such rules and regulations as may be necessary to carry into effect the provisions of this chapter and is authorized to prescribe the scope and nature of the examination of petitioners for naturalization as to their admissibility to citizenship for the purpose of making appropriate recommendations to the naturalization courts. Such examination shall be limited to inquiry concerning the applicant's residence, good moral character, understanding of and attachment to the fundamental principles of the Constitution of the United States, and other qualifications to become a naturalized citizen as required by law, and shall be uniform throughout the United States.

(c) The Commissioner is authorized to promote instruction and training in citizenship responsibilities of applicants for naturalization including the sending of names of candidates for naturalization to the public schools, preparing and distributing citizenship textbooks to such candidates as are receiving instruction in preparation for citizenship within or under the supervision of the public schools, preparing and distributing monthly an immigration and naturalization bulletin and securing the aid of and cooperating with official State and National organizations, including those concerned with vocational education.

(d) The Commissioner shall prescribe and furnish such forms as may be required to give effect to the provisions of this chapter, and only such forms as may be so provided shall be legal. All certificates of naturalization and of citizenship shall be printed on safety paper and shall be consecutively numbered in separate series.

(e) Members of the Service may be designated by the Commissioner or a Deputy Commissioner to administer oaths and to take depositions without charge in matters relating to the administration of the naturalization and citizenship laws. In cases where there is a likelihood of unusual delay or of hardship, the Commissioner or a Deputy Commissioner may, in his discretion, authorize such depositions to be taken before a postmaster without charge, or before a notary public or other person authorized to administer oaths for general purposes.

(f) A certificate of naturalization or of citizenship issued by the Commissioner or a Deputy Commissioner under the authority of this act shall have the same effect in all courts, tribunals, and public offices of the United States, at home and abroad, of the District of Columbia, and of each State, Territory, and insular possession of the United States, as a certificate of naturalization or of citizenship issued by a court having naturalization jurisdiction.

(g) Certifications and certified copies of all papers, documents, certificates, and records required or authorized to be issued, used, filed, recorded, or kept under any and all provisions of this chapter shall be admitted in evidence equally with the originals in any and all cases and proceedings under this act and in all cases and proceedings in which the originals thereof might be admissible as evidence.

(h) The officers in charge of property owned or leased by the Government are authorized, upon the recommendation of the Secretary of Labor, to provide quarters, without payment of rent, in any building occupied by the Service, for a photographic studio, operated by welfare organizations without profit and solely for the benefit of aliens seeking naturalization. Such studio shall be under the supervision of the Commissioner.

Registry of aliens

SEC. 328. (a) The Commissioner shall cause to be made, for use in complying with the requirements of this chapter, a registry of each person arriving in the United States after the effective date of this act, of the name, age, occupation, personal description (including height, complexion, color of hair and eyes), the date and place of birth, nationality, the last residence, the intended place of residence in the United States, the date and place of arrival of said person, and the name of vessel or other means of transportation, upon which said person arrived.

(b) Registry of aliens at ports of entry required by subsection (a) of this section may be made as to any alien not ineligible to citizenship in whose case there is no record of admission for permanent residence, if such alien shall make a satisfactory showing to the Commissioner, in accordance with regulations prescribed by the Commissioner, with the approval of the Secretary, that such alien—

(1) Entered the United States prior to July 1, 1924;

(2) Has resided in the United States continuously since such entry;

(3) Is a person of good moral character; and

(4) Is not subject to deportation.

(c) For the purposes of the immigration laws and naturalization laws an alien, in respect of whom a record of registry has been made as authorized by this section, shall be deemed to have been lawfully admitted to the United States for permanent residence as of the date of such alien's entry.

Certificate of arrival

SEC. 329. (a) The certificate of arrival required by this chapter may be issued upon application to the Commissioner in accordance with regulations prescribed by the Commissioner, with the approval of the Secretary, upon the making of a record of registry as authorized by section 328 of this act.

(b) No declaration of intention shall be made by any person who arrived in the United States after June 29, 1906, until such person's lawful entry for permanent residence shall have been established and a certificate showing the date, place, and manner of arrival in the United States shall have been issued. It shall be the duty of the Commissioner or a Deputy Commissioner to cause to be issued such certificate.

Photographs

SEC. 330. (a) Two photographs of the applicant shall be signed by and furnished by each applicant for a declaration of intention and by each petitioner for naturalization or citizenship. One of such photographs shall be affixed by the clerk of the court to the triplicate declaration of intention issued to the declarant and one to the duplicate declaration of intention required to be forwarded to the Service; and one of such photographs shall be affixed to the original certificate of naturalization issued to the naturalized citizen and one to the duplicate certificate of naturalization required to be forwarded to the Service.

(b) Two photographs of the applicant shall be furnished by each applicant for—

(1) A record of registry;

(2) A certificate of derivative citizenship;

(3) A certificate of naturalization;

(4) A special certificate;

(5) A declaration of intention or a certificate of naturalization or of citizenship, in lieu of one lost, mutilated, or destroyed; and

(6) A new certificate of citizenship in the new name of any naturalized citizen who, subsequent to naturalization, has had such citizen's name changed by order of a court of competent jurisdiction or by marriage.

One such photograph shall be affixed to each such declaration or certificate issued by the Commissioner and one shall be affixed to the copy of such declaration or certificate retained by the Service.

Declaration of intention

SEC. 331. An applicant for naturalization shall make, under oath before, and only in the office of, the clerk of court or such clerk's authorized deputy, regardless of the place of residence in the United States of the applicant, not less than 2 nor more than 10 years at least prior to the applicant's petition for naturalization, and after the applicant has reached the age of 18 years, a signed declaration of intention to become a citizen of the United States, which declaration shall be set forth in writing, in triplicate, and shall contain substantially the following averments by such applicant:

(1) My full, true, and correct name is ——— (full, true name, without abbreviation, and any other name which has been used, must appear here).

(2) My present place of residence is ——— (number and street), ——— (city or town), ——— (county), ——— (State).

(3) My occupation is ———.

(4) I am ——— years old.

(5) My personal description is as follows: Sex ———; color ———, complexion ———, color of eyes ———, color of hair ———, height ——— feet ——— inches, weight ——— pounds; visible distinctive marks ———; race ———; present nationality ———.

(6) I was born on ——— (month, day, and year), in ——— (city or town), ——— (county, district, Province, or State), ——— (country).

(7) I am ——— married; the name of my wife or husband is ———; we were married on ——— (month, day, and year), at ——— (city or town), ——— (State or country); he or she was born at ——— (city or town), ——— (county, district, Province, or State), ——— (country), on ——— (month, day, and year); and entered the United States at ——— (city or town), ——— (State), on ——— (month, day, and year), for permanent residence in the United States, and now resides at ——— (city or town), ——— (State or country).

(8) I have ——— children; and the name, sex, date, and place of birth, and present place of residence of each of said children who is living are as follows: ———.

(9) My place of last foreign residence was ——— (city or town), ——— (county, district, or Province), ——— (country).

(10) I emigrated to the United States from ——— (city or town), ———(country).

(11) My lawful entry for permanent residence in the United States was at ——— (city or town), ——— (State), under the name of ———, on ——— (month, day, and year), on the ——— (name of vessel or other means of conveyance).

(12) I have ——— been absent from the United States, having departed therefrom on ——— (dates of departures), from the port or ports of ———, upon the following vessels or other means of conveyance: ——— (names of vessels or conveyances upon departures); and returned to the United States on ——— (dates of return to the United States), at the port or ports of ———, upon the following vessels or other means of conveyance ———: (names of vessels or conveyances upon return).

(13) I have ——— heretofore made declaration of intention No. ———, on ——— (month, day, and year), at ——— (city or town), ——— (county), ——— (State), in the ——— (name of court).

(14) I am not an anarchist, nor a disbeliever in or opposed to organized government, nor a member of or affiliated with any organization or body of persons teaching disbelief in or opposition to organized government.

(15) It is my intention in good faith to become a citizen of the United States and to reside permanently therein.

(16) I will, before being admitted to citizenship, renounce forever all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty of whom or which at the time of admission to citizenship I may be a subject or citizen.

(17) I certify that the photograph affixed to the duplicate and triplicate hereof is a likeness of me and was signed by me.

(18) So help me God.

Petition for naturalization

SEC. 332. (a) An applicant for naturalization shall, not less than 2 nor more than 10 years after such declaration of intention has been made, make and file in the office of the clerk of a naturalization court, in duplicate, a sworn petition in writing, signed by the applicant in the applicant's own handwriting, if physically able to write, and duly verified by witnesses, which petition shall contain substantially the following averments by such applicant:

(1) My full, true, and correct name is ——— (full, true name, without abbreviation, and any other name which has been used, must appear here).

(2) My present place of residence is ——— (number and street), ——— (city or town), ——— (county), ———(State).

(3) My occupation is ———.

(4) I am ——— years old.

(5) My personal description is: Sex ———, color ———, complexion ———, color of eyes, ———, color of hair ———, height ——— feet ——— inches, weight ——— pounds; visible distinctive marks ———; race ———; present nationality ———.

(6) I was born on ——— (month, day, and year), in ——— (city or town), ——— (county, district, Province, or State), ——— (country).

(7) I am ——— married; the name of my wife or husband is ———; we were married on ——— (month, day, and year), at ——— (city or town), ——— (state or country); he or she was born at ——— (city or town), ——— (county, district, Province, or State), ——— (country), on ——— (month, day, and year); entered the United States at ——— (city or town), ——— (State), on ——— (month, day, and year), for permanent residence in the United States, and now resides at ——— (city or town), ——— (State or country).

(8) I have ——— children; and the name, sex, date, and place of birth, and present place of residence of each of said children who is living are as follows: ———.

(9) My last place of foreign residence was ——— (city or town), ——— (county, district, or Province), ——— (country).

(10) I emigrated to the United States from ——— (city or town), ——— (country).

(11) My lawful entry for permanent residence in the United States was at ——— (city or town), ——— (State), under the name of ———, on ——— (month, day, and year), on the ——— (name of vessel or other means of conveyance), as shown by the certificate of my arrival attached to this petition.

(12) I have ——— been absent from the United States, having departed therefrom on ——— (dates of departures), from the port or ports of ———, upon the following vessels or other means of conveyance: ——— (names of vessels or conveyances upon departures); and returned to the United States on ——— (dates of return to the United States), at the port or ports of ———, upon the following vessels or other means of conveyance: ——— (names of vessels or conveyances upon return).

(13) I have resided continuously in the United States of America for the term of 5 years at least immediately preceding the date of this petition, to wit, since ———, and continuously in the State in which this petition is made for the term of 6 months at least immediately preceding the date of this petition, to wit, since ———.

(14) I declared my intention to become a citizen of the United States on ——— (month, day, and year), in the ——— (name of court) Court of ———, at ——— (city or town),' ——— (State).

(15) I have ——— heretofore made petition for naturalization number ———, on ——— (month, day, and year), at ——— (city or town), ——— (county), ——— (State), in the ——— (name of court), and such petition was dismissed or denied by that Court for the following reasons and causes, to wit: ———, and the cause of such dismissal or denial has since been cured or removed.

(16) I am not an anarchist, nor a disbeliever in or opposed to organized government, nor a member of or affiliated with any organization or body of persons teaching disbelief in or opposition to organized government.

(17) I am attached to the principles of the Constitution of the United States and well disposed to the good order and happiness of the United States.

(18) It is my intention in good faith to become a citizen of the United States and to reside permanently therein.

(19) It is my intention to renounce absolutely and forever all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty of whom or which at this time I am a subject or citizen.

(20) Attached hereto and made a part of this, my petition for naturalization, are my declaration of intention to become a citizen of the United States (if such declaration of intention be required by the naturalization law), a certificate of arrival from the Immigration and Naturalization Service of my said lawful entry into the United States for permanent residence (if such certificate of arrival be required by the naturalization law), and the affidavits of the two verifying witnesses required by law.

(21) Wherefore, I, petitioner for naturalization, pray that I may be admitted a citizen of the United States of America, and that my name be changed to ———.

(22) I, aforesaid petitioner, being duly sworn, depose and say that I have (read) (heard read) this petition and know that the same is true of my own knowledge except as to matters herein stated to be alleged upon information and belief, and that as to those matters I believe it to be true; and that this petition is signed by me with my full, true, and correct name. So help me God. ——— (full, true, and correct name of petitioner).

(b) The applicant's petition for naturalization, in addition to the averments required by subsection (a) of this section, shall include averments of all other facts which may be material to the applicant's naturalization and required to be proved upon the hearing of such petition.

(c) At the time of filing the petition for naturalization there shall be filed with the clerk of court a certificate from the Service, if the petitioner arrived in the United States after June 29, 1906, stating the date, place, and manner of petitioner's arrival in the United States, and the declaration of intention of such petitioner, which certificate and declaration shall be attached to and made a part of said petition.

(d) Petitions for naturalization may be made and filed during the term time or vacation of the court and shall be docketed the same day as filed, but final action thereon shall be had only on stated days, to be fixed by rule of the court.

Hearing of petitions

SEC. 333. (a) The Commissioner or a Deputy Commissioner shall designate members of the Service to conduct preliminary hearings upon petitions for naturalization to any naturalization court and to make findings and recommendations thereon to such court. For such purposes any such designated examiner is hereby authorized to take testimony concerning any matter touching or in any way affecting the admissibility of any petitioner for naturalization, to subpena witnesses, and to administer oaths, including the oath of the petitioner to the petition for naturalization and the oath of petitioner's witnesses.

(b) The findings of any such designated examiner upon any such preliminary hearing shall be submitted to the court at the final hearing upon the petition with a recommendation that the petition be granted, or denied, or continued, with the reasons therefor. Such findings and recommendations shall be accompanied by duplicate lists containing the names of the petitioners, classified according to the character of the recommendations, and signed by the designated examiner. The judge to whom such findings and recommendations are submitted shall, if he approve such recommendations, enter a written order with such exceptions as the judge may deem proper, by subscribing his name to each such list when corrected to conform to his conclusions upon such recommendations. One of such lists shall thereafter be filed permanently of record in such court and the duplicate list shall be sent by the clerk of such court to the Commissioner.

SEC. 334. (a) Every final hearing upon a petition for naturalization shall be had in open court before a judge or judges thereof, and every final order which may be made upon such petition shall be under the hand of the court and entered in full upon a record kept for that purpose, and upon such final hearing of such petition the applicant, and, except as provided in subsection (b) of this section, the witnesses shall be examined under oath before the court and in the presence of the court.

(b) The requirement of subsection (a) of this section for the examination of the petitioner and witnesses under oath before the court and in the presence of the court shall not apply in any case where a designated examiner has conducted the preliminary hearing authorized by subsection (a) of section 333; except that the court may, in its discretion, and shall, upon demand of the petitioner, require the examination of the petitioner and the witnesses under oath before the court and in the presence of the court.

(c) Except as otherwise specifically provided in this act, no final hearing shall be held on any petition for naturalization nor shall any person be naturalized nor shall any certificate of naturalization be issued by any court within 30 days after the filing of the petition for naturalization, nor within 60 days preceding the holding of any

general election within the territorial jurisdiction of the naturalization court.

(d) The United States shall have the right to appear before any court in any naturalization proceedings for the purpose of cross-examining the petitioner and the witnesses produced in support of the petition concerning any matter touching or in any way affecting the petitioner's right to admission to citizenship, and shall have the right to call witnesses, produce evidence, and be heard in opposition to the granting of any petition in naturalization proceedings.

(e) It shall be lawful at the time and as a part of the naturalization of any person for the court in its discretion, upon the prayer of the petitioner included in the petition for naturalization of such person, to make a decree changing the name of said person, and the certificate of naturalization shall be issued in accordance therewith.

Oath of renunciation and allegiance

SEC. 335. (a) A person who has petitioned for naturalization shall, before being admitted to citizenship, take an oath in open court (1) to support the Constitution of the United States, (2) to renounce and abjure absolutely and entirely all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty of whom or which the petitioner was before a subject or citizen, (3) to support and defend the Constitution and the laws of the United States against all enemies, foreign and domestic, and (4) to bear true faith and allegiance to the same, provided that in the case of the naturalization of a child under the provisions of section 315 or 316 the naturalization court may waive the taking of such oath if in the opinion of the court the child is too young to understand its meaning.

(b) The oath prescribed by subsection (a) of this section which the petitioner for naturalization is required to take, shall be in the following form:

I hereby declare, on oath, that I absolutely and entirely renounce and abjure all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty of whom or which I have heretofore been a subject or citizen; that I will support and defend the Constitution and laws of the United States of America against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; and that I take this obligation freely without any mental reservation or purpose of evasion: So help me God. In acknowledgment whereof I have hereunto affixed my signature.

(c) In case the person petitioning for naturalization has borne any hereditary title, or has been of any of the orders of nobility in any foreign state, the petitioner shall, in addition to complying with the requirements of subsections (a) and (b) of this section, make under oath in open court, in the court to which the petition for naturalization is made, an express renunciation of such title or order of nobility, and such renunciation shall be recorded in the court as a part of such proceedings.

Certificate of naturalization

SEC. 336. A person, admitted to citizenship by a naturalization court in conformity with the provisions of this act, shall be entitled upon such admission to receive from the clerk of such court a certificate of naturalization, which shall contain substantially the following information: Number of petition for naturalization; number of certificate of naturalization; date of naturalization; name, signature, place of residence, autographed photograph, and personal description of the naturalized person, including age, sex, marital status, and country of former nationality; title, venue, and location of the naturalization court; statement that the court, having found that the petitioner intends to reside permanently in the United States, had complied in all respects with all of the applicable provisions of the naturalization laws of the United States, and was entitled to be admitted a citizen of the United States of America, thereupon ordered that the petitioner be admitted as a citizen of the United States of America; attestation of the clerk of the naturalization court; and seal of the court.

Functions and duties of clerks of courts

SEC. 337. (a) It is hereby made the duty of the clerk of each and every naturalization court to administer the oath in the clerk's office to each applicant for a declaration of intention made before such clerk, and to retain the original of such declaration of intention for the permanent files of the court, to forward the duplicate thereof to the Commissioner within 30 days after the close of the month in which such declaration was filed, and to furnish the declarant with the triplicate thereof.

(b) It shall be the duty of the clerk of each and every naturalization court to forward to the Commissioner a duplicate of each petition for naturalization within 30 days after the close of the month in which such petition was filed, and to forward to the Commissioner certified copies of such other proceedings and orders instituted in or issued out of said court affecting or relating to the naturalization of persons as may be required from time to time by the Commissioner.

(c) It shall be the duty of the clerk of each and every naturalization court to issue to any person admitted by such court to citizenship a certificate of naturalization and to forward to the Commissioner within 30 days after the close of the month in which such certificate was issued, a duplicate thereof, and to make and keep on file in the clerk's office a stub for each certificate so issued, whereon shall be entered a memorandum of all the essential facts set forth in such certificate, and to forward a duplicate of each such stub to the Commissioner within 30 days after the close of the month in which such certificate was issued.

(d) It shall be the duty of the clerk of each and every naturalization court to report to the Commissioner, within 30 days after the close of the month in which the final hearing and decision of the court was had, the name and number of the petition of each and every person who shall be denied naturalization together with the cause of such denial.

(e) Clerks of courts shall be responsible for all blank certificates of naturalization received by them from time to time from the Commissioner, and shall account to the Commissioner for them whenever required to do so. No certificate of naturalization received by any clerk of court which may be defaced or injured in such manner as to prevent its use as herein provided shall in any case be destroyed, but such certificate shall be returned to the Commissioner.

(f) It shall be the duty of the clerk of each and every naturalization court to cause to be filed in chronological order in separate volumes, indexed, consecutively numbered, and made a part of the records of such court, all declarations of intention and petitions for naturalization.

Revocation of naturalization

SEC. 338. (a) It shall be the duty of the United States district attorneys for the respective districts, or the Commissioner, or a Deputy Commissioner, upon affidavit showing good cause therefor, to institute proceedings in any court specified in subsection (a) of section 301 in the judicial district in which the naturalized citizen may reside at the time of bringing suit, for the purpose of revoking and setting aside the order admitting such person to citizenship and canceling the certificate of naturalization on the ground of fraud or on the ground that such order and certificate of naturalization were illegally procured.

(b) The party to whom was granted the naturalization alleged to have been fraudulently or illegally procured shall, in any such proceedings under subsection (a) of this section, have 60 days' personal notice in which to make answer to the petition of the United States; and if such naturalized person be absent from the United States or from the judicial district in which such person last had his residence, such notice shall be given by publication in the manner provided for the service of summons by publication or upon absentees by the laws of the State or the place where such suit is brought.

(c) If a person who shall have been naturalized shall, within 5 years after such naturalization, return to the country of such person's nativity, or go to any other foreign country, and take permanent residence therein, it shall be considered prima facie evidence of a lack of intention on the part of such person to become a permanent citizen of the United States at the time of filing such person's petition for naturalization, and, in the absence of countervailing evidence, it shall be sufficient in the proper proceeding to authorize the revocation and setting aside of the order admitting such person to citizenship and the cancelation of the certificate of naturalization as having been obtained through fraud. The diplomatic and consular officers of the United States in foreign countries shall from time to time, through the Department of State, furnish the Department of Justice with the names of those persons within their respective jurisdictions who have been so naturalized and who have taken permanent residence in the country of their nativity, or in any other foreign country, and such statements, duly certified, shall be admissible in evidence in all courts in proceedings to revoke and set aside the order admitting to citizenship and to cancel the certificate of naturalization.

(d) The revocation and setting aside of the order admitting any person to citizenship and canceling his certificate of naturalization under the provisions of subsection (a) of section 338 shall not, where such action takes place after the effective date of this act, result in the loss of citizenship or any right or privilege of citizenship which would have been derived by or available to a wife or minor child of the naturalized person had such naturalization not been revoked, but the citizenship and any such right or privilege of such wife or minor child shall be deemed valid to the extent that it shall not be affected by such revocation: *Provided*, That this subsection shall not apply in any case where the revocation and setting aside of the order was the result of actual fraud.

(e) When a person shall be convicted under this act of knowingly procuring naturalization in violation of law, the court in which such conviction is had shall thereupon revoke, set aside, and declare void the final order admitting such person to citizenship, and shall declare the certificate of naturalization of such person to be canceled. Jurisdiction is hereby conferred on the courts having jurisdiction of the trial of such offense to make such adjudication.

(f) Whenever an order admitting an alien to citizenship shall be revoked and set aside or a certificate of naturalization shall be canceled, or both, as provided in this section, the court in which such judgment or decree is rendered shall make an order canceling such certificate and shall send a certified copy of such order to the Commissioner; in case such certificate was not originally issued by the court making such order, it shall direct the clerk of the naturalization court in which the order is revoked and set aside to transmit a copy of such order and judgment to the court out of which such certificate of naturalization shall have been originally issued. It shall thereupon be the duty of the clerk of the court receiving such certified copy of the order and judgment of the court to enter the same of record and to cancel such original certificate of naturalization, if there be any, upon the records and to notify the Commissioner of the entry of such order and of such cancelation. A person holding a certificate of naturalization or

citizenship which has been canceled as provided by this section shall upon notice by the court by which the decree of cancelation was made, or by the Commissioner, surrender the same to the Commissioner.

(g) The provisions of this section shall apply not only to any naturalization granted and to certificates of naturalization and citizenship issued under the provisions of this act, but to any naturalization heretofore granted by any court, and to all certificates of naturalization and citizenship which may have been issued heretofore by any court or by the Commissioner based upon naturalization granted by any court.

Certificates of derivative citizenship

SEC. 339. A person who claims to have derived United States citizenship through the naturalization of a parent or through the naturalization or citizenship of a spouse may apply to the Commissioner for a certificate of citizenship. Upon proof to the satisfaction of the Commissioner that the applicant is a citizen, and that the applicant's alleged citizenship was derived as claimed, and upon taking and subscribing before a member of the Service within the United States to the oath of allegiance required by this act of a petitioner for naturalization, such individual shall be furnished by the Commissioner or a Deputy Commissioner with a certificate of citizenship, but only if such individual is at the time within the United States.

Revocation of certificates issued by the Commissioner or a Deputy Commissioner

SEC. 340. The Commissioner is authorized to cancel any certificate of citizenship or any copy of a declaration of intention or certificate of naturalization heretofore or hereafter issued by the Commissioner or a Deputy Commissioner if it shall appear to the Commissioner's satisfaction that such document was illegally or fraudulently obtained from the Commissioner or a Deputy Commissioner; but the person to whom such document has been issued, shall be given at such person's last known place of address, written notice of the intention to cancel such document with the reasons therefor and shall be given at least 60 days in which to show cause why such document should not be canceled. The cancelation of any such document shall affect only the document and not the citizenship status of the person in whose name the document was issued.

Documents and copies issued by the Commissioner or a Deputy Commissioner

SEC. 341. (a) A person who claims to have been naturalized in the United States under section 323 of this act may make application to the Commissioner for a certificate of naturalization. Upon proof to the satisfaction of the Commissioner or a Deputy Commissioner that the applicant is a citizen and that he has been naturalized as claimed in the application, such individual shall be furnished a certificate of naturalization by the Commissioner or a Deputy Commissioner, but only if the applicant is at the time within the United States.

(b) If any certificate of naturalization or citizenship issued to any citizen, or any declaration of intention furnished to any declarant, is lost, mutilated, or destroyed, the citizen or declarant may make application to the Commissioner for a new certificate or declaration. If the Commissioner or a Deputy Commissioner finds that the certificate or declaration is lost, mutilated, or destroyed, he shall issue to the applicant a new certificate or declaration. If the certificate or declaration has been mutilated, it shall be surrendered to the Commissioner or a Deputy Commissioner before the applicant may receive such new certificate or declaration. If the certificate or declaration has been lost, the applicant or any other person who may come into possession of it is hereby required to surrender it to the Commissioner or a Deputy Commissioner.

(c) The Commissioner or a Deputy Commissioner shall issue for any naturalized citizen, on such citizen's application therefor, a special certificate of naturalization for use by such citizen only for the purpose of obtaining recognition as a citizen of the United States by a foreign state. Such certificate when issued shall be furnished to the Secretary of State for transmission to the proper authority in such foreign state.

(d) If the name of any naturalized citizen has, subsequent to naturalization, been changed by order of any court of competent jurisdiction, or by marriage, the citizen may make application for a new certificate of naturalization in the new name of such citizen. If the Commissioner or a Deputy Commissioner finds the name of the applicant to have been changed as claimed, the Commissioner or a Deputy Commissioner shall issue to the applicant a new certificate and shall notify the naturalization court of such action.

(e) The Commissioner or a Deputy Commissioner is authorized to make and issue, without fee, certifications of any part of the naturalization records of any court, or of any certificate of naturalization or citizenship, for use in complying with any statute, State or Federal, or in any judicial proceeding. No such certification shall be made by any clerk of court except upon order of the court.

FISCAL PROVISIONS

SEC. 342. (a) The clerk of each and every naturalization court shall charge, collect, and account for the following fees:

(1) For receiving and filing a declaration of intention, and issuing a duplicate and triplicate thereof, $2.50.

(2) For making, filing, and docketing a petition for naturalization, $5, including the final hearing on such petition, if such hearing be held, and a certificate of naturalization, if the issuance of such certificate is authorized by the naturalization court.

(b) The Commissioner shall charge, collect, and account for the following fees:

(1) For application for record of registry, $18.

(2) For the issuance of each certificate of arrival, $2.50.

(3) For application for a declaration of intention in lieu of a declaration alleged to have been lost, mutilated, or destroyed, $1.

(4) For application for a certificate of naturalization in lieu of a certificate alleged to have been lost, mutilated, or destroyed, $1.

(5) For application for a certificate of derivative citizenship, $5.

(6) For application for the issuance of a special certificate of citizenship to obtain recognition, $5.

(7) For application for a certificate of naturalization under section 323, $1.

(8) For application for a certificate of citizenship in changed name, $5.

(9) Reasonable fees, with the approval of the Secretary, in cases where such fees have not been established by law, to cover the cost of furnishing, to other than officials or agencies of the Federal Government, copies, whether certified or uncertified, of any part of the records, or information from the records, of the service. Such fees shall not exceed a maximum of 25 cents per folio, with a minimum fee of 50 cents for any one such service, in addition to a fee of $1 for any official certification furnished under seal.

(c) The clerk of any naturalization court specified in subsection (a) of section 301 (except the courts specified in subsection (d) of this section), shall account for and pay over to the Commissioner one-half of all fees up to the sum of $6,000, and all fees in excess of $6,000, collected by any such clerk in naturalization proceedings in any fiscal year.

(d) The clerk of any United States district court (except in Alaska) and the clerk of the District Court of the United States for the District of Columbia shall account for and pay over to the Commissioner all fees collected by any such clerks in naturalization proceedings.

(e) The accounting required by subsections (c) and (d) of this section shall be made and the fees paid over to the Commissioner by such respective clerks in their quarterly accounts which they are hereby required to render to the Commissioner within 30 days from the close of each quarter of each and every fiscal year, in accordance with regulations prescribed by the Commissioner.

(f) The clerks of the various naturalization courts shall pay all additional clerical force that may be required in performing the duties imposed by this act upon clerks of courts from fees retained under the provisions of this section by such clerks in naturalization proceedings.

(g) All fees collected by the Commissioner and all fees paid over to the Commissioner by clerks of naturalization courts under the provisions of this act, shall be deposited by the Commissioner in the Treasury of the United States.

(h) In all naturalization proceedings in which an alien applying for a certificate of naturalization or of citizenship is represented by counsel, there is hereby established a limit of $25 for counsel's fees, except where legal action before a court requires extended legal service when the court may approve a reasonable fee in excess of $25.

(i) During the time when the United States is at war no clerk of a United States court shall charge or collect a naturalization fee from an alien in the military or naval service of the United States for filing a petition for naturalization or issuing a certificate of naturalization upon admission to citizenship, and no clerk of any State court shall charge or collect any fee for such services unless the laws of the State require such charge to be made, in which case nothing more than the portion of the fee required to be paid to the State shall be charged or collected. A report of all transactions under this subsection shall be made to the Commissioner as in the case of other reports required of clerks of courts by this act.

(j) In addition to the other fees required by this act, the petitioner for naturalization shall, upon the filing of a petition for naturalization, deposit with and pay to the clerk of the naturalization court a sum of money sufficient to cover the expenses of subpenaing and paying the legal fees of any witnesses for whom such petitioner may request a subpena, and upon the final discharge of such witnesses, they shall receive, if they demand the same from the clerk, the customary and usual witness fees from the moneys which the petitioner shall have paid to such clerk for such purpose, and the residue, if any, shall be returned by the clerk to the petitioner.

Mail

SEC. 343. All mail matter of whatever class, relating to naturalization, including duplicate papers required by law or regulation to be sent to the Service by clerks of courts addressed to the Department of Labor or the Service, or any official thereof, and endorsed "Official Business," shall be transmitted free of postage and by registered mail if necessary, and so marked.

Textbooks

SEC. 344. Authorization is hereby granted for the publication and distribution of the citizenship textbook described in subsection (c) of section 327, and for the reimbursement of the printing and binding appropriation of the Department of Labor upon the records of the Treasury Department from the naturalization fees deposited in the Treasury through the Service for the cost of such publication and distribution, such reimbursement to be made upon statements by the Commissioner of books so published and distributed.

Compilation of naturalization statistics

SEC. 345. The Commissioner is authorized and directed to prepare from the records in the custody of the Service a report upon those heretofore seeking citizenship to show by nationalities their relation to the numbers of aliens annually arriving and to the prevailing census populations of the foreign born, their economic, vocational, and other classification, in statistical form, with analytical comment thereon, and to prepare such report annually hereafter. Payment for the equipment used in preparing such compilation shall be made from the appropriation, Salaries and Expenses, Immigration and Naturalization Service.

PENAL PROVISIONS

SEC. 346. (a) It is hereby made a felony for any alien or other person whether an applicant for naturalization or citizenship, or otherwise, and whether an employee of the Government of the United States or not—

(1) Knowingly to make a false statement under oath, either orally or in writing, in any case, proceeding, or matter relating to, or under, or by virtue of any law of the United States relating to naturalization or citizenship.

(2) Knowingly to procure or attempt to procure—

a. The naturalization of any such person, contrary to the provisions of any law; or

b. Documentary or other evidence of naturalization or of citizenship of any such person, contrary to the provisions of any law.

(3) To procure or attempt to procure any documentary or other evidence of naturalization or of citizenship of any person knowing or having reason to believe that such person is not entitled thereto.

(4) To encourage, advise, aid, or assist any person—

a. Not then entitled or qualified under this act to apply for a declaration of intention, to apply for such declaration of intention, with knowledge or having reason to believe that such person was not then so entitled or qualified; or

b. Not then entitled or qualified under this act to secure a declaration of intention, to obtain such declaration of intention, with knowledge that such person was not then so entitled or qualified; or

c. Not then entitled or qualified under this act to apply for naturalization or citizenship, to apply for such naturalization or citizenship, with knowledge that such person was not then so entitled or qualified; or

d. Not then entitled or qualified under this act to obtain naturalization or citizenship, to obtain such naturalization or citizenship, with knowledge that such person was not then so entitled or qualified; or

e. Not then entitled or qualified under this act to apply for documentary or other evidence of naturalization or of citizenship, to apply for such documentary or other evidence of naturalization or of citizenship, with knowledge that such person was not then so entitled or qualified; or

f. Not then entitled or qualified under this act to obtain documentary or other evidence of naturalization or of citizenship, to obtain such documentary or other evidence of naturalization or of citizenship, with knowledge that such person was not then so entitled or qualified.

(5) To encourage, aid, advise, or assist any person not entitled thereto to obtain, accept, or receive any certificate of arrival, declaration of intention, certificate of naturalization, or certificate of citizenship, or other documentary evidence of naturalization or of citizenship—

a. Knowing the same to have been procured by fraud; or

b. Knowing the same to have been procured by the use or means of any false name or false statement given or made with the intent to procure the issuance of such certificate of arrival, declaration of intention, certificate of naturalization, or certificate of citizenship, or other documentary evidence of naturalization or of citizenship; or

c. Knowing the same to have been fraudulently altered in any manner.

(6) Knowingly, in any naturalization or citizenship proceeding, whether as the applicant, declarant, petitioner, witness, or otherwise in such proceeding—

a. To personate another person;

b. To appear falsely in the name of a deceased person, or in an assumed or fictitious name.

(7) Knowingly, contrary to the provisions of this act—

a. To issue a certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship; or

b. To assist in or be a party to the issuance of a certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship.

(8) Knowingly to possess, without lawful authority or lawful excuse, and with intent unlawfully to use the same, any false, forged, antedated, or counterfeited certificate of arrival, declaration of intention, certificate or naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, purporting to have been issued under any law of the United States relating to naturalization or citizenship, knowing such certificate of arrival, declaration of intention, certificate of nauralization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship to be false, forged, antedated, or counterfeited.

(9) Falsely to make, forge, or counterfeit any oath, notice, affidavit, certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, or any order, record, signature, or other instrument, paper, or proceeding, required or authorized by any law relating to naturalization or citizenship.

(10) To cause or procure to be falsely made, forged, or counterfeited, any oath, notice, affidavit, certificate, certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, or any order, record, signature, or other instrument, paper, or proceeding, required or authorized by any law relating to naturalization or citizenship.

(11) To aid or assist in falsely making, forging, or counterfeiting, any oath, notice, affidavit, certificate, certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, or any order, record, signature, or other instrument, paper, or proceeding, required or authorized by any law relating to naturalization or citizenship.

(12) To utter, sell, dispose of, or use as true or genuine, for any unlawful purpose, any false, forged, antedated, or counterfeited oath, notice, affidavit, certificate, certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, or any order, record, signature, or other instrument, paper, or proceeding, required or authorized by any law relating to naturalization or citizenship.

(13) To sell, or dispose of unlawfully, a declaration of intention, certificate of naturalization, certificate of citizenship, or any other documentary evidence of naturalization or of citizenship.

(14) Knowingly to use in any manner for the purpose of registering as a voter, or as evidence of a right to vote, or otherwise unlawfully, any order, certificate, certificate of naturalization, certificate of citizenship, judgment, decree, or exemplification, showing any person to be naturalized or admitted to be a citizen, whether heretofore or hereafter issued or made, which has been unlawfully issued or made.

(15) Knowingly and unlawfully to use, or attempt to use, any order, certificate, certificate of naturalization, certificate of citizenship, judgment, decree, or exemplification, showing any person to be naturalized or admitted to be a citizen, whether heretofore or hereafter issued or made, which has been issued to or in the name of any other person or in a fictitious name, or in the name of a deceased person.

(16) To use or attempt to use any certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or other documentary evidence of naturalization or of citizenship heretofore or which may hereafter be issued or granted, knowing the same to be forged, counterfeited, or antedated, or to have been procured by fraud or by false evidence, or without appearance or hearing of the applicant in court where such appearance and hearing are required, or otherwise unlawfully obtained.

(17) To aid, assist, or participate in the use of any certificate of arrival, declaration of intention, certificate of naturalization, certificate of citizenship, or other documentary evidence of naturalization or of citizenship heretofore or which may hereafter be issued or granted, knowing the same to be forged, counterfeited, or antedated, or to have been procured by fraud or by false evidence, or without appearance or hearing of the applicant in court where such appearance and hearing are required, or otherwise unlawfully obtained.

(18) Knowingly to falsely represent himself to be a citizen of the United States without having been naturalized or admitted to citizenship, or without otherwise being a citizen of the United States.

(19) Knowingly, with the intent to avoid any duty or liability imposed or required by law, to deny that he has been naturalized or admitted to be a citizen, after having been so naturalized or admitted.

(20) To engrave, without lawful authority, any plate in the likeness of any plate designed for the printing of a declaration of intention, or certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship.

(21) To cause or procure to be engraved, without lawful authority, any plate in the likeness of any plate designed for the printing of a declaration of intention, or certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship.

(22) To assist in engraving, without lawful authority, any plate in the likeness of any plate designed for the printing of a declaration of intention, or certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship.

(23) To sell any plate in the likeness of any plate designed for the printing of a declaration of intention, or certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, except by direction of the Commission or other proper officer of the United States.

(24) To bring into the United States from any foreign place any plate in the likeness of any plate designed for the printing of a declaration of intention, certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, except by direction of the Commissioner or other proper officer of the United States.

(25) To have in the control, custody, or possession of any such alien or other person, any metallic plate engraved after the similitude of any plate from which any declaration of intention, or certificate

of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, has been or is to be printed, with intent to use or to suffer such plate to be used in forging or counterfeiting any such declaration of intention, or certificate of naturalization, or certificate of citizenship, or other documentary evidence or any part thereof.

(26) To bring into the United States from any foreign place, except by direction of the Commissioner or other proper officer of the United States, any declaration of intention, or certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship, printed from any metallic plate engraved after the similitude of any plate from which any declaration of intention, certificate of naturalization, or certificate of citizenship, or any other documentary evidence of naturalization or of citizenship has been or is to be printed.

(27) To have in his possession, without lawful authority, any blank certificate of arrival, blank declaration of intention, or blank certificate of naturalization or of citizenship, provided by the Service, with the intent unlawfully to use the same.

(28) To have in his possession a distinctive paper which has been adopted by the proper officer or agency of the United States for the printing or engraving of any declaration of intention, or certificate of naturalization or of citizenship, with intent unlawfully to use the same.

(29) To print, photograph, make, or execute, or in any manner cause to be printed, photographed, made, or executed, without lawful authority, any print or impression in the likeness of any certificate of arrival, declaration of intention, or certificate of naturalization or of citizenship, or any part thereof.

(30) Knowingly to procure or attempt to procure an alien or other person to violate any of the provisions of this act.

(31) Failing, after at least 60 days' notice, by the appropriate court or the Commissioner or a Deputy Commissioner, to surrender a certificate of naturalization or citizenship which has been canceled, in accordance with the provisions of this act, such person having such certificate in his possession or under his control.

(32) Knowingly to certify that an applicant, declarant, petitioner, affiant, witness, deponent, or other person named in an application, declaration, petition, affidavit, deposition, or certificate of naturalization, or certificate of citizenship, or other paper or writing required or authorized to be executed or used under the provisions of this act, personally appeared before the person making such certification and was sworn thereto or acknowledged the execution thereof, or signed the same, when in fact such applicant, declarant, petitioner, affiant, witness, deponent, or other person, did not personally appear before the person making such certification, or was not sworn thereto, or did not execute the same, or did not acknowledge the execution thereof.

(33) Knowingly to demand, charge, solicit, collect, or receive, or agree to charge, solicit, collect, or receive any other or additional fees or moneys in naturalization or citizenship or other proceedings under this act than the fees and moneys specified in such act.

(34) Willfully to neglect to render true accounts of moneys received by any clerk of a naturalization court or such clerk's assistant or any other person under this act or willfully to neglect to pay over any balance of such moneys due to the United States within 30 days after said payment shall become due and demand therefor has been made and refused, which neglect shall constitute embezzlement of the public moneys.

(b) The provisions of this section shall apply to copies and duplicates of certificates of arrival, of declarations of intention, of certificates of naturalization, of certificates of citizenship, and of other documents required or authorized by the naturalization laws and citizenship laws as well as to the originals of such certificates of arrival, declarations of intention, certificates of naturalization, certificates of citizenship, and other documents, whether issued by any court or by the Commissioner or a Deputy Commissioner.

(c) The provisions of this section shall apply to all proceedings had or taken or attempted to be had or taken, before any court specified in subsection (a) of section 301, or any court, in which proceedings for naturalization may have been or may be commenced or attempted to be commenced, and whether or not such court at the time such proceedings were had or taken was vested by law with jurisdiction in naturalization proceedings.

(d) Any person violating any provision of subsection (a) of this section shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

(e) Any person who has been subpenaed under the provisions of subsection (d) of section 309 to appear on the final hearing of a petition for naturalization, and who shall neglect or refuse to so appear and to testify, if in the power of such person to do so, shall be subject to the penalties prescribed by subsection (d) of this subsection.

(f) If any person shall use the endorsement "Official Business" authorized by section 343 to avoid payment of postage or registry fee on a private letter, package, or other matter in the mail, such person shall be guilty of a misdemeanor and subject to a fine of $300, to be prosecuted in any court of competent jurisdiction.

(g) No person shall be prosecuted, tried, or punished for any crime arising under the provisions of this act unless the indictment is found or the information is filed within 5 years next after the commission of such crime.

(h) For the purpose of the prosecution of all crimes and offenses against the naturalization or citizenship laws of the United States which may have been committed prior to the date when this act shall go into effect, the existing naturalization and citizenship laws shall remain in full force and effect.

(i) It shall be lawful and admissible as evidence in any proceedings founded under this act, or any of the penal or criminal provisions of the immigration, naturalization or citizenship laws, for any officer or employee of the United States to render testimony as to any statement voluntarily made to such officer or employee in the course of the performance of the official duties of such officer or employee by any defendant at the time of or subsequent to the alleged commission of any crime or offense referred to in this section which may tend to show that such defendant did not or could not have had knowledge of any matter concerning which such defendant is shown to have made affidavit, or oath, or to have been a witness pursuant to such law or laws.

(j) In case any clerk of court shall refuse or neglect to comply with any of the provisions of section 337 (a), (b), (c), or (d), such clerk of court shall forfeit and pay to the United States the sum of $25 in each and every case in which such violation or omission occurs, and the amount of such forfeiture may be recovered by the United States in an action of debt against such clerk.

(k) If any clerk of court shall fail to return to the Service or properly account for any certificate of naturalization furnished by the Service as provided in subsection (e) of section 337, such clerk of court shall be liable to the United States in the sum of $50, to be recovered in an action of debt, for each and every such certificate not properly accounted for or returned.

(l) The provisions of subsections (a), (b), (d), (g), (h), and (i) of this section shall apply in respect of the application for and the record of registry authorized by section 328, in the same manner and to the same extent, including penalties, as they apply in any naturalization or citizenship proceeding or any other proceeding under section 346.

SAVING CLAUSES

SEC. 347. (a) Nothing contained in either chapter III or in chapter V of this act, unless otherwise provided therein, shall be construed to affect the validity of any declaration of intention, petition for naturalization, certificate of naturalization or of citizenship, or other document or proceeding which shall be valid at the time this act shall take effect; or to affect any prosecution, suit, action, or proceedings, civil or criminal, brought, or any act, thing, or matter, civil or criminal, done or existing, at the time this act shall take effect; but as to all such prosecutions, suits, actions, proceedings, acts, things, or matters, the statutes or parts of statutes repealed by this act, are hereby continued in force and effect.

(b) Any petition for naturalization heretofore filed which may be pending at the time this act shall take effect shall be heard and determined within 2 years thereafter in accordance with the requirements of law in effect when such petition was filed.

CHAPTER IV—LOSS OF NATIONALITY

SEC. 401. A person who is a national of the United States, whether by birth or naturalization, shall lose his nationality by:

(a) Obtaining naturalization in a foreign state, either upon his own application or through the naturalization of a parent having legal custody of such person: *Provided, however,* That nationality shall not be lost as the result of the naturalization of a parent unless and until the child shall have attained the age of 23 years without acquiring permanent residence in the United States: *Provided further,* That a person who has acquired foreign nationality through the naturalization of his parent or parents, and who at the same time is a citizen of the United States, shall, if abroad and he has not heretofore expatriated himself as an American citizen by his own voluntary act, be permitted within 2 years from the effective date of this act to return to the United States and take up permanent residence therein, and it shall be thereafter deemed that he has elected to be an American citizen. Failure on the part of such person to so return and take up permanent residence in the United States during such period shall be deemed to be a determination on the part of such person to discontinue his status as an American citizen, and such person shall be forever estopped by such failure from thereafter claiming such American citizenship; or

(b) Taking an oath or making an affirmation or other formal declaration of allegiance to a foreign state; or

(c) Entering, or serving in, the armed forces of a foreign state unless expressly authorized by the laws of the United States; or

(d) Accepting, or performing the duties of, any office, post, or employment under the government of a foreign state or political subdivision thereof for which only nationals of such state are eligible; or

(e) Voting in a political election in a foreign state or participating in an election or plebiscite to determine the sovereignty over foreign territory; or

(f) Making a formal renunciation of nationality before a diplomatic or consular officer of the United States in a foreign state, in such form as may be prescribed by the Secretary of State; or

(g) Deserting the military or naval service of the United States in time of war, provided he is convicted thereof by a court martial.

SEC. 402. A national of the United States who was born in any incorporated Territory of the United States or who was born in any place outside of the jurisdiction of the United States of a parent who was born in any incorporated Territory of the United States, shall be presumed to have expatriated himself under subsection (c) or (d) of section 401, when he shall remain for 6 months or longer within any foreign state of which he or either of his parents shall have been a national according to the laws of such foreign state,

or within any place under control of such foreign state, and such presumption shall exist until overcome whether or not the individual has returned to the United States. Such presumption may be overcome on the presentation of satisfactory evidence to a diplomatic or consular officer of the United States, or to an immigration officer of the United States, under such rules and regulations as the Department of State and the Department of Labor jointly prescribe. However, no such presumption shall arise with respect to any officer or employee of the United States while serving abroad as such officer or employee, nor to any accompanying member of his family.

SEC. 403. (a) Except as provided in subsection (g) of section 401, no national can expatriate himself, or be expatriated, under this section while within the United States or any of its outlying possessions, but expatriation shall result from the performance within the United States or any of its outlying possessions of any of the acts or the fulfillment of any of the conditions specified in this section if and when the national thereafter takes up a residence abroad.

(b) No national under 18 years of age can expatriate himself under subsections (b) to (g), inclusive, of section 401.

SEC. 404. A person who has become a national by naturalization shall lose his nationality by:

(a) Residing for at least 2 years in the territory of a foreign state of which he was formerly a national or in which the place of his birth is situated, if he acquires through such residence the nationality of such foreign state by operation of the law thereof; or

(b) Residing continuously for 3 years in the territory of a foreign state of which he was formerly a national or in which the place of his birth is situated, except as provided in section 406 hereof.

(c) Residing continuously for 5 years in any other foreign state, except as provided in section 406 hereof.

SEC. 405. Section 404 shall have no application to a person:

(a) Who resides abroad in the employment and under the orders of the Government of the United States;

(b) Who is receiving compensation from the Government of the United States and residing abroad on account of disability incurred in its service.

SEC. 406. Subsections (b) and (c) of section 404 shall have no application to a person:

(a) Who shall have resided in the United States not less than 25 years subsequent to his naturalization and shall have attained the age of 65 years when the foreign residence is established;

(b) Who is residing abroad upon the date of the approval of this act, or who is thereafter sent abroad, and resides abroad temporarily, solely or principally to represent a bona fide American educational, scientific, philanthropic, religious, commercial, or financial organization, having its principal office or place of business in the United States, or an international agency of an official character in which the United States participates, for which he receives a substantial compensation;

(c) Who is residing abroad on account of ill health;

(d) Who is residing abroad for the purpose of pursuing studies of a specialized character or attending an institution of learning of a grade above that of a preparatory school, provided that such residence does not exceed 5 years;

(e) Who is the wife, husband, or child under 21 years of age, and is residing abroad for the purpose of being with a naturalized spouse or parent who comes within the scope of section 405 or subsections (a), (b), (c), or (d) hereof;

(f) Who was born in the United States or one of its outlying possessions, who originally had American nationality, and who, after having lost such nationality through marriage to an alien, reacquired it.

SEC. 407. A person having American nationality, who is a minor and is residing in a foreign state with or under the legal custody of a parent who loses American nationality under section 404 of this act, shall at the same time lose his American nationality if such minor has or acquires the nationality of such foreign state: *Provided*, That, in such case, American nationality shall not be lost as the result of loss of American nationality by the parent unless and until the child attains the age of 23 years without having acquired permanent residence in the United States.

SEC. 408. The loss of nationality under this act shall result solely from the performance by a national of the acts or fulfillment of the conditions specified in this act.

SEC. 409. Nationality shall not be lost under the provisions of section 404 or 407 of this act until the expiration of 1 year following the date of the approval of this act: *Provided, however*, That a naturalized person who shall have become subject to the presumption that he has ceased to be an American citizen as provided for in the second paragraph of section 2 of the act of March 2, 1907 (34 Stat. 1228), and who shall not have overcome it under the rules in effect immediately preceding the date of the approval of this act, shall continue to be subject to such presumption for the period of 1 year following the date of the approval of this act unless it is overcome during such period.

SEC. 410. Nothing in this act shall be applied in contravention of the provisions of any treaty or convention to which the United States is a party upon the date of the approval of this act.

CHAPTER V—MISCELLANEOUS

SEC. 501. Whenever a diplomatic or consular officer of the United States has reason to believe that a person while in a foreign state has lost his American nationality under any provision of chapter IV of this act, he shall certify the facts upon which such belief is based to the Department of State, in writing, under regulations to be prescribed by the Secretary of State. If the report of the diplomatic or consular officer is approved by the Secretary of State, a copy of the certificate shall be forwarded to the Department of Labor, for its information, and the diplomatic or consular office in which the report was made shall be directed to forward a copy of the certificate to the person to whom it relates.

SEC. 502. The Secretary of State is hereby authorized to issue, in his discretion and in accordance with rules and regulations prescribed by him, a certificate of nationality for any person not a naturalized citizen of the United States who presents satisfactory evidence that he is an American national and that such certificate is needed for use in judicial or administrative proceedings of a foreign state. Such certificate shall be solely for use in the case for which it was issued and shall be transmitted by the Secretary of State through appropriate official channels to the judicial or administrative officers of the foreign state in which it is to be used.

SEC. 503. The following acts or parts of acts are hereby repealed:

Section 1992, Revised Statutes (U. S. C., title 8, sec. 1);

Section 1993, Revised Statutes, as amended by section 1, act of May 24, 1934 (48 Stat. 797; U. S. C., title 8, sec. 6);

Section 2166, Revised Statutes, as limited by section 2, act of May 9, 1918 (40 Stat. 546–547; U. S. C., title 8, sec. 395);

Section 2172, Revised Statutes (U. S. C., title 8, sec. 7);

Section 100, act of April 30, 1900 (31 Stat. 161; U. S. C., title 8, sec. 385 (first paragraph));

Act of June 29, 1906, chapter 3592 (34 Stat. 596) (except subdivisions 6 and 8 of sec. 4 and secs. 10, 16, 17, 19, and 26, thereof), as added to, supplemented, or amended by section 1, act of June 25, 1910 (36 Stat. 829); section 1, and second paragraph of section 3, act of May 9, 1918 (40 Stat. 542–546, 547, 548); act of June 8, 1926 (44 Stat. 709); section 4, act of February 25, 1927 (44 Stat. 1235); act of March 2, 1929 (45 Stat. 1512) (except sec. 6 (e), and sec. 7 (b), thereof); section 1, act of March 4, 1929 (45 Stat. 1545); act of June 21, 1930 (46 Stat. 791); sections 1, 2, 3, and 4 (a), act of March 3, 1931 (46 Stat. 1511); act of May 25, 1932 (47 Stat. 165) (except secs. 1, 5, and 7, thereof); and act of April 19, 1934 (48 Stat. 597); United States Code, title 8, sections 18, 106, 106a, 106b, 106c, 351, 352, 353, 354, 356, 357, 358, 358a, 360, 364, 365, 372, 373, 377, 377c, 378, 379, 380, 380b, 381, 382, 384, 386, 387, 388, 389, 391, 392, 393, 394, 396, 397, 398, 399, 399a, 399b (a), 399b (b), 399b (c), 399b (d), 399c (a), 399c (b), 399c (c), 399d, 400, 401, 402, 403, 404, 405, 408, 409, 410, 411, 412, 413, 414, and 415;

Sections 2, 5, 6, and 7, act of March 2, 1907 (34 Stat. 1228 1229), as amended by section 2, act of May 24, 1934 (48 Stat. 797; U. S. C., title 8, secs. 8, 16, and 17);

Sections 74 to 81, inclusive, act of March 4, 1909 (35 Stat. 1102–1103; U. S. C., title 18, secs. 135 and 137 to 143, inclusive);

That portion of section 1, act of August 22, 1912 (37 Stat. 356; U. S. C., title 8, sec. 11), reading as follows:

"SEC. 1998. That every person who hereafter deserts the military or naval service of the United States, or who, being duly enrolled, departs the jurisdiction of the district in which he is enrolled, or goes beyond the limits of the United States, with intent to avoid any draft into the military or naval service, lawfully ordered, shall be liable to all the penalties and forefeitures of section 1996 of the Revised Statutes of the United States: *Provided*, That the provisions of this section and said section 1996 shall not apply to any person hereafter deserting the military or naval services of the United States in time of peace: * * *";

So much of section 1, act of October 6, 1917, chapter 79 (40 Stat. 376; U. S. C., title 39, sec. 324), as reads as follows: "*Provided further*, That all mail matter, of whatever class, relating to naturalization, including duplicate papers required by law or regulation to be sent to the Bureau of Naturalization by clerks of State or Federal courts, addressed to the Department of Labor, or the Bureau of Naturalization, or to any official thereof, and endorsed 'official business,' shall be transmitted free of postage, and by registered mail if necessary, and so marked: *Provided further*, That if any person shall make us of such endorsement to avoid payment of postage or registry fee on his or her private letter, package, or other matter in the mail, the person so offending shall be guilty of a misdemeanor and subject to a fine of $300, to be prosecuted in any court of competent jurisdiction.";

Section 1, last priviso of section 2, and second paragraph of section 3, act of May 9, 1918 (40 Stat. 542–546, 547, 548), as amended by section 6 (c), (d), act of March 2, 1929 (45 Stat. 1514); act of June 21, 1930 (46 Stat. 791); and sections 2 (a), 3, and 10, act of May 25, 1932 (47 Stat. 165–166; U. S. C., title 8, secs. 18, 354, 377, 378, 384, 387, 388, 389, 391, 392, 393, 394, 395, 403, and 405);

Proviso to second paragraph of section 4, chapter XII, act of July 9, 1918, chapter 143 (40 Stat. 885; U. S. C., title 8, sec. 366);

Second proviso to section 1, act of August 31, 1918, chapter 166 (40 Stat. 955);

Act of November 6, 1919, chapter 95 (41 Stat. 350; U. S. C., title 8, sec. 3);

Sections 1, 2, 3, and 4, act of September 22, 1922 (42 Stat. 1021–1022); as amended by sections 1 and 2, act of July 3, 1930 (46 Stat. 854); section 4, act of March 3, 1931 (46 Stat. 1511–1512); and section 4, act of May 24, 1934 (48 Stat. 797; U. S. C., title 8, secs. 367, 368, 368a, 369, and 369a);

Act of June 8, 1926 (44 Stat. 709; U. S. C., title 8, sec. 399a);

Section 4, act of February 25, 1927 (44 Stat. 1235; U. S. C., title 8, sec. 358a);

Act of March 2, 1929, chapter 536 (45 Stat. 1512–1516) (except sec. 6 (e), and sec. 7 (b)); as amended or added to by sections 4,

5, and 6, act of May 25, 1932 (47 Stat. 165–166); and sections 1, 2, 3, 4, and 6, act of April 19, 1934 (48 Stat. 597–598; U. S. C., title 8, secs. 106a, 106b, 106c, 356, 377b, 377c, 379, 380a, 380b, 382, 388, 399b (a), 399b (b), 399b (c), 399b (d), 99c (a), 399c (b), 399c (c), 399d, 399e, and 402);

Section 1, act of March 4, 1929 (45 Stat. 1545; U. S. C., title 8, sec. 373);

Act of June 21, 1930 (46 Stat. 791; U. S. C., title 8, sec. 18);

Section 2, act of July 3, 1930 (46 Stat. 854; U. S. C., title 8, sec. 369);

Act of February 11, 1931 (46 Stat. 1087; U. S. C., title 8, sec. 366a);

Act of March 3, 1931 (46 Stat. 1511–1512) (except section 4 (b), thereof) (U. S. C., title 8, secs. 9, 372a, 396, and 397);

Sections 2, 3, 4, 6, 8, 9, and 10, act of May 25, 1932 (47 Stat. 165–166); as amended by section 2, act of April 19, 1934 (48 Stat. 597; U. S. C., title 8, secs. 356 (a), 377, 377b, 384, 388, 399b (b), and 399h (c));

Act of April 19, 1934 (48 Stat. 597–598; U. S. C., title 8, secs. 106a (b), 380a, 399b (a), 399b (b), 399b (c), 399c (a), 399f, and 402);

Sections 1, 2, 3, and 4, Act of May 24, 1934 (48 Stat. 797; U. S. C., title 8, secs. 6, 8, 17a, and 368); and

Second proviso to act of June 27, 1934 (48 Stat. 1245, ch. 845; U. S. C., title 48, sec. 733b);

Act of June 24, 1935, chapter 288 (49 Stat. 395);

Act of June 24, 1935, chapter 290 (49 Stat. 397);

Act of June 25, 1936, chapter 811 (49 Stat. 1925–1926);

Act of June 25, 1936, chapter 801 (49 Stat. 1917);

Section 3, act of July 30, 1937 (50 Stat. 548);

Act of August 4, 1937, chapter 563 (50 Stat. 558);

Act of May 16, 1938, chapter 225 (52 Stat. 377);

Joint resolution of June 29, 1938 (52 Stat. 1247);

Act of June 20, 1939, chapter 224 (53 Stat. 843–844);

Act of August 9, 1939, chapter 610 (53 Stat. 1273);

And any other acts or parts of acts in conflict with the provisions of this act, except for the purposes of section 346 of this act.

The repeal herein provided shall not terminate nationality heretofore lawfully acquired, nor restore nationality heretofore lost under any law of the United States or any treaty to which the United States may have been a party.

SEC. 504. If any provision of this act shall for any reason be declared by any court of competent jurisdiction to be invalid, such declaration shall not invalidate the remainder of this act.

TITLE II

SEC. 601. This act shall take effect from and after 90 days from the date of its approval.

Mr. DICKSTEIN (interrupting reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and that the bill be printed in the RECORD.

Mr. JENKINS of Ohio. Mr. Chairman, reserving the right to object, does the gentleman mean that any amendments may be offered?

Mr. DICKSTEIN. Mr. Chairman, I want to avoid reading 100 pages of this bill for amendment.

Mr. JENKINS of Ohio. Mr. Chairman, do I understand that the gentleman means any amendment may be offered any place?

Mr. DICKSTEIN. Yes; any amendment that is germane to the bill.

Mr. MICHENER. The gentleman's request is that the further reading of the bill be dispensed with and that it be in order to offer germane amendments to any part of the bill?

Mr. DICKSTEIN. That is my intention.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

Mr. DICKSTEIN. Mr. Chairman, the committee has authorized the gentleman from Kansas [Mr. REES] to offer four amendments.

Mr. REES of Kansas. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. REES of Kansas: Page 3, line 8, strike out subdivision (e) and insert: "The Attorney General means the Attorney General of the United States."

Page 3, lines 11 and 12, strike out the words "Department of Labor" and insert the words "Department of Justice."

Page 14, line 25, and page 15, line 1; page 15, lines 9 and 23; page 17, lines 5 and 6; page 18, line 25; page 22, line 13; page 39, line 12, strike out the words "Secretary of Labor" and insert the words "Attorney General."

Page 19, line 11; page 36, line 25; page 37, lines 3 and 4; page 40, line 11; page 41, line 2; and page 66, lines 15 and 16, strike out the word "Secretary" and insert the words "Attorney General."

Page 58, lines 8 and 9, strike out the words "or the Commissioner, or a Deputy Commissioner."

Page 69, line 11, and lines 19 and 20; page 87, line 14; page 91, lines 19 and 20; and page 94, line 23, strike out the words "Department of Labor" and insert the words "Department of Justice."

The committee amendment was agreed to.

Mr. REES of Kansas. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. REES of Kansas: On page 34, line 19, strike out the word "three" and insert in lieu thereof the word "five."

The committee amendment was agreed to.

Mr. REES of Kansas. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. REES of Kansas: On page 42, line 23, strike out the word "ten" and insert in lieu thereof the word "seven."

The committee amendment was agreed to.

Mr. REES of Kansas. Mr. Chairman, I have one more amendment.

The Clerk read as follows:

Committee amendment offered by Mr. REES of Kansas: On page 86, line 24, strike out the words "any incorporated territory of;", and on page 87, lines 1 and 2, strike out the words "any incorporated territory of."

The committee amendment was agreed to.

Mr. KING. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the Delegate from Hawaii?

There was no objection

Mr. KING. Mr. Chairman, the amendments just adopted to section 402 of H. R. 9980, a bill to revise and codify the nationality laws of the United States into a comprehensive nationality code, correct a feature of this section that would have stigmatized the American citizens of the two incorporated Territories of the United States—that is, Alaska and Hawaii—as alone incurring the presumption of expatriation provided by the section. As first introduced, such presumption was limited to a national "born in any incorporated Territory of the United States" or of "a parent who was born in any incorporated Territory of the United States."

I called this provision to the attention of the chairman of the committee in the following letter:

JUNE 14, 1940.

Hon. SAMUEL DICKSTEIN,
Chairman, Committee on Immigration and Naturalization, House of Representatives.

DEAR MR. CHAIRMAN: I have been studying the bill which you introduced, H. R. 9980, "to revise and codify the nationality laws of the United States into a comprehensive nationality code," and desire to congratulate you on the excellence of this greatly needed legislation. Both the bill and the accompanying report show the result of much study and hard work.

However, I do want to suggest an amendment to section 402, which prescribes that "a national of the United States who was born in any incorporated Territory of the United States or who was born in any place outside of the jurisdiction of the United States of a parent who was born in any incorporated Territory of the United States shall be presumed to have expatriated himself under subsection (c) or (d) of section 401, when he shall remain for 6 months or longer within any foreign state of which he or either of his parents shall have been a national according to the laws of such foreign state, or within any place under control of such foreign state, and such presumption shall exist until overcome, whether or not the individual has returned to the United States."

Whatever may be the reasons for this section, it singles out the two incorporated Territories of the United States for special treatment different from that accorded the several States, and it places upon the American citizens of those two Territories a presumption of guilt under subsection (c) and (d) of section 401, which is not applied to the citizens of the several States. I am not an attorney and cannot speak with any authority on the legal aspects of this provision. However, I am under the impression that it is not constitutional.

If there is some abuse which this section attempts to remedy, the actual language of the section would punish the innocent with the guilty. There may be many nationals of the United States born in Alaska and Hawaii who in all good faith might prolong their visits to the country of their parents' origin beyond 6 months and find themselves expatriated without having violated the provisions of section 401 in any particular. It is also true that there may

be any number of nationals of the United States born in any one of the several States who may visit the country of their parents' origin for periods of 6 months or more and who could with equal justice be presumed to have offended the provisions of section 401.

In other words, there is no justification for singling out the nationals of incorporated territories in this instance. If the objective of this section is considered necessary or desirable, certainly it is just as important to extend this feature of the law to American nationals wherever born. No valid reason exists for adopting a different procedure for United States nationals born in Hawaii than that prescribed for those born in California, for instance.

May I, therefore, suggest and request that the Committee on Immigration and Naturalization accept the following as a committee amendment:

Line 24, page 86, after the word "in", strike out the words "any incorporated territory of."

Also, in lines 1 and 2, page 87, after the word "in", strike out "any incorporated territory of."

I know you will realize that as a Delegate in Congress from Hawaii it is incumbent upon me to protect the interests of the American citizens of my Territory whose loyalty to the United States cannot be questioned. Legislation such as is proposed in section 402 is no more necessary for Hawaii than any other part of the United States.

With highest personal regards, I am,

Sincerely,

SAMUEL W. KING.

As this matter was also one of considerable importance to the Territory of Alaska I called the attention of the Delegate from Alaska [Mr. DIMOND] to the language of the bill as originally introduced. He in turn addressed the chairman of the Committee and the Deputy Commissioner of the Bureau of Immigration and Naturalization, as follows:

JUNE 8, 1940.

Hon. SAMUEL DICKSTEIN,
Chairman, Committee on Immigration and Naturalization, House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: The bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code, contains provision in section 402 for a presumption of expatriation of a national to the United States who is born in any incorporated Territory of the United States or who is born in any place outside of the jurisdiction of the United States of a parent who was born in any incorporated Territory of the United States, if such person shall remain for 6 months or longer within any foreign state of which he or either of his parents shall have been a national.

This provision is clearly a discrimination against those who reside in the Territories as compared with those who reside in any of the 48 States. If the rule is a good one, I am unable to understand why it should not apply to the United States and all places subject to its jurisdiction rather than incorporated Territories alone. In Alaska a considerable number of our citizens were born abroad, most of them in the Scandinavian countries. If section 402 should become law, any one of these citizens who happen to remain abroad more than 6 months would be faced with the presumption of loss of citizenship, whereas under similar circumstances a citizen born abroad but residing in one of the States would not be affected.

I respectfully suggest that the entire section 402 should be stricken out, or else should be amended so that its provisions will apply to the United States and all Territories subject to its jurisdiction, and not only to the incorporated Territories.

Sincerely yours,

ANTHONY J. DIMOND,
Delegate.

JUNE 8, 1940.

EDWARD J. SHAUGHNESSY, Esq.,
Deputy Commissioner, Bureau of Immigration and Naturalization, Department of Labor, Washington, D. C.

DEAR MR. SHAUGHNESSY: Attached hereto is copy of self-explanatory letter of even date addressed by me to Hon. Samuel Dickstein, chairman of the House Committee on Immigration and Naturalization, with respect to section 402 of H. R. 9980, a bill to revise and codify the nationality laws of the United States.

So far as I am aware, there are only two incorporated Territories, one being Alaska and the other Hawaii. I am sure that there is no condition of affairs existing in Alaska which would justify the application to that Territory of the provisions of section 402 when all of the 48 States are excepted from its provisions.

The proposed legislation embraced in this section is, in my judgment, highly discriminatory and, therefore, objectionable to the citizens of the Territory. Putting aside for the moment the question of the constitutionality of section 402, I suggest that on grounds of public policy no such legislation should be enacted.

Sincerely yours,

ANTHONY J. DIMOND, *Delegate.*

The chairman of the committee referred the Delegate from Alaska [Mr. DIMOND] and myself to the gentleman from Kansas [Mr. REES], chairman of the subcommittee who drafted this measure. The gentleman from Kansas accorded us every opportunity to present our arguments in opposition to this singling out of the Territories for different treatment. Conferences were called between the representatives of the departments interested, and the amendments that would strike out the objectionable language were accepted. The gentleman from Kansas obtained committee approval of the proposed amendments, which have now been accepted by the House. I know I voice the sentiments of the Delegate from Alaska when I join with other members in expressing appreciation of the thoroughness which the gentleman from Kansas has shown in handling this difficult and complicated legislation. I wish further to express my personal thanks for his consideration of the special problems of the Territories.

The CHAIRMAN. Are there further committee amendments?

Mr. DICKSTEIN. No, Mr. Chairman.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word.

I do this, Mr. Chairman, for the purpose of asking some questions of the chairman of the committee and the gentleman from Kansas [Mr. REES], the real author of the bill. When I questioned the distinguished gentleman from Kansas heretofore today, he indicated that the objections that were made by the American coalition had been practically met. As I understand, the amendments offered by the committee do not meet any of the objections offered by the coalition. The amendments offered are only those more or less clerical changes like the substitution of the words "Department of Justice" for "Department of Labor," because the Bureau of Naturalization has been transferred from the Department of Labor to the Department of Justice.

Mr. REES of Kansas. I will answer the gentleman's question, and we can go right down through the objections.

Mr. JENKINS of Ohio. I should like to ask first with reference to section 101 (a).

Mr. REES of Kansas. That has to do with the question of nationals. I discussed that a few minutes ago. The term "nationals" has been used for years and years in the State Department, and it has been used in our treaties. It would be almost impossible to go along without that term. President Coolidge, together with the distinguished Chief Justice of the United States Supreme Court, Mr. Hughes, while Secretary of State, signed a treaty with Bulgaria wherein the term "nationals" is used several times and is defined as "a person owing allegiance to the United States." The term "nationals" has been used in a number of other treaties. It is necessary to use the term. So far as those who made the objection to which the gentlemen refers are concerned, I know they would be satisfied with this term because it has always been used, and it is necessary to write it into the law.

Mr. JENKINS of Ohio. I quite agree with the gentleman. If section 101 (a) should be stricken, then naturally section 101 (b) should also be stricken.

Mr. REES of Kansas. It certainly would not do any good to strike the word "nationals" out of the bill. It would not change the law any.

Mr. JENKINS of Ohio. I agree with the gentleman, because I believe that if it is stricken out something else must be put in its place.

Mr. REES of Kansas. That would have to be done.

Mr. JENKINS of Ohio. Let me proceed further. Did the gentleman go into the objection that this gentleman raises with reference to the fact that section 101 (a) and section 101 (b) applies to residents of Puerto Rico or the Virgin Islands or Hawaii or any other territory or possession that may become a State at some time or another?

Mr. REES of Kansas. Yes. We are in no wise making a State out of Puerto Rico. The term "State" is used only insofar as the question of naturalization is concerned. That is all there is to this. It is used only insofar as the naturalization laws are concerned. The citizens of Puerto Rico are citizens of the United States with the exception of a certain few there. Under a law that was passed about the time we

took over Puerto Rico it was provided that if the people of Puerto Rico so wished they could retain their allegiance to the Spanish Government. It just seems to us that if Puerto Rico is a part of the United States then the people born in Puerto Rico ought to be citizens of the United States. This bill places them in the position of becoming citizens of the United States.

Mr. JENKINS of Ohio. As I understand, a legal, bona fide resident of Puerto Rico is a citizen of the United States.

Mr. REES of Kansas. That is the present law.

Mr. JENKINS of Ohio. And a legal, bona fide resident of the Virgin Islands is a citizen of the United States.

Mr. REES of Kansas. The gentleman from Ohio is correct.

Mr. JENKINS of Ohio. This is the proposition this gentleman advances. Let me read this sentence:

These are unincorporated territories of the United States, and in a broad sense these two sections would confer statehood upon these unincorporated territories.

Mr. REES of Kansas. No; if it conferred statehood I would certainly object to it. I call the attention of the gentleman to the fact that it can be easily explained because they are not citizens of unincorporated States.

Mr. JENKINS of Ohio. I appreciate that what we do in this bill could not confer statehood, but it could complicate the thing if we do something here that would give citizens of that territory full recognition, the same as we would citizens of the State of New York.

Mr. REES of Kansas. I agree with the gentleman that we do not want to confer statehood on Puerto Rico, and we do not do it in this bill. Let me call the attention of the gentleman to the fact that right now our courts down there naturalize citizens, and they have been doing it all the time.

Mr. JENKINS of Ohio. I have apprised the gentleman of these objections, and I am going to yield to his superior information and knowledge about the subject.

Let me proceed to the next objection, if I may.

Regarding section 201 (a) and (b) no change is suggested with the exception of the deletion in the first line of the words "nationals and."

That would revert back to our other objection.

Mr. REES of Kansas. That is correct.

Mr. JENKINS of Ohio. Let us proceed:

Section 201 (c), (d), (e), (f), (g), and (h) should be stricken from the code. The Revised Statutes, section 1993, as amended, should be reenacted as amended. The proposed new section would complicate a situation and extend citizenship too liberally.

What has the gentleman to say about that? I am referring to the second paragraph from the bottom on the first page, which starts "section 201," and so forth.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from New York.

Mr. DICKSTEIN. Is the gentleman reading from the bill or is he reading from a letter of the coalition?

Mr. JENKINS of Ohio. I am reading from a letter from the American coalition. The gentleman from Kansas and I both understand what we are covering. We have come up to this gradually.

Mr. DICKSTEIN. Does not the gentleman believe other Members should understand to what the gentleman is referring? Would the gentleman be good enough to tell me where it is?

Mr. REES of Kansas. I will do that. It will take but a moment.

In section 201 there is a provision that Indians, Eskimos, and Aleuts may become citizens of the United States. There are only a few of them. Under the present law there is a question whether or not Indians are citizens. We clear that up, that is all there is to this. The Eskimos are in the same category. There is a little group of folks who live in the Aleutian Islands near Alaska, and we take care of them. This is clarifying the matter for once and for all so we will not have any argument about it one way or the other.

Mr. JENKINS of Ohio. Then the gentleman's justification for that is that if we do not clear it up there will be a loophole and there will be some people not provided for and their citizenship will be indefinite.

[Here the gavel fell.]

Mr. JENKINS of Ohio. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS of Ohio. Now, let us see what is set out in section 303.

Mr. REES of Kansas. Does the gentleman want to knock anything out of section 303? I just do not believe that he does.

Mr. JENKINS of Ohio. That has to do with African nativity?

Mr. REES of Kansas. That is right.

Mr. JENKINS of Ohio. And at the present time the gentleman holds they are pretty well taken care of and there is no complaint about that.

Mr. REES of Kansas. I think so; yes. I do not think either the gentleman from Ohio or myself wants to change the present law as it affects the naturalization of colored persons. If someone wants to offer such an amendment, we will be glad to discuss it.

Mr. JENKINS of Ohio. That would be my understanding of that also.

Let us go down to section 307 and see what the gentleman has to say with reference to that:

This subsection should be stricken from the code, as it is indefensible and grossly illogical for a foreigner to claim residence in the United States because he may have happened to have served on a coal barge owned by the United States at some time, when he was, in fact, in the country in violation of the law.

Mr. REES of Kansas. The author of the letter probably has given a rather broad interpretation to this section. Under the present law, if an individual does serve on a ship that belongs to the Government of the United States, the time that he serves on that ship is included in the time that he may have lived in the United States. The present law says that if he serves on a ship that has its home port in the United States, then that time is included; but the old law gave, I believe, about 3 years' time. This code provides that if he does serve he must serve there at least 5 years, and it must be a ship whose home port is in the United States and also must be an American ship. We have strengthened the present law to this extent.

Mr. MASON. It really tightens it up.

Mr. REES of Kansas. In this respect, the ship is regarded as United States soil.

Mr. JENKINS of Ohio. Let us see if this would be a fair statement of the fact. This being simply a bill to regulate naturalization, the individual referred to here would have to prove lawful entry in order to become a citizen of the United States.

Mr. REES of Kansas. He would have to come into this country lawfully.

Mr. JENKINS of Ohio. And simply having served on a coal barge in and out of the country would not be lawful entry.

Mr. REES of Kansas. No; he would have to come in lawfully and show that he had served on this particular ship. I do not know whether it could be a coal barge, but I presume a coal barge might come within that category, although I am not sure.

Mr. JENKINS of Ohio. As I see it, then, if you have prepared this bill with all due care, and I know you have, you can take the position that if you have omitted anything those omissions can be cured in the Senate.

Mr. REES of Kansas. That is correct.

Mr. JENKINS of Ohio. You have not invaded the rights of those who control the matter of legal entry into this country.

Mr. REES of Kansas. No.

Mr. JENKINS of Ohio. That is a province of another department, and in order to have the right to be naturalized at all, a man must always be able to prove lawful entry.

Mr. REES of Kansas. That is correct.

Mr. JENKINS of Ohio. That is one objection many people may have to some features of this bill. If they thought it would permit a man to come in unlawfully, and in spite of his unlawful entry to hide behind this new provision of the law, it would be a very unfortunate situation.

Mr. REES of Kansas. Yes, that is right, but this measure does not have anything to do with the question of immigration at all.

Mr. JENKINS of Ohio. There are many corrections and criticisms made here, but I am not going to be tedious and press them all. I have done this simply that I might bring to the attention of the gentleman and the committee the importance of the measure and to indicate that experts can find many loopholes, and today one of the biggest immigration experts in the United States told me that this bill was full of loopholes. I said, "If you will stop long enough to show me what they are and how to correct them, I will be glad to try to do it." There is one thing about it, however, we can take refuge in the fact that this is not the only day we are going to live, we hope, and it is not the only day Congress is going to be in session, and if this bill is not perfect, we can perfect it as we have been compelled to do in connection with every other gigantic step we have taken in connection with new legislation of this kind.

Mr. REES of Kansas. If the gentleman will permit one further statement, there is a paragraph in that letter calling attention to the question of fingerprinting. That was taken care of by the law passed by this Congress on August 27, 1940.

Mr. JENKINS of Ohio. That is, the Smith bill?

Mr. REES of Kansas. Yes.

Mr. JENKINS of Ohio. I hope we are doing what is best and that time will prove it. If not, we must change it.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. RAYBURN, having resumed the chair, Mr. WILLIAMS of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill H. R. 9980, pursuant to House resolution 544, he reported the same back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The committee amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion by Mr. DICKSTEIN a motion to reconsider the vote by which the bill was passed was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks on this bill.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that I may be permitted to extend my remarks by including the message from the President, the submission of the report to the President by the Attorney General, the Secretary of Labor, and the Secretary of State.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include sundry letters and telegrams. I will say this exceeds the limit, but I have an estimate from the Public Printer.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. KING. Mr. Speaker, under previous unanimous consent to revise and extend my remarks on the discussion of the bill H. R. 9980, I ask permission to include some correspondence with various departments of the Government.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on Tuesday next, after the disposition of the business on the Speaker's table and the business of the day, I may be permitted to address the House for one-half hour.

The SPEAKER pro tempore. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. MICHENER. Mr. Speaker, would the Chair indicate what the program is for tomorrow?

The SPEAKER pro tempore. There are two rules from the Committee on Rules. One of them makes in order a bill from the Committee on the Judiciary, H. R. 7236, known as the tort-disputes bill. There is another report from the Committee on Rules on the bill S. 1610, an act to prevent discrimination against the graduates of certain schools.

Mr. MICHENER. That is from the Committee on the Civil Service?

The SPEAKER pro tempore. That is from the Committee on the Civil Service.

Then the Chair agreed to recognize the gentleman from Virginia [Mr. BLAND] for a unanimous-consent request on a bill which he says has a unanimous report from his committee.

Unless these rules, or one of them, is called up there will be no program for tomorrow except unanimous-consent requests.

The SPEAKER pro tempore. Under previous order of the House the gentleman from Arkansas [Mr. ELLIS] is recognized for 15 minutes.

NATIONAL-DEFENSE EXPANSION—REPLY TO CONGRESSMAN JOHN M'DOWELL'S VERSE AND HUMOR, HIS RHAPSODY AGAINST THE MIDDLE WEST, AND HIS CASTIGATION OF THE OZARK HILLBILLIES

Mr. ELLIS. Mr. Speaker, I rise in defense of the Middle West, of its 62 Members of the House, and of the so-called Ozark hillbillies, all of whom our esteemed colleague from Pennsylvania, the Honorable JOHN MCDOWELL, of Pittsburgh, so thoroughly castigated during my absence last Wednesday while on a defense mission in the West.

Referring to an address which I made in the House on August 26, and which appears in the Appendix of the RECORD, at page 5241 the gentleman stated, on September 4, page 11517 of the RECORD:

> The whole gist of Mr. ELLIS' contention appears to be that Pittsburgh is a rich and busy city, turning out the metals and the hardware and the millions of other objects that are used by people all over the world; and we Pittsburghers confess to the truth of that; but Mr. ELLIS also appears to want to tear down our factories, throw out of work our workingmen, close up our mines and our mills, and remove them to the wild hills of the Ozarks where the business and the prosperity will redound to the everlasting glory of the Ozark hillbillies.

Not until I checked my gifted friend's autobiography in Who's Who in America and found that he lists himself as a "contributor of verse and humor," could I comprehend his eloquent and satirical allusions.

In my statement of August 26 I said not a disparaging word of Pittsburgh, nor of Pennsylvania, nor of any man. To keep the record straight, the situation was briefly this: Nearly a billion dollars of our defense appropriations had been allocated for defense contracts and for the establishment of new defense industries. Most of them had gone to New England. Practically nothing had gone to the Middle West. Not a penny had gone to my State of Arkansas. All this in spite of statements by the President, the National Defense Commission, and the War Department that, in the interest of national defense, many of the proposed new defense factories should be located in those invulnerable areas far distant from the borders. Our people were getting restless. Business and civic leaders of Arkansas, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, and North and South Dakota had called a meeting at Kansas City for August 30 in an effort to convince the Government of the logic of its own original thought. The 62 Members of the House from those 9 States had organized for the same purpose and elected as our chairman an able young member of the gentleman's own party. On August 23, Manager Charles E. Robinson, of the Pittsburgh Commission for Industrial Expansion, had written the Honorable William S. Knudsen, of the National Defense Commission, charging that "political pressure is being used to obtain Government plants for 9 Midwestern States unsuited to industry."

In my statement I said, and now repeat:

> Shame on you, Mr. Robinson. * * * Already Pennsylvania has received, out of the vast billions we have appropriated, $182,835,551. Pittsburgh alone has received $12,806,480. Arkansas has received exactly nothing. We love you, Pittsburgh; marvel at your indeterminable industries. We are proud that we of these nine States constitute one-sixth of your domestic market.

The able editor from Pittsburgh, or Wilkinsburg, found cause in my statement to say, with fear and trembling:

> My home has been assailed, my people have been accused, my State has been defamed. * * * I thoroughly agree with Manager Robinson. * * * What manner of reasoning is it that would break up the highly geared mechanical circumstance of the greatest industrial city in the world? * * *

I would humbly suggest that, had the gentleman from Pennsylvania [Mr. McDOWELL] read my statement less recklessly, he would not have become so exacerbated. I challenge him or any other reasonable man to point out any statement or implication wherein I "assailed his home," "accused his people," "defamed his State," or manifested any desire to "break up the greatest industrial city in the world." Nor did I even criticize the Government for allocating $12,000,000 of defense funds to Pittsburgh. I have the confidence in my Government to believe the expenditure was wise, and I am happy for you, but I am disappointed to learn that the gentleman from Pennsylvania [Mr. McDOWELL] "thoroughly agrees with Mr. Robinson" in his ominous fulmination designed to extirpate the inestimable value of the Middle West to the defense of this Nation.

The gentleman's personal reference to me as having been affected by war hysteria and his reference to Arkansas as a State best suited for boiling delirium tremens out of alcoholics is beneath the dignity of a Member of this House, but perhaps is justified as another of his "contributions to verse and humor."

Mr. NORRELL. Mr. Speaker, will the gentleman yield?

Mr. ELLIS. I yield.

Mr. NORRELL. Do you know how he managed to learn that that treatment was given down in Arkansas?

Mr. ELLIS. A lot of people learn by personal experience, but, of course, I am sure he did not learn that way.

Incidentally, the gentleman in his address referred to the conscription bill as "this infamous draft bill" and 3 days later voted against it. His party leader, "Windy" Willkie, finally decided he was for it. Is that war hysteria?

We want nothing from Pittsburgh. There is enough for all. Is not defense as sacred for us as it is for you? You have not heard of us writing the Defense Commission objecting to anybody getting anything. Out West we believe in the philosophy of "live and let live." Furthermore, and I refer to Mr. Robinson, we believe in keeping our noses out of other people's business.

Who is Mr. Robinson anyway? Why, he is the manager of the Pittsburgh Commission for Industrial Expansion. Is he the paid lobbyist of Pittsburgh? Apparently his duties consist also in looking after the industrial contraction of the rest of the Nation.

Mr. EBERHARTER. Will the gentleman yield?

Mr. ELLIS. I yield.

Mr. EBERHARTER. Has the gentleman any foundation for claiming that Mr. Robinson is a paid lobbyist? How does the gentleman know he is paid at all?

Mr. ELLIS. It is my information that he is the manager of the industrial commission of Pittsburgh. Whether he is paid money for it I do not know, but he speaks for Pittsburgh.

Mr. EBERHARTER. The gentleman made the statement that Mr. Robinson was a paid lobbyist from Pittsburgh. Pittsburgh is my home town. From all I understand Mr. Robinson is an industrialist there. He is in business, and he is cooperating with other industrialists there to gear up the Pittsburgh industrial enterprises.

Mr. ELLIS. Then, if I am wrong about his being paid, I stand corrected, but that is not the point. The point is—and I know the gentleman from Pennsylvania, whom I admire greatly, feels this way, too—that he should not be writing the Defense Commission asking them not to give new industries to the Middle West.

Mr. EBERHARTER. I am sure the gentleman from Arkansas will agree that contracts under the defense program of the Government should be allotted to that section of the country which can produce most economically and rapidly. He will also agree that Pittsburgh is the industrial heart of America and is better suited to give immediate response to this urgent demand for national preparedness. Is that not correct?

Mr. ELLIS. I agree with the gentleman. I am talking about new plants for the Middle West. We do not object to Pittsburgh's getting any or all the contracts she can get, but we do object to the gentleman's objecting to our getting anything.

Mr. EBERHARTER. If the gentleman will——

Mr. ELLIS. I am sorry, I cannot yield further, Mr. Speaker; my time is limited.

The trouble with the gentleman from Pennsylvania [Mr. McDOWELL] and Mr. Robinson is that, in the words of Mr. Richard W. Robbins, secretary of the Midwest Defense Conference—

> It is pork if it is for the Middle West, but sugar if it is for Pittsburgh.

Except for those two great barriers, high freight rates and a shortage of cheap, developed power—both of which we are endeavoring to eliminate—we would have already been in this critical hour assisting Pittsburgh and the industrial East materially in their struggle to supply the existing shortage in war materials.

In his address the distinguished gentleman from Pennsylvania made this bold prophecy:

> I shall even venture to make the prediction that the Government of the United States will agree with Manager Robinson.

In his next breath he said:

> The trend of the present administration to break up established and substantial and historic concentrations of industry and labor and skill has been growing more pronounced since 1932.

A bit inconsistent, is not the gentleman from Pennsylvania [Mr. McDOWELL]? In the second breath I know you were wrong, and I believe you were in the first. As proof of the one I refer you to the daily reports of the ever-increasing profits of the great corporations of the country. As proof of the other I quote the Honorable Ralph Budd, member of the Defense Commission, in his address to the Midwest Defense Conference at Kansas City on August 30, which, by the way, was attended by more than 800 delegates from these 9 States:

> Because industry has found it necessary competitively and economically to locate in the East, it does not follow that defense indus-

tries should be so located. There are many reasons why the opposite should be true.

I also quote in full a letter which I have received from the able Secretary of War, also a member of the gentleman's own party:

WAR DEPARTMENT,
Washington, August 23, 1940.

Hon. CLYDE T. ELLIS,
House of Representatives.

DEAR MR. ELLIS: Receipt is acknowledged of your letter of August 20 calling attention to your statment on the floor of the House regarding the location of new production plants for the manufacture of munitions.

An important principle which we have been endeavoring to follow in the location of new munitions plants is that as far as practicable they shall be placed in interior locations, so as to minimize the risk of bombing attack. Another principle is that we should avoid, if possible, erecting munitions plants in areas already congested with manufacturing establishments essential to the national defense.

In locating the first plants under our program of construction the urgency of the requirements has placed these plants where the earliest possible production would be obtained. As the program proceeds, however, and the high priority plants have been located, the War Department will be able to adhere more closely to the above principles. The part of the program so far initiated is only a small portion of the total and it is therefore expected that interior areas will receive more and more consideration as the program develops.

You may be assured that the State of Arkansas and others in the Mississippi Valley will receive full consideration in locating new munitions plants under the defense program.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

These able men recognize, and President Roosevelt recognizes, and every one of my 61 colleagues from these 9 States, Democrats and Republicans, recognize that the great, impregnable Middle West, hundreds of miles from any border line, rich in practically all the minerals of the land, rich in coal, oil, gas, and potential water power, home of the country's purest Anglo-Saxon blood, bread basket of the Nation, is our most unconquerable area, and hence the area that, if recognized, offers the greatest guaranty against a repetition of the battle of France.

Mr. CARLSON. Mr. Speaker, will the gentleman yield?

Mr. ELLIS. I yield.

Mr. CARLSON. I compliment the gentleman on his fight for some industrial defense expenditures for the Middle West. I assure the gentleman and the House that we of the Middle West are not asking for any special favors. All we want is recognition and consideration in this great national-defense program, and if we get some of the crumbs we shall be well satisfied.

Mr. ELLIS. I thank the gentleman.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. ELLIS. I yield.

Mr. JOHNSON of Oklahoma. I join in complimenting the gentleman on his very able presentation. May I not observe, however, that although the Secretary of War states in that splendid letter that he proposes to put these defense activities in the Middle West where they will not be vulnerable in time of emergency, yet it seems they go right on ignoring the Middle West.

Mr. ELLIS. I thank the gentleman, but we hope that is only temporary.

"Hillbillies?" Yes, to the gentleman from Pennsylvania [Mr. McDOWELL], but true and unselfish Americans. We have spilled our blood on the battlefields of every war in which the liberties and ideals that we cherish and the democracy that we love were imperiled. For half a century we have suffered the discrimination which I strive to end and the ridicule which you stoop to perpetuate.

"Contributor of verse and humor!" "Assailed," "accused," "defamed"; castigator of "Ozark hillbillies"; authority on "delirium tremens."—the gentleman's rhapsody on the Middle West. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER pro tempore. Does the gentleman from New York [Mr. DICKSTEIN] seek recognition?

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the time allotted to me on Tuesday of next week be reallotted to me on Wednesday.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his own remarks.

Mr. HINSHAW. Mr. Speaker, on Monday last I was given unanimous consent to insert two articles in the RECORD. It happens they are longer than the rule allows. I have obtained an estimate from the printer, and now ask unanimous consent that they may be inserted in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include articles from the report of David Hirshfield, relating to books by Zaville Muzzey, Ph. D., Barnard College, Columbia University, and Everett Barnes, A. M.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. THORKELSON. Also, Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include articles from the report of David Hirshfield relating to books by Willis Mason West, sometime professor of history and head of the department in the University of Minnesota; and also resolutions of patriotic organizations, such as the Daughters of the American Revolution and the Veterans of Foreign Wars.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KEEFE (at the request of Mr. MURRAY), indefinitely, on account of death in family.

SENATE ENROLLED BILLS SIGNED

The SPEAKER pro tempore announced his signature to enrolled bills of the Senate of the following titles:

S. 2009. An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes.

S. 4008. An act to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 26 minutes p. m.) the House adjourned until tomorrow, Thursday, September 12, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1937. A letter from the Chairman, Securities and Exchange Commission, transmitting section I of chapter VI of part 3 of the Commission's over-all report on the study of investment trusts and investment companies made pursuant to section 30 of the Public Utility Holding Company Act of 1935 (H. Doc. No. 279); to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

1938. A letter from the Secretary of War, transmitting a request for the amendment of H. R. 10321; to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CASE of South Dakota:

H. R. 10494. A bill to exchange certain lands within the boundaries of the Mount Rushmore National Memorial for certain lands in the Harney National Forest, State of South Dakota; to the Committee on the Public Lands.

By Mr. ANDREWS:

H. R. 10495. A bill to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. HARRINGTON:

H. R. 10496. A bill to provide for necessary facilities for the District of Columbia National Guard Air Corps Squadron; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND:

H. Res. 598. Resolution for the consideration of H. R. 9581; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McLAUGHLIN:

H. R. 10497. A bill to make George D. Kahn eligible for naturalization; to the Committee on Immigration and Naturalization.

By Mr. O'TOOLE:

H. R. 10498. A bill for the relief of Alfred Rosenfeld, his wife, Emilie Christiane (Emily), and their sons, Hans Heinrich (Henry) and Ferdinand Andreas (Andrew); to the Committee on Immigration and Naturalization.

By Mr. PETERSON of Florida:

H. R. 10499. A bill for the relief of William E. Trapnell; to the Committee on Claims.

By Mr. REED of New York:

H. R. 10500. A bill granting an increase of pension to Zaida M. Secor; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9292. By Mr. GREGORY: Petition of W. Fred Duff, chairman of Jackson Harris Post, No. 1191, Veterans of Foreign Wars, Paducah, Ky., recommending the delivery to England of the 50 destroyers; to the Committee on Military Affairs.

9293. By the SPEAKER: Petition of the International Lions Club of Dawson, Tex., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

SENATE

THURSDAY, SEPTEMBER 12, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, before whom all things created are even as the dust. Thou art hidden behind the curtain of sense; Thou art mysterious in Thine almighty power, and incomprehensible in Thy greatness; yet we are privileged to call Thee Father. Thou dost keep within Thy grasp the threads of each day's life, and, because it is Thy spirit that stirs within our spirit's inmost room, we know all will be well.

Make this a day of spiritual joy and peace as we commit our lives into Thine own keeping. Do Thou control our thoughts and feelings, direct our energies, instruct our minds, sustain our wills, and make our hands skillful to serve Thee, our feet swift to walk Thy ways. Help us to keep our eyes fixed upon Thine everlasting beauty, and do Thou touch our lips with live coals from off Thine altar, making them eloquent in testimony to Thy love. And since it is Thou, O Blessed One, who dost appoint our lot, we beseech Thee to make this day's work to have a share in the upbuilding of the kingdom of our Lord and Saviour, Jesus Christ, in whose name and for whose sake our fervent prayers are said. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Wednesday, September 11, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lucas	Schwellenbach
Austin	George	McCarran	Sheppard
Bailey	Gerry	McKellar	Smathers
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Green	Miller	Thomas, Idaho
Brown	Guffey	Minton	Thomas, Okla.
Bulow	Gurney	Murray	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Truman
Byrnes	Hatch	Nye	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Caraway	Herring	Overton	Van Nuys
Chandler	Hill	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. SLATTERY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. AUSTIN. The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from Oregon [Mr. MCNARY], the Senator from North Dakota [Mr. FRAZIER], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Minnesota [Mr. SHIPSTEAD] are unavoidably absent.

The PRESIDENT pro tempore. Eighty Senators have answered to their names. A quorum is present.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION—REPORT OF COMMITTEE ON FINANCE DURING RECESS

Under authority of the order of the 11th instant,

Mr. HARRISON (during recess of the Senate), from the Committee on Finance, to which was referred the bill (H. R. 10413) to provide revenue, and for other purposes, reported it with amendments and submitted a report (No. 2114) thereon.

PETITIONS AND MEMORIALS

Mr. VANDENBERG presented a petition of sundry citizens of Benton Harbor, Mich., praying that the United States may keep out of war, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of the State of Michigan, praying that the United States may keep out of foreign war, and also for the adoption of adequate na-

tional-defense measures, which was referred to the Committee on Foreign Relations.

He also presented a memorial of several citizens of the State of Michigan, remonstrating against the enactment of pending selective compulsory military training legislation, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 7276. A bill for the relief of Walter B. McDougall and Herbert Maier (Rept. No. 2115);

H. R. 7302. A bill for the relief of Lillian Brown and Silas Young (Rept. No. 2116); and

H. R. 8301. A bill for the relief of Allen B. Boyer (Rept. No. 2117).

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (S. 1146) for the relief of the leader of the Naval Academy Band, reported it without amendment and submitted a report (No. 2118) thereon.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION—MINORITY VIEWS

Mr. LA FOLLETTE, as a member of the Committee on Finance, submitted minority views on the bill (H. R. 10413) to provide revenue, and for other purposes, which were ordered to be printed as part 2 of Report No. 2114.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

S. 4344. A bill to encourage private capital to finance low-rent-housing and slum-clearance projects, to amend the United States Housing Act of 1937, as amended, and for other purposes; to the Committee on Education and Labor.

By Mr. MEAD:

S. 4345. A bill to amend the Neutrality Act of 1939 to permit the transportation by American vessels of articles and materials to certain naval and air bases leased by the United States; to the Committee on Foreign Relations.

By Mr. VAN NUYS:

S. 4346 (by request). A bill for the relief of Meier Langermann, his wife Friederike, and son Joseph; to the Committee on Immigration.

By Mr. GUFFEY:

S. J. Res. 299. Joint resolution to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State nautical school, and for other purposes; to the Committee on Commerce.

CHANGE OF REFERENCE

On motion by Mr. BARKLEY, the Committee on the Judiciary was discharged from the further consideration of the bill (S. 4340) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, and it was referred to the Committee on Banking and Currency.

ORGANIZATION OF MILITARY UNITS BY THE STATES—AMENDMENT

Mr. SHEPPARD submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 4175) to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes, which was referred to the Committee on Military Affairs and ordered to be printed.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION—AMENDMENTS

Mr. LA FOLLETTE submitted an amendment relative to excess-profits taxation intended to be proposed by him to the bill (H. R. 10413) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. BROWN (for himself, Mr. CLARK of Missouri, Mr. LEE, and Mr. MILLER) submitted an amendment relative to tax-exempt securities intended to be proposed by them jointly to House bill 10413, supra, which was ordered to lie on the table and to be printed.

ENLARGEMENT OF ROCKY MOUNTAIN NATIONAL PARK, COLO.—CONTINUATION OF INVESTIGATION

Mr. HATCH submitted the following resolution (S. Res. 312), which was referred to the Committee on Public Lands and Surveys.

Resolved, That Senate Resolution 147, agreed to on January 8, 1940, authorizing the Senate Committee on Public Lands and Surveys, or any subcommittee thereof, to make a thorough investigation of all questions relating to the proposed enlargement of Rocky Mountain National Park in the State of Colorado, is hereby continued in full force and effect for the same purposes during the Seventy-seventh Congress.

CONSTRUCTION OF GRAVING DRYDOCK IN NEW YORK HARBOR

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 4165) to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building, which were, to strike out all after the enacting clause and insert:

That the Secretary of the Navy is hereby authorized to proceed with the construction of the following public work projects at a cost not to exceed the amount stated after each item enumerated:

Third naval district: Graving drydock and accessory construction in New York Harbor, including acquisition of site, $10,000,000.

Caribbean area: Graving drydock and accessory construction, including acquisition of site, $7,500,000.

First naval district: Improvements to South Boston drydock, $6,180,000.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this act.

Amend the title so as to read: "An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes."

Mr. WALSH. Mr. President, I move that the Senate concur in the House amendments, but I think a brief explanation should be made, as the amendments are of some importance.

The Senate originally passed a bill providing for the building of a drydock in New York Harbor in conjunction with the Port Authority of New York. The Government was to pay a large subsidy to the Port Authority, and they were to build the drydock, and it was to be used jointly for commercial and naval purposes, the Navy having prior rights to use the dock. The House has substituted for the Senate bill a measure providing that the drydock shall be built directly and owned and operated by the Navy itself at a cost of $10,000,000.

It also provides for a graving drydock in the Caribbean area, to be built for $7,500,000, and for improvements in the drydock in the first naval district, to cost $6,180,000.

The Committee on Naval Affairs approves of the building of these drydocks.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. VANDENBERG. Where in the Caribbean zone is the drydock to be built?

Mr. WALSH. It is not yet known or determined.

Mr. VANDENBERG. Is that a drydock in connection with the new base program?

Mr. WALSH. No; it has been contemplated for some time, irrespective of that program.

Mr. VANDENBERG. The Senator does not know whether it comes under that program or a previous reference?

Mr. WALSH. In fact, there was a recommendation made a year ago for the establishment of a drydock in that area. A bill was then pending, but it was not pressed, because it was not thought to be of necessity at that time. The present emergency had not arisen.

Mr. VANDENBERG. This is not a part of the new program?

Mr. WALSH. It is not.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Massachusetts that the Senate concur in the House amendments.

The motion was agreed to.

ADDRESS BY THE PRESIDENT TO INTERNATIONAL BROTHERHOOD OF TEAMSTERS, ETC.

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD the address delivered by the President at Constitution Hall, Washington, D. C., to the International Brotherhood of Teamsters, Chauffeurs, Stablemen, and Helpers, on September 11, 1940, which appears in the Appendix.]

SENATOR ASHURST

[Mr. CONNALLY asked and obtained leave to have printed in the RECORD an editorial from the Washington Times-Herald of Thursday, September 12, 1940, headed "Mr. ASHURST bows out," and an article from the Chattanooga Times of Sunday, March 17, 1940, written by William Pinkerton, entitle "Moving Speech Will Never Die, ASHURST Says—Microphone May Aid," which appear in the Appendix.]

T. N. E. C. HAS NOT PROPOSED REGULATION OF INSURANCE—ADDRESS BY SENATOR O'MAHONEY

[Mr. BYRNES asked and obtained leave to have printed in the RECORD the address delivered by Senator O'MAHONEY to the section of insurance law of the American Bar Association at Philadelphia, Pa., on September 11, 1940, which appears in the Appendix.]

ADDRESS BY SENATOR LA FOLLETTE ON CONSCRIPTION

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an address delivered by Senator LA FOLLETTE on Wednesday, September 11, 1940, under the auspices of the America First Committee, on the subject of conscription, which appears in the Appendix.]

ACTIVITIES OF WAR INDUSTRIES BOARD DURING WORLD WAR—LETTER BY BERNARD M. BARUCH

[Mr. BYRNES asked and obtained leave to have printed in the RECORD a letter addressed by Mr. Bernard M. Baruch to the editor of the New York Times and published in that newspaper on September 10, 1940, referring to activities of the War Industries Board during the World War, which appears in the Appendix.]

AMERICAN FORUM OF AIR DISCUSSIONS ON AID TO GREAT BRITAIN

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a discussion on the American Forum of the Air, held on August 25, 1940, on the subject, Shall the United States Make Available to England Some of Its World War Destroyers? and another discussion on the American Forum of the Air, on September 1, 1940, on the subject, How Far Shall the United States Aid Great Britain?, which appear in the Appendix.]

ST. LOUIS POST-DISPATCH EDITORIAL ON TRANSFER OF DESTROYERS TO GREAT BRITAIN

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an editorial from the St. Louis Post-Dispatch of September 7, 1940, entitled "A Demolishing Indictment," which appears in the Appendix.]

EDITORIAL FROM ST. LOUIS POST-DISPATCH ON NATIONAL LABOR RELATIONS BOARD

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD an editorial from the St. Louis Post-Dispatch of the issue of September 2, 1940, under the heading "The future of J. Warren Madden," which appears in the Appendix.]

THE MONROE DOCTRINE

Mr. NYE. Mr. President, for the past 6 years the grand lodge, Ancient Free and Accepted Masons of North Dakota, has conducted for high-school pupils throughout the State an oratorical contest on some pertinent phase of Americanism.

This year, the seventh of the contest, the subject chosen is the Monroe Doctrine, its aim and purposes. Probably about 2,000 young men and women will be engaged in this contest, through the local contests, the district eliminations, the regional eliminations, and finally the State-wide finals.

It occurs to me that the topic chosen for this year is extremely significant and highly interesting. The executive secretary of the grand lodge, Mr. W. J. Hutcheson, of Fargo, solicited my help in obtaining for these contestants a short, easily understandable discussion of the Monroe Doctrine available for distribution on a wide scale.

I sought in vain for such a publication. I have, therefore, prepared a brief history of the Monroe Doctrine, incorporating its aims and purposes, which I desire to have entered in the CONGRESSIONAL RECORD so that excerpts therefrom can be made available to those who will compete in this splendid program. I ask unanimous consent for its incorporation in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

THE MONROE DOCTRINE: ITS HISTORY, AIMS, AND PURPOSES

The United States had not been a nation very long before it recognized an essential truth which is still the principal element of American foreign policy. That truth was that if the hard-won freedom of America was to be maintained it was going to be necessary for this Nation to stay entirely away from the tangles and strife of European power politics. Right along with that determination and just as forceful, there was a determination not to permit any European power to interfere with any of the Americas.

This conviction, despite a treaty of alliance with France, which had grown out of the Revolutionary War, led America, in 1793, to lay down a declaration of neutrality. The Farewell Address of Washington had been more than a warning; it was a statement of deep-seated principles:

"The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible," he said. "Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence therefore it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities."

FRIENDLY TO SOUTH AMERICANS

But the United States had watched with strong interest the struggle of the peoples of South America to rid themselves of domination by European powers. The United States recognized the Republic of Colombia in 1822, the Government of Buenos Aires and the states of Mexico and Chile early in 1823. In 1824 it recognized the independent Empire of Brazil, and in the same year the federation of Central American states.

The Holy Alliance in Europe, formed by the sovereigns of Austria, Russia, and Prussia, was seeking to enforce the divine right of kings as opposed to the growth of liberal government. France joined the alliance in an attempt to put an eternal end to representative government, and there began an effort to overthrow the new governments built out of the old colonies of Spain in the Western Hemisphere.

This was the way matters stood in August of 1823. President Monroe, consulting with Jefferson and Madison, discovered that Jefferson regarded the new threat from Europe as a question of the utmost importance.

"Our first and fundamental maxim," said Jefferson, "should be never to entangle ourselves in the broils of Europe. Our second, never to suffer Europe to intermeddle with cis-Atlantic affairs."

PRINCIPLE LAID DOWN IN 1823

With the advice of his Cabinet, President Monroe, on December 2, 1823, formulated a message to Congress which was a declaration of policy for the United States and which incorporated what is known as the Monroe Doctrine.

The doctrine is contained in two paragraphs in President Monroe's message. The first paragraph, however, grew out of something else than the situation respecting the former Spanish colonies south of us. It grew out of Russian claims on the northwest coast of North America. The Russian Czar in 1821 had declared that citizens of other nations would be prohibited from navigating and fishing within 100 miles of the northwest coast of North America, from Bering Straits to the fifty-first parallel, north latitude. There were protests, of course, from the United States, and President Monroe covered the situation in this language:

"In the discussions to which this interest has given rise, and in the arrangements by which they may terminate, the occasion has been judged proper for asserting as a principle in which the rights and interests of the United States are involved, that the American continents, by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subjects for future colonization by any European powers."

SECOND PARAGRAPH SIGNIFICANT

It was the second paragraph of President Monroe's message which touched on the situation of the former Spanish colonies.

He said:

"In the wars of the European powers in matters relating to themselves, we have never taken any part, nor does it comport with our policy so to do. It is only when our rights are invaded or seriously menaced that we resent injuries and make preparation for our defense. With the movements in this hemisphere, we are

of necessity, more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the Allied powers is essentially different in this respect from that of America * * * We owe, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose indpendence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them or controlling in any other manner their destiny, but any European power, in any other light than as a manifestation of an unfriendly disposition toward the United States. * * * It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition, in any form, with indifference."

A SIMPLE BUT STRONG POLICY

In very brief language the two paragraphs together mean just this:

1. We want no part of anything in Europe and we aren't interested in interfering in Europe. Our best interests are served by staying out of European power politics.

2. But we intend that Europe shall stay out of the Americas; we will not stand for its interference in our affairs or the affairs of our sister republics, and any European nation attempting to so interfere in any of these nations will have us to reckon with.

The Monroe Doctrine is really the foundation stone of American foreign policy. It has proved the wise course through the years, and most American Presidents have removed the Monroe Doctrine from its resting place, dusted it off, and said, "This goes for me too" whenever it looked as if Europe had forgotten about it.

There have been some modifications in the original Monroe Doctrine; that is, its application has been widened. All non-American powers were destined to take heed, not only European powers. And it was interpreted to imply that no power which had possessions in this hemisphere, not affected under the original declaration, could extend such holdings. Essentially, these modifications in no way changed the fundamental principle, but, indeed, strengthened it.

The French tried to intervene in Mexico while America was busy with its War between the States, and they attempted to take advantage of our unhappy internal situation. They shortly discovered that busy as we were, we had not forgotten the Monroe Doctrine.

IT HAS OFTEN BEEN APPLIED

There were instances, such as the settlement of the controversy over the boundary line between Venezuela and British Guiana in 1895 to 1897, when the doctrine was cited as a case in point, and again there was the matter of disposing of German, British, and Italian claims against Venezuela in 1902–4.

It is necessary to keep in mind that the Monroe Doctrine is not an act of Congress. It has been approved by the Congress, of course, but it could well be said that it draws its main strength from the very spirit and sentiment of the American people themselves. It is not part of any treaty, and it is not part of any international agreement.

It is as American as sweet corn or baked beans.

It expresses the way we, as Americans, interested in our own country first, last, and all the time, have always felt and, if we are wise, will always continue to feel. As we have grown as a nation, our influence in world affairs has grown, too; but the Monroe Doctrine has been an effective force against ambitions of some few to extend our influence into quarters which would be dangerous to our own welfare.

But while it has no basis itself in a treaty, the Monroe Doctrine has had to be recognized in treaty making and in international deliberations. There were two conventions in The Hague, Holland, one in 1899 and one in 1907, the declarations of which took careful note that nothing therein should apply to the United States position as covered by the Monroe Doctrine.

NO THOUGHT OF AGGRESSION

Another essential in any consideration of the Monroe Doctrine is that it does not carry with it any thought of aggression on our part. It carries with it no threat to the security of any other American state. Not by any means can it be construed as a protectorate over other American countries. Such protectorate would naturally be resented by them and, indeed, be dangerous to them.

It simply means that our sister republics are free to pursue their individual ways as they see fit, but that they may enjoy at all times the knowledge that no non-American power can interfere in their affairs without reckoning with the United States.

President Theodore Roosevelt put it this way:

"It (the Monroe Doctrine) is in no wise intended as hostile to any nation in the Old World. Still less is it intended to give cover to any aggression by one New World power at the expense of any other. It is simply a step, and a long step, toward assuring the universal peace of the world by securing the possibility of a permanent peace in this hemisphere."

Again, at a later date, he said:

"In many parts of South America there has been much misunderstanding of the attitude and purposes of the United States toward the American Republics. An idea had become prevalent that our assertion of the Monroe Doctrine implied or carried with it an assumption of superiority and of a right to exercise some kind of protectorate over the countries to whose territory that doctrine applies. Nothing could be farther from the truth."

HELPS TO KEEP THE PEACE

The doctrine has gone a long way toward keeping peace in the Western Hemisphere. It is an example of how a strong nation, wanting only to mind its own business, and with no selfish ambitions of its own, can serve the cause of peace in at least a part of the world.

Other nations, unlike the United States, have operated on the basis of alliances, to maintain a balance of power, or else made no secret of aggressive ambitions.

For 2,000 years in Europe, they have been fighting a war on the average of every 25 years, the boundary lines shifting like sand dunes after each engagement, but never has the result of any such war left the people of either the victorious or defeated nations any happier, better governed, or better fed.

No other nation had a hand in the declaration of the Monroe Doctrine, and no other nation need be consulted as to its application. President Woodrow Wilson once emphasized this fact:

"The Monroe Doctrine was proclaimed by the United States on her own authority. It has always been maintained and always will be maintained upon her own responsibility."

So it was not only the Hague conventions, but also the League of Nations Covenant which found it necessary to take recognition of the Monroe Doctrine. It was stated in the covenant that "nothing in this covenant shall be deemed to affect the validity of * * * the Monroe Doctrine."

THE SENATE STOOD FIRM

The United States Senate did not consider this recognition strong enough, however, and in discussion of the Treaty of Versailles, written after the close of the World War, the Senate declared the Monroe Doctrine "to be wholly outside the jurisdiction of said League of Nations and entirely unaffected by any provision contained in said treaty of peace with Germany."

Jealously, indeed, and rightfully so, have American statesmen guarded the Monroe Doctrine and the right of America to interpret it as it alone desires to. So jealously has this cherished safeguard of the American way been guarded, that it has been guarded even against forces within our own country whose ambitions to play a larger hand in the international field have carried them far in their thinking from the basic principle of the welfare of the United States and its sister republics.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

Mr. VANDENBERG. Mr. President, the operation of the draft law and the operation of the National Guard mobilization law will undoubtedly suspend or interrupt the rights of many workers under both the old-age pension section and the unemployment section of the Social Security Act. It seems to me that the quickest method of curing this situation is through an amendment to the tax bill. Therefore I offer an amendment to the tax bill, which I ask to have printed and lie on the table, and also printed in the RECORD. Meanwhile I should like particularly to call it to the attention of the chairman of the Senate Finance Committee.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table, and also will be printed in the RECORD.

The amendment intended to be proposed by Mr. VANDENBERG to House bill 10413 is, at the appropriate place, to insert the following:

Title II, section 209, of the Social Security Act of 1935, as amended, is hereby amended by adding at the end thereof a new subsection (o), as follows:

"(o) In determining eligibility and in computing benefits under section 209, and for no other purpose, the term 'total wages', as used in subsection (f) of this section, shall, in the case of any covered individual who, after July 1, 1940, has served in the land or naval forces of the United States, be deemed to include for each month of such service an amount equal to the average monthly wage received by such covered individual during the quarter immediately preceding such period of service, but in no event shall such 'total wages' exceed $3,000 for any single year."

SEC. 2. Section 1603 of the Federal Unemployment Tax Act of 1939 is hereby amended by adding at the end of subsection (a) a new paragraph (7), as follows:

"(7) For the purpose of computing eligibility and benefits of any covered employee who, since July 1, 1940, has served in the land and/or naval forces of the United States, such period of service shall be included in the same manner as though said individual had continued in a covered employment during such period of service, and for the purpose of computing benefits only, such individual shall be credited for each week of such service with wages equal to the average weekly taxable wage earned in the quarter immediately preceding induction into such land or naval forces."

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

Mr. NEELY. Mr. President, I ask for the present consideration of the conference report on Senate bill 3550.

The PRESIDENT pro tempore. Is there objection?

Mr. NORRIS. Mr. President, I have no objection to the report being laid before the Senate, but I shall have something to say before it is disposed of.

The PRESIDENT pro tempore. Is there objection to the present consideration of the report? The Chair hears none. The report will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"That whoever shall knowingly transport or knowingly cause to be transported in interstate commerce, in any manner or by any means whatsoever, or aid or assist, knowingly, in obtaining transportation for or in transporting any goods, wares, and merchandise manufactured, produced, or mined wholly or in part by convicts or prisoners (except convicts or prisoners on parole or probation) or in any penal or reformatory institution, from one State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, or from any foreign country, into any State, Territory, Puerto Rico, Virgin Islands, or District of the United States, or place noncontiguous but subject to the jurisdiction thereof, shall be punished by a fine of not more than $1,000 or by imprisonment of not more than one year, or both: *Provided*, That nothing herein shall apply to commodities manufactured in Federal or District of Columbia penal and correctional institutions for use by the Federal Government or to commodities manufactured in any State penal or correctional institution for use by any other State, or States, or political subdivisions thereof; to parts for the repair of farm machinery; or to agricultural commodities: *Provided further*, That this act shall go into effect 1 year after its approval by the President."

And the House agree to the same.

Amend the title so as to read: "An act to make unlawful the transportation of convict-made goods in interstate commerce, and for other purposes."

And the House agree to the same.

PAT MCCARRAN,
M. M. NEELY,
Managers on the part of the Senate.
HATTON W. SUMNERS,
DAVE E. SATTERFIELD, Jr.,
C. E. HANCOCK,
Managers on the part of the House.

Mr. NEELY. Mr. President, this bill was unanimously approved by the subcommittee and the full committee which reported it. The Senate passed it without a dissenting vote. The House passed it with an amendment. The bill was sent to conference. The conferees, after many meetings and much deliberation, reached an agreement which is embodied in the conference report before the Senate.

The bill is now identical with that which was passed by the Senate, except that the proviso has been enlarged so as to include the District of Columbia, and the following additional language which was inserted after the word "Government", in the tenth line on page 2, namely—

Or to commodities manufactured in any State penal or correctional institution for use by any other State, or States, or political subdivisions thereof; to parts for the repair of farm machinery; or to agricultural commodities.

In my opinion these additional exemptions from the operation of the bill sufficiently explain themselves.

Mr. President, I move that the conference report be adopted.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. NEELY. I yield.

Mr. VANDENBERG. I am not quite clear as to the Senator's explanation. Did the House amendment also cover binder twine?

Mr. NEELY. It included both binder twine and farm machinery; but the conferees refused to accept these provisions.

Mr. VANDENBERG. What is the date when the binder-twine prohibition goes into effect?

Mr. NEELY. The entire act will become effective a year after its approval by the President.

Mr. VANDENBERG. I thank the Senator.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. NEELY. Gladly, after I redeem my promise to yield to the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, I ask the Senator from West Virginia not to take up the conference report this week; and I desire briefly to state why I make that request.

The conference report has been agreed to by the House; so we are in a different position, so far as delay is concerned, than though we had before us a bill which had to have action by the House. When the Senate acts on the conference report, if it approves it, the bill will go directly to the President for his signature.

I am one of the conferees. I did not agree with my brethren from the Senate, and I have not signed the conference report.

The Senator from Minnesota [Mr. SHIPSTEAD] is very much interested in the report, and, as I understand, is exceedingly anxious to be heard upon it. His State, in his judgment, has a great interest involved. The Senator from Wisconsin [Mr. LA FOLLETTE] also desires to have the report go over, because of the work he has been doing on the Finance Committee, which, as we all know, has been very busy on the tax bill; and the Senator from Wisconsin felt that on that account he would be unable to go into a discussion of this question today or yesterday.

No injury can come from delay, because the bill itself provides that it shall not become effective for 1 year after its enactment; so there will be no injury to anybody if it goes over. I think the Senate ought to extend that much courtesy to the Senator from Minnesota [Mr. SHIPSTEAD], who, as we know, is absent on account of the primary fight in his State, and will not be here, as I understand, until next week.

So far as I am personally concerned, I would just as soon see the matter taken up now as at any time, but under the circumstances, since delay cannot work any injury, I am asking the Senator from West Virginia if we will not refrain from asking action until next week, so as to give the Senator from Minnesota particularly an opportunity to be heard on a question which to him he believes to be quite vital.

Mr. NEELY. Mr. President, I could never willingly refuse to grant a request made by the able and beloved senior Senator from Nebraska. But unhappily for me, the friends of the bill have already complained again and again of what they consider the conferees' unreasonable delay in obtaining a final vote on this important measure. In the circumstances, will not the Senator from Nebraska submit his request or suggestion for delay to the Senate instead of to me?

Mr. NORRIS. I do not see how I could submit it to the Senate. If the Senator does not press for action on his motion, it will simply be on the table until next week.

Mr. NEELY. Mr. President, I shall not oppose the request of the Senator from Nebraska for an additional brief delay.

Mr. NORRIS. Then let us have an understanding.

Mr. CLARK of Missouri. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. CLARK of Missouri. I should like again to call the attention of the Senate to the statement made by the Senator from West Virginia. This matter has been in conference since the 8th of July. The bill was reported out of the subcommittee unanimously and out of the full committee unanimously, and passed the Senate unanimously, and has been held up in conference on certain items which have now been agreed to, and from which the House made the principal recession. The House, after receding from the principal position it had taken, adopted the conference report yesterday by a vote of 251 to 48. I certainly would not want in any way to discommode the Senator from Nebraska or the Senator from Minnesota, for whom I have great respect and affection, but the fact is that last week the Senator from

Montana [Mr. WHEELER] delayed a vote on the conference report on the transportation bill for 2 or 3 days to permit the Senator from Minnesota to return to the Senate. It does not seem to me that on matters of the importance as that now before us, which have been delayed for so long, when a conference report has been agreed to, action on it should be postponed for another week to enable any Senator to return to the Senate. It seems to be an unreasonable request for the Senator to make.

Mr. NORRIS. Mr. President, I do not believe any fair-minded man, if he will give consideration to the request I have made and the reasons I have given for it, will think that it is an unprecedented request. It would not delay the legislation.

Mr. CLARK of Missouri. I do not think the Senator from Minnesota, as fond as I am of him, should expect the business of the Senate to be held up indefinitely while he was away. I understand the reason why the Senator from Minnesota is away. He has a very good reason for being away. As I have said, the Senate delayed a vote on the conference report on the transportation bill for some time out of consideration for the Senator from Minnesota, and the matter now before us has been hung up so long, and is a matter as to which it will be necessary for certain States to make adjustments, and I think it should be taken up.

Mr. NORRIS. If the action I am asking would delay matters, would delay putting the proposed law into effect, there would be a different situation, but no one would be delayed. If the Senator from West Virginia wants to make a request for unanimous consent to agree now to fixing a specific hour on a certain day when the matter shall be taken up next week, I will have no objection. I am making my suggestion, not because of anything I myself desire, but I believe it is a fair request to make in behalf of the Senator from Minnesota.

Mr. NEELY. Mr. President, in order to accommodate the distinguished Senator from Nebraska [Mr. NORRIS] and the able Senator from Minnesota for whom he speaks, I ask unanimous consent that the conference report be taken up for final action not later than 12:30 p. m. on Tuesday of next week.

Mr. NORRIS. I have no objection to that. Then the Senator can notify the Senator from Minnesota.

Mr. NEELY. He will be notified by telegram this afternoon.

Mr. BILBO. Mr. President, I should like to ask the Senator from West Virginia if this measure would affect cotton grown by convict labor.

Mr. NEELY. No; agricultural commodities are specifically excluded from the operation of the bill.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, I was detained and did not hear the request.

The PRESIDENT pro tempore. The Senator from West Virginia asked that the matter to which he has called attention be postponed until not later than 12:30 o'clock on Tuesday next.

Mr. BARKLEY. Was the agreement that we would vote at not later than 12 o'clock?

Mr. NEELY. No; we should not interfere with the morning prayers in the Senate.

Mr. BARKLEY. Especially the Senator from West Virginia could not, because he is responsible for them.

Mr. NEELY. For the credit which the Senator from Kentucky gives me for the institution of daily prayer in this body, I sincerely thank him.

LABELING OF WOOL PRODUCTS—TRUTH IN FABRIC

The Senate resumed the consideration of the motion of Mr. SCHWARTZ to concur in the amendment of the House of Representatives to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool produucts, and for other purposes.

Mr. THOMAS of Oklahoma. Mr. President, the motion pending before the Senate is to concur in the House amendment to Senate bill 162. This amendment is an entirely new bill. The amendment has never been considered by any committee of the Senate or by the Senate itself. The amendment consists of 14 sections, and its importance to my State and the other States and the country as a whole justifies my occupying some time to explain it.

The bill, in the form of a House amendment, is sometimes referred to as a "wool" bill, it is sometimes referred to as the "truth in fabric" bill. The amendment contains nothing which justifies the name "truth in fabric," and the term "truth in fabric" as applied to the amendment is wholly inadequate and is a misnomer.

For many years—30 or 40, perhaps—measures have been introduced in both Houses of the Congress seeking to magnify the importance of wool. In various Congresses the two Houses have considered such proposals, but to date no bill of this kind has ever passed both bodies and received the approval of the Chief Executive.

The facts relative to this particular bill are somewhat as follows: The distinguished Senator from Wyoming [Mr. SCHWARTZ] introduced a bill at the beginning of the present Congress, and the bill was referred to a subcommittee of the Committee on Interstate Commerce. The subcommittee held hearings, and submitted a report to the main committee. The main committee reported the bill, and it came before the Senate for consideration. On the 21st day of July 1939, more than a year ago, the Senate took final action upon the bill.

This class of legislation has been pending before the House and Senate for upward of 40 years. Various Members of the present and previous Congresses have tried to prepare such legislation, and have introduced such measures. The distinguished senior Senator from Kansas [Mr. CAPPER] years ago sponsored legislation along this line, but, after he had made a thorough investigation and given the subject matter consideration, he decided that such legislation could not be enacted, and he has ceased his efforts along that line.

The distinguished majority leader, the senior Senator from Kentucky [Mr. BARKLEY], when the bill now under consideration was before us in July 1939, made the statement, in substance, that "twenty-odd years ago legislation was introduced in the House of Representatives along this line." The legislation was referred to a subcommittee of which the Senator from Kentucky, at that time a House Member, was chairman. The Senator said, "extensive hearings were held upon the House bill, but nothing was done about it." So far as I know, the Senator from Kentucky has not followed up the proposed legislation, because I have served with him in this body and in the other body for something like 17 years, and until the pending bill came before the Senate I had never heard him raise his voice in behalf of wool legislation or in behalf of a so-called truth-in-fabric bill.

In the debates in the House of Representatives a few days ago a Member of that body made a statement to the effect that he became convinced that legislation should be passed to protect consumers against various materials being woven into cloth and mislabeled and misbranded, so that the consumers buying what they thought was one thing, would later find they had bought something else. The particular Representative, to whom I shall refer later on, came to the conclusion that such legislation could not be enacted, and he gave up in despair.

Only the distinguished senior Senator from Wyoming has persisted; and for his persistence I commend him. After 20 years or more of investigation, and thorough consideration, the Senator from Wyoming prepared a bill, or had prepared a bill which was referred to the Senate Committee on Interstate Commerce. That committee made

something like 20 changes in what, obviously, was the best bill the experts could draft.

Then when the bill was reported to the Senate with something like 20 amendments to it, the Senate added some more amendments to the bill, and finally, when the Senate had perfected the bill as best it could, it was passed and sent to the House of Representatives.

When the bill reached the House it went to the Speaker's desk, and there it rests today. It was not referred to a House committee. The other body did not give the bill sufficient consideration even to order it printed, and the Senate bill, with all the amendments, the bill passed by this body on the 21st day of last July 1939, has never been printed, and is not printed now. So that if any Senator wishes to see what was done by the Senate more than a year ago, he must go to the CONGRESSIONAL RECORD and search out the amendments, or perchance go to the Secretary's office and get a copy of the engrossed bill. I tried to obtain a copy of the engrossed bill some days ago, but the document room did not have a copy of it. The Secretary's office had a part of a copy of the engrossed bill, and the office kindly typed the remainder and afforded me a copy. That is the only copy I have. If Senators send to the document room for a copy of the bill as it passed the Senate more than a year ago they cannot obtain a copy. It was not printed in this body, as mentioned by the Senator from Wyoming, and was not printed by the other body when it reached that body. It lay upon the Speaker's desk for more than a year. It never received the courtesy of being referred to the regular committee which would naturally handle it in the other body of Congress.

It may be said that the other body had a bill of its own, and that is correct. The Interstate and Foreign Commerce Committee of the House of Representatives had its own bill, which it proceeded to consider. In due time the House committee reported its own bill to the House Calendar. When the bill was reported by the House Committee on Interstate and Foreign Commerce there were absent 2 members of the committee. The vote on the question of reporting the bill from the committee was 12 in favor of reporting it and 11 against reporting it, with 2 members absent. So Senators can see that the House bill, a companion bill, started out to be identical, but one bill took one road and the other bill another road, and we have before us the bill which took the other road than that taken by the Senate bill. We have now before the Senate the House bill in the form of an amendment to the Senate bill.

Mr. NORRIS. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I wish to get an understanding of the parliamentary situation. It seems to be quite complicated.

Mr. THOMAS of Oklahoma. I was coming to that.

Mr. NORRIS. The Senator from Oklahoma said the bill was still on the Speaker's desk.

Mr. THOMAS of Oklahoma. That statement was slightly inaccurate, but I will explain it in detail. The bill came upon the House calendar. Efforts were made to have the bill taken up for consideration and passage. The opposition was so strenuous in the House that it could not be brought up by unanimous consent. The Committee on Interstate and Foreign Commerce never had its day in the House apparently, and the bill could not be brought up except on an Interstate and Foreign Commerce Committee day. So the bill remained upon the calendar.

An application was made for a rule to place the bill upon the calendar with a preferred status. For months the opposition to the bill in the Committee on Rules was in the majority, and the bill could not be reported by the Rules Committee. For some reason—I do not know the reason, and I care less—some members of the Rules Committee changed their minds, and at last, when one or two members were absent, the members of the Rules Committee in favor of the bill found themselves to be in the majority, and a rule was authorized.

The bill came before the House then under the rule. That was the House bill. The Senate bill was still on the Speaker's desk, and had never been referred or printed. No one knew what it contained, unless he had gone to the Speaker and made inquiry with respect to the contents of the Senate engrossed bill. Under the rule the bill was brought up for consideration, and it was passed.

After the House had passed the House bill (H. R. 944) a companion bill to the Senate bill, but entirely different, on the same day the chairman of the committee asked unanimous consent to take the Senate bill from the Speaker's desk and have it laid before the House. There was no objection. There could have been none. The Speaker laid the Senate bill before the House, whereupon a motion was made that all after the enacting clause of Senate bill 162 be stricken, and that the substance of House bill 944 be inserted in lieu thereof, and that motion was adopted.

Then the Senate bill, as amended with the House text, came to this body, and that is the bill which is now pending before the Senate.

Mr. President, the House amendment has not been printed. If any Senator present wants to see what the Senate has done on this matter he is not able to obtain a printed copy of the Senate action. If a Senator desires to see what the House did on the bill, likewise he would be unable to obtain a copy of the amendment, because it has not been printed. So we have the situation, Mr. President, of a bill pending before this body which not a single Senator has read, save the distinguished author of the measure, the junior Senator from Wyoming [Mr. SCHWARTZ].

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. SCHWARTZ. I have here in my hand the bill as it came over from the House, and I have compared it with the Senate bill and have shown the amendments which were made by the House. I have distributed to various Senators, copies which show each amendment made, and the difference between the original bill and the bill as it came from the House. I shall be glad to furnish the Senator from Nebraska [Mr. NORRIS] with a copy of it.

Mr. THOMAS of Oklahoma. Mr. President, I will make the further statement that, save the distinguished junior Senator from Wyoming, not a single Senator on the floor, nor a single Member of this body, not on the floor, has any conception of what the amendment means or what it is. The House made 17 changes in the Senate bill. The bills deal with the same subject matter, but that is all. The House bill represents a change almost in toto from the Senate bill. So the Senate is asked to ratify and agree to and concur in a House bill which Members of the Senate have never read, and have had no chance to read, because it is not even printed.

The Senator from Wyoming exhibits a bill to the Senate, and if he will let me take it for a moment I wish to exhibit the changes. Here is the House engrossed amendment. I show the Senate the amendments on page 1. Here are the amendments on page 2. Here are some typewritten amendments on page 3. Here are some typewritten amendments on page 4. Here is a flock of amendments on page 5. Here are amendments on page 7. Also amendments on page 9 and amendments on pages 12, 13, and 14. It was necessary to have all those amendments written in the bill as amended by the House and sent back to the Senate, in order to show the changes. The two bills deal with the same subject matter, but that is all.

Mr. President, this is an important bill. A motion is now pending to agree to the House amendments—one motion to agree to them en bloc. It is proposed by one motion to agree to 17 changes at least, and perhaps more, from the action of this body. That is to be done by one motion.

Mr. President, I cannot agree to that motion until I at least occupy some time to explain what the bill means. It is alleged to be a wool bill. The bill affects every sheep raiser in America—at least the sheep raisers think it does. In 1935 we had in this country more than 54,000,000 sheep. In that year those sheep produced more than 388,000,000 pounds of wool. At that time wool was selling for 20 cents a pound.

So the clip in 1935 from the sheep was worth at the market price at that time some $84,000,000.

Mr. President, the wool growers, of course, think the bill will help them. I wonder why. I will tell the Senate why. They think the bill, if enacted, will raise the price of wool at least 5 cents per pound. How much money will that mean if the passage of the bill raises the price of wool 5 cents a pound? In 1935 we produced 388,000,000 pounds of wool, and a 5-cent increase per pound would have resulted in a total increase of approximately $20,000,000 on that year's wool clip. So the bill, if enacted into law, would result in raising the price of wool, if the wool growers' claims are correct, and they believe they are correct.

Mr. President, the sheep growers, in my opinion, not knowing what is in their best interest, favor this proposed legislation. But the bill affects more than the sheep growers. It affects the cotton producers of America. There are in the South 11 or 12 States whose people to a great extent depend for their livelihood largely on the raising of cotton. This year we will produce in the United States approximately 12,000,000 bales of cotton, if the estimates which I have before me are correct. The United Press on September 9, only 3 days ago, carried an article dealing with the estimated cotton crop for this year, and I shall read from that news story in a moment.

Mr. President, I have just said that the bill affects the sheep growers of America, or they think it will, and I think it will. If the bill is passed, I think it will result in increasing the price of wool materially. How much the increase will be per pound I do not know, but for 20 years the testimony of those who profess to know has been to the effect that the enactment of the bill or a similar bill will raise the price of raw wool 5 cents per pound.

Mr. President, I contend that the bill is an anticotton bill, as I shall proceed to show as I continue my statement. If it is an anticotton bill, it affects the cotton produced this year. I now read from the news story to which I referred:

> The Agricultural Department Monday reported that the condition of the cotton crop as of September 1 was 74 percent of normal, with an indicated total production of 12,772,000 bales.

So Mr. President, if I am correct in my interpretation of the measure, that it is an anticotton bill, it will affect adversely almost 13,000,000 bales of cotton. The cotton growers are opposed to the bill. They are not opposed to truth in fabric. If it were a measure which would require the consumer to be informed of what he was buying, in toto or reasonably accurately, they would not oppose it. But the bill does not profess to be a truth-in-fabric bill, except as to one thing, and that is wool.

Mr. President, the bill is an anticotton bill because if the bill should become law it would place cotton in a category below the lowest grade of wool, which is shoddy—and rotten shoddy at that. A woolen mill might take shoddy and process it, weave it into cloth, cut the cloth into a garment, and put the garment on sale as an all-wool product, a 100-percent-wool product, even though it were the rottenest shoddy on the market. No doubt the consumer would rather have an all-wool product, whatever grade of wool it might be made of or in whatever condition the wool might be, than to have a product made of cotton or of a certain percentage of cotton. So I say that the bill is an anticotton bill. If it would adversely affect the use of cotton, it would adversely affect the price of cotton.

If the bill would stimulate the use of wool where cotton is now being used, or if it would provide for replacing cotton with wool, it would injure cotton. No one can doubt that. The only purpose of the bill is to glorify what is termed "virgin wool." As I shall show as I proceed, some virgin wool is worse than the worst shoddy, if the shoddy originally was good wool.

So my objection to the bill is, first, that it is an anticotton bill, and, second, that it is an anti-national-defense bill. By that I mean that if the bill should pass and become a law, and do what those who favor the bill think it would do—raise the price of wool—the Army and Navy, in their necessary purchases of cloth with which to make uniforms, overcoats, blankets, sweaters, underwear, and socks for the soldiers, would pay more. If 5 cents a pound were added to the price of raw wool, there would be a difference of at least 10 cents a pound in the price of processed or scoured wool. To make a uniform for a soldier requires about 4 yards of cloth; and I think 3 uniforms a year are allowed to an active soldier. Therefore, 12 yards of cloth would be necessary each year to clothe each of our active soldiers. About 4 yards of cloth are required to make an overcoat. About 3½ yards of cloth are required to make a blanket. The requirements for other things are in proportion. So, if the bill should become law and should raise the price of wool 5 cents a pound, as the proponents think it would do, the cost for each soldier each year would be increased approximately by a sum between $7.50 to $8 as compared with the cost if the bill should not pass. We are now contemplating the equipment of an army of 2,000,000 men. If the bill should raise the price of wool, as the proponents think it would, and as much as I think it would, to equip an army of 2,000,000 men would cost the taxpayers of America 5 cents a pound more for each pound of wool-in-grease, which means an ultimate cost of 12½ cents a pound, because about 2½ pounds of wool-in-grease are required to make 1 pound of scoured wool. Each pound of scoured wool would cost about 12½ cents more. It would cost the United States Army and Navy, which means the taxpayers of America, something like $7.50 or $8 more because of the higher price of wool, reflected in the higher price of cloth and the higher price of uniforms, overcoats, blankets, sweaters, underclothing, and socks.

So, Mr. President, the bill is an anticotton bill. It is an anti-national-defense measure. Before I conclude I shall read a letter from the Quartermaster General wherein he states that the bill should not pass.

The bill is most imperfect. A perfect bill on this subject cannot be written. The testimony shows that there are hundreds of classes of wool. There are almost 150 different classes of cotton. The Department of Agriculture has standards for cotton, and it classifies the different cotton fibers grown in the South into about 130 different classes.

There is greater variety in wool than there is in cotton. For example, take the alfalfa and clover-fed sheep of Ohio, or of New England, or of the eastern States, where the sheep have plenty to eat: They are purebred, and they produce a fine quality of wool. Then go farther west and take the sheep from the mountains, or go down to the desert and take the sheep from the desert. I have seen them.

The bill defines wool as the fleece of the sheep or lamb. It makes no distinction between the fleece of the sheep in Ohio and the fleece of the sheep in Utah, New Mexico, or Oklahoma. It is all wool. The Senate bill defines it as "virgin wool." The House deleted the word "virgin." The House did not like that term for some reason, and defined it simply as "wool."

Under the terms of the amendment pending before this body, the House defines wool as being the fleece of a sheep or lamb, or of a goat, a camel, a llama, or a vicuna. Originally, this bill contained the word "rabbit." That word was stricken out by the Senate. When the Senate completed the bill a year ago last July, it struck out goat hair. The Senate held that goat hair is not wool. The Senate, by its action, held that camel's hair is not wool. By its action, the Senate held that llama hair is not wool, and that vicuna hair is not wool. The Senate bill simply defined virgin wool as the fleece of the sheep or lamb. As the amendment comes back, it eliminates the word "virgin," and says that wool is the fleece of the sheep or lamb, or the goat—mentioning two kinds—or of the camel, the llama, the vicuna, and the alpaca.

So we have the hair of all those various kinds of animals classified as wool. The bill makes no distinction between the wool from the fat, fleecy Ohio, Maryland, New England, or Indiana sheep, grown where there is plenty of rain and ample forage, and the fleece of the sheep on the desert. I have

seen the sheep on the desert. I do not blame the sheep. I should not like to be a sheep on the desert. Sheep on the desert have to live on sagebrush, shinnery, cactus, wire grass, and imagination. I have seen those sheep. They do not look very healthy. Yet under the terms of the bill the clip from the measliest sheep in the desert is the highest-class wool, and the mill might take the clip from those sheep, unfortunate animals they are, process it, and advertise it as the finest wool in the world. The bill seeks to legalize and make possible that sort of thing.

There is more difference between the various grades of wool of the sheep than there is between the various grades of cotton. There are hundreds of classes of wool. Under the terms of the bill, which define the hair of the goat to be wool, it would be possible to take the whiskers from billy goats and process them into yarn, weave the yarn into cloth, make the cloth into a garment, and sell the garment as a wool garment.

Mr. President, there is one class of wool called rear ends. What that is I am not sure, but I think I know. Under the terms of the bill one could take the wool from the south end of a goat going north, or the north end of a sheep going south, and it would be the best quality of wool.

The tags, or wool coming from the ankles of the poor desert sheep—and I feel sorry for them—which sells for about 5 cents a pound on the market, while other classes of wool sell for as much as 30 cents a pound, or more, are classified according to the terms of the bill as wool, which means virgin wool.

The Senator from Kansas [Mr. CAPPER] tried to write a bill on this question. He could not do it. Twenty years ago the Senator from Kentucky made an exhaustive study of this question and tried to bring forward a bill. There was no agreement on the question. Another Member of the House, whose statement I shall read, tried to write a bill after months of work, and he could not write a bill which would do justice to the subject.

Mr. President, no one is opposed to truth in fabric. If some system could be devised which would tell the purchaser what he is getting in a suit or overcoat, or in a pair of shoes, or in a hat, or in jewelry—I care not what it be—everybody would be for such a bill. But this bill is not a perfect bill. It does not approach perfection. It is so imperfect that it is a hodgepodge. If enacted, those who now favor it would be disappointed. It could not be enforced.

As I said a moment ago, the bill is an anticotton bill, and it is an antidefense bill. If the bill were enacted, the cost to the American people each year for the wool necessary to make the uniforms which we must provide for our soldiers, sailors, and flyers would be increased by from $10,000,000 to $20,000,000. If the bill were enacted, it could not be enforced. No one knows of any test by which the coat from the back of any Senator could be analyzed so as to tell whether the wool in the coat is virgin wool, reprocessed wool, or used wool.

Can one seriously challenge that statement, when the author of this bill in the report sets forth that he did not intend to rely on the acid test or the scientific test as to whether or not the wool had been used, but reliance was to be placed upon the factory test? The factory test cannot be relied upon because no test has been devised that is accurate to enable any scientist to say "This wool is virgin wool and that wool is either reprocessed wool or used wool." I will come to that later, and place some material on the subject in the RECORD.

So, Mr. President, if this bill becomes law, the determination cannot be made by examination or by any test known, and then agents and inspectors must be placed in every factory in America. That will be difficult, because the factory that makes the clothes, the suit, does not make the cloth. There must be agents at every tailoring establishment in America, every establishment that makes clothes, because the tailors and the clothes makers do not make the cloth; they cut the cloth and make the garments.

In addition to these inspectors, inspectors must then be placed in all the mills in America to see what goes into the mills. That cannot be determined by looking at the cloth; there is no test which will distinguish it; so that there must be agents at the mills to see what goes into the mills. The mills, as a rule, do not manufacture their own yarn, but buy the kind of yarns they want, and then weave the yarns into the cloth they desire. So, in addition to putting inspectors at the clothing establishments and at the mills, agents must be stationed at the places where the yarn is spun from the wool. You can imagine, Mr. President, how many agents that will take; you can imagine, as well as I, the expense that will entail upon the people of the United States.

So, Mr. President, I assert that this bill is an anticotton bill; it is an anti-national-defense measure; it is a wholly imperfect bill; and, if enacted, cannot be enforced save at the expense of vast numbers of inspectors located throughout the United States.

Because this bill is not printed we cannot know what it contains, and because it contains 21 separate amendments which have never been considered by the Senate, and which cannot be considered by the Senate, except as, perhaps, I can explain them very briefly and imperfectly, the House amendment should not be concurred in by the Senate, but should go to a committee to consider the amendment or it should go to conference. I cannot make a motion that it go to conference now. When the bill came back from the House, with an amendment which embraced 14 sections, there were only a few motions that could be made. The first motion would be to refer to a standing committee; that is the motion that should prevail; and I will make such a motion a little later. If that motion should not prevail, the second motion that can be made is a motion to concur in the House amendment with amendments; and, if my first motion shall not prevail, I shall submit some amendments which I think should be adopted if the bill must pass. That is motion No. 2.

Mr. NORRIS. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Why would it be improper to send this bill to conference; and why could not the motion be made to send it to conference?

Mr. THOMAS of Oklahoma. There are four motions that can be made on this amendment, and which have precedence. The author of the bill has moved that the Senate concur in the House amendment. The motion to send the bill to conference comes later, and that motion cannot be made until the motion pending is rejected.

Mr. NORRIS. But I understood the Senator to say the bill could not be sent to conference, although he thought it ought to be. It seems to me the usual practice here in the case of a bill of this kind which has passed the Senate and been amended by the House is to send it immediately to conference, although a motion to concur in the House amendment would take precedence.

Mr. THOMAS of Oklahoma. The Senator is correct, and this bill should go to conference. There the Senate conferees, who are presumed to be familiar with the Senate action, would have a chance to present the Senate's viewpoint, and the House conferees would have a chance to present the House viewpoint, and where the two bills conflict, as they do in many cases, an agreement could be worked out. So I say the bill should go to conference. But the Senator from Wyoming has prevented that by his motion. His motion must be rejected before the motion to send to conference can be made.

I can make two preferential motions, and I am going to make one of them; namely, that the House amendment be sent to the regular committee whence the bill came.

Mr. NORRIS. What committee is that?

Mr. THOMAS of Oklahoma. The Committee on Interstate Commerce, of which the distinguished Senator from Montana [Mr. WHEELER] is chairman. The Senator from Montana is present and he will verify the statement that this amendment has not been considered by his committee, and I think

I am safe in saying that it has not been considered by any member of his committee save the one member who is the distinguished author of the bill.

Mr. President, I do not favor this manner of legislating, taking a bill we have not considered, taking a bill which is certainly different from the Senate bill, and in one motion agree to from 17 to 20 amendments, especially when we have no idea what they mean.

Mr. NORRIS. Mr. President, may I ask the Senator a question at that point?

Mr. THOMAS of Oklahoma. Certainly.

Mr. NORRIS. Would it not be proper, under the rules of the Senate, if the Senator objects—and his objection seems to be reasonable—to including so many amendments in one motion, to ask for a separation? In that way he could get a separate vote on each one of the amendments.

Mr. THOMAS of Oklahoma. That is correct, but the Senator can appreciate that would take much time. I do not desire to occupy the time on this bill. If it could be sent to conference where it should go, I would gladly yield and have it go to conference, and then, when the conference report comes back, having had the joint consideration of the House and Senate conferees, I could not make serious objection if I wanted to. I might not be agreeable, but my voice would be in the vast minority, and I would not be permitted to be heard to any extent.

Mr. President, in order to show the importance of this bill, I ask that an editorial appearing in the Journal of Commerce of the issue of Monday of this week under the heading "Wool Labeling Legislation" be read at the desk.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

WOOL-LABELING LEGISLATION

One of the latest examples of unnecessary burdensome legislation for an industry now largely concerned with national-defense problems is furnished by the passage through the House of Representatives this week of the so-called wool-labeling bill. Overriding strong objections from manufacturers and distributors, the House passed the bill and sent it for concurrence to the Senate, which early in the year approved a similar measure.

The bill as passed, cloth and garment manufacturers contend, will merely raise prices of raw wool without giving material benefits to consumers. Since the measure, if enacted, would compel retailers to describe in detail the fiber content of wool garments advertised for sale, it is feared that many stores will prefer to turn to competitive products which can be merchandised more easily without such restrictions.

Three different definitions of wool are contained in the House bill. In addition to the term "wool," used to describe fiber from the sheep's back, the terms "reprocessed wool" and "reused wool" are included. Reprocessed wool is defined as wool from clips and ends, mostly from clothing cutting tables, which have not been worn. Reused wool is described as fiber obtained by reprocessing wool rags from garments that have been worn. A fabric might have to be labeled, when used in a garment, as "60-percent wool, 25-percent reused wool, 15-percent reprocessed wool," to conform to the pending measure. Such a label would obviously confuse consumers and retail-sales clerks, without accomplishing any practical purpose.

Manufacturers have long contended that some grades of reprocessed wool are superior in quality to certain grades of virgin wool, such as noils or short wool fibers. In its specifications for its standard 32-ounce overcoating, in fact, the United States Army permits manufacturers to use 35-percent noils or the equivalent amount of reworked wool. Under the pending bill, however, a mill using noils to manufacture this overcoating could label it "100-percent wool," whereas a mill using reworked wool to produce a fabric of the same quality and wearability would have to describe is as "65-percent wool, 35-percent reused wool."

Distributors are perturbed most because there is no certain way to ascertain whether a finished fabric contains raw or reprocessed wool. The only effective way to enforce the measure would be to check raw material invoices of mills and then follow goods through the long journey from the mill gate, through the apparel trades to the retail store. Since this is impracticable, wool-labeling legislation serves to penalize honest manufacturers as against those who may seek to utilize such involved regulations for their own advantage.

Mr. THOMAS of Oklahoma. Mr. President, that editorial correctly states the importance of this proposed legislation, especially at this particular time.

Yesterday, the distinguished author of the bill made what purported to be an explanation of the measure. His remarks will be found on pages 11921 and following of the CONGRESSIONAL RECORD. In those pages the author of the bill placed great stress upon the fact that a Mr. Craig, representing the American Retail Federation, was sponsoring this measure or, if not sponsoring it, approving the bill as finally passed by the Senate. Later on in the discussion, certain organizations were referred to as being back of the bill.

Mr. President, I hold in my hand a letter of date January 9, 1940, some months after the original bill passed the Senate. This letter is addressed:

To all State and National Association Executives.

It is on the stationery of the American Retail Federation. The letter is signed by Mr. David R. Craig, the same gentleman referred to yesterday by the author of this bill. On the letterhead used by Mr. Craig we find that he speaks, or presumes to speak, for the following organizations:

The National Association of Chain Drug Stores.

That is a very large organization.

The National Retail Dry Goods Association.
The Cooperative Food Distributors of America.
The National Retail Furniture Association.
The American National Retail Jewelers' Association.
The Mail Order Association of America.
The National Shoe Retailers' Association.

Those are the national associations for which Mr. Craig presumes to speak; and he is opposed to this bill, as I shall show when I place this letter in the RECORD.

These several organizations are made up of 27 State organizations; so the American Retail Federation, made up of these national organizations, is likewise made up of 27 State organizations, as follows:

California Retailers' Association.
Colorado Retailers' Association.
Florida Retail Merchants' Association.
Georgia Mercantile Association.
Illinois Federation of Retail Associations.
Associated Retailers of Indiana.
Associated Retailers of Iowa.
Kentucky Merchants' Association.
State Merchants' Association (Maine).
Maryland Council of Retail Merchants.
Massachusetts Council of Retail Merchants.
Michigan Retail Institute.
Missouri Retailers' Association.
Nevada Retail Merchants' Association.
New Hampshire Council of Retail Merchants.
Retail Merchants' Association of New Jersey.
New York State Council of Retail Merchants.
North Carolina Merchants' Association.
Ohio State Council of Retail Merchants.
Oklahoma Retail Merchants' Association.

My State is in this great organization, and my State is against this bill.

Pennsylvania Retailers' Association.
Rhode Island Retail Association.
Retail Merchants' Association of Tennessee.
Retail Merchants' Association of Texas.
Utah State Retailers' Association.
Vermont Council of Retail Merchants.
Retail Merchants' Association of Virginia.

Representing or presuming to represent those associations and organizations, this is what Mr. Craig said in his letter, to all State and National association executives, on January 9, 1940:

You will remember that last year we suggested six amendments to the wool-labeling bill on ballot No. 17. We received unanimous agreement. The bill passed the Senate with only three of our amendments. The Committee on Interstate and Foreign Commerce reported the bill to the House, including all six of them.

At the time these amendments were sent out it appeared inevitable that some such bill would pass, and we felt it was of importance to have the bill a practical one.

It may now be possible to prevent the passage of the bill and the change in the wool situation makes the bill undesirable at this time. In the ballot you committed yourself only to the amendments. You did not authorize us to support the bill or to oppose it. In view of the fact, however, that I have yet to meet any retailer who wishes this bill to be passed, we feel that this action is consistent with our previous recommendations.

At the time when the committees were holding hearings and perfecting their amendments the United States was importing large amounts of high-grade virgin wool from Australia and New Zealand. The European war has completely changed this situation. The English Government has taken the Australian and New Zealand clip off the market. According to reports, the stocks of raw wool in the

United States are not sufficient to provide for the requirements of domestic mills until the new domestic clip brings large quantities into the market next spring. As a result of this shortage, the prices of woolens and textiles have already increased. For example, textiles have increased about 30 percent, while the price of "standard tops" rose from 86 cents to $1.26 almost immediately after the war was declared.

In view of this shortage of virgin wool and the consequent increase in prices it seems logical to conclude that it would be inadvisable to enact H. R. 944 at present.

The consumer is confused about the difference between reprocessed and virgin wool. Most people think that virgin wool is far superior to reprocessed wool. This is not a fact, as long-fibered reprocessed wool is far superior to many grades of virgin wool.

In the face of this, to enact wool-labeling legislation now would definitely cause the price of virgin wool to increase to an unjustifiable extent. Retailers have been doing everything within their power to prevent any unnecessary price increases of goods to the American people. They now feel that legislation of this sort is untimely and could serve no useful purpose.

This is notice of our new attitude on this legislation.

Cordially yours,

DAVID R. CRAIG.

Mr. President, because I cannot move to send this bill to conference, where it should go, I am forced to move that the bill be referred to the Committee on Interstate Commerce for the consideration of that body; and I now make that motion.

Mr. JOHNSON of Colorado. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lucas	Schwellenbach
Austin	George	McCarran	Sheppard
Bailey	Gerry	McKellar	Smathers
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Green	Miller	Thomas, Idaho
Brown	Guffey	Minton	Thomas, Okla.
Bulow	Gurney	Murray	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Truman
Byrnes	Hatch	Nye	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Caraway	Herring	Overton	Van Nuys
Chandler	Hill	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley

The PRESIDENT pro tempore. Eighty Senators having answered to their names, a quorum is present.

Mr. THOMAS of Oklahoma. Mr. President, just before the point of no quorum was suggested, I had submitted a motion that the bill in the form of an amendment, embracing some 14 sections, and embodying some 20 changes from the Senate action, be referred to the committee. The bill is not printed. It has had no consideration by the Senate or by any committee in the Senate, or by any group in the Senate, save perhaps by the author of the bill. I do not believe in this manner of legislating, because not a single Member of the Senate present, and not a single Member of the Senate not present, knows what the bill means, or has even read the bill.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'MAHONEY. I am sure the Senator does not mean that.

Mr. THOMAS of Oklahoma. I will omit the two Senators from Wyoming from the general statement I made. If any Senator wishes to take exception to my statement, I shall yield for that purpose.

Mr. O'MAHONEY. I wish to state that I know what the proposed legislation means.

Mr. THOMAS of Oklahoma. Then, Mr. President, two Senators do know what it means.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. The bill was pending before the Interstate Commerce Committee of the Senate, and has been pending there for several years, and I am familiar with the bill as it passed the Senate. In examining the other bill this morning I find that the principal differences between the two bills are in definition of terms. So I would not want to say that I was not familiar with the legislation.

Mr. THOMAS of Oklahoma. I do not want to ask any particular questions of the Senator from Montana. He is the chairman of that great committee. I should like to ask him, however, to state the differences between the definitions of wool in the House bill and in the Senate bill.

Mr. WHEELER. I am not familiar with the differences in the definitions in the two bills, but I am familiar with the general purport of the proposed legislation. I understand the Senator was opposed to the bill when it passed the Senate.

Mr. THOMAS of Oklahoma. I should like to ask the Senator a question. If the Senator from Montana votes for the motion made by the author of the measure, after he shall have voted for the motion, I should like to ask him what his definition of wool would be.

Mr. WHEELER. I have not read the definition of wool, I will say to the Senator, except casually this morning.

Mr. THOMAS of Oklahoma. Mr. President, that is where we find ourselves. Two Members of the Senate admit that they know something about the bill, and only two. If we are now called upon to vote to agree to the House amendment to the Senate bill, after we shall have voted, can Senators give the definition of wool? Two Members of the Senate say they know. Does anyone else profess to know? [A pause.] Nobody. [Laughter.]

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. VANDENBERG. If the Senator from Oklahoma should pursue this system of catechism in respect to the excess-profits tax bill when it reaches the floor of the Senate, I suspect he would find a unanimous confession of complete ignorance on the whole proposition.

Mr. THOMAS of Oklahoma. I should like to ask the Senator from Montana, the chairman of the Senate Committee on Interstate Commerce, a further question. If the motion made by the author of the bill is carried and if the bill, as amended, is passed by the Senate and signed by the President, and a manufacturer were to take the whiskers of billy goats and process them into yarn, if they would make yarn, and make such yarn into suits, if it could be made into suits, and if thereafter the Senator were to buy such a suit, would he think he was wearing a virgin-wool suit? That would happen under this bill.

Mr. WHEELER. I would have to question the accuracy of that statement. I can simply say to the Senator that from the general purport of the proposed legislation, as it passed the Senate, it was never the intention that what the Senator stated should be permitted, and I cannot conceive that it would under the pending measure.

Mr. THOMAS of Oklahoma. I should like to ask the Senator from Montana another question. Do either Angora or Cashmere goats——

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am asking the Senator from Montana the question.

Mr. SCHWARTZ. I thought possibly the Senator wanted the information.

Mr. THOMAS of Oklahoma. I will ask for it from the Senator from Montana. I should like to ask the Senator from Montana the question, Do either Angora goats or Cashmere goats have whiskers? [Laughter.]

Mr. WHEELER. I do not know anything about the whiskers of goats. I do not know anything about the whiskers of Angora goats or the whiskers of any other kind of goat.

Mr. THOMAS of Oklahoma. The Senator advises me that he is going to vote against my position, which means he is going to vote to concur in the House amendment.

Mr. WHEELER. I will say to the Senator that I will vote against his suggestion for the simple reason that I do not believe the bill should go back to the Committee on Interstate

Commerce. This bill or similar bills have been pending before the Interstate Commerce Committee, and have been reported by that committee, and on at least one occasion a bill was passed by the Senate. This bill passed the Senate. It had careful consideration by a subcommittee of the Committee on Interstate Commerce. The subcommittee held hearings on the bill. Everyone who wanted to be heard was heard—at least that is my understanding. Then the Senate passed the bill and it went to the House. It was referred to the Interstate and Foreign Commerce Committee of the House which held hearings on it. It was reported by that committee, and passed by the House of Representatives. It now comes back to the Senate with all after the enacting clause stricken out, and a substitute measure inserted.

The reason I say the bill should not be sent to the Senate Committee on Interstate Commerce is that we should do either one of two things. We should either accept the amendment or the bill should go to conference. However, in the orderly procedure of things it should not go back to the committee.

Mr. THOMAS of Oklahoma. I agree with the Senator entirely, but under the present status it cannot go to conference. Four motions can be made with respect to the House amendment. The one of highest precedence is the motion to refer it to the committee. The motion of second highest precedence is to agree to the House amendment with an amendment or amendments. The third motion is to concur in the House amendment. The fourth motion is to have the measure go to conference.

The Senator from Wyoming, the author of the bill, has moved that the Senate concur in the House amendment. I cannot move to send the measure to conference until that motion shall have been disposed of. So, I am limited to making two motions. First, to send it to the committee. If that motion is voted down, then the next motion is to concur with an amendment or amendments. I shall offer one or two amendments to perfect the bill.

The Senate defined wool as follows—and I think it is a correct definition of wool——

Mr. WALSH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH. I want to speak of the difficulties that are presented in reference to offering amendments. I understand the Senator from Oklahoma expects to offer several amendments, and I hope to offer one also, and I do not think my amendment could be seriously objected to, but I am informed that those who are supporting the bill will not allow any amendments to be adopted, because it would mean the bill would have to go back to the House, and the situation there is so precarious that the bill might die, which I think would be most beneficial to the country. These facts are an added reason why the position taken by the Senator from Oklahoma that the bill should go to the committee for further study and consideration ought to be adopted. I think it is very unfortunate that, no matter how meritorious and universally acceptable any amendment might be that would improve this bill, there is no hope of it being adopted here because of the situation to which I have referred.

I should like to have the amendment I propose to offer printed in the RECORD, together with a statement explaining the reason for it, if the Senator from Oklahoma does not object.

Mr. THOMAS of Oklahoma. I should be glad to have the amendment read at the desk for the information of the Senate.

Mr. WALSH. It can be printed in the RECORD.

Mr. THOMAS of Oklahoma. I should like to have it read.

Mr. WALSH. Very well; I shall be glad to read it myself. It is as follows:

Provided, That in the case of hats or hat bodies made or purporting to be made of virgin wool, reclaimed wool, wool felt, or wool products, the fibers contained therein other than virgin wool and reclaimed wool need not be specified if the aggregate percentage of such fibers is disclosed.

I have here a memorandum accompanying the proposed amendment, as follows:

Some manufacturers of hat bodies have secret processes for manufacturing felt-hat bodies of mixtures of wool and certain chemicals.

Under the terms of this bill it would be necessary for them to disclose the component or proportionate parts of materials used, and thereby reveal to their competitors a formula which is a trade secret.

If the amendment is adopted, it will accomplish the purpose of the bill, but permit lumping the components in a manner which will not reveal such trade secrets.

Mr. THOMAS of Oklahoma. Mr. President, the bill will have to go back to the House for this reason: On page 7, in the second paragraph, inadvertently no doubt, the engrossing clerk or the Printing Office made a mistake, and in place of the word "wool" the word "wood"—w-o-o-d—is used. So the bill must go back to the House for that correction, if for no other reason, and at the proper time I shall offer an amendment to correct the measure by striking out the word "wood" and inserting the word "wool."

Mr. President, the Senate when it acted upon this bill defined wool as follows:

The term "wool" means the fiber from the fleece of the sheep or lamb.

That is a correct definition. As I understand wool, it comes from the fleece of the sheep or lamb; but, under the definition before us there might be a thousand kinds of wool. Later, the bill defines virgin wool, but I am referring to the definition of wool. So any hair or fiber, whatever it is, coming from the back of the sheep or lamb, is wool. It makes no difference whether the sheep be a fine, fat, well-fed sheep, or a poor, starved sheep. It makes no difference from what part of the anatomy the fiber comes. It is wool if it is from a sheep or lamb. It may come from the back of a sheep which has starved to death. It may come from the back of a sheep which has been killed by a wolf which has devoured the meat parts. It may come from the back of a sheep from the north, south, east, or west. There are sheep in all countries. There are Mexican sheep, South American sheep, and North American sheep. The wools are all different. So there are hundreds of kinds of wool. But the bill seeks to give preference to the kind of wool which has never been cleaned, spun, or woven into any fabric. If it has been woven into a fabric, it is then second-hand, used wool, and not good, under the terms of the bill.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH. In this connection, will the Senator give us the variation in price as between the cheap fibers of so-called wool and the very best wool?

Mr. THOMAS of Oklahoma. At the present time the tags, or wool from the poorest part of the sheep, sell at prices of from 2 to 5 cents a pound. The better grades of wool, called tops, from the best sheep, sell at prices of 37 or 38 cents a pound, in the grease.

Mr. WALSH. So under the terms of the bill the wool which costs 2½ cents a pound would be labeled "virgin wool."

Mr. THOMAS of Oklahoma. Yes.

Mr. WALSH. As well as wool selling at 37 or 38 cents a pound?

Mr. THOMAS of Oklahoma. Yes. The Senate bill classified that sort of wool as virgin wool; and the House has amended that section by dropping the word "virgin," and it is described merely as wool. Anything which has not been used is wool. Anything which has been used is not wool.

Mr. WALSH. Does the House provision require a statement on the garment as to the amount of reworked wool?

Mr. THOMAS of Oklahoma. It does.

Mr. WALSH. Will the Senator give us the price of the very best grade of reworked wool, which is in competition with virgin wool?

Mr. THOMAS of Oklahoma. Virgin wool may sell for as little as 2 cents a pound; yet wool coming from the best sheep, and the best part of the wool from the best part of the sheep,

properly scoured, carded, woven, and spun into cloth, but never used, is reprocessed wool. As I shall show in a moment, if the cloth is sent back to the mill and torn up, the wool so obtained is second-hand, reused, or reprocessed wool. It is not wool at all. It is reprocessed wool.

Mr. WALSH. What does it cost?

Mr. THOMAS of Oklahoma. Oftentimes reprocessed wool brings the highest price.

Mr. WALSH. Higher than that of the highest grade of so-called virgin wool?

Mr. THOMAS of Oklahoma. As high as that of the highest grade of so-called virgin wool.

Mr. WALSH. Yet it must be labeled on the garment as reprocessed wool?

Mr. THOMAS of Oklahoma. Yes. Perhaps I had better show the Senate some samples. I used to teach school, and oftentimes I had to show samples to explain my point. Before I do so, let me conclude the inquiry to the distinguished Senator from Montana [Mr. WHEELER]. I asked him if Angora and Cashmere goats have whiskers. He does not know. If they have whiskers, then, under the terms of the bill, their whiskers are wool.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. It is my recollection that the last Angora goat I saw had whiskers. I did not examine it very closely to see whether or not it had whiskers. However, if an Angora goat has whiskers, there are not enough whiskers on a goat to make a suit of clothes. I appreciate what the Senator said. From the questions he asked, I knew he had been a school teacher.

What the wool growers are trying to do is prevent manufacturers from robbing the wool growers. Some manufacturers mix chopped-up shoddy with wool and sell the mixture as wool, when as a matter of fact it is only cheap shoddy. They obtain a good price for it, and not only rob the wool grower and prevent him from obtaining a decent price for his commodity but they rob the consumer by making him believe he is buying real wool when he is buying nothing but cheap, chopped-up shoddy. The purpose of the bill is to protect the wool grower on the one hand, and the consumer on the other.

Mr. THOMAS of Oklahoma. Mr. President, I shall now read the definition of wool, as wool will be legally defined, if the bill, with House amendment, becomes a law:

> The term "wool" means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat—

That is what wool will be if the bill, with the House amendment, becomes law. The definition of wool in all the dictionaries, in all the languages of the world, would be changed.

The Senate does not know what it is voting upon. I do not think it will know when I shall have finished my discussion, because, in the first place, I shall not be able to make it plain. In the second place, only about 15 Senators are present. Yet the bill affects every citizen in America. It affects every Senator who represents a wool-growing State. It affects every Senator who represents a cotton-growing State. It affects every Senator in whose State there are woolen mills or cotton mills. It affects every Senator who has a constituent who will pay taxes to uniform the millions of soldiers we are about to place in the Army. It affects every consumer in America. Yet, a while ago, while I was talking about the bill, I had the attention of the distinguished author of the bill [Mr. SCHWARTZ], the distinguished Senator from New Mexico [Mr. HATCH] for a part of the time, the distinguished senior Senator from Michigan [Mr. VANDENBERG] for a part of the time, the distinguished senior Senator from Georgia [Mr. GEORGE] for a part of the time, and of other Senators who came and went. I realize that it is the lunch hour. I could not expect Senators to forego the pleasure and necessity of partaking of the delectable lunches in the Senate restaurant in order to hear me speak upon this very dry subject.

Mr. President, we are called upon to vote on a solemn declaration that the hair of a goat is wool; that the hair of a camel is wool; that the hair of an alpaca is wool; that the hair of a llama is wool; and that the hair of a vicuna is wool. In the Sahara Desert, if he could discover a water hole, he might find around the water hole the remains of a camel. No rain falls at that spot. The sun shines brightly the year around. He might scrape the sand and pick up the hair of the camel. The camel might have been dead for a thousand years, yet the bill makes that camel's hair virgin wool. That is the proposal on which we are to vote. We do not even know what is in the bill.

Mr. President, I was about to show some samples. I have before me samples of various kinds of cloth. While I am not an expert on cloth, I think they are very good samples. These pieces of cloth are made from various kinds of wool. They are colored differently. If these pieces of cloth should be sent back to the mill and torn apart, separated into separate fibers, respun into yarn, recolored, and rewoven into cloth, under the terms of the bill that cloth would have to be labeled "reprocessed wool."

Mr. WALSH. One hundred percent.

Mr. THOMAS of Oklahoma. "One-hundred-percent reprocessed wool." Yet, under the terms of the bill, one might go to the Sahara Desert, pick up the hair of a camel which has been lying there for a thousand years, bring it to America, spin it, weave it, and sell it as a 100-percent wool product.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHITE. Under the terms of the bill the cloth made from the hair of that camel, labeled as wool, might be sold to the consumers of America as virgin wool. That is true, is it not?

Mr. THOMAS of Oklahoma. That is true under the terms of the Senate bill; but under the terms of the House bill it would be be simply wool.

Mr. WHITE. It might be sold as wool, even though it were made from the hair of the camel. That is correct, it is not?

Mr. THOMAS of Oklahoma. That is correct according to the terms of the House bill.

Mr. WHITE. Yet the bill is called a truth-in-fabric bill, designed to make known to the consumers of America what they are buying.

Mr. THOMAS of Oklahoma. That is correct.

Mr. WHITE. When we speak of wool, I apprehend that the consumers of America have in mind precisely what the Senator from Oklahoma has in mind; that is, fiber from the sheep or lamb. The consumers would never think of a vicuna, a llama, or any of the other animals the hair of which may be called wool under the terms of the bill. It seems to me that the terms of the bill are a contradiction of the alleged purpose of the bill, and that the bill carries to the consumer of America not the knowledge which the consumer must have, but a fraud in and of itself.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. Take the case of camel's hair. It may be labeled as wool. Nevertheless, when one is buying a camel's-hair coat, he knows the difference between real wool and camel's hair. This bill seeks to protect the consumer. At the present time if one buys a suit of clothes it may be sold to him as 100-percent wool but really be made of material from old suits of clothes or from old rags and junk chopped up and reprocessed and sold again as wool. The person who is buying it does not realize that he is buying chopped-up wool when it is marked "all wool." There is no Member of the Senate who can tell the difference between chopped-up wool or shoddy—and that is all it is—and real wool when it is made into a suit until he comes to wear it. I have seen samples showing the difference between real wool and chopped-up wool. Chopped-up wool wears out very quickly; it can almost be picked to pieces by the fingers after a short period of use. When it is made into clothing which hangs in the store it looks all right, but when the

purchaser wears it a short time he finds that there is a vast difference between it and real wool.

The passage of this bill will protect the high-class manufacturer of woolen clothes; it will protect the manufacturer who produces real woolen clothes against the man who buys up old junk and then chops it up and converts it into cloth. The use of such cloth is not a good thing from a health standpoint and it is not desirable from any other standpoint.

I agree when the Senator says that this bill will affect all the consumers of the United States. If they want shoddy, if they want chopped-up wool, very well, but the purchaser ought to know what he is buying and whether he is buying shoddy or real wool. If a man desires to purchase a garment made of virgin wool he ought to know that he is getting cloth made from virgin wool. There is a vast difference, as everyone is aware who knows anything about the manufacture of woolen goods—and I know something about it, for I happened to live in a community at one time, in my early life, where woolen goods were manufactured—between shoddy or chopped-up wool and virgin wool.

Mr. VANDENBERG. Mr. President, how about the goat whiskers? Will they not know when they are buying goat whiskers, because the goat whiskers will stick out?

Mr. WHEELER. They can tell if they are buying goat whiskers, because the goat whiskers will stick out, but they cannot tell when they are buying the chopped-up wool and shoddy.

Mr. WALSH. If I may interrupt the Senator, let me inquire how many all-wool suits are worn by Members of the Senate?

Mr. WHEELER. I imagine comparatively few.

Mr. WALSH. None. Practically all men's clothing, and women's clothing also, is made partly from wool and partly from reworked wool.

Mr. WHEELER. I think there is quite a good deal of that, and the Senator knows that when one goes into a store to buy woolen clothes he cannot know exactly what he is getting. The bill will not affect, as a matter of fact, those who buy the better class of clothes; the people whom this bill seeks to protect are those of the lower-income class, who want to buy woolen clothes, but instead of woolen clothes get chopped-up stuff and shoddy that may be gathered out of the slums—that may come out of disease-ridden places, chopped up, reprocessed, and then manufactured into clothing for children and for men and women.

In my opinion, the bill is desirable from a health standpoint. The Senator knows that because no one knows anything more about shoddy than the people who are raised and brought up in Massachusetts and in other sections of New England where shoddy is manufactured, and where, I think, also, high-grade woolen cloth is manufactured.

Mr. WALSH. I suggest that the labels be put on the cloth that is chopped up, as well as on rewoven wool.

I may say to the Senator, in my opinion, there is not a Member of this body who wears a suit at the present time or at any time made of all-wool. It is necessary, in order to have comfortable clothing, to have some rewoven wool in the cloths so as to make it comfortable, and not subject the wearer to the itch and other disadvantages that come from all-wool.

Mr. THOMAS of Oklahoma. Mr. President, I exhibit to the Senate a piece of cardboard to which is attached about a dozen samples of cloth. These samples came from a tailoring establishment which, no doubt, buys the cloth by the bolt and takes measures and makes clothing. These samples come from Decherd, Tenn. I do not know of that city, but, no doubt, it is a very substantial city in the State of Tennessee.

Mr. McKELLAR. Mr. President, if the Senator will permit me, Decherd adjoins the town of Winchester, where my colleague the Senator from Tennessee [Mr. STEWART] lives.

Mr. THOMAS of Oklahoma. I am sure these cloths are not misbranded. I saw on each piece of the cloth a tag which sets forth that it is all wool. I will hand this package of samples to any Senator and ask him to tell the Senate whether any of the samples contain virgin wool or reprocessed wool or reworked wool or whether it is made of shoddy. Who wants to examine the package of samples and testify to the Senate?

Mr. WHEELER. Mr. President, may I say that that is the very thing this bill seeks to protect against. Unless chopped up wool is examined carefully——

Mr. WALSH. Chopped up and insanitary wool.

Mr. WHEELER. Yes, that is what it is. Unless it is examined carefully it is impossible to tell what kind of wool it is made of. The average person cannot by looking at a piece of cloth tell the difference, but he can tell the difference if he wears it a little while. I have seen some samples which I could pull apart with my fingers.

Mr. McKELLAR. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. I am interested in this definition but cannot find a printed copy of the bill.

Mr. THOMAS of Oklahoma. That is one objection I have to considering the bill in this manner. We have no printed copy of it.

Mr. McKELLAR. I did not know that. I sent to the desk for a copy but could not get it, but I find in the bill this under paragraph (b):

> The term "wool" means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat (and may include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) which has never been reclaimed from any woven or felted wood product.

From that definition, would it not be possible to substitute for shoddy, if it may be called that, or whatever other product is used, the hair of whatever quality of the Angora or the Cashmere goat and the alpaca, the llama, and the vicuna? Then would it not be just as hard as before to determine what was virgin wool? If I understand the definition which is used in the proposed act and which will govern—it does not assure that the wool used shall be pure. The customer will not know how much of a piece of cloth is hair of the alpaca or the llama or the vicuna or the camel or of the Angora or Cashmere goat. Under this definition it will be just as difficult for him to determine in the future what is virgin wool and what is not as it is now.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. I agree that under this bill camel's hair could be used, and it could be said that it was wool, but what it is sought to do is to protect the consumer from chopped up wool and shoddy of which I have spoken. Shoddy is a well-known term, at least, it used to be in my early days in New England. Wool clothing and rags and other things are chopped up and processed into cloth. And one cannot tell the shoddy from the real, but a garment made of llama or virgin camel's hair is a fine wearing article, and that is the thing that the consumer when he buys clothing is interested in. He wants to know, "Am I getting clothes that will wear and stand up, or am I getting an article made from something that comes out of the slums, made of rags, for instance, and then chopped up and processed into cloth?"

Mr. THOMAS of Oklahoma. Under the terms of this bill, that is not the case. One may take the tags—the fur around the ankles of the sheep or goat or camel—the rakings of camel's hair around a water hole in the Sahara Desert, the hair from the poorest goat in America or Mexico, and blend them all together, and, under the terms of this bill, that would be the highest-class wool. There is no distinction between the fine Merino wool that is grown in the East, where the sheep have alfalfa and bluegrass and timothy and clover to feed on, and wool from the sheep that is grown in the desert, where is has to subsist on sagebrush and shinnery and cactus and wire grass.

Mr. McKELLAR. Mr. President, if the Senator will yield to me for a moment, the bill would define wool as the growth of fiber on a sheep or a lamb.

Mr. THOMAS of Oklahoma. That is the definition of the Senate bill; but the House bill modifies that.

Mr. McKELLAR. That would be a proper definition, of course, and it would be a proper means of distinguishing good woolen cloth. Then the purchaser would know what he was buying; but under the definition of the House bill a piece of cloth might be three-fourths or even seven-eighths of the hair of an Angora or Cashmere goat, the hair of a camel or an alpaca or a llama or a vicuna, and still be wool. The bill would not afford notice to anybody.

Mr. HATCH. It would be better material.

Mr. McKELLAR. I do not know whether it would be better material or not. I have my doubts as to whether certain kinds of hair of a goat would be better material than that made of wool.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Montana.

Mr. WHEELER. As a matter of fact, some of the different hairs the Senator has mentioned would give the purchaser a better grade than if he got pure wool; but the object of this bill is to protect the consumer as well as the producer of wool. It is to protect the producer of wool, the sheepman, and the producers of these other things, from the fraud that is perpetrated upon the consumer when he buys something that is marked "all wool" or "wool," when in effect it is not wool, because it has been chopped up into what, in common parlance among manufacturers, is called shoddy.

The Senator from Oklahoma talks about going into the Sahara Desert and digging up the hair of camels which has been there for a thousand years. The fact is that it would be impossible to go there and dig up enough camel's hair to make a coat, and it would be entirely too expensive to attempt to do it; and if the goat whiskers of all the goats in the country were put together it would be impossible to make one good coat of them.

The Senator talks about sagebrush. Just as good wool can be obtained from sheep raised in New Mexico on sagebrush, as from sheep raised in Ohio or in Montana or some other place, and fed on alfalfa.

Mr. HATCH. Mr. President, sheep raising on the desert has been one of the principal industries of my State for almost 400 years, and it has been rather successful; and the wool thus produced is far better than any second-hand wool.

Let me ask, What would Senators think if a dealer in Washington were selling as new cars, second-hand motor cars that had been run until they were worn out, and were then taken in and reconditioned and painted? There is not a Member of the Senate who would not rise in opposition to such a practice and demand that it be discontinued, but that is exactly what is happening in the wool trade. Second-hand wool, worn-out wool, is reconditioned and made into nice-looking suits and sold as a new product; and nobody can tell from looking at it that it is not new, any more than they could tell that a reconditioned car, nicely painted up, was not a new one. That sort of thing is a fraud on the consumer and a fraud on the producer of wool, and we are trying to stop such fraud.

Mr. THOMAS of Oklahoma. Mr. President, replying to the suggestion just made that a dealer in Washington might paint up some old second-hand cars and sell them for new ones, let me say that anyone who would buy that kind of a car would be a fit subject for St. Elizabeths. It might be said that one who would buy a shoddy suit would also be a fit subject for St. Elizabeths; but when it is impossible to tell the difference, when experts cannot tell the difference, when nobody can tell the difference, how can a purchaser tell whether he is getting a suit made out of virgin wool or a suit made out of reprocessed wool?

Mr. HATCH. Mr. President, if the Senator will yield, I wish to say that he has been quite facetious throughout his entire remarks on this subject. It is not a facetious matter.

Mr. THOMAS of Oklahoma. With me it is not.

Mr. HATCH. It is a serious matter to the wool producers of my State and to the consumers of the country. The very fact that the nature of the product cannot be told by looking at it requires the honest labeling of the product, and that is all we are asking.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I will yield in a moment. Then, to do that, it will be necessary to have an army of inspectors. At the place where the suit is made from the cloth there must be an inspector to see that it is properly labeled. At the place where the cloth is made an inspector must see that it is properly made from virgin wool. At the spinner's an inspector must be stationed to see that the yarn is spun from virgin wool. There will have to be a flock of inspectors at every mill, at every store, at every tailor shop, at every factory that makes clothes in America.

We do not have access to the mills in foreign countries. A large part of the goods we buy in America is made abroad. Much of the yarn comes from abroad, or formerly did. We cannot go to the mills in England, or in Scotland, or in France, or in other countries and inspect their cloth, inspect their suits, or inspect their wool. We must take their statements on faith. If they send us cloth, as they do by the millions of yards, branded as pure wool, and we cannot tell the difference, and have no system by which we can do so, how will this bill protect the poor consumer? How will he be protected if no one on the face of the earth can tell whether a suit made of cloth shipped from England is made of virgin wood, or reprocessed wool, or even reused wool?

This bill gives the foreign manufacturer, the foreign spinner, the foreign wool grower, the foreign weaver, the foreign suit maker an advantage over American manufacturers; and I am opposed to it.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Wyoming.

Mr. SCHWARTZ. I desire to take a little of the smell out of the billygoat that has been referred to, and explain to the Senator from Tennessee [Mr. McKELLAR] some of the difficulties that seem to bother him.

Mr. McKELLAR. I should like to hear the explanation. I did not know before that goat's hair was wool, and I am bothered about it.

Mr. SCHWARTZ. It is a lone goat the Senator from Oklahoma is talking about, because the Cashmere goat and the Angora goat are not billygoats; so we are talking about two different kinds of goats.

Mr. THOMAS of Oklahoma. This bill makes no distinction.

Mr. SCHWARTZ. I want to explain to the Senator the particular point I have in mind.

Mr. McKELLAR. I shall be very glad to hear the explanation.

Mr. SCHWARTZ. Under the head of wool products and wool—that is, of course, a generic term—I include the stuff that we are going to require to be labeled. If I had been fortunate enough to have the attention of the Senator from Tennessee yesterday, when he was away on more important business on one of our committees—I know what took him away—he would have heard, and if he will read the RECORD he will find in it a complete explanation of the term "wool," and why it is used. With due respect to anybody else's idea about definitions, although this bill says "hair," he will also find that Webster's Dictionary and the Standard Dictionary define the hair of the Angora goat and of the Cashmere goat as wool, and I put those definitions in the RECORD.

Now I want to explain the particular thing the Senator from Tennessee has in mind.

Mr. THOMAS of Oklahoma. Mr. President, I cannot yield for that purpose. I will yield for a question, but I cannot yield for a statement.

Mr. SCHWARTZ. If the Senator will yield for a moment, I will explain the particular thing the Senator from Tennessee has in mind about labeling.

In addition to the ability to label these things, as I explained yesterday, I call the Senator's attention simply to a

section of this bill, the Senate bill and the House bill. It reads:

The Commission—

That is, the Federal Trade Commission—

is authorized and directed to make rules and regulations for the manner and form of disclosing information required by this act, and for segregation of such information for different portions of a wool product as may be necessary to avoid deception or confusion, and to make such further rules and regulations under and in pursuance of the terms of this act as may be necessary and proper for administration and enforcement.

I will say further that in my time I shall endeavor to explain what the facts are in regard to practically all of what we have heard today.

Mr. THOMAS of Oklahoma. Mr. President, this bill is as broad as the universe. It is not a bill limited to the United States Senate, or to the District of Columbia, or to the United States; it is as broad as the universe.

Mr. President, about 2½ pounds of raw wool are required to make 1 pound of what is called scoured wool. Wool fibers are hollow. I suppose not many Members of the Senate knew that to be a fact. Every wool fiber is a hollow tube. As the wool fiber comes from the sheep, the hollow tube is dirty on the inside and on the outside, and the dirt is called grease. The grease on a pound of wool is heavier than the wool itself; so, in order to make the wool a salable and usable product, some process must be used to extract the so-called grease from the wool. When the dirt or grease is taken from the wool, about 2½ pounds of wool as it comes from the back of the sheep is required to make 1 pound of wool ready for the carding machine.

Mr. President, I was about to ask a question a while ago. The Senator from Montana [Mr. WHEELER] states that this bill is to protect the poor consumer. I exhibit here some samples of wool coming from Tennessee. There is no man in this Chamber, below or above, who can tell whether that is virgin wool or wool, or reprocessed wool, or used wool, or shoddy.

Mr. SCHWARTZ. Mr. President, will the Senator yield? I am in the Chamber.

Mr. THOMAS of Oklahoma. I yield. The label says "all wool."

Mr. SCHWARTZ. I desire to state to the Senator that I can take that very garment to the Department of Agriculture or to textile chemists, and they will tell me exactly how much virgin wool is in it and how much reworked wool is in it, and then I can tell the Senator.

Mr. THOMAS of Oklahoma. Mr. President, I challenge that statement, and I am ready to produce the proof.

Mr. SCHWARTZ. I will make it good with the proof before we get through.

Mr. THOMAS of Oklahoma. I exhibit to the Senate a pamphlet, and I will first read from the testimony of the senior Senator from Kansas [Mr. CAPPER]. For years he fathered this character of legislation. Finding that he could not draw a bill, and that a bill of any benefit could not be drawn, he gave up the ghost, so to speak. This is what the Senator from Kansas said on June 9, 1937:

It is yet impractical to determine with sufficient accuracy for law enforcement in border-line cases the amount of recovered wool fiber that may be present in any particular fabric or garment. Chemical analysis will not suffice, because the chemical content of wool remains substantially the same regardless of how many times it may have passed through processes of manufacture. Physical and microscopic analysis are helpful, but, as before stated, our scientists cannot yet determine, even by these means, with sufficient accuracy for law enforcement, the extent to which such adulterants have been used in the manufacture of wool fabrics.

This question has been before every Congress for many years, and every time a bill of this kind has been introduced, the question has been raised: Is it possible to tell the difference between virgin wool and reprocessed wool and used wool? No one has yet been able to determine that, and I shall produce further evidence.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. STEWART in the chair). Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. The Senator from Oklahoma says that it is not possible to tell the difference between virgin wool and other grades. The Senator from Wyoming says that if certain chemical and agricultural analyses are made, the difference can be told. I should like to ask the Senator from Oklahoma whether there is any provision in the bill which will provide for some kind of examination such as I assume the Senator from Wyoming would make to ascertain the grade of the wool? If there is any particular process to which a piece of cloth may be put to ascertain whether or not it is wool or not wool, is such a process provided for in the bill?

Mr. THOMAS of Oklahoma. There is absolutely none, and the author of the bill admits, as I shall show in a few moments, that it is not possible by any analysis or any test to tell whether wool is virgin wool, reprocessed wool, used wool, or shoddy. Reliance is not to be upon a test but upon inspectors to see what goes into the mill and what comes out of the mill, and to follow it all the way through.

Mr. TYDINGS. I am not an expert in these matters, and am very green about them, as a matter of fact; but my question was prompted by this thought: If it were possible by a chemical analysis, or some other kind of examination, to determine whether wool was of one or another class, it seems to me such a test should be provided for in the bill as a requirement to all persons dealing in wool, whether they make cloth or sell it, to show whether, when they label it, it meets the particular acid test provided, assuming there is some means of ascertaining what the quality of the wool is.

Mr. THOMAS of Oklahoma. If the Senator will listen to me for a few moments, I shall answer his question in detail.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. For a question.

Mr. SCHWARTZ. A question? I want to answer the Senator. He attributed something to me.

Mr. THOMAS of Oklahoma. There will be time to answer later. I did not bother the Senator yesterday, but if he makes a speech now, I will have to make another speech, and he will make another speech.

Mr. SCHWARTZ. I beg the Senator's pardon; I do not wish to make a speech. The Senator has made the same speech three times.

Mr. THOMAS of Oklahoma. I think I have heard the Senator's speech four times. The Senator from Maryland asked whether there was any provision in the bill for making tests to ascertain whether or not wool is virgin wool, or reused wool, or reprocessed wool, or shoddy. There is no such provision in the bill, and I shall give the Senator the reason why there is no such provision.

On April 4, 1938, the National Association of Wool Manufacturers sent the author of this bill, the distinguished Senator from Wyoming, a letter, and in that letter they made this proposition:

Our suggestions are as follows:

1. We to submit to you some 15 or 20 wool fabrics containing varying percentages of new and reworked wool fiber.

2. You to submit these samples to not less than four suitably equipped laboratories (maintained by the Government, textile schools, or commercial firms) for analysis as to their new and reworked wool fiber content, sealed reports from these laboratories in affidavit form to be submitted to your committee in a month's time or sooner if practicable.

3. At the time when these reports are publicly opened in the presence of interested parties, we will furnish you with the manufacturers' sworn statements of the fibers used in the manufacture of each fabric.

4. We will agree to drop our opposition to making a distinction between new and reworked wool in blends if there is a reasonable degree of agreement between the sworn statements of the manufacturers and the reports of the laboratories.

To that letter the Senator made no reply, I am advised.

On the 20th of April the president of the National Wool Growers' Association submitted the same form of letter, the identical letter, in effect, if not in words, to Mr. Henry Miller, of the Federal Trade Commission. To this letter Mr. Otis B. Johnson, secretary of the Federal Trade Commission, made reply. They submitted certain samples, and there were to be sealed statements as to what they contained, and when

the fibers had been examined they were to be opened, and if they compared substantially the wool growers would cease their objections to the bill. This is what Mr. Otis B. Johnson, secretary of the Federal Trade Commission, said in reply to that communication:

It does not appear to the Commission that the proposal you present, if carried out, would serve any useful purpose in the public interest. It is therefore rejected.

The statement is noted that you will agree to drop your opposition—

And so forth. In other words, the Federal Trade Commission refused to cooperate or to participate in making the tests.

On May 6, 1938, the same association submitted the same sort of a letter to Hon. CLARENCE F. LEA, House of Representatives, and to that letter Mr. LEA made no reply.

On May 4, 1938, Mr. Edwin Wilkinson wrote a letter to Dr. J. I. Hardy. Mr. Wilkinson represented the National Wool Growers Association, and he submitted the letter to Mr. Hardy, who claimed to be an expert in this line. He claimed that he could tell the difference between virgin wool, reprocessed wool, and reused wool. This is the letter sent by the association to this so-called expert:

DEAR DR. HARDY: There is a so-called truth-in-fabric bill now before the Senate. It is S. 3502. It calls for the labeling of textile products and a distinction between virgin and reclaimed wool, which are defined.

Then he defines virgin wool as wool "that has never been spun or woven or knitted or felted nor used for any other purpose."

The term "reclaimed wool" means wool which has been reconverted into a loose, fibrous state after having been spun, woven, knitted, felted, or otherwise made into a wool product.

They submit samples. I shall read what Dr. J. R. Mohler, representing the United States Department of Agriculture, said about the matter. He answered for Dr. Hardy apparently, because Dr. Hardy was with the Bureau. This is what the United States Department of Agriculture had to say. The letter is dated May 13, 1938, is addressed to Mr. Edwin Wilkinson, National Association of Manufacturers, 386 Fourth Avenue, New York City, N. Y.:

Receipt is acknowledged of your letter of May 4, directed to Dr. J. I. Hardy, of this Bureau, in which you state you are sending 24 samples of fabric and request that he analyze these fabrics and report on the percentage content of each type in accordance with the terms as defined in your letter, as being either virgin or reclaimed wool.

These samples have also been received. Dr. Hardy is traveling in the far West and he will be away from Washington about a month. We are therefore replying in his absence to advise you that the regulations of the Department of Agriculture prohibit such analyses as you request, as there is no law which provides for these tests. The regulation which applies to this case reads as follows.

So the Senator will see they got nothing from that Department.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. There seems to be a dispute, some Senators claiming that it is possible by certain tests——

Mr. THOMAS of Oklahoma. I am coming to that.

Mr. TYDINGS. Some Senators claiming that it is possible by certain tests to differentiate, and other Senators feel that there is no test which can be successfully made. I hope that before the debate is concluded some Senator will put into the RECORD just what is prescribed as a test to ascertain whether wool is virgin or not.

Mr. SCHWARTZ. Mr. President——

Mr. TYDINGS. I do not mean now. I do not wish to interrupt the Senator from Oklahoma, but I should like to see the test printed.

Mr. THOMAS of Oklahoma. I shall be glad to yield at any time so as to make progress.

Mr. TYDINGS. Would the Senator from Wyoming be in a position to submit the test?

Mr. SCHWARTZ. Since the date of what the Senator has been reading, Mr. Hardy and Dr. Mohler, of the Department of Agriculture, and other textile experts, say they have found a way of determining within 10 percent.

Mr. TYDINGS. I should like to see the manner of determination inserted in the RECORD.

Mr. SCHWARTZ. I will put it in the RECORD before we get through.

Mr. THOMAS of Oklahoma. On May 4, 1938, a letter similar to the one to which I have referred was sent to the United States Department of Commerce. The same letter, with the same samples, was sent to the Department of Commerce, and this is what the Department of Commerce said in a letter signed by L. J. Briggs, Director, Bureau of Standards:

In reply to your letter of May 4, methods for the analysis of wool fabrics for the percentage content of virgin wool and of reclaimed wool, as defined, are not available here and so far as we are aware accepted methods have not been developed elsewhere. Therefore, we are unable to refer you to another laboratory for this test.

We regret that we cannot be of service in this instance.

On April 29, 1938, the same association sent a letter to Hatch Textile Research, Inc., located in New York. I will not read the letter, but it is the same kind of letter that was sent to all the so-called experts and research laboratories.

Here is a letter in reply to the letter just referred to, signed by Herman Harriman Hatch, president of Hatch Textile Research, Inc., fabric technicians and consultants, 355 Fifth Avenue, New York. The letter is dated May 4, 1938, and follows:

GENTLEMEN: In regard to your letter of April 29 asking us to give you the various percentages of different types of wool contained in the 24 samples sent to be tested, we regret to advise that this test, in our opinion, cannot be made accurately enough to be of any value in establishing the true percentages which went into the cloth originally.

Mr. President, if research laboratories, especially equipped for this class of business and for conducting these tests, are unable to determine whether a fabric is of virgin-wool fiber, or a reprocessed fiber, or a reused fiber, then who can tell? The manufacturer cannot tell. The spinner cannot tell. The weaver cannot tell. The cutter of the cloth for the suit cannot tell. The man who sews the suit cannot tell, and the man who wears the suit cannot tell. Yet the bill is predicated upon the premise that certain classes of wool are so inferior that they are not fit to be used in cloth.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I am informed by what I consider to be very reliable authority that a representative of the Bureau of Standards has testified on this subject in regard to the pending bill. Is that true? And if so, what is the testimony?

Mr. THOMAS of Oklahoma. I will look through the document I have in my hand and see. I have some other letters to which I shall refer.

On May 2 the same association, desiring to ascertain whether or not there was a test which could be made, sent a similar letter to the Better Fabrics Testing Bureau, Inc., in New York City, and on May 4, 2 days thereafter, the Better Fabrics Testing Bureau, Inc., New York City, replied as follows:

DEAR MR. WILKINSON: Under date of May 2 an order was issued by your association to this bureau to analyze 24 pieces of fabric for fiber identification under the classification of virgin wool and reclaimed wool.

This bureau does not have anyone on its staff qualified to classify microscopically wool fibers for commercial grading as virgin wool and reclaimed wool.

The test samples are being returned to you.

On May 5 the same association sent a similar letter to Mr. Frank Stutz, president of the Better Fabrics Testing Bureau, Inc., and on May 6 the Better Fabrics Testing Bureau replied to Mr. Wilkinson. I quote a portion of the letter. The first line simply refers to receipt of the communication:

I am sorry to state that we know of no person in the industry or testing business who has qualified to perform this service.

The national association sent a letter to this expert organization and asked them to recommend someone who could make the test and perform this service for the National Wool Manufacturers' Association, and the Better Fabrics Testing Bureau wrote back that they did not have anyone, and they

knew of no person in the industry or testing business who has qualified to perform this service.

I would like to employ anyone having this unusual ability, as we have more difficulty in identifying the origin of animal fibers than all other problems in the testing business. It is our policy to insert the paragraph below on every report of fiber identification of mixed fibers in a fabric and composed of several animal fibers:

Here is the clause they insert in their report:

Due to the controversial nature of technical reportings on fiber contents of fabrics, this Bureau does not assume legal responsibility for any use of the information reported herein.

In other words, they simply say they cannot make the test, they know of no one who can make the test, and they know of no one who would assume or represent himself to be able to make the test.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I wonder if the tensile strength of yarn of uniform weight is any test at all in the purchase of wool?

Mr. THOMAS of Oklahoma. Mr. President, the question really answers itself. I exhibit to the Senate samples of what is obviously very expensive cloth. It is obvious to me, and I think to anyone, that if these samples were torn apart and separated into the original fibers—the cloth has not been used, as can be seen—it would not be possible to tell the fiber from this piece of cloth from the fiber of the yarn from which the cloth was made originally, because it has not been worn, it has not been tested, it has not been stretched, it has not been used. So, the wool in this piece of cloth would be identical with the wool in the yarn from which the cloth was made, neither having been heretofore used.

Mr. TYDINGS. I wonder what buyers of wool use as a guide? That is what has been going through my mind. I am not taking issue with the Senator. I am merely trying to educate myself. Let us assume that a manufacturer wishes to buy wool to manufacture into cloth. There are different grades of wool for sale. We will assume 10 or 12 different lots of wool are lying on the floor, all different. I wonder what tests or standards the buyers of wool employ to ascertain the value of the wool in purchasing it from the person who may have it?

Mr. THOMAS of Oklahoma. I am not in the wool business, and I am not qualified to answer the question with any expert knowledge, or practically any knowledge, but it is obvious that the wool spinners have been in their employ who are experts in wool, that is, in scoured wool. These experts know what good wool is, and what second-grade wool is, and what third-grade wool is, and so on down. So the spinners of yarn have such men in their employ in whom they have confidence, and they must do a good job or else they would not hold their positions. Wool is spun into yarn. Then the weavers——

Mr. HATCH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. Was the Senator talking about the purchaser of the wool in the first instance?

Mr. THOMAS of Oklahoma. The raw wool; yes.

Mr. HATCH. I suggest that the Senator obtain a copy of the hearings and the investigation conducted by the Senator from Colorado [Mr. ADAMS], the Senator from Massachusetts [Mr. WALSH], the Senator from Montana [Mr. MURRAY], and myself. From the hearings he could read perhaps some of the most interesting information he ever read in his life, about the marketing of wool, and what the purchaser is up against in that end of the industry.

Mr. THOMAS of Oklahoma. I was going to submit this question a little while ago. The senior Senator from Montana [Mr. WHEELER] said that the bill was to protect the consumers from lack of information in buying suits and overcoats and articles made out of cloth. It is obvious from this bill that there may be taken the poorest grade of wool from a poor sheep, even though the sheep has been lying dead on the plains of the West all winter—and when spring comes the wool can be taken from such a sheep——

Mr. HATCH. Oh, Mr. President, the Senator does not mean to say that we in the West have a habit of clipping wool from a sheep which has lain dead on the range all winter?

Mr. THOMAS of Oklahoma. To my certain knowledge wool growers, when they find that a sheep has died during the winter, will cut the wool from the sheep.

Mr. HATCH. They remove the pelt and sell the pelt.

Mr. THOMAS of Oklahoma. They cut the wool from the sheep which has died either from starvation, from overeating, from eating too much cactus or shinnery, or from not eating enough, and which has lain dead in the open all winter. If the farmer can find that wool, it is saved. It is not worth much, but under this bill it is wool, just the same as fine, long-staple wool from the finest Merino sheep on the finest bluegrass farm in Missouri.

Mr. HATCH. Mr. President, will the Senator yield there?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. What the Senator has said of the wool from the dead sheep in New Mexico, if he wants to say that, also applies——

Mr. THOMAS of Oklahoma. And the dead sheep in Oklahoma.

Mr. HATCH. That also applies to all the reclaimed wool, or second-hand wool, or ashcan wool that is today reworked, labeled, and sold, as I can show the Senator from the testimony, as virgin wool. Is that not correct?

Mr. THOMAS of Oklahoma. Yes.

Mr. HATCH. The Senator realizes, does he not, that that is the thing we are fighting?

Mr. THOMAS of Oklahoma. Here are some samples of cloth. They are marked "all wool." So far as I know, the man does not live, who can by any known scientific test, determine with assurance that any one of these pieces of cloth is not from a dead sheep. By a dead sheep I mean one which has died from starvation, or for some other reason, and has lain dead in the open for a considerable period of time.

Mr. HATCH. Is it the Senator's argument that, because the consumer, when he comes to buy a suit of clothes, cannot tell that he is getting shoddy, he should have no protection?

Mr. THOMAS of Oklahoma. If we could do it, I would be for it.

Mr. HATCH. The objection of the Senator is based on the assumption that it is an impossible situation?

Mr. THOMAS of Oklahoma. This bill is not effective. It has no semblance of being effective. It cannot be enforced. It has no provision which can be enforced, save at the expense of untold millions of dollars.

Mr. HATCH. Might it not be worth one small effort to try it and see if it can be enforced?

Mr. THOMAS of Oklahoma. Mr. President, at this time, when obviously the bill would raise the price of wool 5 cents a pound, because of the shortage of wool, it would raise the price of an outfit for a soldier $10 a year.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. I have served with the Senator from Oklahoma on the Committee on Agriculture and Forestry for so long, and have heard him argue so much for higher commodity prices, that I cannot understand why he is arguing today for lower prices on wool.

Mr. THOMAS of Oklahoma. I am glad to answer questions as they come up. If wool were on the same percentage of parity as other farm commodities, the situation would be different; but wool heads the list. On the basis of a 100 percent parity price, wool stands at about 118 to 120; wheat stands at about 50; and corn at about 74. The prices of other products are in proportion.

Mr. HATCH. Mr. President, will the Senator further yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. Because the prices of wheat and corn are down, the Senator would not also drag down the price of wool; would he?

Mr. THOMAS of Oklahoma. I am opposed to the enactment of legislation still further raising the price of wool when wool is above the parity price and when we must have wool at public expense to clothe some 2,000,000 of our soldiers. The bill is against national defense to that extent.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement showing the parity price of wool in relation to other farm products.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

United States prices received by farmers, Aug. 15, 1940—percentage of parity

Wool	118
Beef cattle	109
Lambs	101
Tobacco	101
Veal cattle	100
Chickens	92
Sweetpotatoes	91
Butterfat	86
Milk equivalent	84
Potatoes	79
Corn	77
Cottonseed	74
Rice	72
Buckwheat	70
Eggs	67
Apples	65
Hogs	64
Flaxseed	63
Cotton	59
Peanuts	56
Wheat	54
Oats	53
Hay	47
Barley	46
Rye	40
Soybean	39

Source: U. S. Department of Agriculture, mid-month local market price report, August 29, 1940.

Mr. THOMAS of Oklahoma. If we should take the samples of cloth which I hold in my hand and tear them apart, respin them into yarn, reweave the yarn into cloth, and cut from that cloth a suit of clothes, I contend that it would be an infinitely better suit of clothes from the standpoint of looks and wear than a virgin wool suit made from tags, flanks, and rear ends from poor sheep which have died from starvation. Under the terms of the bill such sheep would produce a class of wool which would rate with the highest, and the cloth made from that class of wool would be of the highest class.

The bill is called a truth-in-fabric bill. Mr. President, it is anything but a truth-in-fabric bill. If we could distinguish the hundreds of different classes of wool and tell from the suit of clothes what class of wool we were getting, I should be for such legislation, but no one is presuming to suggest that kind of legislation.

The bill divides wool into three classes. Everything which has not been used is "wool," and it is all on a par. Wool from the backs of the finest sheep is in the same category as wool from the backs of the poorest sheep. Under the terms of the bill wool from the poorest sheep would be the finest wool in the world. Yet if the finest wool in the world, after it has been spun into yarn and woven into cloth which is not used, is then respun and rewoven, it is second-class wool.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Assuming, for the sake of argument, that it would be possible to make a test—I do not say it would be possible—and that an importer in good faith had bought a quantity of foreign woolens which were labeled "pure wool," and was making suits of clothes from that cloth, what would happen if by some test it could be shown that the wool was not up to standard?

I am assuming, for the sake of argument, that there might be such a test. I am wondering what the penalties would be, and what the procedure would be.

Mr. THOMAS of Oklahoma. In the first place, that fact could not be proved, because there is no test by which it could be proved, but if it could be proved, under the terms of the bill the goods which were complained of would be libeled, condemned, or requisitioned, and the owner of the goods would be taken into court. If convicted—and he could not be convicted as the result of any tests I know of—his goods could be condemned and sold or destroyed. The person who sold them could be notified, and I suppose he could obtain the goods by paying the costs and the fine.

Mr. TYDINGS. My question was predicated upon the assumption that the man had acted in good faith. In order to keep out of the clutches of the law, he would be required to have tests made of the goods before he turned them into suits. Otherwise, I do not know how in the world he would know whether or not he was selling pure wool goods, except by the statement of a foreign producer.

My question is based on the assumption I have stated. How would the importer of foreign goods be able to know whether or not he was buying what he thought he was buying, and selling what he thought he was selling, unless he could, in advance, submit the goods imported to some tests to make sure that they contained the requisite amount of wool?

Mr. THOMAS of Oklahoma. It is obvious that certain countries can produce sheep more cheaply than we can produce them in America. It is obvious that wool from such sheep can be sold on the world market more cheaply than we can produce wool and sell it on the world market. It is obvious that wool from the cheap sheep in foreign countries can be scoured more cheaply than we can scour it. It can be carded, spun, and woven more cheaply than we can perform those processes. After the war is over other nations of the world, such as Germany, Japan, France, and Great Britain, will go after what they can get. They will have no high labor standards. They will be lucky if they can get enough money for their labor to keep body and soul together. So if the bill should become a law the foreigner would have an unending advantage over the United States in the production of cloth. Producing it more cheaply than we can sell it, the foreigner can still make an ample profit; and in this country we shall have a flood of imported cloth, fabrics, and merchandise labeled "all wool," "wool product," or "100-percent wool." There is no test in America by which we can disprove such a label. We cannot prove that the goods are being mislabeled. We cannot put inspectors in foreign plants. No American inspectors will be standing guard to see that the wool which comes into the plants is virgin wool. We cannot send inspectors to see that the wool which is spun is not spun from odds and ends such as the samples which I have before me.

I exhibit to the Senate some wastes, taken from a tailor shop, I presume. I understand that in a tailor shop various kinds of cloth are used for trimming purposes, for lining purposes, and so forth. I hold a handful of waste cloth. I do not know what it is called. I understand that a tailor has a basket of odds and ends such as these samples. When a garment has been cut, the odds and ends go into the basket. When the basket is full, it is put into a bale. The bale of odds and ends of waste is sold and finally reaches some wool-manufacturing concern. There the wastes are sorted. The silks are thrown into one pile, the cotton goods into another pile, and the woolen cloth—if there be any—is thrown into another pile. Then the various piles are reworked or reprocessed. They are torn apart, down to the original fiber. Then they are dyed and the wool, fiber, or whatever it be, is spun into yarn. The yarn is rewoven into cloth, and we then have a new cloth, made from odds and ends such as these.

Under the terms of the bill, that cloth would have to be labeled "reprocessed cloth." It could not be called wool under the terms of the bill. If it be cotton, the bill does not apply to cotton. The bill does not apply to silk or to rayon. It applies only to wool. Again the bill is unfair. It is a wool bill. It does not protect the consumer from faulty silk, rayon, or cotton. It is only a wool bill. Yet it is so drawn that the highest quality of cloth made from reprocessed woolen yarn

from the finest sheep, and which has never been worn, is classed as second-hand. The poor, worn-out cloth which is torn apart, respun, rewoven, and resold, is shoddy. Even the shoddy is all wool. It is a wool product. Under the terms of the bill one might go into a store, and the merchant might hand him a suit. The label on the suit would not state that it was a wool suit, but it would be a wool product. It would be a 100-percent reprocessed wool suit, or a 100-percent reused wool suit. But it would be all wool. In my judgment, the consumer—I care not who he might be—would prefer the lowest grade of an all-wool product to the finest grade of an all-cotton product. In that particular I contend that this is an anticotton bill, and I am opposed to it for that reason.

We now have on hand approximately 20,000,000 bales of cotton which we cannot sell. There is practically no market for cotton. The South depends upon cotton. Eleven or twelve States depend upon the production of cotton for their existence. We have 20,000,000 bales which we cannot sell. We are raising this year 13,000,000 bales which we cannot sell. Yet the Congress is now proposing to pass a bill still further raising the price of wool, when it is already above parity. If the bill should cause more wool to be used, it would cause less cotton to be used. To the extent that it is a wool-helping bill, to the same extent it is a cotton-harming bill. There is no argument against that statement. It is unanswerable.

All I am asking is that the bill be considered by some committee. It has not been considered by any committee. It has not been considered by the Senate, except for such consideration as was given to it yesterday and is being given to it today. We are called upon to vote on a bill covering the whole subject of wool, affecting all the sheep-raisers, all the cotton-raisers, all the cotton mills, all the woolen mills, all the labor in all the mills, and all the consumers, without knowing very much about what is in the bill.

Some very fine garments may be made from virgin wool. Also, some very poor garments may be made from virgin wool. Virgin wool is not fit for some garments.

Let me give an illustration. Three or 4 years ago I was going to Alaska in the summertime. I knew that it was colder in Alaska than it was in my own State or in Washington, and I was advised to take some rather heavy clothing, even in the summer. I thought I would need some heavy clothes. So I went to a store in Washington and asked for some heavy woolen hose. I wanted them all wool; I wanted warm wool. The merchant brought out some hose and asked what size I wore. I told him about No. 11. He showed me a pair of hose. They were ribbed; the creases of the ribs were half an inch wide; the hose were very fluffy and very thick. The hose proper were about that long [indicating] and the feet about that long [indicating]; in other words, about 18 inches high and 15 inches long for the foot. I said, "I cannot wear a pair of hose of that size; I could get both feet in either hose." The clerk said, "When they are laundered they will be smaller." I wanted the hose; I expected to wear them in rather heavy shoes; so I purchased a pair. When I put them on my shoes were too small, and I had to get a larger pair of shoes to wear wtih this bunch of fluffy woolen called hose. But I got by, for in Alaska I wore gum boots most of the time. I sent these hose to the laundry, and I am going to show the Senate what I mean. The hose I purchased were larger than these [exhibiting]. The hose I exhibit to the Senate are presumed to be made of virgin wool. These are not the ones I purchased but they are similar in size, although they are smaller. The ones I purchased had ribs down the side and were much larger than these. After I had worn these hose a time or two, and had them sent to the laundry, the first time they came back; they fit pretty well; the second time they came back they were this size [exhibiting]. [Laughter.] That is what two launderings did for my wool hose.

Mr. TYDINGS. Mr. President, if the Senator from Oklahoma does not mind my interjecting the remark, it looks as if he visited the Eskimos while he was in Alaska.

Mr. THOMAS of Oklahoma. I cannot wear these any more. [Laughter.] I am going to have them laundered again, and when my grandson is old enough to wear shoes I will send them to him. I hope they will not be too small for him to wear.

Mr. President, that is an illustration why a certain class of goods cannot be made out of virgin wool.

I might say that I bought some underclothes for the same trip. [Laughter.] I got them at the Raleigh Haberdasher; they were all wool and were amply large, but after they had been sent to the laundry I tried my best to get into them and failed. I notified the laundry and they promptly paid for the underclothes. They would fit a boy about 6 or 7 years old after one laundering; after the second laundering, they would fit a boy about 3 years old, and after the third laundering a midget youngster.

Mr. President, I shall not go further into the particular matter, except to say that pure wool for underwear is not good. If anyone wants good woolen underwear, let him get some 50-percent silk and 50-percent wool. The wool will give warmth, the silk strength and keep the garment from stretching or shrinking.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. VANDENBERG. While the Senator is reminiscing, I should like to make one contribution to his collection. I do not know what is the matter with the wool business, but during the debate on the Smoot-Hawley tariff bill, when we were told that the chief necessity for wool was a higher tariff—and I subscribed to that theory—the then distinguished Senator from Alabama, Mr. Heflin, suggested that the tariff did not have anything to do with the wool business, that when women wore the clothes God intended them to wear it took two sheep working 1 year to clothe a woman, but that now one silk worm can do it working on Sunday afternoons. [Laughter.]

Mr. THOMAS of Oklahoma. Mr. President, I am as much in favor of a truth-in-fabrics bill as any other Member of the Senate can be, but we do not have such a bill before us. Nobody knows what we do have before us. Yet we are called upon to vote upon it.

I have one more letter which I should like to place in the RECORD to show that there is no method by which wool can be tested to determine whether it is virgin wool or reclaimed wool. I do not know whether this article [exhibiting] is made of virgin wool or not. The man who wove this pair of hose does not know whether they are made of virgin wool or not; the man who spun the yarn from which they were made does not know whether they are made of virgin wool or not; the only person who could possibly know whether the wool in the hose is virgin wool or reused wool or reprocessed wool is the man who bought the wool and actually took it from the bin, if that is the proper term, and started it through the machine that spun it into yarn. He would know, perhaps, what kind of wool is in the pair of hose which I exhibit to the Senate.

The United States Testing Co. has general offices at 1415 Park Avenue, Hoboken, N. J. The National Association of Wool Manufacturers submitted samples to this testing company and asked them if they could tell whether or not the wool in certain samples was virgin wool or reused wool or reprocessed wool. Omitting the first part of the letter, which does not bear on the point I wish to bring before the Senate, I read from the paragraph which does:

> From all of the tests we have made showing the varying lengths of fibers, the amount and kind of foreign fibers along with the microscopic determination of frayed fiber ends, we are unable to state definitely whether the wool is virgin or reworked. Not being able to definitely distinguish between the fibers, we, of course, can give no figures as to the amount of virgin or reworked wool present in the various samples.
>
> (Signed) C. J. HUBER,
> *Director of Laboratory.*

Mr. President, it cannot be denied that there is no known test which can determine definitely whether a fiber has ever been used, whether a fiber is a virgin fiber, which means that it has never been used or placed into a thread and then woven, or whether it has been spun, then woven into cloth and perhaps cut into a garment and then sent back and reprocessed.

Take the suits worn by Senators. If they could be sent to a testing laboratory, after having first been processed, there is no known test so far as I am aware—and I have made search—that could determine whether or not the wool in the suits which Senators wear at present, if reduced back to a raw state, had been used or whether it had not been used. So I contend that this bill affords no protection whatever to the consumer; and the consumer whom the author has in mind, obviously, is the man who cannot afford to buy very many wool suits. If something could be done to protect him, I would only be too glad to vote for such a bill; but this bill is going to raise the price of wool; it will raise the price of raw wool; and, inferentially, I think, will raise the price of all wool, because it places the poorest grade of wool above the highest grade of cotton—that will be the psychology—and if this bill should pass, a piece of cloth containing cotton would be laid aside; and yet some cloth made partly of cotton and partly of wool is much better than cloth made out of all wool. I exhibit to the Senate some heavy overcoat material. Any Senator on examining the material will notice, I think, that the warp, as it is called, is made of a white thread which is cotton. That gives it strength; it will not stretch and will not expand. The parts in front and back are made of wool. It is contended that cloth of that character is much better and much stronger and much more durable and will wear longer and hold its shape better and look better than if made of pure wool.

I am told that cloth made of pure wool, when it gets wet and then dries, shrinks, and I think that is correct as I have shown here by the illustrations that came under my observation.

The cloth which is made into the uniforms of our soldiers is made according to special specifications. The War Department and the Navy Department have experimented for years, and they know the kind of cloth and the weight of cloth and the kind of wool that will make the best uniforms from the standpoint of wear and serviceability and warmth to protect the soldiers; so they have their cloth made under special specifications, and they have men standing at all the machines to see to it that they get what they purchase. Otherwise, they would not know.

So the only way in which the Army can protect itself in its plans and specifications, to see that it gets what it orders, is to have men inspect the product at every stage of the proceeding, just as the Board of Army Engineers, when they start to build a structure—I do not care what it is—have men present to inspect everything. The gravel is inspected before it goes into the concrete. The cement is inspected before it is wet and placed in the gravel. It has to be up to a certain specification and a certain standard. The gravel is inspected, the cement is inspected, the quarries are inspected; everything that goes into the concrete, or whatever it may be, is inspected from beginning to end from the inception to the finished product; and, if this bill becomes effective, the same procedure must be followed.

Unless we are willing to provide inspectors at every point along the process of wool from the sheep's back to the finished product, we should not now pass this bill. If we desire at this time, still further to raise the price of wool, of course, we may pass the bill; but, Mr. President, wool is going up in price all the time.

I exhibit to the Senate a copy of the Journal of Commerce and Commercial of date September 11, Wednesday, yesterday. I read from page 11, under the title "Worsted Yarn Moving Upward." I read a portion of the article:

> Wool tops are an average 2 cents per pound higher than in the previous week.

So wool tops went up 2 cents last week. Wool tops are the best grade of wool. They are the highest-class wool from the sheep.

I read another line from this article. It is, as I say, on page 11 of the Journal of Commerce and Commercial of date September 11. It says:

> Fine domestic tops are now quoted $1.10 to $1.12; blended fine, $1.04 to $1.06.

Then it goes on down the grades to lower grades, and finally gets down to 90 cents. That is the finished wool. That is wool which has been processed, has been scoured, as it is called, and has been sent through the process, and is now ready for the factory for weaving purposes. So wool is going up.

I read in another place on the same page:

> Wool top futures closed very steady at 3 to 15 points advance yesterday.

So, Mr. President, wool is advancing daily, because of the fact that the Army and the Navy are in the market for the purchase of millions of dollars' worth of cloth. We have to equip 2,000,000 soldiers. If 3 suits a year are required by a soldier, as is estimated to be the case if they are in service, and 4 yards of cloth are required to make a uniform, 4 times 3 is 12; that is, 12 yards of the best grade of wool cloth to equip 1 of our soldiers for a year. From 3½ to 4 yards are required to make an overcoat for a soldier, and about 3½ yards are required to make a blanket for a soldier. A great deal of wool is required to make the cloth to equip a soldier, and it is estimated that this bill, if it raises the price of wool 5 cents a pound, will raise the cost to the Government of outfitting a soldier for 1 year from seven and a half to eight dollars. Two million times seven and a half dollars is $15,000,000. So if this bill passes and does what its proponents say it will do, it will cost the United States Government some $15,000,000 a year more to equip and uniform our soldiers than it would cost if the bill were not enacted.

Mr. President, I say again that this bill should go to conference; but it cannot now be sent to conference. There are some motions in the way. I cannot make a motion to send it to conference. The only way in which the bill can go to conference is by unanimous consent or by rejecting the motion which was made yesterday by the author of the bill.

I think the RECORD should show at some place the differences between the Senate bill and the House bill. The Senate bill as it passed this body is not printed. The House bill as it passed the other body is not printed, save in the amendment that came here. It has not been printed since it came here. We have two or three engrossed copies; that is all; so no one knows what the bill contains.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Oklahoma yield to the Senator from Vermont?

Mr. THOMAS of Oklahoma. I yield.

Mr. AUSTIN. I am obliged to leave the Senate tonight, and within a very few moments. Before going I desire to go on record as favoring the amendments offered by the senior Senator from Oklahoma and to state that I am opposed to the pending bill, which I understand to be the House substitute for the Senate bill.

I discussed this subject quite at large when it was previously under consideration, and I think I need not now discuss it further; but I want Senators to know that I have not changed my position; that the improvements made in the bill by the House are not sufficient to move me to support the bill. If I were able to be here and vote, I should vote for the amendments of the Senator from Oklahoma and against the bill.

Mr. THOMAS of Oklahoma. Mr. President, in order that the RECORD may show that there are differences between the House amendment as it is now before this body and the Senate bill as it passed this body and went to the House, I present for the RECORD and ask that the clerk read each amendment, stating what the Senate bill provided, and then, following that, what the House has provided in lieu thereof.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

DIFFERENCES BETWEEN S. 162 AND H. R. 944

1. Page 1, subdivision (b), Senate 162, defines wool as follows:
"(b) The term 'wool' means the fiber from the fleece of the sheep or lamb."

Under the provisions of the House amendment, the term wool is defined as follows:

"(b) The term 'wool' means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat (and may include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) which has never been reclaimed from any woven or felted wool product."

2. Subdivision (c) of Section 2 of S. 162 defines virgin wool as follows:

"(c) The term 'virgin wool' means wool which has never been reclaimed from any spun, woven, knitted, felted, or otherwise manufactured product."

While the House amendment modifies said subdivision (c) so that same reads as follows:

"(c) The term 'reprocessed wool' means the resulting fiber when wool has been woven or felted into a wool product which, without ever having been utilized in any way by the ultimate consumer, subsequently has been made into a fibrous state."

3. Subdivision (d), Section 2, of S. 162, defines reclaimed wool as follows:

"(d) The term 'reclaimed wool' means wool which has been made into a fibrous state after having been spun, woven, knitted, felted, or otherwise manufactured."

While subdivision (d) of the House amendment amends subdivision (d) to read as follows:

"(d) The term 'reused wool' means the resulting fiber when wool or reprocessed wool has been spun, woven, knitted, or felted into a wool product which, after having been used in any way by the ultimate consumer, subsequently has been made into a fibrous state."

4. Subdivision (e) of section 2 of S. 162 defines "wool product", as follows:

"(e) The term 'wool product' means any product made from the fiber of the fleece of the sheep or lamb and containing the percentage of wool as provided in subsection (A) of paragraph (2) of section 4 of this act."

While the House amendment amends said subdivision (e) to read as follows:

"(e) The term 'wool product' means any product, or any portion of a product, which contains, purports to contain, or in any way is represented as containing wool, reprocessed wool, or reused wool."

5. Lines 9, 10, 11, 12, 13, 14, 15, 16, 17 of section 3 of S. 162 read as follows: "or ship or sell or offer for sale in commerce, or who shall receive from or through commerce, and having so received shall resell or deliver for pay, or offer to resell or so deliver to any other person, any such wool product which is misbranded within the meaning of this act and the rules and regulations hereunder is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act."

The House has amended such lines to read as follows: "or ship or sell or offer for sale in commerce, any such wool product which is misbranded within the meaning of this act and the rules and regulations hereunder is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act."

6. In line 3 of paragraph (a) on page 4 of S. 162, we find the word "nor" and the House has amended said word "nor" to read "or."

7. The first six lines of paragraph (A) of Section 4 on page 4 of S. 162, read as follows:

"(A) The percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 percent of said total fiber weight, of (1) virgin wool; (2) reclaimed wool; (3) each fiber other than wool if said percentage by weight of such fiber is 5 percent or more; and (4) the aggregate of all other fibers: * * *."

While the House has amended said lines to read as follows:

"(A) The percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 percent of said total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool if said percentage by weight of such fiber is 5 percent or more; and (5) the aggregate of all other fibers: * * *."

8. Paragraph (C) on page 5 of S. 162 reads as follows:

"(C) Either the name of the manufacturer of the wool product, or the name of one or more persons subject to section 3 with respect to such wool product, or the name of said manufacturers, and the names of one or more of such other persons."

While the House amendment to said paragraph (C) reads as follows:

"(C) The name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product."

9. Subdivision 3 of said section 4 of S. 162 reads as follows:

"(3) In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying the presence of wool, used in connection with such wool product."

While the House amendment to said subdivision (3) reads as follows:

"(3) In the case of a wool product containing a fiber other than wool, if the percentages by weight of the wool contents thereof are not shown in words and figures plainly legible."

10. Subdivision 4 of section 4 of S. 162 reads as follows:

"(4) In the case of a wool product represented as virgin wool, if the percentages by weight of the virgin wool content thereof are not shown in words and figures equally conspicuous with any trade name, pictorial representation, term, or descriptive name, suggesting or implying such wool product is virgin wool, or if the total fiber weight of such wool product is not 100 percent virgin wool exclusive of ornamentation not exceeding 5 percent of said total fiber weight."

While the House amendment to said subdivision 4 of section 4 reads as follows:

"(4) In the case of a wool product represented as wool, if the percentages by weight of the wool content thereof are not shown in words and figures plainly legible, or if the total fiber weight of such wool product is not 100 percent wool exclusive of ornamentation not exceeding 5 percent of such total fiber weight."

11. Lines 6, 7, 8, 9, and 10 of section 5 of S. 162, read as follows:

"Content of the wool product, and other information required under section 4, shall be and remain affixed to such wool product, whether it remains in its original state or is contained in garments or other articles made in whole or in part therefrom, until sold to the consumer."

The House amendment strikes such lines and inserts the following:

"Content of the wool product or any other products contained therein in an amount of 5 percent or more by weight and other information required under section 4, shall be and remain affixed to such wool product, whether it remains in its original state or is contained in garments or other articles made in whole or in part therefrom, until sold to the consumer: *Provided*, That the name of the manufacturer of the wool product need not appear on the substitute stamp, tag, or label if the name of the person who affixes the substitute appears thereon."

12. In line 21 on page 7 of S. 162, the Senate bill refers to "wool products" while the House amendment strikes the word "wool" and inserts the word "wood." (The word "wood" is obviously a misprint and should be changed to the word "wool.")

13. The first paragraph of subdivision (b) of section 6 of S. 162 reads as follows:

"(b) Every manufacturer of wool products shall maintain complete and accurate records showing the fiber content as required by this act of all wool products made by him, and shall preserve such records for at least 5 years."

While the House amendment changes said subdivision (b) of said section 6 to read as follows:

"(b) Every manufacturer of wool products shall maintain proper records showing the fiber content as required by this act of all wool products made by him, and shall preserve such records for at least 3 years."

14. Paragraph (a) of section 9 of S. 162 reads as follows:

"(a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured for introduction into commerce and/or from whom it was received in commerce, that said wool product is not misbranded under the provisions of this act."

While the House amendment to said paragraph (a) of said section changes such paragraph to read as follows:

"(a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, that said wool product is not misbranded under the provisions of this act."

15. Paragraph (b) of section 9 of S. 162 reads as follows:

"(b) Any person who furnishes a false guaranty, except a person relying upon a guaranty to the same effect received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured for introduction into commerce and/or from whom it was received in commerce, with reason to believe the wool product falsely guaranteed may be introduced, sold, transported, or distributed in commerce, is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act."

While the House amended said section (b) of section 9 to read as follows:

"(b) Any person who furnishes a false guaranty, except a person relying upon a guaranty to the same effect received in good faith, signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, with reason to believe the wool product falsely guaranteed may be introduced, sold, transported, or distributed in commerce, is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act."

16. Section 12 of S. 162 reads as follows:

"SEC. 12. This act shall take effect 6 months after the date of its passage."

While the House amended said section 12 to read as follows:

"SEC. 12. This act shall take effect 9 months after the date of its passage."

17. S. 162 contains but 13 sections, while the House amendment contains 14 sections, and said new section 14, added by the House, reads as follows:

"SEC. 14. None of the provisions of this act shall be construed to apply to the manufacture, delivery for shipment, shipment, sale, or offering for sale any carpets, rugs, mats, or upholsteries, nor to any person manufacturing, delivering for shipment, shipping, selling, or offering for sale any carpets, rugs, mats, or upholsteries."

Mr. THOMAS of Oklahoma. Mr. President, I am prefectly willing to have a vote on my motion to send the bill to the committee to consider these amendments. The Clerk has just taken about 15 minutes to read the changes made by the House in the Senate text, and these are the things upon which we are called to vote. They are not printed, and no one knows what they are. I have studied them for days in an effort to ascertain what they mean, and I have given my interpretation of the changes in the statement just read. The bill has not been printed, and no one knows what is in it save one or two Senators on the floor, and it occurs to me it is a bad practice to take any measure half baked, sight unseen. No one knows what the provisions are, and if the motion presented by the Senator from Wyoming shall be agreed to, the bill will go to the President without a change. It is a pig in a poke. No one in either body knows what it provides. So I think it is better that it should go back to the committee for consideration of the amendments. If the committee brings back recommendations, I shall be satisfied. I know there is a majority in the Senate in favor of this class of legislation, and I, myself, am in favor of some kind of legislation along this line, if it can be so framed as to protect the interests which I represent.

Mr. SCHWARTZ. Mr. President, while I do not like to take the time of the Senate, because I know there are other important matters pressing, I feel that, in justice to the bill, I should make some reference to it in addition to what I stated yesterday. I had thought yesterday that, so far as these amendments were concerned, I had explained them all in detail one after the other. My statement went into the RECORD, and I believe the Senators who were present understood what the amendments were.

The Senator from Oklahoma has been speaking for 3 hours and a half, and in all probability he has confused the issue to some extent. I thought at first that the Senator from Oklahoma probably had a blind spot on this bill, but as he has proceeded and has spoken in great detail, I think he is acting in good faith, but I cannot help recalling a story I heard about a happening which took place in Oklahoma once upon a time.

A colored man had a fine big mule, which he sold to a planter. The planter said, "What kind of a mule is this?" The colored man replied, "He is a fine mule. There is nothing the matter with him. He has good eyesight, and all that." So the planter bought the mule and turned him out. Pretty soon the mule began running around. The first thing it did was to run over a flock of lambs and kill two or three of them. Then he ran over a chicken coop and upset that. Finally he ran "kerplunk" against a cotton gin, and it sort of knocked him out. The planter said to the colored man, "I thought you told me that mule was not blind." The darkey replied, "No, boss; that mule ain't blind. He just don't give a damn." [Laughter.]

Mr. President, I wish to refer to some of the things which have been said here today. First, I believe I shall discuss the question whether the bill is an anticotton bill or not. I recall when we had the bill before the Senate for consideration, that just before the Senate, by a vote of 2 to 1, passed the measure, the distinguished senior Senator from that great cotton-producing State of Vermont [Mr. AUSTIN] [laughter]——

Mr. HATCH. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Wyoming yield for that purpose?

Mr. SCHWARTZ. Yes; I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lucas	Schwellenbach
Austin	George	McCarran	Sheppard
Bailey	Gerry	McKellar	Smathers
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Green	Miller	Thomas, Idaho
Brown	Guffey	Minton	Thomas, Okla.
Bulow	Gurney	Murray	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Truman
Byrnes	Hatch	Nye	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Caraway	Herring	Overton	Van Nuys
Chandler	Hill	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. WILLIAMS of Missouri, Mr. SPENCE, Mr. WALCOTT, and Mr. GIFFORD were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code was read twice by its title and referred to the Committee on Immigration.

LABELING OF WOOL PRODUCTS—TRUTH IN FABRIC

The Senate resumed the consideration of the motion of Mr. THOMAS of Oklahoma to refer to the Committee on Interstate Commerce the amendment of the House of Representatives to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. SCHWARTZ. Before the quorum call was had, I stated that I considered the motion of the Senator from Oklahoma [Mr. THOMAS], which is next to be voted upon, to send the bill to the Senate Committee on Interstate Commerce for further consideration, to be simply a motion to kill the bill. In my judgment, if that motion prevails that will be its effect.

The Senator has said here time and time again in the course of his remarks that he thinks the bill should be sent to conference, but that he cannot make a motion to that effect and have it voted upon until after my motion to approve the House amendment shall have been acted upon. Yet while he thinks the bill should go to conference, he purposes to offer his motion to kill it, and then he has three dilatory motions which he expects to present, and have them voted upon in the hope of killing the bill.

Mr. President, I think a motion of this kind, which will directly kill the bill, and evidently is intended for that purpose, should be voted down. Ultimately the Senate will vote on my motion, and if that does not prevail, the Senate will vote on the motion to send the bill to conference.

Mr. President, I said a moment ago, before the quorum call, that the distinguished senior Senator from Vermont [Mr. AUSTIN] in the closing debate on the bill in the Senate

suddenly presented to the Senate the argument that the wool bill, as he called it, would injure the cotton industry, and he played upon that theme for quite a while. I was surprised, of course, to see that a Senator from a State which produces so much reworked wool and puts it on the market, should be so much interested in the fortunes of the cotton growers and not in the fortunes of his own manufacturers.

The distinguished Senator from Oklahoma called to mind that the argument thus suddenly made by the Senator from Vermont did frighten several of the southern Senators out of the Chamber, or at least sufficiently to change their minds, so that they voted contrary to the way they had previously indicated they would vote, and trading on experience, the Senator from Oklahoma has now endeavored to repeat and elaborate upon the suggestion that this is an anticotton bill.

Mr. President, I shall refer to a few statements made by persons who know something about the cotton business. In the first place I shall read a letter from Ezra T. Benson, who is the secretary-treasurer of the National Cooperative Council. It is dated July 24, 1939, and is addressed to Hon. ELMER THOMAS, United States Senate.

It was written the day after we had voted on the bill here. Mr. Benson says:

NATIONAL COOPERATIVE COUNCIL,
Washington, D. C., July 24, 1939.

Hon. ELMER THOMAS,
United States Senate, Washington, D. C.

MY DEAR SENATOR THOMAS: The CONGRESSIONAL RECORD of July 21 indicated that you had moved to reconsider the vote on the truth-in-fabrics bill which had passed the Senate by a vote of 48 to 23.

We know of your long service to agriculture and your cooperation in matters of vital interest to the farmers of the United States. It is because of this fact that we appeal to you on behalf of the 1,700,000 farmers that are members of the National Cooperative Council that you do not request a reconsideration of this matter.

The council is made up of some 4,000 farmers' cooperative marketing and purchasing organizations with membership in every State in the Union. For a number of years our organization has been interested in truth-in-fabrics legislation and at the 1939 annual meeting held in January reaffirmed its position by passing the following resolution:

"The National Cooperative Council at its meeting in January 1938 endorsed the fabric-labeling bill, and the bill, though passed by the Senate, failed to be reported in time to get on the House Calendar. The council, therefore, reaffirms its position and urges the passage of new fabric-labeling bills, S. 162 and H. R. 944."

You raised the question whether the Schwartz bill, S. 162, would injure the cotton farmers. We are unable to see how this type of legislation would injure the producers of cotton. We feel that truth-in-fabrics legislation would tend to benefit the entire cotton industry. As a matter of fact, one of the strong federations that make up the membership of this council is the American Cotton Cooperative Association, with headquarters at New Orleans. This organization is made up of some 12 State cooperative associations of cotton growers. The American Cotton Cooperative Association is supporting this truth-in-fabrics legislation and were represented at our annual meetings when resolutions favoring this legislation were adopted.

Our council operates on a unanimous-consent basis, and for that reason never passes any resolutions that are not approved by all of its member associations.

We respectfully urge that you lend your support to the passage of this important measure and assure you that we will greatly appreciate your efforts.

With every good wish,
Sincerely yours,

EZRA T. BENSON,
Secretary-Treasurer, National Cooperative Council.

Mr. President, I read that letter on the theory that probably all the cotton growers in the South—the men who actually grow cotton—know something about cotton, and that these cooperatives, which have been in existence for many years, and have had this question before them all these years, probably know what they want, and probably have a very intelligent idea as to whether or not this proposed legislation will adversely affect cotton.

I have a letter addressed to me by W. R. Ogg, director of research of the American Farm Bureau Federation. It reads as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., July 22, 1939.

Hon. H. H. SCHWARTZ,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I note in the debate on the truth-in-fabric bill in the Senate a question was raised as to whether this bill would result in decreasing the consumption of cotton.

Such a fear is entirely unwarranted. From my investigation of this matter I am convinced that it will probably result in increasing the consumption of cotton, rather than decreasing it, if it has any effect at all in this respect.

Without this legislation manufacturers of woolen goods can purchase rags and other second-hand materials, tear apart these fabrics, and use them in the manufacture of clothing which is sold to the public as all-wool. Thus the public gets an inferior article under the false impression that this is made of new wool. This bill merely requires the manufacturers of woolen goods to tell the truth as to the content of such goods. They can no longer sell goods made of second-hand wool as virgin-wool articles. The manufacturers can still use shoddy, or cotton, or silk, or rayon, or any other materials in mixture with wool, provided they tell the consumer the truth about what the article contains.

While no one can predict with certainty changes in consumer demand, it seems reasonable to conclude that if the manufacturers have to tell the truth about mixtures with wool the consumer will be more likely to prefer a garment composed of all new materials, such as wool and cotton, to a garment made out of wool rags and other second-hand materials whose fibers have been damaged by pulling and tearing a part of the fabric in the process of remanufacture.

The American Farm Bureau Federation has supported such legislation since 1920. Its policies are determined by voting delegates from State farm bureaus in 40 States, representing approximately one and one-half million individual farm people. We are just as vitally interested in the welfare of the cotton farmer as the welfare of the wool grower. We see nothing in this legislation to injure in any way the welfare of the cotton grower, but, on the contrary, it may have some indirect benefit to the cotton industry.

Again may I emphasize that all the bill does is to require manufacturers of woolen goods to tell the truth concerning the content of their goods. They are at perfect liberty to use any kind of materials they desire, but they can no longer deceive the public concerning such goods. This is a fundamental principle of common honesty comparable to what has already been accomplished in other fields through the Pure Food and Drugs Act.

It carries out the fundamental principle of fair competition as stated by the late Justice Cardozo in the case of the *Federal Trade Commission* v. *Algoma Lumber Co.* (291 U. S. 67): "Fair competition is not obtained by balancing a gain in money against a misrepresentation of the thing supplied. The courts must set their faces against a conception of business standards so corrupting in its tendency. The consumer is prejudiced if upon giving an order for one thing he is supplied with something else * * *. In such matters the public is entitled to get what it chooses, though the choice may be dictated by caprice or by fashion or perhaps by ignorance. Nor is the prejudice only to the consumer. Dealers and manufacturers are prejudiced when orders that would have come to them if (they) had been rightly named are diverted to others whose methods are less scrupulous."

The Senate is to be commended for its decisive vote in approving this bill yesterday. We sincerely hope that this action will not be reconsidered. It is too bad such legislation was not passed long ago to end the flagrant abuses in the sale of woolen goods.

Sincerely yours,

W. R. OGG, *Director.*

I have a letter addressed to me from R. E. Freer, Chairman of the Federal Trade Commission, which reads as follows:

FEDERAL TRADE COMMISSION,
Washington, July 28, 1939.

Hon. H. H. SCHWARTZ,
United States Senate, Washington, D. C.

MY DEAR SENATOR SCHWARTZ: I have received and presented to the Commission your letter of July 27, 1939, referring to the wool-products labeling bill, S. 162, and propounding two questions: First, as to whether the bill adversely affects cotton; and, second, whether the provisions of the bill will be effective with respect to imports from foreign countries.

The Commission has considered the matter in the light of its many years of experience respecting commercial practices in the sale and distribution in commerce of fabrics and fabric merchandise; and, responding to your first question, it is the opinion of the Commission that the legislation under consideration will have no adverse effect upon the sale or use of cotton.

As a textile fiber, cotton has distinctive qualities and intrinsic merits, and the bill, requiring truthful disclosure, would undoubtedly tend toward having these meritorious qualities of cotton brought to the attention of the buying public. Moreover, in mixed fabrics, those not composed wholly of virgin wool, cotton may reasonably be expected to be employed in place of cheap shoddy or low-grade second-hand wool fibers which are at present used in such mixed products without disclosure of such fact to the consuming public. Under all the circumstances, it appears quite possible that

as a result of the legislation the trend will be toward a greater use of cotton in mixed goods in lieu of certain types of shoddy.

The bill does not prohibit the use of any fiber, but is aimed at having the respective products marketed under nondeceptive conditions of truthful disclosure in the interest of maintaining fair competition and consumer protection. Experience has demonstrated that honest disclosure of a meritorious fiber does not hurt, but on the contrary helps its sale. Cotton with its many distinctive and desirable properties could not, in our opinion, be adversely affected in such situation.

Respecting your second question as to whether the bill will be effective in the matter of imports from foreign countries, the measure is applicable to such foreign imports as well as to domestic wool products. In addition, the bill provides means for excluding from the country foreign merchandise misbranded under its terms. It also provides for sworn declaration of contents on so-called consular invoices as required in the act of June 17, 1930; also the falsification of or the failure to set forth such information in such invoices is made an unfair method of competition under the Federal Trade Commission Act. If done with willful intent, it is also punishable as a misdemeanor. Moreover, the guilty party may be prohibited from importing or participating in importations of wool products into the United States except upon filing bond with the Secretary of the Treasury in the sum double the value of the wool products and the duty thereof, conditioned upon compliance with the provisions of the act. Upon general administrative procedures through treaty arrangements, information may be obtained from the original sources in the country of origin of the goods. Likewise, through scientific tests, the presence of the most objectionable types of shoddy in the fabric can be sufficiently detected for purposes of enforcement.

Upon consideration of the matter as a whole and in answering your question specifically, it is the opinion of the Commission that the provisions of the bill will be effective with respect to imports from foreign countries.

By direction of the Commission.

Yours very sincerely,

R. E. FREER, *Chairman.*

I have a letter dated August 28, 1940, from Grover P. Hill, Acting Secretary of Agriculture, addressed to Mr. W. R. Ogg, director of research of the American Farm Bureau Federation. The letter reads as follows:

DEPARTMENT OF AGRICULTURE,
Washington, August 28, 1940.

MR. W. R. OGG,
Director of Research, American Farm Bureau Federation,
Washington, D. C.

DEAR MR. OGG: This is in further reply to your letter of August 5 in which you called attention to the letter of July 27, 1939, from the Assistant Secretary of Agriculture to Senator THOMAS, with respect to the possible effects of S. 162, the truth-in-fabrics bill, on the consumption of cotton in the woolen and worsted industry, and asked if the Department had been able to give the problem further study since that time.

Information has not been readily available to show the extent to which information, such as consumers would obtain as a result of such legislation, might cause a shift from the use of cotton to the use of wool in the woolen and worsted industry. The data published by the Bureau of the Census in the past year, however, showing the materials used by this industry in 1937, when considered along with the prices of the raw materials, throw considerable light on the problem. In 1937 the woolen and worsted industry used a total of 780,000,000 pounds of raw fiber materials. Of this, 494,000,000 pounds consisted of raw wool and hair; 72,000,000 pounds consisted of cotton; 157,000,000 pounds consisted of wool and hair wastes, rags, and clippings; and 57,000,000 pounds consisted of rayon and other fibers and wastes thereof. Since the price of raw wool on a clean-content basis is usually several times as high as the price of cotton, it is apparent that they meet quite different technical requirements and consumer preferences. Some of the other materials used by the woolen and worsted industry sell at prices between those of wool and cotton. These facts suggest that the information resulting from the enactment of the truth-in-fabrics bill would probably affect the use of wool substitute materials rather than cotton.

The blanket industry probably provides the most pertinent information available in answer to your question. In January 1933 blanket manufacturers began labeling their articles as to wool and cotton content. They divided these blankets into four classes—those having less than 5 percent wool content, those having 5 to 25 percent wool content, those having 25 to 98 percent wool content, and those having more than 98 percent wool content by weight. The enclosed table shows the production in pounds of blankets, exclusive of horse and crib blankets and motor and steamer robes, as compiled from census data for the years 1927 to 1937, inclusive. These data show that the production of "all wool" blankets has been relatively constant, whereas the production of "all cotton" blankets and "cotton and wool" blankets has increased greatly since 1931. It is clear that the consumption of cotton has not declined as a result of the labeling program adopted by the blanket industry.

From the information the Department has been able to assemble it does not appear that the enactment of the truth-in-fabrics bill would adversely affect the consumption of cotton.

Very truly yours,

GROVER B. HILL,
Acting Secretary.

TABLE I—*Production of blankets, exclusive of horse and crib blankets and motor and steamer robes*

Calendar year	Total quantity	Cotton-wool mixtures		All cotton		All wool	
		Quantity	Percent of total	Quantity	Percent of total	Quantity	Percent of total
	Pounds	*Pounds*		*Pounds*		*Pounds*	
1927	74,800,000	17,400,000	23.2	46,800,000	62.6	10,600,000	14.2
1929	67,700,000	30,900,000	45.6	24,400,000	36.1	12,400,000	18.3
1931	50,000,000	26,300,000	52.6	12,900,000	25.8	10,800,000	21.6
1935	52,200,000	20,000,000	38.3	20,400,000	39.1	11,800,000	22.6
1937	88,000,000	37,300,000	42.4	40,200,000	45.7	10,500,000	11.9

Source: Compiled from census data.

Mr. President, I wish to take the liberty of reading a few words from the colloquy between Representative SOUTH, of Texas, and one or two other Members of Congress. Let me say, in the first place, that Representative SOUTH comes not only from the State which produces more cotton than any other State in the United States but from a district which is the largest cotton-producing district in that State.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. I yield to the gentleman from Arkansas.

Mr. TERRY. It has been stated by some that this might have an injurious effect upon the cotton industry. Will the gentleman discuss that feature of the bill?

Mr. SOUTH. I am glad to have that matter called to my attention. I may say to the gentleman that the Department of Agriculture, in a letter which I received today, signed by Grover Hill, Acting Secretary, states that the Department has studied this bill and is of the opinion that it will in no manner reduce the consumption of cotton. I may say also that Mr. Ogg, of the American Farm Bureau Federation, states that, in his opinion, it will stimulate the use of cotton.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SOUTH. I yield to the gentleman from Michigan.

Mr. CRAWFORD. With reference to the injurious effects this bill might have on the use of cotton, the gentleman comes from a State which is the largest cotton-producing State in the Union, does he not?

Mr. SOUTH. That is right.

Mr. CRAWFORD. As a matter of fact, the largest in the world so far as a single government unit is concerned.

Mr. SOUTH. And much of it is in my district.

Mr. CRAWFORD. And the gentleman is thoroughly satisfied that the bill will not cut down the use of cotton?

Mr. SOUTH. I believe it will increase the use of cotton slightly, because, as I have said, a purchaser would rather buy the new cotton at the same price than old rags; and let me say, as the Chairman has so ably pointed out, there are now coming into this country millions of pounds of rags. In January 1939 there were more than 1,000,000 pounds of rags imported. What are we doing with them? These rags are being torn apart and made into fibers and sold to the American consumer as woolen goods, and often a price is charged that ought to be charged for new wool, and I believe that the purchaser, if he knows what he is buying, will demand new fiber rather than the old rags or shoddy; and, by the way, that does not stop at one operation. They can tear the same garment down two or three times and continue to reuse the worn fiber. It is no wonder that women purchasers are demanding the passage of this legislation.

Mr. SOUTH has given this bill probably more study than has any other member of the Committee on Interstate and Foreign Commerce in the House, and has been very active in considering the bill, what should be in it, and what should not be in it.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. WHEELER. With reference to the statement just made, the Senator from Oklahoma [Mr. THOMAS] made the statement that we should need a great many agents all over the country for the purpose of checking up on everybody to see that the spinner, the manufacturer, and everybody else uses wool. Is it not a fact that a man who is experienced in wool can immediately determine by an examination whether or not a particular article is shoddy or chopped-up rags, or whether it is real wool?

Mr. SCHWARTZ. No; in my judgment a man cannot tell.

Mr. WHEELER. I mean an expert.

Mr. SCHWARTZ. An expert could tell by certain physical tests. He could test the material for abrasion and for tensile strength. As I stated a while ago, the accurate tests would be made by a chemist, either in the Department of Agriculture or elsewhere. I shall refer to such tests later. I do not wish to take the time to do so in discussing the motion.

In 1938 representatives of the Department of Agriculture testified that they had not addressed themselves to this question. The matter of fiber identification in the bill had not come up. However, in 1939 they testified that by tests they could determine within 10 percent the amount of new wool and the amount of shoddy in a product.

One of the great reasons why this objection is always made is that many persons are engaged in a racket. They put before the public a sort of perfect crime, and they think there is no way of catching them. However, I shall show how we intend to catch them, and will catch them. The Federal Trade Commission says it will have no trouble in enforcing the bill.

Mr. WHEELER. The Senator just spoke about the importation of rags. Rags are imported into the United States from Europe, the Orient, and many other parts of the world. They may be disease-breeding rags. They are chopped up and made into clothes for the so-called lower-income group to purchase. Is not that true?

Mr. SCHWARTZ. It is certainly true that rags are chopped up and utilized. In order to disinfect them, the first thing done is to boil them in sulphuric acid. Everything in the rags is burned out except the wool. The theory is that by sulphuric acid the rayon can be burned up, the cotton can be burned up, and even the noils can be burned up, but, for some mysterious reason, the quality of the wool is never affected. The residue is then put in a separator and run around until the sulphuric acid is removed; and it is next put into what is called a chopper, cut into little pieces, and dried out. It is then as dead as a doornail.

What do they do then? They go to the common sheep and get some sheep grease, lanolin, and rub it over the material to bring it back to life. That is reworked wool.

Mr. WHEELER. That is what they call reworked wool, but, in fact, it is shoddy; and when you come to put it on and wear it it does not stand up but immediately falls to pieces after a short time.

Mr. SCHWARTZ. Undoubtedly it falls to pieces after a short time.

Mr. President, since that question has come up, I want to take just a moment to refer to a letter from Rear Admiral Ray Spear, Supply Corps, United States Navy, Paymaster General of the Navy. The letter is dated June 15, 1940, and is addressed to Hon. Frank C. Morton, House of Representatives. In the letter the admiral states that the Navy was about to give an order for items requiring a million pounds of wool. Of course, being an admiral in the Navy he is not interested in the wool growers; he is not interested in the shoddy producers or in the cotton producers; he is interested in the Navy. In his closing paragraph he says:

> For your information, there are enclosed herewith copies of specifications covering the foregoing items.
>
> Reworked wool is not allowed in the manufacture of woolen fabrics and blankets for naval use, due to the fact that strength, durability, and color are primary requirements of these items. Reworked wool not only lowers the tensile strength and elasticity but also reduces the durability and affects the affinity for dyestuffs.

That is his opinion.

Here is another opinion that might be of some service, although some, probably, think that the author of this statement is rather old fashioned. I refer to General Pershing. Mr. President, a great deal is being said these days about national defense. Probably it will be remembered that there was a shoddy scandal during the World War, and in his Memoirs, volume 1, page 316, General Pershing writes:

> Much of the clothing that we received for our troops was reported to be shoddy. I saw numbers of our men wearing uniforms which were light and thin and which, of course, offered insufficient protection. The lack of clothing had been met in part by purchases from the British. Our troops did not take kindly to the idea of wearing the uniform of another nation, and it was with considerable protest and chagrin that they did so.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Massachusetts?

Mr. SCHWARTZ. I yield.

Mr. WALSH. Do not the Navy and Army in their specifications for cloth specify the amount of wool and reworked wool which may be put in the various garments?

Mr. SCHWARTZ. Not the Navy; but the Army permits a certain percentage of noils or a certain percentage of reworked wool and shoddy. I do not know that that is the technical definition; and it is of the best grade; but a certain percentage is permissible.

Mr. WALSH. In the letter from the admiral the Senator read, did he not give the specifications? He objected to certain kinds of wool, because they do not give the strength desired or the warmth required; but he specified, did he not, what kind of wool and reworked wool should go into the garments?

Mr. SCHWARTZ. No.

Mr. WALSH. Does the Senator mean to say that the Navy and the Army provide no such specifications?

Mr. SCHWARTZ. Let us except the Army. I am talking about the Navy.

Mr. WALSH. If the Navy has no specifications as to the amount of wool and shoddy that may go into blankets and into clothing and have no inspectors at the factories where the cloth is being made to find out what is the quality of the goods, it is news to me.

Mr. SCHWARTZ. I do not know what the Navy has in the way of inspection, but I know what the Navy requires. The Navy requires new wool, virgin wool, and does not permit the use of reworked wool, so the admiral says.

Mr. WALSH. Even then is it not necessary to have inspectors in the factories? They have inspectors in shoe factories where shoes are made for the Navy.

Mr. SCHWARTZ. Oh, yes; and when I get the time I will discuss that. I cannot answer an argument of 3½ hours in a few minutes, but I intend to do so later on.

Mr. WALSH. I am sure the distinguished Senator from Oklahoma, who has just spoken, would be glad to have the Senator take as much time as he desires.

Mr. SCHWARTZ. I will, but this is not the proper occasion. I will take the time when a motion is before us which I think has some merit and which will probably be adopted.

Mr. WHEELER. Mr. President, may I say to the Senator——

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Montana?

Mr. SCHWARTZ. I yield.

Mr. WHEELER. May I say to the Senator that because of what the Senator from Oklahoma has said, because of his able presentation of the matter, there seems to be a good deal of confusion in the minds of some Senators with whom I have talked with reference to the merits of the bill. I think the Senator should make it plain to the Senate just what is involved in the bill, and should answer the arguments which have been presented by the able Senator from Oklahoma, because of the confusion in the minds of some Senators.

Mr. SCHWARTZ. That is what I am trying to do. I have just endeavored to show that the suggestion that this bill is anticotton does not accord with the idea of anybody who knows anything about cotton.

Mr. HATCH. Mr. President, will the Senator yield there?

Mr. SCHWARTZ. I yield.

Mr. HATCH. Referring to what the Senator from Montana has said, I think the Senator from Wyoming should fully explain each one of the points and arguments made against the bill, and be very thorough in his explanation. I know there are Senators from cotton-producing States who, perhaps, with all due respect for the Senator from Oklahoma,

were misled by his statement that this was an anticotton bill. Some of them have not been present and probably did not hear the Senator from Wyoming read a letter from the Farm Bureau Federation, which he put in the RECORD a few moments ago, with reference to the point that it is an anticotton bill. I am as much concerned in cotton as I am in wool, and I think the Senator should discuss that point fully.

The reason I say that is I thought he was going to defer that part of his argument until a later time.

[At this point, Mr. SCHWARTZ yielded to Mr. WALSH for the consideration of two bills and also to Mr. SHEPPARD to present the conference report on Senate bill 4164. The matters referred to appear in today's RECORD following action on Senate bill 162.]

Mr. BARKLEY. Mr. President, will the Senator from Wyoming yield to me for a moment?

Mr. SCHWARTZ. Will the Senator from Kentucky first permit me to read a letter of two paragraphs? Then I shall be glad to yield.

Mr. BARKLEY. Certainly.

Mr. SCHWARTZ. This letter is from the American Farm Bureau Federation, and is dated Washington, D. C., September 12, 1940—today. It is a very short letter from Edward A. O'Neal, president of the American Farm Bureau Federation, and is as follows:

Hon. H. H. SCHWARTZ,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am writing to convey to you our earnest hope that there will be no further delay in the final enactment of the wool-labeling legislation. Farmers have been waiting for 30 years on this legislation, which should have been enacted into law long ago in order to safeguard both farmers and consumers, honest manufacturers, and honest retailers. We sincerely hope the Senate will not jeopardize this legislation by attempting to amend it any further or to refer it to a committee. This is one piece of legislation that organized farmers, organized labor, and the consumers, as well as a large number of constructive manufacturers and distributors, are united upon.

Inasmuch as the Senate has previously approved this legislation by a 2 to 1 vote, and it was recently approved by the House by a vote of 288 to 18, it seems inconceivable that the State would permit this legislation to be jeopardized or destroyed by delaying final action on it.

Sincerely yours,

EDW. A. O'NEAL, *President.*

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. SCHWARTZ. Yes; I yield.

Mr. BARKLEY. I desire to call the Senator's attention to the parliamentary situation, to see if we cannot expedite the consideration of the pending motion.

As the Senator knows, I supported this bill when it was before the Senate heretofore, and I have supported legislation of this kind for many years; and I am for it now.

The Senator from Wyoming has made a motion that the Senate concur in the House amendment. The Senator from Oklahoma [Mr. THOMAS] has made another motion to concur in the House amendment with amendments. The present motion is to refer the House amendment and the whole bill to the Committee on Interstate Commerce, which considered the matter before.

Personally, I think the Senate ought to adopt one or the other of the motions—to concur in the House amendment, or to concur in it with amendments, or to send the bill to conference. When a bill has passed one House and gone to the other, and an amendment of any importance has been injected, or an amendment of a controversial nature, the ordinary procedure is to send the bill to conference.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I will yield in a moment.

Of course the motion to accept the House amendment is always the motion which brings the two Houses together more rapidly, and facilitates legislation. I myself am prepared to support the Senator's motion to concur in the House amendment; but in view of the three motions which are pending here in a sense, it seems to me we ought to vote on the motion to refer the bill to the Committee on Interstate Commerce, so that we may determine whether it is to be so referred; and, if not, then the other motions, to concur with or without amendments or to send the bill to the conference, will be in order.

Mr. CONNALLY. Mr. President——

Mr. SCHWARTZ. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator from Kentucky has just covered what I was about to suggest; that is, that from a parliamentary standpoint, concurrence in a House amendment brings the two Houses more quickly into agreement, and has a preferential status.

Mr. BARKLEY. It has a preferential status, but under the rules of the Senate it is not voted on first. The motion to send the bill to the committee must be voted on first.

Mr. CONNALLY. I understand.

Mr. BARKLEY. So I think we could clarify the situation if we could vote on the motion of the Senator from Oklahoma without getting into a discussion of the merits of the whole bill and decide whether or not we are going to send the bill to the committee. If the Senate should send the bill to the committee, and the committee should amend it further, and it should come back here and go to the House, it would still probably have to go to conference, or the House would have to move to concur in the Senate amendments to the House amendment, and that would prolong the consideration of the legislation.

I hope we may have a vote on the motion to send the bill to the committee.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. SCHWARTZ. I yield.

Mr. WHEELER. I have previously said that I hope the motion to send back the bill to the Interstate Commerce Committee will not prevail.

Ordinarily I do not object to bills going to the Interstate Commerce Committee, but this bill, or similar bills, have been before the Interstate Commerce Committee on several different occasions. The Senator from Kansas [Mr. CAPPER] has introduced several bills on the subject which have come to the Interstate Commerce Committee, and I have appointed different subcommittees to hear and determine them, and the subcommittees have reported them. Then the Senator from Wyoming [Mr. SCHWARTZ] introduced the pending bill, and hearings were held on it. Hearings have been held on this question several times, and the bills have been reported. Nothing except delay can be gained by sending back the bill to the Interstate Commerce Committee; and in what I hope are the closing hours of the session, if the bill goes back to the Interstate Commerce Committee, it will probably mean that it will not be passed. Consequently, I hope this motion will be rejected.

I agree with the Senator from Kentucky that we ought to do one of two things: We either ought to agree to the House amendment or we ought to appoint a conference committee. Because the disagreement between the House and the Senate, as I understand, is largely with reference to the definitions. I can see no reason why a conference committee should be appointed, and I think the Senate ought to adopt the House amendment.

Mr. BARKLEY. Let me make a statement which is not new.

This sort of legislation has been pending before Congress for 25 or 30 years. Nearly a quarter of a century ago—I do not like to admit that because it makes me appear to be a great deal older than I really am or look, but it is the truth and the records will show it—nearly a quarter of a century ago I was chairman of a subcommittee of the Interstate and Foreign Commerce Committee of the House appointed to hold hearings on this sort of legislation. We held hearings for months, and we developed what we then thought were all the facts that could be brought forward on the subject. From that time until this, various Congresses have investigated and appointed subcommittees, and they have reported bills, and they have had hearings. There is not much that is new on the subject that can be brought out now. For that reason it seems to me we ought to try to bring this long-pending question to a final solution.

Mr. WHEELER. All of us who know the distinguished Senator from Kentucky know that he not only looks young but he acts young.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. That is all I wanted to say. I am anxious to have a vote.

Mr. NORRIS. Mr. President, there are many of us who have had no opportunity to acquaint ourselves with the House amendment. I have listened to the debate for many hours, and, so far as I am concerned, I would not know how to vote; I would not have any conviction so that I could vote on approving all the House amendment. The usual procedure is, when legislation has reached the parliamentary stage this has reached, to send the bill to conference, and I was sorry the Senator from Wyoming would not agree to that in this case. If that were done, the conferees on the part of the Senate would come from the Committee on Interstate Commerce, which has considered the bill, and they would be competent to take up the various amendments and reach a conclusion which to me would go far toward controlling my vote, because I confess I do not understand all the amendments and have had no opportunity, as the Senator from Michigan indicated this afternoon he had not, to get information about the bill. It has seemed to me that in the House the bill should have been referred to a committee, but it remained on the Speaker's desk until the day the bill was passed in the House. While they have a right to do that, it does not result in our getting very much information, such as would come from a committee.

Mr. SCHWARTZ. Mr. President, I desire to make merely one observation—that such argument as I desire to make on the various questions raised by the Senator from Oklahoma I am perfectly willing to make further along in the consideration of the bill, and at this time I am prepared to have a vote on the motion made by the Senator from Oklahoma, and on that question I ask for the yeas and nays.

Mr. BURKE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lee	Schwartz
Ashurst	Ellender	Lucas	Schwellenbach
Austin	George	McCarran	Sheppard
Bailey	Gerry	McKellar	Smathers
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Green	Miller	Thomas, Idaho
Brown	Guffey	Minton	Thomas, Okla.
Bulow	Gurney	Murray	Thomas, Utah
Burke	Hale	Neely	Townsend
Byrd	Harrison	Norris	Truman
Byrnes	Hatch	Nye	Tydings
Capper	Hayden	O'Mahoney	Vandenberg
Caraway	Herring	Overton	Van Nuys
Chandler	Hill	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley

The PRESIDING OFFICER. Eighty Senators having answered to their names, a quorum is present.

Does the Senator from Wyoming temporarily withdraw his request for the yeas and nays?

Mr. SCHWARTZ. I do.

Mr. BARKLEY. Mr. President, notwithstanding all pending motions, I ask unanimous consent that the Senate disagree to the House amendment, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Chair appoints the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Colorado [Mr. JOHNSON], and the Senator from New Hampshire [Mr. TOBEY] conferees on the part of the Senate.

AGE LIMITS OF APPOINTEES TO NAVAL ACADEMY

During the delivery of Mr. SCHWARTZ's speech,

Mr. WALSH. Mr. President, would the Senator from Wyoming be willing to yield while I ask unanimous consent for the consideration of another matter which will take but a moment or two while he is getting ready to continue his argument? I would appreciate it very much.

Mr. SCHWARTZ. I yield to the Senator from Massachusetts.

Mr. WALSH. From the Committee on Naval Affairs I report back favorably two bills.

First, I report back favorably without amendment the bill (H. R. 10438) to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy, and I submit a report (No. 2120) thereon. I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER. The bill will be read for the information of the Senate.

The bill was read as follows:

Be it enacted, etc., That hereafter all candidates for admission to the Naval Academy must be not less than 17 years of age nor more than 21 years of age on April 1 of the calendar year in which they enter the academy: *Provided,* That for entrance in the year 1941 the minimum age shall be not less than 16 years.

SEC. 2. All laws or parts of laws inconsistent with this act are hereby repealed to the extent of such inconsistency.

Mr. WALSH. Mr. President, under the present law the age limits for applicants for admission to the Naval Academy are 16 to 20. As is well known, the age limits for admission to the Military Academy are 18 to 22.

The matter of the age requirement has received a good deal of discussion and has been given much thought at different times. Finally, the House has passed a bill increasing the minimum age limit from 16 to 17, and increasing the maximum age limit from 20 to 21 years. So, hereafter, if the bill shall be enacted, the age limits for admission to the Naval Academy will be from 17 to 21.

There is a proviso in the bill which does not permit the minimum age limit of 17 years to become operative next year, but it will become operative thereafter. So, Senators will take note that if this bill shall be enacted, next year the age limits will be 16 to 21, but after next year the age limits will be 17 to 21. I ask for action on the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

POSTGRADUATE INSTRUCTION FOR CIVILIAN EMPLOYEES OF THE NAVY

Mr. WALSH. I now report from the Committee on Naval Affairs the bill (S. 4254) authorizing post-graduate instruction for civilian employees of the Naval Establishment, and I submit a report (No. 2119) thereon. I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which is as follows:

Be it enacted, etc., That the Secretary of the Navy, under such rules and regulations as he may prescribe, may detail annually not to exceed 15 civilian employees of the Naval Establishment for engineering, technical, or other scientific education and training at Government expense at institutions for scientific education and research, to enable such persons to acquire advanced and specialized knowledge or training of particular advantage to the Navy in carrying out its functions: *Provided,* That the expense to the Federal Government hereby authorized to be incurred shall be limited to the salaries, transportation expenses, and tuition (including laboratory fees, materials, necessary textbooks, and other usual expenses of such instruction) of the employees so detailed.

Mr. WALSH. Mr. President, in brief the bill gives authority to the Navy to send 15 civilian employees each year to post-graduate schools for special instruction in order that they may obtain expert knowledge in matters relating to the work which they have undertaken. There is ample law now for doing this in the case of naval officers, but there is no provision for giving such extra courses of instruction to civilian employees. I may say that similar legislation has been enacted affecting those coming under the Maritime Commission.

The bill limits the number to 15 each year, and is confined strictly to those in the Navy who have developed proficiency and skill in scientific subjects.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SELECTIVE COMPULSORY MILITARY SERVICE—CONFERENCE REPORT

Mr. SHEPPARD submitted the following report, which was ordered to lie on the table and be printed, and to be printed in the RECORD:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided,* That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further,* That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further,* That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further,* That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States; and until he attains the age of forty-five, or until the expiration of a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided,* That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve component of the land or naval forces of the United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided,* That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers' Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion, and students who are preparing for the ministry in the theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degree; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite:

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. Any such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such person claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"SEC. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"SEC. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"SEC. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses, or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the

President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided,* That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits offered by reason of such employer's unlawful action.'

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"SEC. 9. (a) The President is empowered, whenever he determines that it is necessary for the common defense, through the Secretary of War or the Secretary of the Navy, in addition to the present authorized methods of purchase or procurement, to place an order with any person for such products or materials as may be required, and which are of the nature and kind usually produced or capable of being produced by such person.

"(b) Compliance with all such orders for products or materials shall be obligatory upon the person with whom such orders are placed, and shall take precedence over all other orders and contracts theretofore or thereafter placed with such person.

"(c) If any person who owns or operates any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, or who owns or operates any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy, is capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or any necessary supplies or equipment for the Army or Navy—

"(1) refuses to give to the United States such preference in the execution of the orders so placed with such person, or

"(2) refuses to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment for the Army or Navy, as ordered by the Secretary of War or the Secretary of the Navy, or

"(3) refuses to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment,

then, in either such case, if the public necessity is immediate, and the emergency in the public service is imperative and such as will not admit of a resort to any other source of supply, and if such circumstances are certified to by the Secretary of War or the Secretary of the Navy and to require the exercise of the power hereby created in respect of the property to be taken over, or transformed, or operated, the President, through the Secretary of War or the Secretary of the Navy, is hereby authorized to take immediate possession of such plant, and through the appropriate branch, bureau, or department of the Army or Navy, to manufacture therein such products or materials as may be required.

"(d) The compensation to be paid to any such person for its products or materials, or as rental for any manufacturing plant of which possession is so taken while it is used by the United States, shall be fair and just, and the amount of such compensation shall be determined by the Secretary of War or the Secretary of the Navy, as the case may be. If the amount so determined is unsatisfactory in any case, such person shall be entitled to sue the United States to recover such further sum as, when added to the payment already received, will be just compensation for such products or materials, or as rental for the use by the United States of such manufacturing plant, as the case may be, in the manner provided for by section 24, paragraph (20), and section 145 of the Judicial Code, as amended, or as otherwise provided by law.

"(e) Nothing in this section shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in any such plant.

"(f) For the purpose of this section, the term 'person' includes any individual, firm, association, company, corporation, and organized manufacturing industry.

"(g) The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes,' approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized——

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent, or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided,* That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further,* That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further,* That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntary services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum.

"Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by an enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service', when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person, shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

"'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940'."

And the House agree to the same.

MORRIS SHEPPARD,
ROBERT R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
WARREN R. AUSTIN,
CHAN GURNEY,
Managers on the part of the Senate.

ANDREW J. MAY,
R. EWING THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
DEWEY SHORT,
Managers on the part of the House.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Texas a question of interpretation which comes to me from the International Missionary Council? I think perhaps the Senator can give me the desired information.

I read the question:

Has consideration been given to the question of the duty of American citizens who may be temporarily in service in other countries? Is it expected that such persons—persons who are abroad—will be required to register? I have in mind especially foreign missionaries; but the question would refer as well to employees of commercial and other organizations.

I assume that the question does apply especially to foreign missionaries. Is it the Senator's judgment that American citizens who are abroad as foreign missionaries will or will not have to register under this bill?

Mr. SHEPPARD. They will have to register; but due consideration will be given to the situation and they will not summarily be called back to register.

Mr. VANDENBERG. They will be required to register, just as any other citizen is required to do so?

Mr. SHEPPARD. That is true.

Mr. VANDENBERG. How will they be reached in their foreign fields for purposes of registration?

Mr. SHEPPARD. Probably the authorities will wait until they come home or they may reach them by mail.

Mr. BURKE. Mr. President, I will say to the Senator from Michigan that that matter was discussed in the hearings which were held when Major Hershey and others were present who were very familiar with the Selective Draft Act of 1917 when it was in force. Some members of the committee raised the identical point which is embodied in the question propounded by the Senator from Michigan. It was stated that there had been no difficulty in that matter in 1917; that it was not necessary to make any special provision in the bill covering the matter, because those who were temporarily residing abroad would be under no obligation to come back to this country to register; that they would not be subject to any penalty or criticism for failure to return to register; that if they were within the draft age upon their return from their temporary sojourn abroad they would, of course, be expected at the next registration, or if there was a permanent method of registration, to comply with the requirement; but that there need not be the slightest concern on the part of anyone temporarily residing abroad that he would be put to any undue inconvenience by this provision.

Mr. VANDENBERG. I thank the Senator for his statement, and I am sure it will be reassuring to the International Missionary Council. I assume that what the Senator says is a matter of interpretation rather than a matter of textual fact.

Mr. BURKE. That is correct.

Mr. VANDENBERG. But the Senator thinks these persons may rely upon what he says?

Mr. BURKE. I think they would be entirely safe in relying upon the statements made by those who will be charged with the enforcement of the Selective Service Act, which I have attempted to give here.

Mr. VANDENBERG. I confess that what confused me was that the act seems to require every citizen within a certain age range to register at a given time, with a penalty for not doing so; and I could find no theory upon which a citizen who is out of the jurisdiction of the country is absolved of his responsibility.

Mr. BURKE. He is not specifically absolved by any provision in the act; but that is a matter which, by all dictates of common sense, would have to be governed by regulation, and I am sure all of the parties concerned may rely upon the statements which have been made. Only upon their return to this country in their own due time will they be obliged to comply with the registration.

Mr. VANDENBERG. I thank the Senator. I would rely upon his common sense at any time.

IMPORTATION OF ZINC UNDER RECIPROCAL-TRADE AGREEMENTS

Mr. THOMAS of Idaho. Mr. President, on June 12 I inserted in the RECORD some figures showing the increase in the importation of farm products under the reciprocal trade agreement policy of this administration. I now present the following figures on the importation of zinc under this policy:

Zinc imports

	1938	1939	Increase
			Percent
Ore (zinc content)	$392,591	$1,304,433	232
Blocks, pigs, etc., and old zinc	510,089	1,904,302	273

The increase in imports of zinc in 1939 was directly attributable to the Trade Agreement Act, since the tariff on zinc was reduced in the Canadian agreement which went into effect January 1, 1939.

TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF THOMAS JEFFERSON

Mr. BARKLEY. Mr. President, from the Committee on the Library I report back favorably House Joint Resolution 445, and ask for its present consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the joint resolution (H. J. Res. 445) to establish a commission for the celebration of the two hundredth anniversary of the birth of Thomas Jefferson, was considered, ordered to a third reading, read the third time, and passed.

DISPOSITION OF CERTAIN PHOTOGRAPHED GOVERNMENT RECORDS

Mr. BARKLEY. Mr. President, from the Committee on the Library I report favorably Houe bill 10026, and ask for its present consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 10026) to provide for the disposition of certain photographed records of the United States Government, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

INCLUSION OF FATS, OILS, COTTON PRODUCTS, AND PEANUTS ON COMMODITY EXCHANGE LIST

Mr. BILBO. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 4088, Calendar No. 1731. I have a letter from the Department of Agriculture, signed by the new Secretary, urging the immediate passage of the bill.

Mr. CLARK of Missouri. What is the bill?

Mr. BILBO. It is a bill which would place cottonseed, cottonseed meal, and other articles on the commodity exchange list. It is a House bill, to which I am sure no one will have objection, and it is claimed by the Department that it will advance the price of lard 1½ to 2 cents a pound and cottonseed from $3 to $5 a ton. The present prices are almost disastrous to the cotton farmers of the South. It will take but a moment to consider the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi for the present consideration of House bill 4088?

Mr. TAFT. Reserving the right to object, I wish to know what the bill is.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. The bill (H. R. 4088) to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts.

Mr. BILBO. Mr. President, this is a House bill. An amendment has been offered by the Senator from Illinois, who asks that soybeans be added along with cottonseed oil.

Mr. TAFT. I do not find any report on the bill. Did the committee file a report?

Mr. BILBO. There is a report from the Department of Agriculture.

Mr. TAFT. But has the committee filed a report?

Mr. BILBO. There is no report from the committee, but it has been endorsed by the Department of Agriculture, and I have a letter dated September 5 from the new Secretary.

Mr. TAFT. I object to the consideration of the bill. The committee has made no report.

The PRESIDING OFFICER. Objection is heard.

Mr. BILBO subsequently said: Mr. President, the Senator from Ohio [Mr. TAFT] has very graciously withdrawn his objection to the present consideration of House bill 4088, Calendar No. 1731. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 4088) to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 2, line 1, after the word "effect" to strike out "sixty days after", and to insert "on", so as to make the section read:

SEC. 2. This act shall take effect on the date of its enactment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. BILBO. On behalf of the Committee on Agriculture and Forestry, I offer certain amendments.

The amendments submitted by Mr. BILBO on behalf of the Committee on Agriculture and Forestry were, on page 1, line 8, after the words "wool tops", to insert "hides,"; in the same line, after the word "lard", to insert "tallow,"; in the same line, after the words "peanut oil", to insert a comma and "soybean oil and all other fats and oils"; in line 9, before the word "peanuts", to strike out "and", and in the same line, after the word "peanuts", to insert a comma and "soybeans and soybean meal".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That the third sentence of section 2 of the Commodity Exchange Act, as amended, is amended to read as follows: "The word 'commodity' shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, Solanum tuberosum (Irish potatoes), wool tops, hides, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil, and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, and soybean meal."

SEC. 2. This act shall take effect 60 days after the date of its enactment.

COMMANDER HOWARD L. VICKERY

Mr. BARKLEY. Mr. President, the House on September 10 passed House Joint Resolution 596 providing that, notwithstanding any provision of law to the contrary, Commander Howard L. Vickery, being a commissioned officer on the active list, United States Navy, is authorized to hold the office of a member of the United States Maritime Commission.

The Senator from North Carolina [Mr. REYNOLDS] desired to secure consideration of the House joint resolution today, but he was compelled to leave the Senate. I ask unanimous consent for the present consideration of the joint resolution. The Senate Commerce Committee has reported a similar joint resolution, which is now on the Senate calendar, Senate Joint Resolution 292, calendar No. 2187.

There being no objection, the joint resolution (H. J. Res. 596) to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission, was considered, ordered to a third reading, read the third time, and passed as follows:

Resolved, etc., That notwithstanding any provision of law contrary hereto or inconsistent herewith, Commander Howard L. Vickery, being a commissioned officer on the active list, United States Navy, is authorized to hold the office of a member of the United States Maritime Commission without loss of or prejudice to his status as a commissioned officer on the active list of the United States Navy, and if appointed to such civil office he shall receive, in addition to his pay and allowances as such commissioned officer, an amount equal to the difference between such pay and allowances as such commissioned officer and the salary prescribed by law for such civil office.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 292 will be indefinitely postponed.

ESTABLISHMENT OF CERTAIN NAVAL HOSPITALS

Mr. WALSH. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 4245, calendar No. 2127, to authorize the Secretary of the Navy to establish certain naval hospitals.

There being no objection, the bill (S. 4245) to authorize the Secretary of the Navy to establish certain naval hospitals, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That pursuant to the provisions of section 4810 of the Revised Statutes, as amended, the Secretary of the Navy is hereby authorized to establish naval hospitals at the Naval Air Stations at Jacksonville, Fla., and San Juan, P. R.; the submarine base, Coco Solo, C. Z.; the naval station, Guantanamo Bay, Cuba; and the Marine Barracks, Quantico, Va. He is further authorized to utilize, for the purposes of such naval hospitals, the buildings now assigned, under construction, or projected for activities of the Medical Department of the Navy at such stations, together with the utilities, accessories, and appurtenances pertaining thereto.

Mr. WALSH. Mr. President, I ask to have printed in the RECORD in connection with this bill the report of the Committee on Naval Affairs on the bill.

There being no objection, the report (No. 2021) was ordered to be printed in the RECORD, as follows:

The Committee on Naval Affairs, to whom was referred the bill (S. 4245) to authorize the Secretary of the Navy to establish certain naval hospitals, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The purpose of this bill is to authorize the Secretary of the Navy to establish naval hospitals at the naval air stations at Jacksonville, Fla., and San Juan, P. R.; the submarine base, Coco Solo, C. Z.; the naval station, Guantanamo Bay, Cuba; and the Marine Barracks, Quantico, Va. The bill authorizes the Secretary of the Navy to utilize for the purposes of such hospitals the buildings now assigned, under construction, or projected for activities of the Medical Department of the Navy at such stations, together with the utilities, accessories, and appurtenances pertaining thereto.

Naval developments at the places named in the bill have rendered imperative corresponding adequate medical facilities. The necessary facilities cannot be provided by naval dispensaries, for a variety of reasons. Dispensaries do not afford the many facilities for diagnosis and treatment to be found in the smallest naval hospitals; do not provide adequately for administration, subsistence, and nursing, and do not permit the use of the naval hospital fund.

THE NAVAL HOSPITAL FUND

The naval hospital fund is a trust fund which derives its revenues from within the naval service and is administered by the Secretary of the Navy, who is its sole trustee. These revenues are:

(a) By the deduction of 20 cents per month from the pay of each officer, seaman, and marine.

(b) By fines imposed on officers, seamen, and marines.

(c) By the value of one ration per day, allowed for each officer, seaman, and marine during continuance in a hospital.

(d) By the relinquishment of disability pensions due officers, seamen, and marines during continuance in hospital.

(e) By forfeitures on account of desertion.

(f) By proceeds of sale of naval hospital fund property when so authorized.

Expenditures from the naval hospital fund are made for the operation and maintenance of naval hospitals, including purchase of hospital equipment, provisions and other supplies, furniture, fuel, light, and major and minor repairs. Every expense for the establishment and maintenance of a naval hospital may be paid

from the naval hospital fund, except as Congress may assume to provide for certain expenses by specific appropriation.

The estimated additional cost is $265,900.

The bill was introduced at the request of the Navy Department. The committee has been advised that the bill meets with the approval of the Bureau of the Budget.

ASSIGNMENT OF CLAIMS UNDER PUBLIC CONTRACTS—CHANGE OF REFERENCE

Mr. BARKLEY. Mr. President, on September 10 I introduced Senate bill 4340, to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts. By mistake that bill was referred to the Committee on the Judiciary. I ask unanimous consent that that committee be discharged from further consideration of the bill and that the bill be referred to the Committee on Banking and Currency.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent for the present consideration of Senate bill 4311, Calendar No. 2172, to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

Mr. CLARK of Missouri. Mr. President, what is the purpose of the bill?

Mr. THOMAS of Oklahoma. I shall ask at this time to have a very short letter from the Department of Agriculture read at the desk, and then I shall explain the bill.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL ADJUSTMENT ADMINISTRATION,
Washington, D. C., September 6, 1940.

Hon. ELMER THOMAS,
United States Senate.

DEAR SENATOR THOMAS: I am writing you concerning the manner in which S. 4311 would affect the administration of the farm program.

The Agricultural Adjustment Act of 1938, as amended, provides that the average normal yield for a county shall be determined by using the 5 years preceding the year in which the determination is made. Therefore, if cotton yields are determined this fall, the years 1935–39 will be used in determining the yields for all counties for 1941, and the sum of the yields established for individual producers cannot exceed the yield for the county. S. 4311 would simplify and speed up to some degree the administration of the marketing quota provisions of the act but would not in any way change the yield for a county or the payments for a county from what they otherwise would be if the bill did not pass.

If this bill is passed the farmers can be notified of their normal cotton yields this fall at the same time that they receive the notice of their cotton-acreage allotments. If it does not pass, farmers cannot be notified of their yields until sometime next spring.

I hope this gives you the information you desire.

Sincerely yours,

R. M. EVANS, *Administrator.*

Mr. THOMAS of Oklahoma. I wish to say a word or two in explanation of the bill. At the present time counties receive their allotments based on a 5-year average, from 1935 to 1939. The individual farmer receives his allotment on a 5-year average, but his average is based on the 1940 crop. So unless the same figure is provided for the allotments to the county and the farmer, the county will receive its notice this year and the farmer will receive his next year. If the amendment shall be agreed to, the same basis will apply to both the county and to the farmer. It makes no change in the yield for a county or the payments for a county, as set forth in the letter just read.

I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill (S. 4311) to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subparagraph (E) of paragraph (13) of subsection (b) of section 301 of the Agricultural Adjustment Act of 1938, as amended, is amended so as to provide for the determination of farm normal yields for corn, wheat, and cotton on the basis of the same period of years used in the determination of county normal yields for those commodities, by striking out in the first sentence thereof the words "with respect to which such normal yield is used in any computation authorized under this title" and by substituting in lieu thereof the words "in which such normal yield is determined."

WORKMEN'S COMPENSATION—APPLICABILITY TO SEAMEN

Mr. OVERTON. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 299, Calendar No. 2161.

The PRESIDING OFFICER. The resolution will be reported by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 299) authorizing certain governmental agencies to make a study of workmen's compensation with a view to its adaptability to seamen, and for other purposes.

Mr. OVERTON. A subcommittee of the Committee on Commerce, of which I am chairman, considered a measure to extend the provisions of the Workmen's Compensation Act, as contained in the harbor workers and longshoremen's act, to seamen. After conducting hearings for a period of 3 or 4 days, the subcommittee, and the Commerce Committee as a whole, came to the conclusion that the subject matter ought to undergo interdepartmental investigation. Therefore the whole purpose of the Senate resolution is to authorize and request certain departments of the Government, for instance, the Department of Labor, the Department of Commerce, and the Maritime Commission, to make a study of workmen's compensation, with a view to its applicability to seamen, and to report on a certain date at the next session of Congress.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 299), submitted by Mr. OVERTON on August 22, 1940, was considered and agreed to, as follows:

Resolved, That the Department of Commerce, the Department of Labor, the United States Maritime Commission, the United States Employees' Compensation Commission, and the Maritime Labor Board are authorized and directed jointly to make a thorough study of workmen's compensation with a view to determining whether the same, by act of Congress, should be made applicable to seamen; to supply the Senate with statistical information and other data that may be helpful in considering such legislation; to confer in respect thereto with representatives of the seamen and shipowners, and to report to the Senate, on or before February 15, 1941, the findings and specific recommendations of the aforesaid agencies.

CLAIM OR CLAIMS OF THE RECORDING AND COMPUTING MACHINES CO., OF DAYTON, OHIO

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement with the amendments of the Senate to the bill (H. R. 4031) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio, and asking a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BROWN. Mr. President, I will state the situation with regard to this bill which is a private claims bill, conferring jurisdiction on the Court of Claims. The bill passed the House and was sent to the Senate, and was amended by the Senate by adding to it another claim which had no connection whatsoever with it. The bill in that form was sent back to the House and was passed by the House, but was vetoed by the President because of the inclusion of the claims bill in the Senate. Because of that situation we felt we ought to revive the original bill and pass it. Therefore, I now move that the Senate recede from its amendments.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan that the Senate recede from its amendments.

The motion was agreed to.

PATENTS FOR CERTAIN LAND HELD UNDER COLOR OF TITLE

Mr. VANDENBERG. Mr. President, I ask unanimous consent for the present consideration of House bill 10176, Calendar No. 2205, which is simply a measure to issue patents for lands held under color of title in one county in

Michigan. It is reported favorably by the able Senator from Colorado [Mr. ADAMS] the chairman of the committee.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 10176) authorizing the Secretary of the Interior to issue patents for lands held under color of title, was considered, ordered to a third reading, read the third time, and passed.

INVESTIGATION OF DENTAL DISEASES

Mr. MURRAY. Mr. President, I ask unanimous consent that the Senate proceed to consider Senate bill 3607, Calendar No. 1583.

The PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3607), to authorize research by the Public Health Service relating to the cause, diagnosis, and treatment of dental diseases.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Surgeon General of the Public Health Service is authorized and directed to conduct researches, investigations, experiments, and studies relating to the cause, diagnosis, and treatment of dental diseases; to assist and foster similar research activities by other agencies, public and private; and to promote the coordination of all such researches and activities and the useful application of their results, with a view to the development and prompt widespread use of the most effective methods of prevention, diagnosis, and treatment of such diseases.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to carry out the provisions of this act, the sum of $75,000 for the fiscal year ending June 30, 1941, and for the five succeeding fiscal years such sum shall be increased $10,000 each year.

LOANS FROM STATES FOR FLOOD-CONTROL WORK

Mr. TAFT. Mr. President, I ask unanimous consent that the Senate proceed to consider Senate bill 3612, Calendar No. 2124.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3612) to authorize the Secretary of War to accept, as loans, from States and political subdivisions thereof, funds to be immediately used in the prosecution of authorized flood-control work, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments, on page 1, to strike out lines 3 to 8, down to and including the words "Provided further,"; on page 2, line 1, before the word "flood" to insert "a"; on page 2, line 1, after the word "control" to strike out "work" and insert in lieu thereof "project"; in line 10, after the word "Congress", to strike out "nor" and insert in lieu thereof "or"; and in line 10, after the word "authority" to strike out "of the first proviso of this paragraph shall be made", and insert "of section 5 of the Flood Control Act approved June 22, 1936, as amended, shall be made", so as to make the bill read:

Be it enacted, etc., That whenever any State or political subdivision thereof shall offer to advance funds for a flood-control project duly adopted and authorized by law the Secretary of War may in his discretion, receive such funds and expend the same in the immediate prosecution of such work. The Secretary of War is authorized and directed to repay without interest, from appropriations which may be provided by Congress for flood-control work, the moneys so contributed and expended: *Provided, however*, That no repayment of funds which may be contributed for the purpose of meeting any conditions of local cooperation imposed by Congress, or under the authority of section 5 of the Flood Control Act approved June 22, 1936, as amended, shall be made.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

XENOPHON GEORGE PANOS

Mr. WHITE. Mr. President, I ask unanimous consent for the present consideration of House bill 8551, Calendar No. 2118.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8551) for the relief of Xenophon George Panos.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Labor be, and he is hereby, directed to cancel forthwith the outstanding warrant of arrest, order of deportation, warrant of deportation, and bond, if any, in the case of the alien, Xenophon George Panos, and is directed not to issue any further such warrants or orders in the case of such alien, insofar as such future warrants of orders are based on the unlawful entry of such alien into the United States prior to the enactment of this act. Hereafter, for the purpose of the immigration and naturalization laws, such alien shall be considered to have been, at New York, N. Y., on February 22, 1926, lawfully admitted to the United States for permanent residence.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the Greek quota for the first year that the said Greek quota is available.

STUDY OF PROBLEMS OF AMERICAN SMALL-BUSINESS ENTERPRISES

Mr. MURRAY. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 298, Calendar 2171.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 298) to appoint a special committee to study and survey problems of American small-business enterprises.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. VANDENBERG. Mr. President, what is the resolution?

Mr. KING. Mr. President, I think the resolution ought to go over, because a study has already been made and is being made by the so-called monopoly committee.

The PRESIDING OFFICER. Objection is heard.

Mr. MURRAY. Mr. President, will the Senator withhold his objection for a moment?

Mr. KING. Yes.

Mr. MURRAY. I do not understand that the committee to which the Senator refers is conducting an investigation such as is proposed by this particular resolution. The matter was taken up by our committee and unanimously reported, and has also been unanimously reported by the Committee to Audit and Control the Contingent Expenses of the Senate. The resolution is in accordance with a plank of the platform of the Democratic Party and, as I understand, is also in accordance with resolutions adopted by the Republican Party. It seems to me that a matter of such importance to the small-business men of the country is entitled to consideration at this time.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. O'MAHONEY. Mr. President, let me add to what the Senator from Utah has said that the subject matter of this resolution has been thoroughly examined by the Temporary National Economic Committee. The Securities and Exchange Commission was directed by our committee to make a Nation-wide survey of the needs of small business. Hearings were held in several regions of the country, including New England, the Rocky Mountain States, and the Pacific coast by agents of the Securities and Exchange Commission. The Temporary National Economic Committee held hearings in this city. Material has been secured from representatives of small business all over the country, and a report of the studies of that committee is now in the process of printing in the Government Printing Office. On Monday last I made a

statement to the Senate of the scope of this study, and embodied in the statement a summary of the report which has been presented. I feel, as the Senator from Utah has just expressed it, that to adopt the resolution would be threshing old straw.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MURRAY. I wish to say that this resolution does not contemplate any investigation or hearings, but merely a research into the problems. Of course, it is intended to take into consideration the investigations already carried on by the Senator's committee. Am I to understand that the Senator's committee has fully and completely exhausted the various problems affecting small business in this country?

Mr. O'MAHONEY. I should not say so.

Mr. McKELLAR. Mr. President, I ask the Senator not to press for consideration of the resolution this afternoon, because only a few Senators are present. I think it ought to be taken up at a time when there is a better attendance. I hope the Senator will not press for consideration at this time.

The PRESIDING OFFICER. Objection is heard.

CLAIMS FOR INCREASED COMPENSATION OF CERTAIN GOVERNMENT EMPLOYEES

Mr. BYRNES. Mr. President, I ask unanimous consent for the present consideration of Senate bill 3841, Calendar No. 2228.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3841) to allow an additional period of 6 months in which to file claims for increased compensation to certain Government employees for the period July 1, 1917, to June 30, 1924.

Mr. BYRNES. Mr. President, this bill was referred first to the Naval Affairs Committee and then to the Claims Committee. It simply extends for 6 months the time within which certain employees of navy yards who were not aware of the enactment of the law giving them the right to time and a half for overtime may file claims. The bill does not involve very much, but it does give to employees who were entitled to the compensation, and who were not aware of their rights, the opportunity to file their claims which were not filed in time. The bill affects a relatively small number of men at the various navy yards throughout the country.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to amend the acts granting increased compensation to civilian employees for the period July 1, 1917, to June 30, 1924," approved August 10, 1939 (53 Stat. 1343), is amended by striking out the words "six months" and inserting in lieu thereof the words "one year."

MONEYS RECOVERED FROM STANDARD OIL CO. OF CALIFORNIA AND OTHERS

Mr. O'MAHONEY. Mr. President, I ask unanimous consent for the present consideration of Senate bill 3501, Calendar 2197. I have just spoken to the Senator from Michigan [Mr. VANDENBERG] and to the Senator from Kentucky [Mr. BARKLEY] with reference to the matter. The bill has been reported by the Committee on Public Lands.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3501) to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Co. of California, and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15).

Mr. O'MAHONEY. Let me say briefly, Mr. President, that when the General Leasing Act was passed it provided that 52½ percent of all rents and royalties derived from the operation of the oil and gas lands on the public domain should be paid into the reclamation fund. An exception was the royalties to be derived from naval oil reserves. At that time it was believed that the reserves would be held as reserves and would not be operated; but in 1921 leases were granted upon the Teapot Dome in Wyoming and upon the naval reserve in California. A year or so ago the Senator from Arizona [Mr. HAYDEN] and I introduced a bill, which was enacted into law, providing that 52½ percent of the naval-reserve royalties should also go to the reclamation fund.

This bill deals only with a judgment which has recently been recovered by the Government of the United States in a suit against the Standard Oil Co. of California and others. The amount of the judgment is in excess of $7,000,000. In the absence of legislation, the amount recovered by the judgment would be covered into the miscellaneous receipts of the Treasury. The Public Lands Committee, which was responsible for bringing the suit, is asking in its endorsement of the bill that 52½ percent of that sum, like the rents and royalties, shall be paid into the reclamation fund.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CLARK of Missouri. Mr. President, I shall not object to the consideration of this bill, but I do not think this is the proper way to take up measures on the Calendar for consideration; and I give notice that after this bill shall have been disposed of I shall object to further requests for unanimous consent in this way. I think we ought to take up bills on the calendar and consider them in order.

Mr. McKELLAR. Mr. President, will the $7,000,000 go into the reclamation fund?

Mr. O'MAHONEY. No; only 52½ percent of it.

Mr. McKELLAR. If there had been no lawsuit——

Mr. O'MAHONEY. If there had been no lawsuit there would have been no $7,000,000 because the land was operated by the Standard Oil Co. of California, and the Government recovered the land.

Mr. McKELLAR. Is there any more reason for putting that $7,000,000 in the reclamation fund than any other $7,000,000 the Government has?

Mr. O'MAHONEY. Oh, yes; it was recovered from oil lands.

Mr. McKELLAR. It was recovered from naval oil lands, was it not?

Mr. O'MAHONEY. Yes; and under the law 52½ percent of all rents and royalties from naval lands goes into the reclamation fund.

Mr. BARKLEY. Mr. President, as I understand, if this amount had been paid without any lawsuit, 52½ percent of it would have gone into the reclamation fund.

Mr. O'MAHONEY. Had it been recovered as royalties on naval lands; exactly.

Mr. BARKLEY. The mere fact that it had to be recovered by a lawsuit does not in any way vitiate the principle involved in the law, that 52½ percent of the amount received should go into that fund.

Mr. O'MAHONEY. The Senator is quite correct.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to transfer to the credit of the reclamation fund, created by the act of June 17, 1902 (32 Stat. 388), a sum equal to 52½ percent of any moneys heretofore or hereafter received by the United States, as a result of the suit instituted by the United States against the Standard Oil Co. of California and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15), or as a result of any other proceeding or proceedings heretofore or hereafter instituted pursuant to such joint resolution or related to or growing out of the proceedings so instituted.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the committee report be printed in full in the Record at this point. The Department of the Interior has

approved the legislation; but the Navy Department in this instance, as in the case of the previous bill which was enacted, filed an adverse report.

There being no objection, the report (No. 2085) was ordered to be printed in the RECORD, as follows:

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, submitted the following report to accompany S. 3501:

The Committee on Public Lands and Surveys, to whom was referred the bill (S. 3501) to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Co. of California, and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15), having considered the same, report with a recommendation that the bill pass.

In 1924 the Congress of the United States, by joint resolution, directed the Secretary of the Interior to institute proceedings to recover for the United States title to sections 16 and 36, T. 30 S., R. 27 E., M. D. M., in Naval Reserve No. 1, State of California. The resolution was passed in the belief that lands were held by the Standard Oil Co. of California, without proper authority of law. The litigation was successful and after the payment of costs the amount recovered for the United States was approximately $7,137,575.72.

When the General Leasing Act was passed in February 1920, it was provided that 52½ percent of all rents and royalties received by the United States on future development should be paid into the reclamation fund for the development of reclamation projects in the arid-land States which are incidentally the States in which the public oil lands are located. Royalties on naval reserves were not included in the original provision primarily because at that time naval reserves were not being developed, but were being held as naval reserves.

After the leasing of the naval reserves in 1921 the receipts were covered into the Treasury of the United States. In the belief, however, that these royalties should be treated in the same manner as oil royalties on the public domain, Congress enacted the act of May 10, 1938 (52 Stat. 291), which provided for the transfer to the reclamation fund of 52½ percent of all of these naval royalties. The present bill carries out this same policy.

The measure is recommended by the Department of the Interior, but an adverse report has been filed by the Department of the Navy. Both of these reports are attached hereto.

The committee is of the opinion that since the settled policy of Congress has been to divert 52½ percent of all oil rents and royalties to the permanent development of the States in which the deposits lie, and since this recovery would not have been made if it had not been for the initiative of the Congress, and particularly of the Committee on Public Lands, there should be no distinction whatever between the manner of handling the sum recovered from the Standard Oil Co. of California and other rents and royalties on the naval reserves.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, May 28, 1940.

The CHAIRMAN, COMMITTEE ON PUBLIC LANDS AND SURVEYS,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: The introduction is noted of the bill (S. 3501) to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Co. of California and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15).

The purpose of the bill (S. 3501) is to provide for the transfer to the credit of the reclamation fund of 52½ percent of such sum as may be paid into the United States Treasury as a result of the suit instituted by the United States against the Standard Oil Co. of California, or in any other proceeding heretofore or hereafter instituted.

There have been similar legislative proposals in the past to effect a credit to the reclamation fund of moneys paid into the Treasury from litigation, receiverships, rents, and royalties, incident to the Government's ownership of the naval petroleum reserves.

The Navy Department has always opposed proposed legislation affecting these moneys for the reason that it believes, first, the naval petroleum reserves were set aside in the interest of national defense and of all the people; second, that the litigation, receiverships, and oil operations involving these lands were and are carried on in the interests of the United States and not for the benefit of those States interested in reclamation; and, third, that the interests of the Navy should be considered paramount, in view of the provisions of the act of June 30, 1938 (Public, No. 786, 75th Cong., 3d sess.; 52 Stat. 1252).

The act provides in part, as follows:

"In order to consolidate and protect the oil lands owned by the Government the Secretary of the Navy is authorized to contract with owners and lessees of land within or adjoining such reserves for conservation in the ground of oil and gas and for compensation for estimated drainage in lieu of drilling or operating offset wells, and to exchange Government land in naval petroleum reserve No. 1, the right to royalty production from any of the naval petroleum reserves, and the right to any moneys due to the Government as a result of the wrongful extraction of petroleum products from lands within naval petroleum reserve No. 1, for privately owned lands or leases with naval petroleum reserve No. 1: *Provided*, That no lease of any portion of the naval petroleum reserves, no contract to alienate the use, control, or possession thereof from the United States, no contract to sell the oil and gas products thereof, other than royalty oil and gas products, no contract for conservation or for compensation for estimated drainage and no exchange of any land, any right to royalty production or any right to any moneys as hereinabove authorized shall become effective until approved by the President: *Provided further*, That the Secretary of the Navy shall report annually to the Congress all agreements entered into under the authority herein granted."

To investigate further the nature of the legislative intent of the above portion of the act of June 30, 1938, reference is made to the reports on this act (S. 1131, 75th Cong., 3d sess.) contained in House Report 2672, Seventy-fifth Congress, third session, and to Senate Report No. 317, Seventy-fifth Congress, first session.

Page 4 of the Senate Report No. 317 states:

"The bill as reported by the committee reenacts the authority giving the Secretary of the Navy jurisdiction over all Government lands and leases within the naval petroleum reserves and authority to conserve, develop, use, and operate the same in his discretion, directly or by contract, lease, or otherwise, and to use, store, exchange, or sell the oil and gas products thereof, and those from all royalty oil from lands in the naval reserves for the benefit of the United States.

"The bill grants additional authority, as follows:

"(1) Authorizes the Secretary of the Navy, with the approval of the President—

"(a) To enter into agreements with operators on adjoining private lands, which agreements have for the purpose the conservation of oil and gas on the Government's lands.

"(b) To exchange Government lands on naval petroleum reserve No. 1, for private lands in naval petroleum reserve No. 1 in order to consolidate both Government and privately-owned lands into solid blocks.

"(c) To acquire privately owned lands on naval petroleum reserve No. 1 by purchase or condemnation.

"(d) To use moneys due the Government as royalties from any of the naval petroleum reserves and moneys due the Government because of the illegal extraction of oil and gas from lands in naval petroleum reserve No. 1 in connection with (b) and (c) above."

Identical language appears in page 3 of House Report No. 2672.

It is submitted that the provisions of the bill S. 3501 would unquestionably interfere with the provisions of the act of June 30, 1938, with the intent of the Congress as shown above, and with negotiations now being carried out under the authority of that act for the consolidation and protection of the Government's lands in naval petroleum reserve No. 1.

The Interior Department Appropriation Act for the fiscal year ending July 1939 contained the following provision (52 Stat. 322):

"Increase in the reclamation fund: The Secretary of the Treasury is authorized and directed to transfer to the credit of the reclamation fund created by the act of June 17, 1902 (32 Stat. 388), a sum equal to the difference between (1) 52½ percent of the moneys which the Secretary of the Treasury shall determine to have accrued to the United States from lands within the naval petroleum reserves, except those in Alaska, from February 25, 1920, to June 30, 1938, inclusive, and (2) the total of all sums advanced to the reclamation fund under the provisions of the act entitled 'An act to authorize advances to the reclamation fund, and for the issue and disposal of certificates of indebtedness in reimbursement therefor, and for other purposes,' approved June 25, 1910 (36 Stat. 835), as amended, and under the provisions of the act entitled 'An act to authorize advances to the reclamation fund, and for other purposes,' approved March 3, 1931 (46 Stat. 1507), as amended, and not reimbursed by transfer from the reclamation fund to the general funds in the Treasury. The transaction provided for in this section shall be deemed to have effected a complete reimbursement to the general funds in the Treasury of all sums advanced to the reclamation fund under the provisions of such acts of June 25, 1910, and March 3, 1931, as amended."

The language was not repeated in the Appropriation Act for the next fiscal year. It is noted that this language affected 52½ percent of "the moneys which the Secretary of the Treasury shall determine to have accrued." The proposed bill, S. 3501, broadens this language to "any moneys heretofore or hereafter received by the United States" * * * "or as a result of any other proceeding heretofore or hereafter instituted."

Any proposal with respect to the transfer of future receipts is considered inimical to the interests of the Navy and the national defense, as it can only serve to increase the incentive for the development rather than the conservation of these reserves; such a situation will tend to handicap the Secretary of the Navy in carrying out the provisions of the act of June 30, 1938.

It is true that the act of June 30, 1938, requires that, except as otherwise provided, all moneys accruing from lands within the naval petroleum reserves shall be deposited in the Treasury as miscellaneous receipts. Under ordinary circumstances the disposition of funds that have been or will be deposited as miscellaneous receipts is not a matter with which the Navy Department should concern itself, but there is a vast difference between a miscellaneous receipt and a receipt which is to be earmarked for a special purpose, in this case, the reclamation fund. The interests

involved will inevitably conflict, regardless of the sincerity of motives of the parties.

The conservation of the naval petroleum reserves is a matter of grave concern to the entire Naval Establishment and of paramount importance to the national defense.

For the reasons above, the Navy Department strongly recommends against enactment of the bill S. 3501.

The Navy Department has been advised by the Bureau of the Budget that enactment of the proposed legislation would not be in accord with the program of the President.

Sincerely yours,

LEWIS COMPTON, *Acting.*

THE SECRETARY OF THE INTERIOR,
Washington, D. C., May 29, 1940.

Hon. ALVA B. ADAMS,
Committee on Public Lands and Surveys, United States Senate.

MY DEAR SENATOR ADAMS: Reference is made to your letter of March 7, requesting a report on S. 3501, entitled "A bill to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Co. of California and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15)."

I favor the enactment of this bill.

The purpose of the proposed legislation is to secure additional money for the reclamation fund created by the act of June 17, 1902, by transferring to it a sum equal to 52½ percent of all moneys received from the Standard Oil Co. and other claimants of sections 36 and 16, township 30 south, range 27 east, Mount Diablo meridian, California, in the Elk Hills oil field, and within the exterior boundaries of naval petroleum reserve No. 1. The lands in section 36 have been determined to be public lands of the United States and a part of the naval petroleum reserve by proceedings instituted pursuant to the joint resolution mentioned in the bill and judgment has been obtained requiring the claimants under the State of California to surrender the land and to pay the United States a sum amounting to the net value of all oil and gas produced from the land with interest. I am informed that after costs were deducted the amount paid in full settlement of the judgment and accumulated interest is $7,137,574.72, and under the bill the reclamation fund would gain $3,747,226.72. The money recovered by this suit does not fall in any class of receipts covered by a law providing for its specific use or disposal and will be deposited in the Treasury as "Miscellaneous receipts." Adverse proceedings involving section 16 has not been concluded, but if that section is determined to belong to the United States, there is little likelihood of a money judgment because no oil has been produced from that section.

The reclamation fund is decreasing, and additional moneys will be required to complete the projects now under construction as well as to build other contemplated projects. A provision of the Interior Department Appropriation Act, 1939, approved May 9, 1938 (52 Stat. 291, 322), authorized and directed the Secretary of the Treasury to transfer to the credit of the reclamation fund a sum equal to 52½ percent of the moneys accrued to the United States from lands within the naval petroleum reserves outside of Alaska, from February 25, 1920, to June 30, 1938, inclusive. S. 3501 would supplement that appropriation by the transfer of the moneys received by reason of litigation for oil taken from the naval petroleum reserves.

The Director of the Bureau of the Budget has advised me that the proposed legislation would not be in accord with the program of the President.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Mr. ADAMS. Mr. President, if it is proposed to go on in this way, I shall suggest the absence of a quorum.

Mr. BARKLEY. Mr. President, I am about to move that the Senate take a recess until tomorrow.

PROPOSED REPORT OF SPECIAL COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

Mr. BROWN. Mr. President——

Mr. BARKLEY. I yield to the Senator from Michigan.

Mr. BROWN. Before the Senator moves to adjourn or recess, I desire to say that about a year and a half ago a special committee was appointed to look into the subject of taxation of Government bonds. That committee is practically ready to report. Because of the fact that the Senator from Vermont [Mr. AUSTIN] was called out of the city today, it was not possible for me to file the report.

The committee has made a careful study of the general subject, and has divided its proposed report into two parts: One, a discussion of the merits of the proposal to tax the bond issues of States, municipalities, and local subdivisions; the other, a discussion of the constitutional or legal questions involved. We have tried to present fairly in our report the arguments on this proposition which have been made by both sides.

The majority of the committee has come to a definite conclusion. That conclusion is, first, that hereafter there should be issued no more tax-exempt bonds of the Government of the United States or any of its subdivisions or corporations or agencies; second, that from this time on future issues of bonds by State governments and by the various municipalities of the States should be taxable. I may say that those views are concurred in by the Senator from Virginia [Mr. BYRD], the Senator from Delaware [Mr. TOWNSEND], the Senator from Arkansas [Mr. MILLER], and myself. The Senator from Nebraska [Mr. BURKE] dissents, and the Senator from Vermont [Mr. AUSTIN] will dissent, but desires to submit his own views.

On the constitutional question involved—that is, as to whether or not the Government may legally tax future issues of State and municipal bonds—the committee divides 3 and 2, with the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. MILLER], and the chairman—myself—believing that such taxation may constitutionally be levied, the Senator from Nebraska [Mr. BURKE] dissenting; and the Senator from Vermont [Mr. AUSTIN] I think will dissent, and desires to file his reasons therefor.

I have today presented an amendment to the tax bill which is presented on behalf of the Senator from Missouri [Mr. CLARK], the Senator from Oklahoma [Mr. LEE], the Senator from Arkansas [Mr. MILLER], and myself, and possibly there may be one or two other Senators who will desire to join us in that amendment which will, I think, effectively tax future issues of State bonds, subject all future issues of Federal bonds to the income tax, and subject those bonds to taxation by the State authorities.

I have here the final report, signed by five members of the committee; but in view of the request of the Senator from Vermont [Mr. AUSTIN] that I withhold the final report until he has an opportunity to go over it more fully, he having been engaged in the conference on the military-conscription bill, I do not feel that I should yet file the report. In view, however, of the fact that the tax bill will be taken up tomorrow, and that this amendment is germane to it and will be offered, I ask unanimous consent that the report, without stating the final conclusions and recommendations, which I will present to the Senate, be printed in the RECORD for the information of the Senate.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Without objection, it is so ordered.

The proposed report is as follows:

TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

[Proposed report of the Special Committee on the Taxation of Governmental Securities and Salaries, pursuant to Senate Resolution 303, 75th Cong., 3d sess. Sept. —, 1940]

SPECIAL COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

PRENTISS M. BROWN, Michigan, chairman.
HARRY FLOOD BYRD, Virginia.
JOHN E. MILLER, Arkansas.
EDWARD R. BURKE, Nebraska.
JOHN G. TOWNSEND, Jr., Delaware.
WARREN R. AUSTIN, Vermont.

LETTER OF TRANSMITTAL

SEPTEMBER 1940.

The PRESIDENT OF THE SENATE.

SIR: Pursuant to the provisions of Senate Resolution 303, Seventy-fifth Congress, third session, I have the honor to submit the report of the Special Committee on Taxation of Governmental Securities and Salaries with respect to the taxation, and the exemption from taxation, of (1) securities issued by or under the authority of the United States or the several States or political subdivisions thereof; (2) income derived from such securities; (3) income received as compensation from the United States or from any State or political subdivision thereof.

Very respectfully,

PRENTISS M. BROWN, *Chairman.*

Your committee was created by the following resolution (S. Res. 303, 75th Cong., 3d sess.):

"*Resolved,* That there is hereby established a special committee on the taxation of governmental securities and salaries, to be appointed by the President of the Senate, which shall be composed of three Senators who are members of the Committee on Finance and three Senators who are members of the Committee on the Judiciary.

The committee shall select a chairman from among its members. A vacancy in the committee shall not affect the power of the remaining members to execute its functions, and shall be filled in the same manner as the original appointment.

"SEC. 2. It shall be the duty of the committee to make a thorough study and investigation with respect to the taxation, and the exemption from taxation, of (1) securities issued by or under the authority of the United States or the several States or political subdivisions thereof; (2) income derived from such securities; (3) income received as compensation from the United States or from any State or political subdivision thereof. The committee shall report to the Senate the result of its study and investigation, together with such recommendations as it deems advisable, not later than March 1, 1939, at which time all authority conferred by this resolution shall expire.

"SEC. 3. The committee, or any subcommittee thereof, shall have power to hold hearings and to sit and act at such times and places, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems advisable. Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him.

"The expenses of the said investigation, which shall not exceed $5,000, shall be paid out of the contingent fund of the Senate, upon vouchers approved by the chairman of the committee.

"Sec. 4. The committee shall have power to employ and fix the compensation of such officers, experts, and employees as it deems necessary in the performance of its duties, but the compensation so fixed shall not exceed the compensation fixed under the Classification Act of 1923, as amended, for comparable duties. The committee is authorized to request the use of the services, information, facilities, and personnel of the departments and agencies in the executive branch of the Government and of the Joint Committee on Internal Revenue Taxation."

Subsequently, the time for making its report was extended to the close of the present session by the following resolution adopted:

"Resolved, That Senate Resolution 303, Seventy-fifth Congress, third session, establishing a Special Committee on the Taxation of Governmental Securities and Salaries, agreed to June 16, 1938, is hereby continued in full force and effect until the expiration of the Seventy-sixth Congress, and the time for making the report required by such resolution is hereby extended to such date of expiration."

Pursuant to this authority, your committee held public hearings on January 18 and again on February 7 through 16, 1939, at which time those who so desired were allowed to appear and give testimony. The scope of the inquiry was divided into two major parts: First, Should the Federal Government tax the interest on State and local bonds and the compensation of State and local employees? and, second, Should the Federal Government permit the States to tax the interest on Federal securities and the compensation of Federal officers and employees?

In all, there was presented to your committee over 700 pages of testimony. Representatives of the Treasury Department, the Department of Justice, and a number of economists and experts appeared and strongly advocated the enactment of legislation designed to effectuate these policies. The conference on State defense, through a number of spokesmen who were representative of State attorneys general, State revenue officers, local finance officers, and the like, appeared in opposition to this proposal. A number of excellent memoranda and studies dealing both with the legal and economic aspects of the proposal were filed and still others were made available for study by your committee.

With respect to the portion of the inquiry relating to taxation of the compensation of governmental officers and employees, action by the Congress and the Supreme Court of the United States since the close of the hearings has settled this question. In the case of *Graves* v. *O'Keefe*, decided March 27, 1939, the Supreme Court swept away the constitutional restrictions surrounding the problem, and the Congress, in the Public Salary Tax Act of 1939, approved April 12, 1939, made statutory provision for the future taxation by both the Federal and State Governments of the compensation of all governmental officers and employees.

In this connection the chairman of your committee made an oral report to the Committee on Finance, at the time the public salary tax bill of 1939 was before that body, setting out briefly the chief arguments advanced by both the proponents and opponents of that legislation. He gave also the conclusion reached by your committee, that, from an economic standpoint, salaries of Federal employees should be subjected to State income taxes and the compensation of State and local officers and employees should be subject to Federal taxation. To effectuate this policy, your committee recommended the enactment of the public salary tax bill.

Thus, from the original field of inquiry open to your committee, the problem of the taxation of the salaries of governmental employees has been eliminated by subsequent action. The scope of the present report is confined to the taxation of governmental bond interest. It is felt that a brief but rather thorough summary of the arguments presented on both sides of the question, from the fiscal, economic, and legal viewpoints, is desirable. In addition, your committee will present its conclusions reached after a full consideration of all of the evidence presented

I. THE FISCAL ASPECTS

With regard to the fiscal aspects of the proposal, it is well to keep in mind that the denial of the tax-exemption privilege to future issues of governmental securities would not immediately put an end to the loss of tax revenue. The supply of tax-exempt securities outstanding is so large that many years will be required to reduce it to a point where individuals wishing to avoid income taxes will not be able to obtain a sufficient amount of such securities to meet their requirements. The effect as to the cost of increased interest rates will likewise be gradual. As new borrowing takes place and the present tax-exempt bonds are replaced by securities, the interest on which will be fully taxable, the loss of revenue will steadily decrease and the cost of additional interest will steadily increase until all of such securities become fully taxable. This is a particularly important consideration for State and local governments, because in their case the volume of debt is not increasing. In 2 of the past 6 years, it has even declined.

Both the added-cost and increased-revenue estimates given by the Treasury as well as by the opponents of this proposal are based on a year in which this plan shall be in full operation, that is, the present situation has been projected into the future to a year when all tax-exempt bonds will have been replaced by bonds, the interest on which is fully subject to the income tax.

A. Arguments for the proposal

The Treasury Department estimates that the Federal Government would secure additional revenue ranging from $179,000,000 to $337,000,000 annually. This, however, will not constitute a net gain because the tax-exemption feature now produces substantial savings through reduced interest rates. The Treasury estimates that in the case of Federal securities the annual reduction in governmental cost because of the tax-exempt privilege, ranges from $19,000,000 to $50,000,000. The saving is relatively small because only one-third of the Federal obligations are now exempt from the surtax, and because the wholly exempt securities are almost entirely short-term obligations and therefore are little, if at all, affected by tax exemption. Making allowances for this interdependence of the two aspects, added interest cost and increased revenue, the Treasury estimates that the net gain to the Federal Government will range from $180,000,000 to $300,000,000 a year.

For State and local governments, the Treasury estimates that the removal of the tax exemption on their future issues will result in additional interest of from $40,000,000 to $105,000,000 annually. Because of the lack of adequate data, no estimates were given as to the increased revenue which the State and local governments could expect. The following table briefly summarizes these estimates.

The additional annual income-tax revenue and increases in interest cost for years following the complete retirement of tax-exempt securities are estimated as follows:

	Minimum	Maximum
Income-tax revenue: Annual increase to the Federal Government	$179,000,000	$337,000,000
Interest costs:		
Annual increase to the Federal Government and Federal instrumentalities	19,000,000	50,000,000
Annual increase to the State and local governments	40,000,000	105,000,000

The Treasury points out that the added interest cost which will be required when the tax-exempt privilege is eliminated should be looked upon not so much as added cost but the price of the termination of a special benefit or bounty hitherto enjoyed by government. The Treasury estimates that this price will be an increase in interest cost of from one-fourth of 1 percent to one-half of 1 percent. The outstanding amount of tax-exempt securities is greatly in excess of the demand for such securities on the part of individuals who are subject to the higher income-tax rates. In consequence, substantial portions of them are sold to institutional investors and to individuals to whom the tax-exemption privilege has little or no value. It would follow, considering this feature alone, that there should be no appreciable differentiation between yields of taxable and tax-exempt securities. The interest differentiation is affected by another feature; the holding of governmental securities has many advantages apart from the privilege of tax exemption. These advantages cannot be duplicated in private securities, whatever the yield. The purchase of governmental securities is more or less mandatory upon seekers after absolute safety. Public securities, as a whole, have important legal and psychological advantages which make them extremely attractive to certain classes of holders, for example, banks and trustees, despite wide differentiation in yield as compared with taxable securities. These persons derive little benefit, if any, from the tax-exemption privilege and would pay little or nothing for it if it could be purchased separately.

B. Arguments against the proposals

It is obvious that the taxation of the interest from public securities would necessitate a higher interest rate to induce investors to purchase the securities at the same price at which they are now sold. The statements of witnesses vary considerably as to the

exact amount of such added cost. The opponents of the proposal estimate it at 60 points, or six-tenths of 1 percent. Thus, where the Treasury estimated additional costs to State and local governments of from $40,000,000 to $105,000,000, the State and local finance officers predicted an ultimate increase in the cost of their government of about $113,000,000 a year. The Conference on State Defense asserted that in any case the additional cost to State and local governments would be in excess of $100,000,000 a year. Opponents of the proposal estimated that additional Federal revenue of $120,000,000 a year would be derived from the interest on State and local obligations. They estimated, too, that such States as have income taxes would secure only about $17,000,000 from taxing the interest on Federal securities with which to offset their more than $100,000,000 additional interest cost caused by the imposition of the Federal tax upon the interest from their bonds. The States and municipalities therefore concluded that the fiscal effects of the removal of intergovernmental immunity on public bond interest, as a whole, will result in a net effect of practically nothing. They point out, however, that the problem should not be viewed as if there were but a single government in the country to share gains and losses. They insist that if the problem is viewed in the light of each level of government, the following situation would result:

First, that the Federal Government would gain; second, that the State governments would lose in spite of the fact that some 34 States do have income taxes. This they say is true because State income taxes are levied at much lower rates than the Federal tax, and the income tax plays an insignificant part in most State fiscal systems; third, the local governments would suffer a complete loss because they levy no income tax and the increased interest which they would be required to pay on their own securities would have to be met from the property tax or other local levies having no relation to net income. It was shown that 83 percent of the State and local debt consists of municipal debt and that a similar percentage of increased interest cost would have to be borne by the city governments which do not levy income taxes and which could gain nothing from the taxation of Federal securities to offset this added cost.

The opponents of the proposal thus contend that, while the net over-all effect upon all governmental units may be counterbalanced, that the effect upon the local units of government will be inequitable because they lack a method of recouping their additional interest cost.

II. THE ECONOMIC AND SOCIAL ASPECTS

A. Arguments for the proposal

The ratification of the sixteenth amendment and the subsequent enactment and development of the Federal income tax, as well as development of State income taxes, were prompted by the intent to distribute at least a part of the cost of government in accordance with individual ability to pay. The availability of securities wholly or partially exempt from income taxes defeats this purpose and results in serious tax inequities, because it provides a tax-free haven to persons in the higher income brackets. Such individuals may, by the purchase of tax-free securities, secure vastly more benefits in tax savings than they sacrifice through the lower interest rates they receive.

The inequity of tax-exempt securities may be demonstrated by a comparison of individuals differently situated. To a married individual with only $2,000 to $3,000 income, $1 of tax-exempt interest is worth no more than $1 of taxable income, because he would in no event pay income taxes. However, to an individual with $100,000 of income, a dollar of tax-exempt interest is the equivalent of $2.44 of taxable interest, and to an individual whose last bracket of income is subject to the 79 percent rate, a dollar of tax-exempt interest is the equivalent of $4.76 of taxable interest. These governmental securities, which afford such widely varied tax savings to individuals differently situated, can be purchased at the same price by all individuals. Only a small portion of this price is attributable to the tax-exemption privilege.

A number of widely varying statements were made before your committee relative to the portion of the income of persons in the upper income brackets arising from tax-exempt securities. In this connection, the income tax statistics are unreliable. This is true because the income from such securities is not required to be included in gross income and thus in numerous instances is unreported. However, the statistics relating to the composition of gross estates of decedents, for the purpose of the estate tax, are reliable. Such figures for 1937 show that wholly tax-exempt securities make up approximately 10 percent of gross estates in excess of $50,000. Of estates in excess of $1,000,000, more than 15 percent of the gross estate was composed of wholly tax-exempt securities. Of estates in excess of $5,000,000, wholly and partially tax-exempt securities made up more than 20 percent of the gross estate. These figures clearly indicate that the holdings of tax-exempt bonds in the hands of individuals in the high surtax brackets is considerably higher than is generally believed.

The inequity which has been brought about by the existence of tax-exempt interest and a progressive income tax has increased with the years. The income-tax rates have become more and more progressive, more States have enacted income taxes, and the volume of tax-exempt securities has increased. The tax savings which accrue to individuals from the ownership of tax-exempt securities result in corresponding reductions in income-tax collections. These losses have to be made up elsewhere, frequently from less desirable sources. This is an important consideration, for at present only 13 percent of Federal, State, and local general government revenues are derived from the progressive elements in the tax system; that is, the income, inheritance, and estate taxes.

While the fiscal effects of the proposed legislation would be realized only gradually, those pertaining to the general economy would be felt more quickly. The tax savings which Government securities afford to individuals in the higher income groups serve to discourage those individuals from assuming business risks. Industry finds it difficult to compete with tax-exempt securities in attracting the capital of individuals in the higher income brackets. This is an important general economic consideration, not only because industry is continually in need of new capital to provide employment for the constantly growing working population, but also because the growing institutionalization of savings has already depleted the supply of enterprise capital.

B. Arguments against the proposal

The opponents of the proposed legislation argue that the deficiency in yield of tax-exempt interest as compared with taxable interest is the equivalent of a tax at the source with respect to the nontaxable interest. Thus the apparent gain of investors in tax-exempt securities is not a net gain, but on the whole is almost exactly offset by the difference in yield available to him in the taxable and nontaxable field. It should be pointed out with respect to this contention that while the difference in yield is, to some extent, the equivalent of a tax on the source, at the same time it is the equivalent of a tax at a flat rate, thus defeating the progressive income-tax rates applicable to other income. That is to say that the tax-exempt security bears the same rate in the hands of a person in the high income-tax brackets that it yields in the hands of a person with a very low income.

However, the opponents of the proposal point out that a similar treatment is now accorded with respect to capital gains. That is, the present law provides a ceiling rate of 15 percent on the gains from capital assets which have been held for more than 2 years, regardless of the size of the taxpayer's net income.

Since the proposal is prospective only in nature and since it is obvious that it will be years before the amount of outstanding securities bearing the tax-exempt privilege is reduced to an amount insufficient to fill the wants of persons in the high surtax brackets, it is clear that the tax haven now enjoyed by wealthy individuals will not be eliminated for years to come. However, this step, whenever undertaken, will always result in the same delayed application so long as the policy of taxing only future interests is adhered to.

As has already been pointed out, the bulk of tax-exempt securities is not held by individuals in the higher surtax bracket. Thus, to tax the interest from all of such securities, while it may work out equitably with regard to wealthy taxpayers, can have no beneficial application to taxpayers in the lower brackets. The opponents of the proposal thus contend that they would be willing, and even anxious, to take action to eliminate the undoubted loophole that tax-exempt bonds now furnish to wealthy taxpayers if this alone could be done without subjecting all of the interest of such bonds to taxation and thus impose an undue burden on the States and, particularly, the local governments. They say that if the effect of the added cost which the tax will impose upon State and municipal governments is traced, it will appear that it will be laid upon small local taxpayers in the form of property taxes without any regard for their ability to pay. Thus they contend that the furtherance of the progressive Federal income tax by the elimination of the tax-exempt privilege will result in a regressive tax on State and local property and sales.

In addition, the States fear that the elimination of intergovernmental tax immunity in this regard will lead to a further general breaking down of the line of demarcation between Federal and State activities. They point out that the Federal Government is continually acquiring more and more property within the States which thereby removes such property from the coverage of the States' general property tax; that the Federal Government is drawing so heavily upon the income tax that this field is closed to further State exploitation; and, that no real source of revenue with which to meet their added interest cost is available except by additions to the already heavy property taxes, sales taxes, and the like.

With respect to the position of the Treasury, relative to the classification of the tax-exempt privilege as a bounty, the States answer by showing that they, too, are now granting a bounty to the Federal Government by refraining from imposing property taxes upon the ever-increasing Federal property located in the several States.

The States fear the lack of real mutuality in the proposal. They are reluctant to rely on a supposedly reciprocal plan that has no basis except a statutory declaration that might be withdrawn by a subsequent Congress. They contend that the Federal Government could protect itself by declaring the State tax to be a burden upon Federal operations and that under the doctrine of Federal supremacy such a declaration would be effective. The States would have no such protection.

Moreover the States insist that immediately after such a proposal became effective the units of government would have to increase the rate on their bond offerings by the present interest differential; that the interest saving would thus be lost at once; that, on the other hand, the injustice of tax-exemption discrimi-

nation and the loss in tax revenue would continue unabated for 20 or 30 years longer; and, that for an additional 20 years there would be a gradual decrease of this injustice and tax loss, during which time every sale of outstanding tax-exempt bonds would yield their prior holders an unearned premium through their rising prices.

III. CONSTITUTIONAL ASPECTS

A. Arguments for the proposal

(1) The immunity rule

There is no provision in the Federal Constitution expressly prohibiting the Federal Government from taxing the obligations or interest therefrom of a State or political subdivision. This prohibition had its origin in *McCulloch* v. *Maryland* (4 Wheat. 316, 1819). In that case, in an opinion rendered by Chief Justice Marshall, the Court held that the State of Maryland had no authority to tax the notes of a national bank. The Maryland legislation was so designed as to make it applicable only to the Bank of the United States. While the Court did not rest its decision upon the discriminatory nature of the tax but adopted the broader ground that the States were powerless to hinder or obstruct the functions of the Federal Government, it has recently said in *Helvering* v. *Gerhardt*, (304 U. S. 405, 413) that "it was perhaps enough to have supported the conclusion" in the McCulloch case, "that it was aimed specifically at national banks."

In 1870, the Court, in *Collector* v. *Day* (11 Wall. 113), held that this doctrine of implied immunity was reciprocal and that therefore the Federal Government had no power to subject to a nondiscriminatory income tax, the salary of a State judge.

This last decision has recently been overruled in the case of *Graves* v. *O'Keefe* (306 U. S. 466), so that there is now no question as to the right of the Federal Government to subject the salaries of State and local employees to the income tax.

In 1895, the Supreme Court held in *Pollock* v. *Farmers' Loan & Trust Co.* (157 U. S. 429, 138 U. S. 601) that the Federal income tax could not be applied to interest received upon municipal bonds. This case, unlike the Day case, has not been specifically overruled by the Supreme Court, but has been seriously impaired by subsequent decisions. Briefly, these are as follows:

In *Flint* v. *Stone Tracy Co.* (220 U. S. 107, 1911) it was held that the interest was used as the measure of a franchise tax, rather than the expressed subject of the tax; Justices Holmes, Brandeis, and Stone have subsequently declared that this ruling alone is sufficient to destroy the Pollock decision.[1] When the Pollock case was decided, it was supposed that the Government contractor was constitutionally exempt from taxation upon his income[2] but the Supreme Court has since held that he can be taxed either on his net income[3] or on his gross receipts.[4] Government officers and employees, when the Pollock case was decided, were exempt from taxation, but that immunity has since been abolished. Government lessees, originally granted immunity from income taxes on the authority of the Pollock case in *Gillespie* v. *Oklahoma* (257 U. S. 501, 1922), are now subject to taxation under *Helvering* v. *Mountain Producers Corporation* (303 U. S. 376, 1938).

If the Pollock ruling was based on the proposition that a tax on income of Government bonds is a tax on its source, then its ground of decision has unequivocally been rejected by the Supreme Court. In *Graves* v. *O'Keefe* (No. 478, October Term, 1938; March 27, 1939) the Court referred to seven cases which were inconsistent with that principle, and said (p. 5), "The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source, is no longer tenable."

Particularly in the field of tax immunity, constitutional doctrines are not eternally and immutably fixed merely because the Supreme Court has once examined the question. As Mr. Justice Frankfurter said, concurring in the O'Keefe case, "The ultimate touchstone of constitutionality is the Constitution itself, and not what we have said about it."

In the last two terms alone the Court has expressly overruled three important doctrines under which tax immunity was formerly granted, and has probably overruled a fourth. In *Helvering* v. *Mountain Producers Corporation* (303 U. S. 376; 1938) the Court sustained the Federal income tax as applied to the lessees of State school lands, and overruled *Gillespie* v. *Oklahoma* (287 U. S. 501; 1922) and *Burnet* v. *Coronado Oil & Gas Co.* (265 U. S. 393). On March 27, 1939, the Court in *Graves* v. *O'Keefe* (No. 478, October Term, 1938) overruled *Collector* v. *Day* (11 Wall. 113; 1870) and *Rogers* v. *Graves* (299 U. S. 401; 1936) and held all officers and employees, of both the Federal and State Governments, taxable by the other Government. On May 22, 1939, the Court in *O'Malley* v. *Woodrough* (No. 810, October Term, 1938) held that Federal judges are not granted immunity from the general income tax by article III of the Constitution, expressly overruled *Nilan* v. *Graham* (268 U. S. 501; 1925) and by necessary implication overruled *Evans* v. *Gore* (283 U. S. 245; 1920). And in *James* v. *Dravo Contracting Co.* (302 U. S. 134; 1937) the Court upheld a gross receipts tax as applied to a Government contractor; while it did not expressly overrule the cases declaring invalid sales taxes on goods sold to the Government,[5] their authority was weakened to the point of extinction.

The recent opinions of the Supreme Court, removing established immunities from taxation, are said to be largely applicable to the case of the Government bondholder. Each opinion has emphasized that the challenged tax was nondiscriminatory, directed at all citizens alike, and have found in this a reason for its validity. In the O'Keefe opinion, Mr. Justice Stone relied upon the further fact that the tax "is laid upon income which becomes the property of the taxpayer when received * * * and the tax * * * is paid from his private funds." So, too, the interest paid upon Government bonds has become the private property of the bondholder, and the tax is paid wholly from his private funds. The recent opinions also have placed strong emphasis upon the duty of the private person to contribute to the costs of his Government, whatever may be the source of his income. The employees of the Port Authority, the Court, for example, said in *Helvering* v. *Gerhardt* (304 U. S. 405, 420; 1938), "enjoy the benefits and protection of the laws of the United States," and "are under a duty to support its government." Similarly, the great benefits of government—both national and local—are not withdrawn from the Government bondholder. With these benefits, the recent opinions demonstrate, go the burdens of paying a fair share of their cost.

The only reason advanced in those opinions which is not wholly applicable to the bondholder is the statement in the O'Keefe case that immunity should be denied the Government employees because there was no "basis for the assumption that any such tangible or certain economic burden is imposed on the Government concerned as would justify" a decision that the tax was invalid. It is recognized that some part, although by no means all, of the economic burden of an income tax on the Government bondholder will likely be passed on to the borrowing government. But the present exemption of interest on Government bonds, to the extent that it is reflected in lower-interest rates paid by the Government, is simply a bounty offered both the bondholders and the issuing government. And the Court in the Gerhardt case said that "it is not ordinarily necessary to confer on the State a competitive advantage over private persons in carrying on the operations of its government" (304 U. S. at 421). And both the O'Keefe and the Gerhardt opinions repeatedly point out that, to the extent tax burdens are shifted, this "is but the normal incident of organization within the same territory of two governments, each possessing the taxing power" (O'Keefe, p. 9). Indeed, in the Gerhardt opinion the Court lists a dozen cases where, in the Court's language, "taxpayers have been held subject to Federal income tax notwithstanding its possible economic burden on the State" (304 U. S. at 418–419). The most notable of these is *James* v. *Dravo Contracting Co.* (302 U. S. 134; 1937), where a gross receipts tax of 2 percent was sustained as applied to contractors with the Federal Government. The then Solicitor General, arguing as amicus curiae in support of the tax, admitted that the whole amount of the tax—paid by a contractor who carefully estimates every cost before submitting his bid, and must pay a percentage of every dollar received—would ordinarily be passed on to the Government. The Court was not convinced that this would necessarily be the case, but said that even if the tax were to increase the cost to the Government, "that fact would not invalidate the tax" (302 U. S. at 160). While the Court put the Pollock case aside, it may be noted that it is most difficult to find a substantial economic distinction between a contract to build a dam and one to loan money.

(2) The sixteenth amendment

There is considerable support for the belief that the Supreme Court may uphold the legislation under the plain language of the sixteenth amendment giving the Congress the power to tax "income from whatever source derived." The arguments in support of such a conclusion may be summarized briefly, as follows:

1. The sixteenth amendment provides as follows:

"The Congress shall have power to lay and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration."

The provisions of the original Constitution giving the Congress the right to lay an income tax are sections 8 and 9, which provide as follows:

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States;

"No capitation, or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken."

It will be noted that in the original Constitution, Congress was merely given the power to lay and collect income taxes, but that under the sixteenth amendment the power was given to lay and collect taxes on incomes from whatever source derived. If those last words are given their ordinary meaning, they confer upon the Congress the power to collect a tax on income whether derived by the taxpayer from interest on Government bonds or from any other source. It is argued that these words were inserted to eliminate the neces-

[1] Dissenting in *National Life Ins. Co.* v. *United States* (277 U. S. 506; 1928).

[2] *Osborn* v. *United States Bank* (9 Wheat. 738, 367; 1924); *Telegraph Co.* v. *Texas* (105 U. S. 460, 466; 1881).

[3] *Metcalf & Eddy* v. *Mitchell* (269 U. S. 514; 1936).

[4] *James* v. *Dravo Contracting Co.* (302 U. S. 234; 1937).

[5] *Panhandle Oil Co.* v. *Knox* (277 U. S. 218; 1928); *Indian Motocycle Co.* v. *United States* (383 U. S. 570; 1931); *Graves* v. *Texas Co.* (298 U. S. 393; 1936).

sity of looking at the source of the income. This was not new language, but language which had been used in various taxing acts and which had been construed by the Supreme Court as being broad enough to cover income in the form of salaries received by State employees or of interest on State and municipal bonds. In the first income-tax act which was imposed during the Civil War period, a tax was levied upon gains, profits, and income of every person residing in the United States "* * * whether derived from any kind of property, rents, interests, dividends, or salaries, or from any profession, trade, employment, or vocation carried on in the United States or elsewhere, or from any other source whatever."

This language was construed by the Supreme Court in *Collector* v. *Day* (11 Wall. 113) as broad enough to embrace the salary of a State judge, which the Court held was immune from taxation under the Constitution. The Day case has subsequently been overruled by the Supreme Court in *Graves* v. *O'Keefe*, decided on March 27, 1939. But the Day case is still important in showing that the language of the statute was broad enough to embrace salaries of State and local officers as well as the interest from State bonds. Similar language was contained in the Income Tax Act of 1894. This language was construed by the Supreme Court in *Pollock* v. *Farmers' Loan & Trust Co.* as including interest from municipal bonds which the Court, in that case, held was exempt under the Constitution from Federal taxation. In the Excise Tax Act of 1909, the Supreme Court also held that the phrase, "net income from all sources," included interest from State and local bonds in the case of *Flint* v. *Stone Tracy Co.* Therefore, when this language was used in the sixteenth amendment, it is reasonable to conclude that it was intended to embrace the income from State and local bonds.

2. In the *Pollock cases* (157 U. S. 429; 158 U. S. 601) the Supreme Court had before it for decision not only the question as to whether or not the income tax was a direct tax, but also the question as to whether or not the income tax could be applied to interest from municipal bonds. The sixteenth amendment was adopted to overcome the Pollock cases.

3. The present Chief Justice, who was then Governor of New York, stated in a message to the New York Legislature in 1910, submitting the sixteenth amendment for ratification or rejection, the following:

"The comprehensive words, 'from whatever source derived,' if taken in their natural sense, would include not only income from ordinary real or personal property, but also incomes derived from State and municipal securities.

"It is certainly significant that the words, 'from whatever source derived,' have been introduced into the proposed amendment as if it were the intention to make it impossible for the claim to be urged that the income from any property, even though it consists of the bonds of the State or of a municipality organized by it, will be removed from the reach of the taxing power of the Federal Government.

"The immunity from Federal taxation that the State and its instrumentalities of government now enjoy is derived not from any express provision of the Federal Constitution, but from what has been deemed to be necessary implication. Who can say that any such implication with respect to the proposed tax will survive the adoption of this explicit and comprehensive amendment?"

4. The attorneys who argued and won the Pollock cases appeared before the New York Legislature and in opposing ratification of the sixteenth amendment stated that its adoption would permit the taxation of State and local securities through a Federal income tax.

5. Senators Borah and Root disputed this interpretation of the amendment, but this was not done until after the amendment had passed the Congress and the question was presented in the message of Governor Hughes to the Legislature of New York. Almost one-quarter of the messages of the State Governors, recommending ratification or rejection of the sixteenth amendment, discussed the interpretation placed upon it by Governor Hughes. Most of the Governors either agreed with the interpretation of Governor Hughes or stated that they were not sure whether Governor Hughes or Senator Borah was correct, but that the amendment should nevertheless be ratified. From this evidence it cannot be said that the country ratified the amendment without the knowledge of the Hughes interpretation.

6. It is true that the Supreme Court in several cases, notably *Evans* v. *Gore* (253 U. S. 245), held that the sixteenth amendment did not extend the taxing power of the Congress but merely removed the necessity for apportionment. But in that case the Government conceded that the sixteenth amendment did not justify the tax, so that the question of the sixteenth amendment was not before the Court. Moreover, the reasoning in *Evans* v. *Gore* was rejected by the Supreme Court in the case of *O'Malley* v. *Woodrough*, decided May 22, 1939, in which the Court in referring to the application of the Federal income tax to Federal judges said:

"To subject them to a general tax is merely to recognize that judges are also citizens, and that their particular function in Government does not generate an immunity from sharing with their fellow citizens the material burden of the Government whose Constitution and laws they are charged with administering."

B. Arguments against the proposal

(1) The immunity rule

The following are the principal arguments advanced by the opponents to the proposal:

1. The Supreme Court has held in the *Pollock cases* (157 U. S. 601) that the Congress does not have the power to subject the income from State or local securities to a general income tax. The reason for such a conclusion was that such a tax was "a tax on the power of the States and on their instrumentalities to borrow money, and consequently repugnant to the Constitution."

2. The Pollock cases, so far as the question of taxation of income from State and local bonds is concerned, have never been overruled by the Supreme Court. In fact, the Court has repeatedly affirmed this principle in subsequent decisions. In the National Life case, the Court held a provision restricting a deduction to life-insurance companies to be unconstitutional for the reason that this disallowance, in effect, amounted to the taxation of the income from State and local securities.

3. The Court has recognized a clear distinction between the taxation of the income from a State or local bond and the taxation of the salary of a State or local employee. In the *Dravo Contracting case* (302 U. S. 134), the Court upheld a 3-percent gross-receipts tax imposed by the State of West Virginia upon gross receipts received by an independent contractor for work performed for the Federal Government in West Virginia. This case was clearly distinguished from the bondholder case, Mr. Justice Hughes, in the majority opinion, stating:

"There is no ineluctable logic which makes the doctrine of immunity with respect to Government bonds applicable to the earnings of an independent contractor rendering services to the Government. That doctrine recognizes the direct effect of a tax which 'would operate on the power to borrow before it is exercised' (*Pollock* v. *Farmers' Loan & Trust Co.*) and which would directly affect the Government's obligation as a continuing security. Vital considerations are there involved respecting the permanent relations of the Government to investors in its securities and its ability to maintain its credit—considerations which are not found in connection with contracts made from time to time for the services of independent contractors."

In the case of *Helvering* v. *Gerhardt* (304 U. S. 405), decided May 16, 1938, the Court, in upholding the Federal income tax as applied to the salaries of employees of the port authority, distinguished this situation from that of taxing the income from State bonds, stating:

"* * * that the immunity doctrine was applied where the functions involved were thought to be essential to the maintenance of a State government, as where the intent was to tax income received by a private investor from State bonds, and thus threaten impairment of the borrowing power of the State (*Pollock* v. *Farmers' Loan & Trust Co.*, 157 U. S. 429; cf. *Weston* v. *Charleston*, 465, 466."

In the O'Keefe case the Supreme Court overruled *Collector* v. *Day*, holding that the Federal Government could not tax the salary of a State officer, and *New York ex rel. Rogers* v. *Graves*, holding that a State could not tax the salary of a Federal officer. These decisions were overruled because the Court found that the burden upon the Government, State, or Nation was but the normal incident of the organization within the same territory of two governments each possessing the taxing power, and only affected the Government in an indirect or incidental way. This reasoning is not applicable to State bonds, for both the proponents and the opponents of the proposal admit that to subject the income from State bonds to a Federal income tax would impose a direct burden upon the State or municipality which is susceptible of measurement and ascertainment.

It is a fact that the tax on a State or a municipal bond is passed back to the issuer. For example, if an individual is willing to lend a municipality money at 4 percent and the Government puts a tax of one-half of 1 percent on the bond, the individual would demand a rate of interest of 4½ percent, so he could get a net profit of 4 percent. In the case of a salary, the burden of a tax thereon, if passed back to the State, would only burden the State in an indirect or incidental way, which the Constitution would presuppose as a normal incident of government.

(2) *The sixteenth amendment*

1. The language of the sixteenth amendment taxing income from whatever source derived, without apportionment, would not authorize the Congress to tax income from State or local securities.

2. The sixteenth amendment did not confer any new power of taxation but merely provided that Congress could tax incomes, a right which it had before the sixteenth amendment, without regard to the rule of apportionment.

3. The sixteenth amendment was adopted to overcome the decision in the Pollock cases that a tax on income from real or personal property was a direct tax and subject to the rule of apportionment and not to authorize the taxation of items of income which were not taxable before the adoption of the sixteenth amendment. That this is the correct construction of the sixteenth amendment is shown by the decisions of the Court in *Brushaber* v. *Union Pacific Railroad Co.* (240 U. S. 1); *Stanton* v. *Baltic Mining Co.* (240 U. S. 103); *Tyee Realty Co.* v. *Anderson* (240 U. S. 115); and *Evans* v. *Gore* (253 U. S. 245) (modified on another point in O'Malley against Woodrough, decided May 22, 1939). The

same point was expressed by the Court in *Peck & Co.* v. *Lowe* (347 U. S. 165); and *Eisner* v. *Macomber* (252 U. S. 189); and in *Metcalf & Eddy* v. *Mitchell* (269 U. S. 514); also *Willcuts* v. *Bunn* (282 U. S. 216). Mr. Justice Stone, in writing the majority opinion, referred with approval to the case holding that the sixteenth amendment did not extend the taxing power to any new class of subjects. While some of these opinions may be regarded as dicta on this point, the proponents of the proposal have been unable to present a single case showing that the Court would favor their construction that the sixteenth amendment is a grant of power and of itself permits the taxation of the income from State and local securities. If the Court were to adopt this theory of the proponents, it can seriously be contended that Congress would be unable to classify income, for if the source of income was disregarded for all purposes, capital gains could not be taxed at one rate, earned income at another rate, and dividend income at another rate. This would cast serious doubt on the validity of many of our income-tax laws which have already been upheld by the Supreme Court.

4. The legislative history of the sixteenth amendment does not justify the construction put upon it by the proponents of the measure. It is clear from the statements of Senators Bailey, Brown, Borah, and Aldrich as well as that of Senator Root that there was no intention to include State-bond interest by the use of the words "from whatever source derived." Much reliance is placed upon the message of Governor Hughes stating that it was possible to interpret the amendment to embrace the income from State securities. But that interpretation was answered in the Senate by Senators Root and Borah and Governor Hughes has not adhered to that view in decisions rendered by the Supreme Court after he became a Justice of that Court. The point has been ably summed up by Mr. William Anderson in an article on tax-exempt securities in the Minneapolis Law Review for March 1934, as follows:

"Can it be assumed that Congress, without discussion of the question, by the clumsy use of four words in the middle of an amendment, intends to introduce a change of so tremendous significance? New and fundamental powers are not usually conferred by a single phrase found in a provision having a different purpose. If the broad construction would be applied to the amendment, it might be even construed broad enough to tax the incomes or revenues of the State or municipal government themselves. Furthermore, this broad construction, if taken literally, would authorize the impairment of the obligations of contracts.

"It is entirely improper to take out a single provision of the Constitution and construe it without reference to other parts of the document. It is equally unjustifiable to take the bare words and construe them with an uncompromising literality. When the letter is the law, the people become victims of unskilled draftsmen and the careless copyist. The official or strict construction of the Constitution is preferable, first, because it considers the Constitution as a whole; second, it is not misled into disregarding the form of the amendment for its substance; and third, it does not open the door to such results as impairment of obligations of contracts, it preserves the fundamental rule that the Federal Government may not tax the governmental instrumentalities of the State."

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. ELLENDER in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

THE CALENDAR

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.), the Senate took a recess until tomorrow, Friday, September 13, 1940, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate September 12 (legislative day of August 5), 1940

FARM SECURITY ADMINISTRATION

Arnold Wilson Cowen, of Texas, to be regional director, Farm Security Administration.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

Brig. Gen. John Aiken, Pennsylvania National Guard, to be brigadier general, National Guard of the United States.

PROMOTIONS IN THE NAVY

The following-named commanders to be captains in the Navy, to rank from the date stated opposite their names:

Laurance T. DuBose, July 1, 1940.
Edmund W. Burrough, September 1, 1940.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the date stated opposite their names:

Charles L. Hutton, July 1, 1940.
Walton W. Smith, July 1, 1940.
Elmer Kiehl, July 1, 1940.
Hilyer F. Gearing, July 1, 1940.
Stanley F. Patten, July 1, 1940.
Daniel V. Gallery, Jr., September 1, 1940.
Walter F. Boone, September 1, 1940.

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

Stuart S. Purves, October 1, 1939.
John D. Reppy, December 8, 1939.
Watson T. Singer, December 8, 1939.
David G. Roberts, May 1, 1940.
John Sylvester, June 26, 1940.
Bert F. Brown, June 26, 1940.
George T. Mundorff, July 1, 1940.
Marvin P. Evenson, July 1, 1940.
Howard W. Gilmore, July 1, 1940.
James A. Morrison, July 1, 1940.
James F. Byrne, July 1, 1940.
Eugene M. Waldron, July 1, 1940.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

DeWitt W. Shumway, November 1, 1939.
Allen M. Shinn, November 1, 1939.
John D. Andrew, December 8, 1939.
Edwin C. Asman, December 8, 1939.
Frank D. Latta, December 8, 1939.
John S. Lewis, December 8, 1939.
Thomas D. F. Langen, December 8, 1939.
Marcus W. Williamson, December 8, 1939.
Harry W. Seely, June 26, 1940.
Albert S. Major, Jr., June 26, 1940.
Samuel A. McCornock, June 26, 1940.
Daniel F. Smith, Jr., June 26, 1940.
James A. Flenniken, June 26, 1940.
Garry W. Jewett, Jr., July 1, 1940.
Albert D. Kaplan, July 1, 1940.
Irwin Chase, Jr., July 1, 1940.
Lionel A. Arthur, July 1, 1940.
Kenneth P. Letts, July 1, 1940.
William H. Raymond, July 1, 1940.
Adolphe Wildner, July 1, 1940.
Clifford A. Johnson, July 1, 1940.

Joseph A. McGoldrick, July 1, 1940.
Roland O. Lucier, July 1, 1940.
George H. Laird, Jr., July 1, 1940.
Robert M. Gibbons, July 1, 1940.
Ignatius J. Galantin, July 1, 1940.
Thomas F. Connolly, July 1, 1940.
James G. Franklin, September 1, 1940.
Carter L. Bennett, September 1, 1940.

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 3d day of June 1940:

Gerald P. Joyce	Lawrence G. Bernard
Donald L. Mehlhop	Harry C. Transue
Nelson P. Watkins	Simon E. Ramey

The following to be assistant dental surgeons in the Navy, with the rank of lieutenant (junior grade), to rank from the 5th day of September 1940:

Kenneth L. Longeway	Leslie M. Wallace
Joseph S. Restarski	Howard B. Haisch
Davis Henderson	John V. Niiranen
William L. Strangman	James P. Donnelly
Donald E. Cooksey	James L. Bradley
Harlan K. Muth	Wilson T. Axline
Ernest L. Purdum	Donald E. Carlson
Howard M. Farwell	Oliver E. McClintick
Howard T. d'Arc	Robert D. Lindelof
Walter A. Hall, Jr.	William H. Lieser
Robert P. Steed	Henry A. Collett, Jr.
Frank K. Etter	Charles A. Giermann
Gerald H. Bonnette	Leo J. Kowalski
Albert P. Leisz	George M. Denney
George O. Stead	Merrill G. Wheatcroft
Bernerd C. Kingsbury	

Assistant Paymaster DeWitt C. T. Grubbs, Jr., to be a passed assistant paymaster in the Navy with the rank of lieutenant, from the 1st day of July 1940.

James W. Fryer to be an assistant paymaster in the Navy, with the rank of ensign, from the 5th day of August 1940.

Boatswain Jesse F. Simmons to be a Chief Boatswain in the Navy, to rank with but after ensign, from the 1st day of May 1940.

Radio Electrician Harry L. Dawes to be a chief radio electrician in the Navy, to rank with but after ensign, from the 25th day of October 1939.

Pay Clerk Peter J. Lelesch to be a chief pay clerk in the Navy, to rank with but after ensign, from the 19th day of June 1940.

The following named lieutenants to be lieutenants in the Navy from the date stated opposite their names to correct the date of rank as previously nominated and confirmed:

Rex B. Little, November 1, 1939.
William H. Groverman, Jr., December 8, 1939.
William W. Vanous, December 8, 1939.
Charles S. Hutchings, December 8, 1939.
George W. Pressey, December 8, 1939.
Robert P. Walker, December 8, 1939.
Alton E. Parker, January 1, 1940.
Arthur H. Vorpahl, January 1, 1940.
Francis E. Nuessle, January 1, 1940.
Samuel P. Moncure, June 26, 1940.

The following-named commanders to be captains in the Navy, to rank from the date stated opposite their names:

Everett LeR. Gayhart, February 1, 1940.
Earl F. Enright, May 29, 1940.
Edward L. Cochrane, July 1, 1940.
Adrian R. Marron, July 1, 1940.

The following-named lieutenant commanders to be commanders in the Navy, to rank from the 1st day of July, 1939:

James E. J. Kiernan
William A. Sullivan

The following-named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

William W. Anderson, Jr., June 26, 1940.
James H. Rodgers, June 26, 1940.
Oscar Stiegler, June 26, 1940.
George C. Weaver, June 26, 1940.
William C. Sprenger, July 1, 1940.
Joseph L. Bird, July 1, 1940.
John H. Ellison, July 1, 1940.
Mario G. Vangeli, July 1, 1940.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of July 1940:

Robert B. Madden	Charles A. Curtze
Robert A. Gallagher	Robert E. Garrels
Jack W. Roe	James S. Bethea
Henry P. Rumble	

CONFIRMATIONS

Executive nominations confirmed by the Senate September 12 (legislative day of August 5), 1940

POSTMASTERS

LOUISIANA

Simon E. Tate, Mamou.

NORTH CAROLINA

Hayden R. Millsaps, Stony Point.

PENNSYLVANIA

Jasper M. Wolf, Akron.

HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 12, 1940

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. RAYBURN].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O thou Christ, the Saviour of men, come and walk with us in our human ways, filling each life with new meaning that we may understand that Thou art the genius and the inspiration of the highest good. Unto Thee we pray that every soul may confess that the enchanted pursuit of life is love, strong and deep; Christ-like love that is eternal. O, let it urge and surge in our breasts, pushing us far beyond the reach of things earthly and temporary. We rejoice in the mighty faith and chivalry of those who are giving their all in defense of their land and homes from the ruthless weapons of the self-appointed gods of death. We beseech Thee that every sun down and every sun dawn may bring the world nearer to a rebirth of freedom. Almighty God, contend with the foe; be the ally of justice, of brotherhood and humanity and let the dragon be cast out forever. Today let us pass quietly and clearly into a loyal service. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10361. An act to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WAGNER, Mr. GLASS, Mr. BARKLEY, Mr. BYRNES, Mr. TOWNSEND, and Mr. FRAZIER to be the conferees on the part of the Senate.

The message also announced that the Senate had ordered that Mr. GURNEY be appointed as an additional conferee on the part of the Senate to the committee of conference on the disagreeing votes of the two Houses on the

amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training."

ANNOUNCEMENT

The SPEAKER pro tempore. The Chair desires to make a statement at this time.

The other day, in reply to a question by the gentleman from Massachusetts [Mr. MARTIN], or the gentleman from Michigan [Mr. MICHENER], the Chair stated that 24 hours notice would be given before the conference report on the selective service bill would come up for consideration by the House. The Chair desires to give notice now that in all probability the conference report will be brought up for consideration the first thing tomorrow morning.

AMENDMENT TO MERCHANT MARINE ACT, 1936

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill H. R. 9581, to amend the Merchant Marine Act, 1936, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That title V of the Merchant Marine Act, 1936, as amended, is hereby amended by adding at the end thereof a new section to read as follows:

"SEC. 511. (a) When used in this section the term 'new vessel' means any vessel (1) documented or to be documented under the laws of the United States; (2) constructed in the United States after December 31, 1939, or one the construction of which has been financed under titles V, VII, or XI of this act, as amended; and (3) of such type, size, and speed as the Commission shall determine to be suitable for use on the high seas or Great Lakes in carrying out the purposes of this act, but of not less than 2,000 gross tons or of less speed than 12 knots, unless the Commission shall determine and certify in each case that a vessel of a specified lesser tonnage or speed is desirable for use by the United States in case of war or national emergency.

"(b) For the purposes of promoting the construction of vessels necessary for carrying out the policy set forth in title I of this act and complying with the provisions of this section in respect of tax adjustments on gains and earnings used for new construction, any citizen of the United States who is operating a vessel or vessels in the foreign or domestic commerce of the United States may establish a construction reserve fund to be composed of deposits of proceeds from sales of vessels, receipts, or indemnities on account of losses of vessels, and earnings from the operation of vessels, set aside for the construction or acquisition of new vessels. Such construction reserve fund shall be established, maintained, expended, and used by the operator in accordance with the provisions of this section and rules or regulations to be prescribed by the Commission, pursuant to this section, after consultation with the Secretary of the Treasury.

"(c) In the case of a sale or the loss of a vessel, no gain shall be recognized to the owner for the purpose of Federal income taxes, in respect of the proceeds of such sale or indemnities received on account of such loss which are deposited, pursuant to this subsection, by the owner in a construction reserve fund established under subsection (b). The basis upon the sale or exchange and for depreciation under the applicable Federal income-tax laws of any new vessel acquired with the aid of such construction reserve fund shall be reduced by the amount of the gain not recognized in respect of the amount of the deposits in the fund employed in the acquisition of the new vessel.

"(d) Earnings of the owner from vessel operations (and proceeds from the disposition of vessels if the owner shall elect to deposit such proceeds in the fund pursuant to this subsection) if deposited in the construction reserve fund shall be excluded from gross income for the purpose of all Federal taxes except normal income taxes, and shall be exempt from such taxes (except normal income taxes).

"(e) Sums deposited in any construction reserve fund shall be subject to the provisions of subsections (c) and (d) of this section only to the extent that such sums so deposited are expended or obligated for financing new construction or acquisition of new vessels within a period of 6 years from the date such sum was deposited, and any such deposit, to the extent it includes income otherwise taxable, not so expended or obligated before the expiration of such period of 6 years shall be taxable as of the taxable year in which such income accrued.

"(f) This section shall be applicable in respect of proceeds of sales or losses occurring after the beginning of the taxable year of the owner commencing after December 31, 1939, and to earnings derived after the beginning of the taxable year of the owner commencing after December 31, 1939."

With the following committee amendment:

Page 1, line 3, strike out all after the enacting clause and insert the following:

"That title V of the Merchant Marine Act, 1936, as amended, is hereby amended by adding at the end thereof a new section to read as follows:

"'SEC. 511. (a) When used in this section the term "new vessel" means any vessel (1) documented or agreed with the Commission to be documented under the laws of the United States; (2) constructed in the United States after December 31, 1939, or the construction of which has been financed under title V or VII of this act, as amended, or the construction of which has been aided by a mortgage insured under title XI of this act as amended; and (3) either (A) of such type, size, and speed as the Commission shall determine to be suitable for use on the high seas or Great Lakes in carrying out the purposes of this act, but not of less than 2,000 gross tons or of less speed than 12 knots, unless the Commission shall determine and certify in each case that a vessel of a specified lesser tonnage or speed is desirable for use by the United States in case of war or national emergency, or (B) constructed to replace a vessel or vessels requisitioned or purchased by the United States.

"'(b) For the purposes of promoting the construction of vessels necessary to carrying out the policy set forth in title I of this act, any citizen of the United States who is operating a vessel or vessels in the foreign or domestic commerce of the United States or in the fisheries or owns a vessel or vessels being so operated, or who, at the time of purchase or requisition of the vessel by the Government, was operating a vessel or vessels so engaged or owned a vessel or vessels being so operated, may establish a construction reserve fund, for the construction or acquisition of new vessels, to be composed of deposits of proceeds from sales of vessels, indemnities on account of losses of vessels, earnings from the operation of vessels, and receipts, in the form of interest or otherwise, with respect to amounts previously deposited. Such construction reserve fund shall be established, maintained, expended, and used in accordance with the provisions of this section and rules or regulations to be prescribed jointly by the Commission and the Secretary of the Treasury.

"'(c) In the case of the sale or actual or constructive total loss of a vessel, if the taxpayer deposits an amount equal to the net proceeds of the sale or to the net indemnity with respect to the loss in a construction reserve fund established under subsection (b), then, if the taxpayer so elects in his income-tax return for the taxable year in which the gain was realized, no gain shall be recognized to the taxpayer in respect of such sale or indemnification in the computation of net income for the purposes of Federal income or excess-profits taxes. For the purposes of this subsection no amount shall be considered as deposited in a construction reserve fund unless it is deposited within 60 days after it is received by the taxpayer except that in the case of amounts received on or before the date of enactment of this section or within 60 days after such date, the deposit may be made within 120 days after the date of enactment of this section. As used in this subsection the term "net proceeds" and the term "net indemnity" mean the sum of (1) the adjusted basis of the vessel and (2) the amount of gain which would be recognized to the taxpayer without regard to this subsection.

"'(d) The basis for determining gain or loss and for depreciation, for the purpose of Federal income or excess-profits taxes, of any new vessel constructed or acquired by the taxpayer in whole or in part out of the construction reserve fund shall be reduced by that portion of the deposits in the fund expended in the construction or acquisition of the new vessel which represents gain not recognized under subsection (c).

"'(e) For the purposes of this section, (1) if the net proceeds of a sale or the net indemnity in respect of a loss are deposited in more than one deposit, the amount consisting of the gain shall be considered as first deposited; (2) amounts expended, obligated, or otherwise withdrawn shall be applied against the amounts deposited in the fund in the order of deposit; and (3) if any deposit consists in part of gain not recognized under subsection (c), any expenditure, obligation, or withdrawal applied against such deposit shall be considered to consist of gain in the proportion that the part of the deposit consisting of gain bears to the total amount of the deposit.

"'(f) With respect to any taxable year, amounts on deposit on the last day of such year in a construction reserve fund in accordance with this section and with respect to which all the requirements of subsection (g) have been satisfied, to the extent that such requirements are applicable as of the last day of said taxable year, shall not constitute an accumulation of earnings or profits within the meaning of section 102 of the Internal Revenue Code.

"'(g) The provisions of subsections (c) and (f) shall apply to any deposit in the construction reserve fund only to the extent that such deposit is expended or obligated for expenditure, in accordance with rules and regulations to be prescribed jointly by the Commission and the Secretary of the Treasury, under a contract for the construction or acquisition of a new vessel or vessels entered into within 2 years from the date of such deposit, and only if under such rules and regulations—

"'(1) within such period of 2 years not less than 12½ percent of the construction or contract price of the vessel or vessels is paid or irrevocably committed on account thereof and the plans and specifications therefor are approved by the Commission to the extent by it deemed necessary; and

"'(2) in case of a vessel or vessels not constructed under the provisions of this title or not purchased from the Commission, (A) said construction is completed, within 6 months from the date of the

construction contract, to the extent of not less than 5 percent thereof (or in case the contract covers more than one vessel, the construction of the first vessel so contracted for is so completed to the extent of not less than 5 percent) as estimated by the Commission and certified by it to the Secretary of the Treasury, and (B) all construction under such contract is completed with reasonable dispatch thereafter.

"'(h) The Commissioner of Internal Revenue is authorized under rules and regulations to be prescribed jointly by the Secretary of the Treasury and the Commission to grant extensions of the period within which the deposits shall be expended or obligated or within which construction shall have progressed to the extent of 5 percent of completion as provided herein, but such extension shall not be for an aggregate additional period in excess of 2 years with respect to the expenditure or obligation of such deposits or more than 1 year with respect to the progress of such construction.

"'(i). Any such deposited gain or portion thereof which is not so expended or obligated within the period provided, or which is otherwise withdrawn before the expiration of such period, or with respect to which the construction has not progressed to the extent of 5 percent of completion within the period provided, or with respect to which the Commission finds and certifies to the Secretary of the Treasury that, for causes within the control of the taxpayer, the entire construction is not completed with reasonable dispatch, if otherwise taxable income under the law applicable to the taxable year in which such gain was realized, shall be included in the gross income for such taxable year, except for the purpose of the declared value excess-profits tax and the capital stock tax. If any such deposited gain or portion thereof is so included in gross income for such taxable year, there shall (in addition to any other deficiency) be assessed, collected, and paid in the same manner as if it were a deficiency, an amount equal to 1.1 percent of the amount of gain so included, such amount being in lieu of any adjustment with respect to the declared value excess-profits tax for such taxable year.

"'(j) Notwithstanding any other provision of law, any deficiency in tax for any taxable year resulting from the inclusion of any amount in gross income as provided by subsection (i), and the amount to be treated as a deficiency under such subsection in lieu of any adjustment with respect to the declared value excess-profits tax, may be assessed or a proceeding in court for the collection thereof may be begun without assessment, at any time: *Provided, however,* That interest on any such deficiency or amount to be treated as a deficiency shall not begin until the date the deposited gain or portion thereof in question is required under subsection (i) to be included in gross income.

"'(k) This section shall be applicable to a taxpayer only in respect of sales or indemnifications for losses occurring within a taxable year beginning after December 31, 1939, and only in respect of earnings derived during a taxable year beginning after December 31, 1939.

"'(l) For the purposes of this section a vessel shall be considered as constructed or acquired by the taxpayer if constructed or acquired by a corporation at a time when the taxpayer owns at least 95 percent of the total number of shares of each class of stock of the corporation.

"'(m) The terms used in this section shall have the same meaning as in chapter 1 of the Internal Revenue Code'."

Mr. BLAND. Mr. Speaker, this bill is to provide a construction reserve fund out of which ships may be built to serve intercoastal, coastwise, and foreign, but does not include subsidized ships. I may say that the amendment has been worked out with the Treasury Department, with the industry and with the Maritime Commission so as to involve no clash or controversy between any of those interests and they have all concurred in the amendment.

Mr. MICHENER. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman, as the ranking member of the Committee on Merchant Marine and Fisheries, is advised that this carries the unanimous report of the committee?

Mr. BLAND. It does.

Mr. MICHENER. And there was no objection to the bill by anybody on the committee?

Mr. BLAND. That is true.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the St. Lawrence seaway and to include a short letter I wrote to President Roosevelt and his answer thereto.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota [Mr. PITTENGER]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a letter from the Gold Star Mothers, of New Bedford, Mass., endorsing conscription.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mr. FLANNERY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address by the Honorable Francis J. Myers before the Young Democratic Clubs of Pennsylvania delivered in my district on August 23, 1940.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. FLANNERY]?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article on Japan and the Pacific.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. ANDERSON]?

There was no objection.

Mr. JONES of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article from the Washington Post.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. JONES]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes today after the disposition of business on the Speaker's table and at the conclusion of any special orders heretofore entered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed at this time for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

Mr. BENDER. Mr. Speaker, labor under the New Deal has watched its hopes and aspirations turn into gall and wormwood. I use that expression in order to say, in reply to the President's address of last evening, that the "forgotten man" is still forgotten.

The average wage of workmen in 1929 was $1,450 a year; in 1936 it was $1,244 a year.

In 1930 we had 637 strikes; in 1931, 810 strikes; in 1932, 841 strikes; in 1933, 1,695 strikes; in 1934, 1,856 strikes; in 1935, 2,014 strikes; in 1937, 4,470 strikes; in 1938, 2,772 strikes; and up to September 1939, the last record we have, we had 2,725 strikes.

[Here the gavel fell.]

Mr. STARNES of Alabama. Mr. Speaker, I ask unanimous consent that tomorrow at the completion of the legislative program of the day I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. GOODWIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Washington News of yesterday.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CLEVENGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Indianola (Iowa) Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOBBS. Mr. Speaker, when a man goes wrong, it is news, and too frequently his shame is headlined. But when one makes good, it is but the expected, and rarely is there comment except in the "local boy makes good" column of his home paper.

Even in times like these which try men's souls, it cannot be amiss to pin a posy upon the official record of one who has served with distinction in the Post Office Department of our Government.

William O. Ward, formerly of Anniston, Ala., is now a clerk in the post office of New York City. For the year ending June 30, 1940, his total rating is 99 out of a possible 100. The component elements of this total rating are diligence and quality of work, rapidity, knowledge, cooperation, personal appearance, and seniority. In addition to this almost perfect rating, his record shows no demerits and 190 merits.

The people of Alabama, particularly of the Fourth Congressional District, are proud of Will Ward's record in the largest post office in the United States.

It is altogether wholesome to cite such distinguished records as a challenge to emulation. Thus may the remarkably efficient service of an indispensable branch of our Government be bettered. [Applause.]

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein an excerpt from the hearings before the Committee on Appropriations beginning at page 104 and continuing through page 108, also an article appearing in the Star of Tuesday, by Mr. David Lawrence.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, if you will look at title XXXIV, section 181, of the United States Code, you will find a provision that gives the Joint Committee on Printing control over the CONGRESSIONAL RECORD. There has been considerable criticism, justifiable in my opinion, in reference to what has been inserted in the CONGRESSIONAL RECORD during this Congress. There is a resolution, House Joint Resolution 203, pending before the Committee on Printing. I suggest to the members of that committee that as this is rather a matter for the Members of the House to decide, as it directly affects them, the committee report the resolution without a recommendation and let the House determine just exactly what kind of extraneous matter we should be allowed to put in the RECORD. It costs $45 for an ordinary page of the RECORD and approximately $60 for a reprint when it is in 6½-point type. The cost of the insertions in the RECORD during this session of Congress is such that you will not have any RECORD next January unless you make an additional appropriation for that purpose.

[Here the gavel fell.]

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BATES of Massachusetts. Mr. Speaker, a moment ago the House passed the bill H. R. 9581, to amend the Merchant Marine Act of 1936. The primary purpose of this bill as introduced is to stimulate the construction of new vessels not authorized or subsidized under the Merchant Marine Act. It was my intention to offer an amendment to that bill which would provide that the Maritime Commission could subsidize the building of fishing vessels where the equity would not be more than 12½ percent of the cost. At the present time they will not subsidize the construction of fishing vessels where the equity is less than 25 percent of the cost.

The reason I did not offer the amendment is that it might not have been held germane to the bill, but I expect to have it offered in the Senate or in the form of a new bill in the House. The reason we expect to offer this bill is that the Navy Department has recently taken over more than 30 trawlers and draggers in the Boston and Gloucester fishery industry and intend, I understand, to take more for minesweeping purposes. This has taken away the jobs of the fishermen on the boats, as well as the jobs of the fishery workers who process the fish. This situation is resulting in a very distressing condition in the communities along the waterfronts. I thought I would call this matter to the attention of the Members of the House in order that the Members of the House should be informed as to the situation and my intention in the matter. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on tomorrow at the conclusion of the special order heretofore entered I may be permitted to address the House for 20 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. SABATH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein several editorials.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FEDERAL TORT CLAIMS BILL

Mr. SABATH. Mr. Speaker, I call up House Resolution 578 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 578

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 7236, a bill to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, I shall yield later on, 30 minutes to the gentleman from Michigan on the rule.

Mr. Speaker, even new Members, to say nothing of the older Members, recognize the amount of time that is spent in each Congress in considering bills on small claims that should be adjudicated by the departments. It has been my attitude for many years that the departments should have jurisdiction to act on such claims. In an effort to limit the proceedings the House adopted a rule about 6 years ago providing for an omnibus bill in which to include these claims, the same as we formerly employed with respect to pension bills; but even with that procedure, a good deal of time is taken up

on these small bills. Consequently, the Judiciary Committee, upon the recommendation of the Department of Justice, has finally agreed upon and reported unanimously this bill that will eliminate the waste of a great deal of time by giving the departments the right to adjust all small claims up to $1,000. Up to $500 the adjustment is to be final, and on the larger claims or the so-called tort claims jurisdiction is given to the Court of Claims. I believe this is legislation in the right direction.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. McLAUGHLIN. I think through inadvertence the gentleman omitted to say that jurisdiction is granted, not only to the Court of Claims, but to the district courts as well, without a jury.

Mr. SABATH. Yes; I thank the gentleman for calling my attention to the fact that jurisdiction goes also to the district courts.

As I have said, I believe this is legislation in the right direction. Many unfortunate men have been deprived of the opportunity or the right to obtain redress from the Government. This is manifestly unfair and unjust and under this procedure I think such injustices will be done away with and justice will be forthcoming to the men who, through no fault of their own, have suffered injury or have a justifiable claim against the Government.

Mr. Speaker, the gentleman from Michigan [Mr. MICHENER] states that this legislation may create litigation against the Government. I say to him that even if it will permit the filing of a few additional suits the cost to the Government will not be as great as having the 435 Members of Congress, or even a committee of the House, sit to hear the evidence in these cases when they can be heard by a judge of a district court or the Court of Claims.

I do not desire to take up the time of the House except to say that the rule is an open rule and provides for 1 hour of general debate. After that, the bill can be taken up under the 5-minute rule for further discussion.

I have the utmost confidence that the Judiciary Committee, that has had this bill before it for a long while, acting upon the recommendation of the Department of Justice, has eliminated certain provisions and in other ways strengthened the bill as originally introduced. I consider it a meritorious measure and one that deserves the unanimous vote of the House.

Mr. Speaker, I reserve the balance of my time and now yield 30 minutes to the gentleman from Michigan.

Mr. MICHENER. Mr. Speaker, this bill comes from the Judiciary Committee. It was given careful consideration and hearings were held before a subcommittee of that committee. For my part I am for the bill, but I am not for it solely for the reasons given by the gentleman from Illinois [Mr. SABATH]. I do not think it is going to accomplish as much as the gentleman thinks it will. The bill is not going to do away with all claims in the Congress. It does not take away the right to introduce bills for private claims, but it does give the right to start actions in the Federal courts on the claims enumerated. There will be places like New York and Baltimore and the seacoast towns where the work will undoubtedly be increased in the Federal courts. The claims will be adjusted in the courts rather than in Congress.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. SABATH. This bill as I read it—and I am not a member of the Judiciary Committee as is the gentleman from Michigan, and therefore am not familiar with the committee's action on the bill and the gentleman from Michigan, perhaps, has a greater amount of knowledge than I have, but as I have read the bill I have come to the conclusion that in view of the fact it gives the departments the right to adjust any of these claims up to $500; that, in itself, will relieve the House of many of the small bills that have been before us from time to time and have taken up a great deal of the time of the House. That is correct, is it not?

Mr. MICHENER. Of course, under existing law, there is provision whereby claims up to a given amount may be adjusted by the departments. The real milk in the coconut, so far as this bill is concerned, is the right of the claimant to go into court and sue the Government, where such a right does not now obtain.

Mr. SABATH. That is correct.

Mr. MICHENER. The American Bar Association favors this legislation. I am a member of the bar and also a member of the American Bar Association and believe thoroughly in the association, but we must remember that the American Bar Association is composed of lawyers and that lawyers are prosecuting claims and that lawyers want to get the law into the position where they can most readily and practicably represent their clients.

Mr. SABATH. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. SABATH. I fully appreciate that this bill has been recommended by the bar association, and I wish to assure the gentleman that that was not the reason which causes me to vote for the bill, because I know too much of the activities of the bar association. However, I will say I do not think this will help the bar association, because the bar association is composed mostly of corporation lawyers having very rich clients. This aims to aid the small fellow, the little fellow who is injured and has a small claim. Big claims have been taken care of heretofore and are taken care of without this legislation in splendid shape. It is the little fellow I feel should be aided to obtain justice from the Government.

Mr. MICHENER. Of course, I regret that the gentleman has not more knowledge about the American Bar Association. He is an attorney.

Mr. SABATH. And a member of the bar association.

Mr. MICHENER. And I assumed he was a member of the association. If he is, he is certainly entirely unfamiliar with the membership when he says the American Bar Association is made up of rich corporation lawyers. I have been a member for many years, and I would not be accused of being either rich or any great corporation lawyer.

Mr. SABATH. There are exceptions.

Mr. MICHENER. The chairman of the Judiciary Committee the gentleman from Texas, Judge SUMNERS, is an outstanding member of the American Bar Association, and I do not think his worst enemies would accuse him of being extremely rich, and surely not a corporation lawyer.

In short, the membership of the American Bar Association on the whole is made up of honest, conscientious, everyday lawyers, living throughout the length and breadth of the land. The greater membership comes from the rural districts—men who want good legislation in behalf of the American people, men who prize their membership in the legal profession, and who want to do the things that will make the legal profession stand out, as it always has and as it always should, as a real adjunct to the Government as far as good legislation is concerned.

The American Bar Association does not need any defense from anybody, because everybody who knows anything at all about it knows the type of institution that it is.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. CASE of South Dakota. What the gentleman says about the American Bar Association is true, and I am sure the members of the bar that I have known come under the description of the rank and file of conscientious lawyers whom the gentleman has mentioned.

At the same time, a discussion of this law raises a question in my mind with reference to the law that it repeals. Existing law confers upon the heads of departments and establishments the power to settle certain claims up to $1,000, without requiring the claimants to go into court.

Mr. MICHENER. That is existing law.

Mr. CASE of South Dakota. That is existing law. I am wondering if this law, in repealing that section, makes some provision to take care of that class of small claims, or does it compel those claimants all to go into court?

Mr. MICHENER. No. The gentleman from New York [Mr. CELLER] will explain all these matters in detail. However, the gentleman's question raises the very point I had in mind in answering the gentleman from Illinois [Mr. SABATH], who seemed to feel that this would eliminate those claims from consideration in Congress. As a matter of fact, this bill will in no way prevent the filing of the usual claims in Congress. However, it will permit certain adjustments, and already, as suggested by the gentleman from South Dakota, claims up to $1,000 are subject to adjustment by the departments, and a large percentage of those little claims coming before the Congress are here because the departments have refused to adjust them.

Mr. CASE of South Dakota. But it still leaves it possible for the department to settle those small claims without requiring the claimant to employ a lawyer and go into court.

Mr. MICHENER. That is my understanding. The gentleman from New York [Mr. CELLER] will cover that question thoroughly.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. SCHAFER of Wisconsin. I want to obtain some information. The gentleman is an experienced legislator. If this bill is enacted into law, will war claims be able to be brought into court, such as the Barlow bill?

Mr. MICHENER. No. That is a contractual claim. There is a difference between a tort and a contract. This is a tort claim bill entirely. There is a difference between an action in tort and an action founded in contract. The gentleman possibly does not appreciate the difference.

Mr. SCHAFER of Wisconsin. Yes; I understand the difference. I have studied law.

Mr. MICHENER. Well, I did not know that, but if a man is driving an automobile through the street and is run into by a Government truck and is injured, that is a tort action. If a man has a contract with the Government and the Government does not fulfill the contract, that is an action in assumpsit or a contract action, and would not be affected by this law. The gentleman from Wisconsin is a diligent and capable Member, and I feel when he hears this bill explained he will be one of its most enthusiastic supporters.

Mr. SCHAFER of Wisconsin. One further question. Why, in section 8, appearing on page 7, are disabled World War veterans denied an opportunity of going into court while this bill will permit war profiteers to go into court? I would like to obtain some information about that.

Mr. MICHENER. I will not attempt to answer because I do not concede the gentleman's premise, I do not think he is correct in his interpretation of the bill. That will be explained thoroughly by the author of the bill, the gentleman from New York [Mr. CELLER], I am sure.

Mr. SCHAFER of Wisconsin. The gentleman knows that in veterans' cases—and I have a dozen or more in mind—where veterans receive medical treatment, through negligence on the part of the medical officer they sometimes receive serious injuries which are permanent. Under section 8 of the bill, page 7, these veterans will be denied the opportunity of going to court, while the ambulance chasers on other fomented tort claims, if you please, can bring their cases into court.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. CELLER. I think the gentleman from Wisconsin has a misapprehension of the purpose of section 7.

The SPEAKER pro tempore. Permit the Chair to state that it would appear to the Chair to be in the interest of expediting business if this bill were debated after the rule is adopted.

Mr. MICHENER. Yes; but it is hardly within the province of the Chair to say how we shall consider a bill. The rules chart the route.

The SPEAKER pro tempore. The Chair was not inclined to take the gentleman from Michigan off his feet, but debate on the bill logically would come after the House resolved itself into the Committee of the Whole.

Mr. MICHENER. I was about to suggest what the Chair has suggested, but I do not want to concede it after the suggestion of the Chair, because I do not want to establish a precedent of that kind. I believe that if we get into the Committee and the Members in charge of the bill are permitted to debate the bill we can arrive at probably better results and do it quicker. I therefore reserve the balance of my time.

Mr. SABATH. Will the gentleman use the balance of his time?

Mr. MICHENER. I have no more requests for time.

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. TABER. Mr. Speaker, I object.

TORT CLAIMS AGAINST THE UNITED STATES

Mr. CELLER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7236) to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7236) to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes, with Mr. PACE in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York is recognized for 30 minutes and the gentleman from Kansas is recognized for 30 minutes.

Mr. CELLER. Mr. Chairman, I yield myself 10 minutes.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. CELLER. I yield.

Mr. TABER. I notice that section 204 of the bill provides that awards shall be made to the widow or widower to the exclusion of minor children. I can conceive of cases in which there might be a stepmother or stepfather where the minor children might be out on a limb and the limb sawed off. I am wondering what the gentleman thinks about that section.

Mr. CELLER. We took the exact verbiage of the Workmen's Compensation Acts.

Mr. TABER. That may be, but I am wondering what the gentleman thinks about that situation.

Mr. CELLER. The Workmen's Compensation Acts have been working rather well. The representative of the Attorney General, Mr. Alex Holtzoff, appearing before the committee made the suggestion that we adopt the general language of those acts, and it met with wholehearted approval on the part of members of the Judiciary Committee. For that reason we felt that rather than take a departure from the well-settled practice which obtains not only in the Federal Government but in most of the States we would continue existing practice. We therefore adopted identical language.

Mr. Chairman, I believe it well at the outset to read a communication sent to the chairman of our committee by Attorney General Jackson. He wrote as follows:

The subject of tort claims against the Government has long been a troublesome and vexatious matter. The present law under which the Government may not be sued in tort, and such claims can receive recognition only as a matter of grace by private acts of Congress, appears to be not only cumbersome but unfair to those persons who have meritorious claims. The United States has subjected itself to suits on contracts; to suits on admiralty and maritime torts; to suits for patent infringement; and in respect to certain other specified matters. The continued immunity of the Government to suit on common law torts does not seem to be warranted either as a matter of principle or as a matter of justice.

The above-mentioned bill represents an attempt to meet this problem and to permit the Government to be sued in respect to certain torts subject to specified safeguards. It was drafted by representatives of the Department of Justice in collaboration with representatives of other governmental agencies.

The legislation is worthy of consideration at the hands of the Congress.

I could not well improve upon the language of the Attorney General. The Government has been reaching out in all directions. It has its emissaries everywhere, its vehicles and instrumentalities are found in every nook and cranny of the Nation. If the Government is guilty of a tort through its many agencies, there is no reason why, like any citizen of the country, it should not be compelled to respond in property damages. When the Nation was young and governmental activities few, perhaps this bill would not be necessary.

There is an old adage: "The king can do no wrong," meaning also the sovereignty or government can do no wrong, but we know that the sovereignty or government can do wrong. This principle that the sovereign can do no wrong has been discarded in most of the nations of the world but ours. The idea that the Government could do no wrong gave rise originally to the theory of the immunity of the Government from suits in tort, but, as I say, almost all the nations of the earth but ours have discarded that immunity and a person injured, for example, by a mail truck, may sue the Government for damages; but in this country that person may not sue his Government for damages. This, to my mind, seems grievously wrong.

This bill, in almost identic language, passed both Houses in the Seventieth Congress. The then President, Mr. Coolidge, pocket-vetoed the bill because it had a certain clause therein which placed the Comptroller General in charge of all appeals to the Court of Claims from his own decisions. That clause never should have been in the bill. Otherwise the bill we have before us would long since have become the law. Attorneys General for decades have been recommending to Congress the passage of this bill.

I do not agree with my friend the gentleman from Michigan [Mr. MICHENER] that there will be no diminution of the number of private claims bills that will be brought into this House or placed before the Claims Committee. I believe they will be materially reduced. The average number of private claims brought into the House during the last two Congresses has been around 2,300 per Congress and involve over $100,000,000 each Congress. In the Seventieth Congress, for example, in the House of Representatives 1,364 claim bills were presented; in the Senate, 904; all involving $106,685,748.67. Three hundred and thirty-six of these bills were enacted, 230 House bills and 106 Senate bills.

You can appreciate the immensity of the work involved in passing upon 2,300 claims, or thereabouts, which come to every Congress. It is utterly impossible for any of us to know all the details and important factors of each and every one of those bills; yet it is our duty to know those factors and to know all about those bills so that we can pass upon them intelligently, but we cannot under the circumstances carry on properly. We cannot do our duty in that regard. It is for these reasons that this bill has been offered to this Congress; and it has been offered, I may say, in many previous Congresses.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. I take it this bill carries a unanimous report from the great Committee on the Judiciary?

Mr. CELLER. There has been no objection, as far as I know, in the committee.

Mr. JENKINS of Ohio. It seems to me that there is a great departure here from the usual procedure. Am I right in that? It kind of shocks me to think that every claim involving less than $500 is going to be adjudicated by the head of some bureau and that that must be final, nobody has any recourse from that decision; then the next step is, if the claim is between $500 and $1,000, it goes to the Attorney General. Let me see if I am right when I say I am shocked about this. You go back to a county; a county commissioner or county prosecuting attorney would have no such authority as this. The attorney general of a State would have no such authority. What is the philosophy or what is the fundamental reason for such a thing as this? It is a radically new practice to give this authority to the Attorney General or anybody else to decide finally any kind of a case against the Government involving less than $1,000.

Mr. CELLER. With all due respect to the gentleman's observation, he loses sight of the fact that at the present time all heads of bureaus and departments may make certain adjustments of claims for contract or property damage. All we do by the bill is to provide the same procedure for cases involving personal injuries. They can make an adjustment on any contract or on any property damage up to $1,000 at the present time, and I refer to the heads of bureaus and departments. Now we simply increase that jurisdiction to include personal injuries. Then we provide the safeguard that they cannot in any event, whether it be property or personal injuries, make the adjustment unless and until they have secured the approval of the Attorney General, where the amount is above $500, up to $1,000.

Mr. JENKINS of Ohio. There is a difference between settlement on a contract and another action, because the contract itself is the basis. That is fixed. The contract either establishes liability or lack of liability. The question of computing the loss is largely just a matter of arithmetic. But here is a case where a man comes in and tells the Government, "You have invaded my rights. You have committed a tort against me and I want my right to a decision lodged in a court." The Constitution provides that a man must have the right of trial by jury. This takes that away from him.

Mr. CELLER. The gentleman is in error. This covers not only cases involving contracts, it covers property damage regardless of origin, whether it may arise from written contracts, oral undertakings, or just in the course of ordinary events of Government activity. It covers any property damage up to $1,000.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. JENKINS of Ohio. How does this differ from what the rule is now?

Mr. CELLER. We extend the right to include personal injuries.

Mr. GWYNNE. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Iowa.

Mr. GWYNNE. I suggest, in answer to the inquiry of the gentleman from Ohio, that the authority given to the heads of departments and the Attorney General is not to try and decide cases, but to settle them. Of course, the settlement is binding then on the Government, but the citizen still has his right to sue in the courts.

Mr. CELLER. I thank the gentleman.

Mr. JENKINS of Ohio. That is a very important observation. Are we to understand then that this law does not take away the right of an individual to go to court?

Mr. CELLER. No.

Mr. JENKINS of Ohio. Does it assume to do that any place in the bill?

Mr. CELLER. No. We confer upon him the right to go to court in these personal injuries. We confer jurisdiction upon the United States District Court without a jury, and also concurrent jurisdiction upon the Court of Claims to try these cases, but we set a limit of $7,500 on personal-injury claims. It is rather anomalous that there is no limitation in the present law on suits that may be brought in admiralty against the Government. There is no limitation on suits that may grow out of maritime torts. One private boat may collide with a Government boat or vice versa and the private individual can bring suit in the maritime jurisdiction for any amount. There are no limitations on the amount that the Government may be sued for with reference to patent infringements. Now, we should make a start and give those who suffer personal injury by virtue of the tort of the Government the right to bring an action for at least $7,500.

Mr. JENKINS of Ohio. I was basing my observation on the theory that the citizen had no right to sue the Government at all. They did not have that right because of sovereignty for so long until we passed a law establishing the Court of Claims. Now he has a right to go into the Court of Claims. If he still has that right, I think probably this is a pretty good bill.

Mr. CELLER. I agree with the gentleman.

I just want to make this one further observation, that there are many exceptions in the bill. For example, by section 303 of the bill suits cannot be brought for assault, battery, false arrest, tort growing out of the Canal Zone operation, or claims growing out of taxation matters, customs matters, or involving the Trading with the Enemy Act. No suit can be brought for libel, slander, malicious prosecution, or abuse of process, and no suit can be brought growing out of the activities of the Coast Guard, the Securities Exchange Commission, or the Federal Trade Commission or for fiscal operations of the Treasury, and so forth.

Furthermore, there is a statute of limitations of 1 year.

Also, I may say that many States allow a person to sue the State Government in court. Among them are New York, California, Illinois, and Arizona. Lastly, all bar associations have approved the bill, including those from Arkansas, California, Colorado, District of Columbia, Connecticut, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Nebraska, New York, Nevada, Pennsylvania, Rhode Island, South Dakota, and West Virginia, as well as the American Bar Association.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. As a member of the Committee on Claims during the last 4 years, I appreciate the almost imperative necessity of legislation of this sort. The only thing is that we should have passed it years ago. There is one point, however, that I should like the gentleman to clarify a little. In section 303 the first exception is:

> Any claim arising out of the loss of, miscarriage, or negligent transmission of letters or postal matter.

It seems to me that this exemption might embrace a situation where a mail truck would cause damage to some individual or to his property, because the negligent transmission of the postal matter might occur while it was being transported by a mail truck.

Mr. CELLER. We did consider that point, but the members of the committee, upon the suggestion of representatives of the Post Office Department and the Attorney General's Office, thought we should go a little slowly on the situation. For that reason that clause was inserted. It was inserted primarily because of the insistent suggestion of the Post Office Department. I do not believe that if somebody is run down by a mail truck, for example, due to the negligence of the driver, that section would preclude any action against the Government.

Mr. EBERHARTER. I am glad to have the gentleman's explanation of that, because I do not see any reason for making that exception.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Montana.

Mr. O'CONNOR. I believe the bill is a good one. However, I should like to get the gentleman's interpretation of just what limitation is placed in the bill on the nature of the actions that may be determined. For instance, I call the attention of the gentleman to line 4 on page 2, beginning with the words—

> Caused by the negligent or wrongful act or omission of any officer or employee of the United States, including any member of the military and naval forces, while acting within the scope of his office or employment.

What I am trying to get at is, Does this bill limit the nature of the claims to the acts specified in that clause?

Mr. CELLER. No. In the first place, this section, section 1, involves the settlement of claims, not actions brought.

Mr. O'CONNOR. In other words, is there any limitation in this bill as to the nature of the claims that may be passed upon by the departmental heads as outlined in the bill?

Mr. CELLER. Yes; if the gentleman will look at section 303, on page 6, and the pages following, he will find this language:

> The provisions of this act shall not apply to—

And then we enumerate the types of claims that cannot be brought or settled under this bill?

Mr. O'CONNOR. Other than that, the bars are down?

Mr. CELLER. Absolutely.

Mr. O'CONNOR. I believe the gentleman has a good bill.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I notice that this bill purports to deal with tort actions. At the present time, under existing law, the departmental heads have the right to settle all property damage arising out of the tortious acts of an agent or employee up to $1,000, while the man injured in the same accident is relegated to filing a claim because the Government cannot be sued in court. Do you extend the same right to the person who has received personal injuries?

Mr. CELLER. To $7,500; yes.

Mr. KEEFE. I notice in this bill there is a distinct provision that contributory negligence shall be a bar to recovery.

Mr. CELLER. That follows the common-law principle.

Mr. KEEFE. I understand that, but I am wondering if the gentleman's committee considered in its study of this bill the more advanced ideas on the subject of comparative negligence—a principle that has been adopted in many States.

Mr. CELLER. As I said before, I believe we ought to go a little slowly on legislation of this character. It might be ill-advised to make such a departure with regard to the rules of evidence. I do believe there is a great deal to what the gentleman says, but I believe we should try out the common-law idea of contributory negligence as barring an action.

Mr. KEEFE. The gentleman is familiar with the law of comparative negligence, which is in effect in numerous States?

Mr. CELLER. Yes; I am.

Mr. KEEFE. If this situation remains in the law, the slightest amount of negligence on the part of an individual who may receive personal injuries is a bar on a finding of contributory negligence, whereas the Government employee may be guilty of all sorts of negligence. Have you considered the inclusion of a comparative negligence proposal in this bill, or was it considered by the Committee on the Judiciary?

Mr. CELLER. It was not specifically spoken of by any witness, but I did discuss the matter with representatives of the Department of Justice. They felt that there should be no departure from the ordinary common rule concerning contributory negligence. Many States have the common-law rules as to contributory negligence as in this bill; in fact, most States have. A few States have the rule of comparative negligence. It would be unfair to the majority of the States, where the common-law rule of contributory negligence prevails, to force them to accept your suggested amendment, the

rule of comparative negligence. In a way, you would dragoon those States.

Mr. HANCOCK. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. HANCOCK. I understood from conversation with the gentleman while this bill was under consideration that death benefits were to be distributed among the dependents in accordance with the laws of the States where the decedents lived at the time of the accident. Section 204 states specifically how death benefits shall be distributed. Would it not be better to leave it to the laws of the State where the decedent lived?

Mr. CELLER. No; we thought we would follow the language of the Workmen's Compensation Act. That was agreed upon.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Montana.

Mr. O'CONNOR. May I say to the gentleman that I believe the gentleman from Wisconsin [Mr. KEEFE] has raised a very vital point. If the gentleman will study the Federal Employees' Liability Act he will find that the Congress there wrote into the law that assumption of risk and contributory negligence were not defenses but could be used in mitigation of damages. It seems to me that it might be well to put that same rule into this bill.

Mr. CELLER. It may be; but I do hope we will not make that rather radical departure. We should wait a bit. Let us experiment with this type of legislation first and then we can probably make these changes, and I shall be very glad to keep that in mind for future consideration.

Mr. O'CONNOR. I think the gentleman should do that, because I think it should be written into the law. I wish to ask another question on another point.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield myself 1 more minute.

Mr. O'CONNOR. Paragraph 9, on page 7, it seems to me ought to be stricken out. Suppose an officer goes into one of the parks or goes on an Indian reservation and gets into trouble there with an Indian or somebody else and beats him up and assaults him, why should not an action of that kind be determined by a court or be determined in the manner provided rather than requiring a special act here in Congress?

Mr. CELLER. We considered those possibilities that the gentleman has mentioned, and we were afraid that there would be terrifically exaggerated claims brought if we took away those exemptions, and that is why we included the phrase as you have it there. [Applause.]

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GWYNNE].

Mr. GWYNNE. Mr. Chairman, I trust this bill will be adopted. There are some things about it I do not entirely like, yet I think it is a great step forward.

You know the Constitution prohibits suits against the Government without the consent of the Government. The Government, from time to time, has consented to suits being brought against it. We set up, for example, the Court of Claims, allowing suits under statutes or on contracts to be brought in that court against the Government. From time to time in the Congress we have given authority to individual claimants in tort to bring action against the Government.

The purpose of this bill is twofold: First, it allows the heads of departments to settle certain cases; and, second, it allows a claimant who has a claim based on tort to bring an action against the Government in the district court or in the Court of Claims.

Something has been said here about the right of these departments to settle their cases. We have various statutes that are different with respect to almost every department, giving the departments the right to settle claims for torts which cause damage to personal property, in some cases up to $500, and in one case, I believe, up to $1,000. I believe, however, no department under existing law has the right to settle any claim based upon tort, which gives rise to personal injury. The provision in this bill simply allows the department head to settle any case, whether based on damages for injury to property or person, up to $500, and, with the consent of the Attorney General, up to $1,000. It is not binding, of course, upon the claimant. The claimant may accept the settlement or may bring the suit in his own district court up to the amount of $7,500.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from Kansas.

Mr. CARLSON. I wonder if we are not taking away from the rights of the claimant under this bill.

Mr. GWYNNE. In what respect?

Mr. CARLSON. Under existing law the claimant has the right to settle a claim up to $500 or $1,000, in certain cases.

Mr. GWYNNE. He has under this bill also.

Mr. CARLSON. He does, but under existing law if he is not satisfied with that settlement he can have a bill introduced in Congress and presented to the Claims Committee, while under this measure his case is finally settled.

Mr. GWYNNE. No; he can try to settle his case, and all we do in this bill is to give the Department head authority to settle a claim based on personal injury. If he cannot arrive at a settlement, the claimant then may bring the suit in the court, which he could not do before, or he can file his claim in the Congress.

Mr. CARLSON. Line 8, on page 2, reads, "If the amount of the award does not exceed $500, such determination shall be final and conclusive on all officers of the Government, notwithstanding any other provision of law to the contrary."

Mr. GWYNNE. That is on the officer of the Government.

Mr. CARLSON. That is true, but, as I read this, it is subject to review by the Attorney General and then in the case of a claimant for property damage, not personal injury, he is then through and cannot go any further.

Mr. GWYNNE. That is not my understanding.

Mr. CARLSON. I hope I am wrong on that, because I think it would be unfortunate if it were true.

Mr. GWYNNE. It simply authorizes the heads of departments and the Attorney General to settle these cases if they can do so, and if they cannot, suit may then be brought.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. GWYNNE. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I notice these settlements up to $500 shall be final and conclusive on all officers of the Government, but if the amount of the award exceeds the sum of $500, the award shall be submitted by the head of the department or independent establishment making the same to the Attorney General for review, and section 203 provides that the Attorney General "is hereby authorized to arbitrate, compromise, or settle any claim under this title, either before or after the institution of any suit thereon." It occurs to me then that we are saying that the Attorney General can have the final say as to the settlement of claims from $1,000 up to $7,500 without review by anyone.

Mr. GWYNNE. No. On the contrary, the answer to that is this: In that section we give the Attorney General authority to settle claims or to settle a case after it gets into court.

Mr. CELLER. Will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. CELLER. Section 2 simply applies to title II. That is where suits are brought. It does not apply to title I.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. CASE of South Dakota. I wish to point out that while the Attorney General's original power of settlement applies simply to section 2, that is the exact reason I am raising the question. In applying to section 2 it would authorize the Attorney General to compromise the settlement of claims up to $7,500. Now, if it is a sound principle

that the settlement by the head of a department is subject to review by the Attorney General, it seems to me it is sound principle that a compromise settlement by the Attorney General should itself be subject to review by the district court. I have in mind that a recommendation for a settlement by the Attorney General will generally follow the recommendation of the district attorney or the deputy district attorney. The other day during the consideration of the District of Columbia bill I raised this precise question with relation to some phases of that bill and the House accepted an amendment to provide that settlements recommended by officials in the District of Columbia would be subject to judicial review. It seems to me that here again we should follow that principle. I wonder what the gentleman would think of an amendment to provide that such compromise settlement proposed by the Attorney General would be subject to review and approval by a district court.

Mr. GWYNNE. I would not be in favor of that. For example, every railroad and every large corporation employs attorneys and claim agents. They give them certain authority and instructions to go out and settle cases for the railroad. No railroad ever said that "whatever settlement you make in my behalf as your employer has to be O. K.'d by a court." That is what we would be doing by your amendment.

Now, something has been said about exceptions. If you will look through these exceptions—and they should be carefully examined—you will find there are two classes of torts that are taken out from the operation of this bill. First, there is that class of tort on the part of the Government which has to do with a governmental function, so to speak. For example, the first one, any claim arising out of loss, and so forth, in the Postal Service. We have not given any right to sue the Government in that type of cases. We have followed the principle that has been adopted by the States and various municipalities in this respect.

The next type of exception is represented by paragraph 8. We have given the veterans and we have given the employees of the Federal Government a tribunal where they may come in and try their cases. Therefore they are exempt from the operation of this act. Let me call your attention to what I think is an unfortunate provision in this bill. However, I intend to support it. That is section 204. We debated in committee upon what theory damages should be awarded in the case of a death claim. Finally we took the law from the Federal Employees Compensation Act. My hope was that we would have required suits in those cases to be brought by the executor, and the distribution of the damages to be made in accordance with the laws of inheritance of the particular State that had jurisdiction over it.

I now yield to the gentleman from New York [Mr. CELLER].

Mr. CELLER. I just wanted to make a statement in answer to the gentleman's observation, that the Attorney General should not have final right to adjust claims under title II. If you put a provision in the act with reference to what he said, you would have rather a confusing situation. For example, the Attorney General could settle patent litigation before or after suit is brought, without reference to a court. He can settle an admiralty case. He can settle a maritime claim. He can settle a suit on contract. Yet we have a provision that he could not settle on cases arising under this act.

Mr. GWYNNE. That is true. There is nothing in this law that takes away the right of any individual that I know of. In fact, it greatly extends the right of people to protect their rights against the Government.

[Here the gavel fell.]

Mr. GUYER of Kansas. I yield the gentleman 2 additional minutes.

Mr. KING. Will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. KING. In section 201 I am concerned with the definition of the Court of Claims and the district court. May that be interpreted to include the United States District Court for Hawaii? You will recall when the rules of procedure were adopted for the United States district courts the Supreme Court held it did not include the United States District Court for Hawaii, and we had to amend the original act to bring them under that law by specific legislation. Has the gentleman thought whether the term "district courts" would apply to the United States District Court for Hawaii?

Mr. GWYNNE. It had not occurred to me. I am not sure that the language includes it. I think before we conclude this bill that question should be determined.

Mr. KING. Of course, the purpose would be to include it, because it exercises solely Federal jurisdiction, and claimants who could not go to the Federal court in Honolulu would be put to the expense of filing their claims on the mainland some distance away.

Mr. GWYNNE. I do not know how the committee would feel, but it would be my judgment that if the language does not include Hawaii, an amendment should be offered.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. GWYNNE. I yield.

Mr. JENKINS of Ohio. I wish the gentleman would look at section 201 for a moment. As I understand it, no one would have had a right to present a tort claim against the Government before the time we established the Court of Claims?

Mr. GWYNNE. I did not understand the gentleman.

Mr. JENKINS of Ohio. No one would have had any court to go to in a tort case against the Government before we established the Court of Claims?

Mr. GWYNNE. Even the Court of Claims is limited to suits on contract or under statute.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, the pending legislation is intended to relieve, and will very materially relieve, the work of the Claims Committee.

Under the provisions of this bill there is extended to department heads the right to make settlements and adjustments of small claims not exceeding $500 without any interference. Claims above $500, and up to $1,000, department heads have the right to make settlements, provided they are approved by the Attorney General. Above the amount of $1,000 the person has the right to file suit in court and contest the matter before the Court of Claims or the district court. The court, in those cases, hears and determines the matter and renders judgment thereon, the same as in all other causes of action which are presented in the lower and inferior courts in the various States.

One of the outstanding objectives of this legislation that appeals to me is the fact that in matters presented before the Claims Committee, which have to do with tort actions, the question of negligence or contributory negligence is very seldom seriously considered before the committee. This bill places claims of that character either for damages to person or property before the courts where the question of negligence and contributory negligence is determined from a legal standpoint.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. EBERHARTER. I must take exception to the gentleman's statement that the Committee on Claims does not take into consideration questions of negligence and contributory negligence, because in every case considered by this committee, especially a claim growing out of a tort action, the committee always gives serious consideration to every aspect of negligence on both sides, the side of the Government and the side of the claimant; and if the gentleman will read the reports of the Claims Committee he will see that the question of negligence is always covered in the reports of this committee.

Mr. SPRINGER. I thank the gentleman for his statement and his contribution. I have, however, read reports prepared

by this committee in many instances. I have also been interested in claims individually before the Claims Committee. The gentleman has seen, as I have seen, cases come before the House where we know the question of negligence or contributory negligence has not been given the consideration that would have been given in a court.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. JENKINS of Ohio. Am I right in intepreting section 201 as giving to the person who has a tort claim less than $7,500 in amount the right to go into the Court of Claims?

Mr. SPRINGER. That is my definite understanding of the bill.

Mr. JENKINS of Ohio. And the gentleman believes that by reason of this fact Congress will be relieved of a great many small claims that come before the Claims Committee?

Mr. SPRINGER. That is entirely right. Those matters will be considered by the court where all of those questions will be duly, fairly, and legally considered, and from the very standpoint which they should be considered.

Mr. JENKINS of Ohio. In this connection I wonder if it is worth while to explore this thought: Will these people have any difficulty in getting their cases into the Court of Claims? Will we have to pass other laws to give them the right to get into the Court of Claims?

Mr. SPRINGER. I think that under the terms of this bill all of the parties would have the right to get into the Court of Claims. Under title III, section 301, he has the right to present his claim and the departments have the right to consider the matter for the period of 1 year. If no settlement is made, the statute of limitations is extended for a period of 6 months after that time, which then gives him the right to file his action in court and get his matter duly and properly presented within time without the statute of limitations running against him.

There are some matters in this bill with which I do not exactly agree, but I think, on the whole, the bill is a step in the right direction and that it should have the support of the House.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 2 additional minutes to the gentleman from Indiana.

Mr. GEARHART. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. GEARHART. Section 201 of the bill provides that the United States shall be liable to the same extent and in the same manner as a private individual in like circumstances. In view of this why did the committee deem it proper to deny to a claimant when he came into district court the right to a jury trial?

Mr. SPRINGER. Provision is made in section 201, that those cases in which the claim does not exceed the sum of $7,500 may be heard by the court without a jury. Cases involving a sum larger than that amount, of course, must be submitted to a jury, if presented before the court, unless by agreement of the parties it is submitted to the court for trial and determination. It gives the persons the right to a trial by a court of competent jurisdiction where the parties themselves agree to have the case heard and determined by the court. All cases up to $7,500 will be heard and determined by the court unless the parties to the cause of action demand a jury hearing, which could be granted, as in other actions, if the court saw fit to extend that privilege. There is no bar to the court granting that hearing before a jury, if the court saw fit to call a jury.

Mr. GEARHART. As I understand section 201, it confers jurisdiction up to $7,500 for trials without a jury.

Mr. SPRINGER. That is true, it gives that right; but if the parties demand a jury trial then a jury trial will be given the same as in any other case in law.

There are some matters in this legislation, as I stated before, with which I do not exactly agree; however, in the main the legislation will be helpful. It will relieve the Claims Committee from hearing small claims; it will give those who have claims against the Government the opportunity of filing and presenting their cases in court and having them determined judicially and in a legal manner. [Applause.]

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. McLAUGHLIN].

Mr. McLAUGHLIN. Mr. Chairman, I am sure there is not a Member of this body who has not been impressed during his service with the fact that the matter of the handling of claims of private individuals against the Government is a rather archaic process. None of us I am sure is free from appeal by our constituents to introduce bills for their particular benefit in connection with personal injury claims which arise against the Government more increasingly in recent years because of the widespread activities of the Government. There is hardly a Member of this body I am sure who has not introduced some piece of legislation for the benefit of an injured person in his particular district. This bill is an attempt to take a forward step to meet that situation, and I believe that the interest which has been manifested so widely on the part of the membership today indicates there is quite strong agreement that the bill meets the situation it is intended to meet.

Mr. GEARHART. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from California.

Mr. GEARHART. Section 202 provides that the Attorney General or the appropriate United States attorney may take the deposition of a witness on behalf of the United States. I am wondering why the committee withheld the same right from the claimant? Does that not constitute a rank discrimination and inequality?

Mr. McLAUGHLIN. The right granted the Attorney General, the committee felt, is consistent with the general policy of the bill. The committee does not feel that the claimant is seriously prejudiced by this provision. I may say to the gentleman that this is what might be called remedial legislation. It is in effect or in a sense pioneer legislation inasmuch as it enters upon a field which has not been entered upon prior to this time. Up to the present time, as the gentleman is well aware, general tort claims of the sort involved herein were not permitted to be asserted in courts by private individuals. This grants to private individuals who feel aggrieved because of a claim of personal injury of the sort involved herein, the right to go into the Court of Claims or into the district court in those cases in which the amount involved does not exceed $7,500, and makes provision for the settlement of claims in amount not to exceed $5.00 or a thousand dollars, respectively, by the department heads in the first instance without resort to the Attorney General, and in the second instance by the department heads with the approval of the Attorney General.

Mr. CELLER. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to the distinguished gentleman from New York.

Mr. CELLER. In reference to the question propounded by the gentleman from California [Mr. GEARHART] the very last sentence of section 202 reads: "Any deposition may be taken by either party." So that the attorney for the claimant may take a deposition just as the Attorney General can on behalf of the Government.

Mr. GEARHART. The only authority to take any kind of deposition is given the Attorney General himself. In no place in this act is the right to take a deposition given the claimant; therefore, that last line does not mean a thing. He can only use a deposition if it brings forth the testimony available to his cause if that deposition was authorized in the first instance by the Attorney General.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McLAUGHLIN. I am glad to yield to the gentleman from Montana.

Mr. O'CONNOR. As I understand it, at the present time generally a person is precluded from bringing an action against the United States Government except on authorization by Congress, which also applies to the Court of Claims?

Mr. McLAUGHLIN. Not on property claims. That is not true as to property claims. The present law permits suits on property claims to be instituted and also permits suits on contracts to be instituted. There are provisions in the law authorizing individuals to bring such suits. But this act authorizes an individual to institute a suit for personal injury based upon an allegation of negligence.

Mr. O'CONNOR. Is not the real purpose of the law to so fix the law that the time of Congress will not be taken up with these small and meritorious private claims that we are constantly presenting to the Congress that should be disposed of in the manner provided for in this bill?

Mr. McLAUGHLIN. The gentleman is correct, and I thank him for his contribution.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PITTENGER. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from Minnesota.

Mr. PITTENGER. I want to comment on the pending bill and congratulate the committee on the fine work it has done. Those of us who have had to do with private claim bills, which take up the time of Congress, know that this is legislation which will benefit every American citizen who has a just claim against the Government. The committee, in my opinion, has done a fine piece of work, and I want to congratulate the gentleman on his very excellent statement.

Mr. McLAUGHLIN. I thank the gentleman from Minnesota, who has been so active on the Claims Committee. I am sure there are few Members of this House who are more familiar with the operations of the present claims system than the gentleman who has just propounded the inquiry. His approval, I am sure, is an indication that those who are most familiar with the situation are convinced that this legislation is desirable.

Mr. PITTENGER. What you are trying to do is to give the American citizen his day in court?

Mr. McLAUGHLIN. That is right.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS of Ohio. Mr. Chairman, I think this is a tremendously important piece of legislation, something that has been needed for many years. By this law a citizen is given the right to file his claim for damages against the Government. He no longer needs to depend upon getting some Member to introduce a bill, press it before the committee, argue it on the floor, coax it through the Senate, and then, in most cases, have it vetoed. The present system makes Congress attempt to perform a judicial function for which no judicial machinery is provided, and makes justice for the individual a matter of political favor instead of independent right.

I think the statute of limitations should be longer than 1 year, but after discussing this with the committee I have decided that it would jeopardize the bill to attempt to extend this time, in view of the objections that are piling up against it. While many deserving claims now pending will be cut off by this 1-year provision, at least these claims will have a little better chance of fair consideration by Congress. At present, only a few hundred favored claims get through out of the thousands filed, and these favorites are selected, not necessarily on the justice of the claim but more on the political pull of the author.

At this time, when we are extending the powers of Government over the individual, when we are conscripting men and property and making more and more rights of citizens subservient to the state, I welcome this step in the opposite direction. Here, after 150 years, we are at last recognizing the right of a citizen to sue his Government for injuries to his person and property. I urge that this bill be passed.

Mr. GUYER of Kansas. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK. Mr. Chairman, everyone who has taken the floor today has spoken in favor of this bill except myself.

Mr. COCHRAN. True; but here is another opposed to it who proposes to take the floor.

Mr. HANCOCK. I did not see the gentleman. I would expect him to oppose a bill like this.

Mr. Chairman, there are some considerations regarding this bill that ought to be called to your attention. It is urged, as a conclusive argument in favor of it, that the bar associations of the United States are behind this bill. Of course they are. This bill opens up a tremendous new field of litigation. When the bill passes, the actions against the Federal Government will be multiplied by the tens of thousands. The bill ought to be labeled "a bill for the relief of lawyers in general and ambulance-chasing lawyers in particular." Everyone who stumbles on the post-office steps or who slips and falls in this Capitol Building or who is injured in any way in the national parks or the national forests is going to run to his lawyer and bring an action against the Federal Government. If he is defeated in the courts, then he is going to his Congressman, just the same as he does now, and have a private bill introduced for his relief.

The bill is going to cost the Government untold millions of dollars. In my judgment, while the present procedure is clumsy and slow, it is as fair to the citizen and the Government as we can make it, and it does not invite and encourage claims. I have read as many private bills as any man here, and I know that the Committee on Claims is not too tough on the claimants. A private claim is passed on first by the Congressman who is asked to introduce a bill for relief, then by the member of the Committee on Claims who is assigned to read it, and then by a group of official objectors, finally by the President. Some bills get by here which would be thrown out of any court, but not many, and very few meritorious ones are defeated. If we throw the courts wide open to hear every picayune claim for injuries alleged to have been caused by some negligence or omission on the part of any one of our million civilian employees, or any one of our million and a half soldiers and sailors, the courts will be clogged, the district attorneys overwhelmed, and the annual expense enormous.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield to the gentleman from Missouri.

Mr. COCHRAN. What assurance have we, even if this bill should pass, that we still would not have the private bills?

Mr. HANCOCK. None whatever. Nearly every defeated litigant will run to his Congressman and say that he had a biased judge or an incompetent judge, or he has new evidence, or something of the sort. This bill is unnecessary and it is untimely. We have gotten along without it for 150 years. It seems that the nearer we approach bankruptcy the more extravagant we become. [Applause.]

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield the balance of my time to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, I rise in support of this bill.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield to the gentleman from Minnesota.

Mr. PITTENGER. Mr. Chairman, I have listened with a great deal of interest to the gentleman from New York [Mr. HANCOCK]. Having served on the Committee on Claims, I disagree with him in reference to what he calls ambulance-chasing lawyers. I say a claimant against the Government where a personal injury is involved has a tough row in this Congress. Very few, if any, of them have attor-

neys to handle matters. They ought to have attorneys, and then their bills would be presented to the Congressmen in such shape that they could get relief. All this bill does is guarantee to the average American citizen who has a claim against the Government his day in court. The first claim I handled when I came to Congress was the case of a woman who had been run over by a mail truck. If I had not gotten busy and followed it up vigorously she never would have got a cent. This happens to a great many claimants.

I thank the gentleman for this opportunity to make that comment.

Mr. ROBSION of Kentucky. I thank the gentleman from Minnesota for his contribution.

There is nothing in this bill that takes away the right of any citizen who has by reason of the negligence of the Government or its agents suffered loss or damage to his property or has suffered personal injury to introduce a special bill. He still has that right. I favor this measure because of the generally interminable delays in getting relief in Congress on a special bill. Furthermore, only a very few of our citizens who are entitled to relief are able to get relief by special acts of Congress.

I know of a case where many years ago, before I became a Member of the House, a paper-serving deputy United States marshal was sent to execute an attachment from a United States court on certain desperate men. This particular deputy marshal did not know of the danger but the marshal did know of the danger. When the deputy marshal attempted to execute the papers he was filled with bullets, as full of holes as a pepper box. His widow and his seven or eight young children had no relief except a special bill in Congress. Two Congressmen from my district before my entry into the House introduced special bills. The first one never got action on his, and after years he went out of Congress and a new man came in. For 8 years he tried to get action on his special bills but failed. I came in and introduced special bills, and I remained here during the holidays one Christmas so that we could get a hearing on one of these special bills. We got the bill through the House but it never passed the Senate. There never was a clearer case of gross negligence. If some private concern had sent a man into such a dangerous place to perform a service such as this man was sent to do, without warning him of the danger, a jury would have given $10,000 or more in damages to that man's widow and children. The widow, after 20 years, passed away. Some of the children died. All of them became of age. They never got a dime for the negligent death of their father.

There are many meritorious cases like that long delayed. I know of other meritorious claims that have been pending for several years. Sometimes some of these bills pass the House and fail to pass the Senate. Other bills pass the Senate and fail to pass the House during a Congress, and when a new Congress meets the bills must be reintroduced and start all over again.

Hundreds of meritorious bills for damage to personal property and death and personal injury to citizens, due to the negligence of the Government and its agents, will not be considered by this Congress and these bills will die when this Congress ends January 3, 1941.

There are meritorious claims of hundreds of citizens whose property has been damaged or the lives of the members of their families have been taken or have received personal injuries through and by the negligence of the Government and its agents but for whom no special bills have been introduced. Such conditions could not obtain if the provisions of the present bill had been written into law. I have favored this legislation for years. It gives the humblest citizen, who because of lack of influence or lack of knowledge of his rights is unable to have a special bill introduced in his behalf, the right to go into the Federal court of his home State and his home Federal court district and file a suit and get action within a reasonable time.

Favoritism cannot enter into it. He can present his evidence and show the negligence and the amount he is entitled to recover. The Government can also submit its proof and present whatever defense it may have.

These claims by special bills before Congress are acted upon in an ex parte proceeding, with no cross-examination of the witnesses. The department whose agent committed the injury has some inspector from that department to investigate and secure statements against the citizen and his claim. These persons are not cross-examined. Perhaps if they were they would be forced to admit that they committed acts of negligence and they would be forced to admit the justice of the claim. You proceed here in Congress on ex parte statements and affidavits. Many of these persons who make the statements exonerating themselves and the Government are not sworn. This bill requires both sides to come into an impartial court and, before an impartial judge and an honest jury, give their testimony and have the case decided on its merits. What could be fairer? [Applause.]

There is a Federal law at the present time giving, the department of the Government involved, the right to settle damages for the negligent injury to personal property not to exceed $200. What does this bill provide for? It gives the department of Government whose agent causes the negligent injury to personal property or to persons the right to settle claims without going into court, up to $1,000. If the amount is not over $500 the department involved can pay the sum without any further steps, but if the department should award to the claimant any sum in excess of $500, and not to exceed $1,000, the claim cannot be paid until it is referred to the Attorney General of the Department of Justice and the award made by the department is approved. If the damage to personal property or personal injury to a citizen exceeds $1,000, then, in that event the claimant has the right under this bill to file a suit in the United States court of the district in which he lives. When such suit is filed, the Government is, of course, notified and it has the right to file an answer and contest the claim. The citizen and the Government both have right to introduce evidence in support of their respective contentions and the court may award whatever may appear just and right in the premises but not to exceed in any case the sum of $7,500.

The Government is engaging in a great many activities. It has millions of persons as officers, agents, and workers. They are operating cars, trucks, and other motor vehicles. It frequently occurs that these persons operating these vehicles for the Government are intoxicated or are inexperienced or reckless, and they run their trucks and cars into and over citizens and into and against their automobiles and through wanton negligence and carelessness destroy the property of citizens, take the lives of other citizens, and injure still others. What good reason can there be advanced for denying our citizens, however humble, the right to present their complaint to an impartial United States court, presided over by an impartial judge, and have the claim and the defenses of the citizen and the Government considered, the witnesses put under oath and subject to cross-examination, and a judgment or award given that may do justice to the citizen and to the Government? Of course, we all know that a citizen cannot sue his Government unless he is granted that special privilege or right by Congress. Unless this bill is passed hundreds—yes, thousands—of citizens will suffer damage to their personal property and injury to their persons through the negligence and carelessness of the Government and its agents and receive no relief. Why should the private citizen or the corporation that injures the property or takes the life of or injures another through his or its negligence be required to answer the complaint of the injured party in court and the great Federal Government commit like injuries through the negligence and carelessness of its agent be protected against responding in damages for the injuries done to its citizens?

This bill, in my opinion, will cause those in charge of the various agencies of the Government to exercise greater care

in the selection of its agents and servants to operate the trucks and other motor vehicles and carry on its activities, so that we may have less damage to the property and fewer deaths and injuries to our citizens through the negligence of these agents of the Government.

This bill wisely, in my opinion, limits the amount of fees that may be charged by any attorney for his services to any claimant to not more than 20 percent of the amount recovered.

The Clerk read as follows:

Be it enacted, etc.—

TITLE I

ADMINISTRATIVE ADJUSTMENT OF TORT CLAIMS AGAINST THE UNITED STATES

SECTION 1. Subject to the limitations of this act, authority is hereby conferred upon the head of each department or independent establishment, acting on behalf of the Government of the United States, to consider, ascertain, adjust, determine, and settle any claim accruing after the date of approval of this act on account of damages to or loss of property, or on account of personal injuries, where the total amount of the claim does not exceed $1,000, caused by the negligent or wrongful act or omission of any officer or employee of the United States, including any member of the military and naval forces, while acting within the scope of his office or employment. If the amount of the award does not exceed $500, such determination shall be final and conclusive on all officers of the Government, notwithstanding any other provision of law to the contrary. If the amount of the award exceeds the sum of $500, the award shall be submitted by the head of the department or independent establishment making the same to the Attorney General for review. In such event, the determination of the Attorney General shall be final and conclusive on all officers of the Government, notwithstanding any other provision of law to the contrary. Such amount as may be found to be due to any claimant shall be paid by the head of the department or independent establishment concerned out of appropriations that may be made therefor, which appropriations are hereby authorized.

Mr. TABER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as I understand it, claims were introduced in the House this year amounting to something like 15,000 and there were reported and passed something like 300 or 400 involving claims of this character. I do not know whether that is exactly right or not, but it is pretty close to the mark. If we pass this bill we are going to have claims in every district court in the United States by the hundreds and by the thousands. You are going to have claims that will be put up to the assistant district attorneys and all that sort of thing and it is going to cost the Government thousands and thousands and thousands of dollars. It is going to be the football of all kinds of rackets and promotions. Instead of being a bill to clear up and straighten out a situation, it is a bill to befuddle the situation and swindle the Government. I do not question the motives of the committee that brought this bill in here, but I do know what the bill says when I read it. Claims can be brought in the District Court of the United States without any specific authorization up to $7,500, and we all know that the representatives of the Attorney General in making settlements will be the local district attorney and his assistants. The power is given to them to settle without any strings on them at all and without any judicial approval or anything of that kind. I think we are going out on a limb when we pass this bill or even considering passing it.

The gentleman from New York [Mr. HANCOCK] rightly labeled this bill as a bill for the benefit of ambulance chasers. There can be absolutely no limit to what can be trumped up and worked up against the Government with this kind of a set-up. I express the hope that when the bill is reached for final passage, it will be defeated.

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, first, I want to ask the chairman of the subcommittee [Mr. CELLER] whether or not any hearings were held on this bill.

Mr. CELLER. Hearings were held on the bill.

Mr. COCHRAN. I have tried to get the hearings, but they are not at the Clerk's desk.

Mr. CELLER. The hearings have been printed for some time and I shall be very glad to hand the gentleman a copy of them.

Mr. COCHRAN. I am glad some hearings were held and it will be my purpose to read the hearings, but I am quite sure only those in favor of the legislation appeared.

Let us now look at title I of this bill. We have heard a lot here from both sides of the aisle about bureaucrats, especially the members on my left, but still you give the bureaucrats you complain of the power to settle all claims up to $1,000. You do not have to go to court if the claim is less than $1,000. They can go to the so-called bureaucrats that you gentlemen have been criticizing so much.

I am confident the Supreme Court of the United States has time and time again held that the Government is not responsible for the negligence of its employees, but when you pass this bill you set aside all such opinions of the United States Supreme Court, because you specifically provide in title II for the determination of claims where the damages are caused by the negligence or the wrongful act or omission of any officer or employee of the United States, including any member of the military or naval forces of the United States, while acting within the scope of his office or employment.

Let me also call your attention to the fact that this title not only provides for personal injury cases, but for loss of property as well, and do not overlook that. In other words, you have everything in this bill. There is nothing omitted.

Let us look at the part of title II which includes "any member of the military or naval forces of the United States." Suppose we have an officer in time of an insurrection of any kind, such as our trip into Mexico, who, through an error of judgment, leads his men into a trap whereby a number of them lose their lives. I may be wrong, but under the terms of this title, in my opinion, their legal representatives can come before a court and sue this Government for $7,500 in each instance. There is no doubt about that in my mind although later on in the bill if we were engaged in war it is provided this title would not apply.

The gentleman from New York states that this is going to cost this Government thousands and thousands and thousands of dollars. I am going to enlarge on his statement by saying it is going to cost this Government millions and millions and millions of dollars. Thousands? I cannot see where the gentleman got such an idea. I think he really intended to say millions instead of thousands.

This is a matter that has been before the Congress as long as I can remember—and I can remember a long while back. I remember a bill brought in by the then chairman of the Claims Committee, the gentleman from Massachusetts, Mr. Underhill, which set up a special court to consider personal-injury claims, but did not include loss of property. The House went into it in detail. There were some 40 or 50 pages to that bill, and in that measure there was some protection for the United States Government.

This is a most dangerous piece of legislation. I do not see anything in this bill that is going to give the Government the right to get something from an individual who might be responsible for damages that might result to the Government instead of the individual. For instance, if you are going along on a highway with a truck containing boys from the Civilian Conservation Corps, and in the opposite direction comes a private truck, and through the negligence of the driver of the private truck there is a collision, and half a dozen of these boys are killed or injured, do you believe the Government is going to get any money out of the owner of that private truck?

This bill should be sent back to the committee and not passed in the closing hours of the Congress. It is too important to pass with just a few Members on the floor of the House.

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the last two gentlemen who have addressed the Committee appear in the role of economy advocates and charge that if this bill is enacted it will cost the Government a large amount of money. Their argument is based upon the premise that this is the first time the Government has ever been subjected to tort actions. We have a precedent to govern our conduct in this case. The Government is now subject to suits in tort by act of Congress. If you will turn to page 2 of the report you will see that since 1863 the Government has been subject to suit on contract in the Court of Claims and by the act of March 3, 1887, known as the Tucker Act, concurrent jurisdiction was conferred on the United States district court over such contract claims against the Government as involved a sum not exceeding $10,000. Prior to that time it was necessary for claimants to go into Congress, as all claimants must now go into Congress to present their claims to the Court of Claims. By this proposed legislation we would confer upon the courts, and properly so, jurisdiction over tort claims of citizens against the Government.

Now, further, you will note by the act of March 9, 1920, the Government was subjected to suit in the district courts in respect to admiralty and maritime torts. So that this is not the first time the Government has been subjected to tort actions.

Since 1920 the Government, by act of this Congress, has been called upon to respond to court judgments in admiralty and maritime cases sounded in tort. Thus it will be seen that this is not a departure from any tradition of the Government, and the charge that if this law is passed the gates will be wide open to fraudulent claims, by shysters and ambulance chasers, does not come with any dignity from the gentlemen who assert that claim. Certainly they do not intend to indict the entire bar of the United States. Certainly they do not mean to insinuate that all attorneys who present claims to the court in pursuance of this law must be branded as shysters and ambulance chasers. I believe the respective States are very adequately taking care of this question of ambulance chasers. I know that in my own State the State bar association, integrated with the American Bar Association, is now a self-regulatory body with power to discipline its members, and it is doing a splendid job.

I say to the gentleman who asserts this objection that he had better go back home to his own State and see that the bar cleans house, if it is necessary to do so.

Mr. SPRINGER. Will the gentleman yield?

Mr. McLAUGHLIN. I am glad to yield to my colleague, who is a distinguished member of the Committee on the Judiciary.

Mr. SPRINGER. I want to compliment the gentleman on the fine statement he is making, but have you observed any such abuses as have been suggested by the gentlemen who have spoken against this bill, under the contract suits and under the limited tort cases?

Mr. McLAUGHLIN. Certainly not; and I thank the gentleman for his contribution. The very point I am developing is that the charge which these gentlemen are making, although made, no doubt in good faith, has no foundation in fact or in precedent.

Mr. SOUTH. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to my distinguished friend from Texas.

Mr. SOUTH. I would like to know where the pressure for the bill is coming from and who testified in favor of it? I am not expressing any opinion against it and have no opinion one way or the other.

Mr. McLAUGHLIN. I would say to the gentleman that the pressure has not come particularly from those who have claims. The Attorney General, whose duty it is to protect the rights of the United States, came before our committee and urged the passage of this law because of the fact that the present system is so inequitable and results in such unfair consequences. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I wish to felicitate the committee and the introducer of this bill for another step forward. Gentlemen who have done me the honor to read my writings on the science of legislation, which were the result of an avocation of many years, will find my chapter on claims exhausting my vocabulary in condemning the action of Congress in not yet meeting fully this particular problem. The waste of congressional time, the inequity of the proceedings, the subjection to accident and chance, condemn us in the eyes of all thinking persons. The result of my study was my belief that there is nothing so disgraceful in the conduct of the Congress of the United States as its treatment of claims. It brings on the floor of the House something that ought never to come within its walls, that is, the dispensing of justice, it brings here the dispensing of equity. However, steps have been taken in the course of 75 years, little by little, to free ourselves from this encumbrance. The creation of the Court of Claims, and the expansion of its activities have been a credit to the Congressmen who have fought again and again to get rid of our outrageous treatment of those who suffer at the hands of the Government. Nobody has ever risen here, to my knowledge, to complain of the result of any step that has been taken.

Always it is accepted as a wise finality. Always it has accrued to the honor of the Congresses that have taken the steps.

The problem had vexed Congress from the very start, but no attempt at remedy was successful until 1855 when a Court of Claims was established. Its powers were so restricted that in 1883 the Bowman Act removed some of the obstacles, and then in 1887 came the Tucker Act with much improvement. Today nobody complains about its workings, but its duties and powers ought to be enlarged.

In Congress the situation became so burdensome and unsatisfactory otherwise that in 1910 a beginning was made of letting the departments settle the little claims, the very idea carried further in this bill, of which some of the Members seem to have no knowledge. Next in 1922 the scope of power was broadened at the instigation of Congressman Underhill, who later would have gone further save for a veto President Coolidge felt necessary by reason of a minor provision. Then in 1932 the process of handling claim bills was bettered and 2 years later was further improved by establishing the present system.

Objection has been made to every change on the score of predicted expense, as we have heard it today. Yet nobody has suggested return to the older process. Nobody should object on the score of expense even if it came. Fiat justitia, ruat coelum—let justice be done though the heavens fall. It is an ancient and honorable maxim. Remember the pledge of King John at Runnymede: "To no man will we deny right or justice." Least of all should Congress, the voice of the Nation, be silent when justice is at stake.

If we make no further progress, then, sir, we accept continuance of a burden that is serious, we accept a procedure that is outrageous, we accept a result that does no credit either to Congress or to the Nation. I am thinking that this bill is another step taken, however short it may be, in this slow progress toward justice and common sense. [Applause.]

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, if I may have the attention of the gentleman from New York [Mr. CELLER], I will ask him, with respect to the question of admiralty cases which he mentioned sometime ago in an earlier colloquy, in the settlement of admiralty cases does the Attorney General under existing law have the power of settlement without judicial review?

Mr. CELLER. As far as I know, he has that power.

Mr. CASE of South Dakota. The gentleman should determine that point if he is citing such cases as precedents, because the question of judicial review is the only point I am raising. But even if there is precedent for settlements with-

out court approval, if the precedent is a bad one, it does not follow that we should extend it. Certainly, the general rule favors judicial review of compromise settlements.

I feel that this bill has two weaknesses. I am not a lawyer, and I do not qualify as a lawyer, but I do know a little about human nature; I have seen a little of politics, and I have served a term on the Claims Committee.

With the general intent that the bill should afford a better measure of justice than the introduction of a private bill I have no quarrel. I think we can probably relieve the Congress of some detail work which should not come before this body, as the gentleman from Massachusetts has pointed out; but there are two things in this bill which ought to be brought to the attention of the House in its consideration. The first of these is section 203, which provides that the Attorney General may compromise or settle any of the claims brought under title II, and without review by anyone. But in section 1 it is provided that departmental settlements between $500 and $1,000 shall be subject to review by the Attorney General.

If this be a good principle then the settlement by the Attorney General of the larger claims up to $7,500 should be subject to review by a disinterested party, presumably the district court. I am sure every Member of this Congress who has had any personal experience in the matter knows that in State bank liquidations it is generally required that compromise settlements of loans and sales of the assets of the bank must be approved by the circuit court. If this be a sound principle for that type of cases it seems to me it is a sound principle in claims regardless of what the precedents may be in admiralty cases.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. EBERHARTER. Does the gentleman know any State practice which requires that a ruling by the Attorney General in settlement of the case of a municipality or other corporate entity should be reviewed?

Mr. CASE of South Dakota. I know that in my own State in the liquidation of banks the settlement must be submitted to the district or the circuit court.

Another section of the bill to which I direct attention is the provision in section 309 for 20 percent attorneys fees for the settlement of cases under title II.

Every private claims bill that has been acted upon by Congress since I have been here, so far as I know, has had added to it a 10-percent limitation upon attorneys' fees; yet in section 309 of this bill a 20-percent fee is authorized for attorneys in cases that are settled either in court or by the Attorney General; and I make the prediction that if this bill becomes a law in the form in which it now is the Congress will some day rue the action that establishes 20 percent for attorneys' fee for cases that can be settled by an agreement between attorneys. And I make the further prediction that in addition to this being an invitation to ambulance chasers it will be an invitation to district attorneys and deputy district attorneys to make easy settlements in favor of those to whom they owe some political obligation. They will make an easy settlement of cases up to $7,500 to allow some friendly attorney a 20 percent attorney's fee. This, it seems to me, is a very unwise departure from the principle of the 10-percent clause we have insisted go into private claims bills in the Congress and which has tended to reduce the pressing of claims of doubtful merit.

Mr. CELLER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I may say to the gentleman from South Dakota that Section 309 provides only that the compensation to attorneys shall not exceed 20 percent of the amount recovered as to claims prosecuted under title II; that is, where they are brought into court; and they shall not exceed 10 percent as to claims brought under title I; that is, when they are adjusted in the departments. That is when they are adjusted in the department itself. It does not mean that the attorneys will necessarily get 20 percent if the case is brought into court. The pay may be less than 20 percent.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Of course, we have had many private-claim bills where the amount exceeded $7,500 passed by the Congress; yet in every instance we have put in the 10-percent limitation. There may have been one exception where that was left out not so long ago, when the President of the United States, if my memory is correct, vetoed a bill on the ground that the 10-percent limitation was not provided.

Mr. CELLER. It is to be remembered that in title II there is a court proceeding which entails all the work involved in litigation. I believe the compensation should be larger in that case than that which is accorded counsel where he settles a case in a department or brings the claim to Congress.

Mr. CASE of South Dakota. Section 203 provides that the Attorney General may settle claims under title II either before or after the institution of any suit thereunder; so that it would be possible for him to approve of a 20-percent fee in cases before suit is instituted.

Mr. CELLER. But suit must have been brought before 20 percent can be allowed.

[Here the gavel fell.]

The Clerk read as follows:

SEC. 2. The Attorney General is authorized to adopt and promulgate rules and regulations for the enforcement and administration of this title. Such rules may prescribe the procedure and principles of decision, including construction and interpretation of this act and questions of subrogation, to be followed by the various departments and independent establishments in considering, ascertaining, adjusting, or determining claims under this title, and may include a schedule of the amount of compensation to be awarded for specific physical injuries.

SEC. 3. The head of each department and independent establishment shall annually make a report to the Congress of all claims determined under this title. Such report shall include the names of all claimants and a statement of the amount claimed and of the amount awarded in each instance.

TITLE II

SUITS AGAINST THE UNITED STATES ON TORT CLAIMS

SEC. 201. That subject to the provisions of this act and the Judicial Code, the Court of Claims and the district courts sitting without a jury, shall have concurrent jurisdiction to hear and determine claims against the United States, not exceeding the sum of $7,500, on account of damages to or loss of property or on account of personal injuries, or death, caused by the negligence or wrongful act or omission of any officer or employee of the United States, including any member of the military or naval forces of the United States, while acting within the scope of his office or employment. In respect to such claims the United States shall be liable to the same extent and in the same manner as a private individual under like circumstances, except that the United States shall not be liable for punitive damages.

Mr. GEARHART. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GEARHART: Page 3, line 17, after the word "sitting", insert the words "with or."

Page 3, line 17, after the comma, following the word "jury", insert the words "if the parties to the action so agree."

Mr. GEARHART. Mr. Chairman, one of the most sacred rights of American citizenship, a right recognized under the Constitution itself, is the right to trial by jury.

This section, which attempts to confer jurisdiction upon our Federal district courts, confers jurisdiction with a limitation, the right to hear and determine a case the court sitting without a jury. I do not believe that any American citizen, or any person resorting to American courts, should be deprived of his right to trial by jury, except with his own consent.

My amendment will safeguard the great constitutional principle of trial by jury and make possible the free exercise thereof by those who desire a trial by that method. Therefore it ought to be adopted. The adoption of my amendment will clothe the courts with authority to hear a case

with a jury or without a jury, as the litigants may agree. All that a litigant will have to do to preserve his right to a jury trial is to refrain from entering into an agreement waiving the privilege. The procedure would be about the same as that already in effect in most of the States.

Mr. Chairman, I trust the amendment will be agreed to. The principles involved are so fundamental further argument should not be necessary.

Mr. CELLER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California [Mr. GEARHART].

Mr. Chairman, we would have a rather anomalous situation if we adopted the amendment offered by the gentleman from California, because in cases involving maritime torts against the Government, admiralty torts against the Government, and torts under the so-called Tucker Act, we must have trial without jury. There is in those cases no right to trial by jury; yet under this amendment you would accord the privilege of a jury trial in cases under the instant bill. I think that would inject a rather anomalous situation into these proceedings. What about such inconsistencies? In one set of cases jury trial, in another no jury trial.

The testimony of the representative of the Department of Justice on that score was as follows:

I must confess I would have some hesitancy about making any change—

Being the change to trial by jury—

because we know there are occasions when juries, moved by sentiment, may give an exorbitant verdict far beyond the claimant's deserts. This is especially true of the large metropolitan centers.

I can testify as one who has practiced in the courts of New York that jury verdicts are rather excessive there, and oftentimes far beyond that which is deemed proper by the record. Furthermore, as I said before, we should go slowly in connection with innovations of this character. Let us do some experimenting with this legislation before we make a change of the type indicated by the amendment offered by the gentleman from California.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York.

Mr. FITZPATRICK. In the event it is a larger verdict, the defense can take it into court and have the amount reduced or set aside, under the present law?

Mr. CELLER. That is true, but, as I said, why extend this extraordinary privilege in a certain sense in these cases where we are giving the person the right to sue as a matter of grace, not as a matter of constitutional right? I think we should go rather slowly.

Mr. KEEFE. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. Is it not a fact that under the law today in the trial of one of these cases in the Federal court, if the jury returns what may be considered an excessive verdict, that that verdict is within the control of the judge and the court may reduce it, set it aside, or modify it in accordance with the evidence and as justice may appear in the case?

Mr. CELLER. It is not within the jurisdiction of the appellate court to do that.

Mr. KEEFE. I am talking about the trial court.

Mr. CELLER. The court of original jurisdiction may do it.

Mr. KEEFE. Why not have a jury trial then?

Mr. CELLER. Why not leave it as it is; then if the amount given is excessive, even without a jury trial, it can be toned down by the judge of the court of original jurisdiction.

Mr. GEARHART. Will the gentleman yield?

Mr. CELLER. I yield to the gentleman from California.

Mr. GEARHART. Time and time again in the gentleman's remarks he has referred to this right as being one which should not be extended. The constitutional right is to a trial by jury. This is a limitation that you are putting in the bill upon that right.

Mr. CELLER. No; I say to the gentleman that there is no constitutional right to trial by jury as far as these cases are concerned. The right never existed to bring the action, therefore we can impose any condition we wish upon that right, and one of the reasonable conditions is that there shall be no trial by jury.

Mr. GEARHART. The bill itself states that the United States shall be liable to the same extent and in the same manner as a private individual under like circumstances.

Mr. CELLER. Yes.

Mr. GEARHART. But in the same breath, it states that they shall not be in a like condition because the individual shall not have a jury trial.

Mr. CELLER. The gentleman is in error. The gentleman should read the remainder of the bill to see under what conditions the individual shall have that right.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Indiana.

Mr. SPRINGER. The gentleman from New York has made a very fair statement. These claims on which suit is permitted in actions of tort are limited in amount. They are less than $7,500.

Mr. CELLER. That is correct.

Mr. SPRINGER. In the actions which have been authorized heretofore in maritime cases no jury trials have been permitted.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEARHART].

The amendment was rejected.

Mr. KING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KING: On page 3, line 17, after "courts", insert a comma and the words "including the United States District Court for Hawaii."

Mr. KING. Mr. Chairman, I understand the chairman of the committee has no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 202. At the instance of the Attorney General or the appropriate United States attorney, the deposition of any witness may be taken in behalf of the United States at any time, either before or after the institution of any action hereunder. Reasonable notice of the time and place of the taking of such deposition shall be given to the claimant or his attorney. The claimant or his attorney shall have the privilege of cross-examining such witness. Any deposition so taken may be used by either party in any action arising out of such claim.

Mr. GEARHART. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEARHART: On page 4, line 4, after "General", insert "or claimant", and on page 4, line 6, after "United States", insert "or of the claimant, as the case may be."

Mr. CELLER. Mr. Chairman, I see no objection to including that language. I accept the amendment.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. GEARHART. I yield to the gentleman from New York.

Mr. TABER. I believe the first part of the gentleman's amendment ought to follow the words "United States attorney" in line 5 instead of the words "Attorney General" in line 4.

Mr. GEARHART. I have no objection to that. It will not change the sense at all.

Mr. TABER. It will be better language.

Mr. CELLER. What was the suggestion of the gentleman from New York? I did not hear it.

Mr. GEARHART. The gentleman from New York suggested that the words "or claimant" be put after the words "the appropriate United States attorney" rather than after the words "Attorney General." It does not change the sense at all. It relates to grammatical style alone.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. GEARHART. I yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. The gentleman inquired about this section while I was discussing the bill. As far as I am concerned, and the committee feels the same way, there is no objection to the granting of the same right to the litigant against the Government as to the Government. The committee is perfectly willing to accept the amendment.

The CHAIRMAN. Does the gentleman from California desire to change the language of his amendment?

Mr. GEARHART. I do not desire to change it. Unless the gentleman from New York insists, I would let it stand as it is.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. GEARHART].

The amendment was agreed to.

The Clerk read as follows:

SEC. 203. The Attorney General is hereby authorized to arbitrate, compromise, or settle any claim under this title, either before or after the institution of any suit thereon.

SEC. 204. Compensation for death shall be awarded and paid to the widow or widower, or, if there is no widow or widower, then to the children, share and share alike; if there be no widow or widower or children, then to any parent, including an adopted parent or a stepfather or stepmother, grandparent, brother, sister, uncle, aunt, nephew, or niece, who may have been wholly or partially dependent for support on the deceased at the time of the death, in such proportions as the court shall decree, or as may be agreed upon between the parties. The term "children" shall include an adopted child, a stepchild, and an illegitimate child. In case the claim is for the death of the father, only such illegitimate child shall be included whose paternity had been duly adjudicated during the lifetime of the parent or had been acknowledged in writing by him.

TITLE III

PROVISIONS COMMON TO TITLE I AND TITLE II

SEC. 301. Every claim against the United States cognizable under this act shall be forever barred, unless, within 1 year after such claim accrued, it is presented in writing to the department or independent establishment out of whose activities it arises, if such claim is for a sum not exceeding $1,000; or unless, within 1 year after such claim accrued, a complaint setting forth a statement thereof is filed in a district court of the United States or in the Court of Claims. In the event that a claim for a sum not exceeding $1,000 is presented to the department or independent establishment as aforesaid, the time to file a complaint in such court shall be extended for a period of 6 months from the date of mailing of notice to the claimant by such department or independent establishment as to the final disposition of the claim.

SEC. 302. No award shall be made or recovery allowed in the event that the person in control of such property, or the person injured, or the deceased, as the case may be, is guilty of contributory negligence; or in the event that the damage, loss, injury, or death is proximately caused by the intoxication or willful misconduct of such person.

Mr. KEEFE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEEFE: On page 5, beginning in line 24, strike out section 302 and insert a new section, as follows:

"Contributory negligence shall not bar recovery in any action by any person or his legal representatives to recover damages for negligence resulting in death or in injury to person or property, if such negligence was not as great as the negligence of the Government, but any damages allowed shall be diminished by the court in proportion to the amount of negligence attributable to the person recovering."

Mr. KEEFE. Mr. Chairman, this amendment simply incorporates into the law what is known as the comparative-negligence doctrine. Under the provisions of this bill, which have been announced to the committee as being a forward step in the matter of handling claims against the Government, a provision is found which is as antiquated as law itself, providing that contributory negligence shall be an absolute bar to a recovery. In many States of the Union which have progressively legislated upon this subject they have adopted, one after the other, the comparative negligence doctrine, which gives to the court the opportunity to adjudicate on the question of which one of the parties was guilty of the most negligence. Just think, if you will, of a situation which may have occurred under your observation as a lawyer, when a person has received a most grievous injury and then, because of a slight want of ordinary care or negligence on the part of such person, regardless of the amount of negligence that may have existed on the part of the person causing the injury, such a person is denied any recovery at all. Under the provisions of this amendment, which is found in many States and in the Federal Employers' Liability Act itself, the court is given an opportunity to estimate and appraise the amount of negligence that shall be attributed to each party. In the event the claimant is found guilty of 35 percent of negligence, for instance, that does not bar recovery, but the amount of recovery when estimated and fixed by the court would be reduced by the amount of negligence which is found against the claimant. I have found in practice extending over some years in dealing with this subject since the adoption of this program in the State of Wisconsin that it has been most generally accepted, and that law in itself is the one thing that has barred the adoption in my State of a commission plan for compensation for all injured persons for injuries arising out of automobile accidents, similar to the workmen's compensation law, regardless of the negligence of the parties involved.

It seems to me that those of us, as lawyers, who are familiar with the progress that has been made in this country on the subject of negligence and with the desire to do justice to the people who have been injured, should adopt this amendment in order that justice may be done and so that people who have actually sustained injuries as a result of the negligent conduct or action of Government employees, may be compensated even though they may be guilty of a slight want of ordinary care when the governmental agencies have been guilty of negligence almost approaching, perhaps, gross negligence.

I feel that this provision in the bill is a step backward, rather than a step forward and that if we are to adopt this law at all, we ought to adopt it in line with the progress made in the law along these lines and put a comparative-negligence provision in this act that will insure justice to those who have received injuries as a result of the negligent and tortious act of certain employees of the United States Government.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the distinguished gentleman from New York.

Mr. REED of New York. Is the gentleman advocating in his amendment a provision similar to the rule in admiralty?

Mr. KEEFE. Yes.

Mr. GWYNNE. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the distinguished gentleman from Iowa.

Mr. GWYNNE. Does not the provision in the bill state the law in the great majority of States?

Mr. KEEFE. It states the law in many States, I will say that.

Mr. GWYNNE. In the majority of the States?

Mr. KEEFE. It is a statement of what we know to be the common law, but I am not prepared to state, however, that it is a statement of good law. It is not in line with the progress in this Nation in the law of negligence. [Applause.]

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I recognize very well the desire of the distinguished gentleman from Wisconsin [Mr. KEEFE] to perfect the law as he views it. We are confronted in this particular situation with these facts: In a number of States of the Union the law provides that if the plaintiff is guilty of any negligence in connection with the accident on which he sues, that negligence constitutes a complete bar to his recovery. In other States the law provides that if the plaintiff is guilty of negligence, the negligence of the plaintiff is compared with the negligence of the defendant and the amount of the plaintiff's recovery is reduced in the proportionate amount which his own negligence bears to all the

negligence which contributed to produce the resultant damage.

In my particular State in which I have practiced for many years, we have the comparative negligence rule. Personally, I like the comparative negligence rule. I think it is an equitable rule and I think it has much to recommend it. However, in the adjoining State, just across the river, the State of Iowa, the State of the distinguished gentleman from Iowa [Mr. GWYNNE], who is a member of our committee, they have the opposite rule. I have tried cases, if you will pardon a personal reference, in both States. I know, perhaps to my sorrow in some cases, that the plaintiff can recover under both rules of law. In other words, in those States where the law provides that contributory negligence is a complete bar, plaintiffs do regularly recover as well as in States in which negligence is compared, as I have outlined. In the tort actions which are provided for against the Government in the acts which have been passed by the Congress up to this time, and which form a sort of pattern for the present bill, the complete-bar theory is adhered to. So the committee in recommending this bill adheres to the rule which applies in the other cases. Perhaps, as time goes on and experience is accumulated on this bill, it would be wise for us, after the trial and error period has passed, to amend the law to make it conform with the law in my State rather than with the law of the State of my distinguished colleague from Iowa, but I submit that this bill in its present form is a great step in the right direction. It materially assists claimants who need assistance.

Let us walk before we run. I submit that this bill in its entirety, subject to the few perfecting amendments which have been accepted by the committee up to this time is a good bill. I believe we should try it out in the form in which the bill has been presented and recommended to the House by the committee.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN. I yield to the distinguished gentleman from Indiana.

Mr. SPRINGER. The gentleman is making a very fine statement on this bill, but may I ask, Is it not true that the majority of the States of our country still maintain the old common-law theory of negligence instead of comparative negligence?

Mr. McLAUGHLIN. I regret I am not prepared to speak advisedly in answer to the gentleman's query. Perhaps the gentleman's question answers itself; at any rate, it does not seem to me that is a consideration that is compelling in this instance. For the reasons I have suggested and for the reason that it is following the pattern of similar laws enacted by the Congress in the past, it occurs to me it would be well to enact it in its present form. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. KEEFE].

The amendment was rejected.

Mr. KING. Mr. Chairman, I ask unanimous consent to return to the immediately preceding section, section 301, for the purpose of offering an amendment, merely a clarifying amendment that was accepted by the committee.

The CHAIRMAN. The Delegate from Hawaii asks unanimous consent to return to section 301 for the purpose of offering a clarifying amendment. Is there objection?

There was no objection.

Mr. KING. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. KING: Page 5, line 16, after the word "States", insert "including the United States District Court for Hawaii."

Mr. CELLER. Mr. Chairman, the committee has no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 303. The provisions of this act shall not apply to—

(1) Any claim arising out of the loss of, miscarriage, or negligent transmission of letters or postal matter.

(2) Any claim arising in respect of the assessment or collection of any tax or customs duty, or the detention of any goods or merchandise by any officer of customs or excise or any other law-enforcement officer.

(3) Any claim for which a remedy is provided by the act of March 9, 1920 (U. S. C., title 46, secs. 741–752, inclusive), or the act of March 3, 1925 (U. S. C., title 45, secs. 781–790, inclusive), relating to claims or suits in admiralty against the United States.

(4) Any claim arising out of the conveyance, transfer, assignment, or delivery of money or other property or out of the payment to or seizure by the President or Alien Property Custodian or his successor of any money or other property, in administering the provisions of the Trading with the Enemy Act, as amended.

(5) Any claim for damages caused by the imposition or establishment of a quarantine by the United States.

(6) Any claim arising from injury to vessels or cargo while passing through the locks of the Panama Canal, or while in Canal Zone waters.

(7) Any claim for damages caused by the administration of any law or laws by the Federal Trade Commission or by the Securities and Exchange Commission.

(8) Any claim for which compensation is provided by the Federal Employees' Compensation Act, as amended, or by the World War Veterans' Act of 1924, as amended.

(9) Any claim arising out of assault, battery, false imprisonment, false arrest, malicious prosecution, abuse of process, libel, slander, misrepresentation, deceit, or interference with contract rights.

(10) Any claim for damages caused by the fiscal operations of the Treasury or by the regulations of the monetary system.

(11) Any claim arising out of the activities of the military or naval forces, or the Coast Guard, during time of war.

(12) Any claim arising in a foreign country in behalf of an alien.

With the following committee amendment:

Page 7, beginning in line 2, strike out the words "or cargo" and insert "or to the cargo, crew, or passengers of vessels."

The committee amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 7, in line 3, strike out the comma following the word "Canal."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 304. No recovery shall be had for the aggravation of personal injury or for death resulting therefrom, caused by an unreasonable neglect or refusal of claimant to submit to or procure medical or surgical treatment.

SEC. 305. The Attorney General, the appropriate United States attorney, or the department or independent establishment before which a claim is filed may require any claimant for damages for personal injury to submit to examination by one or more medical officers of the department or independent establishment under whose activities the claim arises or, with the consent and approval of the head of any other department or independent establishment, by one or more medical officers of such department or independent establishment, or by other duly qualified physicians designated or approved by the Department of Justice. Such examinations shall be had as frequently and at such times or places as may be reasonably required. For failure to submit to such examination or examinations, the court or the department or the independent establishment, as the case may be, in its discretion may dismiss the claim in whole or in part. At the request of the injured person a duly qualified physician, designated by him, may be present and participating at such examination or examinations. Counsel for such person may likewise be present at such examination. In the event that the injured person is required to travel to the place where the examination takes place, he shall be paid his reasonable transportation and subsistence expenses.

SEC. 306. If the damage, loss, injury, or death is caused under circumstances creating a legal liability on the part of some person other than an officer, agent, or employee of the Government or upon some corporation, State, or political subdivision, to pay damages therefor, jointly with the United States, then, and in that event, the recovery against the United States shall be only for the pro rata share of the damages in proportion to the number of parties so jointly or severally liable.

SEC. 307. In cases in which an award made pursuant to section 203 or a judgment for the plaintiff rendered under section 201 of this act includes damages or compensation for physical injuries alleged to be permanent or for temporary physical injuries from which the claimant has not recovered at the time of the award or judgment, as the case may be, such award or judgment, in the discretion of the Attorney General or the court, as the case may be, may provide that a part of the amount awarded shall be paid in a lump sum and the balance in monthly installments. In such event, the award or judgment shall fix the number of installments and the amount of each installment. If the claimant recovers from his injuries prior to the payment of all installments so directed to be paid, installments accruing subsequently to the date of the recovery shall not be paid.

SEC. 308. In the event that any claimant under this act dies prior to the making of any award, or the rendering of any judgment here-

under, or prior to the payment thereof, and the amount of such award or judgment does not exceed the sum of $200, payment thereof may be made directly to the person or persons designated in section 204 hereof.

SEC. 309. The court in rendering a judgment for plaintiff under this act, or any official arbitrating, compromising, or settling a claim may, as a part of the judgment or determination, determine and allow reasonable attorneys' fees, which shall not exceed 20 percent of the amount recovered as to claims prosecuted under title II, and shall not exceed 10 percent of the amount recovered as to claims filed under title I, to be paid out of the amount recovered, to the attorneys representing the claimant. Any attorney who charges, demands, receives, or collects for services rendered in connection with such claim any amount in excess of that allowed under this section, if recovery be had, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to a fine of not more than $2,000, or imprisonment for not more than 1 year, or both.

SEC. 310. The act of December 28, 1922 (42 Stat. 1066) is hereby repealed: *Provided, however,* That any claim accruing thereunder prior to the approval of this act may be presented, considered, ascertained, adjusted, and determined in the manner therein prescribed.

With the following committee amendment:

Page 10, in line 20, strike out the words "the act of" and insert "Public Law No. 375, Chapter 17, Sixty-seventh Congress, fourth session, approved."

The committee amendment was agreed to.

Mr. KEFAUVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEFAUVER: Page 11, line 2, insert a new section, as follows:

"SEC. 310 (a). Claimants prosecuting a claim under and by virtue of this act shall be deemed to have elected to pursue said remedy as an exclusive remedy and to have thereby waived all others."

Mr. KEFAUVER. Mr. Chairman, I am in favor of this bill. I think it is a step in the right direction and will be much better procedure than the present method of presenting claims to Congress by the introduction of claim bills. One of the principal reasons why we want this bill passed is to eliminate the haphazard method that is necessarily followed in presenting claims to Congress. I think we have a very splendid Claims Committee and they do the best they can under the circumstances, but I do not believe it is set up to handle claims and give everybody as fair a hearing as the courts would give them.

However, there is one thing we want to prevent being done, and that is to prevent a claimant from bringing suit in court and at the same time prosecuting a claim before the Claims Committee of the House.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. TABER. If the gentleman will turn to section 306 he will see that the result of his amendment would be to bar a claim against an outside individual who might be proportionately liable in damages along with the Government. I am afraid that the way the gentleman has prepared his amendment it would be too inclusive. If the gentleman made his amendment so that the procedure in the Court of Claims or in the district court barred all claim against the United States, in view of section 306, I believe that is as far as he should go.

Mr. HANCOCK. Will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. HANCOCK. The gentleman's amendment is simply an attempt to prevent disappointed litigants, after their case has been tried, from coming to the Congress with special bills. I do not know that it will be effective, but it is certainly a laudable purpose.

Mr. CELLER. The gentleman says he does not know whether it will be effective. I am quite sure it will not be effective, because the Congress can reverse itself any time and consider a bill.

Mr. KEFAUVER. Of course, I realize there is no way by which you can prevent a bill from being filed, regardless of what happens in the lawsuit; but the purpose of this amendment is to put as many impediments upon a claimant who will try to prosecute his claim in both places, as possible. This will prevent him from bringing suit in court and at the same time getting a claim bill filed. Of course, he can have it filed, but the Claims Committee will then have something to argue with him about. They can say, "If you have elected the other way, you do not have any right to come into Congress and prosecute your private claim bill." I think the amendment will be a safeguard, and unless you do have such an amendment to the bill I do not know that this will relieve the Claims Committee of much of its burden.

Mr. ZIMMERMAN. Will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. ZIMMERMAN. Is it not a fact that in most States the doctrine of election of remedies applies, and if a man elects to pursue one remedy he is barred from taking another bite at the cherry? He ought to be satisfied with one bite at the cherry. I think the gentleman's amendment is right and should prevail.

Mr. KEFAUVER. I thank the gentleman from Missouri. That is the law in most jurisdictions. If you elect one remedy then as a matter of law you are precluded from pursuing another one. That should be stated in here in this bill to prevent these double-barreled actions on the part of claimants.

[Here the gavel fell.]

Mr. GWYNNE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think this amendment should be voted down. It can do no good and might do harm. The harm it could do was pointed out by the gentleman from New York [Mr. TABER].

I agree with the philosophy announced by the gentleman from Tennessee and I think that rule now governs the Claims Committee of the House. In other words, if a claim is presented to that committee wherein the claimant has some remedy in the courts or before some commission, I believe it is not the practice to report the bill favorably.

The doctrine of election of remedies, however, would not apply here. We cannot bind future Congresses. We cannot say now that a man who elects to sue in the courts can never come to Congress afterward and present his claim. We cannot say that some future Congress could not back up and say they would allow the claim or allow his right to submit a claim to Congress. The Congress is not bound in passing on claims to consider legal obligations only. We may likewise consider whether there is a moral obligation; and if we so believe, we have the right to report the bill favorably. As I say, this amendment can do no good, but may do quite a lot of harm. I hope it will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. KEFAUVER) there were—ayes 5, noes 23.

So the amendment was rejected.

The Clerk read as follows:

SEC. 311. Except as hereinabove provided, nothing contained in this act shall be construed as a repeal of any existing act or acts conferring upon any department or independent establishment the power or authority to consider, ascertain, settle, adjust, compromise, determine, certify, or pay any claims against the United States.

Mr. KEFAUVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEFAUVER: On page 11, line 8, at the end of section 311, insert a new section, as follows:

"SEC. 311a. Provided that an adverse decision by the court on the merits of any claim shall be considered as conclusive evidence against the validity of said claim in the event the same may be prosecuted or presented for allowance in any other forum or by any action or procedure."

Mr. KEFAUVER. Mr. Chairman, as was stated in the argument on the other amendment, there is, of course, no way we can prevent a claimant who has taken one bite at a cherry, and in the event he received an adverse decision, getting some Representative to introduce a bill in Congress to compensate him. But I believe that if that man comes here after receiving an adverse decision in a court of competent jurisdiction on the merits of the case—not on some demurrer or preliminary pleading—that if he comes to Congress then and asks compensation, that the presumption against the validity of his claim should be against him. This impediment should be

hung around his neck, and ought to be written into this law to prevent his taking this course.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. VORYS of Ohio. Would not the proper approach to that problem be that taken in the reorganization bill, that a private claims bill could not be introduced unless there was an affirmative showing that there had not been an adverse decision previously?

Mr. KEFAUVER. I disagree with the gentleman. In the first place, we do not know that such a rule could be passed, or whether it would be legal if passed. In the second place, the rule could be changed from Congress to Congress. My amendment does not try to bind future Congresses. We cannot, of course, bind a future Congress; but we can say to the man that if he wants to take advantage of this law and file a suit in court against the Government, that if he loses out in court and thereafter tries to have a claim bill introduced in Congress on his behalf he is stymied or prejudiced by a conclusive presumption against the validity of his claim.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. EBERHARTER. I may say to the gentleman from Tennessee that the Claims Committee has adopted a policy of in no case overruling a court or even favorably recommending a bill where the claimant still had some remedy before some court, commission, or board. The gentleman's amendment therefore is not necessary.

Mr. KEFAUVER. I would remind the gentleman that whatever may be the policy of the Claims Committee as it is presently constituted, we may not always be favored with such a fine Claims Committee, and some positive direction should be given about the matter.

Mr. GWYNNE. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. GWYNNE. Is not this amendment subject to the same objections and limitations as the previous one?

Mr. KEFAUVER. It is not because the other one attempted to make the claimant elect. This amendment simply provides that in the event the plaintiff loses in one forum and tries to come into Congress the presumption shall be against the validity of his claim.

I might say that I have spoken to the chairman of the subcommittee and also some members of the minority members of the committee. They seemed to feel that this would be a very fair amendment and that it ought to be adopted. I am surprised that the chairman did not agree to accept it when it was offered.

The purpose of this bill is to give a claimant the same right to prosecute a tort claim against the Government that he has against an individual or corporate entity. Do you want to give him a greater right than he would have against an individual? I am sure you do not, and yet you will be doing exactly that under the terms of this bill unless my amendment is adopted.

If a claimant receives an adverse decision in court on the merits of his case against an individual, he is through. Having taken his case through the courts the issue is res adjudicata. He has no further cause for complaint and every principle of our jurisprudence would repel him should he try to again recover on the same subject matter. But you do not give your Government this protection under this bill. Having lost in the courts you would still let him prosecute his claim for damages by a claim bill in Congress. Is that fair? Is it right?

Your answer is that the Claims Committee would repel him. Let us see about that. Those of you who are lawyers know that you can always present a stronger case after you have taken that case through the courts. In going through the courts you have learned more about your case. The judge and opposing counsel have pointed out the weaknesses. The next time you would be able to cure the defects, present testimony to meet vulnerable points in your case. Have you not frequently heard lawyers say, "Oh, if I had thought of that point I could have met it and won my case"? So with the experience gained by taking the case through the courts, even though the judgment was adverse, in many cases the lawyer will be able to present new evidence, other legal principles, or more persuasive arguments to the Claims Committee and thus possibly secure relief. He should not in the face of an adverse court decision be able to do this. The Government should have the same protection that is given to an individual defendant under the doctrine of former adjudication.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I agree with the philosophy contained in the gentleman's amendment, but the objections that were advanced against the previous amendment should be urged against this one. To adopt this amendment would be perfectly useless. It would be but to stultify ourselves, primarily, because we cannot bind future Congresses.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. KEFAUVER. Does not the gentleman believe, however, that we could put a label on a claim in the event he has elected under this bill to go to court, and loses, that we can label that claim to say that it is conclusively presumed that it does not have any validity?

Mr. CELLER. It would be just a label, that is all.

Mr. KEFAUVER. It would be a very worth-while label.

Mr. CELLER. I do not think so. You would force the man who has the claim to bring it into the Congress with that type of amendment. The purpose of the bill is to discourage bringing these claims to Congress because of the vast number that have heretofore been brought to this Chamber and into the adjoining Chamber. You would encourage a man, by this amendment, to come here because of a limitation you place upon an alternate remedy and for this additional reason we should vote down the amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. KEFAUVER].

The question was taken; and on a division (demanded by Mr. KEFAUVER) there were—ayes 6, noes 23.

So the amendment was rejected.

The Clerk read as follows:

SEC. 312. This act may be cited as the "Federal Tort Claims Act."

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. RAYBURN, having resumed the chair, Mr. PACE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 7236, to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes, pursuant to House Resolution 578, he reported the same back to the House with sundry amendments agreed to in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON SELECTIVE SERVICE BILL

Mr. MAY. Mr. Speaker, I ask unanimous consent that the conferees on the bill, H. R. 10132, may have until midnight to file a report for printing under the rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, as I understand it the conferees have agreed, but the conference report will be considered first by the Senate?

Mr. MAY. That is right.

Mr. MICHENER. It is proposed to take the conference report up in the Senate tomorrow noon and if the Senate concludes during the day, then the report will come to the House; that is, sometime Friday?

Mr. MAY. I had intended to make that explanation of it. It is the hope of the committee we will be able to take it up tomorrow afternoon and conclude its consideration within the time fixed by the rules of the House, if possible.

Mr. MICHENER. It ought to be taken up in the House about 2 o'clock.

Mr. MAY. About 2 or 3 o'clock.

Mr. HOLMES. Mr. Speaker, reserving the right to object, may I ask the chairman of the Committee on Military Affairs when this final report will be available to the Members? How soon can the Members get the final report?

Mr. MAY. As a matter of fact, the report and the bill have been printed once, but the conferees on reconsideration of the matter today made certain changes in the bill which made it necessary to reprint both the bill and the report.

Mr. HOLMES. That will be available tomorrow morning?

Mr. MAY. That will be available tomorrow morning, as soon as these things usually are. The report will be printed in the RECORD tomorrow morning.

Mr. McKEOUGH. Mr. Speaker, reserving the right to object, what are the prospects of there being a final vote tomorrow in the event it comes to the House in the early afternoon? In other words, the gentleman from Kentucky indicates he may not call for a final vote until Saturday. There are several Members I know are interested who are absent at the moment and want to be present in the event the final vote comes tomorrow. Can the gentleman indicate what the plan will be?

Mr. MAY. It is my purpose when the bill gets over here tomorrow to call it up immediately. I hope this will not be later than 2 o'clock. I will immediately call it up for consideration under the rules of the House and hope to dispose of it finally, if possible, tomorrow afternoon.

Mr. McKEOUGH. In other words, there will be no disposition to carry it over until Saturday?

Mr. MAY. Not unless it has to go over. If for some reason it has to go over, it will go over, otherwise we will complete consideration tomorrow.

Mr. FISH. Mr. Speaker, reserving the right to object, I am in entire accord with what the gentleman says, and I hope he will bring it up as soon as he can after the Senate has acted. I want to see the vote expedited as soon as possible. I do hope, however, that the gentleman on this highly important and controversial matter will be somewhat lenient with the hour at his disposal and give the opposition some chance to be heard.

Mr. MAY. I had hoped, if I could make a brief statement of the major differences and outline the manner in which they had been agreed upon, we would be able to dispose of it rather promptly, without debate at all; but, of course, under the rules, as I understand it, there is only 1 hour's debate. I will probably control that time. I do not know how I will handle it.

Mr. FISH. The gentleman will be lenient with those who are opposed to it?

Mr. MAY. I was very lenient during the 2 days' debate and 3 days' consideration of it, and I am not disposed to delay it at all.

Mr. FISH. Neither am I beyond the hour, but I think we ought to have a chance to be heard on the final passage of the report.

Mr. MAY. Of course, I cannot say now how I will allot the time until the Members on the floor make their requests for time, but I want to be just as fair about it as I can.

Mr. FISH. Then I put in my request right now.

Mr. MAY. Mr. Speaker, it has been suggested that I make this further statement, that if anything should happen so that the conference report does not come up tomorrow, it will be the purpose of the committee to take it up the next day, on Saturday, if it can be reached.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, 'as an integral part of the first-line defenses of this Nation,' be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder."

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided*, That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further*, That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further*, That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further*, That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States; and until he attains the age of forty-five, or until the expiration of

a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided*, That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve components of the land or naval forces of the United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein, shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers' Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion, and students who are preparing for the ministry in theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degrees; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. Any such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such persons claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the

filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board, in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"Sec. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"Sec. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided,* That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"Sec. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided,* That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action'.

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"SEC. 9. (a) The President is empowered, whenever he determines that it is necessary for the common defense, through the Secretary of War or the Secretary of the Navy, in addition to the present authorized methods of purchase or procurement, to place an order with any person for such products or materials as may be required, and which are of the nature and kind usually produced or capable of being produced by such persons.

"(b) Compliance with all such orders for products or materials shall be obligatory upon the person with whom such orders are placed, and shall take precedence over all other orders and contracts theretofore or thereafter placed with such person.

"(c) If any person who owns or operates any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, or who owns or operates any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy, is capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or any necessary supplies or equipment for the Army or Navy—

"(1) refuses to give to the United States such preference in the execution of the orders so placed with such person, or

"(2) refuses to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment for the Army or Navy, as ordered by the Secretary of War or the Secretary of the Navy, or

"(3) refuses to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment,

then, in either such case, if the public necessity is immediate, and the emergency in the public service is imperative and such as will

not admit of a resort to any other source of supply, and if such circumstances are certified to by the Secretary of War or the Secretary of the Navy and to require the exercise of the power hereby created in respect of the property to be taken over, or transformed, or operated, the President, through the Secretary of War or the Secretary of the Navy, is hereby authorized to take immediate possession of such plant, and through the appropriate branch, bureau, or department of the Army or Navy, to manufacture therein such products or materials as may be required.

"(d) The compensation to be paid to any such person for its products or materials, or as rental for any manufacturing plant of which possession is so taken while it is used by the United States, shall be fair and just, and the amount of such compensation shall be determined by the Secretary of War or the Secretary of the Navy, as the case may be. If the amount so determined is unsatisfactory in any case, such person shall be entitled to sue the United States to recover such further sum as, when added to the payment already received, will be just compensation for such products or materials, or as rental for the use by the United States of such manufacturing plant, as the case may be, in the manner provided for by section 24, paragraph (20), and section 145 of the Judicial Code, as amended, or as otherwise provided by law.

"(e) Nothing in this section shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in any such plant.

"(f) For the purpose of this section, the term 'person' includes any individual, firm, association, company, corporation, and organized manufacturing industry.

"(g) The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes', approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized—

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntary services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder, who shall knowingly fail or neglest to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum.

"Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by the enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service,' when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person, shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

"'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940.'"

And the House agree to the same.

ANDREW J. MAY,
R. EWING THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
DEWEY SHORT,
Managers on the part of the House.

MORRIS SHEPPARD,
ROBERT R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
WARREN R. AUSTIN,
CHAN GURNEY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Age limits

The Senate bill required the registration of every male citizen, and every male alien residing in the United States or its possessions who had declared his intention to become a citizen, between the ages of 21 and 31 at the time fixed for his registration. Under the Senate bill the phrase "between the ages of 21 and 31" was defined to refer to men who had attained the twenty-first anniversary of the day of their birth and had not attained the thirty-first anniversary of the day of their birth. The Senate bill also provided that persons between the ages of 18 and 35, regardless of race or color, should be afforded an opportunity to be voluntarily inducted into the land or naval forces (including aviation units) for the training and service described in the bill. After a man had completed his period of training and service, the Senate bill provided that he should be transferred to a reserve component of the land or naval forces until the provisions of the bill became inoperative, or until the expiration of 10 years or until he was discharged from such reserve component, whichever event occurred first.

The House amendment required registration of those between the ages of 21 and 45, which was defined as referring to men who had reached the twenty-first anniversary of the day of their birth and had not reached the forty-fifth anniversary. Persons between the ages of 18 and 35 were to be afforded an opportunity to volunteer to be inducted into the land or naval forces for the training and service prescribed in the amendment. After the period of training and service had been completed, the House amendment provided that the person so completing such training and service should be transferred to a reserve component of the land or naval forces until the expiration of 10 years, or until he attained the age of 45, or until he was discharged, whichever occurred first.

The conference agreement provides that all male citizens, and all male aliens residing in the United States who have declared their intention to become citizens, between the ages of 21 and 36 shall present themselves for registration and submit to registration at such time or times and place or places and in such manner and in such age groups as shall be determined by rules and regulations prescribed by the President. Every such person who is between such ages at the time fixed for his registration and who is not excepted from registration by other provisions of the conference agreement is made liable for training and service in the land or naval forces of the United States. Any person, regardless of race or color, between the ages of 18 and 36, is to be afforded an opportunity to volunteer for induction, but no person who so volunteers is to be inducted so long as he is deferred after classification. No person is to be inducted unless he is acceptable to the land or naval forces. The conference agreement retains the provisions of the House amendment relating to a person's service in a reserve component of the land or naval forces until the age of 45 is reached, or until 10 years after the transfer to such Reserve component, or until he is discharged, whichever occurs first. Under the conference agreement, the phrase "between the ages of 21 and 36" is defined as referring to those who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of such day. The conference agreement defines "land forces" and "naval forces" to include aviation units thereof.

Postponement of induction for 60 days

The House amendment authorized the President to issue, as soon as possible after the enactment of the bill, a call for volunteers between the ages of 18 and 35, and another such call at any time after January 1, 1941, and to induct into the land or naval forces for training and service as many of the men who volunteer as did not exceed the number of men for whom the call was issued. If upon the expiration of 60 days after the issuance of either of such calls the President found that the number of qualified men who had volunteered was less than the number for whom the call was issued, he was authorized to select and induct into the land or naval forces such number of qualified men selected through the selective-service system as when added to the number who had

volunteered would equal the number for whom he issued the call. Until the expiration of 60 days from the date of the issuance by the President of the second call no man was to be inducted into the land or naval forces under any other provision of the bill, except that registration, classification, and selection under such other provisions could take place. There was no similar provision in the Senate bill.

The conference agreement omits this provision of the House amendment.

Provision authorizing the taking over of private manufacturing facilities

The Senate bill provided that whenever the Secretary of War or the Secretary of the Navy determined that any existing manufacturing plant or facility was necessary for the national defense and was unable to arrive at any agreement with the owner for its use or operation by the War Department or the Navy Department, the Secretary, under the direction of the President, was authorized to institute condemnation proceedings with respect to such plant or facility and to acquire it under the act of February 26, 1931. Upon the filing of a declaration of taking in accordance with the provisions of such act, the Secretary was authorized to take immediate possession of the plant or facility and operate it, either by Government personnel or by contract with private firms pending the determination of the issue. Nothing in this provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant or facility.

Under the House amendment the President was empowered, through the head of the War Department or the Navy Department, in addition to the present authorized methods of purchase or procurement, to place orders for any product or material that might be required and which could be produced by the company concerned. Compliance with the order was made obligatory. Upon the refusal of the company to comply with the order, the President, through the head of the War or Navy Department, was authorized to take immediate possession of the plant to manufacture therein the product or material required. Failure to comply with the provisions was made subject to imprisonment for not more than 3 years and to a fine of not exceeding $50,000. The compensation to be paid for the products and material or as rental for the use of the plant or facility while used by the United States was required to be fair and just. Nothing in the provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant. The House amendment also repealed the first and second provisos of the act of June 28, 1940, entitled "An act to expedite the national defense, and for other purposes."

The conference agreement contains provisions similar to those contained in the House amendment, except that before the President is authorized to exercise the power of taking over the plant or facility, the conference agreement provides that the public necessity must be immediate, and the emergency in the public service imperative, and such as will not admit of resort to any other source of supply, and the Secretary of War or the Secretary of the Navy must certify to the circumstances, and that such circumstances require the exercise of the power created in respect of the property to be taken over or operated.

The conference agreement also provides that the compensation to be paid to any person for its products or materials, or as rental for its plant of which possession is taken, shall be fair and just, and the amount of such compensation shall be determined by the Secretary of War or the Secretary of the Navy as the case may be. If the amount so determined is unsatisfactory, such person is entitled to sue the United States to recover such further sum as, when added to the payment already received, will be just compensation, in the manner provided for in the case of suits against the United States under the Judicial Code. No special penalty is provided for violations of this provision, inasmuch as the general penalty section is applicable to such violations. In the conference agreement this general penalty section is substantially the same as the penalty section in both the Senate bill and the House amendment.

Conscientious objectors

The Senate bill provided that nothing therein contained was to be construed as requiring any person to be subject to combatant training or service who by reason of religious training or belief is conscientiously opposed to participation in war in any form. All persons claiming such exemption because of such conscientious objections were to be listed on a Register of Conscientious Objectors at the time of their classification by a local board, and their names at once referred by the local board to the Department of Justice for inquiry and hearing. After appropriate inquiry by the appropriate agency of the Department of Justice, a hearing was to be held by the Department of Justice in the case of each such person with respect to the character and good faith of his objections. If the objections were found by the Department to be sustained, it was to recommend that (1) the objector be assigned to noncombatant service as defined by the President, or (2) if the objector was found to be conscientiously opposed to participation in such noncombatant service that he be assigned to work of national importance under civilian direction. If after the hearing the objections were found not to be sustained, the objector and the local board were to be immediately notified, the name of the objector was then to be removed from the Register of Conscientious Objectors, and the objector was thereafter to be liable for the training and service provided for in the bill. If within 5 days after the date of the findings by the Department of Justice, the objector or the local board gave notice to the other of disagreement with the findings, the local board was to refer the matter for final determination to an appropriate appeal board.

Under the House amendment the character and good faith of the objection of a conscientious objector were to be determined by the local board, subject to the right of appeal by the objector to an appropriate appeal board.

Under the conference agreement, if the objections are not sustained by the local board in the first instance, the objector is given the right to appeal to the appropriate appeal board. Upon the filing of such appeal the appeal board is directed forthwith to refer the matter to the Department of Justice for an inquiry and hearing. After appropriate inquiry by the proper agency of the Department of Justice, a hearing is to be held by the Department with respect to the character and good faith of the objections. If the Department finds the objections to be sustained, it is to recommend to the appeal board (1) that the objector, if he is inducted under the act, be assigned to noncombatant service as defined by the President, or (2) if it is found that he is conscientiously opposed to participation in such noncombatant service, in lieu of such induction that he be assigned to work of national importance under civilian direction. In making its decision the appeal board is to consider the record on appeal from the local board, together with the recommendations, which it is not bound to follow, by the Department of Justice. All persons whose claims for exemption under this provision because of conscientious objection are sustained are to be listed by the local board on a Register of Conscientious Objectors.

Limitation on number of men to be inducted

The Senate bill provided that there should not be in active training or service in the land forces of the United States at any one time in time of peace more than 900,000 men inducted under the provisions of the bill.

The House amendment provided that, except in time of war, there should not be in active training or service in the land and naval forces of the United States at any one time more than a million men inducted under the bill.

The conference agreement provides that except in time of war there shall not be in active training or service in the land forces of the United States at any one time for the 12-month training and service period more than 900,000 men inducted under the bill.

Deferments of public officers

The Senate bill provided that the Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of the United States and of the several States and Territories and of the District of Columbia, and other executive officers of the United States and of the several States and Territories and the District of Columbia, whose continued service in the executive office held by them was found necessary to the maintenance of the public health, safety, or interest, should, while holding such offices, be deferred from training and service in the land and naval forces of the United States.

The House amendment provided that the Vice President of the United States, and the officers, legislative, executive, and judicial, except judges of inferior courts not of record, of the United States, and of the several States, Territories, and the District of Columbia, while holding such official position shall be deferred (which deferred classification might be waived) from training and service in the land and naval forces of the United States.

The conference agreement provides that the Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and of the District of Columbia, shall be deferred from training and service in the land and naval forces of the United States. The President is authorized by the conference agreement under such rules and regulations as he may prescribe, to defer training and service in the land and naval forces of the United States of any person holding any office (other than an office described above) under the United States, or any State, Territory, or the District of Columbia, whose continued service in such office is found, in accordance with section 10 (a) (2) (relating to local boards), to be necessary to the public health, safety, or interest.

Postponement of induction of certain students

The House amendment provided that in the case of students at certain colleges and universities who during the year 1940 entered upon attendance for the academic year 1940–41, the induction of such student was at his request to be deferred until the end of such academic year but in no event later than July 1, 1941.

The conference agreement contains this provision of the House amendment.

Selective Service System

Both the Senate bill and the House amendment provided for the creation of a selective service system. The Senate bill provided that the Director of Selective Service should receive compensation at a rate not in excess of $10,000 per annum. Under the House amendment the Director's compensation was to be fixed by the

President. The conference agreement adopts the provisions of the Senate bill in this respect. The conference agreement also provides that officers on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or in reserve components thereof, and officers and employees of any department or agency of the United States, who may be assigned or detailed to any office or position to carry out the provisions of the act, may serve and perform the functions of such office or position without loss or prejudice to their status as such officers or employees. Thus, Army, Navy, Marine Corps, or Coast Guard officers, or officers of reserve components thereof, so detailed or assigned will continue to receive the same pay, allowances, and benefits (including promotional and longevity rights and privileges), and all other rights and privileges that they have at the time of such detail or assignment and that they would continue to receive had they not been so detailed or assigned. The conference agreement also provides that any person appointed, assigned, or detailed to a position in the Selective Service System the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned, or detailed by and with the advice and consent of the Senate. A similar provision was contained in the Senate bill. Clerical and stenographic employees for local boards may, under the conference agreement, be appointed and compensated without regard to the civil-service laws and the Classification Act of 1923 as amended.

Both the Senate bill and the House amendment provided that the members of the local boards and the boards and agencies of appeal must be civilians and not connected with the Military Establishment. The provisions of the House amendment in this respect are contained in the conference agreement, and it is further provided that under no circumstances can Army, Navy, Marine Corps, or Coast Guard officers, either on the active or retired list, be assigned or detailed to a position of member of any such board or agency.

Both the Senate bill and the House amendment directed the Director of Selective Service to establish a personnel division with adequate facilities to render aid in the replacement in their former positions of persons who satisfactorily completed their training and service under the act, and to aid them in finding employment elsewhere if such replacement in their former positions was impossible or unreasonable. Under the Senate bill the same service was to be extended to members of the reserve components. The conference agreement provides that the director shall establish a personnel division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed their training and service under the act.

Jurisdiction of courts martial

The Senate bill provided that persons subject to the bill who fail to report for duty as ordered should be tried exclusively in the district courts of the United States and not by military and naval courts martial, unless such persons had actually been inducted for the training and service prescribed in the bill or unless they were subject to trial by court martial under laws in force prior to the enactment of the bill. The House amendment in such cases gave the courts martial and the district courts concurrent jurisdiction, and made failure of persons to report for duty subject to the laws and regulations concerning that branch of the land and naval forces to which they were assigned from the date they were required by the terms of the order to obey the same, even though they had not actually been inducted.

The conference agreement contains the provisions of the Senate bill in this respect.

Physical examinations

The Senate bill provided that each person inducted under the bill was to be given a physical examination at the beginning of his training and service, together with a medical statement showing any physical defects noted on such examination. Upon the completion of the period of training and service, he was to be given another physical examination, together with a medical statement showing any injuries, illnesses, or disabilities suffered by him during the period of his training and service.

The House amendment provided that the induction of a person into the land or naval forces of the United States should not be deemed to be complete until his physical and mental fitness for military or naval service should have been satisfactorily determined.

The conference agreement contains provisions similar both to the provisions of the Senate bill, as well as the provisions of the House amendment.

Authority to accept compensation from private employers

The House amendment provided that nothing contained therein or in any other act was to be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces under the provisions of the bill, or to members of the reserve component thereof now on or hereafter placed on any type of active duty, which persons and members were, prior to their induction for active duty, receiving compensation from such person, firm, or corporation. There was no similar provision in the Senate bill.

The conference agreement contains provisions similar to the House amendment in this respect with the omission of a provision contained in the House amendment limiting its application to persons below the grade of captain.

Persons discharged from private employment within 30 days prior to enactment of act—presumption as to cause of discharge

The Senate bill provided that any person who had been required to leave a position in the employ of a private employer, other than a temporary position, within 30 days prior to the enactment of the bill should be deemed prima facie to have left such position in order to perform the service required under the bill. This provision had the effect of requiring reinstatement by the employer after the completion of the employee's period of training and service. There was no similar provision in the House amendment.

The conference agreement omits this provision of the Senate bill.

No discrimination on account of race or color

The House amendment provided that in the selection and training of men as well as in the interpretation and execution of the provisions of the act there was to be no discrimination against any person on account of race, creed, or color. The Senate bill contained no similar provision of general application.

The conference agreement provides that in the selection and training of men as well as in the interpretation and execution of the provisions of the act, there shall be no discrimination against any person on account of race or color.

Employment of Communists and members of the German-American Bund

The House amendment provided that it was the policy of Congress that whenever a vacancy was caused in the employment rolls in business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of the act, such vacancy should not be filled by any person who was not a citizen of the United States or who was a member of the Communist Party or the German-American Bund. The Senate bill contained no similar provision.

The conference agreement contains the provisions of the House amendment in this respect except that the provisions relating to persons not citizens of the United States is omitted.

Parole of persons convicted of violations of act

The Senate bill authorized the President to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or in any other special service established pursuant to the act, of any person convicted of a violation of any provision of the act. There was no similar provision contained in the House amendment.

The conference agreement contains the provisions of the Senate bill in this respect.

Extension of Vinson-Trammell Act to Army and Navy ordnance

The Senate bill provided that the Vinson-Trammell Act should be applicable with respect to contracts hereafter entered into for weapons, munitions, or other military equipment procured by the Ordnance Department of the Army, and by the Bureau of Ordnance of the Navy, to the same extent and in the same manner as such provisions are applicable to contracts for aircraft. The House amendment contained no similar provision. The conference agreement omits this provision of the Senate bill.

Increase in base pay of Army

Both the Senate bill and the House amendment increased the base pay of enlisted men of the Army during the period during which the bill is to be in effect. The Senate provision was also made applicable tc the Marine Corps. The conference agreement also makes this increase applicable to the Marine Corps, and provides that enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as provided for enlisted men in similar grades in the Army. Under the conference agreement the increase in base pay provided for is to be effective on October 1, 1940, and is to be permanent.

Amendment to Soldiers and Sailors Civil Relief Act of March 8, 1918

Both the Senate bill and the House amendment made certain provisions of the Soldiers and Sailors Civil Relief Act of March 8, 1918, applicable with respect to the persons inducted for the training and service under the bill. The House amendment in addition amended that act by providing that nothing in section 301 thereof (relating to installment contracts) should prevent the termination or cancelation of a contract, or the repossession of property purchased under the contract, by mutual agreement of the parties thereto or their assignees. The conference agreement contains a similar provision, but requires that the agreement for termination, cancelation, or repossession be executed in writing subsequent to the making of the original contract and during the period of military service of the person concerned.

Definition of dependent

The House amendment defined "dependent" of a person registered under the bill to include only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such manner depends on income earned by such person in a business, occupation, or employment. The Senate bill did not contain any comparable provision.

The conference agreement contains the provisions of the House amendment in this respect.

Protection of voting rights

Both the Senate bill and the House amendment provided that persons inducted should, during their period of training and service, be permitted to vote by absentee ballot in the State of which

they are residents if under the laws of such State they are entitled to vote in such election. The conference agreement provides that any person inducted for training and service under the act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of the election, if under the laws of the State he is entitled so to vote at such election. It is further provided that nothing in this provision should be construed to require granting to any such person a leave of absence for longer than 1 day in order to permit him to vote in person at any such election.

Exemptions from registration

The Senate bill provided, in addition to those excepted from registration under both the Senate bill and the House amendment, that commissioned officers, warrant officers, pay clerks, and enlisted men of the Coast and Geodetic Survey and the Public Health Service should be excepted from registration. The conference agreement also provides for this exemption.

Adequate housing, etc., for persons inducted

The House amendment provided that induction should not be effected until adequate provision had been made for proper housing of the men selected for training and service. The term "housing" was defined to include such sanitary facilities, adequate water supplies, heating and lighting systems, medical care and hospital accommodations, as are in general accepted by the United States Public Health Service as essential to public and personal health. The Senate bill contained no similar provision.

The conference agreement contains provisions similar to those contained in the House amendment, but leaves the determination to the Secretary of War or the Secretary of the Navy, as the case may be.

Expiration date

Both the Senate bill and the House amendment provided that the act was to become inoperative and cease to apply on and after May 15, 1945, unless continued in effect by Congress. The House amendment excepted from this provision the provisions relating to service in the reserve components of the land and naval forces. The conference agreement also excepts from the expiration provision the provisions providing for the extension of pensions, disability allowances, etc., to men inducted for training and service under the act, and the provisions increasing the Army and Marine Corps base pay. The conference agreement also excepts from the expiration provisions the provisions creating a personnel division in the Selective Service System to aid persons who have performed their training and service under the act or who are members of reserve components who have performed their active service to secure employment.

ANDREW J. MAY,
R. EWING THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
DEWEY SHORT,
Managers on the part of the House.

EXPORT-IMPORT BANK OF WASHINGTON

Mr. WILLIAMS of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hairs none, and appoints the following conferees: Messrs. STEAGALL, WILLIAMS of Missouri, SPENCE, WOLCOTT, and GIFFORD.

SPECIAL COMMITTEE TO STUDY THE ANTHRACITE EMERGENCY PROGRAM

Mr. FLANNERY. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 564.

The Clerk read the resolution, as follows:

House Resolution 564

Whereas for many years past the anthracite industry of the Commonwealth of Pennsylvania has been suffering from widespread unemployment, unequal distribution of working time among mine workers and producers, insolvency of a large number of operating units, and mining in disregard of sound principles of conservation; and

Whereas acting under the authority of Pennsylvania statutes for the purpose of rehabilitating the anthracite industry and conserving anthracite deposits, the Commonwealth of Pennsylvania, in conjunction with the mine workers and producers, has established and is now administering an anthracite emergency program; and

Whereas the Congress of the United States should be informed as to the relation of said plan to effective conservation and to consumers' interests in States other than the Commonwealth of Pennsylvania and study the advisability of Federal action to supplement said plan: Now, therefore, be it

Resolved, That three Members of the House of Representatives be appointed by the Speaker to act as a committee to study the anthracite emergency program, its operations and effects, report the results of said study and make suitable recommendations to Congress.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, as I understand, this is just to create a committee of three to investigate, without any authority to subpena or call anybody before it, and without any appropriation whatever?

Mr. FLANNERY. That is right.

Mr. MICHENER. Is it the purpose, if this resolution should be agreed to, to go before the Committee on Accounts and ask for funds to carry on the investigation?

Mr. FLANNERY. No. The anthracite industry has apparently solved its own problems in Pennsylvania. It may or may not be necessary later to enact legislation to effectuate that program, which has already been adopted with the concurrence of the operators, the workmen, and the State officials. It is doubtful whether or not such legislation may be necessary, but if it should be necessary we want to be in a position here so that when the State legislature meets in January we may have had some conferences on the matter.

Mr. MICHENER. Then, all this resolution does is to permit this committee of three to be named by the Speaker to hold some conferences in reference to the Pennsylvania situation. The committee has no probative force and it asks for no money; it just wants to lend its good offices in a good cause.

Mr. FLANNERY. That is right.

Mr. BOLAND. Reserving the right to object, Mr. Speaker, as I understand this resolution it will have a great tendency to eliminate the bootlegging of coal, which we have in Pennsylvania. As I understand the resolution, this is the only way to get to the bottom of it and to help that situation. Is that right?

Mr. FLANNERY. It also may contribute to that.

Mr. SABATH. Reserving the right to object, Mr. Speaker, this will apply only to Pennsylvania?

Mr. FLANNERY. To the anthracite industry, that is all.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PENNSYLVANIA STATE NAUTICAL SCHOOL

Mr. WALTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 603) to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State nautical school, and for other purposes.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution as follows:

Resolved, etc., That the United States Maritime Commission is authorized, under such rules and regulations as it may prescribe, to furnish to the State of Pennsylvania for use by the Pennsylvania State nautical school a vessel suitable for merchant marine training, together with all her apparel, charts, books, and instruments of navigation.

SEC. 2. Any department or independent agency of the Government is hereby authorized, notwithstanding any other provision of law, to supply a suitable vessel for such use by the United States Maritime Commission: *Provided*, That the same can be spared without detriment to the service to which it is assigned.

SEC. 3. Any vessel furnished under the authority of this joint resolution shall be and remain the property of the United States and shall be maintained in good repair by the United States Maritime Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman state just what the resolution is intended to accomplish?

Mr. WALTER. The adoption of this resolution will permit the Navy Department to turn over to the Maritime Commission a suitable vessel that can be used by the school ship *Philadelphia*. The present vessel has been condemned, and they cannot even take it out of the Delaware River. It is tied up in the harbor now. Unless this resolution is adopted, the school ship, which has been in existence since 1889, will not be able to continue the work that has supplied so many very fine officers for our Navy. There is not a cent of money involved. The title to the vessel remains in the United States. This joint resolution merely permits the school ship to use any naval vessel that the Navy Department sees fit to turn over to the Maritime Commission.

Mr. MICHENER. There is legislation pending in Congress now, as I recall, to appropriate $10,000,000 to expedite, extend, amplify, and carry out this type of work. I am wondering about this. This is to be a naval ship turned over to the Maritime Commission. Will it be necessary to get the opinion of the Attorney General and to have the Chief of Operations be compelled to sign a certificate, inasmuch as this is a naval vessel, as was done in the case of the 50 destroyers recently? Will the President be permitted to go on and turn over any overage vessel he sees fit to the State of Pennsylvania for the purpose of carrying out the terms of this resolution?

Mr. WALTER. I just do not understand the gentleman's question.

Mr. VAN ZANDT. Reserving the right to object, Mr. Speaker, is it not true that the Pennsylvania Nautical Schoolship *Annapolis* is alongside of its dock at Philadelphia and not permitted to go to sea because it has been declared unseaworthy? Is it not a fact that the Pennsylvania Nautical School will graduate a class of cadets in a few weeks, and unless a vessel is made available immediately the annual fall cruise of this graduating class must be postponed?

Mr. WALTER. That is not entirely correct.

Mr. BLAND. Reserving the right to object, Mr. Speaker, the resolution was considered this morning by the Committee on Merchant Marine and Fisheries as an emergency proposition and reported unanimously by that committee. We thought that it was necessary that Pennsylvania should have a ship that it could at least take out of the Delaware River.

Mr. MICHENER. If there were one reason I would object to the consideration of a bill of this kind, it would be that it was given hasty consideration in the name of "emergency." We have had so much "emergency." The term "emergency" has lately been changed into "national defense." The country is getting tired of emergency. The fate of the Republic does not depend on this transfer. It is not so important that we should place so much stress on the question of emergency. If we cannot get this thing out without the emergency complex, then perhaps we should let it go until later.

Mr. BLAND. The emergency, if the gentleman will pardon me, to which I referred, was the emergency of the school ship of the Pennsylvania State Nautical School and not to the country. [Laughter.] They need this ship.

Mr. McGRANERY. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. McGRANERY. The distinguished gentleman from Virginia has stated that an emergency exists as to the school ship for the Pennsylvania Nautical School, having in mind, I presume, the graduation of the cadets now in training.

Mr. BLAND. Yes; and the continuation of the services of the school ship.

Mr. McGRANERY. And without this ship they would not be able to continue their training in seamanship?

Mr. BLAND. I do not see how you can train boys with a ship that cannot even go out in the river and has been condemned absolutely for navigation purposes, and the purpose of this is to supply a ship that can at least go out on the river.

Mr. WALTER. May I say to my distinguished friend from Michigan that this legislation would not be necessary if it were not for an appropriation act of several years ago. Ordinarily, or in the absence of legislation of that sort, the Navy Department would have the authority to turn a suitable vessel over to a State, just as they turned over the vessel that is now being used and is no longer suitable.

Mr. MICHENER. May I say that I realize that the gentleman from Pennsylvania [Mr. WALTER] would not bring this bill in here under these conditions if it were not a meritorious bill. I serve on a commitee with the gentleman and I know his general reactions. I withdraw my reservation to object.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. VAN ZANDT. The gentleman understands there is now pending a bill that will provide the State nautical schools of Massachusetts, California, and Pennsylvania with new vessels and that the bill provides for an appropriation of $10,000,000 to cover the cost of construction of these vessels.

Mr. WALTER. That is correct.

Mr. VAN ZANDT. Do I understand, if the resolution of the gentleman from Pennsylvania is adopted, it will supersede the bill now pending before the Rules Committee?

Mr. WALTER. Indeed, no. I am very much in favor of that bill which the gentleman has referred to, but, after all, if that bill should become a law, we will still be without a school ship until a ship is constructed.

Mr. VAN ZANDT. The gentleman realizes it will take at least 2 years to construct new vessels and that the resolution simply provides a temporary vessel for the use of the Pennsylvania Nautical School during that time.

Mr. WALTER. Yes; at least that long.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. BRADLEY of Pennsylvania. Regarding national defense and the present emergency, is it not true that the Navy Department has expressed a desire to commission some of these graduates in the regular line of the Navy as well as the Reserve, because of the shortage of officers?

Mr. WALTER. Oh, yes; as a matter of fact, the graduates of all of these schools are commissioned as ensigns in the Naval Reserve.

Mr. BRADLEY of Pennsylvania. And they will commission some of them in the regular line of the Navy under the present emergency?

Mr. WALTER. Yes.

Mr. BRADLEY of Pennsylvania. I have been on board this ship and it is tied up to the dock and they do not dare to take it out into the middle of the river, for fear they may not be able to get it back.

Mr. SABATH. Mr. Speaker, reserving the right to object, I desire to ask the gentleman a question. A few moments ago the gentleman from Michigan propounded a question to the gentleman asking if it was not a fact that the country is getting sick and tired of these measures. May I not ask this question? Is it not a fact that the country is getting sick and tired of the unnecessary delays in legislation?

Mr. TABER. Regular order, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Nebraska [Mr. CURTIS] may be given permission to extend his own remarks and include therein a petition we received from the drought-stricken farmers in the State of Nebraska.

The SPEAKER pro tempore. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that I may proceed for 10 minutes after the other special orders heretofore agreed to today.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that following the other special orders of today I may be permitted to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Indiana [Mr. SCHULTE] is recognized for 15 minutes.

THE MILK SITUATION IN THE DISTRICT OF COLUMBIA

Mr. SCHULTE. Mr. Speaker, because of events that have happened in the past several days, I find it necessary at this particular time to rise on the floor of the House to protect the integrity of the committee that I have the pleasure of belonging to, as well as to protect that committee from any criticism that may be heaped upon it in the future because of current events.

So that some of the Members may know what I am about to speak on, let me say that last year it was found necessary to pass a resolution in this House to investigate the milk monopoly that exists in the District of Columbia. The resolution was introduced by our good friend and colleague the gentleman from Virginia [Mr. SMITH], a member of the Maryland-Virginia Producers Association. The reason for the introduction of this resolution was the fact that the Maryland-Virginia Association, which controlled and monopolized the production and distribution of all milk consumed in the District of Columbia, and nearly all in the northern part of Virginia, and practically all in Baltimore, found there was some bootleg milk, as they called it, coming in from Indiana, from Pennsylvania, from Ohio, from Wisconsin, and from Michigan. They went so far as to solicit the aid of the corporation counsel in the District of Columbia, paid by the taxpayers of the District of Columbia, to protect their interests, and rightly so.

Immediately upon the introduction of this resolution the corporation counsel found it necessary to get six policemen from the District of Columbia, take them away from their police duties, and trail and follow these so-called bootleggers, as he termed them, for 60 days, and follow them all over the country and never has this been done before, not even for murders, and all of this to satisfy the monopoly and all at the expense of the taxpayers of the District of Columbia. They trailed them through the State of Pennsylvania, through the counties of Adams, Franklin, and York, where they were also getting some milk—milk that the farmers were glad to sell and make some money.

Mr. GROSS. Will the gentleman yield?

Mr. SCHULTE. No; I will not yield to my friend. You saw fit to attack me and would not yield.

Mr. GROSS. You mentioned my district——

Mr. SCHULTE. I hope you will be a gentleman and obey the rules of the House. They trailed them for 60 days through the counties I have mentioned. There are a great many farmers in the counties of Adams, Franklin, and York in Pennsylvania and near and adjacent to counties here who are very desirous of selling their milk in the District of Columbia, where they may get 25 or 30 cents a gallon for their milk.

Mr. GROSS. Will the gentleman yield?

Mr. SCHULTE. I hope the gentleman can understand English. I said "No." I hope you understand that.

The people in his district, the farmers that he is supposed to represent, are among the individuals who are clamoring today for us to knock down this barrier that exists in York, Adams, and Franklin Counties so that those farmers may join with the other farmers who are locked and blocked out of here to sell milk in this very section of the United States that is the highest priced in the country.

The gentleman from Pennsylvania undertook to criticize me. He said:

This organization—

Meaning the milk producers of Maryland and Virginia—

has long served this municipality with a quality of milk unsurpassed in any other market.

The gentleman from Pennsylvania, for once in his life, is right. That best quality milk came from Indiana, Illinois, Ohio, Michigan, Wisconsin, and Pennsylvania. He is exactly right "with the best quality," because in tracing this so-called bootleg milk, not only was one particular industry involved or one particular dairy involved, but the Maryland-Virginia producers who were yelling "wolf" were also bootlegging milk in from the same States, to be sold in the District of Columbia, without any inspection whatsoever.

Now I will yield to the gentleman from Pennsylvania.

Mr. GROSS. I have no questions to ask, but I will ask, before the day is over, for 20 minutes to answer your remarks.

Mr. SCHULTE. The gentleman can have all the rest of the afternoon. I am sure it will be entertaining to the people who want to sit and listen to him. I am sure it will be funny, because the gentleman from Pennsylvania is always amusing.

The gentleman accuses me. He says I am connected with or have some interest in an organization called the Sunshine Dairy, in Indiana. I never heard of the Sunshine Dairy, but I hope and pray, if they are in Indiana that they have been more successful than some of the others in getting products in here and attacking the monopoly that exists in this district.

This particular corporation counsel took these officers away from here for 60 long days trailing this bootleg milk. They finally followed it into the District of Columbia. These men were treated as criminals of the worst type, criminals of the worst kind; the men who brought this milk in, because they attempted to bring decent milk into this holier-than-thou District, reserved only for Maryland-Virginia producers, and the milk trust that exists, and is a part of this combine. But upon testing the milk that came from Pennsylvania, upon testing the milk that came from Indiana, Ohio, Michigan, and Wisconsin, it was found far superior to the milk being sold in the District of Columbia that was produced under the so-called rigid rules of the District Health Department.

Mr. GROSS. Now, will the gentleman yield?

Mr. SCHULTE. Will the gentleman get me more time?

Mr. GROSS. I have no time to give away.

Mr. SCHULTE. Mr. Speaker, that is just a part of the story. I want to be decent and fair to my friend who has accused me of practically everything, including that of representing a dairy here. He appeared before the committee. I hate to bring these things up because it is so unfair, but he seemed to respect no one; he saw fit to respect no one connected with this committee. It is a matter of record that he testified before the committee that the plight of the farmers of Pennsylvania was very severe. Oh, it was terrible; so terrible that he as a Member of Congress getting $10,000 a year found it necessary that his wife and children stay home and milk the cows.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. I yield.

Mr. GROSS. And I have no apologies to make because we work on our farm.

Mr. SCHULTE. That is right.

Mr. GROSS. And if certain people in the district the gentleman represents had done what we do, they would not be doing some of the things they are doing; they would get busy, do their own work, and make a market for their product.

Mr. SCHULTE. I am sorry the gentleman sees fit to attack the producers of the best milk in the country. I am sorry the gentleman found it necessary with men on the W. P. A.——

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. SCHULTE. I refuse to yield.

The SPEAKER pro tempore. The gentleman declines to yield.

Mr. SCHULTE. I am sorry the gentleman finds it necessary with men idle in Pennsylvania—Adams, York, and Franklin Counties—men begging for relief in Pennsylvania—that he getting $10,000 a year does not hire one of those men and give him a chance to make a living.

Mr. GROSS. Will not the gentleman please yield?

Mr. SCHULTE. No; I will not yield.

Mr. Speaker, I also made the statement that the committee investigating the milk situation in the District of Columbia had been sold down the river. If the newspapers are telling the truth, and all we know is what we read in the papers, Elwood Seal has handed in his resignation to be effective as of October 31. That is what we read in the papers. He will then join the Maryland-Virginia Producers' Association, a part of this monopoly, as general counsel. Now, this is also part of the trust that admitted violating the law here and bringing in milk. In other words, when I made the statement that the District of Columbia Committee investigating the milk situation in the District of Columbia had been sold down the river evidently I was right at that particular time. And I want to say to my friend that there is not a Chinaman's chance of getting any place in trying to break up this milk monopoly unless we can get some agency of the Federal Government to go in and break it up.

Who are these people that set themselves up as holier than thou? Talk about dictators. Mr. Speaker, right here in the Capital of our Nation is the place to start wiping them out, and I am not referring to the gentleman residing at 1600 Pennsylvania Avenue, either.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. I shall be pleased to yield to my distinguished friend from Pennsylvania.

Mr. BRADLEY of Pennsylvania. Did the gentleman state that the attorney who was supposed to protect the people of the District has accepted a position as general counsel with the Milk Trust?

Mr. SCHULTE. I will say to my good friend that he is exactly right. During the hearings we found it impossible to get to the bottom of things because of his constant interference.

Mr. McKEOUGH. Mr. Speaker, will the gentleman yield?

Mr. SCHULTE. I shall be pleased to yield to my friend from Chicago.

Mr. McKEOUGH. In the judgment of the gentleman from Indiana, is there any relationship to the date as to which the resignation is to be effective? As I understood the gentleman from Indiana, he stated it was to become effective on October 31. I am wondering whether or not the forward date of resignation is in any way associated with the fact that the gentleman who has served the District as corporation counsel might assume that the Congress would not be in session on October 31, or thereafter, thereby precluding any further investigation of this monopoly that controls the District of Columbia milk? I wonder if there is any connection with that forward date of the effectiveness of his resignation?

Mr. SCHULTE. I do not know. I am giving you some of the high lights and some of the things that were placed in our way during the hearings. This milk monopoly I am criticizing here this afternoon has gone this far: There is one particular dairy in the District of Columbia called the Embassy-Fairfax Dairy, and at one time while the hearings were going on that dairy offered to sell milk in the District of Columbia for 11 cents or 12 cents a quart delivered if they could get inspection. I went down with them and applied for an inspection application, and I was politely told that they did not have the inspectors to go around.

Mr. McKEOUGH. In that connection, it is my recollection at the time this matter was originally before the House it was developed that the standard required for the protection of milk consumers of the District of Columbia was not as high in requirement as that which prevails in the city of Chicago.

Mr. SCHULTE. That is right.

Mr. McKEOUGH. Incidentally, may I take this occasion to indicate to the House that the city of Chicago, very well protected by reason of its regulations in connection with its milk supply, is very happy to secure whatever requirements are needed from the gentleman's State of Indiana, and I point that out merely to indicate that Chicago, whose standard, as I understood it, was at least as high as the District of Columbia, if not higher, is the healthiest city of its size in the world.

Mr. SCHULTE. May I say to the gentleman that after a great many Members of this body who are lawyers read the account in the newspaper that our good friend, the Corporation Counsel, was resigning to join the Maryland-Virginia producers that he was supposed to be fighting because of violating the law and also bootlegging milk here, were dumbfounded and they are severely criticizing that action today, to the extent that some Members have asked for a resolution enjoining any attorney employed by any municipality from accepting a position with any public utility or any organization of the type or kind of the Maryland-Virginia Milk Producers or any trust for a period of a year. The lawyers in this House resent that action. They are very much surprised this betrayal of a committee, as they call it, would happen, and rightly so. Now, here is a little story: Down in a little place called Occoquan, Va., a milkman was selling milk for 11 cents a quart, and doing a nice business at a profit; but that same crowd was successful in having a State law passed in the State of Virginia, and this milkman came back and told the people that it was necessary for him to charge 14 cents a quart now, that he did not want to charge that, that he had been making money at 11 cents, but the State law said he had to charge 14 cents.

Mr. Speaker, they talk about the nickel milk in the District of Columbia. The mother of a child can have 1 pint a day. Oh, they are generous. One pint of milk to a mother a day. Why is that, or is it as the gentleman from Pennsylvania remarked the other day, as he stated that they might sell it; Heaven forbid. They are afraid that that mother might get sufficient milk. They want to force her to buy more milk. I am talking about mothers on relief. I am talking about people who must accept charity. This monopoly is going to be generous and sell the mothers a pint of milk a day. And the doctors here say at least 2 quarts are necessary and cannot believe that is all they will allow them.

[Here the gavel fell.]

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore (Mr. SPARKMAN). The gentleman from Ohio [Mr. BENDER] has a special order.

Mr. BENDER. Mr. Speaker, if it will not be taken out of my time, I do not object.

The SPEAKER pro tempore. Is there objection?

Mr. GROSS. Reserving the right to object, if the gentleman will answer a question, I will not object

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana [Mr. SCHULTE]?

There was no objection.

Mr. GROSS. Will the gentleman yield?

Mr. SCHULTE. I yield to the gentleman.

Mr. GROSS. Since you from Indiana come in here and are so much concerned about the milk in the District of Columbia, and charge that the people here are getting cheap milk, will the gentleman tell this committee what he has done to give the people of his own district and community cheap milk?

Mr. SCHULTE. I will say to my good friend that they have been getting that long before he started milking a cow.

Mr. Speaker, let me go on further with this. The head of this organization, a Mr. Derrick, was formerly employed by

the Department of Agriculture. That is why we cannot get anywhere. He was a former employee of the Department and immediately after the hearings were finished his salary was increased from $10,000 a year to $12,500 a year, and everybody else's salary was increased. Where does that money come from? There is only one place it can come from and that is from the consumers of this milk.

Mr. Speaker, those are the things we resent. We resent placing all of this burden on the backs of the people of the District of Columbia, who have no defense except through the membership of this House, and these people must depend on our help. And they are sure in need of it. Now, here is a good one:

The Maryland-Virginia Producers—and this is a matter of record—testified that not only did they bootleg milk in just as much as any other dairy but, in addition to that, they went so far as to tell the dairies in the District of Columbia that if they could get any business away from the Fairfax-Embassy Dairy that they would sell that milk to them—that is, the other dairies—for 17 cents a gallon on all business that was taken away from the Embassy-Fairfax. Talk about the Fair Trade Commission and downright rottenness. When some of us heard this we could not believe it could happen here. Now, let me say here that there are some members of the Virginia-Maryland Producers Association who did not know this, and, in fairness to them, they objected. But most of the members jump sideways when Mr. Derricks snaps his fingers—and, believe me, they sit down. They do not want a monopoly, but are afraid to say anything. But let us get back to the idea of selling 17-cents-a-gallon milk to all others who could get orders from the Fairfax Dairy.

Any other milk that they got they would have to pay 28 cents a gallon for. Where is our Federal Trade Commission? We called on the Federal Trade Commission and asked them for help. I do not mind telling you as a member of the committee that was investigating this situation that cur hands were tied. We did not have the proverbial Chinaman's chance of getting down deep into it. The further we got the higher the stench reached, and the stench of this thing reached to the high heavens, I am frank to tell you that.

You all know the history of what this combine resorted to, trailing the members of this committee and trying to find them in an embarrassing position—trailing the members of this committee, and using the District police to do it, and even the police resented it. That is how far their "in" really goes in this town. It is one of the greatest rackets that has existed since the time of the bootlegging of whisky. This is really a racket. Our good friend the mayor of New York City, Mayor Fiorello LaGuardia, former Member of this House, has attempted to break up the monopoly in that city and in the State of New York, and he is making some headway in it.

I do hope that sometime we can give relief to the people of the District of Columbia and help them to solve their problem. The only way we can do that is to give them the right of suffrage, and whether we like it or not is beside the point. If we are going to be honest and fair with the people in the District of Columbia, they must have suffrage so they can clean out some of the departments downtown. Then it is entirely up to those people to regulate their own business to their own wants.

I thank the House for giving me this time to speak about the milk situation. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. McGRANERY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short report of the Dies committee concerning Mr. Byior.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. BENDER] is recognized for 30 minutes.

LABOR'S FORGOTTEN MILLIONS

Mr. BENDER. Mr. Speaker, people throughout this country have finally caught up with the New Deal. At the Chicago convention we found out a lot of things that we had always suspected. We discovered, for example, that all the talk about cleaning up politics was so much hot air. Even the most loyal followers of the New Deal were shocked at the way the convention was railroaded. When they found that the "angels" of Washington had parked their wings and were using the boys from the back room to do the job, even they got disgusted.

The Chicago convention was bad enough, but we have even worse. The head of the New Deal, the Lord High Executioner himself, had a lot to do with Chicago.

But when he said that he would have no time to engage in "purely political debate" and that he had been forced to "abandon proposed journeys to inspect many of our great national projects from the Alleghenies to the Pacific," he spoke a couple of mouthfuls.

Now it appears that he had his tongue in his cheek when he spoke. Somewhere in all his duties he has dug up enough time to prepare, or have prepared, a speech which he delivered last night over a Nation-wide hook-up. If he has this much time, why not debate with Mr. Willkie?

What has the President done since July 19, when he accepted the first nomination in his second series? From July 19 to September 11, 54 days have elapsed. The President of the United States has been in Washington just 22 of those 54 days. Thirty-two days have been spent outside of Washington, and of those 32 no less than 16 days have been devoted to some of those proposed journeys to inspect national projects about which the President spoke so feelingly on July 19. The President said that he would have neither the time nor the inclination to engage in political debates. What he meant was that he did not have the inclination. The President was deeply concerned over leaving the White House because he required easy access by direct telephone to Europe and Asia. Hyde Park must be very heavily wired, because the President has spent one-half of his time since July 19 right there. Every time a week end rolls around that old yearning to go fishing apparently wins the day from the White House.

The Republicans do not object to the President's recreation; but when he goes fishing in the troubled waters of international politics, we say it is time to stop kidding the public.

We have swallowed enough bait in the last 8 years, and it is just about time that the people of this country got off the hook and started doing a little fishing for the right kind of executive leadership that this country needs.

Most dramatic of all the Roosevelt campaign slogans was his appeal to the Nation's "forgotten man." The very vagueness of the term constituted an open invitation to every citizen of the Nation to include himself among these "forgotten." As one man, millions of Americans suddenly felt that they were coming home; that they had been left out in the cold until the great moment when remembrance dawned.

But no group felt itself more keenly drawn within the hazy outlines of this great new "forgotten" class than the working people of our Nation. Deeply within its membership, labor has felt itself the victim of long discrimination. Our workers feel that their contribution to the development of American prosperity has been the most vital single factor in our phenomenal development, yet they regard their share in the wealth they have helped to create as the least enduring. It is not enough for the people of our land to esteem labor, to honor it with a place in the Nation's councils. Our workers want and need the substantial benefits of increased wages and increased leisure.

To be sure, these processes have been accelerated throughout the last 25 years. Modern social trends have raised wages,

shortened hours, and developed a growing body of compensation legislation. Restraints upon the employment of women and children, the fixing of minimum wages, social-security measures have taken us a long way forward. We must recognize that there is still a long way yet to go.

In this fertile soil, the new dealers have planted the conviction that they alone are labor's friends. Like so many of the skillfully conceived suggestions of the present administration, the labor picture of the Republican Party, painted by New Deal artists, is utterly false. The very origins of the party refute the charge; for the Republican Party was born in the minds of free laborers bitterly opposed to the perpetuation of slavery. Nor have we ever forgotten the working people of the Nation. There is nothing historically new in the attempt of the Federal Government to substitute a national labor policy for the individual policies of employers. The purposes of the present administration centering about the organization of labor and the assurance of the right of collective bargaining are no inventions of the New Deal. In the period from 1917 to 1918, the War Labor Board furnished the basic precedent for modern labor policies. The administration of Republican President Calvin Coolidge as far back as 1926 sponsored the Railway Labor Act which contains the essential guaranties of the rights of the laborer. In the 4-year term of President Herbert Hoover, the Norris-LaGuardia Act was passed by a Republican Congress with the precise language adopted by the Democrats for the preamble of their much-publicized N. R. A.

Clearly the Republicans are no less alert to the necessity for safeguarding and extending the rights, privileges, and opportunities of the workingmen and women of this Nation than their opponents. It cannot be asserted that the New Deal has launched a new day for labor without conceding that present-day legislation is the direct product of a long development in which the Republican Party played a glorious part.

It must be clear after 7 years that the administration has been highly inconsistent in its treatment of the Nation's workers. Its policies toward labor, like so many others which have been put forth, are perfect illustrations of the refusal to let its right hand know what its left hand doeth.

From the very outset the meanderings of Democratic national policies were apparent. Section 7–A of the National Industrial Recovery Act was written into the emergency legislation of the Seventy-third Congress in 1933 to "remember" labor. Like its predecessor in American labor legislation, the Clayton Act of 1916, it was hailed as the great step forward, "emancipating" labor. Yet, long before the death of N. R. A. at the hands of the Supreme Court, the phrasing of section 7–A had been proved capable of many diverse and inconsistent interpretations. Within 15 months the New Deal's administrators were themselves at odds over labor policies. Strikes, physical violence, the "sit down," and a general trend in public opinion unsympathetic to labor have followed in the wake of the administration's failure to solve its major problem, unemployment. Today, in 1940, labor is still on the barricades.

Any impartial examination of the position of labor today is discouraging to those who seek the strengthening of the workers' position. Some 8,000,000 men and women are members of labor organizations throughout the Nation. The contest between the leadership of the American Federation of Labor and the Congress of Industrial Organizations has become a bitter battle between two uncompromising groups. Personal attacks by the leaders of both organizations add to the hostility. Public support is solicited by each side. Jurisdictional disputes flare up in plant after plant throughout the Nation. Contests for the approval of workers within every great industry evoke fierce clashes at factory gates and union meetings. The activities of the National Labor Relations Board have completely reversed their early trend. They are no longer concerned primarily with the attitude of employers; instead they are now devoted largely to the settlement of jurisdictional disputes between conflicting unions. The American Federation of Labor declared that the National Labor Relations Board "has brazenly and by official acts declared itself a proponent of the C. I. O., fostering its interests and by the effect of its decrees recruiting membership for the C. I. O."

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. BENDER. I yield.

Mr. HOFFMAN. The gentleman has been speaking about the Labor Board?

Mr. BENDER. Yes.

Mr. HOFFMAN. Will the gentleman permit me to read the following from an editorial appearing in the Washington News?

These small-bore New Deal administrators have enjoyed so much self-exaltation in functioning at one and the same time as judge, jury, and prosecutor, and have gloried so much in the power to set off employees against employers, and unions against unions, that they have at times lost sight of the real purposes of the law they administer. Among the results have been sit-downs, jurisdictional strife, and interruptions in pay days to men and women who could ill afford interruptions.

Mr. BENDER. I thank the industrious and distinguished gentleman.

Picket lines are established by one union against the other. In the mining fields, C. I. O.'s United Mine Workers are divided by the American Federation of Labor's Progressive Miners. Negotiations seeking to draw unions affiliated with C. I. O. back into A. F. of L. ranks go on incessantly, and vice versa. The battle lines are drawn. Labor seems hopelessly divided, and the principle of collective bargaining is weakened and endangered. Dissension has spread to the point where it has divided not only the American Federation of Labor from C. I. O. but has also split the membership of C. I. O. itself. The strong International Ladies' Garment Workers' Union has left C. I. O. The United Automobile Workers are no longer united. Maritime unions on the Pacific coast have been divided into vigorously opposing forces.

These disquieting circumstances have given the New Deal pause. There have been more strikes under the present national administration than at any other time since the World War era.

But the strike was a weapon which the Government experts of the New Deal had not bargained for in framing their policies. Gen. Hugh Johnson, more than 6 years ago, declared that "Labor does not need to strike under the Roosevelt plan." He insisted that the code system established by N. R. A. offered labor "a complete and highly effective protection of your rights. The plain, stark truth is that you cannot tolerate the strike." Labor's answer was an outbreak of strikes throughout the Nation.

Now, this is a record of the strikes from the year 1930 up to September 1939:

Year	Administration	Number of strikes
1930	Republican	637
1931	do	810
1932	do	841
1933	Democratic	1,695
1934	do	1,856
1935	do	2,014
1936	do	2,172
1937	do	4,470
1938	do	2,772
To September 1939	do	2,721

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. BENDER. Yes.

Mr. HOFFMAN. And in Michigan this week, the Fisher Plant No. 1 of the Buick Division of General Motors employees, 6,800 of them, have walked out and the plants are closed, not because of any dispute with the employer, but because of a dispute between the A. F. of L. and the C. I. O.

Mr. BENDER. During the months of May, June, and July 1934, strikes hit the Pacific and Gulf Coast ports. Agricultural workers in California, Ohio, and New Jersey; iron and copper miners, textile workers, in Alabama; taxi drivers, theatrical workers, truckers, in New York and Minneapolis

walked out on their jobs. In the 8-month period from January to August 1934, 28 workers were killed in strikes and labor disputes. Succeeding months brought no better results. Toledo's Electric Autolite Co. and Akron's rubber plants were hit by devastating strikes which seriously affected the lives of thousands of workers, and the economy of the entire community.

In San Francisco, a general strike stopped work for more than 75,000 employees. Before the matter was closed, 32 men had been wounded and 2 killed. Almost incessantly, major tie-ups of industry have continued to take their toll of national employment. The process has gained momentum yearly. We have had over 9,000 strikes in 3 years. By 1939 the resentment of the general public over increasing union disturbances was reflected in a rising tide of antiunionism. The oft-cited boons of the New Deal had become a boomerang.

The antitrust division of the Federal Government has turned its guns on union officials, representing a revival of the theory that strikes are conspiracies in restraint of trade. In 12 areas of the Nation, inquiries set in motion by the Department of Justice are examining union practices. Only half-hearted efforts to bring the contending factions of labor together have been attempted by the Federal Government. A wave of legislation hostile to the interests of labor has swept the States. Wisconsin, Pennsylvania, Michigan, and Minnesota have adopted measures restricting picketing and strikes, and authorizing frequent injunctions in labor disputes. Resentful of the complete failure of his labor program to achieve its objectives, the President of the United States, chief spokesman of the New Deal, has given classic expression to his bitterness with the invocation of a "plague on both the houses" of labor.

You will recall that statement President Roosevelt made in which he said "A plague on both the houses," expressing his contempt for labor and for the division of labor as a result of his own derelictions and his own faulty policies.

Meanwhile the average annual income of all workers, estimated to be $1,450 in 1929, sank to an estimated $1,244 in 1936. The fact that some 750,000 workers were believed to be below the 25 cents per hour Federal minimum wage law indicates that today in 1940 we still have vast groups of industrial laborers who earn less than $572 per year. Hundreds of thousands of agricultural and domestic workers undeniably earn even less.

You know when Roosevelt hands us a sugar-coated pill on the radio, somehow or other with the beautiful oratory he gives us, we are prone to forget the facts. I am reminded of a man who was selling a woman five shares of building and loan stock. This man sat across a table from this dear old lady giving her a strong argument as to why that building and loan stock would be most valuable to her and how it would make a rich woman of her. After he had talked to her for about half an hour this woman, who sat looking at him and listening to him attentively, said, "Why, Mr. Hinchliffe, you have beautiful eyes."

So it is with Mr. Roosevelt. He says a lot of words and you hear the words he says and you unconsciously feel that you are hearing something that is wonderful and great, but all the time he is spreading that baloney and giving you oratory. We still have in this country between eight and ten million people out of work, and those people would not be going to work unless the American Congress had provided an appropriation of over $14,000,000,000 in defense money. Always to get employment in this country we have to spend the taxpayers' money and get the taxpayer further in the hole.

Recently a woman in Toledo was called upon by the census taker. When the census taker asked her about the size of the mortgage on her home she said it was $48,000,000,000. When she made that remark he had her arrested, but the judge acquitted her, because the size of that mortgage was $48,000,000,000. It is almost $50,000,000,000 today. That mortgage is on the home of every laboring man, it is on the home of every farmer in this country. He has gotten us into a mess, and if we permit him to continue for another 4 years, God help us.

Mr. HOFFMAN. Will the gentleman yield?

Mr. BENDER. I yield.

Mr. HOFFMAN. The very apt story just related by the distinguished gentleman from Ohio, which illustrated so well the characteristics of Mr. Roosevelt, calls to mind a reputed incident in the childhood of our first President, the revered George Washington.

It will be recalled that tradition has it that, when his father found a cherry tree on the old farm which had been cut down and George was asked about it, he courageously replied, "Father, I cannot tell a lie."

Franklin D. Roosevelt prides himself upon being a breaker of precedents. Is this one, established by our first President, another one of those broken by our present President?

Washington said, "I cannot tell a lie." Let those who listen to the President's fireside chats and his public utterances call to mind the statement of our first President as they listen to the charming voice of Mr. Roosevelt.

Just the other day President Roosevelt said that he did not comment on pending legislation. The days of the boy who cut down the cherry tree are in the dim past.

Mr. BENDER. I thank the gentleman from Michigan. To say that the situation is appalling is to put it mildly.

Labor under the New Deal has watched its hopes and aspirations turning into gall and wormwood. The best of organizations disappear when they achieve no tangible result. C. I. O. and A. F. of L. are equally threatened by the persistence of mass unemployment.

Labor has learned that the administration's protestations are meaningless so long as work for the laborer's hands is nowhere in sight. Men need work. Their prospects for getting it are dark indeed if we have a continuation of the New Deal.

Only a Republican victory can change this outlook. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent that on Monday, after the disposition of business on the Speaker's desk, I may have 20 minutes in which to answer the charges of the gentleman from Indiana [Mr. SCHULTE].

The SPEAKER pro tempore (Mr. CONNERY). Without objection, it is so ordered.

There was no objection.

ACQUISITION OF NAVAL BASES IN THE WESTERN HEMISPHERE

The SPEAKER pro tempore. Under special order of the House heretofore entered the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, today I introduced the following resolution:

Resolved, That the President of the United States, if not incompatible with the public interest, is requested to inform the House of Representatives whether in the negotiations of the arrangement between himself and the Secretary of State, representing the Government of the United States, and the British Ambassador at Washington, representing His Majesty's Government in the United Kingdom, for the acquisition by the United States of naval bases in the Western Hemisphere, and the exchange therefor of certain vessels of the United States, said arrangement contemplated further delivery to Great Britain of additional naval and military equipment and material as would appear from the letter of the British Ambassador to the Secretary of State dated September 2, 1940, wherein it is stated that certain islands in the Caribbean, and in British Guiana will be leased to the United States by the British Government "in exchange for naval and military equipment and material which the United States Government will transfer to His Majesty's Government," and whether the reply of the Secretary of State to said letter of the British Ambassador that "the United States Government will immediately transfer to His Majesty's Government 50 United States naval destroyers," meant that additional naval and military equipment and matériel would follow.

Mr. Speaker, I maintain that the people of the country are entitled to know whether the administration has in mind transferring to Great Britain more than the 50 destroyers.

We are told, in effect, that more will be transferred, more naval equipment and military equipment and matériel.

This is a privileged resolution, and will go to the Committee on Foreign Affairs. May I say, Mr. Speaker, that although Europe is aflame, untold horrors are going on there, the East is aflame, our Foreign Affairs Committee meets very seldom, and as a committee we are given very little information. I maintain that the people of the country are entitled to know what is going on. The Congress should be told the extent of any danger that we may be in.

I wish to draw attention to a letter of September 3, 1940, from Admiral Stark, written to the President of the United States.

The letter to the President of the United States begins:

1. Concerning the proposed transfer of destroyers to Great Britain in exchange for naval air bases, the Attorney General of the United States, in an opinion, held as follows:

He quotes the opinion of the Attorney General [reading]:

It is my opinion that the Chief of Naval Operations may and should—

Note that—

may and should certify under section 14 (a) that such destroyers are not essential to the defense of the United States if in his judgment the exchange of such destroyers for strategic naval and air bases will strengthen rather than impair the total defense of the United States.

May I say here that Admiral Stark is a very fine man and a very gentle, friendly man. Admiral Stark apparently supinely obeyed the command of the Attorney General.

You will note that the Attorney General, in his opinion, said "may and should." Admiral Stark goes on to say [reading]:

2. It is my opinion that an exchange of 50 over-age destroyers for suitable naval and air bases on 99-year leases in Newfoundland, Bermuda, the Bahamas, Jamaica, Santa Lucia, Trinidad, Antigua, and in British Guiana will strengthen rather than impair the total defense of the United States. Therefore I certify that on the basis of such an exchange and in accordance with the opinion of the Attorney General of the United States, the 50 over-age destroyers of the so-called 1,200-ton type are not essential to the defense of the United States.

And it is signed "H. R. Stark, Admiral, United States Navy, Chief of Naval Operations."

Mr. Speaker, in order to enable the transfer of the destroyers, the Attorney General advised that it could and should be done upon certification by the Chief of Naval Operations that they "are not essential to the defense of the United States if in his judgment the exchange of such destroyers for such naval and air bases will strengthen rather than impair the total defense of the United States." It was necessary to make this broad interpretation, and especially to regard the Navy as a part of our total defense, in order to meet the objections of Admiral Stark, who had testified before Congress that we need all our ships, and who, moreover, felt that the law providing for his certification related solely to the naval defense of the country. As has been proven by many incidents in the past, as well as by the sale and transfer of munitions, this administration regards a law as something to be gotten around, rather than a mandate to be implicitly obeyed.

I wish to draw attention to the fact that it has been generally assumed that the 50 destroyers completed our obligation to Great Britain, but this assumption is obviously incorrect.

It might conceivably cover the destroyer delivery which in my opinion is doubtful, but obviously it does not cover that of patrol boats in paragraph (b) of the Attorney General's opinion to the President nor of military equipment and munitions. Moreover, the transfer required in Lord Lothian's note shows that it is to occur in the future. This means that the transaction does not relate to those that have occurred in the past. We can safely forecast, therefore, that we are committed to a far greater delivery than is indicated by the 50 destroyers.

A reading of the opinion of the Attorney General discloses that in his view it is not a violation of international law to hand over warships actually in service but is a violation of our neutrality if we permit the delivery of vessels such as the mosquito boats being built for a belligerent. This hair-spliting opinion is contrary to The Hague Convention of 1907 signed among other nations by Germany which prohibits the furnishing of vessels or equipment of war by a neutral to a belligerent power. Later, I shall refer to the opinion of the Attorney General, paragraph (h), which violates his opinion as to the illegality of transferring the mosquito boats but permits the transfer "of certain other small patrol boats which though nearly completed are already obsolescent."

I have advocated on this floor the importance of our having certain naval and airplane bases, but I maintain, Mr. Speaker, that while it seems to be generally conceded that it is extremely important for us to have these naval bases for which we have given in exchange the destroyers, it is important—in fact, it is vital—to us to know exactly how far the administration plans to go in giving our naval defense and military equipment to Great Britain or to any other belligerent. The people of this country are very much troubled—in fact, they are greatly alarmed—over the situation in Europe, in England. The sympathies of America apparently are very decidedly with England, but the people of America do not want to weaken our own defense, they do not want to go so far as to send our men overseas; I believe the Members of Congress would be blamed for all time to come and would go down in history in disgrace if we did not see that this country first was adequately protected. Today we are unprepared to defend even ourselves. The administration, in spite of grave warnings from abroad, will have to answer to the charge that it kept vital information from the Congress.

I maintain, Mr. Speaker, that the Foreign Affairs Committee, which will have this privileged resolution before it, should report it out favorably, that when it comes back to the House the House should adopt it, and we should be told exactly what the administration plans to do in aid to Great Britain.

The average man in the street is not protesting against the transfer of the destroyers to Great Britain. The undercover method used in transferring them is what the American people do not like, and what is frightening them. I maintain the problem of preparedness, the existing state of that preparedness, is the business and concern of every citizen of this country—it is not a matter for the sole concern of our President, or of the Cabinet, or of a committee of this Congress. It is just as much the concern of the man in the street as it is of theirs. It is the concern of all of us. Americans do not like undercover methods. They fear them. There is every reason to believe that the negotiations for the transfer of the destroyers had been completed long before the announcement of the trade was made. This is borne out by the fact that the Navy had prepared the destroyers for transfer; the British crews to man the ships were already in Canada awaiting their delivery, and it takes time to organize, equip, and transport such crews. Obviously such preparation could not be made in less than 10 days. It is no wonder that the American people are distrustful and ask what further secret deals are being considered—deals that may vitally affect their national safety.

How far beyond the destroyer deal it is proposed to go nobody knows, but I would call the especial attention of my colleagues to paragraph (b) of Attorney General Jackson's opinion, submitted to the President on August 27, 1940. I quote:

(b) In consideration it is proposed to transfer to Great Britain the title and possession of certain over-age ships and obsolescent military materials now the property of the United States and certain other small patrol boats, which, though nearly completed, are already obsolescent.

Please note the last two lines, regarding the small patrol boats which are still in process of construction. Is this the next surprise that is awaiting the exact theatrical, psychological moment for disclosure? Or is it something more startling that is to be disclosed? The destroyer trade announcement was perfectly timed for drama, both for its effect at home and abroad. How much was saved for future emergencies, for a time when it would be necessary to electrify the country by big news?

I maintain today, Mr. Speaker, that the Congress is not fighting or acting as it should to obtain information as to what is being done in our national defense. Personally, I have given the House several opportunities to vote upon measures that would give us information as to how fast our national defense is progressing, but administration forces prevented favorable action upon them.

I maintain, Mr. Speaker, that we should know whether the engines in our airplanes, for instance, are suitable for fighting present-day battles and that is true of every part of our defense. We have heard a great deal about the battles in England and France, about the type of planes the Germans are using, about the vast quantities of planes the Germans are using.

I maintain, Mr. Speaker, that the young men of this country ought to be given an opportunity to learn how to fly planes, and they should be given the very best planes to fly, and proper equipment in every way.

I voted for the so-called conscription bill the other day, Mr. Speaker, and in voting for it I did so with the idea in mind that we were giving our young men the advantage of the opportunity, and I feel the tremendous privilege of learning how to defend their country, and I did so believing they should be and would be given proper equipment in every respect. We should not, Mr. Speaker, try to train our young men with obsolete planes or obsolete equipment of any kind.

I earnestly hope that when my resolution comes up the House will vote with me. [Applause.]

[Here the gavel fell.]

The SPEAKER pro tempore. Under a previous special order the gentleman from Missouri [Mr. SHANNON] is recognized for 5 minutes.

Mr. SHANNON. Mr. Speaker, I am sure that the young man, the gentleman from Ohio [Mr. BENDER], does not know that when labor met prior to the Roosevelt day, and long before that, when human beings engaged in laboring in this country met for the purpose of getting what was just in the way of a living wage, they had to meet on roofs and in cellars. That has been changed, and this change is very offensive to those who hate Roosevelt the most. Labor has come into its own. No matter how much you may dislike Roosevelt, he has been on the side of the man who had to live by his work. [Applause.]

No matter what they say about it and no matter how many mistakes were made, there is many a family gathered around the supper table at night that would not be there if it had not been for Roosevelt. [Applause.]

Mr. Speaker, it is very offensive to me, especially at this time, when tomorrow we will pass, so the chairman of the Committee on Military Affairs states, on a matter he is going to railroad through. Let us lay off of Roosevelt for a moment and let us take after that committee, if you please. The gentlewoman from Massachusetts stated something about boys. I want to talk about the American young man. I do not want to train him for murder. I want him to live his life, as I have lived 73 years, without killing anybody. I want the American boy's life to be spared and not murdered in a foreign war.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. SHANNON. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Masschusetts. My feeling is that no one knows what will happen and it is only fair to give the youth of America a chance to be trained. I worked with hundreds of veterans during the World War and ever since.

Mr. SHANNON. The gentlewoman wants them to live?

Mrs. ROGERS of Massachusetts. I certainly do, and that is why I want them trained.

Mr. SHANNON. Then do not conscript them for murder purposes.

Mrs. ROGERS of Massachusetts. It is only to protect them.

Mr. SHANNON. I went through this 23 years ago and I know what it means.

Mrs. ROGERS of Massachusetts. I have talked with hundreds of them. Many of them were not prepared. Many lives were lost because they did not know how to protect themselves. Young men are asking me today for the opportunity to be trained. They are asking for an education in self defense.

Mr. SHANNON. Mr. Speaker, on yesterday Mr. Roosevelt addressed a great meeting and at that great meeting he made perhaps a great speech. He was cheered and I want the gentlewoman from Massachusetts [Mrs. ROGERS], and I want the gentleman from Ohio [Mr. BENDER] to read a great speech on the question of conscription by John L. Lewis, which was put in the Appendix of the Record, page 5607 by Hon. BENNET CHAMP CLARK. I know it will enlighten every American who reads it. I am going to put something in the RECORD on that subject from the meeting that Mr. Roosevelt addressed on yesterday.

This is from the proceedings of the Fourteenth Convention of the International Brotherhood of Teamsters, Chauffeurs, Stablemen, and Helpers of America, the third day, Wednesday afternoon session, held at Constitution Hall, Washington, D. C., September 11, 1940. This is the resolution:

Resolution No. 16

BURKE-WADSWORTH CONSCRIPTION BILL

Whereas the Burke-Wadsworth conscription bill is aimed at the regimentation of the entire Nation, would destroy the hard-won gains of organized labor, would under the guise of national defense destroy the democratic concept by creating a military caste, would lay a staggering tax burden on the shoulders of those least able to meet it; and

Whereas the Burke-Wadsworth conscription bill would create conditions not dissimilar to conditions now existing in totalitarian nations, would lay the foundation for fascism, would be a continuous threat of plunging this Nation into war: Therefore be it

Resolved, That we, the membership of Local 379, American Federation of Labor, support the position of the American Federation of Labor on this bill.

Submitted by,

GUNNAR OLSON.
JIM BOLLEN.
J. O'BRIEN.
RICHARD GERBLE.

Your committee concur in this resolution.
The report of the committee was adopted.

Mr. Speaker, these men were brave enough and bold enough to speak their sentiments on this odious subject. Let us hope that this body will not get off on the question of who is going to be elected President next fall. Let us take up the subject firsthand, What are you going to do with the American boy?

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. SHANNON. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. In 1917, in England, I saw a painting of a young man, 16 years old, who was painted by the artist as a symbol of the courage and patriotism of the youth of England and as a warning against unpreparedness. This miniature pictured him running down the stairs to receive his government's call to defend England. His hand was upraised in jubilation over the fact that he had been called to service. This boy lost his life in a regiment of young men all 16 years of age. They were calling these 16-year-old young men into service. Every officer with whom I talked in London told me the reason that that entire regiment was wiped out so quickly was because they

were untrained; they were unprepared. They all went to their deaths the first day they were sent into action.

I vowed then—and I have talked to hundreds of our young men who served during the World War, including the wounded—that never, if I had the opportunity, would I neglect training young men for any task that they might have to perform. I have voted for every measure of national defense, and I always shall. I want to have the young men trained so that they will know how to take care of themselves. There is no kindness in not training them. A thoroughly prepared nation is not attacked. Better a thousand times to be overtrained and overprepared than undertrained and underprepared.

Mr. SHANNON. Resolution No. 16, adopted by the International Brotherhood of Teamsters, Chauffeurs, Stablemen and Helpers of America, states the case plainly against conscription. I stand squarely behind the resolution. [Applause.]

[Here the gavel fell].

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to proceed for a half minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri [Mr. SHANNON]?

There was no objection.

Mr. SHANNON. Mr. Speaker, this resolution speaks for itself. I am for the resolution adopted at that convention that Mr. Roosevelt spoke before yesterday.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore (Mr. RAYBURN). Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

Mrs. ROGERS of Massachusetts. Will the gentleman yield? And I ask that it be not taken from his time.

Mr. RANDOLPH. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I just want to remind the Members of the House that President Roosevelt apparently feels that conscription, or selective training, is vital at this time. At any rate high-ranking Army and Navy officers, appointed by him, have appeared for his administration in behalf of it. It is obvious that the Secretary of War would not appear openly before a committee of the Congress and act against his President's command.

Mr. RANDOLPH. Mr. Speaker, I listened with interest to the remarks of the gentleman from Ohio a few minutes ago in which he seemed deeply exercised and upset over a very eloquent and telling address delivered last night in Constitution Hall by the Chief Executive of this country.

During my service in this body I have very rarely participated in partisan debate. This afternoon, however, I feel it my duty to rise in defense of the President and our party, following the rather bitter, and I feel, unwarranted attack.

The President of this Republic reviewed, not only to the delight of those who were at that meeting but also, shall I say, to the extreme vexation of the opposition, the splendid record of the present administration in aiding the laboring men and women of this country during the last 7½ years.

Time does not permit a lengthy reply to the charges of the gentleman from Ohio. The fact which not alone I, myself, realize but the American people as a whole realize is that during these two administrations the Democratic leadership has given to the American people more needed and progressive and worth-while labor legislation than any other administration in the history of the United States of America. [Applause.] That is not challenged by a single individual.

When I hear the opposition crying out in these days that "If we are put into power we will extend the benefits of the social-security legislation, old-age pensions, and aid to the underprivileged," I am reminded of the fact that for 12 consecutive years prior to 1933 the opposition was in power in national affairs, and never in all that time did they place upon the statute books of this country a single Federal law to bring about social security and old-age pensions and aid to the blind and underprivileged of this country. [Applause.] So, it ill behooves the opposition in the campaign of 1940 to say, "yes, the laws which were enacted under the Roosevelt administration are well and good, but if we are put into power we will administer them better and we will extend the benefits more." Mr. Willkie seems to have that viewpoint.

Why, the very basis for that argument is absolutely wrong. We know that the Roosevelt administration enacted the legislation into law, and it is the proper administration to continue to extend the benefits of social security to the men and women of this country. Proven friends are not to be pushed aside for skillfully worded campaign promises.

For 7½ years this administration has proved its faith to labor in this Nation. I should not for a single moment attempt to say that some States of this Union who have been under Republican Governors have not been desirous, as have Democratic States, in bringing certain aid to the laborers of this country. I would remind you, however, that from a Federal standpoint it has been a Democratic administration under Roosevelt, with a Democratic Congress backing him up, that has given to the laboring people in this country privileges and protection in such a way that these good folk will not be misled by the carping critics in 1940. They recall the wage and hour law, the provision for collective bargaining, unemployment insurance, machinery for peaceful settlement of labor disputes, and general legislation for the betterment of the toilers of America, who, by their efforts in the shop, mill, mine, field, and factory, contribute to the well-being of a peaceful and prosperous America.

Mr. JOHNSON of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Oklahoma.

Mr. JOHNSON of Oklahoma. The gentleman referred to the speech made a few moments ago by the distinguished gentleman from Ohio and the fact that that gentleman seemed to be unduly exercised by the great praise and the wonderful response to the President's address last evening. Has the gentleman given any thought to the idea that the reason some of the opposition should be so exercised about the speech made last evening is what happened in 1 day—in the fact that both groups of labor unions practically endorsed the President of the United States; and then to hear his speech that was so impressive and was so rousingly received—it was just too much for them to take in 1 day.

Mr. RANDOLPH. Yes; and I believe the gentleman might also add the support of Mayor LaGuardia, of New York, to the groups who are on the battle lines.

Mr. McCORMACK. Of course, the truth is always bitter to those who oppose it.

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I cannot yield. I asked the gentleman to yield to me and he would not do it. If I have time later, I will yield. I always want to be considerate and fair in debate.

Mr. McKEOUGH. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. McKEOUGH. In the light of the gentleman's fine appraisal of the President's speech, I wonder if it might not be advisable at this time to ask unanimous consent that there be placed in the RECORD at this point the President's speech delivered last night.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia be permitted to proceed for 5 additional minutes. He is making a very enlightening contribution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. A few days ago the Presidential nominee of the Republican Party, not the Republican candidate for President but the nominee of the Republican Party, who with Wall Street went into Philadelphia and just pulled off a political "blitzkrieg" on the Republican Party, said that the farmers of the country should not pay any property taxes. He proposes something to that effect. Can the gentleman tell me how the Congress of the United States can pass legislation of that type?

Mr. RANDOLPH. The Congress cannot do it.

Mr. McCORMACK. And, if so, what about the local government? Further, if it is good for the farmer it is also good for the home owners. In other words, the nominee of the Republican Party made a tax proposal that Congress could not enact into law, in the first place, and, in the second place, it is completely inconsistent with the best interests of local government.

Mr. RANDOLPH. Following the observation of the gentleman from Massachusetts, I believe it was said here a few days ago on this floor that the Presidential candidate of the Republican Party is going to find it mighty difficult to survive two press conferences daily. Of course, he is talking on a multitude of subjects, and perhaps he may talk a little too much.

With reference to the "blitzkrieg" at Philadelphia to which the gentleman from Massachusetts referred, I know that in the beautiful and health-giving mountains of West Virginia we have forests and in those forests we have different species of trees. I do not want to be facetious for a single moment, but, after all, at Philadelphia it seemed that Senator TAFT and Prosecutor Dewey did not have the necessary Presidential candidate color, and so the delegates desired a candidate who had it. I also remember that as we go into the woodland we find the sumac tree. The sumac tree, of course, has an abundance of color but it has pithiness, and there is no real timber to the sumac tree. That is just spoken in good humor, for I know Mr. Willkie is no doubt a charming individual. We know, however, that Roosevelt for 7½ years has stood like a sturdy oak, not only in behalf of legislation favorable to labor but also in behalf of legislation favorable to the country in general. [Applause.]

The gentleman from Massachusetts [Mr. McCORMACK] referred to Wall Street influence at Philadelphia. I cannot refrain at this point in remarking that in 1932 the people of this country decided to place the control of our Government in the Main Streets of America and take it from Wall Street. They do not propose in 1940 to return it to the Street that they took it from in 1932. In a battle between Main Street and Wall Street we are for Main Street every time. [Applause.]

Mr. BENDER. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I now yield to the gentleman from Ohio.

Mr. BENDER. Is it not a fact that the money that is provided in social security has been spent and the people will have to be taxed over again to provide for social security?

Mr. RANDOLPH. I am not going to answer that, perhaps, in the way the gentleman wants it. No real basis exists for such a belief. There is a safeguard. I do know it was a Democratic administration that gave for the first time to the people of this country social-security legislation, after 12 years in which the Republicans had failed to enact any such measure into law.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield again to my colleague.

Mr. McCORMACK. And any such statement as that by the gentleman from Ohio is completely inconsistent with the truth. The money that has been raised is absolutely protected. There is a separate and distinct fund created as a result of legislation we passed last year, where the money now goes and is automatically appropriated and it is provided for by mandatory provisions of law, and that bill was reported out of the Ways and Means Committee, of which I am a member, last year unanimously, by 15 Democrats and 10 Republicans. It is a complete protection of the funds raised for the payment of social security that we can afford under our present situation.

Mr. RANDOLPH. The distinguished Member from Massachusetts, of course, has made that perfectly clear to my Ohio colleague. I trust he and the other doubters will agree with your statement. I will not go into that phase further because I do not want to ask for additional time beyond the 10 minutes kindly allotted to me.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Wisconsin.

Mr. MURRAY. I just want to say that I have been here nearly 2 years and I have never said an unkind word about Mr. Wallace or the President or anyone else, and I do wish to say that the worst things I have ever heard about your Vice Presidental candidate, Mr. Wallace, has been from one of your own members and some day I hope to repeat what he said to my colleagues here. When you are counting the blessings of the New Deal please remember that this New Deal has chased more farmers out of their homes than all the housing units the New Deal has built. Also remember that the New Deal has driven more people off of their farms in Wisconsin in 1939 than ever before in any year in the history of the Federal Land Bank. A higher percentage as well as a greater number.

Mr. RANDOLPH. I am sure the gentleman will express his views when he calls such to the attention of the House, and whenever he has time to speak to this body I will hope to be on the floor to hear him. He is a most pleasant person.

In conclusion, I do not want to overemphasize or be in the position of stretching the truth, but I say with all the power that is within me, that the Roosevelt administration has proven itself worthy of the trust which has been reposed in it during the past 7½ years.

We have seen to it that there has been no crucifixion of labor, in this country under this administration, on the cross of long hours and short pay and insanitary working conditions. We have given to labor its best benefits and labor, organized and unorganized, will show its appreciation on November 5 by aiding in the reelection of the present President of the United States. [Applause.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, in some sections of the country before 1933, if an alien did not know how many stars there were on a quarter, he could not become a citizen. If he did not know how high the Bunker Hill Monument was, he was disqualified on his application.

Before the present administration came into power, every imaginable obstacle was placed in the way of the naturalization process. Trite and irrelevant questions were asked the alien, and if he failed to appear at a given time for his hearing, he was penalized regardless of the validity of his excuse. The penalty made him wait 2 additional years before he could get another chance.

If the Alien Registration Act had gone into effect just 9 years ago, the job would have been twice as extensive. In 1930 the alien population of this country was 6,234,614; in 1920, 7,430,809. In 1939, after naturalization reforms and a drop in the immigration figure, the alien population had shrunk to 3,628,103.

This administration has taken the attitude that everything possible should be done to facilitate the naturalization proc-

ess. It has followed a policy that has shifted the emphasis from an alien's ability to memorize the correct answer to one in which his knowledge, understanding, and acceptance of the principles of this Government has been the major concern. Good moral character and the petitioner's attitude toward his home, family, neighbors, community, and agencies of government have been the basic interests of the examiner.

That this belief in the wisdom of a different approach has been justified is indicated by the ever-increasing numbers of aliens who have become citizens in the past 7 years and of those who have applied for citizenship papers.

From 1933 to 1939 a total of 1,003,109 citizenship certificates were issued as compared with 1,253,490 from the period 1926 to 1932. When these figures are compared with the following immigration figures (324,960 immigrants admitted 1933 to 1939; 1,621,011 immigrants admitted 1926 to 1932) the success of the new approach can properly be evaluated.

When the late Daniel W. MacCormack became Commissioner of Immigration and Naturalization in 1933 he found an absence of definite and accurate data available concerning the naturalization practices then in vogue. He thereupon directed a survey which disclosed the following deplorable conditions:

1. A great lack of uniformity existed in the attitudes and practices of the judges of the more than 2,000 Federal and State courts authorized to exercise naturalization jurisdiction, and a like lack of uniformity on the part of the naturalization examiners who had a few standards fixed for their guidance.
2. Naturalization examiners in some districts were recommending that petitions for naturalization be denied for highly technical and sometimes trivial reasons. The opposite procedure prevailed in others.
3. Thousands of petitions for citizenship were being dismissed solely because the applicants had failed to appear for final hearing without regard to the merits of the petitions or the circumstances of the failure.
4. Character investigations of applicants for naturalization were inadequate.
5. Information had not been made available during the previous 27 years of the administration of the naturalization laws to show the actual questions being propounded to applicants for naturalization by the naturalization examiners in determining their educational qualifications, although the Constitution requires a "uniform" rule of naturalization. Lack of uniformity was the rule in these educational tests.
6. A large proportion of the questions which were being asked concerning the applicants' educational fitness were factual rather than the reasoning ones.
7. Mere memory tests were being prescribed generally in lieu of examinations designed to test attitudes and understanding about government.
8. Advantage was not being taken of the benefits to both the Government and the alien growing out of effective cooperation by recognized welfare and social-service agencies, with a view to eliminating the exploitation of aliens.
9. No plan had been devised for instructing systematically and continually the entire personnel of the Service as to the immigration and naturalization laws and regulations, and as to the duties of the members of the Service in their administration.

On the basis of such disclosures, measures were taken to reform the complete service. After careful study, naturalization examiners were directed to make no formal recommendations in cases involving technicalities only, the examiners duty being regarded as fulfilled when he had brought all the facts of the case to the court. This action has resulted in the elimination of much so-called red tape in saving of time and work and an assurance to applicants for citizenship of a fair consideration of their cases.

It had been the practice to dismiss thousands of petitions for naturalization annually, solely because of failure of the petitioner to appear in court for final hearing. This failure to appear was frequently due to causes beyond the applicant's control, such as illness, temporary absence from the jurisdiction of the court while seeking employment, or failure to receive advance notice of the hearing.

Much embarrassment, expense, and delay were frequently caused innocent applicants whose declarations had expired and who were required to make new declarations of intentions and wait 2 years before repetitioning.

To protect applicants against harsh and unfair action, examiners were directed not to recommend the dismissal of petitions, first, until notice had been given the petitioner in writing of a hearing date; second, a second notice had been sent him, to his witnesses, and, when practicable, to recognized welfare or similar organizations; third, a final notice had been transmitted to the applicant by registered mail; fourth, until a period of at least a year had elapsed since the first notice; and fifth, until at least two hearing dates had elapsed at which the applicant had the opportunity to appear.

A survey was made to determine the type of questions asked by examiners in various sections of the country. Fifty-four of the senior examiners were queried. The complete lack of uniformity was strikingly illustrated by the fact that of 848 questions asked applicants, not a single one was asked by all 54 of the examiners. From this survey it was discovered that the silly irrelevant questions such as "how high is the Bunker Hill Monument?" and "How many stars are there on a quarter?" had actually been asked by examiners.

Possibly the most important move in the direction of simplifying and liberalizing the naturalization process came in 1934, when there was enacted a statute substantially reducing naturalization fees. The question of the fee had been possibly the major deterrent in the path of the alien attempting to secure citizenship status. The fees for certificate of arrival and for a declaration of intention were reduced from $5 to $2.50; the fees for a petition for citizenship and for a certificate of a derivative certificate from $10 to $5; and a change from $10 to $5 was also made in the fee for issuance of a special certificate of citizenship for use by a naturalized citizen in obtaining recommendation as a citizen of the United States in his country of former allegiance. The fee for issuance of a new certificate of citizenship to replace one which had been lost, mutilated, or destroyed was changed from the obviously exorbitant fee of $10 to $1.

The educational test given to a petitioner for examination is based upon the principles of the Constitution of the United States. In accordance with its policy of aiding aliens to become citizens by simplifying the process, the Department began concentrating on citizenship training. To this end, a new type of textbook was prepared and distributed free of charge to the public schools throughout the country. In the past 7 years, distribution of the textbook has reached all-time highs. In 1931, 32,828 books of a similar nature had been distributed; in 1935, 78,271; in 1938, the supply was exhausted after it had reached the 50,000 mark.

Two laws enacted in 1939 removed a very touchy obstacle set up in the alien's own mind with regard to naturalization. Congress at that time, upon recommendation, eliminated the necessity for renunciation of allegiance by an applicant for naturalization, to the particular sovereign which he apparently owed allegiance before his application. This was particularly touchy in the predominately Irish sections of Boston and New England. [Although not directly connected with the naturalization process, the establishment by Presidential proclamation in 1940, of "New Citizen's Day" or "I Am an American Day" has done much to arouse the interest of the alien in making application for citizenship. The youth of the country who had reached the legal voting age, schools and local organizations throughout the country cooperated in the celebration. Obviously, the alien became more concerned about his own citizenship status when he saw his children becoming legal citizens.

The present Democratic administration, under the brilliant, courageous, and humane leadership of President Roosevelt, has enacted legislation that has enabled hundreds of thousands of fine aliens, loyal to our institutions of government, to become citizens of our great country. These persons, who have benefited by this legislation, will not forget the great leader, President Franklin D. Roosevelt, who proposed and led the fight for the enactment of discerning legislation of the past 7½ years.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I wish the gentleman, in the course of his remarks,

would include a table showing where the social-security funds have been invested. It is quite clearly understood throughout the United States that the social-security funds are being invested in new obligations of the Federal Government, and that if it were not for the social-security funds the taxpayers would immediately have to raise that much more money to carry on the expenses of government. The statement of the gentleman from Ohio to the effect that we will have to tax ourselves all over again seems to be somewhat justified; and as the gentleman has seen fit to answer that question, I am sure he can insert in his remarks a table showing where those funds have been invested, and I am sure it will be a great help to the country.

Mr. McCORMACK. The remarks the gentleman has made do not relate to the subject that the gentleman is discussing. I assume he does not want to insert this colloquy in the remarks I am putting into the RECORD.

Mr. WOLCOTT. I know how fair the gentleman is and how he attempts to confine himself to facts and not mislead the people. I think the gentleman would want to go out of his way to get at the truth of this.

Mr. McCORMACK. The gentleman overwhelms me with his flattery, which is entirely undeserved, but, nevertheless, I am human enough to appreciate it. I cannot plead guilty to the indictment.

Mr. WOLCOTT. Never before have I known the gentleman to make a statement which has not been backed up by a study of the facts.

Mr. McCORMACK. Again the gentleman overwhelms me with my veracity.

Mr. WOLCOTT. I wish the gentleman, in all fairness to himself and the integrity of the RECORD, would give some more attention to the manner in which social-security funds have been invested before he allows his remarks to stand in reply to the gentleman from West Virginia.

Mr. McCORMACK. Oh, this colloquy refers to the colloquy I had with the gentleman from West Virginia?

Mr. WOLCOTT. That is correct. Things were going so fast that I could not get my oar in.

Mr. McCORMACK. So for the purpose of the Reporter it has no relationship to what I have just inserted in the RECORD?

Mr. WOLCOTT. No.

Mr. McCORMACK. Some day when I am in the mood I will be very glad to undertake to educate the gentleman on the subject he has just briefly referred to.

Mr. WOLCOTT. I might say the gentleman is educated, but I would like the gentleman's remarks for the purpose of educating the people.

Mr. McCORMACK. I will say that I know of no one on the Committee on Banking and Currency that I have more profound respect for than my friend from Michigan. On banking and currency matters I have sat here repeatedly and listened to his words of wisdom and have been profoundly educated by the expressions which emanate from his intellectual and profound mind.

Mr. WOLCOTT. I may say if we can consider this a draw I will remove my objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that each may make a bow to the other.

The SPEAKER pro tempore. Without objection, it is so ordered. [Laughter.]

There was no objection.

MEXICAN CLAIMS COMMISSION

Mr. BEAM. Mr. Speaker, I rise to make a privileged motion.

Mr. Speaker, on July 10, 1940, on page 9384 of the CONGRESSIONAL RECORD, appears the following:

Mr. PITTMAN. I move that the Senate disagree to the amendment of the House, ask a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. PITTMAN, Mr. GEORGE, Mr. CONNALLY, and Mr. JOHNSON of California conferees on the part of the Senate.

Mr. Speaker, on July 11, 1940, on page 9515 of the CONGRESSIONAL RECORD, appears the following:

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, insist on the House amendment and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. RAYBURN). Is there objection to the request of the gentleman from New York [Mr. BLOOM]? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. BLOOM, Mr. LUTHER A. JOHNSON, and Mr. FISH.

Mr. Speaker, under rule 28 of the rules of the House of Representatives, paragraph 1½ (a), section 910, the following appears:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees; and, further, during the last 6 days of any session of Congress, it shall be a privileged motion to move to discharge, appoint, or instruct House conferees after House conferees shall have been appointed 36 hours without having made a report.

Mr. Speaker, in conformity with the above-stated rule, I hereby move to discharge the conferees appointed on the bill S. 326.

The SPEAKER pro tempore. The gentleman will send his motion to the desk, and the Clerk will report the motion.

The Clerk read as follows:

Mr. BEAM moves to discharge the House conferees on the bill of the Senate S. 326.

Mr. MICHENER. Mr. Speaker, I shall have to make a point of no quorum.

Mr. PATMAN. Mr. Speaker, I move that the House do now adjourn.

Mr. BEAM. Mr. Speaker, will not the gentleman withhold his motion?

Mr. PATMAN. I will withhold it.

Mr. BEAM. This supersedes the motion to adjourn under the rules of the House.

The SPEAKER pro tempore. The gentleman is mistaken about that.

Mr. MICHENER. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. BEAM. I will be glad to concede the gentleman's point of order.

The SPEAKER pro tempore. The gentleman from Michigan is exercising his right under the rules of the House to make a point of order that a quorum is not present. The Chair will count.

Mr. PATMAN (interrupting the count). Mr. Speaker, I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 10, noes 14.

Mr. WOLCOTT. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. The Chair will count to see whether a quorum is present or not.

Mr. SECCOMBE. Mr. Speaker, will the gentleman from Illinois yield?

The SPEAKER pro tempore. The gentleman from Illinois does not have the floor, and cannot yield at this stage of the proceedings.

Mr. BLOOM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BLOOM. Would it be in order now to move that the House adjourn?

The SPEAKER pro tempore. It will be in order to make such motion after the Chair has announced the result of his count of the Members present. [After counting.] A quorum is not present.

Mr. BLOOM. Mr. Speaker, I move that the House do now adjourn.

Mr. BEAM. Mr. Speaker, will the gentleman withhold that motion?

Mr. BLOOM. Yes.

Mr. BEAM. Mr. Speaker, will the gentleman yield?

Mr. BLOOM. I am not in position to yield.

Mr. BEAM. I have no objection to this matter going over until tomorrow morning so long as I do not lose my right to bring it up as the first order of business.

The SPEAKER pro tempore. The Chair can give the gentleman no assurance about a matter like that.

Mr. SECCOMBE. Mr. Speaker, will the gentleman yield for a question?

Mr. BEAM. I yield.

Mr. SECCOMBE. Will the gentleman accept the suggestion——

The SPEAKER pro tempore. The gentleman from Illinois cannot yield for a question at this stage of the proceedings. No business is in order unless the gentleman desires to make some sort of motion.

Mr. McCORMACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. McCORMACK. Being a motion of the highest privilege, assuming it is in order, would not the gentleman have the right after the reading of the Journal and disposition of matters on the Speaker's table to ask recognition by the Chair to present his motion to discharge the conferees?

The SPEAKER pro tempore. It depends whether at that time the motion is a privileged motion.

Mr. McCORMACK. Assuming that it still retains its character of privilege.

The SPEAKER pro tempore. It all depends on whether or not at that time it is a privileged motion.

Mr. BEAM. Mr. Speaker, if my motion retains its present status and is the unfinished business before the House in the morning, I am perfectly willing——

Mr. MICHENER. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The Chair must agree with the gentleman from Michigan.

Mr. McKEOUGH. Mr. Speaker, I ask unanimous consent——

The SPEAKER pro tempore. The Chair cannot entertain a unanimous-consent request at this time.

Mr. BEAM. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. The pending motion is the motion of the gentleman from New York that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BLOOM) there were—ayes 7, noes 13.

So the motion to adjourn was rejected.

Mr. BEAM. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 217]

Alexander	Byrne, N. Y.	Dempsey	Fries
Allen, Ill.	Byron	DeRouen	Fulmer
Allen, La.	Caldwell	Dickstein	Gartner
Allen, Pa.	Camp	Dies	Gavagan
Arnold	Carter	Dingell	Gearhart
Ball	Celler	Dirksen	Gerlach
Barden, N. C.	Chapman	Ditter	Gifford
Barnes	Chiperfield	Dondero	Goodwin
Barry	Clark	Doughton	Green
Barton, N. Y.	Cole, Md.	Douglas	Gross
Bell	Cole, N. Y.	Eaton	Hall, Edwin A.
Blackney	Cooley	Edelstein	Halleck
Bolles	Corbett	Elliott	Harness
Bolton	Courtney	Engel	Harter, Ohio
Boykin	Creal	Evans	Hartley
Bradley, Mich.	Crosser	Faddis	Hawks
Brewster	Crowther	Fay	Hendricks
Buck	Culkin	Fernandez	Hess
Buckler, Minn.	Cummings	Fitzpatrick	Holmes
Buckley, N.Y.	Curtis	Flaherty	Hook
Bulwinkle	Darrow	Flannagan	Hope
Burdick	Davis	Folger	Jarrett
Burgin	Delaney	Ford, Thomas F.	Jeffries
Jenks, N. H.	Merritt	Rich	Sweeney
Johns	Mills, La.	Risk	Taylor
Johnson, W. Va.	Mitchell	Robertson	Tenerowicz
Keefe	Moser	Robinson, Utah	Thill
Kefauver	Mouton	Rockefeller	Thomas, N. J.
Kennedy, Md.	Myers	Routzohn	Tolan
Kennedy, Michael	Norton	Ryan	Voorhis, Calif.
Kilburn	O'Brien	Sabath	Vorys, Ohio
Kleberg	O'Day	Sandager	Vreeland
Knutson	Oliver	Satterfield	Wadsworth
Kramer	O'Neal	Schaefer, Ill.	Wallgren
Lemke	Osmers	Schiffler	Warren
Lesinski	O'Toole	Scrugham	Weaver
Luce	Parsons	Secrest	Welch
Lynch	Patrick	Shafer, Mich.	Whelchel
McArdle	Patton	Shanley	White, Idaho
McDowell	Pearson	Short	White, Ohio
McLeod	Peterson, Ga.	Smith, Ill.	Wolfenden, Pa.
Magnuson	Pfeifer	Smith, Va.	Wood
Mahon	Pierce	Somers, N. Y.	Woodruff, Mich.
Marcantonio	Plumley	Steagall	Woodrum, Va.
Martin, Ill.	Powers	Stearns, N. H.	Zimmerman
Martin, Mass.	Rabaut	Sullivan	
Mason	Ramspeck	Sumners, Tex.	
May	Reece, Tenn.	Sutphin	

The SPEAKER pro tempore (Mr. COOPER). On this roll call 240 Members have answered to their names. A quorum is present.

On motion of Mr. BEAM, further proceedings under the call were dispensed with.

Mr. RAYBURN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RAYBURN. Mr. Speaker, if the House should adjourn now and a conference report is not filed by 12 o'clock noon tomorrow, would the motion of the gentleman from Illinois [Mr. BEAM] be pending and still in order?

The SPEAKER pro tempore. It would be the unfinished business of the House and the first thing in order tomorrow.

Mr. MICHENER. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MICHENER. There are not many Members here who know what this is all about. This motion is to discharge the conferees who have been appointed because they have not filed a report. If the conferees do file a report tonight on the Mexican claims bill, that does away with this proceeding entirely?

The SPEAKER pro tempore. That is something the Chair cannot fully anticipate, of course.

Mr. BEAM. Mr. Speaker, if that is the case, then I would rather have my motion voted on pronto. I was given to understand by the Speaker and by the chairman of the committee that such report would not be filed and the status quo would prevail. I stated before the quorum call that that was my position. If the status quo prevails, I am perfectly willing now, as I was before the quorum call, to have it go over until 12 o'clock tomorrow.

Mr. RAYBURN. The gentleman must understand I would not have left the Chair to propound a parliamentary inquiry unless I knew that the status quo would be maintained at 12 o'clock tomorrow.

Mr. JENKINS of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. JENKINS of Ohio. What is the parliamentary situation?

The SPEAKER pro tempore. There is a privileged motion now pending to discharge the conferees on a certain bill.

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Speaker, some time ago the House passed what is known as the Mexican claims bill. It seems that the Senate also passed a Mexican claims bill. They were not exactly alike. The matter went to conference. Under the rules of the House if the conferees do not report back to the House within 20 days, it shall be in order for any Member to move that the conferees be discharged. Tonight after all

special orders had been disposed of and when there were but four Members on this side and three or four on the other side, this privileged motion was brought up by the gentleman from Illinois [Mr. BEAM] to discharge the conferees. Of course, we on this side had no knowledge of any such intention. No member of the conference committee was present and I therefore made a point of order that no quorum was present. The roll was called and that is where we stand now.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 602. Joint resolution to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the office of Secretary of Commerce.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until tomorrow, Friday, September 13, 1940, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON NAVAL AFFAIRS

There will be a meeting of the Committee on Naval Affairs, Friday, September 13, 1940, at 10:30 a. m., for the consideration of H. R. 10224, to establish the minimum permanent authorized enlisted strength of the active list of the Marine Corps.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLAND: Committee on Merchant Marine and Fisheries. House Joint Resolution 603. Joint resolution to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes; without amendment (Rept. No. 2936). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Massachusetts:

H. R. 10501. A bill to amend section 509, as amended, of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. CASE of South Dakota:

H. R. 10502. A bill authorizing the appointment by the President of additional cadets and midshipmen from among the sons of officers and enlisted men of the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

By Mr. VINSON of Georgia:

H. R. 10503. A bill to authorize naval agents to assist civil authorities in the enforcement of the law; to the Committee on Naval Affairs.

By Mr. DICKSTEIN:

H. J. Res. 604. Joint resolution to declare certain papers, pamphlets, books, pictures, and writings nonmailable, to provide a penalty for mailing same, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. KNUTSON:

H. J. Res. 605. Joint resolution extending the time within which taxpayers may obtain credit against the Federal unemployment tax for the calendar years 1936, 1937, 1938, and 1939, for the amount of contributions paid into a State unemployment fund for such years; to the Committee on Ways and Means.

H. J. Res. 606. Joint resolution extending the time within which taxpayers may obtain credit against the Federal unemployment tax for the calendar year 1939 for the amount of contributions paid into a State unemployment fund for such year; to the Committee on Ways and Means.

By Mrs. ROGERS of Massachusetts:

H. Res. 599. Resolution requesting information from the President of the United States concerning transfer of military and naval equipment to Great Britain; to the Committee on Foreign Affairs.

By Mr. ANDERSON of Missouri:

H. Res. 600. Resolution to investigate explosion of Hercules powder plant, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHNSON of Indiana:

H. R. 10504. A bill granting a pension to Martha E. Lumley; to the Committee on Invalid Pensions.

By Mr. VREELAND:

H. R. 10505. A bill for the relief of Rudolph Gustav Maron; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII,

9294. Mr. GREGORY presented a petition of Paul W. Shaw, commander, representing Colonel H. E. Whitledge Post, No. 9, Disabled American Veterans, Outwood Hospital, Outwood, Ky., favoring all possible aid short of manpower to Great Britain, which was referred to the Committee on Military Affairs.

SENATE

FRIDAY, SEPTEMBER 13, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, our Heavenly Father, in gladness and humility we thank Thee for all great and simple joys, for the everlasting freshness of experience, for the newness of life as each day dawns upon us. May we value more and more the intimacies of friendship and the sanctities of family ties, that wholesomeness and purity of life may characterize our people.

We bless Thy holy name for the happiness that is born of sympathy and sorrow, for the rapture of the lost soul finding love again, for the joy of the angels of God over one sinner that repenteth, for the unveiling of the glory of the Eternal in the workshop of the Carpenter of Nazareth, and for all holy and humble men of heart whose lives have revealed the spirit of the Christ, for Thou hast ever chosen the weak things of the world to confound the strong. O Master of the souls of men, who dost inspire with love's heroism all true followers of Thine, renew Thy spirit in each one of us this day, that we may find the everlasting peace and joy which abide in the secret place of the Most High, even under the shadow of the Almighty. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, September 12, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Schwartz
Andrews	George	McCarran	Schwellenbach
Ashurst	Gerry	McKellar	Sheppard
Barkley	Gibson	McNary	Smathers
Bilbo	Gillette	Maloney	Stewart
Bridges	Green	Mead	Taft
Brown	Guffey	Miller	Thomas, Idaho
Bulow	Gurney	Minton	Thomas, Okla.
Burke	Hale	Murray	Thomas, Utah
Byrd	Harrison	Neely	Townsend
Byrnes	Hatch	Norris	Truman
Capper	Hayden	Nye	Tydings
Caraway	Herring	O'Mahoney	Vandenberg
Chandler	Hill	Overton	Van Nuys
Clark, Idaho	Holman	Pepper	Wagner
Clark, Mo.	Hughes	Pittman	Walsh
Connally	Johnson, Calif.	Radcliffe	Wheeler
Danaher	Johnson, Colo.	Reed	White
Davis	King	Reynolds	Wiley
Downey	La Follette	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] and the Senator from West Virginia [Mr. HOLT] are detained from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LUCAS], the Senator from Illinois [Mr. SLATTERY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] is absent because of the death of a close personal friend.

My colleague the Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from New Jersey [Mr. BARBOUR], the Senator from North Dakota [Mr. FRAZIER], the Senator from Massachusetts [Mr. LODGE], the Senator from Minnesota [Mr. SHIPSTEAD], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The PRESIDENT pro tempore. Seventy-nine Senators have answered to their names. A quorum is present.

SENATOR HENRY F. ASHURST

Mr. DAVIS. Mr. President, on the occasion of the birthday of the distinguished Senator from Arizona [Mr. ASHURST] I wish to express my appreciation of the splendid quality of his service to the Nation during these many years. The Senator is invariably kind, tolerant, generous, understanding, and possessed of inexhaustible sources of good will. He has sometimes pointed to what he has termed inconsistency in himself and others; but I am convinced that in integrity of purpose and desire to serve the American people the Senator has been wholly consistent.

I have always found the Senator from Arizona neighborly and gracious. When stress and strain have manifested need for calm judgment in the Senate, the unfailing humor of Senator ASHURST has come as a benediction to all of us.

As he leaves us he will carry with him the consciousness that among his fellow Senators he will be remembered with the very highest esteem. We shall think of him as we have always known him—strong to defend the weak and oppressed, patient in the performance of his duties, glad when faced with the responsibilities of high office, and consistently faithful to the way of life enjoyed by a free people. We hold the Senator from Arizona in affectionate regard, for he has been to all of us as a brother.

DISPOSITION OF EXECUTIVE PAPERS

The PRESIDENT pro tempore laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the Departments of Justice (2), the Interior (2), and Agriculture, Interstate Commerce Commission, Civil Aeronautics Authority, Federal Works Agency, Work Projects Administration, and The National Archives, which are not needed to the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. BARKLEY and Mr. TOBEY members of the committee on the part of the Senate.

REPORTS OF COMMITTEES

Mr. KING, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4295. A bill to authorize the Pennsylvania Railroad Co., by means of an underpass, to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial side tracks, and for other purposes (Rept. No. 2121); and

H. R. 9284. A bill to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. A. L. Ridings (Rept. No. 2122).

Mr. BROWN, from the Committee on Claims, to which was referred the bill (H. R. 5336) for the relief of Peter Bavisotto, reported it with an amendment and submitted a report (No. 2123) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 8354) to provide for complaint, assistance to farmers, and intervention by the Secretary of Agriculture in proceedings before the United States Maritime Commission relating to the transportation of farm products, reported it without amendment.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 3133) for the relief of the Cherokee Indian Nation or Tribe, and for other purposes, reported it without amendment and submitted a report (No. 2124) thereon.

He also, from the same committee, to which was referred the bill (H. R. 9705) to make more effective use of certain parts of the public domain, and for other purposes, reported it with amendments and submitted a report (No. 2125) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3485. A bill to amend section 226 of the act of March 4, 1909 (Rept. No. 2126);

H. R. 8069. A bill to re-form the lease for the Sellwood station of the Portland (Oregon) post office (Rept. No. 2127);

H. R. 8171. A bill to require the filling of all vacancies in the position of assistant postmaster in first- and second-class post offices (Rept. No. 2128);

H. R. 9670. A bill to provide an 8-hour workday and payment for overtime for dispatchers and mechanics-in-charge in the motor-vehicle service of the Postal Service (Rept. No. 2129); and

H. R. 9991. A bill to amend section 4021 of the Revised Statutes and to repeal section 4023 of the Revised Statutes relating to establishment of postal agencies (Rept. No. 2130).

Mr. McKELLAR also, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 892) to extend to custodial-service employees employed by the Post Office Department certain benefits applicable to postal employees, reported it with amendments and submitted a report (No. 2131) thereon.

Mr. WALSH, from the Committee on Naval Affairs, to which was referred the bill (H. R. 10406) to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes, reported it without amendment and submitted a report (No. 2132) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 12, 1940, that committee presented

to the President of the United States the following enrolled bills:

S. 2009. An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes; and

S. 4008. An act to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which, in the opinion of the Corporation, would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes.

BILL INTRODUCED

Mr. SHEPPARD introduced a bill (S. 4347) to provide that retired personnel of the Regular Army called into active military service under the provisions of the joint resolution approved August 27, 1940, shall be restored to active duty with the rank held by them on the retired list, which was read twice by its title and referred to the Committee on Military Affairs.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 10413) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

EXPORT-IMPORT BANK BILL—SUBSTITUTION OF SENATE CONFEREE

Mr. WAGNER. Mr. President, I have been informed that the senior Senator from North Dakota [Mr. FRAZIER] who was appointed as one of the conferees on the part of the Senate on the so-called Export-Import Bank bill, is unable to be present and serve in that capacity. He has asked to be relieved for that reason. Therefore, I ask unanimous consent that the Senator from North Dakota be relieved from serving on that conference committee, and that the Chair appoint another Senator as member of the conference committee on the part of the Senate in place of the Senator from North Dakota.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered. The Chair appoints the junior Senator from Connecticut [Mr. DANAHER] a conferee on the part of the Senate on the Export-Import Bank bill in place of the Senator from North Dakota [Mr. FRAZIER].

ALIENS AND UNEMPLOYMENT—ARTICLE BY SENATOR REYNOLDS

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article entitled "Aliens Keep 10,000,000 Idle," written by him and published in the National Republic magazine of the issue of September 1940, which appears in the Appendix.]

EDITORIAL ON WENDELL WILLKIE FROM PHILADELPHIA EVENING BULLETIN

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Philadelphia Evening Bulletin of September 9, 1940, entitled "Strong Leadership Wanted," which appears in the Appendix.]

MAYOR LAGUARDIA'S ADDRESS ENDORSING PRESIDENT ROOSEVELT FOR A THIRD TERM

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address delivered by Mayor LaGuardia, of New York, endorsing President Roosevelt for a third term, published in the New York Herald Tribune of Friday, September 13, 1940, which appears in the Appendix.]

CONSCRIPTION—A GOLDEN OPPORTUNITY FOR AMERICANISM

[Mr. GIBSON asked and obtained leave to have printed in the Appendix a statement by a citizen of Vermont on the subject Conscription—A Golden Opportunity for Americanism, which appears in the Appendix.]

CANADIAN-AMERICAN AGREEMENT AND HABANA CONFERENCE AGREEMENT

Mr. VANDENBERG. Mr. President, under date of August 30, I submitted to the Secretary of State a respectful request inquiring whether the Canadian-American defense agreement and the Habana Conference agreements were to be submitted to the Congress in the first instance, and to the Senate for its constitutional advice and consent in the other instance. There has been considerable speculation on the subject. I thought it desirable that the matter should be officially settled.

This morning I am in receipt of a letter from the distinguished and able Secretary of State which definitely and conclusively responds to these heretofore unanswered questions. I wish to present the letter of the Secretary of State and to read it.

The letter is dated September 12, 1940, and is addressed to me. I quote:

MY DEAR SENATOR VANDENBERG: With reference to the inquiry contained in your letter of the 30th instant, there is enclosed a copy of the joint statement issued by the President and the Prime Minister of Canada on August 18, from which it will be seen that the arrangement to which you refer provides merely for the establishment of a joint board to study—

And the word "study" is underlined—

to study problems of defense of the northern part of the Western Hemisphere. Such an arrangement can hardly be said to constitute a treaty, but is more properly to be denominated an Executive agreement. It is my understanding that the President has not thought it necessary formally to submit it to the Senate.

I digress at that point to comment upon this portion of the letter. If the arrangement is merely for the establishment of a joint board to study—again underlining the word "study"—problems of mutual defense between Canada and the United States, I can understand why the attitude would be taken which the Secretary defines. I personally am heartily in favor of a Canadian-American exploration of this character because it seems to me quite obvious that in the event of untoward developments such a study might well be of desperately important consequence to our own country. It is a wholly legitimate element of our own national defense. Since it is only a "study" there is obviously no controlling reason for congressional consultation; but I respectfully submit that if and when it moves from "study" to "commitment," it will be desirable, if not essential, that the congressional partnership in this responsibility shall be recognized.

I continue reading the Secretary's letter:

The Habana Convention, signed on July 30, 1940, at the second meeting of Foreign Ministers of the American republics, is designed to set forth in treaty form certain contingencies and possible responsibilities envisaged by the American republics with reference to the British, French, and Netherlands colonial possessions in the Western Hemisphere. The convention will be submitted to the Senate for consideration.

Sincerely yours,

(Signed) CORDELL HULL.

The latter section of the letter asserts a policy which of course is sound and welcome. Conclusive foreign commitments, binding upon America, must not be attempted at any time without the advice and consent of the Senate as the Constitution requires. I merely express the hope that we may see the treaties officially as soon as possible, because they contain prospective obligations which are constantly interweaving themselves with the legislation upon which we are being asked to pass from day to day.

I desire to express my appreciation to the Secretary of State for his courteous reply. I am glad to submit this information for the RECORD. I ask to have printed in the RECORD, without reading, the enclosure in the Secretary's letter.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

The Prime Minister and the President have discussed the mutual problems of defense in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defense shall be set up at once by the two countries.

This Permanent Joint Board on Defense shall commence immediate studies relating to sea, land, and air problems, including personnel and matériel.

It will consider in the broad sense the defense of the north half of the Western Hemisphere.

The Permanent Joint Board on Defense will consist of four or five members from each country, most of them from the services. It will meet shortly.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following bills:

On September 6, 1940:

S. 313. An act to carry out the findings of the Court of Claims in the case of Lester P. Barlow against the United States.

On September 11, 1940:

S. 4272. An act to amend the act approved March 4, 1925, entitled "An act providing for sundry matters affecting the naval service, and for other purposes," as amended.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

Mr. HARRISON. Mr. President, I move that the Senate proceed to the consideration of House bill 10413.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10413) to provide revenue, and for other purposes, which had been reported from the Committee on Finance, with amendments.

Mr. HARRISON. Mr. President, I ask unanimous consent that the bill be made the unfinished business, to continue before the Senate.

Mr. McNARY. Mr. President, what is the request?

Mr. HARRISON. I ask that the bill be made the unfinished business until we dispose of it.

Mr. McNARY. I thought the motion made a moment ago was intended to make it the unfinished business.

The PRESIDENT pro tempore. The motion first made by the Senator was to proceed to the consideration of the bill. Now he has asked unanimous consent that it be made the unfinished business.

Mr. NcNARY. The adoption of the motion makes it the unfinished business. I assume that the real purpose and import of the unanimous-consent agreement the Senator is seeking is to make the bill the unfinished business without interruption by any other business.

Mr. HARRISON. I thought the adoption of the motion to proceed to the consideration of the bill carried with it making it the unfinished business.

Mr. McNARY. Certainly.

Mr. HARRISON. But I had some doubt in my own mind about it, and I wanted to remove that doubt; and that is why I made the request.

Mr. McNARY. No; I object to the proposed unanimous-consent agreement. The motion is sufficient in itself.

Mr. HARRISON. Very well. That is the ruling of the Chair, is it?

The PRESIDENT pro tempore. The Senator from Oregon has objected to the unanimous-consent request. Objection being made, of course it cannot be granted.

Mr. BARKLEY. Mr. President, a motion to proceed to the consideration of any bill, if agreed to, makes it the unfinished business.

The PRESIDENT pro tempore. A bill taken up by motion, until displaced, is the unfinished business.

Mr. BARKLEY. Yes; it may be displaced in one of two ways—either by unanimous consent or by agreeing to a motion to consider some other bill. It would not be displaced, except temporarily, if a conference report were taken up and considered, that being a privileged matter.

The PRESIDENT pro tempore. Certainly; that is correct.

Mr. HARRISON. Mr. President, I ask unanimous consent that during the consideration of the bill committee amendments be first considered.

Mr. LA FOLLETTE. Mr. President, I am sure there will not be any confusion, but in order that there shall not be any, I wish to have it made clear that the granting of this unanimous consent will not preclude the offering of a substitute for the committee's proposal in titles I and II.

Mr. HARRISON. I had no such idea.

Mr. LA FOLLETTE. I knew the Senator did not, but I merely wanted to be sure.

Mr. HARRISON. But I do desire to have the committee amendments considered first, and that is what I requested.

The PRESIDENT pro tempore. Without objection, the committee amendments will be considered first.

Mr. HARRISON. Mr. President——

Mr. JOHNSON of California. Is the Senator about to proceed to explain the bill?

Mr. HARRISON. Yes.

Mr. JOHNSON of California. That is appropriate, I think.

Mr. HARRISON. I was about to proceed.

Mr. JOHNSON of California. There are certain sections in the bill which I cannot figure out, which I cannot understand, and I do not think a Philadelphia lawyer could understand them. I should like to hear the explanation of the Senator from Mississippi.

Mr. HARRISON. In my opinion the pending bill is the most difficult task which has ever confronted the Ways and Means Committee of the House and the Finance Committee of the Senate. It has been no easy matter to draft an excess-profits tax. I can truthfully say that the various provisions of the legislation now before us and the problems presented by it have been the most difficult to adjust and agree on than any previously considered. In my opinion neither the suggestions of the Ways and Means Committee, nor the Treasury Department, nor the Finance Committee meet in every respect the true test of an excess-profits tax. The enactment of such a measure carries with it many difficulties if the formula to be adopted is to impose taxes only on those industries that have directly profited from national-defense expenditures.

It will be recalled that some weeks ago the President recommended in a special message to the Congress the enactment of a steeply graduated excess-profits tax to be imposed on individuals as well as corporations. It is very difficult to write a bill and confine the excess-profits tax to only those corporations in the group referred to as national-defense industries. So the bill which passed the House—the one which is favored, I might state, by the Treasury Department over the Senate bill—has been one more designed to raise revenue than to meet the real requirements of an excess-profits tax.

We have had conference after conference in an effort to compose all the various differences of opinion and to get the legislation behind us and upon the statute books. As Senators will recall, there was suggested the amortization plan, urged by the Secretary of War, the Secretary of the Navy, the Council of National Defense, and, I may say, by the Treasury Department and the President, and we were urged to speed this matter along as rapidly as possible. It has been pointed out that the national-defense program would be slowed up if we did not pass the accelerated depreciation provisions promptly, and at the same time suspend the Vinson-Trammell Act, because it would stand in the way of contracts which might be made in connection with the national-defense program.

We have had little difficulty about that. There has been some opposition, but I cannot say there has been much opposition. The heads of the departments have been in agreement, and I think there was unanimity in the Ways and Means Committee of the House. There was some slight opposition in the Finance Committee of the Senate with reference to that part of the bill, but it was not very effective.

Most of the time has been taken up, and the delay has been caused, by the agencies of the Congress, both the Ways and Means Committee and the Finance Committee and, I may say, the representatives of the Treasury, in getting together upon an equitable basis in treating the corporate taxpayers of the country. There were sharp differences, but I may say that this legislation beats anything I have encountered in all my experience—which has not been so short, and I hope it will be longer.

Mr. BARKLEY. Is this an announcement of reelection? [Laughter.]

Mr. HARRISON. It can be taken as an announcement of reelection.

During the consideration of the excess-profits tax two plans which had been suggested stood out. One was the average earnings plan, based upon actual experience as to the profits which had been made by corporations in the past. The other was the invested-capital plan.

I may say that the gentlemen who were suggested to represent the Treasury believed, and sincerely believed, that we should eliminate the average earnings method and confine ourselves to the invested-capital theory. The experts of the staff of the Joint Committee on Internal Revenue Taxation believed that the wisest method to adopt was the average-earnings method. The difference grew so sharp, and was delaying the legislation to such an extent, that the Secretary of the Treasury called a meeting of some of the Finance Committee, the Ways and Means Committee, the representative of our staff, Mr. Stam, and the representatives of the Treasury who believed in the theory to which I have referred. Mr. Morgenthau, the Secretary of the Treasury, asked these gentlemen to get together on the two plans and directed his representatives to do so. He said, "There will be an agreement by tomorrow at 10 o'clock." Our staff and the representatives of the Treasury went into a conference; they did get together, as we thought, and from their action, the Ways and Means subcommittee of the House recommended a bill adopting not only the invested-capital plan but also the average-earnings plan. They brought out a bill to which there was tremendous opposition, and in the hearings persons appeared in large numbers pointing out the difficulties which might be visited upon one class of corporations or another.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DANAHER. Is this an appropriate time to ask the Senator a question? If not, I will postpone what I have to ask.

Mr. HARRISON. I should prefer to proceed for a few moments, and then I will yield to the Senator to ask his question.

Mr. DANAHER. I will tell the Senator, if he will permit, what I have in mind, and in due course he may be able to answer it anyway.

Mr. HARRISON. Very well.

Mr. DANAHER. Those of us who are not on the committee, and who have been attempting to follow, through the press and in conference with the Members of the Senate who are on the committee, what has been going on, are disturbed by one thing——

Mr. HARRISON. I congratulate the Senator if he is disturbed by only one thing.

Mr. DANAHER. I thank the Senator for that observation. One thing in particular I emphasize. The Senator twice in the last 5 minutes has used the expression that this bill seeks to meet "the real requirements of an excess-profits tax." In view of the fact that the House adopted one plan and the Treasury recommended another, and that the Senate Committee on Finance has come in with some modification, or reconciliation, of both ideas, would the Senator be willing, before we go on with the details, to explain, sometime in the course of his statement, what he considers the real requirements of an excess-profits tax? I should appreciate it if he would.

Mr. HARRISON. Of course, the bill is a combination of both theories, in order to arrive at the method to be elected by the corporation in computing its tax. The main idea presented to us was that those people who would make enormous profits by virtue of the $15,000,000,000 national-defense program should pay excess-profits taxes, thus relating the excess profits to the spending program.

Of course, if that theory is carried through, the profits realized by corporations engaged in making profits from the defense program would be the excess profits against which the measure is directed.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. I think the Senator from Connecticut [Mr. DANAHER] misconceived the House action. The House adopted the same plan which the Senate Finance Committee adopted. The Senate bill is a combination of the two systems. It does not represent one system alone.

Mr. DANAHER. I thank the Senator. If I am confused, I am not alone.

Mr. HARRISON. I can understand and fully appreciate that confusion may exist in the minds of some, and so far as it is within my power I shall be glad to answer any questions I can with respect to the bill. Alongside of me sits an expert who is familiar with the provisions of the measure, and I shall rely upon him in great part in answering questions which may be asked.

I wish to say that the report on the bill will be found on the desks of all Senators. We have endeavored in the report to make plain the provisions of the bill. We have discussed the various provisions incorporated in it. I hope Senators will read that report. I claim no credit in the world for it, although as chairman of the Finance Committee my name is signed to it as making the report. The report was prepared by the experts of the Treasury as well as by the experts on the staff of the joint committe, and representatives of the legislative drafting service. The Senate committee report, I may say, is in my opinion much clearer than the report of the House committee.

Mr. President, when the bill came to us from the House it represented a combination of the average-earnings plan and the invested-capital plan. We have changed the House bill in many details, but we have retained the provisions which give to the taxpayers the privilege of electing either the invested-capital plan or the average-earnings plan.

After the subcommittee of the Committee on Ways and Means brought to the full committee the bill prepared by the subcommittee, which was a combination of the two plans, I may say, there was some opposition to the bill because under its provisions many cases came within the twilight zone, so to speak. It is my opinion that if assurances had been given, and if those assurances had been written into the measure, that some tribunal would be created to examine and decide the hardship cases, 90 percent of the opposition to the bill would never have arisen.

Mr. President, I may say with respect to the Senate bill that one of its strongest and most beneficial features lies in the fact that it gave to the Commissioner of Internal Revenue authority to hear relief cases, and grant the relief requested, if possible. The Senate bill also gives to the taxpayer the right to appeal from the decision of the Commissioner to the courts or to the Board of Tax Appeals. That ought to give great satisfaction, not only to those who appeared before the committee in support of that idea but to millions of other taxpayers throughout the country. They may not all be satisfied with the decision of the Commissioner of Internal Revenue but if not, they can still appeal to the Board or the courts.

Mr. President, the bill when it came from the House provided for differentiation between the two methods that might be invoked. It gave the right to the taxpayers to elect between the invested-capital method and the average-earnings method. However, a penalty was provided—not in the report made by the Ways and Means Committee subcommittee, but in the measure passed by the House, against those who might seek to avail themselves of the average-earnings method. I do not think it is a secret that a representative of the Treasury, in a perfectly honest and conscientious way recommended that we should penalize corporations which availed themselves of the average-earnings method, and thus force them into using the invested-capital method. He said we should penalize those who use the average-earnings method by providing an increase of 4.1 percent on the normal tax net income of such

corporations. We thought that would be an unfair discrimination. We felt that the middle-class corporations of the country, which had weathered the storm and continued in existence and were making a good showing and average profits, should be permitted to avail themselves of the average-earnings method without being subject to penalty.

Not only was this 4.1-percent penalty tax imposed upon those corporations which elected the average-earnings method but the House bill also subjected such corporations to a 5-percent penalty increase in the rate brackets applicable to such corporations.

That did not appear to be at all fair to the Finance Committee, and we eliminated those penalties. We provided that all corporations be treated alike. We proposed to let them elect either method without penalty. Of course, corporations will select the method which would be best for them. We took into consideration the loss in revenue. We proposed to place a flat increased corporation rate of 3.1 percent on all corporations. That will give us much more revenue. We have heard no complaint on that score. We have not received any objection from businessmen with respect to that proposed increase, and I believe the country will accept it.

The method we have presented, which was the method adopted by the House Ways and Means Committee, of allowing election between the average earning method and the invested capital method, was the method adopted by Canada in writing its first excess-profits measure. At the present time Canada has the average-earnings plan and uses invested capital for relief purposes. It is the method adopted by England in its World War taxation legislation. At the present time England uses the average-earnings method, using the invested-capital method for new corporations or for relief. So we believe it is a fair method. We do not think it operates unfairly against the small businessman at all. Indeed, the invested-capital plan will operate to the advantage of the larger corporations of the country, and most of them will take that plan. We have tried to put justice in this bill by adopting a flat 8-percent exemption under the invested-capital theory, rather than the complicated method that was adopted under the House measure. It takes a lawyer of standing, a very smart lawyer, indeed, to figure out the method of taxation provided in the House bill, because, in order to ascertain the exemption of a corporation for invested-capital purposes, it was required to compare its earnings in the base period with the invested capital in the base period, and that takes time, and no one but a certified public accountant or a tax expert can possibly do it. That is why the House bill was so complicated and caused so much opposition.

So we have made every effort to simplify the House bill. We do not have to go through that method in ascertaining the excess profits under the terms of the bill.

There was much opposition because it was said that small corporations had not been treated fairly in the House bill. There was a $5,000 exemption granted in the House bill. That exemption took care of a great many small corporations. In the bill before us, we have increased the exemption to $10,000, which applies to corporations electing either method. We have been most sympathetic toward smaller business in that respect.

A great appeal was made to the House and to the Senate committee with reference to consolidated returns. We had that method for many years. For years the Senate has stood for permission to file consolidated returns in the case of corporations 95 percent of the stock of which is owned by the parent company. So the Senate committee inserted a provision permitting consolidated returns to be filed with respect to excess profits. It is only permissive. It is not mandatory. We give permission to file consolidated returns under regulations to be issued by the Treasury Department. We think that is very helpful, and that it will simplify the law.

In addition to those titles of the bill dealing with normal corporate taxes and excess-profits taxes, the committee has approved the House action in suspending the provisions of the Vinson-Trammell Act as to contracts or subcontracts which are entered into or completed during the years in which the excess-profits tax is applicable. Inasmuch as the excess-profits tax will apply to all corporations, including those now subject to the profit-limiting provisions of the Vinson-Trammell Act, we feel that special provisions should not apply while the excess-profits tax is in force.

A very carefully drafted title of this bill relative to amortization of allowances for emergency plants or facilities is included and recommended. This accelerated depreciation allowance was worked out through the joint efforts of the representatives of the National Defense Council, the War and Navy Departments, and the Treasury Department, in cooperation with congressional committees. The sole purpose is the desire of all of us to expand existing facilities which are necessary and vital in our national-defense program.

The House bill contained provisions limiting or restricting the use which a taxpayer might make of facilities against which amortization or accelerated depreciation might be charged. On the recommendation of the Defense Council, and after conferences between representatives of the Treasury Department and the Defense Council, plus careful consideration by the committee, it was decided to eliminate the subsections imposing specific penalties relating to construction facilities after the amortization period had ended, and to substitute provision therefor to the effect that if the taxpayer has or will be substantially reimbursed by the Government for all or part of the cost of any facility, no amortization will be allowed unless the Advisory Commission to the Council on National Defense and either the Secretary of War or the Secretary of the Navy certify to the Commissioner of Internal Revenue that the contract contains provisions adequately protecting the interest of the Government with reference to the future use and disposition of this facility. Provision is also made for the publication of the terms of the contract with respect to cost or reimbursement of such facilities and the provision protecting the Government's interest but not the specifications of the contract.

Mr. TYDINGS. Will the Senator yield?

Mr. HARRISON. I yield.

Mr. TYDINGS. In the case of a cause of action in law which accrued prior to January 1, 1940, in which there had been a dispute over whether one corporation or another was entitled to receive money in 1938, and in which the suit is not determined until this year, although the money was actually earned and in dispute for a year like 1938, it would be manifestly unfair to tax the 1938 earnings, which have been a matter of litigation, in a year like 1940. I call that matter to the attention of the committee. I ask the Senator whether or not any provision was made to take care of it.

Mr. HARRISON. That would come under the relief provision of the bill.

Mr. TYDINGS. It is taken care of?

Mr. HARRISON. That is one of the things taken care of in the general relief provision.

Mr. TYDINGS. I should like to ask the Senator another question. I have in mind a concern which for 15 years has earned no money and paid no dividends. In order to perfect its product it conducted research which cost a tremendous amount of money. It so happens that this year will be the first time it will make any profit, after 15 years of barren returns. I was wondering whether or not the 4- or 5-year average of earnings would apply to a corporation which has had no profit for a period of time such as I have indicated.

Mr. HARRISON. That matter is taken care of by the relief provision.

Mr. TYDINGS. So all the profit would not be taxed as of this year, but it would be taxed on the basis of recent years?

Mr. HARRISON. That is correct on the basis of the years to which the income was attributable.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. DANAHER. Will the Senator take the very case to which the Senator from Maryland has referred and indicate

how it is taken care of in the relief provision? Does he mean that there will be special action by the Department?

Mr. HARRISON. The general provision for relief cases would take care of that specific case. The general provision is found on page 109.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. The word "abnormalities" is used. In the case of abnormalities in income in the taxable period, a commission is set up which is fully authorized to deal with abnormal cases and work out justice so far as possible. Of course, a great amount of discretion is left to the organization.

Mr. DANAHER. It should be. I thank the Senator.

Mr. VANDENBERG rose.

Mr. HARRISON. Does the Senator from Michigan desire to ask any questions?

Mr. VANDENBERG. I thought the Senator had concluded.

Mr. HARRISON. I shall be glad to yield the floor to the Senator.

Mr. VANDENBERG. Mr. President, the able and distinguished chairman of the Finance Committee, the Senator from Mississippi [Mr. HARRISON], has presented his general view without embarrassing himself with too much detailed illumination regarding the pending tax measure.

Mr. HARRISON. The Senator did not want me to give too much detailed information; did he? We have had enough in the committee.

Mr. VANDENBERG. No; I think the Senator, from his own viewpoint, is much wiser and safer to leave out the details.

Mr. HARRISON. I thank the Senator.

Mr. VANDENBERG. Now, as a very humble member of the Finance Committee, I wish to present my general view of the bill.

My general view is that in respect to its so-called excess profits tax provisions the bill is an imponderable mess which will do more harm than good. It will create more problems than it will solve. It will slow down instead of speed up the productivity of America, and it will fail of any reasonable achievement, either in respect to the limitation of so-called war profits or in respect to the production of any revenue remotely approaching the staggering necessities of the debt-ridden Government. I know of no sure achievement the bill can anticipate except an increase in the sale of aspirin. [Laughter.]

First, I wish freely to concede my agreement with the able Senator from Mississippi that the Senate Finance Committee has tremendously improved the bill. Of course, there is a confusing difference of opinion on that subject. The Treasury Department seems to think the Senate Finance Committee has "submarined" the bill. I do not know to what extent I am entitled to refer to the devastating testimony of Treasury Department representatives before the Senate Finance Committee in executive session. I feel somewhat limited by the earnest desire of the chairman not to have too much said about that disconcerting phase of the matter. But I wish to absolve the distinguished chairman of the committee of any responsibility for delay in connection with this legislation. The newspapers have been belaboring Congress for not being even more reckless in the pell-mell speed with which they have wanted us to rush along with this complicated measure, which they will ultimately find, to their consternation, affects every economic value in the land—and usually adversely. However, the genial and indefatigable chairman of the Senate Finance Committee emphatically is not to blame for any of the delay. If ever I saw a man consumed with a positive passion to get something off his hands and be rid of it, for better or worse, it is my able friend. He does not believe in lengthened agonies. [Laughter.]

Mr. President, even though the Senate committee version is a great improvement over the House bill from the standpoint of most of us, the fact remains that ultimately both versions will go to conference; and my experience with most tax conferences between the Senate and the House is that the House ideas are entirely too authoritative.

So we still confront the element of hazard, still inherent in the House bill, as asserted by the able chairman of the committee himself, plus the hazard inherent in the Senate bill. Meanwhile we confront the total jeopardy, to which I shall shortly refer in detail, which is wrapped up in every line of the sinister tax sections of this measure. The American people have little idea of what is about to happen to them.

I repeat that, under the expert guidance of the able Senator from Mississippi, the bill is decidedly improved, from my point of view, but it is still the most incomprehensible maze which American business has ever been required to thread.

The Senate committee has considerably simplified the bill—I concede that also—but, as one of our own committee experts observed, this bill still penetrates more deeply into the wilderness of incomprehensibility than we have ever taken the American taxpayer before—and that is "going some."

The same expert added that the chief source of revenue to the Government from this bill will be from the income tax on accountants and lawyers who will have to be hired by every taxpayer to guess at its meaning.

That is not my estimate; that is the estimate of the best tax expert I know of related to the congressional work of the House and Senate in respect to taxation.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HARRISON. Mr. President, so that the RECORD will show it, let me ask, who is the expert to whom the Senator referred, and is he connected with the Treasury?

Mr. VANDENBERG. He is not connected with the Treasury. I do not care to name him unless the Senator wishes me to do so, and then I shall.

Mr. HARRISON. I think the Senator might do so.

Mr. VANDENBERG. I am quoting the chief legislative counsel of the House, who made the statement in the presence of the Senator from Mississippi.

Mr. HARRISON. It is not in the hearings, then?

Mr. VANDENBERG. Oh, no.

Mr. HARRISON. I do not recall it being there.

Mr. VANDENBERG. There is very little of the underlying truth about this measure in the hearings.

I venture the assertion, Mr. President, that no Member of the Senate, particularly including the able chairman of the committee, would dare take the responsibility of advising any of his constituents precisely how to fill out the detail of his tax return under this bill. If there are any volunteers, I should like to have them rise. I observe that prudence keeps them in their seats.

Such legislation, Mr. President, is indefensible, and it is doubly indefensible when it is needless. This excess-profits-tax law is needless at the moment, not because the Government does not require vast funds but because not one penny can be collected under it until March 15 next. Thus we could have 6 months in which to rewrite the whole tax structure in the light of full exploration, in deliberative consideration of all the interests of our whole people, and with some reasonable degree of approach to the revenue which soon must be produced if the Federal Government is to escape bankruptcy or worse. This is merely a patchwork stopgap. It is whistling through the woods or through that wilderness to which I have previously referred.

Assistant Secretary of the Treasury Sullivan, a very capable, candid, and efficient official, frankly said to me in the committee hearing that the Treasury's responsibility will undoubtedly force it to ask for another tax bill before the end of the present fiscal year. We have already had one; here is the second; and the third is "on order," or, shall we say in the new parlance, "on intention"? Instead of this helter-skelter formula, which starts nowhere and gets nowhere, Congress should make one thorough, comprehensive,

and equitable job of the whole business, even if it never takes a recess. Some things are more important than elections.

Mr. President, there is no defense emergency connected with the excess-profits-tax section of the bill, because, I repeat, no tax collections can be made under it until March 15 next. But there is a defense emergency connected with the new amortization and depreciation sections of the bill. But the two are unrelated so far as the emergency goes—and this point ought to be borne constantly in mind—except that it has not been deemed politic to grant the latter essential appeasements to business without at the same time attacking business profits.

The National Defense Council, the War and Navy Departments, and the President have said that new arrangements regarding amortization and depreciation are indispensably necessary if we are to expect private industry to use its own funds in plant expansion to meet a defense emergency, which may and should stop long before private industry could reasonably recoup its investments.

As a matter of cold, hard-headed fact, as clearly demonstrated by the able Senator from Georgia on the floor of the Senate, even this part of the bill probably is not necessary, because the Treasury Department already has full legal authority to make amortization and depreciation contracts that measure the useful life of a facility. But far be it from me to quarrel with any department of this administration which underestimates its own legal authority. So I go along with the idea of prompt and effective action in general harmony with the urgent request of the defense authorities. I may say, parenthetically, that the so-called emergency sections of the bill relating to amortization, depreciation, and so forth, could have been passed 2 months ago if they had been separated from the tax tangle as they should have been. I asked it then. I wanted action. I ask it now.

I unequivocally go along, too, with the idea of a war-profits tax or a preparedness-profits tax which will save us from the undemocratic curse known as the war millionaire or anything like it. But the two things need not be joined unless we are afraid to trust ourselves to do the second thing, independently and adequately, after we have separately done the first thing. I prefer to take the chance and to stay here and do a real tax job. This is doubly advisable in view of the Treasury's warning that we must have another tax bill during the fiscal year anyway.

Mr. President, in this bill we are guilty of five untenable things.

First. In the name of a tax upon so-called excess profits, which the country erroneously assumes bears some conclusive relationship to the preparedness billions which are to go into circulation, we gouge into the normal profits of almost every corporation in the land making more than $10,000 a year, or $5,000 a year, under the terms of the House bill; and this gouge into normal profits is not equally and equitably distributed, as should be the case when we start in earnest to finance our staggering deficits and our enormous defense expenditures.

We need a plan, Mr. President, not only for national defense but a plan for financing national defense. We have no plan whatever for financing national defense in the long view. We are simply attacking the problem piecemeal from day to day, and not very much piecemeal at that. We need a plan. We have none. I am pleading for one. When we get it, I will do everything within my power to cooperate.

Secondly, in the pious name of a defense emergency we rush into speculative and uncertain tax formulas affecting almost the entire sum total of American business, at least, that section of it making more than $10,000 net a year; and we already are on notice that it will so seriously affect the normal earnings of many enterprises wholly unrelated to the national defense that the so-called general relief section of the bill will have to be so generally embraced that it will make a shambles of the whole sad affair.

I agree with the statement of the able Senator from Mississippi when he says that the relief section is probably the most important section of the bill. In other words, what has been specifically written is of far less concern and importance than the arrangements which have been put into the bill to get away from the other things which are written into the bill. Such a process bears no remote kinship to sound legislative action.

Third. To accomplish our hasty objective, by needlessly commingling these unrelated matters we present the taxpayer with so dense a puzzle that only a Philadelphia lawyer, a certified public accountant, and an extraordinarily clever crystal gazer in combined effort can chart the answer; and even then the courts will finally have to find out precisely what we thought we were doing when we wrote the law.

One can test that statement, Mr. President, by taking up this bill and opening it anywhere he pleases. I do not intend to labor the subject, but let us open the bill at random and see what we find, on page 93, describing the repayment of the processing tax to vendees. This is the simple little problem which Congress is about to lay on the desks of 50,000 corporation executives in the United States:

> The deduction under section 23 (a), for any taxable year, for expenses shall be decreased by an amount which bears the same ratio to the amount deductible on account of any repayment or credit by the corporation to its vendee of any amount attributable to any tax under the Agricultural Adjustment Act of 1933, as amended, as the excess of the aggregate of the amounts so deductible in the base period over the aggregate of the amounts attributable to taxes under such act collected from its vendees—

I pause to draw my breath [laughter]—

> which were includible in the corporation's gross income in the base period and which were not paid, bears to the aggregate of the amounts so deductible in the base period.

[Laughter.]

Mr. HARRISON. Mr. President, may I ask the Senator a question?

Mr. VANDENBERG. I will let the Senator ask me anything except to explain what in the world that provision means.

Mr. HARRISON. Was not that provision offered by the Senator from Michigan?

Mr. VANDENBERG. No, indeed.

Mr. HARRISON. He was insisting upon such an amendment going into the relief provisions of the law.

Mr. VANDENBERG. The Senator from Michigan was never insisting upon any amendment in any such language as that. The Senator from Michigan was insisting that there should be a complete exemption in respect to processing taxes; but whether this is what I was talking about or not I leave to the Senator. If he says it is, I am grateful and happy; but I doubt whether even he would dare give me that assurance.

Mr. HARRISON. I was delighted when the committee accepted the insistence of the Senator from Michigan upon incorporating such a provision in the bill.

Mr. VANDENBERG. I think the purpose which the Senator describes is excellent. I am just wondering whether we have reached the purpose. I cannot recognize in this meandering language anything I ever talked about. It certainly cinches my point if the father of an idea cannot even recognize his own child.

There are so many other sections of the bill which are of a similar character that it hardly seems necessary to multiply the exhibits. I do not care where any taxpayer opens the bill; I defy him, short of an ultimate headache, to start to approximate an understanding of what his obligation is if he happens to be just an ordinary American businessman engaged in the humble necessity of trying to earn a living, in spite of his Government.

Mr. President, I attribute this difficulty chiefly to the fact that we have tried to hurry our way through this problem, instead of taking the time which is necessary to rewrite the fundamental tax structure of the country, as we could effectively do between now and March 15, when the first collections will be made.

I said there were five untenable things of which the pending bill is guilty. I have suggested three.

Fourth. The revenue we raise, some three hundred or four hundred million dollars a year, is not even a small down payment on our debts and deficits. This is only a penny-in-the-slot bill so far as the Treasury's fiscal needs actually are concerned. This tax bill and its predecessor will produce a total of something like $1,000,000,000 in this fiscal year. The deficit for the same fiscal year will crowd $10,000,000,000. We are not even within gunshot of the red ink. Every sane person knows that this cannot go on. Every sane person knows that the protection of the public credit is a primary need of true national defense. All the more the reason why we should address ourselves now to a real tax bill, instead of smugly dismissing the problem with a pious shadow-boxing gesture.

Mr. HARRISON. Mr. President——

Mr. VANDENBERG. I yield.

Mr. HARRISON. The Senator, of course, recalls that the chief of our staff, in presenting the estimates for 1941 under the Senate bill, estimated the amount of revenue at $882,500,000.

Mr. VANDENBERG. Yes; I think the Senator is correct.

Mr. HARRISON. And the Senator recalls that when the Treasury experts were asked for an estimate they said they did not have the figures, but could only give us those for this year, in which we all know we could not raise much—the amount of $355,000,000, I believe—but that in that instance Mr. Stam said that he estimated the revenue for 1940 at $482,000,000.

Mr. VANDENBERG. All right; $482,000,000.

Mr. HARRISON. That is for 1940. But in that year very little revenue will be derived from defense expenditures.

Mr. VANDENBERG. That is correct. Any estimate beyond 1940 is wholly and purely a matter of complete speculation; so much so that the Treasury has declined to give the committee any substantial estimates beyond the current fiscal year, and in the current fiscal year it puts the figure, if you please, around $400,000,000. Still, when the committee goes through the hard process of writing an excess-profits-tax bill, which is pretty nearly the last tax recourse of the country, and in the presence of an accumulated deficit in this fiscal year alone of $10,000,000,000, the committee produces only $400,000,000, I repeat that the mountain has labored and brought forth a mouse.

That is not the worst of it, from my point of view. This is supposed to be an excess-profits-tax law; but out of the $400,000,000 to which the Senator from Mississippi refers, only $115,000,000 comes from alleged excess-profits taxes.

Mr. HARRISON. The Senator is wrong there.

Mr. VANDENBERG. Just a minute. Against that $115,000,000 there must be a deduction of $15,000,000 on account of the loss in personal, private incomes as a result of the reflex of the law on corporations; so the net production of revenue under this bill from the alleged excess-profits section of it is $100,000,000, or about the cost of one battleship.

I now yield to the Senator from Mississippi.

Mr. HARRISON. Does not the Senator think, to be fair, that he ought to give the figures for 1941 instead of 1940?

Mr. VANDENBERG. If the Senator wants to guess about 1941 I am quite willing to welcome his speculation.

Mr. HARRISON. All estimates are guesses to some extent; but if the Senator will look into the guesses made by the experts of the Treasury and those made by the experts of the joint committee, he will find that our experts have been in some instances more correct than the Treasury experts.

Mr. VANDENBERG. What is the point the Senator is making?

Mr. HARRISON. I might say—the Senator seems to criticize the estimates a great deal—that I would rather have the estimates of the staff of the joint committee than the estimates of the gentlemen in the Treasury, which were wrong a good many times.

Mr. VANDENBERG. What is the estimate of the experts whom the Senator prefers as to income in this fiscal year from the excess-profits section of this tax?

Mr. HARRISON. In 1940?

Mr. VANDENBERG. What does this bill provide from excess-profits taxation?

Mr. HARRISON. The Secretary of the Treasury——

Mr. VANDENBERG. No; I want the Senator's favorite experts, the experts of the joint committee's staff.

Mr. HARRISON. I was about to tell the Senator the difference.

Mr. VANDENBERG. Very well.

Mr. HARRISON. I think the Treasury said there would be $115,000,000 of excess profits.

Mr. VANDENBERG. That is correct. That is what I said.

Mr. HARRISON. For 1940, which is almost gone.

Mr. VANDENBERG. That is exactly what I said.

Mr. HARRISON. And our own experts said the amount would be $250,000,000 for 1940, which is almost gone. As to 1941, the Treasury experts did not hazard a guess, but our own experts estimated $600,000,000 from excess profits.

Mr. VANDENBERG. The Senator's figures do not in the slightest degree change the contemplation which I am submitting. When he speaks of the year 1940 as "almost gone," I remind him we are talking about a fiscal year which does not end until June 30, 1941. Technically, it is the fiscal year of 1941.

In the first place, when it comes to an estimate of revenue from the excess-profits tax on this year's fiscal business, the Treasury ought to know what it is talking about. The only figure I heard submitted to the Senate Finance Committee is an estimate of $115,000,000 for the present fiscal year from the excess-profits-tax section of the law. What I am submitting to the Senate is that it is not worth $115,000,000 to put American business to the headache, to say the least, which it contemplates when it confronts the tremendously complicated computation which this bill requires. Even this figure must be reduced by $15,000,000 more because of reflected loss from personal-income taxes.

It is not worth $100,000,000 to submit American business to the anxieties and the terrorisms which would rise in any taxpayer's heart if he tried to read this bill and find out what he owed his Government.

One hundred million dollars used to be a great deal of money, but now it does not make so much difference whether the deficit at the end of this fiscal year is $10,000,000,000 or $9,900,000,000. It does make a great deal of difference whether American business in the interim can be released to full productivity, full steam ahead, a full use of its entire productive impulses. It should be relieved of any needless requirement to spend its time threading its way through any such bill as the one before us, which anyone must concede is the most incomprehensible piece of legislation ever presented in the Congress of the United States.

It is not worth $100,000,000 to have the excess-profits section of the bill in the law. It does not produce essential revenue. It certainly does not penalize so-called war millionaires to any effective degree. It is in no sense an answer to the prayer and hope of many of us that we should write an excess-profits-tax law in respect to war and preparedness which would take all of the profit out of war. It is not an excess-profits tax on the reality of the situation, it is not a revenue tax on the reality of the situation, it is not an anti-profiteering tax on the reality of the situation. It is just $100,000,000 worth of anxiety thrown into the American business world, and I submit it is the poorest bargain Congress ever undertook to make.

Mr. President, as a matter of fact, I think the bill will defeat its own presumed purposes, because, I repeat, it will hamper business and that not only hampers national defense but it also hampers the expanded national income, which is our sole hope of ever paying our bills.

Three or four hundred million dollars, I repeat, used to be a great deal of money, but it is precious little compared with our present and prospective astronomical needs, and it is a costly increment if it deters the larger aim.

There is only one way in which we can once more achieve Federal solvency. It cannot be done by inventing new taxes, always finally paid, as President Roosevelt once correctly said, out of the sweat of labor. It can only be done by increasing the national income to an extent which, under rational tax levies, will produce the needed Federal income. We must become a $100,000,000,000 country instead of a $70,000,000,000 country. That cannot be done just by spending the difference. It can only be done by realizing and releasing the full power and impulse of private business and private enterprise. We lose more than we seem superficially to gain when we seriously cramp these economic forces in our economic life. In my humble opinion, that is precisely what the so-called excess-profits-tax section of the bill is best calculated to do.

Remember, it is not a war-profits or a preparedness-profits tax, despite comfortable pretense to the contrary; it is a tax which reaches into the normal profits, and which, through its involved formulas, may seriously cripple the normal profits of thousands of essential corporations. No one can set limits to this hazard. The bill is a shot in the dark, like an arrow sped into the night. The House bill affects 75,000 corporations, representing the preponderance of American business. The Senate bill affects 50,000. In the course of hasty, pressure hearings, in which each threatened taxpayer was given just 10 minutes in which to tell why the bill would all but ruin him, scores of witnesses proved that the complex ramifications of the bill would burden them beyond endurance, tax them wholly out of proportion to the kindred load carried by others, and often create competitive handicaps which could be fatal. I commend the earnest efforts that were made in each of these instances to correct the inequities which had to be frankly confessed by our own experts. I commend the general relief section which was added to the House bill in the desperate hope that it might relieve other abnormalities. But if these threats exist in the case of these relatively few corporations which found out what was in store for them, and which were able to get here to plead for mercy before these hasty hearings were rushed to a foreclosing finish, who shall say what will be the result upon the rest of the 50,000 when their lawyers and their accountants and their crystal-gazers finally figure out what the bill means to them?

It is a shocking speculation at a time when we have no business to speculate at all. It is poor consolation to refer these victims to a relief section which puts them at the mercy of downtown bureaucrats, although this is infinitely better than no hope at all. The truth is that we have only a vague idea of what we are doing, and I shall respectfully assert that we have no right thus to gamble with the property of our citizenship.

I have not heard any of them complain against carrying their fair share of the increased tax burden which they all know is inevitable in order to pay our deficits of yesterday and our debts of tomorrow. They complain only against an unfair distribution of the load; and they have repeatedly proved that the bill involves an unfair distribution of the load. They complain only that a bill which the country thinks is aimed at "war millionaires" actually hits all business, and probably does not conclusively curtail any war millionaires at all—actually hits all business, even though it is totally unrelated to the new defense spending; and particularly hits middle-class business and especially new business which has had the courage to tempt fate and fortune during the last 4 discouraging years of the so-called base period under the bill. The bill would freeze an arbitrary, existing profits level, and, without any regard to whether undue enrichment is involved, it would say that anything beyond this norm is excessive and subject to attack. I can think of nothing better calculated to depress normal peacetime industrial activities, and retard the normal growth and expansion, upon which employment depends, and upon which we must rely finally for the development of sufficient resources with which to liquidate our national obligations.

The real emergency purpose of the bill is to remove barriers to industrial expansion for defense necessities. That is why it was devised; that is why it was sought. These necessities are entirely and completely confined to other sections of the bill than the tax section, which I have discussed. These necessities are met by other sections of the bill. I think in some respects these other sections are too liberal. I am frank to say that I voted in committee to curtail them; but I am not opposing them. On the contrary, I shall support them, because to do otherwise would be to vote a lack of confidence particularly in the National Advisory Defense Council. That I shall not do so long as men like William S. Knudsen are in charge. But I respectfully submit that it is a ghastly paradox to facilitate business in these sections of the bill, business directly related to national defense, and then to jeopardize business, regardless of whether it has defense orders or not, in the tax section of the bill.

We are emphatically told that the emergency requires prompt action on amortization and depreciation. Very well; let there be action at once. I favor it. We can divide the bill. No one can pretend that there is any particular emergency connected with the so-called excess-profits tax, because it will not raise enough money to pay our bills for 2 weeks, and, in any event, there can be no collections until next March 15.

Mr. President, does this mean that I want to immunize real excess profits—war profits—excess preparedness profits? Emphatically no. I would be among the first to tax them to the limit. But the bill does not do that. Where there are real war profits—the kind which scandalized our experience in 1917 and 1918—the bill only snipes at them. It is in no sense adequate. It would merely divide the loot. It is neither a revenue measure nor a war-profits measure. It is a sort of shotgun stopgap which pretends a vigilance which does not actually exist. It is the worst of all the so-called emergency measures which, in recent years, we have rushed to completion on the theory that speed is better than assurance.

This is what I am trying to say, Mr. President. The tax title of the bill should be separated from the rest, or at least the excess profits tax section of the bill, leaving in, if you please, the flat normal increase in corporation taxes. The excess-profits section of the bill should be separated from the rest, and the Congress should settle down to the long, hard grind of rewriting the whole Federal tax structure, first, for the purpose of producing something like the revenues which are necessary to keep the Capitol out of the bankruptcy court; second, for the purpose of effectively stopping undue enrichment out of national defense and—God save the mark—out of war if it shall needlessly come to the American people.

On the latter score, Mr. President, there are several pending proposals, notably that presented by the distinguished Senator from Texas [Mr. CONNALLY], in behalf of his subcommittee of the Senate Finance Committee, but it is impossible to give it adequate consideration as a floor amendment to the pending bill, in view of the pressure for prompt enactment of other features of the bill, as demanded by the Council of National Defense and the defense departments of the Government.

Then there are the proposals of the able Senator from Wisconsin [Mr. LA FOLLETTE], which I have always heretofore supported. I consider that the able Senator from Wisconsin knows more in ultimate detail about taxation than any other Member of this body. But here, again, there is no adequate opportunity in this forum under the pressure of the moment to assess and explore even the La Follette proposal to a degree which the importance and the tremendous magnitude of the

subject demands. There are still other proposals which this legislative "blitzkrieg" rules out of any deliberate consideration.

There was one in particular, Mr. President, which presents a brand new theory of excess-profits taxation, which, in my humble judgment, it would be a calamity not to explore before we commit the country again to the old excess profits tax theory upon which we heretofore have operated.

This suggestion, Mr. President, was submitted to the able Senator from Mississippi [Mr. HARRISON], but he had only 10 minutes to give to it—and that is not said critically, because all of us were under a pressure which utterly precluded deliberation. The suggestion was submitted to the head of our staff of experts of the Joint Congressional Committee on Taxation. He could give it only 10 minutes, because in 10 more minutes he had to meet the chairman of the committee, who in 10 minutes had to meet the committee, which in 10 more minutes had to start hearing the witnesses, each for 10 minutes apiece. Did someone once say that this is the greatest deliberative body in the world? Did someone say we have not been hurrying?

This suggestion, Mr. President, is that excess profits be measured by the ratio of profits to pay roll. The formula is very simple. The total pay roll for the period 1936 to 1939, and the total profits for the same period, would be determined. The percentage which the total profit bears to the total pay roll would be the company's normal profit. This percentage, applied to the pay roll of the current year, would be the amount exempt from excess-profits tax. That is all there is to the formula. It avoids all the imponderability of the pending text, and it refuses to say that American business has reached a point where anything above 5 or 6 or 7 percent hereafter is excess profits which ought to be punitively discouraged. You cannot build the future of America on that basis, because you cannot turn this from a $70,000,000,000 country into a $100,000,000,000 country, unless you remove the hurdles and the obstacles which confront business and give it encouragement instead of obstruction.

Let me say how this proposal would work. A corporation with an average pay roll of $15,000 for the last 4 years, and an average profit for the same period of $10,000, would have a normal profit allowance of two-thirds of its pay roll. If its pay roll for 1940 increased to $30,000, two-thirds of this amount, or $20,000 increase, would be exempt from excess-profits tax. Any profit in excess of $20,000 would be excess profits subject to tax.

The pay roll upon which the credit is based would be the pay roll subject to social-security taxes. This would exclude wages and salaries in excess of $3,000, and make the base correspond to the wages actually paid to workers. Profits would be determined by taking net income for income-tax purposes and deducting the normal tax, as is done elsewhere in the bill for computing excess profits.

This proposal particularly interests me, Mr. President, and I was told yesterday by probably the leading tax expert in Washington that it is the first time in 35 years he has found an excess-tax formula which not only is simple but which actually encourages American development instead of punishing it when it occurs.

That proposal particularly interests me, because it appears to be a practical application of an incentive principle which I have long favored, namely, to remove tax barriers to healthy business expansion, and thus to encourage increased income and employment.

As I have stated, my chief concern about the present bill is that it will stunt the growth of small businesses by taxing away any increased profits regardless of their source. If the law can be so framed as to encourage normal expansion and increased employment, without permitting speculative and unjust profits, I am wholeheartedly behind it.

The relations of profits to pay roll may be, and probably is, the one fundamental method of accomplishing this purpose. Under this method, an increase in the company's pay roll, either by employing more men or by raising wages, will increase the exemption from excess-profits taxes. This seems to me highly desirable. It will furnish a strong incentive to create jobs and to pay liberal wages.

But, Mr. President, there is no opportunity here to consider a thing of this sort. It would not even be fair to offer it textually as an amendment to the bill. We have no time to perfect the bill under the lash of emergency which is applied to it at the moment, a lash which need not be applied, so far as the realities of emergency are concerned, because the emergency applies only to amortization and depreciation and Vinson-Trammell prohibitions, and those sections of the proposed law can be separated, as they could have been 2 months ago, and passed in 24 hours.

There simply is not a chance to do a workmanlike job on the most fundamental necessity in a fiscal sense which confronts the American people. We have a sort of a plan for national defense. We have absolutely no plan for financing national defense, and the plan to finance it is just as essential in the long view as the plan to produce it, because the public credit in the last analysis is the first line of national defense.

The excess profits tax section of the bill is neither an excess-profits tax in the true sense of the word nor a revenue tax in the true sense of the word, nor an anti-war-millionaires tax in the true sense of the word. It is nothing except a stopgap effort to shadow-box with this emergency.

Mr. President, this is no time to shake dice with the destiny of American business. The tax sections of the bill are premature and immature. In my humble judgment, we should reject them. In my humble judgment, Congress should then dedicate itself to the desperately important task of rewriting the tax laws of the country with sufficiently unhurried deliberation so that we may do full justice to the Government and to the legitimate rights of every citizen within its jurisdiction. We are desperately in need of money. This bill does not produce it in any adequate degree. We need to stop undue enrichment out of this national emergency. This bill does not adequately stop it. The supreme tragedy of the situation is that the country will be led to believe that we are facing these necessities when we are not. It is time for candor and realism. Pass those titles of the bill which are needed for the national defense. Delete the tax title, which has no emergency character whatever. Then make a real job of writing a real tax bill which will answer our national necessities and our congressional responsibility.

Mr. President, I ask unanimous consent that an editorial from the New York Times of this morning, entitled "Good Advice on Taxes," be printed at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times of September 13, 1940]

GOOD ADVICE ON TAXES

An excess-profits tax ought to be enacted before Congress adjourns, but the present bill is being rushed through in such haste that it cannot receive the careful study it demands. Even previous experience with this form of tax or previous studies of it seem to have been largely ignored. One of the most important of these studies was printed by the War Policies Commission in 1932. In that report Arthur A. Ballantine, then Under Secretary of the Treasury, is quoted as remarking:

"Working out a carefully formulated war-profits tax is a matter calling for the most careful effort on the part of some body of experts who, uninfluenced by actual emergency conditions, could study the problem in the requisite detail and carefully formulate at least the framework of a statute which would be both workable and effective."

It is instructive to recall also what Mr. Ballantine and the Commission had to say in that report about the principles that should apply to such a tax:

"The ideal war-income tax would bring into the Treasury the entire amount of profits due to the war. * * * The problem here is not as to the principle to be followed, for that is clear, but as to the technical difficulties of so formulating a war-profits tax that it will measurably accomplish its purpose without preventing the necessary operation of the economic machine."

This means that the main basis of an excess-profits tax must be some fair average of the earnings of a corporation in the years preceding that to which the tax is applied. While certain minimum earnings on invested capital must be allowed as an alternative for new or enlarged corporations or those which have had subnormal earnings during the "standard" prearmament period, the War Pol-

icies Commission presented the strongest reasons why earnings on invested capital should not be preferred as the main basis for the tax, as it is in effect in the bill that emerged from the House. Said the Commission:

"He (Mr. Ballantine) insisted that the method of recapturing war profits should be made simple and effective. Most of the administrative difficulties arising out of the excess profits tax law were due to the necessity of ascertaining invested capital. This base should not be used in another war. Some of the provisions of the law were so highly complicated that they could not even be litigated because they could not be reduced to logical argument, pro and con. The determination of what constituted invested capital was an insoluble problem during the continuance of the tax, and is still unsolved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States nominating Jesse H. Jones, of Texas, to be Secretary of Commerce, was communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 7236. An act to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes;

H. R. 9581. An act to amend the Merchant Marine Act, 1936, as amended; and

H. J. Res. 603. Joint resolution to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the enrolled joint resolution (H. J. Res. 602) to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to, and to perform the duties of, the office of Secretary of Commerce, and it was signed by the President pro tempore.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 7236. An act to provide for the adjustment of certain claims against the United States and to confer jurisdiction in respect thereto on the Court of Claims and the district courts of the United States, and for other purposes; to the Committee on the Judiciary.

H. R. 9581. An act to amend the Merchant Marine Act, 1936, as amended; to the Committee on Commerce.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

The PRESIDENT pro tempore. The question is on the first amendment of the Finance Committee.

Mr. LA FOLLETTE. Mr. President, I assume that the general debate on the bill has come to a conclusion, although, if I may be permitted to say so, it seems very inadequate, in view of the importance of the issues involved. However, if we are now about to proceed to dispose of the first committee amendment, I wish to offer an amendment as a substitute for the first and second committee amendments, being titles I and II.

The PRESIDING OFFICER (Mr. GIBSON in the chair). The amendment offered by the Senator from Wisconsin in the nature of a substitute for titles I and II will be stated.

The LEGISLATIVE CLERK. In lieu of the language proposed to be inserted by the committee, beginning on page 81, line 8, and extending down to and including line 10 on page 141, being titles I and II, it is proposed to insert the following:

TITLE I—EXCESS-PROFITS TAX

SEC. 101. Excess-profits tax of 1940.

The Internal Revenue Code is amended by inserting, after section 706, the following new subchapter, which may be cited as the "Excess-Profits Tax Act of 1940":

"SUBCHAPTER E—EXCESS-PROFITS TAX

"SEC. 710. Imposition of tax.

"(a) Imposition: There shall be levied, collected, and paid, for each taxable year beginning after December 31, 1939, on the excess-profits net income, as defined in section 711, of every corporation (except a corporation exempt under section 725) a tax equal to the sum of the following:

"(1) First bracket: 25 percent of so much of the adjusted excess-profits net income as does not exceed 7 percent of the invested capital;

"(2) Second bracket: 40 percent of so much of the remainder of the adjusted excess-profits net income as does not exceed 15 percent of the invested capital;

"(3) Third bracket: 50 percent of so much of the adjusted excess-profits net income as is not taxed under the first and second brackets.

"(b) Definition of adjusted excess-profits net income: As used in this subchapter, the term 'adjusted excess-profits net income' in the case of any taxable year means the excess-profits net income minus the sum of:

"(1) Specific exemption: A specific exemption of $5,000; and

"(2) Excess-profits credit: The amount of the excess-profits credit computed under section 712.

"SEC. 711. Excess-profits net income.

"(a) Excess-profits net income: The excess-profits net income for any taxable year beginning after December 31, 1939, shall be the normal-tax net income, as defined in section 13 (a) (2), for such year, except that the following adjustments shall be made:

"(1) Dividends received: The credit for dividends received shall apply, without limitation, to all dividends on stock of all corporations, except dividends (actual or constructive) on stock of foreign personal holding companies;

"(2) Interest: The deduction for interest shall be reduced by an amount equal to 50 percent of so much of such interest as represents interest on the indebtedness included in the daily amounts of borrowed capital (determined under section 717 (a));

"(3) Income taxes: The deduction for taxes shall be increased by an amount equal to the tax under chapter 1 for such taxable year;

"(4) Long-term gains and losses: There shall be excluded long-term capital gains and losses. There shall be excluded the excess of gains from the sale or exchange of property held for more than 18 months which is of a character which is subject to the allowance for depreciation provided in section 23 (l) over the losses from the sale or exchange of such property; and

"(5) Income from retirement or discharge of bonds, etc.: There shall be excluded, in the case of any taxpayer, income (including amounts includible in income for the taxable year in which retirement or discharge occurs, on account of premium received upon issuance) derived from the retirement or discharge by the taxpayer of any bond, debenture, note, or certificate or other evidence of indebtedness, if the obligation of the taxpayer has been outstanding for more than 18 months;

"(6) Deductions on account of retirement or discharge of bonds, etc.: If during the taxable year the taxpayer retires or discharges any bond, debenture, note, or certificate, or other evidence of indebtedness, if the obligation of the taxpayer has been outstanding for more than 18 months, the following deductions for such taxable year shall not be allowed:

"(i) The deduction allowable under section 23 (a) for expenses paid or incurred in connection with such retirement or discharge;

"(ii) The deduction for losses allowable by reason of such retirement or discharge; and

"(iii) The deduction allowable on account of the issuance at a discount of the bond, debenture, note, or certificate, or other evidence of indebtedness retired or discharged; and

"(7) Refunds and interest on Agricultural Adjustment Act taxes: There shall be excluded income attributable to refund of tax paid under the Agricultural Adjustment Act of 1933, as amended, and interest upon any such refund.

"(8) Interest on certain Government obligations: The normal-tax net income shall be increased by an amount equal to—

"(A) The interest on such obligations of the United States or of corporations organized under Act of Congress, as under their terms, is not exempt from excess-profits taxes, and

"(B) If the taxpayer has elected under section 718 (b) to treat for the taxable year as admissible assets other obligations of the character described under section 22 (b) (4), the interest on such other obligations.

"(b) Taxable year less than 12 months: If the taxable year is a period of less than 12 months the excess-profits net income shall be placed on an annual basis by multiplying the amount thereof by the number of days in the 12 months ending with the close of the taxable year and dividing by the number of days in the taxable year. The tax shall be such part of the tax computed on such annual basis as the number of days in the taxable year is of the number of days in the 12 months ending with the close of the taxable year.

"Sec. 712. Excess profits credit.

"The excess-profits credit shall consist of an amount equal to 8 percent of the invested capital for the taxable year determined under section 713.

"Sec. 713. Definition of invested capital.

"For the purposes of this subchapter the invested capital for any taxable year shall be the average invested capital for such year, determined under section 714, reduced by an amount computed un-

der section 718 (relating to inadmissible assets). For computation of invested capital in case of foreign corporations, see section 722.)

"Sec. 714. Average invested capital.

"The average invested capital for any taxable year for which the tax under this subchapter is being computed shall be the aggregate of the daily invested capital for each day of such taxable year, divided by the number of days in such taxable year.

"Sec. 715. Daily invested capital.

"The daily invested capital for any day of the taxable year shall be the sum of the equity invested capital for such day plus the borrowed invested capital for such day determined under section 717.

"Sec. 716. Equity invested capital.

"(a) Definition: The equity invested capital for any day of any taxable year shall be determined as of the beginning of such day and shall be the sum of the following amounts, reduced as provided in subsection (b)—

"(1) Money paid in: Money previously paid in for stock, or as paid-in surplus, or as a contribution to capital;

"(2) Property paid in: Property (other than money) previously paid in (regardless of the time paid in) for stock, or as paid-in surplus, or as a contribution to capital. Such property shall be included in an amount equal to its basis (unadjusted) for determining loss upon sale or exchange. If the property was disposed of before such taxable year, such basis shall be determined in the same manner as if the property were still held at the beginning of such taxable year. If such unadjusted basis is a substitute basis it shall be adjusted, with respect to the period before the property was paid in, in the manner provided in section 113 (b) (2);

"(3) Taxable stock dividends: Distributions in stock—

"(A) Made prior to such taxable year to the extent to which they are considered distributions of earnings and profits; and

"(B) Previously made during such taxable year to the extent to which they are considered distributions of earnings and profits other than earnings and profits of such taxable year; and

"(4) Earnings and profits at beginning of year: The accumulated earnings and profits as of the beginning of such taxable year.

"(b) Reduction in equity invested capital: The amount by which the equity invested capital for any day shall be reduced as provided in subsection (a) shall be the sum of the following amounts—

"(1) Distributions in previous years: Distributions made prior to such taxable year which were not out of accumulated earnings and profits;

"(2) Distributions during the year: Distributions previously made during such taxable year which are not out of the earnings and profits of such taxable years; and

"(3) Earnings and profits of transferor corporation: The earnings and profits of a transferor corporation which previously at any time were included in accumulated earnings and profits by reason of property of such transferor having been paid in for shares of, or as a contribution to the capital of, or as paid-in surplus of, the transferee corporation.

"(c) Rules for application of subsections (a) and (b): For the purposes of subsections (a) and (b)—

"(1) Distributions to shareholders: The term 'distribution' means a distribution by a corporation to its shareholders, and the term 'distribution in stock' means a distribution by a corporation in its stock or rights to acquire its stock. To the extent that a distribution in stock is not considered a distribution of earnings and profits it shall not be considered a distribution. A distribution in stock shall not be regarded as money or property paid in for stock, or as paid-in surplus, or as a contribution to capital.

"(2) Distributions in first 60 days of taxable year: In the application of such subsections to any taxable year beginning after December 31, 1940, so much of the distributions (taken in the order of time) made during the first 60 days thereof as does not exceed the accumulated earnings and profits as of the beginning thereof (computed without regard to this paragraph) shall be considered to have been made on the last day of the preceding taxable year.

"(3) Computation of earnings and profits of taxable year: For the purposes of subsections (a) (3) (B) and (b) (2) in determining whether a distribution is out of the earnings and profits of any taxable year, such earnings and profits shall be computed as of the close of such taxable year without diminution by reason of any distribution made during such taxable year or by reason of the tax under this subchapter for such year and the determination shall be made without regard to the amount of earnings and profits at the time the distribution was made.

"(d) For determination of equity invested capital in special cases, see section 721.

"(e) For special rules affecting computation of equity invested capital in connection with certain exchanges and liquidations, see section 719.

"Sec. 717. Borrowed invested capital.

"(a) Borrowed capital: The borrowed capital for any day of any taxable year shall be determined as of the beginning of such day and shall be the amount of the outstanding indebtedness of the taxpayer which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, or deed of trust; except that borrowed capital shall not include—

"(1) Interest;

"(2) Indebtedness described in section 719 (c) relating to certain exchanges; and

"(3) If the taxpayer is at any time within the taxable year a member of a controlled group, indebtedness owed to a corporation which is a member of such controlled group. As used in this paragraph 'controlled group' means one or more chains of corporations connected through stock ownership with a common parent corporation if (A) stock of the corporations (except the common parent corporation) possessing more than 80 percent of the total combined voting power of all classes of stock entitled to vote is owned directly by one or more of the other corporations, or more than 80 percent in value of the stock of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and (B) the common parent corporation owns directly stock of at least one of the other corporations possessing more than 80 percent of the total combined voting power of all classes of stock entitled to vote, or the common parent corporation owns directly more than 80 percent in value of the stock of at least one of the other corporations.

"(b) Borrowed invested capital: The borrowed invested capital for any day of any taxable year shall be determined as of the beginning of such day and shall be an amount equal to 50 percent of the borrowed capital for such day.

"Sec. 718. Admissible and inadmissible assets.

"(a) Definitions: For the purposes of this subchapter—

"(1) The term 'inadmissible assets' means—

"(A) Stock in corporations except stock in a foreign personal-holding company; and

"(B) Except as provided in subsection (d), obligations described in section 22 (b) (4) (A), (B), or (C) any part of the interest from which is excludible from gross income or allowable as a credit against net income.

"(2) The term 'admissible assets' means all assets other than inadmissible assets.

"(b) Ratio of inadmissibles to total assets: The amount by which the average invested capital for any taxable year shall be reduced as provided in section 713 shall be an amount which is the same percentage of such average invested capital as the percentage which the total of the inadmissible assets is of the total of admissible and inadmissible assets. For such purpose, the amount attributable to each asset held at any time during such taxable year shall be determined by ascertaining the adjusted basis thereof (or, in the case of money, the amount thereof) for each day of such taxable year so held and adding such daily amounts. The determination of such daily amounts shall be made under regulations prescribed by the Commissioner with the approval of the Secretary. In the case of the taxable year for which the tax under this subchapter is being determined, the adjusted basis shall be the adjusted basis for determining loss upon sale or exchange as determined under section 113.

"(c) Computation if short-term capital gain: If during the taxable year there has been a short-term capital gain with respect to an inadmissible asset, then so much of the amount attributable to such inadmissible asset under subsection (b) as bears the same ratio thereto as such gain bears to the sum of such gain plus the dividends and interest on such asset for such year, shall, for the purpose of determining the ratio of inadmissible assets to the total of admissible and inadmissible assets, be added to the total of admissible assets and subtracted from the total of inadmissible assets.

"(d) Certain Government obligations treated as admissible assets: The following obligations shall be considered, for the purposes of this section, as admissible assets and shall not be considered inadmissible assets:

"(1) All obligations of the United States or of corporations organized under act of Congress held during the taxable year the interest on which is includible in computing excess profits net income for the taxable year under section 711 (a) (8); and

"(2) All obligations (other than obligations described in paragraph (1)) of the character described in section 22 (b) (4), if the taxpayer elects in its return for such year to treat all such obligations as admissible assets.

"Sec. 719. Determination of property paid in for stock and of borrowed capital in connection with certain exchanges.

"(a) Definitions: As used in this section—

"(1) Exchange: The term 'exchange' means an exchange, to which section 112 (b) (4) or (5) or so much of section 112 (c), (d), or (e) as refers to section 112 (b) (4) or (5), or to which a corresponding provision of a prior revenue law is or was applicable, by one corporation of its property wholly or in part for stock or securities of another corporation, or a transfer of property by one corporation to another corporation after December 31, 1917, the basis of which in the hands of such other corporation is or was determined under section 113 (a) (8) (B), or would have been so determined had such section been in effect.

"(2) Transferor upon an exchange: The term 'transferor upon an exchange' means a corporation which upon an exchange transfers property to another corporation in exchange, wholly or in part, for stock or securities of such other corporation, or transfers property to another corporation after December 31, 1917, the basis of which in the hands of such other corporation is or was determined under section 113 (a) (8) (B), or would have been so determined had such section been in effect.

"(3) Transferee upon an exchange: The term 'transferee upon an exchange' means a corporation which upon an exchange acquires property from another corporation in exchange, wholly or in part, for its stock or securities, or which acquires property from another corporation after December 31, 1917, the basis of which in its hands is or was determined under section 113 (a) (8) (B), or would have been so determined had such section been in effect.

"(b) Property paid in for stock: In the application of section 716 (a) to a transferee upon an exchange, in determining the amount paid in for stock of the transferee, or as paid-in surplus or as a contribution to capital of the transferee, in connection with such exchange, only an amount shall be deemed to have been so paid in equal to the excess of the basis in the hands of the transferee of the property of the transferor received by the transferee upon the exchange over the sum of—

"(1) Any liability of the transferor assumed upon such exchange and any liability subject to which the property was received upon such exchange, plus

"(2) The aggregate of the amount of money and the fair market value of any other property transferred to the transferor not permitted to be received by such transferor without the recognition of gain.

"(c) Borrowed capital: In the application of section 717 (a) to a transferee upon an exchange, the term 'borrowed capital' shall not include indebtedness originally evidenced by securities issued by the transferee upon such exchange as consideration for the property of the transferor received by the transferee upon such exchange if (1) such securities were property permitted to be received by the person to whom such securities were issued without the recognition of gain and (2) the indebtedness originally evidenced by such securities did not arise out of indebtedness of the transferor (other than indebtedness which in the transferor's hands was subject to the limitations of this subsection) assumed by the transferee in connection with such exchange.

"Sec. 720. Abnormalities in income in taxable period.

"If there is includible in the gross income of the taxpayer for any taxable year an item of income of any one or more of the following classes:

"(a) Arising out of a claim, award, judgment, or decree, or interest on any of the foregoing; or

"(b) Constituting an amount payable under a contract the performance of which required more than 12 months; or

"(c) Resulting from exploration, discovery, prospecting, research, or development of tangible property, patents, formulae, or processes, or any combination of the foregoing, extending over a period of more than 12 months; or

"(d) Includible in gross income for the taxable year rather than for a different taxable year by reason of a change in the taxpayer's accounting period or method of accounting; or

"(e) In the case of a lessor of real property, amounts included in gross income for the taxable year by reason of the termination of the lease, and attributable to improvements on the property; and, in the light of the taxpayer's business, it is abnormal for the taxpayer to derive income of such class, or, if the taxpayer normally derives income of such class, the item includible in the gross income of the taxable year is grossly disproportionate to the gross income of the same class in the 4 previous taxable years, then: (1) the amount of such item attributable to any previous taxable year or years shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary; and (2) the tax under this subchapter for the taxable year attributable to such item shall not exceed the aggregate of the taxes under this subchapter attributable to such item had it been received in the taxable years to which attributable and in the amounts attributable to each such year, including the taxable year the tax for which under this subchapter is being computed.

"Sec. 721. Equity invested capital in special cases.

"Where the Commissioner determines that the equity invested capital as of the beginning of the taxpayer's first taxable year under this subchapter cannot be determined in accordance with section 716, the equity invested capital as of the beginning of such year shall be an amount equal to the sum of (a) the money plus (b) the aggregate of the adjusted basis of the assets of the taxpayer held by the taxpayer at such time, such sum being reduced by the indebtedness outstanding at such time. The amount of the money, assets, and indebtedness at such time shall be determined in accordance with rules and regulations prescribed by the Commissioner with the approval of the Secretary. In such case the equity invested capital for each day after the beginning of the taxpayer's first taxable year under this subchapter shall be determined, in accordance with rules and regulations prescribed by the Commissioner with the approval of the Secretary, using as the basic figure the equity invested capital as so determined.

"Sec. 722. Foreign corporations—invested capital.

"Notwithstanding section 713, in the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein, the invested capital for any taxable year shall be determined in accordance with rules and regulations prescribed by the Commissioner with the approval of the Secretary, under which—

"(a) General rule: The daily invested capital for any day of the taxable year shall be the aggregate of the adjusted basis of each United States asset held by the taxpayer on the beginning of such day. In the application of section 718 in reduction of the average invested capital (determined on the basis of such daily invested capital), the terms 'admissible assets' and 'inadmissible assets' shall include only United States assets; or

"(b) Exception: If the Commissioner determines that the United States assets of the taxpayer cannot satisfactorily be segregated from its other assets, the invested capital for the taxable year shall be an amount which is the same percentage of the aggregate of the adjusted basis of all assets held by the taxpayer as of the end of the last day of the taxable year which the net income for the taxable year from sources within the United States is of the total net income of the taxpayer for such year.

"(c) Definition of United States asset: As used in this subsection, the term 'United States asset' means an asset held by the taxpayer in the United States, determined in accordance with rules and regulations prescribed by the Commissioner with the approval of the Secretary.

"Sec. 723. Personal service corporations.

"(a) Definition: As used in this subchapter, the term 'personal service corporation' means a corporation whose income is to be ascribed primarily to the activities of shareholders who are regularly engaged in the active conduct of the affairs of the corporation and are the owners at all times during the taxable year of at least 80 percent in value of all the stock of the corporation, and in which capital is not a material income-producing factor; but does not include any foreign corporation, nor any corporation 50 percent or more of whose gross income consists of gains, profits, or income derived from trading as a principal. For the purposes of this subsection, an individual shall be considered as owning, at any time, the stock owned at such time by his spouse or minor child.

"(b) Election as to taxability: If a personal service corporation signifies, in its return under chapter 1 for any taxable year, its desire not to be subject to the tax imposed under this subchapter for such taxable year, it shall be exempt from such tax for such year, and the provisions of supplement S of chapter 1 shall apply to the shareholders in such corporation who were such shareholders on the last day of such taxable year of the corporation.

"Sec. 724. Corporations completing contracts under Merchant Marine Act, 1936.

"(a) If the United States Maritime Commission certifies to the Commissioner that the taxpayer has completed within the taxable year any contracts or subcontracts which are subject to the provisions of section 505 (b) of the Merchant Marine Act of 1936, as amended, then the tax imposed by this subchapter for such taxable year shall be, in lieu of a tax computed under section 710, a tax computed under subsection (b) of this section, if, and only if, the tax computed under subsection (b) is less than the tax computed under section 710.

"(b) The tax computed under this subsection shall be the excess of—

"(1) A tentative tax computed under section 710 with the excess-profits net income increased by the amount of any payments made, or to be made, to the United States Maritime Commission with respect to such contracts or subcontracts; over

"(2) The amount of such payments.

"Sec. 725. Exempt corporations.

"The following corporations shall be exempt from the tax imposed by this subchapter:

"(a) Corporations exempt under section 101 from the tax imposed by chapter 1.

"(b) Foreign personal-holding companies, as defined in section 331.

"(c) Mutual investment companies, as defined in section 361.

"(d) Investment companies which under the Investment Company Act of 1940 are registered as diversified companies at all times during the taxable year. For the purposes of this subsection, if a company is so registered before July 1, 1941, such company shall be considered as so registered at all times before the date of such registration.

"(e) Personal-holding companies, as defined in section 501.

"(f) Foreign corporations not engaged in trade or business within the United States and not having an office or place of business therein.

"(g) Domestic corporations satisfying the following conditions:

"(1) If 95 percent or more of the gross income of such domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period during which the corporation was in existence) was derived from sources other than sources within the United States; and

"(2) If 50 percent or more of its gross income for such period or such part thereof was derived from the active conduct of a trade or business.

"(h) Any corporation subject to the provisions of title IV of the Civil Aeronautics Act of 1938, in the gross income of which for any taxable year beginning after December 31, 1939, there is includible compensation received from the United States for the transportation of mail by aircraft if, after excluding from its gross income such compensation, its adjusted excess-profits net income for such year is zero or less.

"Sec. 726. Meaning of terms used.

"The terms used in this subchapter shall have the same meaning as when used in chapter 1.

"Sec. 727. Laws applicable.

"(a) General rule: All provisions of law (including penalties) applicable in respect of the taxes imposed by chapter 1, shall, insofar as not inconsistent with this subchapter, be applicable in respect of the tax imposed by this subchapter.

"(b) Returns: Notwithstanding subsection (a), no return under section 52 (a) shall be required to be filed by any taxpayer under this subchapter for any taxable year for which its excess-profits net income, computed with the adjustments provided in section 711 (a) and placed on an annual basis as provided in section 711 (b), is not greater than $5,000.

"(c) Foreign taxes paid: In the application of section 131 for the purposes of this subchapter the tax paid or accrued to any country shall be deemed to be the amount of such tax reduced by the amount of the credit allowed with respect to such tax against the tax imposed by chapter 1.

"(d) Limitations on amount of foreign tax credit: The amount of the credit taken under this section shall be subject to each of the following limitations:

"(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's excess-profits net income from sources within such country bears to its entire excess-profits net income for the same taxable years; and

"(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayers' excess-profits net income from sources without the United States bears to its entire excess-profits net income for the same taxable year."

Mr. LA FOLLETTE. Mr. President, I first became interested in the subject of taxation when, at an early age, I began attending the sessions of the Senate. My interest was intensified as a result of my service as one of my father's secretaries during the World War period, and in subsequent years while he served in this body and was a member of the Finance Committee. Therefore, when I succeeded him in the Senate in 1925, taxation naturally became one of the subjects to which I devoted much time and attention. Later, I was appointed on the Finance Committee, and have participated, as a member of that committee and as a Member of the Senate, in the consideration of each and every revenue bill which has been reported from the committee since that time.

In considering any question of taxation I approach it as an ardent, confirmed advocate of the principle of ability to pay in levying taxes. While no tax is perfect, it is my conviction that taxes which are levied in accordance with the principle of ability to pay are the fairest type of taxes that have been devised.

In the course of my service in this body I have seized every opportunity presented by the consideration of tax legislation to make the best fight of which I was capable in an effort to maintain the principle of graduated taxation based on ability to pay. In that effort, Mr. President, those of us who believe in the theory have been fighting a rear-guard engagement. Taxation levied without regard to ability to pay and falling heaviest upon those with the least ability to pay has been increased constantly. Such was the case when we considered the first tax bill during the present session of Congress. That bill further increased the inequity of our tax structure. It dumped a heavier burden upon the backs of the plain people of the country in the form of increased taxes levied without regard to ability to pay. Prior to the enactment of the first revenue bill of the present session of Congress, almost $400,000,000 was collected annually from manufacturers' excise taxes, which are, in the last analysis, passed on largely to the consuming public. The bill which we passed in June 1940 increased these nuisance taxes by more than $140,000,000, of which $112,000,000 alone will be extracted from the users of motor vehicles by an increase in the gasoline tax.

The bill passed in June increased corporate taxes only 17 percent, as compared with a 35-percent increase in the yield of excise taxes and a 37-percent increase in the yield of individual income taxes.

I have been an advocate of broadening the base of the income tax, in the hope that increased revenue derived from taxation levied in accordance with ability to pay would enable us to shift some of the crushing burden of direct nuisance taxes which are levied without regard to the ability of the taxpayer to pay on to the sound principle of graduated taxes in accordance with ability to pay.

But, Mr. President, as I stated during the debate upon the revenue bill passed in June, I saw absolutely no justification for a broadening of the income-tax base at the same time excise taxes and direct taxes were increased by such enormous percentages.

Mr. President, when we were considering revenue bill No. 1 we had in contemplation or had already appropriated or authorized only $4,000,000,000 for the purpose of national defense. At this stage of the proceedings, during the ensuing weeks, the Congress has appropriated or authorized $15,300,000,000 for national-defense purposes alone. That amounts to $506 for every family in the United States.

I have voted for these expenditures; I assume my full share of responsibility as a Member of this body for having voted for those appropriations and those authorizations for expenditures; but, Mr. President, adding that enormous burden of increased expenditure onto our already large Federal debt, created by deficiency appropriations to meet the crisis arising during the economic depression, has, in my deliberate judgment, caused the country to be confronted with the most serious financial crisis in all its history. Unless we have the courage, as Members of this body and as representatives of the people who sent us here, to tax, and to tax now, I contend that we shall have to assume responsibility for the inevitable consequences which are certain to flow from our failure to face frankly and courageously this fiscal situation.

Naturally, Mr. President, in considering various methods of taxation which might be employed in this financial and fiscal crisis the device of excess-profits taxation comes to the mind of legislators and those in positions of executive responsibility as a means of increasing the flow of revenue into the Treasury. Such taxation has been a lucrative source of revenue in years of crisis in the past. We raised under the excess-profits-tax laws of 1917, 1918, 1919, and 1921 almost $7,000,000,000.

Mr. President, when it comes to the question of what kind of excess-profits-tax legislation is to be enacted, there are naturally very honest differences of opinion as to what type of excess-profits tax should be employed. It is in this regard that I find myself in complete and unalterable disagreement with the majority of my colleagues upon the Finance Committee. Whatever may be said for the various types of excess-profits taxation standing alone, it seems to me that it is a fatal mistake from the standpoint of tax legislation to endeavor to combine two conflicting theories of excess-profits taxation. That is what the House Ways and Means Committee tried to do; that is what the House of Representatives tried to do; and that is what the bill of the Finance Committee tries to do. As I view it, the combination of these two conflicting theories of taxation together, has the result that, in the main and speaking generally, we obtain the disadvantages of both methods and the benefits of neither.

Mr. President, I am opposed to the bill reported by the Finance Committee, in the first place, because in my opinion, it violates a sound theory and principle of taxation. It raises no appreciable amount of revenue; it is inequitable, in that the small amount of revenue which is raised will be paid, generally, by those corporations least able to pay, while those corporations most able to pay will be left untaxed or lightly taxed.

In my judgment, this bill will confirm and entrench the monopoly and quasi-monopoly positions of certain corporations in our economy. It will result in hopeless administrative confusion, and will increase administrative expense out of all proportion to the revenues which it will raise. In addition, it will seriously impede the collection of our existing taxes, upon which we must rely for revenue. Its complexity and incomprehensibility are such that the cost to the taxpayer of ascertaining its tax liability will, in many cases, be far greater than the amount of such tax liability. It will produce excessive litigation, out of all proportion to its importance in our revenue system, with the result that it may be anticipated, and I confidently predict that many tax liabilities will not be finally determined for many years to come if this measure stays on the statute books.

There has been some discussion concerning the estimates which have been provided the Finance Committee in connection with the consideration of this important legislation. The Treasury estimates that the committee's bill will yield a gross revenue of $355,000,000 in the taxable year 1940.

The net yield from the committee's bill, according to the Treasury estimates, is $305,000,000. I may explain that the difference between the gross and the net yield is accounted for by the fact that some weight must be given to the inevitable effect of increased taxes on corporations, and, therefore, their diminished ability to pay out dividends which otherwise might be paid out, and which, if they were paid out, would be levied upon in the income-tax brackets of the individual income-tax payer who is the recipient of corporate dividends.

The gross amount which the Treasury estimates to be raised from the excess-profits-tax provisions of the committee's bill is $115,000,000. The net yield from the committee's bill from excess profits, according to the Treasury estimates, will amount to $65,000,000. The Treasury also estimates that as a result of the flat increase in the normal corporate tax rate of 3⅒ percent the committee's bill will yield, in 1940, $240,000,000. The Treasury estimates that the amendment I have offered will yield a gross revenue of $475,000,000, and a net revenue of $400,000,000.

Mr. DAVIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. LA FOLLETTE. I yield.

Mr. DAVIS. What effect will this have on the smaller businessman? I know the interest which the Senator from Wisconsin has always had in the welfare of the smaller businessman, and I was wondering what effect this will have on what we might term the smaller businessman; not the larger corporations as we know them, but the medium-sized and smaller corporations.

Mr. LA FOLLETTE. Does the Senator refer to the committee's recommendations?

Mr. DAVIS. No; I refer to the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. I intend to discuss the amendment further on in my remarks, but I digress long enough to say now that, under the terms of the amendment I have offered, a corporation may earn 8 percent upon its invested capital, plus a $5,000 credit; so that under the amendment small corporations may earn substantial amounts of money in relation to their invested capital without being required to pay any excess-profits tax. I shall come to a more detailed discussion of the amendment shortly, however.

Mr. DAVIS. Very well.

Mr. LA FOLLETTE. I merely wish to place these estimates in the RECORD in order that it may be obvious to all who may care to read that a description of the committee's bill as an "excess profits" bill is a misnomer. If any person selling goods which come under the Food and Drug Act were to make an equally wild misstatement in branding his goods his property would be seized and prevented from circulating in interstate commerce. To say that a bill is an excess-profits tax bill when it yields only $65,000,000 net from excess profits, and obtains $240,000,000 from flat increased taxation upon all corporations which have net taxable incomes, without regard to their size or their ability to pay is an obvious misnomer.

Mr. President, there is a wide difference of opinion between the majority members of the committee and myself as a minority of one upon the question of what type of excess-profits taxation should be employed at this critical juncture in the affairs of this country. The majority of the committee have taken the position that all they seek to do and all they desire to do is to tax the increase which may come in 1940 and subsequent years in the profits of a corporation, and not to tax the profits which may have been made in 1940 and which were made by the corporation prior to the time an excess-profits tax law would go into effect.

First of all, Mr. President, I think the gravity of this crisis should impel the Congress to levy taxes based on some relation to ability to pay upon all corporations which have ability to pay. In the light of this grave emergency I do not think we can afford to say to a corporation, "Just because you have had the good fortune to make large returns upon your invested capital for 4 years, the Government will not ask you to bear any increased share of the enormous load which is ultimately to be dumped on the backs of the taxpayers of this country, individual or corporate." We may perhaps defer the day when we impose taxes; but in the final analysis all the people of the country and all the corporations of the country must shoulder those increased expenditures, either in the form of taxation or in the form of their share of responsibility for and service to the national debt.

So back of all of the effort and struggle which have been going on for weeks in the House of Representatives and in the Senate there is ultimately the question of where the incidence of the taxes which must be imposed is to fall. So far as I am concerned, I wish very frankly to state that I believe we should, insofar as possible, impose no taxes which fall upon persons without regard to ability to pay, because insofar as we can prevent that kind of taxation, we postpone the evil day when the buying power of the country will be diminished and standards of living will be reduced.

Mr. President, I think that a corporation, just as an individual, having high earnings, whether they were made in 1936 to 1939, or whether they were made in 1940, or whether they may be made in the years to come, should be asked at this critical time to carry its fair share of the load which every citizen and every corporation of this country will have to carry. The Finance Committee bill continues the effort to combine two conflicting theories, and, as a result, it has all the complications inherent in an effort to combine two conflicting theories.

The majority of the Ways and Means Committee and the House of Representatives, in trying to combine these two conflicting theories, did make some effort to equalize the situation which will arise in separate industrial segments of our economy as between corporations, by imposing what has come to be called a "penalty" or a "privilege" tax of 4.1 percent increase in the normal corporate tax on those corporations desiring and preferring to use the base period method, the earnings method, of computing their excess-profits taxes.

I now wish briefly and from my standpoint to present what I think are some of the major defects in the committee bill. I do not believe I can overemphasize my objection to the proposition which is contained in title I of the committee amendment, namely, a flat 3.1-percent increase on all corporations. It is my view that this flat increase in corporate taxes has no relation to ability to pay, and I think it is also without relation to the benefits or the injuries which may result from the defense program.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. Let me finish one more sentence, and I shall be delighted to yield.

Approximately 140,000 corporations in this country which would pay no increase in taxes under what I term a real excess-profits tax will be required by the committee proposal to pay a large share of the $240,000,000 estimated by the Treasury to be raised in the taxable year 1940 by the flat increase in the corporate tax rate.

I now yield with pleasure to the Senator from Colorado.

Mr. ADAMS. I tried in the little time available to get some idea of the bill, but I wanted one inquiry answered. Am I correct that in the bill there is no effort to impose a tax on war profits, that it is confined generally to an excess-profits tax, regardless of the source?

Mr. LA FOLLETTE. That is correct.

Mr. ADAMS. That is, the industries which profit out of the defense preparations are treated no differently from industries engaged in other activities, having no relationship to the defense program?

Mr. LA FOLLETTE. That is true of the bill as it passed the House, it is true of the bill as it came from the Finance Committee, and it is true insofar as my amendment is concerned.

I will say to the Senator that the trouble with trying to impose a tax upon those corporations which secure a direct and immediate benefit from the letting of contracts under the national-defense program is of such a nature that the committee felt—and I agreed with them—that the problem could not be worked out. The inherent difficulty in the situation is, I may say to the Senator from Colorado, that it is impossible to dye a dollar and thus be able to identify it as it goes through the ramifications of the complex economy which has grown up in the United States of America. It might be possible, insofar as it concerns some contractors who utilize their entire facilities in producing for national-defense purposes, and were so engaged for a whole year, to ascertain what their increased profits were as a result of such activities under contracts with the Government. But the problem is difficult when we come to the case which is likely to be found true more often than not, where a contractor or a subcontractor engages only a part of his facilities in producing for national-defense purposes. Then we run into all the problems of trying to allocate the total overhead expenses of the business to the particular segment or percentage of the business which has come as the result of a defense contract or subcontract. What proportion of the salary of the president of the corporation, let us say, should be allocated to that part of the business not related to a national-defense contract, and what part of it should be allocated to the percentage of the business due to a national-defense contract?

One further observation I should like to make is that when huge sums of money out of the Treasury of the United States are pumped out into the economy of this country, they benefit, directly and indirectly, great numbers of corporations and individuals not directly related to defense expenditures.

Mr. ADAMS. Mr. President, will the Senator yield further?

Mr. LA FOLLETTE. I yield.

Mr. ADAMS. As I understand, the bill would repeal the Vinson-Trammell provisions limiting profits on war contracts. I wonder whether any relative comparison was made before the committee as to how much the Government would be waiving by the repeal of those provisions, as compared with the excess-profits tax.

Mr. LA FOLLETTE. We did not have much time to consider it, under the genial driving of the Senator from Mississippi, who was behind the wheel. We had very little time to pause anywhere to get any information. We had a standing joke in the committee that a minute or two after anything had come up for consideration someone would say "Call the roll," and the roll was often called when no one on the committee knew exactly what was being voted on. So we did not have any time to inquire as to various facts.

I shall answer the Senator's question as best I can, however. There are certain limitations under the Vinson-Trammell Act—as the Senator well knows, and as he has demonstrated in his able efforts in connection with his work on the Committee on Appropriations—there are certain definite profit limitations under the Vinson-Trammell Act upon certain types of war equipment, namely, ships and planes. There is a limit above which all of the excess is recaptured, or an effort is made to revert it, into the Treasury of the United States. But under the Finance Committee bill that act would be repealed, and it would be repealed on the alleged theory that we are going to impose an excess-profits tax in lieu of these profit limitations under the Vinson-Trammell Act upon all corporations, including those now subject to the Vinson-Trammell Act.

Mr. ADAMS. We are expending, roughly, $15,000,000,000 in the defense program. If we take the limit off, it occurs to me that probably the various war preparations would cost more. In other words, there would be an initial increase in the cost to the Government, and it would not require a very great percentage of increase to more than counterbalance what would be obtained by this excess profits tax bill, as I get the figures this morning on the floor of the Senate.

Mr. LA FOLLETTE. I do not have the figures as to what would be collected, or any estimate of what might be collected—and I do not believe there are any figures available—on potential collections under the profit limitations of the Vinson-Trammell Act. But if we pass the Senate Finance Committee bill, and if it becomes law, all corporations in the United States will pay into the Treasury of the United States a net tax of only $65,000,000 in the form of excess-profits taxes. I cannot name any specific company, but if there happened to be an airplane-manufacturing company or a shipbuilding company which was fortunate enough to have high earnings in the base period, 1936–39, inclusive, which was subject to the limitations under the Vinson-Trammell Act, it would not have to pay a dollar of excess-profits taxes in 1940, or in any subsequent year, provided its profits did not exceed the average for the base period.

Mr. ADAMS. If the Senator will permit one further suggestion, as I understand, the airplane manufacturers were taking the position that the limitation of 8 percent was not adequate, so that the House raised the limit to 12 percent. There are $2,000,000,000 of airplane contracts. If there is an increased leeway of 4 percent, we would have $800,000 available there.

Mr. LA FOLLETTE. Mr. President, I have no figures on airplane companies, so I cannot give the Senator any specific example, and I am not charging that such a situation exists, but I say that under certain assumptions, if an airplane manufacturing company in this country had high earnings for the base period in relation to its invested capital, it could go on, either under the House version of the bill or the Senate Finance Committee's version of the measure, and continue to make that large return upon its invested capital without paying $1 in excess-profits tax.

In the meantime, of course, both measures provide for a repeal of whatever profit limitations are contained in the Vinson-Trammell Act.

The same thing is true of shipbuilding companies. As the Senator knows, our shipbuilding program has been augmented in past years. Those companies, as I understand, come under the terms of the Vinson-Trammell Act. If they have had high earnings during the base period they get the benefit of the repeal of the Vinson-Trammell Act limitation on profits. Under that law, as the Senator knows, all profits above 7 percent were recaptured. They will not have to pay a dollar of tax in 1940, or in future years, in the event that their profits do not exceed the average profits during the base period.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield to my colleague.

Mr. WILEY. As I understand the Senator's recent statement—and I agree with his conclusion—if during the base period and in 1940 any company has been making, let us say, an average profit of 30 percent on its capital, it would, under the pending bill, pay no excess-profits tax. On the other hand, if any corporation had an average earning of 4 percent during the base period, and if in 1940 it earned 30 percent profit, it would be taxed on 26 percent as excess profits.

Mr. LA FOLLETTE. Yes; if I understand the Senator's statement correctly, that is my understanding of the bill. In other words, corporation A could have made an average profit of 30 percent for the base-period years, and if it made no more than 30 percent in 1940 and subsequent years, it would have to pay no excess-profits tax. But if corporation B made an average of only 3 percent on its invested capital during those years, it would have to pay an excess-profits tax under the average-earnings method if its income in 1940 or in any future year increased above 3 percent on the entire capital.

Mr. WILEY. In using those illustrations, the Senator demonstrates clearly that the bill itself is not based on the actual principle of ability to pay.

Mr. LA FOLLETTE. Of course, there is a very sharp difference of opinion on that point, and no doubt the other

point of view will be presented. I expect to come to the point which my colleague has raised in the course of my remarks.

Mr. President, the regular corporation income tax imposes lower rates on the smaller corporations. In the Finance Committee's proposal to raise the corporate normal tax 3.1 percent no distinction is made between the size of corporations. They all get it in the neck just the same.

In effect, the bill raises the tax on corporations with less than $5,000 of income, by 20.9 percent, compared with an increase of only 14.8 percent in the case of corporations with incomes in excess of $25,000. So that the slight recognition which the normal corporate-tax brackets gave to the size of corporations is abrogated in principle when the committee comes to employ the meat-ax method of raising taxes by simply jacking up the corporate-tax rates.

Mr. President, up to a point of diminishing returns it would take no group of experts, it would take no weeks of study by committees of Congress to raise increased revenue, if that is the way it is to be done. All we have to do is to turn the crank. All we have to do is to write in a change in the rate, and we can hike up the amount of flat corporate taxes that are levied upon corporate incomes in this country.

Therefore, Mr. President, it is my conviction that in this respect the committee's bill is even less desirable and less equitable than the regular corporate income tax.

Mr. President, in his message to Congress on July 1, 1940, the President urged that an excess-profits tax be enacted to help pay for the defense program because—and I quote a portion of his statement:

> It is our duty to see that the burden is equitably distributed according to ability to pay so that a few do not gain from the sacrifices of the many.

It is my contention that the bill has no relation to corporate ability to pay. Also, as I have already pointed out, the majority of the committee intend to tax merely the extra profits due to defense appropriations rather than excess profits.

The so-called earnings method of the bill is supposed to measure defense profits directly. Earnings in the taxable year are compared with earnings in the base period and the increase, if any, is called excess. Two basic assumptions are involved which are not true in a large percentage of cases in my opinion, first, that the earnings during the base period are normal, and, second, that the increase is excess, due to defense expenditures. Actually with respect to the first assumption, a base period that is normal for corporations as a whole is almost invariably abnormal in varying degrees for corporations individually, as the testimony before both the Ways and Means Committee of the House and the Finance Committee of the Senate indicates.

With respect to the assumption that the difference is an excess, due to defense expenditures, there is no reasonable assurance that the increase is excess, or that it will be due to defense expenditures.

Many witnesses before both committees of the Congress testified that the earnings of their companies were abnormal during the base period, or that increased earnings had nothing whatsoever to do with the defense program.

Obviously the bill exempts large amounts of defense profits, and taxes large amounts of nondefense profits, without any recognition of the sound principle of ability to pay.

As I have already stated, in response to an inquiry propounded by the able Senator from Colorado [Mr. ADAMS], it is my judgment that there is no way by which dollars spent in a huge program of this nature can be traced through the ramifications of our complex economy. There is no chemical test which can be applied to make a precise separation. Dollars lose their identity when flowing through the economic system. Products which have an important use in the defense program may have a simultaneous important use in normal industrial activities. Paint for a battleship is the same as paint for industrial machinery. Shoes for the Army are, generally speaking, the same as shoes which are normally used by the consumer. Even with complex accounting systems no satisfactory separation of profits can be made, in my judgment. Surely no rule-of-thumb method of comparing profits in the taxable year with profits in some previous years—whatever years may be selected—affords an adequate separation.

To my mind the most serious defect in the bill from the standpoint of tax theory is the attempt to combine two opposing theories of taxation in one bill.

As I have already said, the net effect is to include the shortcomings of both without the advantages of either. The loopholes, or potential loopholes, are at least doubled. The revenue yield is reduced well below what might be obtained under either method separately. As I view it, the bill provides a "heads you win, tails I lose" proposition from the standpoint of the Treasury.

Obviously, Mr. President—and there is no intended or implied criticism of corporations—every corporation in the country which will be subject to the tax, or which thinks it will be subject to it, will compute the tax under the two alternative methods, and elect the one which results in its paying the lesser amount into the Treasury.

Also, it is my contention that, in addition, highly inequitable situations are created among competing corporations which are forced by circumstances to use different methods of tax computation. The slight semblance of equality which existed between the two methods in the bill as it passed the House has been destroyed by the majority of the committee with the removal of the 4.1 percent privilege tax on the earnings method, and the 5 percent differential in the tax on the tax brackets.

In this connection, I wish to point out that there is a sharp difference of opinion in relation to the statement I have just made. At the outset, I wish to say that I am not making an attempt to change the competitive situation in the economy of this country. In proposing my amendment I am not seeking to do so. However, I believe it is a responsibility of Congress to see that the imposition of a tax does not perpetually freeze existing competitive advantages or disadvantages. Every possible effort should be made to guard against such a situation arising out of the enactment of revenue legislation.

The large, prosperous corporations, with consistent, substantial profits are those which have the best ability to pay taxes. The situation may not be entirely analogous, but when we come to impose income taxes on individuals we do not ask an individual taxpayer, "What income did you have for the base period of 1936 to 1939?" If he replies "$5,000 average," we do not say, "If you do not make any more than that in future years we shall not ask you to pay any increased taxes despite the critical situation facing the Government."

Mr. President, if we are to protect the fiscal integrity of our country in the light of the enormous appropriations which have been made, I believe we shall have to "jack up" the individual income tax rates. But it is also my view that in facing this critical problem we cannot afford, in all conscience, to say to corporations which have had high earnings upon their invested capital over a base period, "So long as you earn no more than the average which you have earned in the past 4 years you are given immunity; you are given a certificate of nonnecessity for coming to the aid of your Government in the situation which confronts it."

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON of Colorado. The Senator speaks of large corporations escaping under the measure as reported by the committee. As I understand the Senator's amendment, he uses the invested-capital formula, and corporations are permitted to make 8 percent.

Mr. LA FOLLETTE. That is correct.

Mr. JOHNSON of Colorado. And everything above 8 percent is taxed.

Mr. LA FOLLETTE. That is correct—above an additional $5,000 exemption.

Mr. JOHNSON of Colorado. I hold in my hand a list of some very large American corporations. The list contains the names of 64 corporations, 46 of which do not make as much as 8 percent on their invested capital. Among the 46 we find such companies as the American Shipbuilding Co., making 3.3 percent; the United States Steel Corporation, making 3.1 percent; the Allis-Chalmers Manufacturing Co., making 5.4 percent; the Westinghouse Co., making 7.3 percent; the Otis Elevator Co., making 7.4 percent; the American Telephone & Telegraph Co., making 7.9 percent; Swift & Co., making 4.5 percent; and the Bethlehem Steel Corporation, making 5.2 percent. Under the terms of the Senator's amendment, all these companies would entirely escape paying any tax whatsoever.

Mr. LA FOLLETTE. Assuming, of course, that the statement which the witness placed in the RECORD is correct, so far as 1940 earnings are concerned, that may be true. Later in my remarks I shall discuss the question of whether or not invested capital is a fair method of testing ability to pay. Immediately in answer to the Senator's observation, I will say that the committee bill does not remedy that situation. Under the terms of the bill which the Senator supported, all those corporations may use the invested-capital method; and the only way in which the committee can say its bill reaches them at all is by taking a meat ax and chopping at all corporations in the United States with a flat 3.1-percent increase in the corporate tax level. I say there is no justification for such a policy. It violates the principle of ability to pay; and in the end, in order to reach the corporations which have relatively low earnings on their invested capital, it proposes to penalize large and small corporations alike without regard to ability to pay.

As I stated a moment ago, I am firmly convinced that the invested-capital method is a fair test of ability to pay, and I expect to discuss that question later in my remarks.

Mr. JOHNSON of Colorado. Mr. President, will the Senator further yield?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON of Colorado. Under the terms of the bill reported by the committee, the Senator will agree that the companies whose names I have read would pay a tax of 3.1 percent.

Mr. LA FOLLETTE. Yes; and in order to reach them the Senator has voted to tax every little corporation in Colorado, without regard to size, an additional 3.1 percent. If there is any equity in that, I am unable to see it.

Mr. JOHNSON of Colorado. Mr. President, will the Senator further yield?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON of Colorado. The Senator from Colorado was able to have an amendment agreed to by the committee which increases the exemption from $5,000 to $10,000. In his substitute the Senator from Wisconsin still clings to the $5,000 exemption.

Mr. LA FOLLETTE. Yes; so far as invested capital is concerned. The Senator from Colorado is talking about corporations which have large amounts of capital invested in their business, but which have been making a small return upon it, not paying any excess-profits tax. I say that under the terms of the bill as reported by the committee—for which the Senator from Colorado and a majority of the members of the committee voted—the committee and the Congress are about to take a meat ax and operate on the corporations of the country, big and little.

I say that we are confronted by no such necessity. We do not have to go after those corporations in the country which are struggling desperately on the verge of collapse and bankruptcy. The small corporations will be the last to obtain any benefit from the national-defense program. I do not know what the experience of other Senators has been; but I will say that so far as my own State is concerned the small manufacturer, even though he has facilities, is not the one who receives first consideration. The large negotiated contracts are being made with the big manufacturer, the big operator. Yet, under the terms of the bill as reported by the committee, the Congress is about to take by the throat the small corporations all over the United States and shake them until their financial teeth rattle.

Mr. President, under the terms of the bill as reported by the committee, a tremendous advantage is conferred on the established, prosperous corporations as against competitors which have suffered a depression during the base period, or as against a newly-organized corporation which has not yet become well established.

Mr. President, considerable discussion occurred in the committee about this competitive situation. It must be obvious to anyone who studies the question that the earnings method confers a competitive advantage to the corporate taxpayer which has had a high return upon its invested capital during the base years as against a less fortunate taxpayer that did not have such high earnings or as against a new competitor entering the field and competing with an established company with high earnings. It is clear that, so far as corporations competing in the same line of business are concerned, a great advantage is given to the established corporation with high earnings, because one which has had a poor earning rate in the base period is confronted with one of two alternatives. Either it is forced to take the invested-capital method, and thus to pay a high tax, or it is forced to take the base-earnings method. If it is more successful in 1940 and subsequent years than during the base period, it must pay into the Treasury very substantial amounts on its increased profits, while the established competitor, so long as it does not make any more than it made during the base period, does not have to pay any excess-profits tax at all.

It has been argued, Mr. President, that the same thing would happen if the invested-capital method were employed. I do not believe that to be true, although, of course, I am the first to admit that in a complex economy such as ours, with wide degrees of difference between corporations and their experience, it is difficult to make general statements. Speaking very generally, however, industry by industry, there is a definite similarity among companies that are competitive with respect to amounts of invested capital. In other words, industries in which large corporations with large aggregations of invested capital operate, generally speaking, are engaged in a type of business or activity which requires a large amount of capital in order to engage in the particular line of business.

The Senator from Colorado has mentioned the United States Steel Corporation, and I presume it will be mentioned again and again; but the Senator from Colorado, the Senator from Michigan, the Senator from Alabama, and myself cannot put $500 apiece into a corporation and go into the steel business. If we wish to engage in the steel business, we have got to have a relatively large amount of invested capital, because in that type of enterprise considerable capital is required, whereas in other lines of business less capital is required to operate.

For instance, in 1935, 54 corporations in the field of public utilities had assets in excess of $65,000,000 per corporation, as did 39 railroad corporations, 17 petroleum refining companies, 10 steel and rolling-mill corporations, 6 corporations manufacturing motor vehicles, bodies, and parts; 4 corporations engaged in meat packing; 4 corporations engaged in the manufacture of tires and tubes; 4 corporations manufacturing chemicals, and 3 corporations manufacturing cigarettes.

In order to make clear this point, which I think is important, I wish to suggest that, dividing industries into competing subgroups with similar amounts of invested capital per worker or per value of product, are the ordinary cases. As an example, take the food industry. The average capital per corporation of 215 major companies in this major industrial group was $14,760,000 in 1930. When this is broken down into subgroups we find that the average meat-packing corporation of these leading corporations had $41,650,000 in

capital invested, while the average flour-milling company had $2,070,000.

The point is, Mr. President, that the relationship of invested capital to the particular enterprise is to be found among the meat-packing corporations; they are the ones that have to compete with each other. The meat-packing corporation does not compete with the corporation milling flour. It is in the industry-by-industry situation that the competitive problem arises. It does not make much difference, so far as a steel corporation and a meat packer are concerned, if they have different situations so far as the incidence of a tax is concerned, but it does make a tremendous amount of difference in the competitive situation if meat-packing corporation A has an advantage in taxes over meat corporation B. That is a point of vital importance which the Senate should clearly understand. When we are considering the question of competitive advantage or disadvantage, and what this tax proposes to do, we must bear in mind that it is actual competitors, company by company, industry by industry, that is important, and not the relationship between the United States Steel Co. and the Hart, Schaffner & Marx Clothing Manufacturing Co.

I ask, Mr. President, that the table to which I have referred may be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. WILEY in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. LA FOLLETTE. Mr. President, let me point out an example of the manner in which I fear the bill as reported by the Finance Committee will perpetuate monopolistic and quasi-monopolistic corporations in their existing advantageous positions as against competitors in their particular line of industrial or other corporate activity. Assume that corporations A, B, and C are competitors. Assume that corporation A is in a quasi-monopolistic position and earned profits of 25 percent on invested capital during the 4 base years; that corporation B, struggling along against terrific odds, earned 9 percent, and that corporation C has recently been organized. In 1940, let us assume that corporation A continues to earn 25 percent, which, if I were a stockholder in a corporation, I would consider a fairly good return on invested capital; let us assume that corporation B, having improved its situation and doing a little better, earns 15 percent; that corporation C, the newly organized company, trying to compete with the others, earns 9 percent. It seems to me that this would be a typical experience, for it is a well-known fact that a certain development period with low profits is the usual experience of new corporations.

Under the average-earnings method of the pending Finance Committee bill, corporation A would pay no excess-profits tax whatever, because it did not exceed 25 percent of earnings on its invested capital during the base period. Corporation B would pay a substantial tax, though its earnings were much less. In other words, it earned 10 percent less on its invested capital in 1940, but it had to pay a much higher tax. Even corporation C would have to pay an excess-profits tax unless it were small enough so that the $10,000 flat exemption gave it relief.

This tax would be an insurmountable barrier to fair competition among these corporations. No more powerful club than is provided under the tax provisions of the Finance Committee bill could be placed in the hands of corporation A. No other concern could successfully challenge its quasi-monopolistic position as long as the Finance Committee bill remained on the statute books.

The tax would be an insurmountable barrier to fair competition. If, during any future year, corporations B or C did achieve the same level of profits as corporation A, they would pay most of the profits in additional taxes, while corporation A would go untaxed. The most likely result would be bankruptcy for corporations B and C, and a complete monopoly for corporation A.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I will.

Mr. DOWNEY. I am wondering in my own mind what answer was made before the Finance Committee to the difficulty and the inequity that the Senator is just pointing out.

Mr. LA FOLLETTE. The answer, in general, was, in the first place, that the purpose of this bill is only to tax profits resulting from the defense expenditures. Secondly, the argument was made that if the invested-capital method is used, there is an inequitable incidence of taxes on corporations engaged in a line of business in which a large amount of capital is necessary, as compared with corporations which have very high earnings upon a comparatively small amount of capital. The point I am trying to drive home is that the factor of vital importance is not, so far as the competitive situation is concerned, between a steel corporation and a baking company; the vital factor of competition and the incidence of taxation is as between companies engaged in the same type of business.

The inequity inherent in the committee amendment may be further illustrated by the following example, which shows the excess-profits tax that would be payable under the committee amendment by each of two corporations having the same invested capital and excess-profits net income during the taxable year. Under this assumption one of these corporations, corporation A is an established company, with stabilized earnings. The other corporation, corporation B, is a growing enterprise just coming into the field and beginning to compete with corporation A. Under this situation and under the committee bill, corporation A would have an excess-profits net income of $1,000,000, and so would corporation B. Corporation A would have $5,000,000 of invested capital, and so would corporation B. The rate of return on the invested capital would be 20 percent for A and 20 percent for B. During the base period, however, the excess-profits net income, which is the average——

Mr. DOWNEY. Mr. President, I wonder if we may have better order in the Chamber.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. LA FOLLETTE. Mr. President, after having served with the Finance Committee in the consideration of this bill, the confusion and conversation here do not disturb me at all. I am completely conditioned to them. [Laughter.]

Mr. DOWNEY. If the Senator will yield, they do disturb me, because I am very much impressed with what the Senator is saying and I desire to be able to hear him.

Mr. LA FOLLETTE. The Senator from California is one of the first I have found, on the Finance Committee or off it, who even wanted to find out what is in this bill. In the back of my mind I keep hearing somebody say, "Call the roll! Call the roll! Call the roll!" So if I do not hear that, and all I hear is general conversation, I feel good. [Laughter.]

To continue with the example, so far the corporations are identical as to their excess-profits net income, their invested capital, and the rate of return on the invested capital. Now, however, we come to the difference. The average excess-profits net income for the 4-year base period for corporation A is $1,000,000. For corporation B it is $200,000, because it has not been in the business as long. The invested-capital average is the same, $5,000,000 each; but the rate of return on the invested capital for the base period is 20 percent for corporation A and only 4 percent for corporation B.

Now let us see how the excess-profits tax hits these two corporations, which are identical except for the fact that one of them started in business after the other one did, although the second one made a splendid record after it got going.

Under the average-earnings method, corporation A, the established corporation, pays no excess-profits tax at all; corporation B pays $349,000 excess-profits tax. What have we done to the competitive situation between those two corporations? What have we done to the company which has just come into the business, as against the established high-earnings company?

Senators may say, "Let corporation A get out by taking the invested-capital method. It has two choices." No; it

has not. Under the invested-capital method it would pay a $249,000 tax. Of course, that is the method corporation B will take, because it pays less; but, of course, the method that corporation A, the established company, will take is the base-earnings method, under which it does not pay any excess-profits tax. If corporation A had to pay under the invested-capital theory, it would pay $249,000, and so would corporation B.

I do not suppose I shall ever get this point across, but I shall leave it here in the RECORD, at least: The importance of the competitive situation is not among corporations engaged in different kinds of activity. The importance of the competitive situation is among corporations engaged in the same kind of activity, because that is where the competition arises. I repeat, it does not arise between a steel company and a bakery. The competition in the baking industry is within the field of industry encompassed by the baking corporations. The competition in the steel industry is among corporations engaged in the steel business.

This fundamental defect in the average-earnings method of computing tax liability under an excess-profits tax would not be remedied by any provisions for abnormal cases. The relief provision does not do one bit of good to the corporation B about which I am talking. If such were the case, it would mean the establishment of arbitrary control over all competitive situations. Further, notice should be taken of the fact that this is not an isolated, exceptional case, but rather the typical situation whenever and wherever a semi-monopolistic corporation which was prosperous during the base period dominates a particular field.

Certain statistics published in the recent report of the National Resources Committee, The Structure of American Economy, part I, page 100, and some statistics submitted during the joint hearings on this bill, indicate that a considerable number of the largest corporations in America are in exactly the position I have described by the example I have just given the Senate. In my opinion, no more effective means could be devised if it were intended—and I absolve the committee from any such intention—to stifle further competition for these concerns, unless it would be an outright monopoly franchise extended to them by the Government.

It is a serious charge that this bill will condone and encourage monopoly, but perhaps even more serious is the severe penalty which is placed on the new or growing corporation. Mr. President, I do not know of any cry which has been raised more frequently during this economic crisis, when we have been discussing the problem of the failure of capital to reinvest in this country, than the cry that we ought to have new corporations, that we ought to have new enterprise; that some outlet must be found for the huge reserves of capital, the savings of our system which accumulate in sterile piles in our banks and fiduciary institutions.

Yet, in my opinion, Mr. President, the committee bill slams the door in the face of new corporations if they are entering a field where there are large corporations, or even small corporations, which have had large average earnings in the base period.

Such a newly organized corporation probably received very little profit during the initial years, and would be entering into a period when the work of earlier and unprofitable years is beginning to bear fruit. The committee bill allows no future prosperous years for the new or growing corporation. It envisages an economy with the present inequities frozen into the future so long as this measure remains on the statute books.

Mr. WHEELER. Mr. President, the Senator has probably explained how that would come about, but I have not been in the Chamber, and I was just wondering how it would be done.

Mr. LA FOLLETTE. I shall be glad to try to explain it again, because I now have two interested in the bill, the Senator from California and the Senator from Montana.

The PRESIDING OFFICER (Mr. WILEY in the chair). My colleague must not forget the junior Senator from Wisconsin.

Mr. LA FOLLETTE. I withdraw the remark. I was trying to be facetious, and every time I try to be facetious someone misunderstands me. [Laughter.]

It happens in this way: There are two methods of computing excess-profits taxes provided in the bill. One is the average-earning method, whereby a corporation measures its average earnings over the base period and then pays excess-profits taxes in future years (including 1940) when the earnings are over and above the average earnings for the 4-year base period. The other is the invested capital method. That gives an alternative to corporations. They can either pay under the invested-capital method, or they can pay under the average-earnings method. Obviously all corporations which have high earnings in the base period, especially corporations with substantial earnings of 10, 15, or 20 percent, will, under all ordinary circumstances, elect to use the average-earnings method.

I have just cited for the Senate the example of two corporations, corporation A and corporation B, which are identical in every respect with the exception of the fact that corporation B is a newer corporation, and has not had such a good earnings experience. I have shown that corporation A, a competitor with corporation B, can get out of paying any excess-profits tax whatsoever while earning 20 percent on its invested capital, whereas corporation B, which has earned 20 percent on its invested capital in the same year, would have to pay either $349,000 in excess-profits taxes under the average earnings method, or $249,000 under the invested-capital method. If we use the invested-capital method, corporation A and corporation B would pay the same taxes, under the circumstances I have given.

It is said in opposition to the invested-capital method that some very large corporations in this country have not been making high returns on their invested capital, and therefore that they would get out of paying excess-profits taxes.

I will say to the Senator from Texas [Mr. SHEPPARD] that he need not sit here and wait. I am not going to let him in until I get through.

Mr. SHEPPARD. I have not evinced any impatience.

Mr. LA FOLLETTE. I have watched the Senator, and I do not want him to think that he need remain here, that I shall conclude very soon.

Mr. SHEPPARD. I am interested in the Senator's speech.

Mr. LA FOLLETTE. Mr. President, it is said, referring to the invested-capital method, that large corporations with large aggregations of capital invested, which have not earned money, will not pay so much, or will pay no tax. At the appropriate time I shall discuss the question of whether or not invested capital is not a fair test of whether or not a corporation has ability to pay regardless of size. But I wish to reemphasize that what we are considering is not the question of competition between corporations which are engaged in a line of manufacture where they must have a large invested capital as a matter of course in order to get into the business, but it is competition between companies engaged in the same line of business.

One cannot go into the steel business, for example on a shoestring. The very nature of the manufacture of steel requires large capital investment. But steel companies do not compete with clothing manufacturers or shoe manufacturers. Shoe manufacturers compete with shoe manufacturers; clothing manufacturers compete with clothing manufacturers; steel manufacturers compete with steel manufacturers.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. DOWNEY. The Senator showed by his figures that one corporation would have to pay $249,000 in taxes while the other escaped the excess-profits tax entirely. What was it assumed the corporations made in that year—what were their profits?

Mr. LA FOLLETTE. It is assumed that they made a rate of return, in the taxable year, of 20 percent on their invested capital.

Mr. DOWNEY. On how large an invested capital?

Mr. LA FOLLETTE. It is assumed that they have $5,000,000 of invested capital in the base period and in this current year.

Mr. DOWNEY. That answers the question. At 20 percent, then, the profit for the corporation would be $1,000,000.

Mr. LA FOLLETTE. Yes. That is what they made on their invested capital.

The precedent herein set will make it all the more difficult at some later date to tax the corporations which get the "break" under the committee bill. The hue and cry then will be raised, just as it has been raised to a certain extent now, that the stockholders who have recently purchased stock at high prices, because of anticipated high earnings, have a vested interest which should not be disturbed. That argument was heard in the committee against the invested capital method, in favor of the average earnings method. The contention is that a corporation which has made fat profits during the base years, the stockholders of which have bought stock on the assumption the company would go on earning all that money, should be permitted to continue to get juicy profits no matter how grave the fiscal situation of the Government might be. The idea is fallacious, but to allow it to go unchallenged in the discussion of this tax bill would give it a cloak of validity which it would be harder later to remove.

Entirely disregarded in the bill as reported by the committee is one of the cardinal principles of taxation, that the burden should be fairly distributed. The preponderance of testimony during the hearings clearly demonstrated that many taxpayers have more concern about the equity of the tax than the amount of the tax. I did not say "all," I said that many did. Aside from those corporations with high earnings, which will be able to take advantage of the average earning method, corporations in general are willing to bear almost any reasonable load provided their competitors are treated similarly. The average earnings method and the hodgepodge of a dual method of computing tax liabilities precludes equal treatment for all.

It has been said, in answer to the contention I have made, that it is not the function of a tax bill to remove existing competitive advantages or disadvantages. This answer in my judgment is specious. One can agree that it is not the purpose of this tax bill to equalize competitive conditions, but it is undeniable that tax bills should not distort existing competitive conditions and place unwarranted tax handicaps upon one class of corporations as opposed to another, thereby creating an indefensible competitive advantage in favor of the one and not the other.

The objection to the committee amendment is not that it does not equalize existing competitive conditions. Rather the objection is that the committee amendment in and of itself creates new and far-reaching competitive advantages.

The invested-capital method on the other hand does not create or give rise to either new competitive advantages or new competitive disadvantages. It simply imposes an excess-profits tax which falls alike on corporations regardless of their competitive position, and thereby does not disturb existing competitive conditions.

Mr. President, it is often asserted that the necessity for determining invested capital results in an excessive burden upon the administrative machinery, and imposes undue hardship upon taxpayers, because of the complexities involved in ascertaining invested capital. The experience under the wartime revenue acts is often cited in support of this contention.

It should be pointed out that the alleged complexities of the so-called invested-capital method are no less under the committee amendments than under my amendment, which uses invested capital as the sole measure of excess profits.

Under the committee amendments it will be necessary for almost every taxpayer to determine its invested capital or average earnings in order to ascertain which of the two alternative methods—invested capital or average earnings—is to its advantage. In fact, the committee proposes to supplement all the alleged complexities of invested capital with the further complexities necessitated by the use of base-period experience under the average-earnings method. Whether or not my amendment is adopted, practically every corporation subject to excess-profits tax will still have to compute its invested capital.

In any event, the complexities involved in determining invested capital have always been exaggerated. The assertion that complexities will occur is traceable to the wartime revenue acts. These acts permitted the value of property paid in for stock at the time paid in to determine invested capital. This dependence upon valuation caused extensive litigation and much delay in the final ascertainment of tax liabilities. My amendment, however, like the committee amendment, uses the tax cost of property paid in to the corporation for the purpose of determining the invested capital of the corporation.

The figures respecting the tax cost of property must always be ascertained for income-tax purposes and consequently in most instances are already available both to the Bureau of Internal Revenue and to the taxpayer. These figures once ascertained remain constant. Current adjustments to invested capital can readily be computed. Moreover, as most of the current adjustments relate to the earnings of the business involved and as such earnings must also be ascertained for income-tax purposes, no complexity will arise on this score.

It has been asserted that use of the invested capital method will perpetuate for excess-profits-tax purposes all the evils of watered stock and inflated valuations of property and will give a tax advantage to those corporations which in the past have pursued such practices. This assertion is unfounded. The invested capital of a corporation under my amendment does not depend upon the value at which the corporation's property is carried on the books. I want to emphasize and reemphasize that statement. Consequently, the corporation which issued its stock for the properties of other corporations, and which placed those properties on its books at an excessive valuation, will not obtain any tax benefit from such excessive valuation, since the valuation is immaterial for the computation of invested capital for tax purposes.

Mr. President, I may say that, in my opinion, one of the difficulties that the invested-capital method has been laboring under is due to the fact that these huge corporations, with large amounts of invested capital, are presented as a reason why the invested-capital method should not be employed. Many people have drawn the inference, because these large corporations have gone through a large number of corporate organizations, and mergers, and so forth, that they must have an inflated invested capital and overcapitalization, and that therefore under an invested-capital method of computing excess profits they would get the advantage of that overcapitalization. Such is not the case. It is the actual paid-in value which is used for invested-capital computation. It is the tax cost, and not any inflated book value that may be on the corporation's books.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. WHEELER. How would the value the Senator speaks of be computed?

Mr. LA FOLLETTE. It would be computed according to the tax cost, which is whatever was paid in for the property that the corporation now holds. I am coming to an example. For instance, suppose one corporation bought another, and, in exchange at the time of the boom period, gave in payment an excessive amount of stock in relation to the actual value of the corporation it purchased. That would not do it any good. The actual accretion to invested capital for tax purposes made by that purchase is what was actually invested in the corporation that was taken into the large corporate structure.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. GEORGE. With all due deference to the Senator, does he seek to simplify the bill by sending all the taxpayers hurrying and scurrying back to 1913 to get a true value of all the property of all the corporations in the country?

Mr. LA FOLLETTE. Of course, the first answer to that, I may say to the distinguished Senator from Georgia, is that the same procedure would be necessary for every corporation desiring to use the invested-capital method under the committee's bill. In the second place, it is my contention——

Mr. GEORGE. I thought the Senator had spoken very highly of his amendment as simplifying the bill.

Mr. LA FOLLETTE. I think it does.

Mr. GEORGE. I wish to ask the Senator if this is one of the provisions which he thinks would simplify the bill.

Mr. LA FOLLETTE. I think it simplifies the bill tremendously.

Mr. GEORGE. The Senator thinks the provision he just referred to simplifies the bill?

Mr. LA FOLLETTE. No; I mean eliminating the option of giving corporations an alternative method tremendously simplifies the bill, and it is my contention, and I believe I am correct in it, that so far as the corporations of this country are concerned, the tax cost of their properties and invested capital is determined now, for tax purposes, and that for a large percentage of the corporations these adjustments have been entirely exaggerated.

Mr. GEORGE. I did not rise to debate that issue. I simply wanted to call the Senator's attention to the fact that there can be no simplification of the bill under the suggestion which he makes, because this squeezing out of the water in all the stocks of all the corporations in every item of assets in the corporation, is a long, long lifetime process.

Mr. LA FOLLETTE. I do not agree with the Senator, because I think the major portion of that has been done now for tax purposes.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. WHEELER. When the Senator speaks of "for tax purposes," what does he mean?

Mr. LA FOLLETTE. I mean under the existing corporate-tax laws.

Mr. GEORGE. Yes; but I understood the Senator to say that he would not take these assets as they appeared on the books, but he would go back some years. Under the bill, one can go back beyond 1913, perhaps, for the purpose of ascertaining earnings, profits, and so forth. So the books will be worth nothing in computing the tax.

I am not debating the merits of the Senator's suggestion. I am simply saying that the Senator is not now simplifying the processes under which one would have to compute this tax. That provision undoubtedly complicates the assessments of an excess-profits tax immeasurably, and it would be hard even to guess how long it would be before the courts would get through finding out the true value—not its book value, not how it is carried on the books, not what it cost, but what the actual true value is of every asset in every corporation in the country. It would be an impossible task.

Mr. LA FOLLETTE. I know the Senator feels that way, but I wish to say that I do not agree with him, because the tax cost of property must be ascertained now. In arriving at the tax cost of property under existing law we do not take the book value of the corporation, or the value at which the corporation carries the property on its books.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. WHEELER. I know so little about taxation that I hesitate to ask the Senator a question. However, suppose a corporation should buy some concern and pay for it in stock. Suppose the stock is represented to be worth $100 a share, but that the actual value later should prove to be only $5 a share. How would the Senator arrive at the actual cost for the purpose of taxation under the terms of his amendment?

Mr. LA FOLLETTE. Whatever had actually been paid into the corporation would be the tax cost of those assets. Let me give the Senator an example. Let us assume that corporation A issues 500,000 shares of stock for the properties of corporation B in order to take it over and make it a part of corporation A. Let us assume that corporation A values those shares and properties at $5,000,000. Let us further assume that the stockholders of corporation B had invested only $2,000,000 of capital and earnings in corporation B. In other words, when corporation A took over the properties of corporation B, it valued them at $3,000,000 more than corporation B had actually paid in, or had invested in its property as a result of earnings. Corporation A would not receive the benefit of the extra $3,000,000. When the invested capital of corporation A was determined, so far as its acquisition of corporation B is concerned, it would be exactly what had been invested in corporation B, namely, $2,000,000, instead of $5,000,000.

As I have already stated, the controlling figure for excess-profits purposes is the tax cost of property paid in for stock, and not its value on the books of the corporation which acquires the property. Moreover, I wish to emphasize that the only property which figures in the computation of invested capital for tax purposes is property received in return for corporate stock issued to acquire such property.

The purchase or sale of property by a corporation has no effect upon its invested capital for tax purposes, so that if a corporation buys property at an inflated price its invested capital will not be increased thereby. I have just given an illustration which I think demonstrates that point.

The invested-capital method of computing excess profits thus seeks to determine as fairly as possible the actual dollars invested by the shareholders in the business and remaining at risk in the business. It is only on actual money actually risked that invested capital is based.

The same observations may be made with respect to the argument that an excess-profits tax based upon invested capital unduly penalizes the corporation using conservative accounting practices and writing down its properties in the light of changing business conditions. Since invested capital is based only upon what was originally paid into the business plus the earnings remaining at risk in the business, subsequent write-downs on the corporate books have no effect upon invested capital. That is the reverse of the situation in which the value is inflated.

Finally, it is often asserted that use of the invested-capital method is unduly advantageous to the very large corporation having a substantial amount of capital in the business. To the extent that this criticism of the invested-capital method has any merit, it is equally applicable to the committee amendment. No large corporation with extensive invested capital will pay any less tax under my amendment than it will pay under the committee amendment. In many instances such corporations will pay more tax under my amendment than under the committee amendment.

With respect to the merits of the argument, figures show that large corporations tend to earn a higher percentage of return upon their invested capital than do small corporations. Thus, it can fairly be said that the invested-capital method is less advantageous to large corporations as a class than to small corporations as a class. To the extent that a large corporation consistently earns more than 8 percent upon its invested capital it is unduly favored under the committee amendments. In fact, it can fairly be said that those large corporations which are now and have been in the past consistently rich and prosperous are precisely those corporations which secure the greatest advantage and pay the least tax under the committee amendments.

Moreover, any proper comparison respecting the effect of an excess-profits tax can only be made in terms of each separate industry, rather than in terms of a representative corporation in one industry with a representative corporation in a completely different industry. The real question is whether an excess-profits tax affects substantially alike all

the corporations which are engaged in the steel industry, and not whether it affects a corporation in the steel industry, differently than a corporation in the merchandise field. By and large, within an industry the ratio of earnings to capital is relatively the same for each corporation in the industry, whereas it may differ from industry to industry. Within each industry, therefore, the invested-capital method treats corporations substantially alike, since the single standard of the relation of earnings to invested capital is utilized. But the committee amendment, by using both the standard of absolute earnings and the standard of the relation of earnings to invested capital, has an unequal competitive effect upon corporations within each industry. As is shown above, moreover, it unduly favors the entrenched corporation over a growing or newly established corporation in the same industry.

Any possible advantage secured by the large corporation under the invested-capital method is mitigated under my amendment by allowing every corporation the same dollar amount as a specific exemption. In other words, by exempting from excess-profits tax 8 percent of invested capital plus $5,000, a corporation having an invested capital of only $100,000 may earn free of excess-profits tax $13,000, or 13 percent of its invested capital. A corporation having an invested capital of $10,000,000, on the other hand, may earn free of excess-profits tax $805,000, or only 8.05 percent of its invested capital.

That brings me to a discussion of the rates in the bill as reported by the committee.

The rates in the bill are graduated according to the amount of so-called excess profits. This means that a large corporation may make only a very small percentage of excess profits on its capital and still pay the highest rate of tax. Thus, a corporation with $100,000,000 of invested capital and $1,000,000 of taxable excess profits will pay the same tax as a corporation which has the same amount of taxable profits on an invested capital of only $1,000,000. In other words, the brackets are now graduated without reference at all to the earnings or size of a corporation, and a corporation which had excess profits amounting to a 100-percent return on invested capital would pay no more tax than a corporation having excess profits amounting to 10 percent on invested capital, providing the absolute amounts of excess profits were the same.

Profits cannot be divided sharply into those that are excessive and those that are not. Excessiveness is a matter of degree and the tax rate should be graduated according to the degrees of excessiveness, not simply according to the amount of excess profits. A proper rate structure for an excess-profits tax would graduate the rate according to the ratio of profit to invested capital. Under the rate structure as it now stands, many corporations with extremely excessive profits will pay much more moderate taxes than other corporations with only moderate excess profits.

I think every Senator who has looked at the bill at all will agree that it is a very complicated measure. I do not claim that excess-profits taxation is a simple problem from the standpoint of the legislative draftsman, but I do believe that the bill would cause taxpayers who cannot spend any considerable time in learning to understand it much worry and expense.

Some of the complications of the bill were undoubtedly introduced for the purpose of making it more equitable. If the complications had succeeded in making this a reasonably equitable measure, it would, of course, be preferable to a simple but inequitable bill. As has been pointed out, however, the bill is not equitable and accordingly the complications are inexcusable.

A substantial portion of the bill is devoted to tax-free reorganizations and exchanges, a subject which will be of no concern to the majority of corporations. By far the most difficult sections of the bill are in this part. They are necessary in any bill in which base-period experience is used to determine the standard of normal profits. The complications of the tax-free exchange and reorganization sections can be almost completely eliminated if the use of base-period experience is abandoned. Thus, in the case of an invested-capital approach using a flat percentage as a norm, only transactions occurring during the taxable year need be taken into account. These can be handled with comparatively simple provisions.

A further complicating element in the bill is the provision for permissive consolidated returns. Permissive consolidated returns will give corporations the option of using such returns when it is to their advantage to do so and not to use them when it is to their advantage not to do so. It gives great aggregations of wealth an unfair advantage over smaller corporations with simpler structures.

That fight was fought out here, Mr. President, and the privilege of consolidated returns was taken away from corporations by the Senate. I believe an analysis of the debate at that time would show that it was done for the purpose of trying to prevent large corporations with huge chains in their corporate structure from having an advantage over smaller competitors. Under this bill the committee proposes to restore that privilege to corporations.

Mr. President, the appropriations and contract authorizations for the defense program are in excess of $15,300,000,000, and we have not yet provided any money to take care of the draft army and the training of the National Guard. I saw a statement in a newspaper this morning that it would cost $1,600,000,000 to take care of those items. The excess-profits tax under this bill will yield only about $115,000,000 for 1940. The costs of administration and compliance will all have to be borne and the revenue will be small. Administrative and compliance costs will represent a large proportion of the revenue yield.

I have no figures on which to base that statement, but I base it on the fact that, under this bill, the Treasury will face the most complicated and difficult problems that have ever confronted any governmental organization since the beginning of time.

These costs are somewhat inflexible and would be a much smaller percentage if larger revenues were collected. More serious is the defective tax structure which is created under the bill. If the rates must be raised at a later date to obtain more revenue, the inequities previously recounted will become all the more severe.

It should be emphatically stated that increasing the revenue yield of this bill by adding a flat rate to the normal corporation tax solves none of the problems raised by this bill. It simply camouflages the negligible yield derived from the excess-profits tax. The normal corporation-tax rate can be increased at any time Congress desires to do so. It bears no relation whatsoever, in my opinion, to an excess-profits tax.

An excess-profits tax could be an excellent method of raising money with relatively little harm to business. The excess-profits taxes imposed on corporations during the years 1917 through 1921 produced about $7,000,000,000 of revenue. On the whole, that revenue was obtained from corporations which could best afford to pay the taxes, namely, corporations that made large returns on their invested capital. Businessmen have been complaining for years about the high corporate income taxes. If additional revenue is now raised by increasing the rates on all corporations, the rate of return in lines of business which are barely earning enough to keep going may be reduced to the point that they will be driven out of business. No such result follows from the taking of excess profits from prosperous businesses which are making high returns on their capital. Accordingly, far more money can be raised with much less harmful effect on business if the revenue is taken from those concerns whose business is most prosperous. That should be the function of a real excess-profits tax.

I now desire to discuss briefly the changes in this amendment from the one which passed the Senate in June.

The flat exemption has been increased from $3,000 to $5,000. The 8-percent credit on invested capital remains the

same. The amount of $3,000 was the flat exemption contained in the 1917–21 acts. Examination of available statistics seems to indicate that $5,000 is wholly ample. As previously stated, only one out of every seven corporations would be taxed by my amendment. To place the exemption higher than $5,000 is to overlook the fact that varying degrees of ability to pay exist among small corporations. The pending amendment differs from the old in that three brackets of taxation are provided: 25 percent on the excess profits not in excess of 7 percent of the invested capital; 40 percent on the remainder up to 15 percent on invested capital; and 50 percent on all excess profits not taxed under the first two brackets. These rates are slightly higher than the rates imposed under the two brackets of the original excess-profits amendment—to compensate for the greater exemption allowed in the new amendment, and also taking into account the tremendous increase in defense expenditures which have occurred between the 19th of June and the present time.

Technical improvement of the original amendment has been made by accepting certain definitions and methods of computing invested capital, as provided in the House bill by the Treasury experts; that is, the computation and definition of average invested capital, daily invested capital, equity invested capital, borrowed capital, and so forth. In addition, interest on Federal obligations which may under the terms of such obligations be subjected to excess profits is so taxed and interest on other governmental obligations is included in income if its taxpayer exercises an option to treat such obligations as admissible assets. The method of computing excess profits net income is the same under my amendment and the committee amendment.

The new amendment includes borrowed invested capital to the same extent that it is included in the Finance Committee proposal: 50 percent of the outstanding indebtedness which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, or deed of trust.

Provisions with reference to amortization, included in the original amendment, have been entirely excluded because the subject is covered in title III of the committee amendment which is not affected by my amendment, which is a substitute for titles I and II.

As in the committee bill, provision is made for certain tax-free exchanges. Compared with the committee bill, however, the language in the amendment is simple. This is possible because one consistent theory of taxation is followed and because exchanges during the base period need not be taken into account.

I should also like to point out that the relief provision contained in the committee bill is now a part of the pending amendment.

The allegation has been frequently made that all other countries are using the earnings method as a basis for measuring excess profits. That statement is not true. The facts are that several countries at present use the invested-capital method. Furthermore, it is significant that Australia, which during the World War relied on the earnings method, is basing its present excess-profits taxes on invested capital.

The German law, imposed early in 1939, is based on the average-earnings method; but the French law, imposed shortly thereafter, was on an invested-capital basis, with special provision for profits accruing from Government contracts and armaments. The severity of the French tax is evident from the rates imposed September 1, 1939—an exemption of 2 percent on invested capital, a 25 percent tax on profits in excess of 2 percent of invested capital but less than 8 percent of invested capital, and a 100 percent tax on all profits above an 8 percent return.

The present excess-profits-tax law of Great Britain defines excess profits in relation to earnings in the base period. New corporations and additions to the capital of old corporations, are taxed on the invested-capital basis, the first 8 percent of return being exempt. The valuation of capital investment is regulated by complex rules. Great Britain in the World War allowed a taxpayer a credit of either 6 percent of capital, or an amount equal to average earnings in any 2 of 3 base years.

The Canadian law enacted last year allowed an option between a tax based on invested capital and one based on average earnings. Rates under the invested-capital method were graduated from a 10-percent tax on profits above a 5-percent exemption to a 60-percent tax on profits in excess of 25 percent of the investment. The tax failed to raise the revenues desired, and on June 24 of this year a decision was made to eliminate one of the options. The new law, conceded to be an emergency measure to raise the most possible revenue from war expenditures, levies a 75-percent tax on all profits in excess of average profits during the past 4 years. A minimum excess-profits tax of 12 percent upon profits before credit is also imposed.

The Canadian experience indicates that an optional law will not work satisfactorily. It is true that Canada chose the earnings method when one option was eliminated, but apparently recognition was made of the fact that such a tax could only be a temporary tax. It may be inferred, therefore, that the other option would ultimately be adopted if the tax were to be continued for any considerable length of time.

Mr. President, as I stated at the outset, it is my firm belief that in the grave financial crisis which confronts this country we are justified in asking corporations, in proportion to their ability to pay, to carry their fair share of the enormous load which is being dumped upon the backs of taxpayers in America. Corporation earnings have been going up in this country in recent months, not only due to the fact that our own rearmament program is beginning to have some effect on the country's economy, but likewise due to the fact that preparation for war, and actual war orders coming from abroad, have increased the earnings of corporations both directly and indirectly.

I desire to show a comparison of corporation profits for the first quarters of 1938, 1939, and 1940, which are the only complete corporation statistics now available.

According to Standard Statistics, a recognized authority, the corporation-profits index stood at 32.8 in the first quarter of 1938; at 60.4 in 1939; and 92.7 in the first quarter of 1940.

Broken down into industrials, railroads, and utilities, the index shows that in 1938 the first quarter's earnings index of industrials stood at 36.6; in the first quarter of 1939, at 65 percent, and in the first quarter of 1940, 102.5 percent.

Railroads had deficits in all the first quarters. Their deficit index in the first quarter of 1938 was 63; in 1939 it was 25.4 percent; and in 1940 the deficit had decreased to 7.4.

Utilities profits stood at 112.1 percent in the first quarter of 1938, 124.7 percent in the first quarter of 1939, and 147.2 percent in the first quarter of 1940.

In other words, Mr. President, corporation profits for the first quarter of 1940 were about 53 percent above those of the first quarter of 1939, and 182 percent above those of the first quarter of 1938.

In this connection I should like to have incorporated in the RECORD at the conclusion of my remarks a table showing profits for selected corporations. These have been taken largely from newspaper financial pages, and in some instances they are preliminary.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. LA FOLLETTE. For instance, General Motors has had a 13-percent increase in its profits in the first 6 months of 1940 as compared with 1939; du Pont is up 17 percent; United States Steel, 1,740 percent; General Electric, 58 percent; Chrysler, 20 percent; Bethlehem Steel, 250 percent; Westinghouse, 55 percent; Curtiss-Wright, 85 percent; United Aircraft, 70 percent; Martin Aircraft, 330 percent; Douglas, 140 percent; Pure Oil Co., 95 percent; Remington-Rand, 270 percent; and Goodyear, 15 percent.

Also, Mr. President, I ask that there may be incorporated in the RECORD at the conclusion of my remarks a table showing, for certain selected corporations, the average return on invested capital.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit C.)

Mr. LA FOLLETTE. Also I ask that there may be inserted in the RECORD at the conclusion of my remarks tables taken from the August 1940 bulletin of the National City Bank of New York showing the profits of leading corporations for the half year.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit D.)

Mr. LA FOLLETTE. Also in this connection I ask to have inserted in the RECORD at the conclusion of my remarks a table showing taxes, net income, and dividends of all active corporations in the United States.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit E.)

Mr. LA FOLLETTE. Also I ask to have inserted in the RECORD at the conclusion of my remarks a table published in the August 1940 bulletin of the National City Bank of New York showing rates of corporate-income, war, and excess-profits taxes. Also I ask to insert a table comparing tax liability for specific conditions under various plans of computing excess-profits taxes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits F and G.)

Mr. LA FOLLETTE. Mr. President, there is not only the question of where the incidence of this particular tax bill will fall. There is not only the question of what effect it may have upon the competitive situation in the United States and the effect upon our entire economy in freezing the competitive advantage of certain high-earning corporations in the base period; but back of all of this problem rests the ultimate question of where these taxes are to fall; and likewise, as a corollary of that question, is the more important question: What is to be the incidence of the tax? Upon what principle is it to be predicated?

We all know that we are confronted with a situation which will require enormous increases in our revenue if the financial structure of the Government is not to crumble and decay. In the last analysis we are determining in this measure, just as we are every time we pass a tax bill, whether taxes are to be levied in accordance with ability to pay or whether ultimately the entire burden is to fall on the backs of the people of the country in the form of direct taxes, sales taxes, taxes which have no relation to ability to pay.

I say that with corporation earnings as they are now, and in the light of the emergency and the demands upon the Government for revenue, we are justified in enacting tax legislation which will require corporations, in accordance with their ability to pay, to shoulder a portion of this load. The Finance Committee bill raises only $65,000,000 net from excess profits. My amendment will raise $400,000,000 net from excess profits. In getting that substantial amount of revenue it does not jack up the taxes on all corporations by a flat increase in the corporate tax without any relation to ability to pay.

Mr. President, we should utilize methods of graduated taxation both with respect to corporate and individual income-tax structure and to inheritances and estates. Ultimately the people must assume this burden; and, unless ability to pay is the basis, it means that we shall be taking it out of the hides of the farmer, the wage earner, the small businessman, and the consumer. It means a lower standard of living; it means less buying power.

Mr. President, the people of this country do not have to choose between guns and butter. We have vast resources of productive capacity on our farms and in our factories; we have vast aggregations of capital; we have vast natural resources; we have a population of 130,000,000 people skilled in industrial and agricultural technique. Release that productive capacity, put it to work, and we can rearm America to meet any and all comers; we can rearm to defend this hemisphere from the Arctic Circle to Cape Horn; and, at the same time, we can lift the standard of living of the people of this country. But in order to attain these objectives an equitable and fair and sound system of taxation, predicated upon ability to pay, is essential.

It is essential also to strengthen the democratic process in America. In the long run, nothing will undermine the faith of the people in their Government more than to dump the major portion of the burden of the cost of rearmament onto the backs of the people at a time when we are drafting men for peacetime military service.

Therefore, Mr. President, I hope that the amendment may receive consideration by the Senate. I should like to state at this time that—in case there should be no roll call on the bill—in the event my amendment should be defeated I do not find myself in a position to vote for the measure.

EXHIBIT A

Average capital per corporation in major industry groups [1]

[Capital in millions of dollars]

	Average capital per corporation	Differences within subgroups of major group			
		Highest subgroup	Average capital per corporation	Lowest subgroup	Average capital per corporation
Major group:					
Foods	14.76	Meat packing	41.65	Flour milling	2.07
Textiles	4.30	Silk weaving	6.95	Cotton spinning	.83
Leather	4.85	Boots and shoes	6.68	Miscellaneous leather.	3.27
Rubber	31.03	Miscellaneous lumber.	5.82	Planing mills	1.05
Lumber	2.95	Blank paper	12.83	Cardboard boxes	1.58
Paper	6.00	Newspapers	19.23	Miscellaneous printing.	.72
Printing and publishing.	5.69	Petroleum refining.	109.96	Toilet preparations.	4.24
Chemicals	34.44	Portland cement	11.73	Ceramics	3.46
Stone, clay, and glass.	6.48	Motor vehicles	61.95	Jewelry	1.53
Metals	18.31	Scientific instruments.	7.77	Toys	2.36
Special manufacturing industries.	5.75	Retail trade	6.81	Wholesale trade	1.99
All trade	4.07	Metals	87.67	Clay, sand, etc	4.91
Mining	22.15	Commercial banks.	12.77	Savings banks	4.46
Finance	9.30				

[1] Based on a sample of 2,046 of the largest manufacturing and industrial companies doing nearly one-half of the total business of the country.

Source: Adapted from statistics of book II, Earnings of Large Corporations, pp. 209–345, in Ralph C. Epstein, Industrial Profits in the United States (National Bureau of Economic Research, New York, 1934).

EXHIBIT B

Profits for selected corporations first 6 months 1940 compared with first 6 months 1939 [1]

[Millions of dollars]

Corporation	First 6 months 1940	First 6 months 1939	Percent increase
General Motors	113.57	100.99	13
Du Pont	46.85	34.87	17
United States Steel	36.32	1.97	1,740
General Electric	25.87	16.37	58
Chrysler	30.49	25.35	20
Bethlehem Steel	21.70	6.23	250
Westinghouse	9.84	6.34	55
Curtiss-Wright	6.24	3.37	85
United Aircraft	6.23	3.68	70
Martin Aircraft	4.29	.97	330
Douglas	3.39	1.40	140
Pure Oil Co	4.70	2.43	95
Remington Rand	1.76	.47	270
Goodyear	4.14	3.61	15

[1] Based on newspaper reports. Figures in some instances are preliminary.

EXHIBIT C

Average return on invested capital; data for selected corporations

Corporation	Average return on invested capital	
	1936–39 average [1]	1939 [2]
	Percent	*Percent*
Chrysler	28.6	23.7
General Motors	18.0	17.3
General Foods	19.1	19.0
United Aircraft	21.5	-------
Glenn L. Martin	22.3	-------
Eastman Kodak	12.5	-------
Montgomery Ward	11.7	12.9
American Can	10.4	-------
Texas Corporation	8.4	-------
Westinghouse Electric	7.6	-------
Bethlehem Steel	3.9	-------
United States Steel	2.9	-------
American Chicle	----------	37.4
Square D Co	----------	36.3
Homestake Mining Co	----------	31.2

[1] Based on tabulation in Wall Street Journal, Aug. 8, 1940.
[2] Based on Fiduciary Counsel, Inc., testimony, pp. 125–126, in the joint hearings on excess-profits taxation.

Average return on invested capital; data for selected corporations—Continued

Corporation	Average return on invested capital	
	1936–39 average	1939
	Percent	*Percent*
Bristol-Myers	----------	30.6
Life Savers, Inc	----------	26.8
Vick Chemical Co	----------	26.5
Philip Morris & Co., Ltd	----------	25.1
Parke, Davis & Co	----------	24.2
Sterling Products	----------	23.5
Mead Johnson	----------	23.0
Dow Chemical	----------	22.7
J. C. Penney Co	----------	20.9
Masonite Corporation	----------	20.7
St. Joseph Lead Co	----------	19.9
Procter & Gamble	----------	19.6
Minneapolis Honeywell Regulator Co	----------	19.3
Eaton Manufacturing Co	----------	19.3
Timken Roller Bearing	----------	17.8
R. J. Reynolds Tobacco Co	----------	17.7
International Business Machines	----------	16.1
Bendix Aviation	----------	15.5

EXHIBIT D

Profits of leading corporations for the half year

[Net profits are as reported, after depreciation, interest, taxes, and other charges and reserves but before dividends; net worth includes book value of outstanding preferred and common stock and surplus account at beginning of each year]

Industrial groups	Number	Net profits, half year		Percent change [1]	Net worth Jan. 1		Annual rate of return (percent)	
		1939	1940		1939	1940	1939	1940
Baking	6	$8,981,000	$8,215,000	−8.5	$211,655,000	$208,255,000	8.5	7.9
Food products, miscellaneous	19	34,021,000	35,757,000	+5.1	607,688,000	614,329,000	11.2	11.6
Beverages	7	6,866,000	8,344,000	+21.5	116,655,000	122,704,000	11.8	13.6
Textiles and apparel	14	5,048,000	7,638,000	+51.3	134,764,000	145,051,000	7.5	10.5
Shoes and leather	4	3,284,000	2,989,000	−9.0	118,015,000	118,856,000	5.6	5.0
Wood products	7	144,000	1,770,000	(+)	70,072,000	64,208,000	.4	5.5
Paper products	14	3,428,000	8,152,000	(+)	151,359,000	160,883,000	4.5	10.1
Chemicals, drugs, etc	26	64,855,000	89,987,000	+38.8	1,181,829,000	1,223,575,000	11.0	14.7
Petroleum products	12	19,505,000	60,298,000	(+)	1,394,724,000	1,419,065,000	2.8	8.5
Stone, clay, and glass	15	12,292,000	16,710,000	+35.9	314,662,000	317,894,000	7.8	10.5
Iron and steel:								
United States Steel	1	1,970,000	36,315,000	(+)	1,298,907,000	1,314,807,000	0.3	5.5
Other	29	12,766,000	44,887,000	(+)	1,423,434,000	1,456,323,000	1.8	6.2
Building equipment	12	2,641,000	7,400,000	(+)	216,859,000	209,185,000	2.4	7.1
Electrical equipment	17	26,662,000	44,450,000	+66.7	614,834,000	645,533,000	8.7	13.8
Hardware, tools, etc	12	3,315,000	5,930,000	+78.9	95,259,000	98,881,000	7.0	12.0
Household equipment	10	2,898,000	3,459,000	+19.4	55,797,000	57,167,000	10.4	12.1
Machinery	31	6,876,000	16,420,000	(+)	272,345,000	266,511,000	5.0	12.3
Office equipment	10	8,339,000	10,731,000	+28.7	168,918,000	171,344,000	9.9	12.5
Railway equipment	10	1,667,000	9,869,000	(+)	181,918,000	173,979,000	1.8	11.3
Automobile, General Motors	1	100,993,000	113,575,000	+12.5	1,027,817,000	1,053,560,000	19.7	21.6
Automobile, other	10	24,342,000	33,362,000	+37.1	284,426,000	300,254,000	17.1	22.2
Auto equipment	22	10,849,000	17,648,000	+62.7	159,396,000	170,175,000	13.6	20.7
Metal products, miscellaneous	28	8,971,000	18,644,000	(+)	171,638,000	186,521,000	10.5	20.0
Miscellaneous manufacturing	17	8,476,000	7,246,000	−14.5	202,432,000	206,491,000	8.4	7.0
Total manufacturing	334	379,189,000	609,796,000	+60.8	10,475,403,000	10,705,551,000	7.2	11.

Industrial groups	Number	Net profits, half year		Percent change	Net worth Jan. 1		Annual rate of return (percent)	
		1939	1940		1939	1940	1939	1940
Coal mining	10	[2] [3] $3,020,000	[2] [3] $430,000	----------	$215,156,000	$201,314,000	----------	----------
Metal mining	10	[3] 8,997,000	[3] 12,745,000	+41.7	288,833,000	292,479,000	6.2	8.7
Mining, quarrying, miscellaneous	9	[3] 6,488,000	[3] 8,043,000	+24.0	109,517,000	110,282,000	11.8	14.6
Trade (wholesale and retail)	21	6,979,000	7,739,000	+10.9	235,629,000	234,672,000	5.9	6.6
Service and construction	16	10,490,000	11,035,000	+5.2	341,532,000	351,835,000	6.1	6.3
Total	400	409,123,000	648,928,000	+58.6	11,666,070,000	11,896,133,000	7.0	10.9

[1] Increases or decreases of more than 100 percent not computed.
[2] Deficit.
[3] Before certain charges.

Source: National City Bank of New York, August 1940 Bulletin, p. 89.

EXHIBIT E

Taxes, net income, and dividends of all active corporations in the United States

[In millions of dollars]

Year	Net income before taxes [1]	Federal income taxes	War and excess profits taxes	Local, State, and miscellaneous taxes	Total taxes	Net income after taxes [1]	Dividends paid [2]
1916	[3] 9,109	172	----------	1,000	[4] 1,172	[3] 7,937	([5])
1917	[3] 11,141	504	1,639	1,041	3,183	[3] 7,958	([5])
1918	8,646	653	2,506	828	3,987	4,659	([5])
1919	9,526	744	1,432	932	3,107	6,419	([5])
1920	7,292	637	989	1,198	2,823	4,469	([5])
1921	2,120	366	335	1,473	2,175	−55	([5])
1922	6,682	775	8	1,518	2,302	4,380	2,634
1923	8,399	937	----------	1,635	2,572	5,827	3,299
1924	7,550	882	----------	1,670	2,552	4,998	3,424
1925	9,915	1,170	----------	[4] 1,774	[4] 2,944	6,971	4,014
1926	9,882	1,230	----------	1,878	3,108	6,774	4,439
1927	9,025	1,131	----------	2,014	3,145	5,880	4,765
1928	10,953	1,184	----------	2,203	3,387	7,566	5,157
1929	11,499	1,[illegible]	----------	2,222	3,415	8,084	5,927
1930	4,375	712	----------	2,297	3,009	1,366	5,631
1931	−515	399	----------	2,231	2,630	−3,145	4,182
1932	−3,002	286	----------	2,087	2,373	−5,375	2,626
1933	168	416	7	2,124	2,547	−2,379	2,101
1934	2,920	588	8	2,162	2,758	162	2,672
1935	5,037	710	25	2,628	3,363	1,674	2,927
1936	8,052	1,169	22	2,958	4,149	3,903	4,702
1937	8,814	1,233	43	3,666	4,942	3,872	4,832
1938 [6]	6,400	770	30	3,600	4,400	2,000	3,400

[1] Includes tax-exempt interest received, but excludes intercorporate dividends received.

[2] Cash dividends on preferred and common stock. Excludes stock dividends and intercorporate dividends paid.

[3] Statutory net income; excludes tax-exempt interest received.

[4] Partly estimated.

[5] Not reported.

[6] Estimated. (−) Indicates deficit.

Source: Compiled from Statistics of Income, Treasury Department.

Table published in National City Bank of New York August 1940 Bulletin, p. 93.

EXHIBIT F

Rates of corporate income, war and excess-profits taxes

Income year	Income tax		War and excess profits taxes	
	Credit	Rate percent	Credit	Rate percent [1]
1913–15	----------	1	----------	
1916	----------	2	----------	
1917 [2]	----------	1 to 4	$3,000, plus 7 to 9 percent on invested capital.	20 to 60.
1918 [3]	$2,000	12	$3,000, plus 8 percent on invested capital.	30 to 80.
1919–21	2,000	10	----do----------	20 to 40.
1922–24	2,000	12½	----------	
1925	2,000	13	----------	
1926–27	2,000	13½	----------	
1928	3,000	12	----------	
1929	3,000	11	----------	
1930–31	3,000	12	----------	
1932	----------	13¾	----------	
1933–35	----------	13¾	12½ percent on declared capital	5.
1936–37 [2] [4]	----------	([5])	10 percent on declared capital	6 to 12.
1938 [6]	----------	12½ to 19	----do----------	Do.
1939 [2]	----------	12½ to 18	----do----------	Do.
1940 [2] [7]	----------	14.85 to 20.9	----do----------	6.6 to 13.2.

[1] Rate of tax on excess profits varies, when indicated, with amount of excess over credit, which was computed upon "invested capital" in 1917–21, but upon "declared value of capital" since 1933.

[2] Rate of normal tax varies with size of net income.

[3] Certain corporations were subject to a war-profits tax in 1918.

[4] Rate of tax on undistributed income varies with percentage of income distributed as dividends.

[5] Normal 8 to 15. Und. inc. 7 to 27.

[6] Rate of normal tax varies with percentage of income distributed.

[7] Includes supertax.

Source: Compiled from Statistics of Income and Revenue Acts. Because of numerous changes in the detailed provisions of the latter, the rates tabulated above are not strictly comparable.

Table published in National City Bank of New York August 1940 Bulletin, p. 92.

EXHIBIT G

Comparisons of tax liability incurred under various plans of computing excess profits

Specific conditions			General characteristics	Tax liability	
Item	Base period	Tax year		Method	Amount
Corporation 1:					
Invested capital	$833,333	$833,333	A moderate-sized corporation which has earned more during the taxable year than the base period but still at a moderate rate of profit.	Earnings method [1]	$115
Net income	$50,000	$60,000		Invested capital [2]	0
Percent of invested capital	6.0	7.2		----do [3]	0
				La Follette amendment	0
Corporation 2:					
Invested capital	$555,555	$555,555	Also a moderate-sized corporation. Same net income as corporation 1 is earned on a smaller amount of capital (a higher rate of return). Larger income is had than during base period, but percentage earned on invested capital is still relatively low.	Earnings method [1]	$115
Net income	$50,000	$60,000		Invested capital [2]	$115
Percent of invested capital	9.0	10.8		----do [3]	0
				La Follette amendment	0
Corporation 3:					
Invested capital	$166,666	$166,666	An extremely prosperous corporation both during the base period and taxable year. Tax year also substantially better than the base period.	Earnings method [1]	$115
Net income	$50,000	$60,000		Invested capital [2]	$6,738
Percent of invested capital	30	36		----do [3]	$6,238
				La Follette amendment	$10,313
Corporation 4:					
Invested capital	$16,666,666	$16,666,666	A large corporation that has had a very moderate return during the base period and the taxable year, though some improvement in the latter.	Earnings method [1]	$33,180
Net income	$1,000,000	$1,200,000		Invested capital [2]	$31,847
Percent of invested capital	6	7.2		----do [3]	0
				La Follette amendment	0
Corporation 5:					
Invested capital	$11,111,111	$11,111,111	A smaller corporation than corporation 4, though identical income is earned and hence a higher return on invested capital. Same dollar improvement in income of taxable year compared with base year.	Earnings method [1]	$33,180
Net income	$1,000,000	$1,200,000		Invested capital [2]	$33,180
Percent on invested capital	9	10.8		----do [3]	$14,109
				La Follette amendment	$13,828
Corporation 6:					
Invested capital	$3,333,333	$3,333,333	An extremely prosperous corporation both during the base period and the taxable year. Tax year also substantially better than previous base period.	Earnings method [1]	$33,180
Net income	$1,000,000	$1,200,000		Invested capital [2]	$259,434
Percent on invested capital	30	36		----do [3]	$290,267
				La Follette amendment	$253,767
Corporation 7:					
Invested capital	$5,000,000	$5,000,000	A corporation which earns very substantial profits during the taxable year though the profits during the base period were not unusually high.	Earnings method [1]	$334,750
Net income	$500,000	$1,500,000		Invested capital [2]	$334,750
Percent on invested capital	10	30		----do [3]	$342,250
				La Follette amendment	$263,250
Corporation 8:					
Invested capital	$5,000,000	$5,000,000	A prosperous corporation in identical position as corporation 7 during the taxable year, but with a prosperous experience during the base period.	Earnings method [1]	$44,100
Net income	$1,250,000	$1,500,000		Invested capital [2]	$294,750
Percent on invested capital	25	30		----do [3]	$342,250
				La Follette amendment	$263,250

[1] Earnings method: As approved by Finance Committee; without the 4.1-percent penalty tax.

[2] Invested capital: The variable exemption invested capital method contained in the bill as passed by the House (exemption of $5,000 plus 5 to 10 percent) but with rates based on the 25 to 50 percent rates approved by Finance Committee.

[3] Invested capital: Finance Committee recommendation of flat 8 percent plus $10,000, but taxed at same rates as above: 25 to 50 percent on absolute amounts.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, informed the Senate that Mr. LUCE had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, vice Mr. GIFFORD, excused.

ENROLLED BILL SIGNED

The message announced that the Speaker pro tempore had affixed his signature to the enrolled bill (S. 4165) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, and it was signed by the President pro tempore.

COMPULSORY SELECTIVE MILITARY SERVICE—CONFERENCE REPORT

Mr. SHEPPARD. Mr. President, I move that the Senate proceed to the consideration of the conference report on Senate bill 4164, the compulsory military training and service bill.

Mr. HARRISON. Mr. President, I ask that the pending business be temporarily laid aside so that the conference report may be considered.

The PRESIDING OFFICER. Is there objection to laying aside temporarily the unfinished business and proceeding to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Schwartz
Andrews	Frazier	McCarran	Schwellenbach
Ashurst	George	McKellar	Sheppard
Barkley	Gerry	McNary	Smathers
Bilbo	Gibson	Maloney	Stewart
Bridges	Gillette	Mead	Taft
Brown	Green	Miller	Thomas, Idaho
Bulow	Guffey	Minton	Thomas, Okla.
Burke	Gurney	Murray	Thomas, Utah
Byrd	Hale	Neely	Townsend
Byrnes	Harrison	Norris	Truman
Capper	Hatch	Nye	Tydings
Caraway	Hayden	O'Mahoney	Vandenberg
Chandler	Herring	Overton	Van Nuys
Clark, Idaho	Hill	Pepper	Wagner
Clark, Mo.	Hughes	Pittman	Walsh
Connally	Johnson, Calif.	Radcliffe	Wheeler
Danaher	Johnson, Colo.	Reed	White
Davis	King	Reynolds	Wiley
Downey	La Follette	Russell	

The PRESIDENT pro tempore. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. SHEPPARD. Mr. President, I desire to submit a brief explanation of the conference report and of the differences between the two Houses, and the conclusions of the conference. I ask not to be interrupted while I make my initial statement. After I conclude I shall be glad to answer any questions I may be able to answer.

Mr. President, the Senate provided that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army, the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service.

The House provided that whenever the Congress shall determine that troops are needed in excess of those of the Regular Army, and of those in active training under the provisions of the proposed act, the National Guard shall then be ordered.

The conferees agreed to the House provision.

The Senate provided that the draft program should go into effect at once, together with the volunteer system.

The House provided that the draft program should not go into effect until after a period of 60 days, but that the volunteer feature should go into effect at once.

The House amendment authorized the President to issue, as soon as possible after the enactment of the bill, a call for volunteers between the ages of 18 and 35, and another such call at any time after January 1, 1941, and to induct into the land or naval forces for training and service as many of the men who volunteered as did not exceed the number of men for whom the call was issued. If upon the expiration of 60 days after the issuance of either of such calls the President found that the number of qualified men who had volunteered was less than the number for whom the call was issued, he was authorized to select and induct into the land or naval forces such number of qualified men selected through the Selective Service System as when added to the number who had volunteered would equal the number for whom he issued the call. Until the expiration of 60 days from the date of the issuance by the President of the second call no man was to be inducted into the land or naval forces under any other provision of the bill, except that registration, classification, and selection under such other provisions could take place.

The conferees agreed upon the Senate provision.

The Senate provided that the age limits for the draft should be 21 to 30, inclusive.

The House provided that such ages should be 21 to 44, inclusive.

The conferees agreed that such ages should be 21 to 35, inclusive.

The Senate made no provision as to housing or shelter. The House provided that induction should not take place until adequate provision should have been made for the proper housing of the men selected for training and service, the term "housing" to include such sanitary facilities, adequate water supplies, heating and lighting systems, medical care, and hospital accommodations as are in general accepted by the United States Public Health Service as essential to public and personal health.

The conferees accepted this provision, except to substitute "shelter" for "proper housing," and to strike out the words "as are in general accepted by the United States Public Health Service as essential to public and personal health," inserting in lieu thereof the words "as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health."

The Senate provided that there should not be in active training or service in land forces at any one time, in time of peace, more than 900,000 men inducted under the act.

The House provided that, except in time of war, there should not be in active training or service in the land and naval forces at any one time more than 1,000,000 men inducted under the act.

The conferees agreed upon the Senate provision.

The Senate made no provision as to deferment of college and university students.

The House provided in this respect—

> That in the case of any person who, during the year 1940, entered upon attendance for the academic year 1940–41—
>
> (1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either class of such degrees; or
>
> (2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;
>
> if, during his attendance at such college or university while pursuing such course of instruction, such person is selected for service and training prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, his induction into the land or naval forces shall, upon his request, be deferred until the end of such academic year, but in no event later than July 1, 1941.

Mr. LA FOLLETTE. Mr. President, will the Senator yield at that point?

Mr. SHEPPARD. I yield, although I asked to be allowed to conclude my statement.

Mr. LA FOLLETTE. I merely wish to say that there was some misunderstanding on the part of some as to the actual meaning of paragraph (f), which is the one relating to college students. I merely wanted to make certain that this applies to any person going to college for a bona fide reason, no matter whether he is a freshman or a senior, or whether

he is taking a professional course or not. It gives him deferment until July 1, 1941. So that if a young man were a senior in a law school entering this fall, he would have until July 1, 1941, to complete his course as would a medical student, and so on.

Mr. SHEPPARD. The Senator has the proper understanding.

Mr. LA FOLLETTE. I thank the Senator.

Mr. SHEPPARD. The conferees agreed upon the House provision.

The Senate provided that—

(b) Whenever the United States is not at war, each man so inducted shall serve for a training period of 12 consecutive months, unless sooner discharged: *Provided*, That if during his training period the Congress shall declare that the national interest is imperiled, he may be required to remain in service until the Congress shall declare that the national interest permits his being relieved from such service.

The House provided in this regard that—

(b) If and so long as the United States is not at war, each man selected for training and service shall serve for a training period of 12 consecutive months: *Provided*, That if during his training period the Congress shall declare that the national interest is imperiled, he shall be subject to service until the Congress shall declare the national interest permits his being relieved from active service.

The conferees agreed upon the following in this respect:

(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of 12 consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such 12-month period may be extended by the President to such time as may be necessary in the interests of national defense.

It will be seen that under both Senate and House provisions induction is limited to a time of peace. Under the provision adopted by the conferees induction can be had in war as well as in peace.

The Senate provided that after completion of training and service, trainees would be transferred to reserve components until the act expired, or for a period of 10 years, or until discharged, whichever occurred first.

The House provided that trainees, after completion of training and service, should be transferred to reserve components until they reached the age of 45, or for a period of 10 years, or until discharged, whichever occurred first.

The conferees adopted the House provision. The practical effect of this provision is to extend somewhat the time a trainee would remain in the reserve component.

Passing to the next item, the Senate provided that the trainees should have the same pay and allowances and other benefits as enlisted men of the Regular forces of the same grades and lengths of service.

The House provided that in addition trainees should receive pensions, compensation, and disability allowances to the same extent as such enlisted men.

The conferees accepted the Senate and House provisions in substance with clarifying language, as follows:

(d) With respect to the men inducted for training and service under this act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

The Senate made no provision permitting payment by employers to trainees during training and service or to members of reserve components on active duty. The House made such provision to trainees and members of reserve components below the rank of captain.

The conferees agreed to the House provision without the limitation relating to the rank of captain.

The Senate adopted a provision preventing discrimination on account of race or color with respect to men volunteering for induction, specifically including aviation.

The House bill contained a similar provision, and no further action as to volunteers by the conferees was necessary.

The Senate made no provision relating generally to discrimination in carrying out this act in reference to race or color.

The House adopted such a provision, including creed.

The conferees adopted the House language, striking out the word "creed."

To the persons and groups of persons excepted from registration and relieved from training and service by the Senate, the House added men accepted for admittance to the United States Military Academy.

The conferees agreed to the Senate provision with the House addition, and added men accepted for admittance to the Naval Academy and Coast Guard Academy, and also cadets of the advanced course senior division, Naval Reserve Officers Training Corps. The R. O. T. C. senior graduates had already been included, and the House has agreed.

The Senate provided that:

(b) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of the United States and of the several States and Territories and the District of Columbia, and other executive officers of the United States and of the several States and Territories and the District of Columbia whose continued service in the executive offices held by them is found to be necessary to the maintenance of the public health, safety, or interest, shall, while holding such offices, be deferred from training and service in the land and naval forces of the United States.

In this connection the House provided that:

(b) The Vice President of the United States, and the officers, legislative, executive, and judicial, except judges of inferior courts not of record, of the United States, and of the several States, Territories, and the District of Columbia, while holding such official positions shall be deferred, which deferred classification may be waived from training and service in the land and naval forces of the United States.

The conferees divided this subject into two paragraphs, reading as follows:

(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this act in the land and naval forces of the United States.

(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

The Senate bill provided that nothing contained in the Senate bill was to be construed as requiring any person to be subject to combatant training or service who by reason of religious training or belief is conscientiously opposed to participation in war in any form. All persons claiming such exemption because of such conscientious objections were to be listed on a Register of Conscientious Objectors at the time of their classification by a local board, and their names at once referred by the local board to the Department of Justice for inquiry and hearing. After appropriate inquiry by the appropriate agency of the Department of Justice, a hearing was to be held by the Department of Justice in the case of each such person with respect to the character and good faith of his objections. If the objections were found by the Department to be sustained, it was to recommend that (1) the objector be assigned to noncombatant service as defined by the President, or (2) if the objector was found to be conscientiously opposed to participation in such noncombatant service that he be assigned to work of national importance under civilian direction. If after the hearing the objections were found not to be sustained, the objector and the local board were to be immediately notified, the name of the objector was then to be removed from the Register of Conscientious Objectors, and the objector was thereafter to be

liable for the training and service provided for in the bill. If within 5 days after the date of the findings by the Department of Justice, the objector or the local board gave notice to the other of disagreement with the findings, the local board was to refer the matter for final determination to an appropriate appeal board.

The House followed the Senate provision except to eliminate the Department of Justice.

The conferees provided that if the objections of the so-called conscientious objector are not sustained by the local board in the first instance the objector is given the right to appeal to the appropriate appeal board. Upon the filing of such appeal, the appeal board is directed forthwith to refer the matter to the Department of Justice for an inquiry and hearing. After appropriate inquiry by the proper agency of the Department of Justice, a hearing is to be held by the Department with respect to the character and good faith of the objections. If the Department finds the objections to be sustained, it is to recommend to the appeal board, first, that the objector, if he is inducted under the act, be assigned to noncombatant service as defined by the President; or, second, if it is found that he is conscientiously opposed to participation in such noncombatant service in lieu of such induction, that he be assigned to work of national importance under civilian direction. In making its decision the appeal board is to consider the record on appeal from the local board, together with the recommendations, which it is not bound to follow, by the Department of Justice. All persons whose claims for exemption under this provision because of conscientious objection are sustained are to be listed by the local board on a Register of Conscientious Objectors.

The Senate bill provided that any person who had been required to leave a position in the employ of a private employer, other than a temporary position, within 30 days prior to the enactment of the bill should be deemed prima facie to have left such position in order to perform the service required under the bill. This provision had the effect of requiring reinstatement by the employer after the completion of the employee's period of training and service. There was no similar provision in the House amendment.

The conference agreement omits this provision of the Senate bill.

The Senate provided that:

(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered during the period of service in such forces as on furlough or leave of absence; and shall be so restored without loss of seniority; and shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time of being inducted into such forces; and shall not be discharged from such position without cause within 1 year after such restoration.

The House adopted a similar provision.

The conferees extended this provision to those affected by the National Guard bill.

The Senate had no provision relating to filling positions vacated by trainees.

The House provided as follows in this connection:

(i) It is the expressed policy of this Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this act that such vacancy shall not be filled by any person who is not a citizen of the United States or who is a member of the Communist Party or the German-American Bund.

The conferees agreed to the House provision with the elimination of aliens.

The Senate provided that draftees should be under the jurisdiction of the civil courts in the matter of violations of this act prior to induction for training, and thereafter to military and naval courts martial.

The House provided for concurrent jurisdiction in such cases by civil and military courts.

The conferees adopted the Senate provision.

Both the Senate and the House provided for the creation of a selective-service system. The Senate provided that the Director of Selective Service should receive compensation at a rate not in excess of $10,000 per annum. Under the House provision the Director's compensation was to be fixed by the President. The conference agreement adopts the provisions of the Senate in this respect. The conference agreement also provides that officers on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or in reserve components thereof, and officers and employees of any department or agency of the United States, who may be assigned or detailed to any office or position to carry out the provisions of the act, may serve and perform the functions of such office or position without loss or prejudice to their status as such officers or employees. Thus, Army, Navy, Marine Corps, or Coast Guard officers, or officers of reserve components thereof, so detailed or assigned will continue to receive the same pay, allowances, and benefits, including promotional and longevity rights and privileges, and all other rights and privileges that they have at the time of such detail or assignment and that they would continue to receive had they not been so detailed or assigned. The conference agreement also provides that any person appointed, assigned, or detailed to a position in the selective-service system the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned, or detailed by and with the advice and consent of the Senate. A similar provision was contained in the Senate bill. Clerical and stenographic employees for local boards may, under the conference agreement, be appointed and compensated without regard to the civil-service laws and the Classification Act of 1923, as amended.

Both the Senate and the House provided that the members of the local boards and the boards and agencies of appeal must be civilians and not connected with the Military Establishment. The provisions of the House amendment in this respect are contained in the conference agreement, and it is further provided that under no circumstances can Army, Navy, Marine Corps, or Coast Guard officers, either on the active or retired list, be assigned or detailed to a position of member of any such board or agency.

The Senate bill provided that whenever the Secretary of War or the Secretary of the Navy determined that any existing manufacturing plant or facility was necessary for the national defense and was unable to arrive at any agreement with the owner for its use or operation by the War Department or the Navy Department, the Secretary, under the direction of the President, was authorized to institute condemnation proceedings with respect to such plant or facility and to acquire it under the act of February 26, 1931. Upon the filing of a declaration of taking in accordance with the provisions of such act, the Secretary was authorized to take immediate possession of the plant or facility and operate it either by Government personnel or by contract with private firms pending the determination of the issue. Nothing in this provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant or facility.

Under the House amendment, the President was empowered through the head of the War Department or the Navy Department, in addition to the present authorized methods of purchase or procurement, to place orders for any product or material that might be required and which could be produced by the company concerned. Compliance with the order was made obligatory. Upon the refusal of the company to comply with the order, the President, through the head of the War or Navy Department, was authorized to take immediate possession of the plant, to manufacture therein the product or material required. Failure to comply with the provisions was made subject to imprisonment for not more than 3 years and to a fine of not exceeding $50,000. The compensation to be paid for the products and material or as rental for the use of the plant or facility while used by the United States was required to be fair and just. Nothing in the provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security,

and employment standards of the employees in the plant. The House amendment also repealed the first and second provisos of the act of June 28, 1940, entitled "An act to expedite the national defense, and for other purposes."

The conference agreement contains provisions similar to those contained in the House amendment, except that before the President is authorized to exercise the power of taking over the plant or facility, the conference agreement provides that the public necessity must be immediate, and the emergency in the public service imperative, and such as will not admit of resort to any other source of supply, and the Secretary of War or the Secretary of the Navy must certify to the circumstances and that such circumstances require the exercise of the power created in respect of the property to be taken over or operated.

The conference agreement also provides that the compensation to be paid to any person for its products or materials or as rental for its plant of which possession is taken, shall be fair and just, and the amount of such compensation shall be determined by the Secretary of War or the Secretary of the Navy, as the case may be. If the amount so determined is unsatisfactory, such person is entitled to sue the United States to recover such further sum as, when added to the payment already received, will be just compensation, in the manner provided for in the case of suits against the United States under the Judicial Code. No special penalty is provided for violations of this provision, inasmuch as the general penalty section is applicable to such violations. In the conference agreement, this general penalty section is substantially the same as the penalty section in both the Senate bill and the House amendment.

The bill, as passed by the Senate, provided:

SEC. 12. (a) All the provisions of section 3 of the act of March 27, 1934 (48 Stat. 505), as now or hereafter amended, shall be applicable with respect to contracts hereafter entered into for weapons, ammunition, and other military equipment procured by the Ordnance Department of the Army and by the Bureau of Ordnance of the Navy to the same extent and in the same manner that such provisions are applicable with respect to contracts for aircraft or any portion thereof for the Army and Navy: *Provided*, That the Secretary of War shall exercise all functions under such section with respect to such contracts for the Army, and the Secretary of the Navy shall exercise all functions under such section with respect to such contracts for the Navy.

(b) The provisions of section 3 of such act of March 27, 1934, as amended, shall, in the case of contracts or subcontracts entered into after the date of approval of this act, be limited to contracts or subcontracts where the award exceeds $50,000.

(c) All determinations hereafter required under such act of March 27, 1934, as now or hereafter amended, with respect to the costs and profits of War Department and Navy Department contracts shall be made by the Secretary of War and the Secretary of the Navy, respectively.

The House bill contained no such provision.

The conferees struck out the Senate provision. In this connection I desire to read a letter from the Assistant Secretary of War, Judge Patterson:

WAR DEPARTMENT,
Washington, September 9, 1940.

HON. MORRIS SHEPPARD,
Chairman, Military Affairs Committee, United States Senate.

DEAR SENATOR SHEPPARD: 1. Attention is invited to S. 4164 (the Selective Training and Service Act of 1940), which, as passed by the Senate on August 28, 1940, contained in section 12 a provision which would extend the profit-limitation provisions of section 3 of the act of March 27, 1934 (48 Stat. 505), as amended, to contracts for weapons, ammunition, and other military equipment procured by the Ordnance Department of the Army. No similar provision was incorporated in the selective-service bill as passed by the House of Representatives on September 7, and the matter will therefore no doubt now be handled by the conferees on this bill.

The act of March 27, 1934 (the Vinson-Trammell Act), as amended, imposed a maximum limitation of profit in the case of aircraft or portions thereof of 12 percent of the contract price. The Senate Appropriations Committee considered, in connection with H. R. 10263 (the Second Supplemental National Defense Appropriation Act, 1941), a proposal to extend the application of profit limitation to contracts for weapons, ammunition, and other military equipment procured by the Ordnance Department of the Army. The views of the War Department were requested in connection therewith and were presented informally by the Chief of Ordnance. The attention of the committee was invited to the currently existing reluctance on the part of aircraft manufacturers to enter into contracts in view of the uncertainties as to profit-limitation requirements and with respect to amortization of the cost of new facilities required. It was likewise pointed out that hundreds of prime contractors would be affected by the extension of the legislation proposed, as well as thousands of subcontractors, and that prospective contractors to the Ordnance Department would be unable to hold their contemplated subcontractors to commitments previously entered into if the legislation were adopted, with the inevitable result that the national-defense program would be seriously retarded. Upon the presentation of such views, the Senate Appropriations Committee took no further action toward including the provisions, and the appropriations act, as finally passed by the Congress and approved this date by the President, does not include the same.

However, as indicated above, when S. 4164 (the selective-service bill) was passed by the Senate on August 28, it contained in section 12 a similar provision, added by amendment on the floor of the Senate, to that theretofore considered and rejected by the Senate Appropriations Committee. The same objections to such a provision exist as were presented to the Senate Appropriations Committee.

It may be noted that there is now under consideration in the Senate a provision contained in H. R. 10413 (the Second Revenue Act of 1940) which would in effect suspend the operation of the Vinson-Trammell profit limitations as a whole during the continuance of the proposed excess-profits taxes. If the selective training and service bill were now to extend the profit-limitation provisions to an additional and important category of supplies not now coming within the scope of such profit limitation, the effect, aside from the very great difficulties that would be entailed upon the Ordnance Department in the carrying out of the large procurement task imposed upon it, would be a distinct contradiction to the proposed provisions of the second revenue act as passed by the House of Representatives and now under consideration by the Senate.

The restrictions of the existing profit-limitation provisions have very greatly retarded the placing of aircraft contracts, and subcontractors as well have been found to be extremely reluctant to enter into contracts under such limitations. To extend the application of the profit-limitation laws to the important items of military equipment procured by the Ordnance Department of the Army would inevitably slow up the armament program to such a degree as to seriously prejudice the national defense. It is the view of the War Department that, in line with the action already taken by the House of Representatives, the matter of preventing the making of excessive profits can be more equitably handled in a general excess-profits tax bill, the effects of which would fall evenly on all, rather than by singling out particular classes of manufacturers to the great detriment of the national-defense program.

The War Department is unalterably opposed to further extension of profit limitation at this time.

2. Attention is also invited to section 12 of S. 4164, as passed by the House of Representatives on September 7, which deals with the so-called drafting of industry during the present emergency. The provisions stated in this section are essentially the same as those contained in section 120 of the National Defense Act of 1920, which is applicable, however, to time of war or when war is imminent. The War Department considers that the House provision is preferable because it fits in with the general national-defense scheme, as expressed in the National Defense Act, and, furthermore, obviates the necessity of actually effecting transfer of plants or facilities from private ownership to ownership by the Government, which may in many cases be objectionable.

The War Department favors the adoption of this legislation as contained in section 12 of the bill as passed by the House of Representatives.

3. Time has not permitted submission of this report to the Director of the Bureau of the Budget. Therefore it involves no commitment as to the relationship of the report to the program of the President.

Sincerely yours,

ROBERT P. PATTERSON,
Acting Secretary of War.

Passing to the next item, the Senate increased the base pay of enlisted men of the Army and Marine Corps during the period of the life of this act.

The House had a similar provision and extended it to the enlisted men of the Navy.

The conferees adopted the House provision and made the changes permanent, beginning October 1.

The Senate had no provision relating to termination or cancelation of installment contracts entered into by trainees.

The House had the following provision:

Article III of the act of March 8, 1918, chapter 20, United States Statutes at Large, entitled "Rent, Installment Contracts, Mortgages," is amended by the addition of a new section to be known as section 303, as follows:

"SEC. 303. Nothing contained in section 301 shall prevent the termination or cancelation of contracts by mutual agreement of the parties thereto, or their assignees, executed in writing, nor the repossession of property pursuant to such agreement."

The conference, on consideration of those provisions, reached the following conclusions:

(c) Article III of such act of March 8, 1918, is amended by adding at the end thereof the following new section:

"SEC. 303. Nothing contained in section 301 shall prevent the termination or cancelation of a contract referred to in such section, nor the repossession or retention of property purchased or received

under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned."

The effect of the conference agreement is to make certain that the benefits extended to the trainees would be in the form of agreements entered into after the making of the original contract, and applying to retention as well as repossession of property.

The Senate provided that—

(b) The term "United States," when used in a geographical sense, shall be deemed to include the several States, the District of Columbia, the Territories, and the possessions of the United States, except the Philippine Islands.

The House had a substantially similar provision.

The conferees agreed upon the following:

(b) The term "United States", when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

The Senate had no definition of the term "dependent."

The House had the following definition:

(c) "Dependent" of a person registered under the provisions of this act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

The conferees adopted the House definition.

Both the Senate and the House provided that the act was to become inoperative on and after May 15, 1945, unless continued in effect by Congress. The House excepted from this provision the provisions relating to service in the reserve components of the land and naval forces. The conference agreement also excepts from the expiration provision the provisions providing for the extension of pensions, disability allowances, and so forth, to men inducted for training and service under the act, and the provisions increasing the Army and Marine Corps base pay. The conference agreement also excepts from the expiration provisions the provisions creating a personnel division in the Selective Service System to aid persons who have performed their training and service under the act, or who are members of reserve components who have performed their active service, to secure employment.

Mr. RUSSELL. Mr. President, I am always loath to say anything that might be construed as being critical of a conference committee. From my service on conference committees on many bills dealing with appropriations and other matters, I know something of the difficulties which confront the representatives of the House and of the Senate when they meet in an attempt to reconcile and iron out the differences between the two bodies. I cannot, however, refrain from expressing my disappointment that the conferees, in dealing with the section of this bill relating to the compulsory use of recalcitrant industry in the rearmament program, saw fit to limit the express language of the amendment adopted by the Senate and circumscribe the language adopted by the House, and to write into the conference report such limitations on the powers conferred by those two amendments as to restrict the War Department and the Navy Department in the acquisition of necessary supplies for the use of the men who are called to the colors by the bill.

I appreciate the fact that this amendment goes some distance in conferring powers to assure the cooperation of industry; but I cannot understand what circumstance or what facts could have moved the conference committee to take these two relatively simple propositions, approved, I believe, by each House of the Congress by the largest vote of any amendment or any provision that was agreed to in the bill, and, by restrictions and limitations, to sap some of the vitality of the amendment, cause confusion in its operation, and create grave doubt as to whether or not any industry or the head thereof can ever be prosecuted under the criminal provisions of the act.

My position is not dictated by any pride of having been identified with the amendment which was adopted by the Senate. When the provision approved by the House was brought forward, I immediately stated that, in my judgment, that provision was far superior to that which the Senate had approved, and expressed the hope that the House provision would be adopted and would be written into such act as might finally be passed.

In order that we may see wherein the conference committee has transgressed the provisions adopted by both the House and the Senate, I desire to make a brief reference to those provisions.

In the amendment adopted by the Senate it was provided that the Secretary of War or the Secretary of the Navy should determine that a plant was necessary in the national defense before proceeding to condemn it for public use. In the provision adopted by the House not even that determination was required.

The House amendment, which was adopted by a vote of 339 to 83 on a yea-and-nay vote in the House, empowered the President, through the head of the War Department or the Navy Department, in addition to the present authorized methods of purchase or procurement, to place an order with any person in the United States who was manufacturing or whose plant was capable of manufacturing goods necessary for the armed forces, and make the filling of the order compulsory. If the plant or person refused to comply with the order, the plant could be taken over and operated by the War Department or by the Navy Department in the production of such goods and stores.

As I have stated, the House provision went further, and contained a criminal clause. In the Senate provision there was necessary only a declaration that the action was necessary to provide for the national defense. Under the House provision no declaration whatever was necessary. It is merely an extension of the method of procurement already provided by existing law.

The conferees reached up into thin air, beyond the language of either provision, to bring back, with those two simple provisions before them, a requirement that it be determined and certified by the Secretary of War or the Secretary of the Navy that the public necessity is immediate, and the emergency in the public service is imperative, and such as will not admit of resort to any other source of supply, before the Secretary of War or the Secretary of the Navy can proceed to require that contracts for essential munitions of war be supplied by those engaged in industry.

Mr. President, it has often been charged during the consideration of this amendment that it was political in its inception, that those who favored such a proposition in the law were resorting to demagoguery, and that such a provision was unnecessary. When the amendment was first presented to the Senate during the consideration of the selective-service bill, I stated that, in my opinion, the overwhelming majority of the industries of this country were willing to cooperate in the rearmament program. I stated that the Government should have some means of dealing with the small percentage who were recalcitrant and who sought to gouge the Government by extorting unwarranted profits. I reiterate that statement today. I resent the idea, to which voice has been given so often, that any legislation which requires anything whatever of industry is demagoguery when we are engaged in passing the most momentous bill, affecting the lives of thousands and tens of thousands of young men of our country, that has ever been considered by the Congress of the United States at a time when the Nation was not at war.

The principle embodied in all three amendments, circumscribed as it is by the action of the conferees, who went without the bounds of the provisions approved on roll call votes in both Houses, is a principle which has been recognized and supported in this Nation to my certain knowledge ever since the last World War. The members of the American Legion, on returning from the trenches in France, immediately pronounced that it was one of their settled principles that no person in this country should seize upon a future emergency involving our international relations to milk the Treasury of huge and unwarranted profits. Practically every veterans' or other patriotic organization has subscribed to that very principle. The platforms of both the major parties have

time after time voiced the proposition which now is assailed as demagoguery, that all profit should be wiped out in the next war or national emergency. Nearly every newspaper supported this principle editorially. However, it seems to be one of those things it is pleasant to talk about but which is violently opposed when someone attempts to do anything about it.

The Congress of the United States, in taking the first faltering step in that direction, finds that the attempt on the part of both Houses has been confused and circumscribed by the action of the conference committee in dealing with the proposition.

Mr. President, the conference committee states in its report that the clear and definite penal provision of the House amendment, imposing a penalty of 3 years or a fine up to $50,000 for failure or refusal to comply with the terms of the measure, has been stricken because it was covered by the general penal clause carried in the bill. I hope the courts will determine that contention to be correct; but I wish to state that, in my opinion, it is very doubtful whether any person whatever, in the most flagrant case of refusing to assist in the great national effort to rearm America, can be subjected to any penalty of the criminal law under the bill as it is brought back from the conference. The conferees rely on the language which was carried in the Senate bill at the time of the adoption of the original amendment, with which I was in some degree identified. It does not specifically define the crime and punishment as does the House amendment.

It has been said that that amendment was not discussed upon the floor. The Members of the Senate know that it was under consideration in the Senate for more than 2 hours. It was opposed by able lawyers. No one ever contended that the amendment carried any criminal provision; but if the conference report carries a criminal provision, the original amendment which was adopted by the Senate carried a criminal provision.

It is an elementary rule of criminal law that crimes are not created by implication, and that all criminal statutes are strictly construed in favor of the person who is charged with a criminal offense. The committee have recognized this principle insofar as they deal with the young men who are to be called into the service under the draft. They spelled out line by line and word by word the criminal penalty of 5 years, or a fine of $10,000, in the case of some ignorant boy who might seek willfully to evade any of the provisions of the act.

This is dealt with at great length, and any attempt whatever to defeat any of the provisions of the act as to registration or a fair selection of the registrants, or to comply with the required training, is clearly defined as a felony. But the conference report does not clearly and distinctly set forth any penal provision for those who might violate the terms of the section affecting the use of industry in national defense. Nowhere does it state clearly and distinctly that failure to comply in the furnishing of the munitions of war by any industry is a crime.

These munitions are just as important in preparing our national defense as men. The House provision clearly and distinctly declares that any person guilty of refusing to cooperate with the War and Navy Departments in the matter of supplying munitions and implements of war is guilty of a felony, and in this respect it is far preferable to the vague implications of the conference report. There should be no doubt that an industry failing to do its part in this emergency, and the responsible heads thereof, should be equally guilty and as severely punished as the ignorant youth who seeks to defeat the provisions of this act.

I am glad that the underlying basic principle which was involved in both of the amendments has been adopted, but I regret exceedingly that the conferees have cast this shadow of doubt and confusion upon this important section, while making clearer every other provision of the bill which related to the individuals who might be affected.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHEELER. I have not had an opportunity to study the conference report, and I do not believe other Members of the Senate have had such opportunity, so as to know what has been done by the conference. As I understood from the reading by the Senator from Texas, the chairman of the Committee on Military Affairs, if I understood him correctly, it would be impossible for the Government to take over any industry unless it could make a showing that it would not be possible for the Government to get the article in question at any other place.

Mr. RUSSELL. The Secretary of the Department affected, either the War Department or the Navy Department, must make a solemn certificate that such is his determination.

Mr. WHEELER. It seems to me, on the face of it, that is an impossibility, because as to only a comparatively few articles could it be said that the Government of the United States could not get a particular article somewhere else, either in the United States or in some other country. I do not care what piece of machinery was needed, if the manufacturer merely said, "I will not make it," or "I will not make it until I get an exorbitant price," under the provision in the conference report, the Secretary of the Navy or the Secretary of War would have to go all over the country to ascertain whether or not it was possible for some other manufacturer to make the article, whether he was engaged in that particular industry or not; and it might result in delay. I am not sure that I understand the provision correctly, but if I do, it completely nullifies the intent, and makes the provision worthless as a practical matter.

Mr. RUSSELL. I hope that the conference provision does not go so far as to absolutely nullify the expressed intent of Congress. The amendment does have the virtue of recognizing that industry does have some responsibility to cooperate in this vast program, but it is not as clear or definite as either the original Senate provision or the House amendment. There is no doubt in my mind that it will cause important delays in obtaining the necessary guns, armament, tanks, ammunition, aircraft, and other supplies which are so essential.

The conferees have gone out of their way to find restrictions and limitations on the power of the Government to force industry to cooperate, and it is my opinion that the conference provision will tend to defeat the intent of Congress and cause great confusion. They have exceeded the powers of conferees under the rules of both bodies.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. NORRIS. If the Senator is correct, and I think he is, then the conference report, under the rules of the Senate, is subject to a point of order. Why does not the Senator make a point of order?

Mr. RUSSELL. Mr. President, the Senator from Nebraska was present a few days ago when a similar point of order was made, and it has been clearly determined here by a majority vote that where all after the enacting clause of a measure is stricken out and another measure is substituted, the conferees have great latitude. That was done in this bill.

I might say to the Senator from Nebraska that I consulted those who would be responsible for the parliamentary ruling which would be made in the event I made a point of order, and have been assured that the point of order would be overruled. For that reason I am not submitting a point of order. I do not wish to cause any useless delay. There are other ways to correct the situation.

Mr. NORRIS. The Senator has just made a statement which makes it quite apparent, from the reading of the conference report, that the conferees have put into the conference bill things which were not in the bill which passed the Senate and were not in the bill which passed the House. Is not the Senator convinced that under clause 2 of rule XXVII of the Senate that makes the conference report subject to a point of order?

Mr. RUSSELL. Mr. President, under a strict interpretation of rule XXVII, which was debated at some length in connection with another conference report in this Chamber during the last 2 weeks, it probably would be subject to a point of order; but the Senate—the Senator from Georgia unfortunately voting with the majority—held that where all

after the enacting clause was stricken and an entirely new bill was substituted it was not subject to a point of order.

Mr. NORRIS. I realize the Senator's statement is absolutely accurate, that the Senate refused to sustain a point of order made on the grounds I have indicated, and I think it did it in the face of the rule. But does not the Senator think—or does he think—that the Senate, having done that a few days ago, might have some pangs of conscience by this time and feel as though it should enforce its own rule, and that it might be well to try again?

Mr. RUSSELL. Mr. President, the Senate of course has that right.

Mr. WHEELER. Mr. President——

Mr. RUSSELL. I yield.

Mr. WHEELER. I do not subscribe to the interpretation which was put on the action taken a few days ago. My contention was that in the matter we then had before us there was a difference between the bill as passed by the Senate and the bill as passed by the House, and that even though there had not been precedents established along the line the Senator has suggested, we were fully within our rights under the rules of the Senate. I appreciate that other Senators took a different position than I did in reference to the question, but I am quite sure that my interpretation of the bill and what we did was correct, notwithstanding what my friend, the Senator from Nebraska, has said.

Mr. NORRIS. Mr. President, if it be true, as I believe, that the Senate threw a rule of its own out the window the other day, yet it is quite clear, I think, that there were Senators who thought that particular conference report was not responsive to a point of order. Assume that certain Senators did not agree to that, does the Senator know anyone who holds in this particular case that the conferees have not exceeded their authority under the rule, and, if that be true, would it not be proper to invoke the rule now, even though we disagree as to the justice of the Senate's decision the other day?

Mr. RUSSELL. Mr. President, under the Senate's rules all points of order of this nature involve mixed questions of law and of fact, as it appears from the conference report in the instant case, and undoubtedly Senators are as much influenced in their votes by their opinions on the facts in each case as by the letter of the law.

I have conferred with the Parliamentarian on this subject, however, and I am advised that on this question the report is not subject to a point of order under the precedents recently established by the Senate.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. O'MAHONEY. I should like to bring the discussion back from the unsatisfactory realm of parliamentary law to the very important question which the Senator is raising, namely, that the conference report in effect nullifies the express desire of the Senate and of the House.

In response to the inquiry of the Senator from Montana [Mr. WHEELER], the Senator from Georgia has stated that he hopes that the language in the conference report would not have the realistic effect of nullifying the power of the Government of the United States to take plants when necessary in the public defense. Did I understand the Senator correctly?

Mr. RUSSELL. The Senator did. I may say further, Mr. President, for I wish to be frank in this matter, that I do not think this provision absolutely nullifies the power to whip industry into line where it will not cooperate. I think it so circumscribes it that it will hamper the War and the Navy Departments in its application at a time when the War and Navy Departments may seek to apply this law in the case of recalcitrant industries that refuse to cooperate in any manner in the defense act. One rule is applied to securing the men for the Army, and another and more complicated rule is applied to industry when it becomes necessary to secure clothing and guns for the men.

Mr. O'MAHONEY. It seems to me the Senator is stating it mildly. I have just read the language of the conference report, and I cannot understand how the conference committee could have agreed to present it, having in mind the express will of the Senate and of the House.

May I take the Senator's time to read the language and to ask him for his interpretation of its effect? I read from page 9 of the conference report as presented to the House by Representative MAY, the second paragraph on page 9, being the clause which describes the prerequisite before the President may take over a plant—the terms which must go into the certificate. It is provided—

If the public necessity is immediate—

Of course, we would not be passing this bill at all if the public necessity were not now immediate. We would not be refusing to extend the draft for 60 days for men if the public necessity were not immediate—

and the emergency in the public service is imperative—

How can anyone question that the emergency in the public service is now imperative? Why should we be gathered here at all to be considering a conscription bill, a military-service bill, if the emergency in the public service were not imperative?

Then we have the third clause, and this is the clause which seems to me to destroy the whole purpose of the provision—

and such as will not admit of a resort to any other source of supply.

Observe the use of the word "resort." It is not provided that the circumstances must be such as will not admit of the procurement of supplies from any other source. It is provided merely that the circumstances must be found to be such as not to require "a resort to any other source of supply." Delivery means nothing under this language.

Mr. RUSSELL. Mr. President, the time element is all important when it comes to the question of men, but the time element is almost disregarded by the conferees in this unusual requirement of circumstances that "will not admit of a resort to any other source of supply." There is no time fixed for the finding and the certificate. There is no rule fixed to guide the Secretary of War and the Secretary of the Navy in deciding how much search must be made to determine that an order is "such as will not admit of a resort to any other source of supply." No such remarkable provision is found in either the House or the Senate bill, and I am glad that I do not have to construe this language.

Mr. O'MAHONEY. Mr. President, will the Senator yield again?

Mr. RUSSELL. I yield.

Mr. O'MAHONEY. The conference report will absolutely place industry upon a voluntary basis, while putting men upon the basis of conscription, and it seems to me it is utterly inconceivable that a committee of the Senate and of the House should present such a report.

There is just another point to which I wish to call attention—

And if such circumstances—

All three that I have just outlined—

are certified to by the Secretary of War or the Secretary of the Navy.

Therefore, under this language, the Secretary of War or the Secretary of the Navy must make a certificate as to all three of the particular circumstances set forth in the three clauses.

Then there follows, after the word "Navy"—

And to require the exercise of the power hereby created in respect of the property to be taken over.

To what does that phrase attach itself? To what does it relate? Is it part of the requirement as to certification? It hangs in the air attached to nothing, meaning nothing, but it is a clause to which a clever lawyer may attach a case to prevent the taking over of a plant when the emergency requires.

Mr. RUSSELL. Not only to prevent the taking over of a plant, but in the case of any prosecution, in the event the general penal clause of the bill should be held to apply to this provision, the defendant could raise all three of the

defenses that are set forth in the report of the conference committee which goes beyond the language contained in the House bill and the Senate bill. A defendant charged with refusing to do his duty and furnish supplies could undertake to prove that the public necessity was not immediate; he could undertake to prove that the emergency in the public service was not imperative; he could undertake to prove that the Government could go to Shanghai or Patagonia to secure the material that was needed, and thereby use all three requirements to defeat any conviction under a criminal prosecution in such case. Indeed, it might be contended under this language that the Government was charged with the proof of all of these contentions.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MINTON. Under all the circumstances could those questions be raised? I take it the Senator assumes that an injunction suit might be brought to prevent this sort of action by the Government. Discretion is committed, by the legislation, to the Secretary of War and the Secretary of the Navy. That cannot be inquired into in any injunction suit which might be brought, if one could be brought. There is no authorization for bringing such a suit against the Government. One cannot sue the Government unless he is authorized to do so.

Mr. RUSSELL. It is expressly authorized to be done in this case by the language of the committee report.

Mr. MINTON. No; we only authorize a suit for one purpose, and that is to get more money in case the operators of a plant think the Government has not offered them enough, and that is all. One cannot sue the Government without the Government's consent. An injunction suit could be started, but even if that were done, there could be no inquiry into the matter of the discretion committed by the legislation to the Secretary of War and the Secretary of the Navy. If that discretion were to be exercised it could not be inquired into in any injunction suit that might be brought.

If the Secretary of War or the Secretary of the Navy were to abuse the discretion committed to them, the only remedy an industry would have would be an action for damages against the Secretary of War or the Secretary of the Navy. I think that is a question of law that should be perfectly clear.

Mr. RUSSELL. The Senator from Indiana was a member of the conference committee. Will he tell the Senate why this language was put in the conference report? If it does not mean anything, why did the conferees place it in the bill and go beyond the action taken by the Senate and by the House in a measure adopted in the Senate by a vote of 69 to 16, and in a measure adopted in the House by a vote of 330 to 83? If the language is absolutely meaningless, why was it placed in the report?

Mr. MINTON. I did not say it is meaningless. I say the language is in definition of what we all believe to exist before the property is taken, namely, an emergency. The clauses which have been read merely define a condition which we think should be precedent before this extraordinary power is exercised. If there were not an emergency, as the Senator from Wyoming has said, we would not be here. If it were not immediate we should not be considering these measures. It it were not imperative we should not be considering them.

So far as the other clause "such as will not admit of resort to any other source of supply," is concerned, in my opinion that is simply an appeal to the judgment of the Secretary of War or the Secretary of the Navy as to whether or not he can actually get the supplies somewhere else. If he decides that he cannot, in his own judgment, he makes the certificate. The Government may not be enjoined for the exercise of the discretion of one of its officers.

Mr. O'MAHONEY. What is the meaning of the next clause?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHEELER. There would be no suit against the Government. Under the Constitution of the United States my property may not be taken without due process of law. No officer of the Government, merely because he makes a certificate, may come in and take my property and say, "I am going to run it." One would not obtain an injunction against the United States but against the particular individual who might try to take over his property without any right of law. There is no question about that. Injunction suits are brought every day against various officers of the Government. The Government may not be sued, but one may obtain an injunction against the Secretary of State, or any other Government officer. One may obtain an injunction or a mandamus against the Secretary of State, the sheriff, or anybody else who is doing something in violation of law. Of course, if one wanted to sue the Government for a claim, he would have to have authority to sue the Government, but he may obtain an injunction. If a citizen could not obtain an injunction to restrain a Government officer from taking over his property without due process of law and in violation of the Constitution, in what position would a citizen of the United States be? There is no question about that law. There never has been. Suits have been brought every day against officers of the Government.

When I was a United States district attorney any number of suits were brought against various Indian agents and Government representatives. A Government officer may not come in and take my property without making a showing. I can obtain an injunction against the Secretary of State, the Secretary of War, or anyone else, to prevent him from taking my property unlawfully. I may say, in the first place, that the public necessity is not immediate. How is the Government to show that the public necessity is immediate? Secondly, I may say that it is possible to resort to other sources of supply.

Take copper, lead, zinc, or any of the materials which are necessary; suppose the officials of a copper company should say, "We will not furnish copper. You can get it down in Brazil, in Chile, in Africa, or somewhere else." In the case of lead, the officials of the company might say, "You can get it all over the world." The same thing applies to manganese and to many other raw materials. These provisions absolutely nullify the express provisions in both the Senate and House bills and, as a practical matter, absolutely prevent the Government of the United States from taking over any industry in the United States.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BARKLEY. I do not wish to take the Senator's time——

Mr. RUSSELL. I intended to speak very briefly on this subject.

Mr. BARKLEY. I wanted to ask the Senator if he had thought about the interpretation of this language in connection with such a situation as has been described. I have been attempting to interpret it to my own satisfaction since it was written into the language of the conference report yesterday and was brought to my attention. Under the terms of the amendment offered by the Senator from Georgia [Mr. RUSSELL] and the Senator from Louisiana [Mr. OVERTON] the criterion under which the President, the Secretary of War, or the Secretary of the Navy was empowered to take over plants was that they were necessary in the national defense. That, of course, was an elastitc term. The bill did not attempt to go into what constitutes necessity; but, of course, it must be presumed that, in view of all the circumstances, it is necessary to take over the plant, and that it is impossible to arrive at an agreement as to the price of the plant or facility, or whatever it is which is to be taken over. The House provided, in section 11——

Mr. RUSSELL. Under the terms of the House provision no determination whatever was necessary. The House provision simply vested in the President an additional power or method of procurement of war supplies.

Mr. BARKLEY. The language in section 9 (a) is:

The President is empowered, whenever he determines that it is necessary for the common defense, through the Secretary of War or the Secretary of the Navy, in addition to the present authorized methods of purchase or procurement, to place an order with any person for such products or materials as may be required, and which are of the nature and kind usually produced or capable of being produced by such person. .

Compliance with such an order is mandatory.

Mr. RUSSELL. But the House provision called for absolutely no determination or certificate. As I stated at the outset of my remarks, I think the House provision is much better than the Senate provision, because it requires no determination by anyone, but is merely an additional grant of power, which I think is necessary to accompany the draft of men—a law to accomplish which we are on the eve of enacting.

Mr. BARKLEY. I wanted to get the Senator's interpretation of this language, in view of that thought. The conference report authorizes the President to give orders for certain materials and goods. Subsection (b) of section 9 makes it mandatory upon the person or corporation to comply with the order. Then subsection (c) provides:

If any person who owns or operates any plant equipped for the manufacture of arms or ammunition, or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, or who owns or operates any manufacturing plant which, in the opinion of the Secretary of War or the Secretary of the Navy, is capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or any necessary supplies or equipment for the Army or the Navy—

And so forth.

Mr. RUSSELL. We might as well be frank about it. The language of the conference provision is the House provision slightly transposed, with limitations imposed which did not appear in either the House or the Senate provisions.

Mr. BARKLEY. We must interpret all that in view of the meaning of the word "necessity." The language provides that if any such person shall refuse to do certain things—

Then, in either such case, if the public necessity is immediate—

Otherwise it might not be a necessity—

and the emergency in the public service is imperative and such as will not admit of a resort to any other source of supply—

And so forth. Does not that mean that although there may be an infinite source of supply somewhere else, either in this country or outside the country, if the circumstances are such as not to make it possible or wise to resort to such source of supply, then in addition to his other powers the President may proceed to take over the plant and produce the article which is necessary?

Mr. RUSSELL. I regret that I cannot accept the construction of the Senator from Kentucky, able lawyer though he be. Mr. President, this language was put in the bill for some purpose. It was not intended to be mere meaningless language, which could be waived aside with one motion of the hand. It was put in for some purpose. Let us hear the purpose.

Mr. BARKLEY. I presume that with respect to both the Senate amendment and the House provision it was expected that the Government would need the particular facility or product because it could not obtain it elsewhere. If there were an ample supply of anything in this country, either under the Senator's amendment or under the House provision, it might legally and properly be interpreted that there is no necessity to take over the plant or facility.

I have been in sympathy with the Senator's attitude; and, as he knows, I conferred with him with respect to the matter. As the conferees first wrote this provision, day before yesterday, it was utterly unacceptable to all those who are in sympathy with the Senator's amendment; but in trying to interpret it in full sympathy with the Senator's fears on the subject it seems to me to mean that, notwithstanding the quantity of a given product anywhere in this country or elsewhere, if the conditions were such that the Secretary of War or the Secretary of the Navy could certify that because of lack of time, or distance, or for any other reason resort could not be had to that supply, then he would have authority to take over the plant. In that case, if that is to be the interpretation—and I have arrived at it only by my own feeble processes—it is really a liberalization of the word "necessity" which was in the original amendment, under which the President, the Secretary of War, or the Secretary of the Navy might take over plants for the manufacture of products necessary to the national defense.

Mr. RUSSELL. Mr. President, I wish I could view the matter in so casual a light. As I construe the conference language, it does three things. In the first place, it gives to the Secretary of War and the Secretary of the Navy three additional duties or responsibilities before they may proceed against any industry which does not cooperate in the defense program. They must make some kind of investigation and determination to find out how immediate is the public necessity, how imperative is the emergency, and whether or not the goods needed can be obtained anywhere else. There is no time limit established.

Then they must certify. What does the word "certify" imply? It implies an investigation and consideration before the certificate is made. The Secretary must certify that the public necessity is immediate, and that the emergency is imperative and such as will not admit of a resort to any other source of supply. That is the first thing which the language does.

The second thing it does is to give three grounds for an injunction which might be sought by an industry which wished to defeat the operation of the act. It adds three defenses which may be pleaded by any person prosecuted under the terms of the act. I cannot view the language in so casual a light.

Mr. President, I have been told that this provision was put into the bill in order to make it constitutional. Nothing could be further from the established law of decisions in this country. Under the Constitution——

Mr. MINTON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. MINTON. I am sure the Senator from Georgia takes the position that in time of war or impending public danger we do not even need statutory authority to take private property.

Mr. RUSSELL. Of course. That is a constitutional right. It is older than the Constitution. It is as old as any law. The Senator's conference committee undertook to write into the bill the requirements of the common law and restrict the act of 1916. The conference report is in derogation of powers already existing.

Mr. MINTON. What we did was simply to define a set of circumstances in an emergency in peacetime, under which this extraordinary power may be exercised.

Mr. RUSSELL. Extraordinary power?

Mr. MINTON. Yes.

Mr. RUSSELL. Talk about extraordinary power.

Mr. MINTON. It is extraordinary power.

Mr. RUSSELL. Senators talk about extraordinary power, in dealing with an industry which says to Uncle Sam, "Go jump in the lake. We will not accept a contract which allows us only 8 or 12 percent profit." We talk about extraordinary power as applied to industry when we are taking a million men into the service whether they want to go or not. This is a day of invoking extraordinary power. I refute the statement that there is anything extraordinary in these powers. It is milder than the treatment accorded human beings.

Mr. MINTON. Mr. President, will the Senator yield? I use the term only in the legal sense that the courts say that the exercise of the power to take another person's property, whether by eminent domain or in the face of an emergency, is the exercise of an extraordinary power. That is all I mean—the exercise of a sovereign power.

Mr. RUSSELL. Mr. President, if we disregard the human element and go to the legal issues involved, I say it is the exercise of an extraordinary power to conscript men in time of peace.

It is not necessary to go to the long line of decisions which have been rendered by the Supreme Court in cases of this

character arising under the act of 1916 which the action of the conference committee would in effect repeal. Under the act of 1916 the President had the right to exercise every power contained in the amendment adopted by the House.

The Government of the United States had the right to proceed, as prescribed in the House amendment, to prosecute any person who refused to comply with any of the provisions of that amendment and furnish necessary supplies. This conference proposition would modify the act of 1916. The House provision eliminated the provision in that act that war had to be imminent before the power to take over could be exercised, and adds the powers of the act of 1916 to the general methods of acquisition of necessary military supplies; but the conference report would take away from the act of 1916, which is on the statute books today, some of the powers which are vested in the President at a time when war is imminent.

Under the act of 1916 it has been held by the Supreme Court that the Government had a right not only to priority of orders but to go so far as to seize a power plant, and to divert the electric current generated there from those who held the contract for its delivery, and to use it for plants constructed for national-defense purposes.

The power in the Congress which was referred to as something extraordinary is not anything unusual in the light of past history and decisions. In time of war, without any statute, the Government has a right to seize private property for the public use. The first decision on that subject which I have found was written by Chief Justice Taney after the Mexican War. The same rule was followed after the War between the States. It is an inherent power not only conferred by the Constitution but existing under the common law in time of war to seize any property which may be necessary and essential in the conduct of the war. The Constitution of the United States gives the Congress ample power to legislate on this subject. These powers are express, not implied. It is not only the power but it is the definite duty of Congress to raise and equip armies, and any power may be invoked by statute to provide the equipment necessary for the men.

Section 8 of Article I of the Constitution enumerates the powers of the Congress. It says the Congress has the power—

To * * * provide for the common defense.

It has the power—

To raise and support armies.

It has the power—

To provide and maintain a navy.

It has the power—

To provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States.

There is no lack of constitutional power for the Congress to pass any Act which it deems wise to assure that men may be equipped when they are called into the service of the armed forces of the United States.

What does the language "To provide and maintain a navy" mean? Of what avail would be a million sailors if ships could not be provided for them to operate? Certainly Congress has the power in time of peace, and even if another war is never fought, to legislate on this subject as fully as it deems wise, always, of course, guided by the rule of reason.

My attention was first directed to the necessity for legislation on this subject by an actual case in my own State which forcefully brought home to me the duty of the Congress to equalize the duties and responsibilities of every person, whether natural or artificial, in the existing emergency.

The Government of the United States is going into my State and acquiring an enormous area of land in order to establish an antiaircraft firing range. Something like 400,000 acres of land is involved. This land is located in the southern section of my State, in an area which has been settled for over 200 years; and it is peopled today by the direct descendants of those who first opened up and settled that part of the country. These people are patriotic. They have fought in every war in which this country has been engaged, and they have fought bravely.

They have a high sense of the duties and obligations which they owe to their country. No section has people who are willing to make greater contributions to the maintenance of our country, nor who have greater reverence for our institutions. These people and their forebears have lived in that section for more than two centuries. They are attached to the land and to their surroundings. It was hard to understand why it was necessary to have an area which was large enough on every side to take care of the 17-mile range of the antiaircraft guns. A delegation of them came to Washington to see if this project could not be located elsewhere, and if the necessity for removing them could be avoided.

It is an old custom in my State—a custom which I love—for families which live on one place for some length of time to have what is called a family cemetery, and to inter their loved ones in a little plot which is usually somewhere adjacent to the dwelling house. There are people living on lands there today who will be moved to make room for this antiaircraft range who have seven generations of their ancestors sleeping on the premises from which they will be evicted. The women who trim the hedges and work the gardens of those farms have seen their grandmothers trim the same hedges and work the same gardens; yet in the interest of national defense the Government cannot heed the protests submitted by those people. It has been decided that it is necessary to take up six or seven thousand families by the roots and move them to other areas because their land is essential for use for an antiaircraft firing range.

Mr. President, when that is being done we hear no complaint from the metropolitan press that we are sovietizing America. No man of great prominence in the political life of the country rises up and says, "what are you going to draft the men to defend if you are going to take those homes?" This statement was made when the Senate adopted this amendment which provided for the compulsory use of industries in preparing our national defense. There is no provision here which requires the Secretary of War to certify that he cannot get land anywhere else before he takes over the homes and the farms of my constituency as the conference report requires in case of industry. There is no provision in the conference report which would waive the penal provisions and the conviction and penal servitude of any person living there if he should resist the United States marshal who comes to serve the writ of eviction. In the interest of the common defense these people must leave their lands. They must move and begin life anew. They will not receive any profits as in the case of industry. They will receive nothing for the intrinsic value of their lands that comes through their association with that soil through several generations. They will only get the fair market value of their lands.

Those people who are being moved have sons. Those sons today are going to recruiting offices and enlisting. They are not seeking out the marriage license bureaus in order to try to secure exemption as is the case in some sections. Georgia has a fine record of enlistments. But there will be some of those sons who will not desire to go when their numbers are reached in the draft. There will be some of them who think they should remain at home to look after the old folks. There will be a few of them who have started little businesses and who do not desire to go. But when their number is reached, if they do not go, they will fall under the criminal provisions of the act, and they will be subject to 5 years' imprisonment in the penitentiary as felons, or to a fine of $10,000, if they do not respond immediately to the provisions of the law.

There is no provision here, Mr. President, as there is as to industry in the conference report, that the Secretary of War must issue a certificate that he cannot get another man anywhere else. Any man who is needed and whose number is reached is the man who is taken. There is no provision here which relieves him of any criminal prosecution. He will be prosecuted and convicted if he does not go.

Mr. President, let us assume that the men who are called, who are taken by compulsion of law, are assigned to an antiaircraft unit, and are stationed on this antiaircraft training

ground from which the owner has been evicted. What condition do we then find? The drafted soldier goes out and asks, "Where is my antiaircraft gun, this delicate machine with which I am to train in order to equip myself to play my part in my country's defense?" He must be told, if responsible officers of this Government may be believed when they testified before the Committee on Appropriations, "We cannot furnish you an antiaircraft gun, because there are some little subcontractors who are quibbling about the profits on their devices."

We cannot proceed to make the antiaircraft gun and furnish it to the man who has been drafted for this training because some subcontractor does not want to manufacture for the Government the roller bearings which are necessary, and other little devices which the subcontractors are refusing to supply. You have land seized by the Government, a man drafted by the Government, and that same Government helpless to furnish the gun. And yet we are told that legislation affecting industry is socialistic and we will be sovietized if we compel industry to furnish that gun. I am willing to submit this illustration to the American people to let them decide whether it is fair and democratic to permit such a condition. On this I rest the justice of my contention that all industry must also be required to do its part.

Mr. President, that is not a fanciful story. That is an actual case. Here are the hearings before the Senate Committee on Appropriations, when a responsible officer of the Government stated that they could not secure the antiaircraft guns, and he read into the record telegrams from the subcontractors refusing to proceed because they were allowed only 8-percent profit.

Let those who wish charge that it is demagoguery to take the position that where the Government is taking homes without the consent of the owner, when they have taken a man over the protest of the man himself, we should not hesitate to deal with any industry which holds back and says "I demand my last dime of profit before I will give that man an antiaircraft gun to be used on the land the Government has taken against the consent of the owner." That might be demagoguery to some people, but to me it is democracy, and if we do not enact some provision of law with teeth in it which will require these people to go along with the program, equal rights to all and special privileges to none will be a hollow mockery in this country.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BYRNES. While referring to the record, the Senator also recalls that, in addition to the telegrams read into the record, there were one or two which were not printed. Certainly there was one presented to the committee by Admiral Furlong which read substantially like this:

We are not interested in the business.

I think that there may be some man in the country who might say that he was not interested in the business when he was drafted; and if he does make that statement, I can imagine what will happen to him. When a subcontractor advises the Navy, as to an order for the manufacture of antiaircraft guns, "We are not interested in the business," it gives some justification for the consideration by Congress of some means to take over the plant and see that that plant is run in the interest of national defense.

Mr. RUSSELL. I thank the Senator from South Carolina. I will read from the record another telegram that was read into the record at the hearing. Remember, we are trying to get antiaircraft guns, all important under conditions of modern war, delicate and intricate pieces of machinery, the production of which requires the cooperation of a dozen subcontractors in addition to the steel companies. The Congress had already appropriated the money. I read from the hearing:

Admiral FURLONG. This is one from South Bend, Ind., a bearing company, with reference to gun-mount bearings, with equipment special.

"We prefer not to operate under the Vinson Act."

That act limited profits to 8 percent.

Mr. President, we are not going to ask the drafted men whether they are satisfied with their pay. We may certainly ask these industries to accept 8 percent profit on their business. We are not asking the men whether they are satisfied with their mess, or the terms and conditions under which they are forced to train. To be fair and just to all citizens and under all democratic principles it is necessary that we have clear and definite power to deal with any group which is disposed to delay or defeat the armament program.

I say that it would be undemocratic, it would be destructive of the fundamental ideals of this country and of the faith of our people in their Government to declare in the terms of the conference report that we are going to equivocate in dealing with these industries, the small minority of the industries, I wish to reiterate, who are standing in the way and blocking the efforts of the Government to provide the machinery of war for these men.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. STEWART. Will the Senator point out the difference between the language of the conference report in this particular section and the wording of the House bill which went to conference?

Mr. RUSSELL. I will undertake to do that. I am sorry that I have not been able to make myself clear. I undertook once before to differentiate between the propositions.

Mr. STEWART. I do not want the Senator to repeat something he has gone over, but I thought the Senator was pointing out the difference between the Senate bill and the conference report.

Mr. RUSSELL. I stated the difference between House provision and the one adopted by the Senate as compared with the conference report. Under the Senate bill it was necessary for the Secretary of War to declare that the use of the factory was necessary to the national defense. The House bill did not contain any requirement, but under the constitutional power, nay, not only the power, but the duty of the Congress of the United States, to maintain and equip armies, it empowered the President, when terms could not be arrived at for the manufacture of essential implements of war, to take the property without any declaration whatever.

The conference report brings in language providing that no proceeding can be had, that no single industry, however recalcitrant it may be, can be proceeded against, unless the Secretary of War or the Secretary of the Navy, as the case may be, certifies that "the public necessity is immediate, and that the emergency in the public service is imperative and such as will not admit of a resort to any other source of supply, and if such circumstances are certified to" which require the exercise of the power hereby granted in respect of the property to be taken over. That language is outside the action of the House, it is outside the action of the Senate. It is a definite restriction and a limitation on the power of the President that was adopted by the conference committee, and I contend the conference committee exceeded its right in defeating the evident intent of the House and the Senate in adopting the provision.

I realize that time is of the essence in this matter. I had intended to address a few remarks to the Senate when the original universal selective service bill was pending before the Senate, but I refrained from doing so because the debate was drawn out for so long. But I cannot let pass this opportunity to express my profound regret that in this case special preference has been shown one class of American citizens, or one segment of American life, in writing a bill to provide for the national defense. In our haste we should not create rank discriminations between American citizens, neither should we neglect to do everything that is necessary to assure a national defense that will protect us from any enemy or combination of enemies. The section relating to the use of industry should not be disregarded and weakened on account of a short delay, if this will enable us to more fairly and equitably distribute the obligations and responsibilities between every group and class to do their full and fair share in the cause of our common country.

Mr. OVERTON. Mr. President——

The PRESIDENT pro tempore. The Senator from Louisiana——

Mr. LEE. Mr. President, I wish to be recognized.

The PRESIDENT pro tempore. The Chair undertook to recognize the Senator from Louisiana, since he understands the Senator from Louisiana is coauthor of the provision under discussion, and desires to say a few words in regard to it.

Mr. LEE. I wish to be recognized, as I had asked to be, earlier in the day.

Mr. OVERTON. Mr. President, I will state to the Senate and to the Senator from Oklahoma that I do not expect to take more than 3 or 4 minutes.

Mr. LEE. I will say to the Senator that I do not expect to take more time.

The PRESIDENT pro tempore. The Chair recognizes the Senator from Louisiana.

Mr. OVERTON. Mr. President——

Mr. LEE. Mr. President, does the Chair see my name on the list which lies on the desk, as applying for recognition?

The PRESIDENT pro tempore. The Chair does.

Mr. LEE. Does the Chair see the name of the Senator from Louisiana above my name, applying for recognition?

The PRESIDENT pro tempore. The Chair does not.

Mr. OVERTON. Mr. President——

The PRESIDENT pro tempore. The Senator from Louisiana.

Mr. OVERTON. As the Chair stated, I am one of the coauthors of the amendment which was adopted by the Senate. I wish to say that I agree with a great deal of what has been said by the distinguished Senator from Georgia [Mr. RUSSELL]. I agree with him in the statement that the House amendment was equally as good, if not preferable, to the Senate amendment. It has been erroneously stated that the Senate amendment would require the acquisition in fee simple of the property. The Senate amendment would authorize either the acquisition in fee simple or the acquisition of the use of the property, because the Senate amendment would authorize the condemnation of the property. The greater includes the lesser, and, therefore, there could be a condemnation of the temporary use of the plant instead of an acquisition of the plant. That would be optional with the Secretary of War and the Secretary of the Navy and the President.

Mr. President, I do not, however, agree with certain interpretations which have been made in respect to the conference report. I do not agree with the interpretation which has been placed on the penal clause with respect to drafting manufacturing plants engaged in the production of munitions of war. There are two distinct phases of that provision in the conference report. One deals with the penalty. The other deals with the appropriation of the property. The two are separate and distinct. The one is enforcible without the other.

Section 9, paragraphs (a) and (b), of the conference report makes it obligatory upon the owner of a plant to comply preferentially with the order of the War Department and the Navy Department. It makes it the duty of the owner to comply with the order given to him by the Secretary of War or the Secretary of the Navy.

That is one proposition. It is clear and distinct. In order that there may be no doubt about it I will read into the RECORD paragraphs (a) and (b) of section 9, as follows:

SEC. 9. (a) The President is empowered, whenever he determines that it is necessary for the common defense, through the Secretary of War or the Secretary of the Navy, in addition to the present authorized methods of purchase or procurement, to place an order with any person for such products or materials as may be required, and which are of the nature and kind usually produced or capable of being produced by such person.

(b) Compliance with all such orders for products or materials shall be obligatory upon the person with whom such orders are placed, and shall take precedence over all other orders and contracts theretofore or thereafter placed with such person.

I will not read all the penal clause, section 11 of conference report. I will read the portions which are applicable to the duty which is imposed upon the owner of a manufacturing plant to comply with an order issued by the heads of the War or Navy Departments. It declares:

Any person charged as herein provided with the duty of carrying out any of the provisions of this act, or the rules or regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty * * * or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this act—

Omitting a portion and coming to the penalty provision—

shall upon conviction * * * be punished by imprisonment for not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment. * * *

Does not the conference report impose the duty upon the person owning the manufacturing plant to comply with the order, and does not the penal clause provide that any person who in any manner shall knowingly fail or neglect to perform any act required of him in the execution of this act shall be subject to this penalty?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. BARKLEY. It seems to me the Senator is correct in assuming that the penalty clause does apply to anyone who fails or refuses to perform any duty, or to comply with any requirements. That applies to any officer of the Government. It applies to the manager of any factory who refuses to go ahead with an order for munitions the President, through the Secretary of War or the Secretary of the Navy, issues to that concern at a price which has been fixed upon by the Government, with the provision that if the price is not satisfactory they can later go into court and adjust it. But is there not a difference between applying the penalty to a factory which refuses to carry out an order, and applying the penalty to a draftee who gets on the train and leaves, and tries to escape being called into service? He may escape entirely. The plant cannot escape. The Government can take it over instantly, whereas it cannot take over an individual who is seeking to escape service, and who may go into another State or into another country. The Government can take over the plant, whereas it cannot take over the individual if he escapes.

Mr. OVERTON. There is no "Bergdoll" plant.

Mr. BARKLEY. In addition, it then inflicts a penalty on the plant which fails to carry out orders, just as a penalty can be inflicted on the person who tries to escape service in the Army.

Mr. OVERTON. There is no doubt that the penalty can be readily enforced against a plant.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. O'MAHONEY. The Senator from Kentucky has made what I regard to be a remarkable statement, that under the bill the Government could instantly take over a plant. It is precisely because the Government cannot do that that the Senator from Georgia [Mr. RUSSELL] has made the criticism which has been voiced here this afternoon, and it is precisely because of that that I joined in that criticism.

Mr. OVERTON. Mr. President, we are not discussing that now. We are discussing the penal clause.

Mr. O'MAHONEY. Exactly. We are discussing the penal clause.

Mr. OVERTON. I will read the other clause in a moment. The penal clause is seperate and distinct from the condemnation or appropriation clause.

Mr. O'MAHONEY. I should be glad to point out to the Senator from Louisiana how, in my judgment, the penal clause, which is in section 11 of the bill, cannot by any possibility apply to the so-called industrial draft section.

Mr. OVERTON. Oh, well, I differ entirely with the Senator.

Mr. O'MAHONEY. Therefore, the killing of the penalty clause, which was in the House bill, is a grant of a special privilege to industrial plants that is taken away from draftees.

Mr. BARKLEY. Will the Senator from Louisiana yield to me at that point?

Mr. OVERTON. I yield.

Mr. BARKLEY. The Senator from Wyoming has "jumped on" my use of the word "instantly." Of course, that means that if the company refuses to carry out the order, and the

Secretary of War or the Secretary of the Navy issues the certificate called for by the bill, and the conditions called for have been complied with, then the Government can take over the plant. It might not be in 5 minutes, but it certainly would be "instantly" as soon as the certificates were issued showing that the conditions set forth had been complied with.

Mr. OVERTON. I think we ought to keep clearly in mind that the conference report deals with two phases of enforcement. One is through the penalty clause, which is separate and distinct from the appropriation clause——

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. PEPPER. Is it the intention of the conference report that the officers of a corporation should be liable to the criminal penalty if the corporation should refuse to comply with an order given by the Government?

Mr. OVERTON. Anyone in authority over a corporation would be subject to the penalty.

Mr. PEPPER. That is the point in which I am interested. Would the criminal penalty apply only to one person, or to all the officers? If the penalty is limited to one person, I am wondering whether or not it was the intention to limit the criminal responsibility to a particular individual, such as a general manager, and exempt the other executive officers of the corporation. What prompted the inquiry is the language in section 9 (b):

> Compliance with all such orders for products or materials shall be obligatory upon the person with whom such orders are placed.

I wondered if the Senator would construe that language to be sufficiently broad to authorize criminal prosecution against any other than one particular officer who might receive the order from the Government.

Mr. OVERTON. Anyone violating the provisions of the act would be subject to the penalty. On page 9 of the conference report, in section 9, subparagraph (f) contains the definition of "persons":

> For the purpose of this section, the term "person" includes any individual, firm, association, company, corporation, and organized manufacturing industry.

Mr. PEPPER. Mr. President, will the Senator further yield.

Mr. OVERTON. I yield.

Mr. PEPPER. I was particularly concerned with section 11, wherein the criminal penalty is prescribed. Reference is made to a person who might not discharge the duty imposed upon him. Would the Senator construe the president, or the chairman of the board of directors, or the general manager of a corporation as being the one who would be liable to the criminal penalty in the case the corporation should refuse to comply?

Mr. OVERTON. Anyone in a position to fill an order, who refuses to do so, would be subject to the penalty. If the president of a manufacturing concern is in charge of the plant—as he necessarily would be—and he should not fill the order, he would be subject to the penalty, as would the manager, or anyone else in authority. That is my interpretation.

Mr. PEPPER. What leaves some doubt in my mind as to the accuracy of the able Senator's interpretation is that section 9 (b) does not say that the executive head of any corporation which fails to comply shall be liable to the criminal penalty imposed. It says "obligatory upon the person with whom such orders are placed."

Mr. OVERTON. The term "person" is described in the penal section, which says that any person who shall knowingly fail or neglect to perform such duty shall be subject to the penalty. Therefore, I think it would cover not only the corporation, which could be fined, but also the president or anyone in charge of a corporation, who could be imprisoned under the statutory provisions.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. OVERTON. I yield for a question.

Mr. O'MAHONEY. Will the Senator be good enough to point out the provision in the bill, as now reported by the conferees, which places any obligation whatsoever upon any manufacturer to accept an order?

Mr. OVERTON. Certainly. I have just read it.

Mr. O'MAHONEY. Let us read it again.

Mr. OVERTON. Section 9, subparagraphs (a) and (b). Subparagraph (a), without repeating it, authorizes the President to place an order with any person for products and materials. The term "person" is defined later, as I have just pointed out, to mean any individual, firm, association, company, corporation, or organized manufacturing industry.

With respect to the penal clause, if the learned Senator from Wyoming will refer to section 11, without reading it, he will observe that it declares that any person who in any manner shall knowingly fail or neglect to perform any duty required of him under any section of the act shall be subject to the penalty. So it is perfectly clear that the duty is imposed upon the person, as defined in that section, to carry out the order given to him.

Mr. O'MAHONEY. I thank the Senator for calling my attention to the provision which he has just read. Of course, the Senator is aware that those of us who are not on the Military Affairs Committee and who have not served on the conference committee are now reading this document for the first time.

Mr. OVERTON. I am not on the Military Affairs Committee, and I was not a member of the conference committee.

Mr. O'MAHONEY. But the Senator was coauthor of the original amendment, and therefore was very much concerned about it. As the Senator from Florida has been pointing out, there appears to be nothing in the penalty clause which places a penalty upon the head of the responsible official of a corporation which refuses to carry out an order; and that was clearly done in the language of the House provision, which read as follows:

> And any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years, and a fine not exceeding $50,000.

The point which appeals to me is that in both the Senate and the House a clear and successful attempt was made to place upon corporate entities the same obligation to serve the Nation which we are placing upon the natural persons whom we are taking into the Army. For some strange reason which has not been explained on this floor, the conferees have gone altogether outside any language which was transmitted to them, and have brought in a complex, complicated, and ungrammatical amendment which it would be impossible to enforce. Not only that, but they have utterly removed the personal responsibility and personal liability which were written into this bill as it passed the House.

Mr. OVERTON. Mr. President, I am in sympathy with the observation just made, though I do not entirely agree with the Senator from Wyoming.

I shall detain the Senate only a few minutes longer.

I think the appropriation clause has been sufficiently discussed to make fairly clear what is intended. I should have preferred not to have had the additional qualifications to the exercise of the authority agreed upon in conference; but to say that they nullify the appropriation of property, or that they nullify either the Senate provision or the House provision, I think is untenable. The public necessity is now immediate. The emergency is now imperative. The further certificate must be that the circumstances are such that a resort to any other source of supply is not available. That does not mean, as has been suggested, that if the Secretary of War could go to Shanghai or to Honolulu or to France or to any other place and obtain supplies, he would have to do so before the Government could undertake to appropriate the plant.

Mr. BARKLEY. Mr. President, will the Senator yield for a question at that point?

Mr. OVERTON. I will yield in a moment. I place a different interpretation, and the Senator from Wyoming [Mr. O'MAHONEY] apparently does, upon the word "resort." The language is that the circumstances must be such that—

The emergency in the public service is imperative and such as will not admit of a resort to any other source of supply.

That means that if the Government needed certain supplies immediately, there could not properly be a resort to a source of supply where they could not be immediately obtained. If they could not be obtained at the proper place, that would not be an available source of supply to which a resort could be had. I think this language ought to be construed in a practical sense, namely, that there is no practical way of immediately obtaining the required supplies.

Mr. BARKLEY and Mr. O'MAHONEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Louisiana yield and, if so, to whom?

Mr. OVERTON. I yield first to the Senator from Kentucky.

Mr. BARKLEY. Let us take this illustration, and see whether or not the Senator agrees with me:

Suppose a munitions plant, located in New Jersey, were producing a certain commodity which the Government needed, as contemplated in this provision; suppose there were another plant in California or in St. Louis, Mo.; it might be that two of those plants, or any one of them, could produce an adequate supply if it were in the right place, but let us suppose that the New Jersey plant refused to carry out the order which the President had given. It seems to me this amendment means that the President would not have to go to California or to St. Louis, although there might be an adequate supply in those places, but he would not be compelled to resort to those places for the necessary supplies if the circumstances were such that they were not available, and it would involve delay and even greater expenditure, and that under those conditions he might take over the plant in New Jersey.

Mr. OVERTON. I agree with the Senator. I think he is entirely correct.

Mr. WHEELER and Mr. O'MAHONEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Louisiana yield; and if so, to whom?

Mr. OVERTON. I yield first to the Senator from Montana.

Mr. WHEELER. Mr. President, the Senator has referred to this provision about "resort to any other source of supply," saying it would not be necessary to go to California for supplies. I do not subscribe to that idea at all, and I think the language cannot properly be given that interpretation.

Mr. OVERTON. It is necessary to take into consideration all the circumstances. The report so provides.

Mr. WHEELER. Oh, no. It simply says, first, that if the person owning or operating the plant refuses to give to the United States such preference in the execution of the orders so placed, or refuses to manufacture the kind, quantity, or quality of arms or ammunition, or refuses to furnish such arms, ammunition, or parts of ammunition, then, in either case, if the public necessity is immediate, and the emergency in the public service is imperative and such as will not admit of a resort to other sources of supply, the property may be taken.

If it was simply meant that there should not be a resort to other sources, there would not be any excuse for not writing into that language what is meant by "resort to other sources"; but under this language a friendly judge could very readily say, and I think properly so, that the President first had to resort to the other sources of supply in this country, or he might say that he had to resort to sources of supply somewhere else.

Mr. OVERTON. Let me say to the Senator from Montana that this is not my language. I am sorry it is in the report, but I am trying to place on it a construction which I think is proper and which does not nullify the power placed in the President of the United States.

Mr. WHEELER. But the Senator from Louisiana is too good a lawyer not to recognize the fact that the language of the report is so imperfect and so subject to various interpretations that it is extremely unfortunate. When we were drafting the boys and the youth of the country, we were not only meticulous in writing the language with reference to drafting them but considered the language used in the penal provision with reference to aiding or abetting or advising a boy as to whether or not he should register.

Mr. OVERTON. I agree thoroughly with the Senator; he is correct.

Mr. WHEELER. Take the case of a person who, on account of religious reasons, says, "I ought to be exempt." Suppose he should come to the Senator from Louisiana and say, "I am a conscientious objector," and suppose the Senator should say, "If you are a conscientious objector, you ought not to go into the Army." Under this act the Senator would be subject to a fine and imprisonment for the slightest advice of that kind. Then, too, the courts, in times of hysteria, lean backward to pick out and send to the penitentiary some unfortunate fellow who has inadvertently advised a friend, perhaps ignorantly; yet we leave the clause with reference to industries open to legal interpretation, providing a thousand ways to let a court by interpretation throw a manufacturer out and say, "You do not come within the provisions of the act."

Mr. OVERTON. I agree with the Senator; and I said practically the same thing when the Senator from Georgia [Mr. RUSSELL] and I offered this amendment on the floor of the Senate. We undertook to make it very simple. We simply said that when a manufacturing plant or facility is necessary for the national defense, and no working agreement can be entered into between the owner of the plant and the Government, the Government may step in and take the plant by condemnation proceedings. That was simple. Anybody could understand that. There could be no question about it. I regret that all this language is used in the conference report, but I do not think it nullifies the provision.

Also, an interpretation was placed on the language by the Senator from Wyoming [Mr. O'MAHONEY] to which I do not exactly agree.

Mr. O'MAHONEY. Mr. President, will the Senator yield at that point?

Mr. OVERTON. Not now. That is with reference to injunctions by the courts. The Senator from Montana is a much abler lawyer than I am, but I very seriously doubt that the courts will go back of the certificate of the Secretary in order to ascertain the facts.

Mr. WHEELER. Mr. President, suppose the Secretary of War, in time of peace, should say that a national emergency existed when everybody recognized that there was not any national emergency; and when he made a certificate that the national emergency existed, although everybody recognized that there was not any national emergency, suppose he went over and took the property of the Senator from Virginia [Mr. BYRD], and said, "This property is necessary."

Mr. OVERTON. And Congress had authorized him to do it.

Mr. WHEELER. And Congress had authorized him to do it. I say he would be acting capriciously, and under the rules laid down here the court could say, "You are acting capriciously, in that you could have resorted to some other place to get that property. You have acted capriciously, in that there was not any national emergency. You have acted capriciously, in that it was not absolutely and immediately necessary." So we have given the court three reasons to act, and three opportunities to say that he acted capriciously; and if manufacturers showed that he acted capriciously, that there might have been a resort to other sources of supply, I say to the Senator that a court would be justified in enjoining his action. If that cannot be done under the law, tell me what protection a citizen of this country has against some departmental head who acts capriciously.

I have seen cases, not in times of emergency but under the law, in which agents of the Government have taken property and done this and done that, and I have seen injunctions sustained under those conditions.

Now the question is whether or not the Secretary acts capriciously. If he acts capriciously, it is not necessary to wait until after the damage has been done; and the Senator knows that the manufacturers would not only go into court

with the ablest lawyers in the land on a question of this kind, but many times they would go before friendly judges.

Mr. OVERTON. But what happens? The Secretary issues the certificate, and immediately the Government takes the property under the statute.

Mr. WHEELER. Oh, no!

Mr. OVERTON. Yes, it does. The certificate is issued. The President, through the Secretary of War, is authorized to take immediate possession of the property.

Mr. WHEELER. Does the Senator mean to say that before the manufacturer would have a chance to go into court and ask for an injunction, the property would be taken?

Mr. OVERTON. Yes, sir.

Mr. WHEELER. If the Senator's theory about the matter is correct, then private citizens have no right whatever, under this proposed act, to protect themselves against the capriciousness of the Secretary of War or the Secretary of the Navy.

Mr. OVERTON. I merely wish to point out that the provision is stronger against the industrial plant than the Senator from Montana considers it to be.

Mr. WHEELER. I cannot agree with the Senator at all. I cannot conceive of the courts of the United States permitting anything of that kind to be done. The Government might, under the Senator's theory, take an apple orchard and say, "This is necessary for national defense," when it would have nothing to do with national defense. They might say they want the Senator's automobile, the food in his house, or anything he has, and does the Senator tell me that he would not have any right to ask for an injunction in an effort to prevent that sort of thing being done on the part of the Secretary of War or the Secretary of the Navy?

Mr. OVERTON. I am not contending that the owner of a plant will not possibly have some remedy in court. But I say that what we are writing into the law is a provision under which, as soon as a certificate is issued, the Secretary of War or the Secretary of the Navy, under the direction of the President, can step in and take immediate possession of a plant. What the owner can do after that is another question, and, in my opinion, no court will ever be called upon to decide it. Under this provision, the law will be used as a club held over plants, and I do not think any of them will undertake, if the President authorizes the seizure of a plant, to go to court. I think they will comply with the order.

Mr. WHEELER. I did not catch what the Senator said about a club.

Mr. OVERTON. I said this can operate as a club over the heads of recalcitrant owners.

Mr. WHEELER. The Senator sufficiently believes in democracy, and in the ownership of private property, to know that we should not find it necessary to hold a club over any American citizen. What I said with reference to the bill, however, some days ago, was that by this conscription bill a club is being held over the heads of all the men who are registered, a club over the heads of perhaps 12,000,000 or 15,000,000 men, and they are being told, "You had better be good or you will go into the Army, in peacetime."

Mr. OVERTON. We went into all of that during the consideration of the bill.

Mr. MINTON. Mr. President, if the Senator will permit me to suggest a thought in support of the Senator's position on the legal question as to whether the court could go back of the decision of the Secretary of War or the Secretary of the Navy in an injunction suit or a lawsuit, let me say that when we commit to the discretion of an executive or administrative officer the finding of certain facts as a predicate upon which to exercise the sovereign right of the Government, when the Government itself is involved, then it is not possible to go into court and enjoin the executive or administrative officer in the exercise of his discretion, for the very simple reason that, if that were possible, we would be substituting the judgment of a court for the judgment of the executive or administrative officer.

Mr. HATCH. Mr. President, we cannot even have a review of an administrative officer's decision.

Mr. MINTON. Absolutely not.

Mr. OVERTON. The Senator puts his finger right on the point. We are vesting a tribunal, the Secretary of War or the Secretary of the Navy, with the authority to make an investigation and submit the facts to the President, under a certificate, and then the President issues the order. The matter is submitted to a tribunal which has jurisdiction. We would have the right to exclude the jurisdiction of any court absolutely, and impliedly we do so.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. CLARK of Missouri. There cannot be any higher exercise of the sovereign power under the Government of the United States, that is, constitutional power, than the exercise of the power of taxation. We are all very familiar with the actions continually brought in the nature of injunction proceedings to enjoin the collection of a tax. That is a very familiar example of a case in which a court of competent jurisdiction may, and frequently does, enjoin an officer of the Government from exercising a sovereign power of the Government because it is held to be unconstitutional or illegal, or for some other reason.

Mr. OVERTON. But not under a statute containing provisions similar to those of the conference report, which vests the Secretary of War or the Secretary of the Navy with the duty and the discretion of making an inquiry and a determination. He is the tribunal which has the jurisdiction.

Mr. GIBSON. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. GIBSON. I agree with the Senator that it would not be possible to go back of the certificate, but what bothers me is this: Suppose the certificate is signed, and the President attempts to take possession of the plant, and the owner says, "You cannot take it." It seems to me then that, under our Constitution, it would be necessary to get a writ of possession, or some other legal process, in order to take the plant. I wonder why there could not have been put into the measure a provision to the effect that upon the signing of the certificate the Government would be entitled to a writ of possession. I do not think under our Constitution it is possible to give any individual the right to grab someone else's property without a judicial order of some kind.

Mr. OVERTON. I do not know that I agree entirely with the able Senator. Evidently that is the function of the provision which authorizes the President to take immediate possession, and then to proceed, through the proper branch or bureau, to manufacture the product in question in the plant.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. OVERTON. I am about to yield the floor, because I rose for only a few minutes to explain my attitude on the conference report. I shall be very glad if the Senator will speak in his own time.

Mr. O'MAHONEY. My only purpose in rising was to ask a question. The Senator referred to something I had stated, and I desire to clarify it.

Mr. OVERTON. I yield to the Senator.

Mr. O'MAHONEY. The Senator challenged the interpretation I had placed upon the language which has been brought in by the conferees. I desire to read the language to which I alluded. I think it is worth while to read it over and over again. I doubt whether there is any member of the conference who can explain, either logically or grammatically, what it means. Of course, we are all familiar with the old practice of inserting into a law, or into a document, or into a contract, language which is difficult of interpretation.

Mr. OVERTON. I agree with the Senator that the word "and" after the word "Navy" should not be in the report.

Mr. O'MAHONEY. Yes. Of course, the Senator is agreeing now to the interpretation which I placed on the language, and withdraws the challenge he made a moment ago.

Mr. OVERTON. No; I do not.

Mr. O'MAHONEY. If the Senator will permit me——

Mr. OVERTON. I did not challenge the Senator. I merely disagreed with him, and I still disagree with what he originally stated.

Mr. O'MAHONEY. May I in the Senator's time read the language again?

Mr. OVERTON. Certainly.

Mr. O'MAHONEY. I read:

If the public necessity is immediate, and—

He has to find something else besides that—

and the emergency in the public service is imperative—

What is the difference between the two? Why should these two different clauses have been written into this provision?

If the public necessity is immediate—

That seems to my mind to describe a condition which admits of no delay at all, "if the public necessity is immediate." But we must not be content with that, we must go further, and the Secretary must find—

and the emergency in the public service is imperative.

"Imperative" is something more than immediate, one would judge, in the minds of the conferees, or they would not have used these two clauses. But these two are not sufficient. Then—

and such—

The public necessity must be immediate, the emergency must be imperative, then it says—

And such as will not admit of a resort to any other source of supply.

What is the meaning of that? Does it mean that in the minds of the conferees the conditions which the Secretary finds must be of such great and imperious gravity that the materials are needed immediately, are needed instantly, and that before any recourse may be had to the provisions of this section the Secretary of War or the Secretary of the Navy must find that there is imperious, grave, immediate, emergent necessity, and if it is anything less than that nothing can be done? Does the Senator agree with that interpretation of mine?

Mr. OVERTON. Mr. President, I would have to undertake a further consideration of this provision and become involved in a further argument on it, not only with the Senator from Wyoming but with other Senators, and I do not wish to do that. The country at large is anxious that the bill be enacted into law. I rose to say only a few words. I am sorry I have taken so much of the time of the Senate. It was not altogether my fault. I simply rose to say that, while I am not in thorough accord with the provisions of the conference report, and while, if I had had the authority to write its provisions, I would have written this power of appropriation in different language and in different terms and qualifications, yet I do not think that the difference between the provisions of the conference report, and the Senate amendment and the House amendment, are such as should retard the progress of this legislation.

Mr. LEE obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield to me for a moment to make a statement?

Mr. LEE. I yield.

Mr. BARKLEY. Many Senators are inquiring whether we hope to dispose of this conference report tonight. I wish to say that we hope to do so, and I hope Senators will remain here. The House is waiting for us to send the conference report to them. I do not offer that as any reason why any Senator should forego the particular duty, if he feels it is such, to speak on the conference report, but I do feel that the Senate ought to act as speedily as possible so we may send the conference report to the other House. I ask Senators to remain here until we dispose of it.

The PRESIDENT pro tempore. If the Senator from Oklahoma will permit, the Chair would like to make a statement before he proceeds. The Chair does so because he does not wish the Senator from Oklahoma to think that he desired to be discourteous to him when he announced that he recognized the Senator from Louisiana [Mr. OVERTON].

The Senator from Oklahoma referred to the list which lies on the Presiding Officer's desk, and called attention to the fact that the name of the Senator from Oklahoma was next on that list. The Chair wishes to say that the rules of the Senate expressly provide that the Senator who first addresses the Chair shall be recognized.

As the Chair said, we are in the habit of keeping on the desk a list of those who desire to speak. That practice very frequently makes for orderly procedure. The present occupant of the Chair attempts to follow that method. Yet when a Senator rises and addresses the Chair before the Senator whose name is next on the list rises, of course the list must succumb to the rule of the Senate.

In the particular case in question the Senator from Louisiana [Mr. OVERTON] rose and addressed the Chair before the Senator from Georgia [Mr. RUSSELL] took his seat, or he did it while the Senator from Georgia was taking his seat. The Chair felt that the Senator from Louisiana was addressing himself to the subject of the discussion and intended to ask a question. As a matter of fact, what the Chair did at the moment is what he thought was right.

Mr. LEE. Mr. President, it was not in any way necessary for the Chair to make the statement he has made to assure the junior Senator from Oklahoma of the uniform fairness and courtesy of the President pro tempore. It so happened that on two other occasions, when the present occupant of the chair was not in the chair, but some other Presiding Officer was in the chair, the same thing happened. When a thing happens once, that is an accident; when it happens twice, that is a coincidence; when it happens three times, it might become a habit. [Laughter.]

I know that what the President pro tempore has said is true, and I appreciated it at the time he made the ruling.

I wanted to speak on the conference report. Near the 10 kilometer post at Chateau Thierry there is a marker on which the name George Anderson is inscribed. I used to sit in the bleachers at the University of Oklahoma and watch George Anderson hit the football line with all the enthusiasm of a good football player. Then the war came, and George Anderson hit the Von Hindenberg line with the same enthusiasm. He never questioned what his pay would be when he joined the colors. His mother lived at Ardmore for a while. The American Legion named the local post for George Anderson.

On one occasion I visited the American Legion Hospital at Sulphur, a hospital for the tubercular and gassed soldiers of the World War. As I passed along the aisles by those white cots I heard the labored breathing of the boys whose lungs were eaten out by gas. One of them tried to say something to me. I leaned over, and in that husky whisper of the gas-eaten lung he said, "Carry on, Josh, carry on." I went on to Norman, my home town. Located there is a State hospital in which there is a separate ward for the shell-shocked boys of the World War. I have visited that hospital. I have visited the ward where they keep the boys whose bodies came back but whose minds did not. I began 20 years ago preaching the doctrine of drafting everything that is necessary in case of war. I do not care how many call me a demagogue for that. I believe it with every atom of my soul.

Of course, Hugh Johnson has called me everything he can think of. In four different, separate columns he has devoted to attacking me personally because I advocate the drafting of everything that is necessary in case of war. Hugh Johnson has been called a cream-puff soldier. He is the kind of patriot who would give my life for his country. [Laughter.] He was loud in his clamor for us to draft men, but the day we passed the Russell-Overton amendment to require the same cooperation of industry he began denouncing the different Members of the Senate who supported that provision; indeed, there went up from all over the Nation, from the same newspapers which had been loud in their clamor for us to draft men, a call, a cry that we were now all wrong, that we were making a mistake, and we were accused of being demagogues because we wanted a full cooperation of

everything that is necessary to win war—men, money, and materials.

Machiavelli once said in his instructions to the prince, "Prince, you can murder their fathers, you can send their sons off to war to be killed, you can steal their wives, you can outrage their daughters, but do not touch their money."

The same day we passed the Russell-Overton amendment Mr. Wendell Willkie started singing that familiar song of his, "I did not raise my dollar to be a soldier."

His home may be on the banks of the Wabash, but his heart is in the banks of Wall Street. [Laughter.] He denounced us for our action, when by a vote of 69 to 16 we expressed our belief that if we are to take the boys we ought to take industry.

Have there been any cases of industries refusing to cooperate? I gave the Senate a brief word picture of what happened to some of the boys who came back. Now let me give a few instances——

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. CLARK of Missouri. I agree with what the Senator said about the expression of Mr. Willkie with reference to conscripting industry as well as blood; but does not the Senator think that the conference report substantially follows the dictates of Mr. Willkie? It seems to me that if the Senate should adopt the conference report, it would be noticeably yielding to the outcries of Mr. Willkie against the principle which is involved in the Russell-Overton amendment as it was adopted by the Senate, and the House provision as it was adopted by the House.

Mr. LEE. I think the conference report has greatly modified and reduced the effect of the Russell-Overton amendment, or the Smith amendment in the House. The teeth have been pulled out of the provision. We once had a toothless old dog, who could bite, but it did not hurt much. [Laughter.] That is about the way with this provision. It can bite, but it will not hurt much. It is a gun behind the door, but the gun is empty. It is a club over the head, but the club is made of rubber—and soft rubber at that. There is no amelioration or softening of the calling out of men; but there certainly is a softening with respect to industry.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. CLARK of Missouri. A motion to recommit is in order in the Senate, because the conference report has not been acted upon by the House. If a motion to recommit were made, either with instructions to the conferees to adhere to and insist upon the Senate provision, or with instructions to agree to the House provision, some teeth would be put back in the old dog, would they not?

Mr. LEE. I think so.

Mr. CLARK of Missouri. At least the teeth he has left would be sharpened. [Laughter.]

Mr. LEE. I do not believe that such a course would require very much time. Mr. President, I am embarrassed at speaking at this time, when we want to complete action on the bill. However, I cannot vote for the conference report as it is without speaking. I cannot square it with my conscience; I cannot square it with my past record; I cannot square or justify such action with my past pronouncements and declarations from many rostrums in this country. The conferees have brought in a report, and we all realize that time is of the essence. If I must vote on the conference report as it is, I shall be compelled to vote for it because I believe I should be justified in voting for it in order to save time. However, I do not want to do it that way. I see no reason why we should be compelled to do it that way.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. NEELY. Will the Senator yield to me for a moment to have the Clerk state a motion which is lying on the desk, and which I propose to make as soon as I can be recognized? I ask that it be stated now, because the Senator is speaking in behalf of my motion, and I should like to have him continue to speak along the same line.

Mr. LEE. I hope the Senator will permit me to conclude. I have almost finished.

In order to demonstrate why such a provision is needed, I should like to give three examples of industries which have not shown the proper spirit. I call the attention of the Senate to the fact that next month, in the October term, there will come before the Supreme Court of the United States the case of United States against the Bethlehem Steel Corporation and the Bethlehem Shipbuilding Corporation. This case grew out of the World War. The United States ordered some ships. The Government officials had no way of knowing what the ships would cost. They were not conversant with the costs. But the men who represented the shipbuilding company, Mr. Powell and Mr. Brown, were very well informed.

Furthermore, the United States Government had no choice. This one concern was the only company which could build the ships, and it had a virtual monopoly. So the Government was at the mercy of the Bethlehem Shipbuilding Corporation. The representatives of the company, according to their own testimony, padded the estimates. They made a large allowance, first, for a decrease in efficiency; second, for an increase in freight rates and delivery costs; third, for an increase in the price of materials; and fourth, for extraordinary contingencies. The resulting figures represented a substantial increase in the cost, as was admitted, for "trading purposes."

Before the company would accept the contract the Government had to agree to certain terms:

First. That all costs would be borne by the Government, and that the company would take no risk whatever as to cost.

Second. That about 10 percent of the cost should go to the company as profit.

Third. That one-half the amount saved as between the estimated cost and the actual cost should go to the company as a bonus.

When the Government entered into the contract it had no choice, because, to use the language which the judge himself used, the corporation said, "Take it or leave it." The Government took it. It had no alternative. The men were already going to camps, just as this bill will have them going soon, and the Government will be "over the barrel," so to speak, as we are now "over the barrel" on the conference report. If we oppose it, we are in the position of delaying the enactment of the bill. I am conscious of that, and I am sensitive of it. I do not like it. It is a case of having to choose between two evils and having to take the lesser of the two.

The estimated cost was $120,000,000. The actual cost was $93,000,000. The corporation had a claim for half the difference between the estimated cost and the actual cost. There was an implied agreement that the company would be paid that extra bonus in return for extra efficiency. There was no evidence of any extra efficiency. The great difference between the actual cost and the estimated cost arose because of the high estimated cost, which resulted from the fact that the shipbuilding-company representatives knew what the costs were, because the company had been building such ships right along.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. LEE. I yield.

Mr. WHEELER. A moment ago the Senator said that he did not wish to delay consideration of the conference report. I understand that the Senator from West Virginia [Mr. NEELY] is about to make a motion to recommit the report to the conference committee, with instructions to adopt the House provision or the Senate provision. If that should be done, there need be no delay, because the House Members would be bound by the vote of the House, and the report could be brought back tomorrow. Certainly a day's delay in this

matter would not affect in the slightest degree the induction of men into the service.

Mr. LEE. I will say to the Senator that I think the House conferees are here. They were here a while ago. They could step outside in a conference room while we act on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to another bill and bring back a report tonight, and we could act on it.

Mr. WHEELER. Exactly; they could bring it back tonight or tomorrow morning, and we could vote on it tomorrow; so there would be no delay.

Mr. LEE. I will say further to the Senator that perhaps a delay of 1 night might save us many days of delay in dealing with some recalcitrant industrial company. There is evidence in the hearings before the Nye committee, investigating munitions profits, showing that one company delayed for 2 months accepting a contract to build a powder plant at Old Hickory; so 1 night's delay might save a great deal of time later.

I desire to read the words of Judge Dickinson with reference to this case to indicate what bold, brazen arrogance is shown by industrial leaders who tell us to "take it or leave it," and the attitude they have while we are requiring of the men patriotism. I quote from Judge Dickinson, of the Third Circuit Court of Appeals, with reference to this case. He says:

It is pointed out by the United States that, in the instant case, the contractor had no reason to bargain for large profits to offset a risk of loss, because this contractor under this contract took no risk whatever.

The exaction of inordinate profits—

Says the judge—

is thus viewed by the United States as an advantage taken of the pressing needs of the Government. As wartime is to other citizens a time of sacrifice, it seems unholy and sinful to make of the calamity of the people a source of inordinate gain. As before stated, however, we are dealing with a matter of contract and not sentiment, patriotic or otherwise.

That is the statement of a judge who had to carry out a law. He admitted in his statement that he could not deal with patriotism; he had to follow the letter of the law. Why not give him a law that has teeth in it, that he can follow?

Let us see one other paragraph of this opinion. This judge, speaking, says:

This is a charge of actual fraud perpetrated by deception. The master has found against this charge of actual fraud and under all the evidence he could not have found otherwise.

The judge says there was no fraud because these men like bold robbers, he said, admitted that they were making unconscionable profits, and said, "What are you going to do about it? Take it or leave it."

To continue the quotation:

The managers for the contractor adopted a famous Rob Roy distinction—

Said the judge—

who admitted he was a robber but proudly proclaimed that he was no thief. The contractor boldly and openly fixed the figures in the estimated cost so high as to give them the promise of large bonus profits. The managers for the Fleet Corporation knew that the estimate was high and why it was made high and so protested it. The reply of the contractor's managers was, "We will take the contract with this promise of bonus profits incorporated in it but not otherwise. You take it or leave it." Whatever wrong there was in this may have been the wrong in a daylight robbery but there was no element of deception. The contract, although without any element of fraudulent deception in its making, in its performance results in profits to the contractor so inordinately large as to be extortionate and to render the contract unconscionable and thus unenforceable in equity or in law.

That is what the court held 23 years after that happened. The matter is coming up in court now. There was a company that held the whole Government at bay and said, "Take it or leave it." The company had every advantage, because their experts knew the cost of building ships. They had been building ships like that. They said, "We are no thief. We may be a robber. Yes; we are bold about it. Take it or leave it, though." There was nowhere else for the Government to go. They had to take it, and the profit was 27 percent, and in equity the company was granted about 25 percent, or $25,000,000.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. WHEELER. During the investigation of the committee of the Senate, investigating the Department of Justice, of which committee I was a member, the Department talked about bringing suit against the manufacturers afterward and getting the money back. The evidence showed that these concerns had repeatedly robbed the Government during the war, and claims were filed by the Government, investigations were made by the War Department, and investigations were made by others; and then it was shown that contributions were turned in to certain persons supposedly, or so it was claimed, for the Republican national campaign. As a result of that the suits were either dropped or never prosecuted, or, if they were prosecuted, they were improperly handled, and no recovery was ever made. So, as a matter of fact, notwithstanding the Government had the evidence, suits were not brought because of political pressure by various influential persons. That evidence is in the record time in and time out during the investigation of the Department of Justice.

Mr. LEE. There is the case of the Standard Aero Co. The Standard Aero Co., and one other company with it, were overpaid. The Government audit showed that they were overpaid $6,500,000. They immediately went into liquidation, and the Government did not have any chance to get back that money; and when the truth was discovered it was found that those two companies were owned by the Japanese house of Mitsui & Co., who at one time were paymasters to the Mikado of Japan.

Sometimes I wish I were permitted to use the eloquence of a top sergeant when I am talking about the inordinate profits, the unconscionable profits, of so-called captains of industry.

I have always heard it said, and I have been told when I have been battling for this cause for 20 years, "Josh, you will never get a draft of industry. You will never get a draft of capital." I said, "Well, you cannot shoot a man for trying." They said, "They will always give you a curve." I see now what they mean. I offered the other day an amendment so that we might have a vote on a draft of capital. Instead, I got a vote on a point of order. In this case both Houses passed a direct draft of industry, so plain that he who runs may read, so clear that the wayfaring man, though a fool, need not err therein; and we have here before us an intricate change of both those provisions which makes it very doubtful whether an unpatriotic captain of industry could be brought to book in time to do any good.

Yes; I see what they mean. They say, "You will never be able to draft industry. You will never be able to draft capital, because they will give you a curve. They will not oppose you directly; they do not dare do that, because the people will not stand for it; but you will get language that can be explained away," and that is what we have in this conference report—language that can be explained away, language that permits of delay; and justice delayed is justice denied.

I have before me an article from today's newspaper. We sit here helpless, powerful enough to take the manpower of the country and mould it into a fighting unit, but we have not power as the matter now stands to go to this company and make it make lenses for telescopes, for periscopes, for bombsights. Listen: I read from an article by Frank C. Waldrop in today's Times-Herald. He says:

You wouldn't believe, would you, that an American manufacturer right now could be so deeply involved in an iron-clad, legal contract with a German manufacturing concern that he cannot make for the United States Army one of its commonest and most important weapons, without first getting permission from the Germans and telling them how much of the stuff he wants to make for his own country?

Well, that is just one of many such involvements.

They were entered into in all innocence, so far as the average American manufacturer was concerned, away back in the piping twenties when nobody in this country was thinking of war.

The famous case of Bausch & Lomb, the optical-glass makers who were under license to Carl Zeiss in Jena, Germany, so that

they were revealing, through royalty statements, how much of certain very important and secret devices our Army and Navy were buying, is a typical example of this kind of thing.

Bausch & Lomb made their first agreement with Zeiss back in 1923, and revised it again in 1926. Who, in those days, would have believed that we would be in our present predicament?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. WHEELER. I might say to the Senator that I offered a resolution a few days ago providing for an investigation of some of the very contracts which have been made between American manufacturers and German concerns and other concerns which vitally affect our national defense. I did that with the idea of cooperating with the Department of Justice, as Mr. Waldrop suggested in the article. I feel very keenly that some committee of the Senate should investigate these matters, not with the idea of hindering the national defense, but with the idea of helping national defense. I think it would not only help national defense, but would help the Government of the United States and be a retarding influence against corporations which are seeking to rob the Government during this period. I think if a strong committee of the Senate should be set up it would have a very deterrent effect upon some of the outfits which want to gouge the Government. I think it would help the legitimate businessman who does not want to gouge the Government, but it would get hold of the chiselers and the group who are seeking to hold up the Government in the sale of their products.

Mr. LEE. I thank the Senator. Listen to this article from PM of July 31. This shows the attitude of the businessman at the very time when we are demanding patriotic service of the boys:

Among the 120 big plants operated by the United States Steel Corporation is 1 of the 3 mills in the United States of America that can produce heavy armor plate for battleships. The capacity of those mills falls far short of what will be needed in the next 4 or 5 years to equip the 2-ocean Navy.

To meet its share of the administration's defense program, United States Steel has been planning to expand its armor-plate plant. But it also wants Congress to pass a bill permitting the cost of those facilities to be written off against profits within 4 or 5 years, thus reducing income taxes.

Listen to this:

"We've delayed buying additional equipment for our armor-plate program until the bill is passed," said Irving S. Olds, new chairman of Big Steel. This corporation, he explained, had expected Congress to vote for rapid write-offs of new arms output facilities several weeks ago. He didn't know what had caused the delay; perhaps it was only that Congress always needed a long time to pass tax laws. In the meantime, United States Steel is on the side lines.

What is the bottleneck that is holding us up? It is not lack of men, it is lack of machines. We all know that.

I have gone a long way when I have agreed to vote for the draft of men, and I have done it only because of the great emergency which threatens our country, and which I think threatens liberty itself. That is the only way I can justify my vote to take flesh and blood, and when we are taking flesh and blood, how can we split hairs over having to prove all kinds of things that are written into this conference report before we can take a factory? It burns me to a cinder.

Mr. President, I am willing to vote for a motion to recommit the report with instructions. If the conference report comes to a vote as it is, I shall be compelled to vote for it because of the time element, but I certainly will do so under protest, and I make this statement in order to clear my record, and to let it be known that my fight on this question is not over.

Mr. NEELY. Mr. President, I ask that the clerk state a motion in writing which is on his desk, and which I now submit.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

I move that the report be recommitted to the conference committee with instructions to the conferees on the part of the Senate to insist that in lieu of the language contained in section 9 of the conference report relating to taking over manufacturing plants by the President the language or the substance of the language contained in section 12 of the House amendment be inserted and that they report back to the Senate at the earliest practicable moment.

Mr. NEELY obtained the floor.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. RUSSELL. Is it necessary that the Senate insist on the House provision? It seems to me that the motion would be in somewhat better form, if the Senator will pardon the criticism, if it should provide that the Senate conferees shall accept the House provision. In that way there would be absolutely no loss of time. The conferees could go out and adopt the House provision, which is infinitely preferable to the provision of the conference report, and the House could not go back on its own provision, which was adopted overwhelmingly in the House.

Mr. NEELY. My response to that timely observation is that conferees have been known to abandon with enthusiasm provisions which they had been appointed to defend and help to translate into law.

Mr. RUSSELL. In a case where the other House was willing to accept it?

Mr. NEELY. Mr. President, if to anyone who is in favor of my motion it seems important to amend it to the effect that the conferees shall accept and, if necessary, insist upon the adoption of the language contained in the House amendment, I shall not object.

The PRESIDING OFFICER. Does the Senator modify his motion to that effect?

Mr. NEELY. Mr. President, I do so amend it.

The PRESIDING OFFICER. The Senator modifies his motion.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. CLARK of Missouri. The Senator is familiar with many instances, and I have personally been familiar with instances, in which amendments were inserted in the Senate, and even before the conferees had met, the Senate conferees announced that they intended to recede from a particular provision, before the House conferees had ever had a chance to ask them to do them. I do think that if we are to recommit the conference report at all it should be with very definite instructions. No one wants delay.

I say very frankly that I am opposed to the principle of the legislation, and I am going to vote against the conference report, although I do think it would be very much improved by the motion of the Senator from West Virginia. I think the motion should be strong enough to instruct the conferees not to bring a conference report back without the provision which the House inserted. If the House conferees then want to take the burden of refusing to agree to a conference report concerning a provision adopted by their own House, of course, that is their responsibility, but I think the Senator's motion should be strong enough, if it is to accomplish what I know is in his mind and heart, to instruct the conferees not to bring back a conference report unless it contains the House provision.

Mr. NEELY. My personal knowledge of conferees having failed to fight valiantly for the provisions or principles which they were supposed to champion is responsible for my having used the word "insist" instead of "accept." Let me assure the most honorable Senate conferees that the statement just made is not intended as a reflection on them. In my opinion, not one of them could be induced to shirk a duty or betray a trust.

Mr. President, I am supporting the bill. I have voted for the conscription of one of my own boys for military training in time of peace; and if necessary, to march against tanks and machine guns and cannon and possibly lose his life on some bloody field of battle.

In authorizing the conscription of our sons we did not provide that they should not be called to duty until after the Secretary of War or the Secretary of the Navy had certified that no other persons could be found to do their training or fighting for them. The President is authorized to call them when they are needed and, if necessary, to compel them to obey. Our flesh and blood will enjoy no privilege of negotiating with draft boards for handsome profits, or com-

pensation for loss of opportunities, or damages for loss of life or limb. No; the right to draft men to sacrifice their bodies on the altar of their country is as unconditional as the multiplication table and as unlimited as space.

In the circumstances patriotism, conscience, and parental affection imperatively demand that we clothe the Government with the absolute right to conscript any manufacturing plant that may refuse to cooperate with the proper military and naval officials in providing for the defense of this hemisphere against invasion.

I abhor demagoguery regardless of its form or disguise. I shall certainly not indulge in it on this important and solemn occasion. I am wholeheartedly in favor of the protection of every legitimate industry and the promotion of its welfare. In my opinion, all persons and corporations are entitled to reasonable compensation for their services to their government whether rendered in time of peace or war. But if it be demagoguery for me to insist that the property of any corporation or person that may be needed for the purposes of national defense in time of danger be drafted as freely as my boy is conscripted to defend American liberty, then I shall uncomplainingly endure whatever condemnation may be pronounced against me either for making the pending motion or urging its favorable consideration upon the Senate.

The great Lincoln once said, in effect: "I am for the man and the dollar, but in a contest between the man whom God made and the dollar which man made, put me down on the side of the God-made man every time." Fortunately we can, by adopting the motion now before the Senate, demonstrate of record that we are for both the man and the dollar as well as the plant or the property which the dollar builds or buys.

Apparently time is of great importance in the translation of the conference report into a law of the land. A month's delay might be equivalent to the difference between security and disaster. But if the motion prevails, the Senate conferees can within a few hours perform the required services and submit an amended report—the terms of which will not provide greater immunity for our inanimate property than it provides for our boys who are in the morning time of life and to whom every door of opportunity is open wide and who soon may be called upon, under the conscription law, to make the supreme sacrifice for you and me.

The adoption of the motion will mean that there will be teeth in the law that can be effectually invoked against any slacker who refuses a proper demand that he utilize his property in the defense of the Nation. It will assure the millions of boys who will be conscripted that no manufacturer of war material can refuse to satisfy their necessities for bombing planes and tanks and guns without becoming a criminal and serving a term in a penitentiary.

If I were to vote against the motion to recommit the conference report and, there should later be an invasion of this country and my son should lose his life, some manufacturer refused to cooperate with the Government in providing adequate means of defense, I should forever feel that the blood of my child was upon my hands.

On the approaching roll call, my vote shall be for my country and my boy.

Mr. BARKLEY. Mr. President, I feel like apologizing to the Senate for taking any time at all, but I wish to say a very few words. The issue before the Senate is not the issue of whether we think more of a boy than we do of a dollar. On any such issue, when it is presented, I do not believe there is a Member of this body who would vote to subject any boy, any man's son, to any greater obligation or requirement than we would subject any man's dollar or any man's property representing dollars. I realize that in some newspapers suggestions have been made about demagoguery. No one here on the floor has charged anyone with it. We waste a great deal of time here fighting windmills concerning what someone outside the Senate has said. I do not believe the Senate is under any obligation or necessity continuously to defend itself from all the fool statements which are made about it elsewhere.

In the first place, it will not be as easy a matter for the conferees to compose this situation as is indicated here today. In the next place, if the motion of the Senator from West Virginia is adopted, it must be messaged back to the House of Representatives. It may be true that one or two of the conferees on the part of the House are sitting around here waiting for us to determine what we will do, so they may go back to their Chamber. The Senator from Texas [Mr. SHEPPARD] cannot assemble the conferees until the action of the Senate is messaged to the House.

If the motion of the Senator from West Virginia shall be adopted it will open up the entire conference report. We cannot bind the House conferees.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NEELY. It was stated on the floor of the Senate within the last hour that the House is still in session, waiting for action by the Senate. I submit, if the House is still in session——

Mr. BARKLEY. It is in recess at this hour, and will be called back into session when the Senate shall have acted. If we agreed to the Senator's motion and message it back to the House, there is no power in the Senate to keep the House in session all night, or for any length of time. We cannot bind the House conferees.

The truth of the matter is that, while I think the language of the House provision is probably somewhat of an improvement on the language of the Senate provision, it is very imperfect in itself. If we instruct our conferees to agree to the House amendment, we instruct them to agree to it verbatim, and I think if the Senator were to consult the House conferees, he would find that they would themselves agree that the House amendment ought to be revised.

Mr. NEELY. I hope the Senator will pardon me, but my motion provides that they shall adopt the language or the substance of the language.

The PRESIDING OFFICER. The Chair understood that the Senator from West Virginia had modified his motion.

Mr. RUSSELL. I did not understand that the Senator from West Virginia modified it.

The PRESIDING OFFICER. The RECORD will show that the Senator from West Virginia modified his motion.

Mr. RUSSELL. Mr. President, I have been sitting here listening very attentively to the Senator from West Virginia. He stated that he modified his motion to provide that it should read that the Senate conferees should accept, and if necessary insist upon, the substance of the House provision.

The PRESIDING OFFICER. That is correct.

Mr. BARKLEY. Regardless of that, Mr. President, we can not bind the House conferees, and we cannot assemble them in the cloakroom in a rump session in order to rewrite the conference report. If the motion of the Senator from West Virginia should be adopted, the entire conference report would be open. If the conferees were required to go back into conference the bill would be open for further consideration. No one can tell when it would come back. The conferees could bring it back tomorrow. They might not bring it back until next week. We could not compel them to bring it back at any time.

That may not be a good reason why the motion should be rejected, but I am offering it as a circumstance of which we ought to be advised when we vote on the motion. I may be entirely mistaken, Mr. President, but I have the feeling that the American people are not very much concerned about the technical interpretation of the language in the conference report. Under the terms of the Senate provision, if a plant or facility were necessary for national defense, the President could institute condemnation proceedings, find out how much it is worth, and take it over.

What is the real difference between the rewriting of that provision by the House and the provision in the conference report? The first part of it is almost identical. It is contained in section 12 of the House amendment. It reads as follows:

The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition

to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry—

And so forth.

That is the first paragraph of section 9 of the conference report. The language is almost identical. So there is no trouble on that score. The President may place an order with any firm, corporation, or association for war materials. The conference report authorizes him to do the same thing, in almost the identical language. Under the terms of the House amendment, it is obligatory and mandatory that the person comply with the order. In the House amendment I think there was a provision for a reasonable price, but that has been stricken out. The President may place an order for goods through the Secretary of War, or the Secretary of the Navy and himself fix the price; and it is mandatory that the person, corporation, or association comply with the order.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. RUSSELL. Evidently the Senator from Kentucky has not read the original House provision. The language in the original House provision permitted the Secretary of War or the Secretary of the Navy to fix the price at which the goods should be manufactured.

Mr. BARKLEY. I believe such a provision is in the Senate language.

Mr. RUSSELL. It is in the House amendment.

Mr. BARKLEY. Where is it?

Mr. RUSSELL. If the Senator will look in section 12, I shall read the language to the Senator. I shall not read all of it, but it says:

Any person * * * who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment * * * at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be——

Mr. BARKLEY. That language is stricken out in the conference report.

Mr. RUSSELL. It is transposed.

Mr. BARKLEY. It is not in section 9 in the conference report.

Mr. RUSSELL. I shall read it to the Senator:

The compensation to be paid——

Mr. BARKLEY. Yes; I know about that. It refers to compensation, but the words "reasonable price" do not appear. The language is:

The compensation to be paid shall be fixed—

And so forth. If the person is not satisfied he may go into court.

Mr. RUSSELL. I insist that it is a mere transposition of language. If the Senator will yield, I shall read the provision in the conference report:

The compensation to be paid to any such person for its products or materials, or as rental for any manufacturing plant of which possession is so taken while it is used by the United States, shall be fair and just, and the amount of such compensation shall be determined by the Secretary of War or the Secretary of the Navy, as the case may be.

If the Senator wishes to quibble about the difference between a fair and just price and a reasonable price, he may do so. I say that the two provisions mean essentially the same thing.

Mr. BARKLEY. I shall not quibble with the Senator over that, because it is not important anyhow. The point is that the President is authorized to place orders with manufacturing concerns, and that compliance with the orders of the President is mandatory, under both the House amendment and the conference report.

We now come to the language which is in controversy:

If any person who owns or operates any plant equipped for the manufacture of arms or ammunition—

And so forth. If such person does one of three things—refuses to give the necessary preference; refuses to manufacture the kind, quantity, and quality of arms or ammunition desired; or refuses to furnish such arms, ammunition, or parts of ammunition or other supplies or equipment—

Then, in either such case, if the public necessity is immediate, and the emergency in the public service is imperative and such as will not admit of a resort to any other source of supply—

The bill contains, in the very first paragraph, a declaration of the policy of Congress:

That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

So the whole philosophy of the bill is based upon an imperative necessity, and that imperative necessity is carried throughout the entire bill. As I see it, it is carried through the conference report.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LEE. In this case the Government would have to prove that the necessity is immediate; that is, over and above the necessity which causes us to pass this bill. Then it would have to prove that the emergency in the public service is imperative. If the Government should wish to order a hundred raincoats, a good lawyer could go into court and demand that the Government prove that the weather conditions were expected to be such that the raincoats would be needed.

Mr. BARKLEY. The Senator could go even beyond that——

Mr. LEE. Lawyers do such things.

Mr. BARKLEY. The Senator could go even beyond that, and say that if the Government should desire to take over a screen-door factory in order to supply screens to keep flies out of the mess halls because it was a necessity, the Government could be called upon to prove that it is necessary to have a screen door in order to keep flies out of a mess hall. [Laughter.]

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. O'MAHONEY. I have just listened with much interest to the recitation by the Senator from Kentucky of the three conditions in the conference report which call into action the power of the Secretary of the Navy and the Secretary of War to recommend to the President that plants be taken over. I am glad the Senator has mentioned those three conditions.

Now let us read them again:

(1) refuses to give to the United States such preference in the execution of the orders so placed with such persons, or

(2) refuses to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment for the Army or Navy, as ordered by the Secretary of War or the Secretary of the Navy, or

(3) refuses to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment.

It is obvious from reading these three provisions that the purpose is to deal not with those manufacturers who accept but with those who refuse to accept the orders of the Government of the United States; and provisions brought in to us by the conferees, intended to throw protection around those who refuse to serve, are drafted in such language that it is impossible for any member of the conferees to stand here and explain—not one, and I say the Senator from Kentucky cannot explain—why the Senate of the United States should tonight be asked to grant concessions and relief and consideration to those who refuse to do any of these things.

Mr. BARKLEY. In the first place, I will say to the Senator from Wyoming that I am not responsible for the language of the conference report. I was not a member of the conference. I am not a member of the Military Affairs Committee. I have been trying in my limited way to interpret it to myself. I do not interpret the conference report, and these three subsections which set out the conditions, as any effort to protect or throw a shield around any concern in the United States. They are, in effect, a rewriting of the conditions of the House amendment under which the President may proceed to take over these plants.

Mr. RUSSELL. Mr. President——

Mr. BARKLEY. Just a moment. Let me read what the House bill says.

After going on and saying what the President may do, after stipulating in another paragraph, which is not numbered, that compliance with these orders is obligatory and mandatory, and so forth, the House bill says, at the top of page 52:

Any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference—

Which has been previously provided for, and which is contained in the conference report—

in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition—

That is carried out in these subsections—

or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment—

Which is part of the three subsections to which I have referred. Then there is a provision that a reasonable price, as determined by the Secretary of War or the Secretary of the Navy, as the case may be, shall be offered. Then and in those events, in any one of those cases—which are almost identical, although not divided into subsections as the conference report divides them, with the provisions of the conference report—

The President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement—

Which is in the conference report—

is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years and a fine not exceeding $50,000.

I say that the division of these requirements and these conditions as the conferees have gone into one, two, and three subsections of paragraph (c) of section 9 of the conference report, which is the equivalent of section 12 of the House bill, is almost identical. It is a little rewritten; it is a change of language, but it means the same thing; and I cannot remember a single thing set out as a requirement on page 52 and over at the top of page 53 that is not set out in these subsections.

Then the language of the conference report goes on to say, which seems to be the cause of some confusion here:

Then, in either such case, if the public necessity is immediate—

Well, we think it is. If it were not immediate we would not be here with this legislation. We would not have already passed appropriations of $15,000,000,000. If it were not immediate we would not have done all these things, although we did not have to have any certification of its immediate imminency in order to enable us to do it; but we did it because we thought it was necessary and because it was immediate.

Now:

and the emergency in the public service is imperative—

The theory of this whole bill is that it is imperative. The statement that it is imperative is in the first paragraph of the bill. That is hooked up with what follows:

and such as will not admit of a resort to any other source of supply—

It seems that that is the clause in the conference report which has created all this trouble, "resort to any other source of supply," although I do not think that is all that is in the mind of the Senator from Georgia.

Mr. RUSSELL. No; I think the conference report repeals the previous provisions of the House bill.

Mr. BARKLEY. I do not agree with the Senator. That is a matter of interpretation, however.

Mr. RUSSELL. I understand; but the Senator stated a few moments ago, when he started reading and comparing the bill and the conference report, if I correctly understood him, that there was little difference between the conditions imposed in the House amendment and those imposed in the conference report. Now the Senator from Kentucky has read, and I have stood and patiently listened, the main provisions of the House amendment; and I challenge him to show a single condition which is imposed on the President or the Secretary of War or the Secretary of the Navy other than a refusal on the part of industry to manufacture. There is no condition there. The conditions did not come into the case until the conference report came in including these three conditions.

Mr. BARKLEY. The provisions of the conference report are the same in substance, though not in language.

Mr. RUSSELL. I did not say provisions.

Mr. BARKLEY. In the first place, the President may make the order, and it is obligatory; but if the manufacturers refuse to provide the quantity or the quality of the goods on which the President has issued an order, then he may proceed.

Mr. RUSSELL. Yes; but the Senator from Kentucky is knocking down a straw man with that statement. Nobody challenged any comparison of the essential language, other than the conditions imposed on the President and the Secretary of War and the Secretary of the Navy. When we compare the provision of the conference report with the original House provision it will be found that they are practically the same, and I so stated today; but then the conferees, in violation of rule XXVII, went further and wrote the conditions which the Senator has just read, which did not appear in either the House bill or the Senate bill; and no man can tell how the courts will construe the requirement put in the conference report that the War Department and the Navy Department must certify and establish that the goods cannot be obtained by a resort to any other source of supply.

Mr. BARKLEY. No; I do not accept that interpretation. The only difference, the only language, the only substance that has been written in by the conference committee, has been the suggestion that the refusal on the part of the organization is, in No. 1, to give preference to the execution of Government orders. That is No. 1.

Mr. RUSSELL. That is in the House bill.

Mr. BARKLEY. Yes; that is in the House bill.

Mr. RUSSELL. That is no condition.

Mr. BARKLEY. No. 2 is that the organization refuses to manufacture the kind, quantity, or quality of arms or ammunition, and so forth. That is in the House bill.

Mr. RUSSELL. That is no condition.

Mr. BARKLEY. No. 3 is that the organization refuses to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment. That is in the House bill.

Mr. RUSSELL. It is still not a condition.

Mr. BARKLEY. It is the same condition which is in the House bill.

Mr. RUSSELL. It is the same provision, but it is not a condition or limitation on the power of the President or the Secretary of War or the Secretary of the Navy, such as is found in the language that was superimposed on the House amendment by the conference committee.

Mr. BARKLEY. The only addition is that the conditions under which these three things exist create an immediate situation, an immediate emergency, and that in that immediate emergency the situation is such that it will not admit of resort to other supplies.

What is the meaning of that? Webster's International Dictionary says that "resort" as a verb means "To go; to repair; to betake one's self; to have recourse; to apply."

It merely means that although there might be an adequate supply somewhere else in the United States, if the emergency is so important, and the circumstances where it exists are such as to make it inadmissible that the Government should resort to California, or to Illinois, or to Missouri, to get a thing needed in New Jersey or New York or in Georgia, it has a right to go in and commandeer the plant.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. RUSSELL. The Senator well states the principal objection to the provision. Suppose the Government tomorrow were to go into the market to purchase a million suits of knit underwear with which to clothe against the coming winter the men who are to be called. A similar case arose under the act of 1916, which the conference committee provision emasculates, and in effect repeals.

The Government did not go to one manufacturer and say, "You have to devote all your time and all of your plant to fulfilling this one contract with the War Department or the Navy Department," as the case may have been. They went to one manufacturer and said, "You must make 50,000 undershirts," or to another and told him he must make a hundred thousand. Under the act of 1916 it was obligatory; and under the House provision, before it fell into the hands of the conference committee, the Government could have gone to each manufacturer and told him how many garments it expected him to make.

Under the provision defended by the Senator from Kentucky, the recalcitrant industry, the one which refuses to cooperate, could say to the Government purchasing agent, "I will not make a hundred thousand undershirts for you because I would rather manufacture them for the private trade, and I can make more profit out of it." What, then, would happen? The patriotic industry, which was willing to cooperate, which was willing to go along and make its contribution to national defense, would have dumped on it another order for a hundred thousand undershirts it would have to make for less profit, perhaps, than it could get for manufacturing goods for the private trade.

So any way we look at it, whether from the standpoint of the Government or anyone else, the conference committee provision creates a privileged class, an exempt class, in industry.

Mr. BARKLEY. Let us take the same situation under the amendment offered by the Senator from Georgia which was adopted by the Senate. Under that amendment it would have to be demonstrated that the taking over of a plant was necessary for national defense. That is all there was—that it was necessary.

Mr. RUSSELL. It did not require any certificate, it did not require any findings. All the Secretary of War or the Secretary of the Navy had to do was to say that it was necessary to the national defense. It did not require a certificate. It required a declaration only on the part of the Secretary of War or the Secretary of the Navy, and there is much difference between a declaration that a thing is necessary in the opinion of the Secretary of War or the Secretary of the Navy for the national defense, and requiring him to go scouting around over the country to find out whether he could have the articles manufactured somewhere else if one manufacturer refused to make them.

Mr. BARKLEY. There is no substantial difference between a declaration and a certificate. A declaration does not mean that an interview in a newspaper will be used. It means an official declaration on which someone can act, just as we require the Chief of Naval Operations to certify that certain boats are not necessary to national defense before the President can do what he did a few days ago in the exchange of boats for bases. It is the same sort of declaration or certificate, I do not care what it is called.

Mr. RUSSELL. If the Senator cannot see any difference between a simple declaration or proclamation on the part of the War Department or the Navy Department that a certain commodity is necessary in the national defense, and a certificate from the Secretary of War, after investigation, that he cannot secure certain commodities from any other source, not limited to the United States of America, I fear our constructions of this amendment are so much at variance that any further expression of my views would not illuminate his discussion.

Mr. BURKE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. BURKE. It seems to me there has been a good deal of unnecessary confusion about the language used by the conferees. I was in favor of the amendment offered by the Senators from Georgia and Louisiana. It seemed to me satisfactory. When the House inserted their provision I thought that was a little better, and today when I studied the provision of the conferees it seemed to me that was still better, because properly interpreted, all it does is to place practically unfettered discretion in the Secretary of War and the Secretary of the Navy to say that a particular plant, either the product or the plant itself, must be taken over.

But the Senators say there are certain limitations and conditions. To my mind, from a reading, it seems very clear that before the Secretary of War or the Secretary of the Navy would ever state to Mr. A, "We have not been getting along with you, and we want your plant," the Secretary of War or the Secretary of the Navy, as the case might be, would have already made up his mind on the three conditions which are set out, and he would be ready instantly, upon refusal, to give the certificate required. Otherwise, there would be no purpose. If the goods could be bought just as well and just as conveniently somewhere else, the Secretary of War or the Secretary of the Navy would not be bothering with the certain individual we are discussing at all. The very fact that they are coming to deadlocks with him would indicate that the Secretary of War or the Secretary of the Navy was ready at that moment to make a certificate covering all these conditions.

It seems to me, I say again, that there is here practically unfettered discretion in the Secretary of War and the Secretary of the Navy to take over plants. Who can question it? The Senator from Oklahoma says the Government must prove this and the Government must prove that. The Government would not have to prove a single thing. Congress has said to the Secretaries, "You have discretion when you make your certificate to the effect that these conditions are present," and that is the end of it. The only time the court would ever have anything to say about the matter at all, the only time the Government would ever have to make any proof in the slightest degree, would be in the matter of compensation if there were a disagreement.

It seems to me that we have unnecessarily spent much time on the matter. I am sure that as the language of the conference report which has been carefully written is better than even the House provision, which I thought was better than the Senate provision. I think the motion of the Senator from West Virginia should be voted down, and that we should proceed to adopt the report.

Mr. RUSSELL. Will the Senator from Kentucky indulge me one more time that I may ask a question of the Senator from Nebraska, and then I assure the Senator I shall not trespass further on his time.

Mr. BARKLEY. I yield.

Mr. RUSSELL. The Senator from Nebraska is one of the ablest lawyers who has been in this body for many years, and I regret very much to find myself at such wide variance with him in his interpretation of the language adopted by the conferees. But I should like to ask the Senator whether, in his opinion, the effect of the action of the conferees does not repeal the penal clause that was carried in the House amendment.

Mr. BURKE. Unless the penal clause in the bill applied to the Russell-Overton amendment as it left the Senate—I would say the Senate penal provision written into the House amendment is certainly out now—and unless the general penal

clause in the bill applied to the Russell-Overton amendment, it does not apply now, in my judgment. When we were considering the amendment, while I do not recall that the question was argued, I did not consider that the penal clause applied. I did not think it was necessary, and I do not think it is necessary now.

Mr. RUSSELL. I was seeking the opinion, not the views, of the Senator and asked the question in an effort to draw on his experience and great ability.

Mr. BURKE. Let me respond by asking the Senator from Georgia whether, when he and the Senator from Louisiana offered the Russell-Overton amendment, he considered that the general penal clause in the bill applied to the provisions of the amendment?

Mr. RUSSELL. I did not, and I do not think they apply in the case of the conference committee's substitute.

Mr. BURKE. I think if the Senator's first proposition was correct, certainly it would be correct now, and if the Senator, in urging his amendment originally, did not think it necessary to have the penal clauses included, I do not see why he has changed his mind now and thinks we should delay this very necessary action, possibly until next week, in order to write in a penal clause which will never be necessary and have no place in the bill anyway.

Mr. RUSSELL. Mr. President, if the Senator will refer to the RECORD—if he did not do me the honor to listen to me when I presented the amendment—he will find that I stated it did not go so far as I should like it to go, but I thought it embraced as much territory as I thought I could get the Senate to cover at that time.

Mr. BURKE. Did the Senator have in mind then that he would like to include jail sentences, but did not do so because he thought the Senate would not agree to it?

Mr. RUSSELL. I did. I felt that the Senate was not prepared to take that step at that time, and I was delighted when the House went so far as to reenact the act of 1917.

Mr. BURKE. What has happened to make the Senator wish to do that now?

Mr. RUSSELL. The vote that was taken in the House.

Mr. BURKE. The Senator is sure there has not been a little political discussion outside?

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

SEVERAL SENATORS. Vote!

Mr. O'MAHONEY. Mr. President——

Mr. BARKLEY. Senators are calling for a vote——

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. O'MAHONEY. I merely wish to call attention to the fact that both the Senate and the House, by a large vote, have declared their position that industrial recalcitrants shall not be in a better position than individual recalcitrants, under this bill.

Mr. BARKLEY. I understand that, and I voted for that principle.

Mr. O'MAHONEY. Of course, the Senator did.

Mr. BARKLEY. I do not think there is anything in the conference report which violates that principle.

Mr. O'MAHONEY. The Senator from Nebraska, in his colloquy with the Senator from Georgia, was speaking a moment ago about the essential necessity of having the bill passed. Of course, it is necessary to have the bill passed. It ought to be passed without delay. But the bill as presented to us by the conference committee admits of no delay upon the part of the individual who is called upon to leave his business and enter the Army, whereas it clothes the industrial recalcitrant with all sorts of protection, so that he may delay his response when he refuses to act under clause No. 1, when he refuses to act under No. 2, or when he refuses to act under No. 3 of the clauses I have read.

Mr. BURKE. The only delay that——

The PRESIDING OFFICER. The Senator from Kentucky has the floor. Senators will proceed in an orderly manner.

Mr. BARKLEY. Mr. President, I will yield to the Senator from Nebraska once more, but I will not yield to any Senators who wish to make speeches now. They may make speeches in their own time.

The PRESIDING OFFICER. The Chair again requests Senators to proceed in an orderly manner. Does the Senator from Kentucky yield?

Mr. BURKE. The Senator from Kentucky has already yielded to me.

Mr. BARKLEY. I yielded to the Senator from Nebraska.

The PRESIDING OFFICER. The Chair will state that he did not hear the Senator say he yielded.

Mr. BARKLEY. I did yield, however.

Mr. BURKE. The Senator from Wyoming says there would be greater delay in the case of the reluctant industry than in the case of the reluctant individual who might be selected under the draft.

Mr. O'MAHONEY. Is that not written in the provision?

Mr. BURKE. No.

Mr. O'MAHONEY. Let me read the provision to the Senator. The Senator obviously has not read it.

Mr. BARKLEY. I shall not yield further to a controversy between Senators.

Mr. BURKE. Mr. President, will the Senator yield to me so I may finish what I had started to say?

Mr. BARKLEY. Very well.

Mr. BURKE. If the Senator from Wyoming will permit me to finish my statement I should like to do so. He does not need to read the provision in question any more. He has already read it 6 times today, and it has been read at least 20 times by other Senators.

Mr. O'MAHONEY. The Senator is exaggerating.

Mr. BURKE. I myself have read it and have studied it. The point I was making is—and that is all I wish to say about it—that the only delay in the case of the reluctant industry would be the time it would take the Secretary of the Navy or the Secretary of War to sign his name to a certificate, he having already determined as to the necessity for action, and that the necessary conditions were present, before he would proceed. That delay would not be materially different than in the case of the reluctant trainee who did not want to go to camp.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield to the Senator this one time, and this is the last.

Mr. O'MAHONEY. It all boils down to this, in view of what the Senator from Nebraska has just said: We have before us a conference report which is not only open to the criticism that has been made of it by the Senator from Georgia and by the Senator from West Virginia and myself, but is obviously upon its face completely ungrammatical.

Mr. BARKLEY. That is one of the chief objections that was registered against the House amendment.

Mr. O'MAHONEY. Well, I have not observed that yet.

Mr. BARKLEY. It is a sentence two pages long, whereas the conference report has tried to divide it into three subsections into which it naturally divides itself.

Mr. O'MAHONEY. Will the Senator from Kentucky be good enough to tell me how he would construe this provision? I read now from page 9——

Mr. BARKLEY. Proceed. I should like to follow the Senator.

Mr. HUGHES. The Senator from Kentucky does not have his eyeglasses.

Mr. O'MAHONEY. I wish the Senator would get a copy of the report. If the conferees of the Senate and the House are unable to write into a conscription law language which will meet the test of grammar, I do not know what they should be required to do. I read on page 9 of the report presented to the House by Representative MAY. Has the Senator obtained a copy of it?

Mr. BARKLEY. I have borrowed some eyeglasses.

Mr. O'MAHONEY. At the top of page 9 the Senator will find three clauses defining the category of industrial manufacturers to whom this provision applies. It only applies to

those who refuse to do three things which are very simple. It goes on—

Then in either such case—

That is in the case of any such refusal—

if the public necessity is immediate, and—

The use of the word "and" means that something different is being said—

and the emergency in the public service is imperative and such as will not admit of a resort to any other source of supply, and if such circumstances—

That is to say the three which have just been mentioned—

if such circumstances are certified to by the Secretary of War or the Secretary of the Navy—

And now we come to the ungrammatical portion—

and to require the exercise of the power hereby created in respect of the property to be taken over—

May I ask the Senator from Kentucky what that means—to require?

Is that part of the certificate? Is it one of the circumstances? How is it to be interpreted? What is the subject of the verb "to require"?

Mr. BARKLEY. I must get a better pair of glasses so I can read it. I have lost mine.

Mr. BYRNES. I think the Senator should get another report, because that one is very hard to explain.

Mr. BARKLEY. Well, a man can explain language which he himself reads better than he can explain language which someone else reads.

If any one of these three situations are created by the refusal of these concerns, either to give preference to the United States or——

Mr. O'MAHONEY. Of course, the Senator will agree that the public necessity is immediate now.

Mr. BARKLEY. I do. If it were not immediate we would not be passing this legislation, and we would not be authorizing the President to take the action proposed.

Mr. O'MAHONEY. Exactly. Then why did the conferees write this into the bill—that is the second phrase—

And the emergency in the public service is imperative.

Mr. BYRNES. Is the objection of the Senator to the inclusion of the word "to"?

Mr. O'MAHONEY. No; but the clause—

To require the exercise of the power hereby created in respect to the property to be taken over—

is hung up in the air; it is attached to nothing; it means nothing. It has no interpretation except that it gives to an attorney who wants to prevent the acquisition of plants in the case of these three refusals the opportunity to make his plea in the courts.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. OVERTON. The word "and" evidently is a misprint for "as." It should read—

As to require the exercise of the power hereby created.

The Secretary of War, the Secretary of the Navy, and the President would so interpret it.

Mr. BARKLEY. There is no doubt about that. The word "and" ought to be "as." The context shows that to be correct. It should read—

And if such circumstances are certified to by the Secretary of War or the Secretary of the Navy as to require the exercise of the power hereby created—

There is undoubtedly a misprint, and it is easily understood.

Mr. President, I do not wish to take any more time. I agree with the Senator from Nebraska that the language liberalizes the power of the President. Under this language he is not required to go anywhere else in the United States, or outside the United States, to obtain a supply if he needs a supply in a particular part of the United States; and under those conditions he may take over plants. I do not see how it would be possible for the conferees to rewrite the provision so as to guarantee to liberalize and broaden the authority of the President to any greater extent than is done by this language. There is danger that recommitting the bill to conference might open up other difficulties which might be more bothersome and troublesome than is this particular language. The difficulty seems to revolve around the word "resort."

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. Evidently it was intended that the certificate should provide that "if such circumstances are certified to by the Secretary of War or the Secretary of the Navy as to require the exercise of the power," it may be exercised.

Mr. BARKLEY. That is correct.

Mr. BYRNES. Instead of that, the language reads:

And if such circumstances are certified to by the Secretary of War or the Secretary of the Navy and to require the exercise of the power hereby created—

It does not make sense.

Mr. BARKLEY. It does not make sense.

Mr. BYRNES. The words should have been:

Certified to by the Secretary of War or the Secretary of the Navy as to require the exercise of the power hereby created.

Mr. BARKLEY. I have no doubt that in the original copy from which the print was made the word is "as."

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. Is not the Senator aware that in passing upon the language a court would read the whole context of the paragraph, and would readily conclude that what was meant was that if circumstances are such as to require the exercise of the power it may be exercised?

Mr. BARKLEY. Absolutely. A court would interpret the language in the light of the entire section. Certainly a court would not render its decision on the word "and."

Mr. CONNALLY. A court must read the whole paragraph and interpret the intent of Congress. A court would not segregate one word in a sentence and exclude all the rest of the section. It is perfectly clear that what was intended is what has been stated.

Mr. NORRIS obtained the floor.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. NORRIS. I was about to say that I do not intend to yield to anybody.

Mr. O'MAHONEY. Will the Senator yield to me before he begins?

Mr. NORRIS. I cannot yield before I begin. [Laughter.]

From my observation of what has been going on in the Senate in the past hour or two I realize that if I should begin to yield I should be here until midnight. I heard the Senator from Kentucky [Mr. BARKLEY], with the best intentions in this world, announce that he had only a few words to say. That was about an hour ago. The more he debated the more other Senators wanted to debate. I am anxious, as I know other Senators are, to conclude the consideration of the conference report.

It is with considerable embarrassment that I undertake to say anything on this motion, because as Senators all know, I opposed, as strongly as I could, the passage of the conscription bill. I am opposed to it now more than ever. I am opposed to the conference report. I am opposed to anything in the way of a conference report which carries out the idea of conscription in time of peace.

However, I hope the Senate will realize that, while I rise to speak on the motion and while I am opposed to the legislation, nevertheless I still want to do anything I can to make the legislation workable, and to get as good a bill as possible.

Mr. President, we have had a yea-and-nay vote in the Senate, and there has been a vote in the House by roll call. By almost a unanimous vote in each branch of Congress we have gone on record in favor of applying the same rule of conscription to property as is applied to human life. I think we are practically all in favor of that principle, as our votes show. We are in favor of that kind of legislation.

The House bill contained section 12, which I believe goes further in carrying out the idea than did the Senate pro-

vision. The author of the Senate amendment agrees with that principle. He wanted the conferees to accept it; and I think those who are in favor of drafting property as well as human life should be willing to accept it.

Mr. President, I hope that what I shall say will not be discounted. Having announced that I intend to vote against the conference report, whatever it may be, I shall try to improve it if I can, and shall vote with those who are trying to improve it.

In the first place, I think the conferees went far beyond their jurisdiction. Laying that aside, the conference report does not go so far in the conscription of property as it does in the conscription and drafting of human beings. If we are to have a bill to force our boys into the Army in time of peace, and put our country in that dilemma, I should like to see property drafted as well as men. Because the conference report does not do that, because the conference report does not go nearly so far as does the House amendment in section 12, I am in favor of the motion of the Senator from West Virginia.

As I see it—and I hold nothing against any Senator who does not see the matter as I do—and as I conceive my duty at this time, it comes to me in this way: "Do you want to draft property as well as human beings? If you do, you ought to vote for the motion of the Senator from West Virginia."

Believing as I do, that that is the question now before the Senate, I am in favor of the motion. It does not mean delay—at least not to exceed a day. If we wished to stay in session tonight, we could get through with it tonight. I have seen similar things happen in the Senate, when Congress was about to adjourn. We have stayed in session and have rejected conference reports, and they have come back in 10 minutes, rectifying mistakes which the Senate thought were made in the conference reports. There is no difficulty about changing the conference report, and accepting, instead of rejecting, a certain clause.

While it is often said that we cannot control the House, we are willing to assume and believe that the House is composed of honorable men, such as we ourselves claim to be. They have passed a bill incorporating section 12; and we simply say, "We agree to what you have done by this action."

That is all there is to it. There is nothing else to it. There cannot be any trouble on the part of the House. We are simpy instructing our conferees to accept a provision which the House has already passed.

It seems to me, Mr. President, that if we believe we want to draft property in the same way we draft human life, there is but one thing to do, and that is to vote for the motion of the Senator from West Virginia [Mr. NEELY].

Mr. ADAMS. Mr. President, I shall occupy only a moment or two.

I have followed these amendments back to the Appropriations Committee. The Overton-Russell amendment was submitted substantially because of the agreement that the existing law which permitted the Navy Department to take property, and to allow the Secretary of the Navy to fix the compensation, was an unconstitutional provision; so it was suggested by the authors of this provision that they would put the matter upon the basis of condemnation, so that there would be due process of law. Then the matter was passed by the Senate in that form.

I heard this evening with great distress that if any of us should vote for the conference report we should be voting for dollars as against life. I wanted to ask some of the lawyers in this body whether or not they will really accomplish what they wish by adopting the House provisions. The Constitution still remains. The Constitution still provides that property shall not be taken without due process of law and just compensation. The House provision which this amendment would adopt has within it simply the bald declaration that the President is empowered, through the head of the War Department or the Navy Department, to place orders, not tied to wartime, not tied to times of emergency, not tied to times of stress; and then it provides that the orders must be filled at prices to be fixed by the Secretary of War or the Secretary of the Navy. In other words, without due process of law it is proposed to order the manufacturer to turn over his property, to fix his price, and then to declare him to be a felon, subject to fine and imprisonment.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. LEE. I desire to ask the Senator if the Constitution does not also provide in the thirteenth amendment that involuntary servitude shall not exist in the United States; if it does not also provide that there shall be freedom of speech and freedom in other ways; and also if, when we take a soldier under the provisions of this act, we do not temporarily suspend a number of liberties which are guaranteed to him under the Constitution.

We deprive him of the right of contract. He has nothing to say about how much he is to receive or where he is to go. We deprive him of liberty of locomotion by putting him in a camp. We deprive him of the right of free press by censoring his letters. We deprive him of freedom of speech. By limiting him to a camp we deprive him of liberty; and if war comes, if he is sent to war, he is deprived of life itself. Then how can the Senator say that the Constitution would prevent us from enacting the part of this amendment that applies to property, and not prevent us from enacting the part that applies to the conscription of men?

Mr. ADAMS. I will say that the Senator knows that in the discussion I supported the Russell-Overton amendment because I believed that since we are conscripting men we should go as far as was necessary to do the same thing to industry; and I supported the amendment upon that basis. I ask the Senator, however—good lawyer that he is, student of history and of constitutional history—whether he thinks the Congress of the United States may pass in peacetime a section of an act by which the President may suppress free speech, by which he may suppress the press, by which he may deny jury trials, by which he may deny the right of indictment, by which he may disregard all the provisions of the Bill of Rights. Mind you, there is no provision in the act I am talking about limiting his power to wartime, or to time of emergency.

Mr. LEE. The Senator a while ago questioned the power of the Government under this act to take property without due process of law and just compensation.

Mr. ADAMS. And, of course, the Senator from Oklahoma does not believe that that provision of the Constitution applies any more.

Mr. LEE. Let me read this language:

> If necessary, property can be taken for public use without any compensation. For example, if a building stands in the path of a fire, and it is believed that the destruction of the building may stop the fire, the building may be destroyed by public authority without any compensation.

That is from the case of *Bowditch* v. *Boston* (101 U. S. 16).

Mr. ADAMS. Does the Senator mean to say that if the Government decides it wants the building, it may take the building and pay nothing for it and not resort to due process of law? The cases cited by the Senator have nothing to do with this question. Of course property may be taken in order to stop the spread of fire or to stop the spread of epidemic.

Mr. LEE. Is not the passage of this bill predicated on an impending emergency?

Mr. ADAMS. The idea I am unsuccessfully trying to convey to the Senator is that the section of the House bill makes no such provision. All I am saying is that I am afraid that if we adopt the provision of the House bill we shall open it to the very attack from lawyers that has been challenged here. We are told that if we adopt the conference report it will be attacked. I say that I am fearful that if we take the House provision as it is, we shall open the way to a challenge of the very thing that we want; and I am wondering, if we adopt the House language, if we shall not defeat our very purpose.

I want to go just as far as the Senator from Oklahoma wants to go in providing that the material resources of the

country shall go along with the boys. If I wanted to defeat that purpose I should want to keep the House language in the law. That language will go a long way to defeat the very purpose we have in mind.

Mr. LEE. I do not believe the Court has ever passed on the question of the power of the Government to conscript men in time of peace; but they did pass on it in time of war, on the basis that the public welfare demanded it.

Mr. ADAMS. The Senator and I are not debating that question. I mean to say, there may be a question as to that. The courts have upheld the right to draft in time of war and in time of national emergency. That is as far as the courts have gone. That question went to the Supreme Court of the United States twice, and the limitation was of that kind. The Senator is quite right in saying that there is no adjudication of the right of the Federal Government to take boys into the Army in time of quietude and peace; but we are assuming that the draft is rightful, that the basis of this argument is there. I say that we ought to put in the same emergency provision to justify what we are doing, rather than to leave it out; and I say to the Senator that when we provide that the compensation to be paid under the House amendment shall be as fixed by the Secretary of War, we are jeopardizing the validity of the provision.

I am not objecting to the purpose. I am in accord with the purpose. I am merely saying to those of us who are urging one as against the other that perhaps they are jeopardizing the validity of the enactment.

Mr. RUSSELL and Mr. O'MAHONEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, the Senator from Colorado made the same argument so persuasively in the Committee on Appropriations that it was a notable contribution to the condemnation feature which was specifically written into the so-called Russell-Overton amendment. However, at that time I had not had an opportunity to examine all the decisions of the Supreme Court on this question.

In time of peace, in 1916, the Congress enacted a law which is practically identical in its phraseology with the amendment adopted by the House. As a matter of fact, the House amendment was lifted bodily from the act of 1916, even as to the penal section, with the exception that the House amendment struck out "in time of war, or when war is imminent."

In construing that act, which contains some phraseology which the Senator from Colorado says endangers the constitutionality of the House provision, the Supreme Court held in a number of cases that that was the exercise of the power of eminent domain by the Federal Government, as to use of the plant or as to the order of the specific commodity that was ordered, and that the act was valid, but did not shut off the person against whom the Government moved from suing for any value which might not have been included in that fixed by the Secretary of War or the Secretary of the Navy.

That did not depend on the war powers. I apprehend the Senator was about to argue that that depended on the war powers, but it depended on the construction of the law of eminent domain and not on the war powers. I think that is very clear from the decisions of some of the courts, the Supreme Court and circuit courts of appeal. I do not think there is any question about the constitutionality of the House provision.

Mr. ADAMS. I am not concerned as between the two provisions. I want the one adopted which is the most effective to accomplish the purpose we have in mind. I am merely suggesting that I am apprehensive that the House provision opens the way for an attack upon constitutional grounds, which the provision in the conference report perhaps does not. I have no particular concern with it. I happen to be one of those who voted against the draft. I happen to be one of those who do not think that present conditions justify the draft. I am merely saying that the Congress having decided in favor of the draft, I want an effective provision to insure that the necessary equipment, the necessary machinery, the necessary munitions and ordnance, shall be provided.

In the conference report there is an item which I think is of more consequence than the one now in question, which has been entirely overlooked. An amendment was put into the bill in the Senate imposing a 12-percent limit on the profits which manufacturers of ordnance and munitions should be permitted to receive, and the conference report takes that out, and leaves the producers of ordnance utterly unlimited. Senators are greatly disturbed over provisions which probably never will have to be invoked. I do not imagine there is a man or factory or plant in the United States which will not comply with any request the War Department may make. We have said to all of them, "Go ahead. We are going to limit you to 12 percent." Some of them said, "We must have at least 12 percent." We are taking off the limit of 12 percent which the Senate imposed, leaving them foot-loose, and at the same time making a great to do here about conscripting capital and making capital respond. Yet, it is desired that we take off the restrictions on the profits which capital may make. The only answer made is that in an excess-profits tax bill somehow we are going to get it back. How much? Not to exceed, at the outside, 50 percent of the excess profits.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. CLARK of Missouri. So far as the excess-profits tax bill, which is now under consideration, temporarily laid aside for the consideration of the conference report, is concerned, I think the Senator from Colorado is already well advised that it does not provide a bona fide excess-profits tax at all. It is estimated by the Treasury officially that the excess-profits feature of that bill will raise only $115,000,000, and $115,000,000 at a time when we are spending $15,000,000,000 a year is so small a proportion that it is not worth even considering. Yet we are swallowing such provisions as the one to which the Senator has referred, in the conference report, and the one in the tax bill, taking off every restriction on profits, on the theory that we are going to compensate the Government for them by $115,000,000.

Mr. ADAMS. Yes; we are saying that the Government can force the factories to produce the goods, and we are for it, but we are also saying they may produce the goods at a profit which may be unlimited, being unwilling to put a 12-percent limit on the manufacturer of guns.

Mr. CLARK of Missouri. Will the Senator yield again?

Mr. ADAMS. I yield.

Mr. CLARK of Missouri. So far as the bill which is now pending before the Senate is concerned, that is, the Senate version of the tax bill, I can say to the Senator from Colorado after 3 weeks of hearings and meetings of the Finance Committee that there is not one single line in the tax bill—embodying, as it does, the authorization to these companies to amortize at the rate of 20 percent a year—there is not a line in the Senate bill, because it has stricken out the provisions of the House bill, to protect any interest of the Government and of the purchasing public whatever.

Mr. ADAMS. If we remove the limit on profit even though the Treasury should get some of it back, which may be doubtful, it would increase the cost hundreds of millions of dollars.

As I have said, I am merely pointing out, so far as the immediate controversy over the report is concerned, what I think is a cautionary suggestion. I think the conference committee report is preferable to the original amendment, for which I voted, and I think the Senator from Georgia and the Senator from Louisiana are inclined to the same view.

Mr. RUSSELL. Mr. President, with all the limitations and restrictions around any contract the Government might undertake to make, and all the conditions present——

Mr. ADAMS. I do not desire to misrepresent the position of the Senator.

Mr. RUSSELL. In my opinion, we would be better off if the Senate had receded from its amendment and if the House had receded from its amendment than to adopt the conference report provision, which takes away the vitality of

the act of 1916, which is now on the statute books but which is modified by the conference report.

Mr. ADAMS. If the distinguished Senators who have studied the legal phases of this matter are willing to certify to the constitutionality of the provisions of the House bill, of course, as a country lawyer, I am willing to acquiesce.

Mr. O'MAHONEY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. O'MAHONEY. The Senator has raised what I conceive to be a very serious question with respect to the action of the conferees in eliminating the provision of the Senate bill which placed a limit upon the profits to be made by the manufacturer of ordnance. Those of us who do not have the advantage of being on either committee, of course, are not thoroughly familiar with all the provisions of either of the bills, and the explanation for this long debate has been that we are trying to find out what is in the bill.

I think that the question raised by the Senator should be discussed at length, but that, of course, is not the point upon which he attacked the motion which is now pending, the motion of the Senator from West Virginia.

Mr. ADAMS. I am not attacking it; I am merely asking the Senators from Wyoming and Georgia and other States their judgment as to the question of constitutionality, so that I may be guided by the light they may shed.

Mr. O'MAHONEY. I would feel complimented if I thought I could shed any light for the Senator from Colorado. I have known him too long and too well to be under any illusion about that. The Senator knows what is going on all the time, and I bask in his light and do not attempt to shed any for him.

I raised this question: In criticizing the House provision the Senator said that it authorized the Secretary of War and the Secretary of the Navy to fix the prices.

Mr. ADAMS. It says the prices shall be fair and just. That is the point the Senator is coming to.

Mr. O'MAHONEY. I knew I could not throw any light upon the Senator. The language is——

Mr. ADAMS. The point I have in mind is that they are being forced to give the order——

Mr. O'MAHONEY. At a reasonable price.

Mr. ADAMS. Without due process of law.

Mr. O'MAHONEY. I ask does the Senator believe that the power and authority granted by the House provision is strictly limited to the fixing of reasonable prices? If the Senator believes that the Secretary of War or the Secretary of the Navy should not fix a reasonable price, does the Senator not believe that the courts would be open to the individual who may complain?

Mr. ADAMS. To reach that conclusion, I would have to say that the law was not valid to a certain extent.

Mr. O'MAHONEY. Ah, Mr. President, the great mistake which has been made in the analysis of this bill or this provision is that many of the Senators who attack it do so upon the basis of thinking that it applies to all manufacturers, that it applies to all industries. It does not; it applies only to those who by a positive refusal have placed themselves in a certain category. The attack which has been made upon the House amendment prompts me to ask the Members of the Senate to indulge me while I read the provisions of the amendment. I have found that it is very helpful in any argument, if we are trying to determine what the facts are, to read the provisions of the proposed law or contract by which we are to fix our judgment. Now let us read the provisions of the House amendment which by the motion of the Senator from West Virginia we would write into the bill.

Mr. President, there are a great many Members of the Senate——

The PRESIDING OFFICER. The Senate will be in order and the occupants of the galleries will please maintain order.

Mr. O'MAHONEY. Mr. President, I wish to say that the galleries are not at fault. The only conversation which is going on here is that which is being indulged in by Members of the Senate and by the guests of the Senate who are now on the floor. This is really an important bill; those of us who are trying to present some points of view upon it, I think, are entitled to the undivided attention of the Members of the Senate, and I believe that the guests of the Senate should refrain from interrupting the proceedings.

Section 12 of the House bill reads as follows:

SEC. 12. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

It is obvious that those who drafted the House provision in using this language were taking care to provide that no great burden should be imposed upon any industry. The provision continues:

Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof—

Observe how the drafters of the House amendment referred over and over again to the responsible head or heads of the artificial units which carry on the manufacturing industry in America. That is a provision which was eliminated by the conference committee.

Mr. ADAMS. Mr. President——

Mr. O'MAHONEY. I ask the Senator to permit me to read it to the conclusion.

Mr. ADAMS. Certainly.

Mr. O'MAHONEY. I continue reading from the House amendment—

and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition—

Observe it is limited to those plants which are equipped for the manufacture—of what? Of arms and ammunition, the arms and ammunition which the boys we are proposing to draft will have to carry and use—

or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads therof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment—

Now comes the important language—

who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement—

Observe, "in addition to the present authorized methods of purchase or procurement"—

is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than 3 years and a fine not exceeding $50,000.

Obviously this whole provision is directed to those who refuse to perform a reasonable act in defense of the democracy

of the United States. Why, then, were the conferees so interested in drawing about firms and corporations, associations, and individuals who refuse their cooperation the protection which is to be found in the complicated, complex, and ungrammatical language contained in the conference report?

Mr. ADAMS. Will the Senator let me throw a little added protection about it?

Mr. O'MAHONEY. If the Senator will throw some light on it, I will yield to him.

Mr. ADAMS. The Senator from Georgia has submitted to me the case of the United States against McFarland, a case reported in Fifteenth Federal, second series, page 823, having to do with the 1916 act which has been referred to. In that case the court says:

> The President was given certain powers to fix prices of various commodities, of which it does not appear that in the spring of 1918 wool was one. Whether this could be constitutionally done we need not now stop to inquire. The Supreme Court has expressly reserved the question whether Congress may lawfully authorize the President, even in wartime, to fix conclusively the maximum prices at which one individual may sell to another. * * * It would, however, now seem clear that none of the statutes empowering the President or other executive agencies to fix prices authorized him or them finally to say what anyone must take for any property of his wanted by the Government for its own use. * * * The constitutional requirement that the Government must pay just compensation for what it takes is one which war does not suspend. * * * In the absence of agreement between the owner and the Government, what is just compensation is a judicial question, to be decided by the courts, and not by the Executive.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I will yield in a moment. I know the Senator has the cases before him, but I think the language of the House amendment is rather apropos, in view of what the Senator from Colorado has just said. It proceeds:

> The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing firm while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

Obviously this entire provision is pointed only at those who shall refuse to give preference to the United States, who shall refuse to manufacture the kind, quality, and quantity of arms, ammunition, or the parts thereof, as may be necessary, or who shall refuse to furnish arms or munitions or parts of munitions.

Mr. President, it seems to me that in these circumstances there can be no basis for any resistance to the provisions contained in the House amendment; nor can I see any basis whatsoever for the action of the conferees in weakening and modifying that proposal, and seeking to make it easier for those who would refuse to cooperate in furnishing supplies that are necessary for the men whom we compel to go into the Army.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on the motion of the Senator from West Virginia [Mr. NEELY].

Mr. CLARK of Missouri. Mr. President, the question presented by the motion of the Senator from West Virginia is an exceedingly simple one which has been passed upon by both the Senate and the House of Representatives heretofore. It is the question whether industry should be to some small degree conscripted in the same way as are the blood and brawn of the young men of America. That question was resolved in the Senate by a vote of 69 to 16, and in the House of Representatives by a vote of 330 to 83. The only dissenting voice of any importance that I heard of in the United States to the action of the Senate and the House when the bill was under consideration in the two bodies of the Congress, was that of Mr. Wendell Willkie, and apparently the conferees have gone out of their way to reconcile the differences between the two distinguished Republican members of the conference committee, the Senator from Vermont [Mr. AUSTIN] and the Senator from South Dakota [Mr. GURNEY] with their Presidential nominee. I believe that two such exceedingly decisive votes as 69 to 16 in the Senate, and 330 to 83 in the House, should not be overridden by the action of a few conferees.

Mr. President, any Senator could speak for hours, giving examples, but the reason for the Russell-Overton amendment may be very simply illustrated. Everyone knows that there were a great many war millionaires as the result of the last war. Everyone knows that the President of the United States has publicly proclaimed and addressed the American people saying that he was opposed to the creation of war millionaires out of this war. But, Mr. President, we are about to pass a tax bill which does not contain any restriction whatever; which grants to the corporations engaged in munitions manufacturing, amortization advantages which will enable them to have, at the end of a period of 5 years, a brand-new plant, geared up to efficiency by 5 years' practice, without it having cost them a cent.

The Senator from Colorado has very pertinently pointed out that the conference report also relieves the munitions manufacturers of any limitation whatever on profits—that is, the 12-percent limitation which has hitherto been imposed by law.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WALSH. To complete the record, this bill to conscript the youth of the country repeals a law which has been on the statute books since 1934, putting a limit on the profits of munitions makers, and in addition we have passed a law doing away with competitive bidding, and awarding contracts at any figure the munitions makers may name, which is agreed to by the Army.

Mr. CLARK of Missouri. I thank the Senator from Massachusetts, who has had much experience in this matter. I repeat that when all those circumstances are put together—the amortization under the pending tax bill, the repeal of the Vinson-Trammell Act, the repeal, as the Senator from Massachusetts has said, of any requirement whatever for competitive bidding, and then free munitions manufacturers, as in my opinion the conference report does, of any compulsory power on the part of the Government, to my mind it seems to leave the Government and likewise the public in an entirely helpless position.

My position is exactly that which was so eloquently and ably expressed by the Senator from Nebraska. I am opposed to the whole principle of a conscription act in time of peace. I intend to vote against the conference report, no matter what is in it, but I insist, Mr. President, that if we are going to conscript the young men of the country, and not give them any option whatever as to whether they shall be called to the colors, we ought to do something so far as we can equivalent to that process with respect to the industry of the country.

Mr. President, I have mentioned before on the floor the matter to which I am about to refer, and I will mention it again simply by way of illustration. In the last war—and I am referring to records of a Senate investigating committee—there happened to be one corporation in the United States, the Du Pont Powder Corporation, which knew better than anyone else how to manufacture powder. It had had years of experience in that work. It had, as a matter of fact, been supported for years by Government contracts. As a matter of fact, it owed its existence to the Government contracts which it had received.

But when the United States entered the war, in spite of the fact that that corporation had already made enough out of the war by supplying powder and munitions of various sorts to France and Great Britain to buy the control of the General Motors Co., one of the leading corporations in the United States, when the United States Government asked the company for the use of its services in constructing a Government powder plant, the company haggled with the Government for 7 or 8 months, during a time of great crisis during the war, during part of which time it seemed as though the Germans might break through. When American troops were in France and needed the ammunition to be supplied, the company hag-

gled as to the compensation which the executives of the company were to receive, the bonuses which the executives of the company were to receive, and the bonuses which the laborers of the company should receive. If Congress should adopt the policy of drafting men, I do not think such instances as that should again be permitted to occur.

I cite another instance, Mr. President. Representatives of the Bethlehem Steel Co. appeared before the munitions committee. Mr. Eugene G. Grace, president of the Bethlehem Steel Co., after testifying at some length as to the tremendous profits made by the Bethlehem Steel Co. during the last war, was asked by my friend the Senator from Washington [Mr. BONE] whether or not he favored the payment of a bonus to the veterans of that war. Mr. Grace replied with great feeling that he thought that even the suggestion of the payment of a bonus to men who had been drafted only to do their duty was a reflection on anybody who advocated it and a repudiation of the fundamental principles of the Republic. Then I asked Mr. Grace, "How much of a bonus did you receive for making steel at a very safe place at Bethlehem, Pa., during the 2 years the United States was engaged in the war, in comparison with the men who went through barbed-wire entanglements, faced mustard gas, artillery fire, and everything else?"

Mr. Grace said he could not tell me at the moment how much he had received. He could not even remember. It was such a large figure that it had slipped his mind; but he said he would furnish me a statement. When he said that, I asked him to furnish me at the same time a statement with respect to the other important members of the Bethlehem Steel Co. This is what I found:

For the year 1917, in addition to a princely salary for the safe job of making steel at Bethlehem, Pa., Mr. Eugene Grace received a bonus of $1,501,532.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WALSH. How many years did that cover?

Mr. CLARK of Missouri. That covered the year 1917.

Mr. WALSH. Only 1 year?

Mr. CLARK of Missouri. One year. I shall read the figures for 1918 in a moment.

Mr. B. H. Jones, secretary-treasurer of the Bethlehem Steel Co., in addition to receiving a princely salary for the safe business of making steel at Bethlehem, Pa., received a bonus of $250,255.

Mr. F. A. Shick, comptroller, received a bonus of $200,205.

Mr. H. S. Snyder, vice president, received a bonus of $350,357.

In addition, certain other bonuses were paid that year. Mr. W. M. Tobias, purchasing agent, received a bonus. Mind you, he was only purchasing supplies to be sold to the Government at a tremendous profit. The supplies were being sold to the Government at prices which made possible the payment of these tremendous bonuses. Mr. W. M. Tobias, purchasing agent, received a bonus of $150,153. Mr. J. W. Powell, vice president, received a bonus of $70,798. Mr. S. W. Wakeman, general manager of a subsidiary, received a bonus of $4,279. Mr. H. G. Smith, manager of one of the subsidiary corporations, received a bonus of $18,492. Mr. H. Brown, technical manager, received a bonus of $15,028.

The Senator has asked me what period that covered. I shall give the figures for the next year, 1918. I asked only for the figures for the 2 years the United States was engaged in the war, at a time when men who had been drafted were crawling through rusty barbed wire, facing mustard gas, artillery fire, mortars, Flammenwerfers, and everything else, at $1.25 a day.

Mr. WALSH. Mr. President——

Mr. CLARK of Missouri. I yield to the Senator from Massachusetts.

Mr. WALSH. Is it not a fact that the exposures which the Senator's committee made, indicating the excessive profits and the large bonuses paid during the World War, led to the enactment of the act of 1934, which we are repealing tonight?

Mr. CLARK of Missouri. I do not think there is any doubt whatever on that subject. The thing I am now protesting against is that not only are we wiping out every protection of the Government of the United States which has been put into the law since the last war, but by the adoption of the conference report, unless the motion to recommit shall be agreed to, we shall be wiping out any possibility of the Government of the United States protecting itself by taking over property.

A moment ago the Senator from Massachusetts asked me how long a period I was covering. In the last figures I gave I was covering only the calendar year 1917. I shall now read the figures for 1918, from Mr. Grace's own testimony.

Mr. Eugene G. Grace, president, received a bonus of $1,386,193, making a total during the 2 years that the United States was engaged in war of $2,887,725. This was the man who asserted to a Senate committee that men who were drafted were doing no more than their duty when they went through the barbed wire or under a barrage to an attack. He said that they were doing no more than their duty; and that it was a disgrace for them, or for anybody in their behalf, to ask for the payment of a bonus.

Mr. H. S. Snyder, vice president, received a bonus of $323,445 in 1918. Mr. B. H. Jones, secretary-treasurer, received a bonus of $231,032.

F. A. Shick, comptroller, $184,826.

R. E. McMath, assistant secretary—here was a man who was only assistant secretary of the Bethlehem Steel Co. I do not know anything about the man, but he was probably young enough to have been a good soldier. He was only an assistant secretary; but R. E. McMath, assistant secretary, got a bonus of $6,187.

E. B. Hill, treasurer, got a bonus of $46,206.

H. E. Lewis, vice president, got a bonus of $323,445.

J. M. Larkin, assistant to the president, got a bonus of $9,113.

J. W. Powell, vice president, got a bonus of $323,445.

A. Foster, assistant secretary and treasurer, got a bonus of $36,714.

S. W. Wakeman, general manager, got a bonus of $49,142.

H. G. Smith, manager—he has been mentioned before, but here he comes again—got a bonus of $112,628.

This is all in 1 year, mind you.

H. Brown, technical manager, got a bonus of $112,628.

A. W. Christian, manager of materials, got a bonus of $7,884.

H. P. Phelps, standardization of plants—mind you, these are all bonuses in addition to very liberal salaries—got a bonus of $11,263.

R. Warriner, chief engineer, got a bonus of $28,157.

H. P. Frear, naval architect, got a bonus of $28,157.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. CLARK of Missouri. I yield to the Senator from Oklahoma.

Mr. LEE. That is the same company which has a case pending before the Supreme Court which is to be heard next month, and the same company which is trying to collect 27 percent on its contracts during the World War, and the same company which said—let me read the words of the judge:

> We will take the contract with this promise of bonus profits incorporated in it but not otherwise. You take it or leave it.

Mr. CLARK of Missouri. Mr. President, that is the same company; and it is in the same class with another company which I read about within the past month or 6 weeks, the United States Steel Corporation, when I read that the chairman of the board had said that if the Government did not permit them to amortize, not only for tax purposes but through the sales price——

Mr. LEE. It was Mr. Olds who said that.

Mr. CLARK of Missouri. To amortize in 3 years, the United States Steel Corporation would refuse to make armor plate for the Government.

Mr. President, as I said a moment ago, I do not intend to vote for this conference report anyway, because I am essentially, fundamentally, and irrevocably opposed to the

principle of conscription in time of peace. I am particularly opposed to it at a time when the President of the United States is arrogating to himself, without submission to Congress, the power to give away a seventh of the United States Navy, and when it is being projected in the newspapers, as it was before the destroyer deal, that we shall send the few tanks we have to be used by foreign powers, and that the United States shall give up the tremendous airships known as flying fortresses. But, Mr. President, irrespective of that, I think this question is an extremely essential one, irrespective of the decision of any Senator on the ultimate question of whether conscription in time of peace shall be adopted in the United States, because I think that to adopt the principle of conscripting boys, the blood and brawn of the United States, without at the same time making industry assume some obligation to the Government of the United States is little short of treason.

Mr. MALONEY. Mr. President, I shall not long detain the Senate; but, because I am one of the few who resisted the so-called Russell-Overton amendment when this subject was earlier under discussion in the Senate, I should like to make the RECORD, and my own position, clear.

I should like to associate myself with the latest stand so ably taken by the junior Senator from Georgia [Mr. RUSSELL]. It seemed to me that the Russell-Overton amendment, which it now is admitted was hastily drawn, went so very far that it was a horrible mistake to adopt it. It seemed to me that under the so-called Russell-Overton amendment the language very clearly provided that any facility, including the press of the country and the radio of the country, might be taken over by either the Secretary of War or the Secretary of the Navy.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. MALONEY. I yield.

Mr. OVERTON. Does the Senator realize that the President today has authority to take over every radio station in the United States?

Mr. MALONEY. I do recognize that fact.

Mr. OVERTON. Has the Senator read the amendment offered by the Senator from Georgia and myself in connection with the provisions of the act which it amends? If so, I am quite sure he is bound to arrive at the conclusion that it refers only to manufacturers and facilities engaged in the production of war matériel.

Mr. MALONEY. I should like to remind the distinguished Senator from Louisiana, very able lawyer that he is, that the language of his amendment read "manufacturing plant or facility," and not "manufacturing plant and facility." The matter was very definitely discussed at that time in the Senate; and, as I recall, at least one Senator made it clear that so far as he was concerned he believed, and I do not recall that it was challenged by any one, that it included the radio and the press. I may be mistaken about that.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MALONEY. I do not want to attribute that statement to the sponsors of the amendment, but I seem to recall that that language was used at the time the amendment was under discussion.

Mr. RUSSELL. Mr. President——

Mr. MALONEY. I yield to the Senator from Georgia.

Mr. RUSSELL. I understood a Senator to state that that power should exist, but I did not hear any Senator assert on the floor that that power was contained in the amendment. If it had been so stated, I should have immediately stated my view that no such power could conceivably have been conferred by the amendment. The statement was made that that power should exist.

Mr. LEE. Mr. President, will the Senator yield?

Mr. MALONEY. In just a moment I will yield to the Senator from Oklahoma.

I disagree with the interpretation of the Senator from Georgia on his own amendment. I should like to read it. It provides:

> Whenever the Secretary of War or the Secretary of the Navy determines that any existing manufacturing plant or facility is necessary for the national defense and is unable to arrive at an agreement with the owner of such plant or facility for its use or operation by the War Department or the Navy Department—

And so forth. I quite understand that it was never the intention of the sponsors of this amendment to include the radio and the press. I know them well enough to know that they would resist such a confiscatory attempt so long as they were able to resist it; but it seems to me that interpretation was placed upon the language, and it further seems to me, so far as the language itself is concerned, that it might, by not too great a stretch of the imagination, include the press and the radio.

Mr. LEE. Mr. President——

Mr. MALONEY. I yield to the Senator from Oklahoma.

Mr. LEE. Of course the Senator is referring to a statement which I made. I desire to say that I never had any intention of being a party to passing legislation to give the President peacetime power to take over the press. I did not make any statement of that kind. The Senator from Georgia said that the power should exist. He is correct with one addition—in wartime.

In that regard I wish to read from the Supreme Court of the United States in the case of United States against Macintosh, in which the Court said:

> From its very nature the war power, when necessity calls for its exercise, tolerates no qualifications or limitations, unless found in the Constitution or its applicable principles of international law. In the words of John Quincy Adams, "This power is tremendous; it is strictly constitutional; but it breaks down every barrier so anxiously erected for the protection of liberty, property, and of life."
>
> To the end that war may not result in defeat, freedom of speech may, by act of Congress, be curtailed or denied so that the morale of the people and the spirit of the Army may not be broken by seditious utterances; freedom of the press curtailed to preserve our military plans and movements from the knowledge of the enemy; deserters and spies put to death without indictment or trial by jury; ships and supplies requisitioned; property of alien enemies, theretofore under the protection of the Constitution, seized without process and converted to the public use without compensation and without due process of law in the ordinary sense of that term; prices of food and other necessities of life fixed or regulated; railways taken over and operated by the Government; and other drastic powers, wholly inadmissible in time of peace, exercised to meet the emergencies of war.

I believe every Senator means to be fair. I repeated each time the matter was referred to that my statement applied only in case the United States were actually in war. I said that power should exist. It does exist. My saying it would not change it. Congress could not change it. It has existed since the time of Adams.

Let me make a further statement: It is because I want to preserve freedom of the press and freedom of speech and all other liberties which we enjoy in this country that I am doing everything I can to promote a preparedness program to prevent us from every having to live in a Nazi-dominated world.

Mr. MALONEY. Mr. President, I am very certain that is the noble purpose and intent of the Senator from Oklahoma; and while I have no desire to criticize him or anything he has said, I should like to remark that it seems to me that if he would go about it in that way he would take a very strange and uncertain road.

Mr. President, I wish to express myself in agreement with the statements of those here who have expressed the belief that the conferees have gone too far and have exceeded their power. I am completely in accord with the language adopted by the House, for the reason that it would treat a recalcitrant industrial plant exactly as it would treat young men under the law.

We were not confronted with that issue under the Russell-Overton amendment. That amendment meant a conscription of such plants for all time, and under such a procedure it seemed to me conscription of labor was inevitable. But the House, having the benefit of the study and experience of the conscientious sponsors of the Senate amendment, and greater time for thought, prepared a much better and a fair amendment, and because it is completely within the Constitution, because it was certainly the overwhelming desire of the Senate that some such language should be in the

bill, and because it was the desire of the House, I hope that the motion of the Senator from West Virginia will prevail.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia [Mr. NEELY].

Mr. RUSSELL. I ask for the yeas and nays.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	King	Russell
Andrews	Frazier	La Follette	Schwartz
Barkley	George	Lee	Schwellenbach
Bilbo	Gerry	McCarran	Sheppard
Bridges	Gibson	McKellar	Stewart
Brown	Gillette	McNary	Thomas, Idaho
Bulow	Green	Maloney	Thomas, Okla.
Burke	Guffey	Mead	Thomas, Utah
Byrd	Gurney	Miller	Townsend
Byrnes	Hale	Minton	Truman
Capper	Harrison	Murray	Vandenberg
Caraway	Hatch	Neely	Van Nuys
Chandler	Hayden	Norris	Wagner
Clark, Idaho	Herring	O'Mahoney	Walsh
Clark, Mo.	Hill	Overton	Wheeler
Connally	Holt	Pittman	Wiley
Danaher	Hughes	Radcliffe	
Davis	Johnson, Calif.	Reed	
Downey	Johnson, Colo.	Reynolds	

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present.

The question is on the motion of the Senator from West Virginia [Mr. NEELY], as modified, which will be stated.

The Chief Clerk read as follows:

I move that the report be recommitted to the conference committee with instructions to the conferees on the part of the Senate to accept (and, if necessary, to insist upon such acceptance), in lieu of the language contained in section 9 of the conference report (relating to the taking over of manufacturing plants by the President), the language contained in section 12 of the House amendment, and that they report back to the Senate at the earliest practicable moment.

The PRESIDING OFFICER. The yeas and nays have been requested.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this motion I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I am advised that if present he would vote as I am about to vote. I am therefore at liberty to vote and vote "nay."

Mr. TRUMAN (when his name was called). I have a general pair with the Senator from Minnesota [Mr. SHIPSTEAD], who would vote as I intend to vote, so I am at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. DAVIS. On this vote I have a pair with the senior Senator from Illinois [Mr. LUCAS]. Not knowing how he would vote, I withhold my vote.

Mr. DANAHER. On this vote I have a pair with the junior Senator from Florida [Mr. PEPPER]. I understand that I may transfer my pair to the junior Senator from New Hampshire [Mr. TOBEY]. I do so, and will vote. I vote "nay."

Mr. STEWART. I have a general pair with the junior Senator from Oregon [Mr. HOLMAN]. I am unable to get a transfer, and therefore I withhold my vote.

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Florida [Mr. PEPPER], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. McNARY. I announce the following pairs on this question:

The Senator from New Jersey [Mr. BARBOUR], who would vote "nay," with the Senator from South Carolina [Mr. SMITH], who would vote "yea"; the Senator from Vermont [Mr. AUSTIN], who would vote "nay", with the Senator from North Dakota [Mr. NYE], who would vote "yea"; the Senator from Massachusetts [Mr. LODGE], who would vote "nay," with the Senator from Ohio [Mr. DONAHEY], who would vote "yea"; the Senator from Maryland [Mr. TYDINGS], who would vote "nay," with the Senator from North Dakota [Mr. FRAZIER], who would vote "yea"; and the Senator from Virginia [Mr. GLASS], who would vote "nay," with the Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea."

The result was announced—yeas 37, nays 33, as follows:

YEAS—37

Bilbo	Harrison	McKellar	Schwellenbach
Brown	Hayden	Maloney	Truman
Bulow	Herring	Mead	Van Nuys
Byrnes	Hill	Murray	Wagner
Capper	Holt	Neely	Walsh
Caraway	Johnson, Calif.	Norris	Wheeler
Clark, Mo.	Johnson, Colo.	O'Mahoney	Wiley
Ellender	La Follette	Pittman	
Green	Lee	Russell	
Guffey	McCarran	Schwartz	

NAYS—33

Adams	Danaher	Hughes	Sheppard
Andrews	Downey	King	Thomas, Idaho
Barkley	George	McNary	Thomas, Okla.
Bridges	Gerry	Miller	Thomas, Utah
Burke	Gibson	Minton	Townsend
Byrd	Gillette	Overton	Vandenberg
Chandler	Gurney	Radcliffe	
Clark, Idaho	Hale	Reed	
Connally	Hatch	Reynolds	

NOT VOTING—25

Ashurst	Davis	Nye	Taft
Austin	Donahey	Pepper	Tobey
Bailey	Frazier	Shipstead	Tydings
Bankhead	Glass	Slattery	White
Barbour	Holman	Smathers	
Bone	Lodge	Smith	
Chavez	Lucas	Stewart	

So Mr. NEELY's motion as modified, to recommit the bill, with instructions, to the conference committee was agreed to.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. BARKLEY. Mr. President, I suppose the action just taken automatically brings the tax bill back before the Senate.

The PRESIDING OFFICER. That is correct.

Mr. BARKLEY. Mr. President, I ask unanimous consent that during the further consideration of the La Follette amendment to the pending bill no Senator shall speak more than once or longer than 15 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. LEE. Mr. President, what is the request?

Mr. BARKLEY. The request is that during the further consideration of the La Follette amendment no Senator shall speak more than once or longer than 15 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEE. Mr. President, I submit an amendment intended to be proposed by me to House bill 10413, the revenue bill, which I ask may be printed and lie on the table. The purpose of the amendment is to provide for the drafting of capital.

The PRESIDING OFFICER. The amendment of the Senator from Oklahoma will be received, printed, and lie on the table.

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to the bill (H. R. 10413) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

PRINCIPLES GOVERNING NATIONAL DEFENSE ADVISORY COMMISSION IN THE LETTING OF DEFENSE CONTRACTS—LABOR POLICY (H. DOC. NO. 950)

The PRESIDING OFFICER (Mr. ELLENDER in the chair) laid before the Senate the following message from the

President of the United States, which was read and referred to the Committee on Education and Labor:

To the Congress of the United States:

The National Defense Advisory Commission on September 6, 1940, unanimously agreed to and adopted general principles governing the letting of national-defense contracts. On August 31 the Commission also unanimously adopted a statement of labor requirements as a guide for contractors who have received national-defense orders from the United States Government.

I consider these two documents to be of such importance as to justify my sending them to the Members of the Senate and the House of Representatives as a matter of information. The values of these policies and principles to the Government, to industry, agriculture, labor, and to the country, sectionally and as a whole, will be seen at once.

The general principles governing the letting of defense contracts follow:

The essence of the preparedness program is the getting of an adequate supply of materials of the proper quality in the shortest space of time possible. Considerations of price alone are highly important, but in the emergency are not governing.

1. Speed of delivery of all items on the defense program is essential. This means:

(a) That orders should be placed in such a manner as to insure the most efficient use of each particular facility from the point of view of the program as a whole;

(b) That proper consideration should be given to contributory industries, such as the machine-tool industry, to avoid creating underlying bottlenecks;

(c) That once delivery dates are fixed, assurance be given that they will be met by the supplier.

2. Proper quality is also of prime importance. It is therefore necessary to determine, first of all, whether or not the supplier can meet the quality requirements as specified. There should be a willingness on the part of both the Army and the Navy, on the one hand, and of the supplier, on the other, to adjust specifications on a cooperative basis in order that such specifications may come as near as possible to meeting commercial standards while at the same time fulfilling the military requirements.

3. Price, while not the sole consideration, is of outstanding significance, and every effort must be made to secure a fair price. This must take recognition, among other things, of determination of proper cost factors.

4. The impact of the defense program upon the consumers must be recognized. This relates to such factors as—

(a) Due regard to the necessity of protecting civilian needs and morale;

(b) Proper health and housing conditions among employees;

(c) Consideration to possible off-season production in order to dovetail the military program into production for civilian requirements. Off-season production should also lead to lower overhead and consequently to lower prices for both the consumers and the Government.

5. Adequate consideration must be given to labor. This means compliance with the principles on this subject stated by the Commission in its release of August 31, copy of which is attached hereto.

6. Undue geographic concentration of orders should be avoided, both as to procurement districts and as to industrial sections within any such procurement district. Reasons for such decentralization relate to factors of military strategy, as well as avoiding congestion that will slow down production.

7. Financial responsibility of the supplier should be examined. Ability to post a bond does not necessarily dispose of this problem. The probability should exist that the supplier will be able to continue in business, at least long enough to complete his contract satisfactorily. Further, an ability to finance himself through private sources should take preference over necessity for securing Government aid.

8. The avoidance of congestion of transportation facilities should be sought. The same applies to warehousing facilities.

9. Due consideration should be given to the adequacy of power facilities, particularly where furnished by public utilities.

10. A general preference should be given to firms having experience with so-called educational orders.

11. The moral responsibility of the supplier is important, and in some respects fundamental. There should be evidence of honest and sincere desire to cooperate with the Army and Navy in producing what is called for, and on time, without profiteering; to assume some risks himself rather than attempting to shift all such risks to the Government; and to furnish a correct statement as to his capacity and his experience. The supplier's general standing and reputation among reputable businessmen (as distinct from his financial rating) is one index of such qualifications.

12. The Commission recognizes that competitive bidding is the better procedure in certain types of industry and circumstances. However, it is often impossible to make sure that the principles outlined above are followed when contracts are placed on the basis of price alone and are let to the lowest bidder. Therefore, in cases where competitive bidding will not fulfill the above-stated needs of national defense, the Commission recommends that the use of the negotiated contract be authorized where necessary in order that these objectives be obtained in making defense purchases.

Following is the statement of labor policy adopted by the National Defense Advisory Commission:

Primary among the objectives of the Advisory Commission to the Council of National Defense is the increase in production of materials required by our armed forces and the assurance of adequate future supply of such materials with the least possible disturbance to production of supplies for the civilian population. The scope of our present program entails bringing into production many of our unused resources of agriculture, manufacturing, and manpower.

This program can be used in the public interest as a vehicle to reduce unemployment and otherwise strengthen the human fiber of our Nation. In the selection of plant locations for new production, in the interest of national defense, great weight must be given to this factor.

In order that surplus and unemployed labor may be absorbed in the defense program, all reasonable efforts should be made to avoid hours in excess of 40 per week. However, in emergencies or where the needs of the national defense cannot otherwise be met, exceptions to this standard should be permitted. When the requirements of the defense program make it necessary to work in excess of these hours, or where work is required on Saturdays, Sundays, or holidays, overtime should be paid in accordance with the local recognized practices.

All work carried on as part of the defense program should comply with Federal statutory provisions affecting labor wherever such provisions are applicable. This applies to the Walsh-Healey Act, Fair Labor Standards Act, the National Labor Relations Act, etc. There should also be compliance with State and local statutes affecting labor relations, hours of work, wages, workmen's compensation, safety, sanitation, etc.

Adequate provision should be made for the health and safety of employees;

As far as possible, the local employment or other agencies designated by the United States Employment Service should be utilized;

Workers should not be discriminated against because of age, sex, race, or color;

Adequate housing facilities should be made available for employees.

The Commission reaffirms the principles enunciated by the Chief of Ordnance of the United States Army, during the World War, in his order of November 15, 1917, relative to the relation of labor standards to efficient production:

"In view of the urgent necessity for a prompt increase in the volume of production * * *, vigilance is demanded of all those in any way associated with industry lest the safeguards with which the people of this country have sought to protect labor should be unwisely and unnecessarily broken down. It is a fair assumption that for the most part these safeguards are the mechanisms of efficiency. Industrial history proves that reasonable hours, fair working conditions, and a proper wage scale are essential to high production. * * * Every attempt should be made to conserve in every way possible all of our achievements in the way of social betterment. But the pressing argument for maintaining industrial safeguards in the present emergency is that they actually contribute to efficiency."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 13, 1940.*

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. ELLENDER in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, several treaties, and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the nomination of Arnold Wilson Cowen, of Texas, to be regional director, Farm Security Administration.

He also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER. If here be no further reports of committees, the nominations on the calendar will be stated.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters on the calendar.

Mr. BARKLEY. I move that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 8 o'clock and 58 minutes p. m.) the Senate took a recess until tomorrow, Saturday, September 14, 1940, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate, September 13 (legislative day of August 5), 1940

SECRETARY OF COMMERCE

Jesse H. Jones, of Texas, to be Secretary of Commerce.

UNITED STATES DISTRICT JUDGE

Marion Speed Boyd, of Tennessee, to be United States district judge for the western district of Tennessee, vice Hon. John D. Martin, Sr., who has been elevated to the United States Circuit Court of Appeals for the Sixth Circuit.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO FINANCE DEPARTMENT

Maj. Henry Leonard Kersh, Field Artillery, with rank from July 1, 1940.

Capt. John Wingo Dansby, Infantry, with rank from August 1, 1935.

PROMOTIONS IN THE REGULAR ARMY

MEDICAL CORPS

To be captains

First Lt. George Zalkan, Medical Corps, from October 12, 1940.

First Lt. John William Linfesty, Medical Corps, from October 15, 1940.

DENTAL CORPS

To be captains

First Lt. Thomas James Hagen, Dental Corps, from October 1, 1940.

First Lt. William Brooks Simms, Dental Corps, from October 1, 1940.

First Lt. Marshall Clemmon Clerk, Dental Corps, from October 1, 1940.

First Lt. John Eugene Finnegan, Dental Corps, from October 1, 1940.

First Lt. Frederick Reuben Corbin, Dental Corps, from October 1, 1940.

First Lt. Frederick Henry Richardson, Jr., Dental Corps, from October 1, 1940.

First Lt. Henry Stuart Carroll, Dental Corps, from October 1, 1940.

First Lt. Donald Bliss Lenkerd, Dental Corps, from October 1, 1940.

First Lt. Frank Garvey Bolton, Dental Corps, from October 1, 1940.

First Lt. William Foster Perkins, Jr., Dental Corps, from October 28, 1940.

VETERINARY CORPS

To be captain

First Lt. David Samuel Hasson, Veterinary Corps, from October 24, 1940.

CHAPLAINS

To be major

Chaplain Patrick James Ryan (captain), United States Army, from October 6, 1940.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 13 (legislative day of August 5), 1940

POSTMASTERS

ALABAMA

Virgil B. Gross, Pisgah.
James E. Reid, Scottsboro.

MARYLAND

C. Howard Brown, Bladensburg.
James F. Faulkner, Lansdowne.

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 13, 1940

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. RAYBURN].

The Reverend William Andrew Keese, pastor, Metropolitan Memorial Methodist Church, Washington, D. C., offered the following prayer:

Almighty God, judge of the nations, and our own God, help us, we beseech Thee, to behold Thee high and lifted up, yet not far from any one of us. Above the confusion of our own times, let us feel Thy perfect calm. Above the noise of strife, let us hear Thy still small voice. Above the counsels of despair, let us know Thine everlasting hope. We thank Thee for Thy favor upon our Nation, that in an age of tyranny our ancient liberties are still unimpaired and in a year of war we are still at peace. Teach us to guard our heritage, to secure justice, and promote brotherhood. Give us the spirit of unity, that we may remain "one Nation indivisible, with liberty and justice for all." Endow us with generosity to relieve the suffering of our brothers of other lands and to succor all the innocent victims of war. Above all, grant us courage that we may have the strength to do what we ought and to endure what we must. And while the kingdoms of earth totter into dust, may we never lose the vision of the kingdom which shall never perish, whose foundation is in truth and righteousness. We pray in the spirit of Jesus the Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On August 30, 1940:

H. R. 10004. An act to provide for the transfer of the duplicates of certain books in the Library of Congress to the Beaufort Library, of Beaufort, S. C.

On September 4, 1940:

H. R. 3976. An act for the relief of Violet Knowlen, a minor.

H. R. 6061. An act for the relief of Hazel Thomas.

H. R. 6334. An act for the relief of Pearl Waldrep Stubbs.

H. R. 8605. An act for the relief of Mary Janiec and Ignatz Janiec.

On September 5, 1940:

H. R. 9575. An act to amend the Federal Aid Act, approved July 11, 1916, as amended and supplemented, and for other purposes.

On September 9, 1940:

H. R. 10263. An act making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H. R. 8551. An act for the relief of Xenophon George Panos;

H. R. 10026. An act to provide for the disposition of certain photographed records of the United States Government, and for other purposes;

H. R. 10176. An act authorizing the Secretary of the Interior to issue patents for lands held under color of title;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy;

H. J. Res. 445. Joint resolution to establish a Commission for the Celebration of the Two Hundredth Anniversary of the Birth of Thomas Jefferson; and

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3501. An act to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Co. of California and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15);

S. 3607. An act to authorize research by the Public Health Service relating to the cause, diagnosis, and treatment of dental diseases;

S. 3612. An act to authorize the Secretary of War to accept as loans from States and political subdivisions thereof funds to be immediately used in the prosecution of authorized flood-control work, and for other purposes;

S. 3841. An act to allow an additional period of 6 months in which to file claims for increased compensation to certain Government employees for the period July 1, 1917, to June 30, 1924;

S. 4245. An act to authorize the Secretary of the Navy to establish certain naval hospitals;

S. 4254. An act authorizing postgraduate instruction for civilian employees of the Naval Establishment; and

S. 4311. An act to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4088. An act to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 4165. An act to provide, in cooperation with the Port of New York Authority, for the construction in New York Harbor of a graving drydock large enough to accommodate the largest naval ships built or building.

The message also announced that the Senate recedes from its amendments to the bill (H. R. 4031) entitled "An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio."

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 162) entitled "An act to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SCHWARTZ, Mr. JOHNSON of Colorado, and Mr. TOBEY to be the conferees on the part of the Senate.

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. GIFFORD] may be excused from service as a conferee on the part of the House in the conference on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, and that the gentleman from Massachusetts [Mr. LUCE] be substituted as a conferee.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none and appoints the gentleman from Massachusetts [Mr. LUCE] as a member of the conference on the bill referred to, and the Clerk will notify the Senate thereof

EXPLOSION AT KENVIL, N. J.

Mr. EATON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON. Mr. Speaker, I am sure every Member of this House joins me in feelings of profound sympathy for the sufferers and their sorrowing families, so suddenly and tragically stricken by the terrific explosion which occurred yesterday in Kenvil, N. J., in my district.

As yet it has been impossible to determine the full extent of the disaster in dead and injured, nor to fix the blame. In response to my request for an immediate and searching investigation, the Federal Bureau of Investigation advises me that its men are now on the spot investigating for possible sabotage. The Intelligence Department of the Army is sending its experts to find, if they can, any technical causes of the tragedy. The work of both these agencies is made difficult by the fact that an explosion of this magnitude always destroys the evidence as to its immediate cause.

The national importance of this disaster is stressed by the fact that it occurred only a few miles from our great Picatinny Arsenal and from the Naval Ammunition Depot at Lake Denmark.

Mr. Speaker, these are dangerous and difficult times. It is the duty of every loyal citizen to be vigilant in preventing accidents through carelessness, and especially in unmasking every subversive agency whose purpose it is to destroy American life and property and thus weaken our national defense. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the appendix of the RECORD by incorporating a memorandum showing the awarding of contracts on September 9.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

EXCHANGE OF DESTROYERS FOR BASES IN THE WESTERN HEMISPHERE

Mr. VINSON of Georgia. Mr. Speaker, on behalf of the Committee on Naval Affairs, I present a privileged resolution.

The Clerk read as follows:

House Resolution 593

Resolved, That the Secretary of the Navy is hereby directed to inform the House of Representatives forthwith whether any American citizens, officers, and enlisted men of the United States Navy manned one or more of the destroyers exchanged for bases in the Western Hemisphere and sailed upon such vessels into a combat area and into a port of a belligerent nation, and, if so, upon what authority of law.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the letter from the Under Secretary of the Navy may be read.

There being no objection, the Clerk read the letter, as follows:

SEPTEMBER 13, 1940.

The CHAIRMAN, COMMITTEE ON NAVAL AFFAIRS,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: House Resolution 593 "calling on the Secretary of the Navy for information whether exchanged destroyers were manned and sailed into a combat area or port of a belligerent by American citizens, officers, and men of the United States Navy" was referred to the Navy Department by your committee with request for comment and recommendation.

None of the destroyers exchanged for bases in the Western Hemisphere have sailed or will sail, while manned by United

States naval forces, into a combat area so designated by the President in accordance with section 3 of Public Resolution No. 54, Seventy-sixth Congress, approved November 4, 1939.

The destroyers in question manned by officers and enlisted men of the United States Navy have sailed or will sail into a Canadian port, where the personnel will be detached for return to the United States.

There is no known law prohibiting United States naval vessels from visiting any foreign port, belligerent or neutral.

The Navy Department interposes no objection to the passage of this resolution.

The Navy Department has been advised by the Bureau of the Budget that there would be no objection to the submission of this report.

Sincerely yours,

JAMES FORRESTAL, *Acting.*

Mr. VINSON of Georgia. Mr. Speaker, I understand the letter of the Under Secretary of the Navy contains the information called for in the resolution. I therefore move to lay the resolution on the table.

The motion was agreed to.

THE LATE JOHN R. CONNELLY, OF KANSAS

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CARLSON. Mr. Speaker, I rise to announce the death of Hon. John R. Connelly, a former Member of the House of Representatives.

Mr. Connelly represented the Sixth Congressional District of Kansas during the Sixty-third, Sixty-fourth, and Sixty-fifth Congresses. As a Member of the World War Congress he was one of a group of 50 who voted against the entry of the United States into that war. This vote typifies that he was a man of convictions, and he was not afraid to take a stand, even when its popularity was questioned. The intervening twenty-some years since that vote was cast have convinced most everyone that our entry into that war was responsible for the misery and serious economic condition which has faced this country ever since. It is interesting to note that at present there are only 2 Members in Congress who were here and cast their votes against entry into the World War. They are the Honorable GEORGE H. NORRIS, Senator from Nebraska, and Hon. HAROLD KNUTSON, Representative from Minnesota. The late Honorable Ernest L. Lundeen, Senator from Minnesota, who met his death in the tragic airplane accident 2 weeks ago, was another member of that group.

Mr. Connelly was born in Brown County, Ill., on February 27, 1870, and moved to Thomas County, Kans., in 1888, where he lived until his death. Mr. Connelly was an educator, having served as county superintendent of schools in his home county. Later he became editor and owner of the Colby Free Press, and through these mediums he influenced the growth and development of western Kansas. His ideals and vision have been transplanted to that section, and we who are younger will continue to benefit from his sojourn there.

Mr. Connelly is survived by his widow, three sons, and two daughters.

Under the rules of the House it is not permissible to extend remarks at this point by including extraneous matter, and therefore I am extending my remarks in the Appendix of the RECORD and giving a list of those who were here in the Sixty-fifth Congress and voted against our entry into the World War. The list also includes the names of those Members who are still living.

EXTENSION OF REMARKS

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to extend my remarks by including a list of names submitted by Mr. Wold, of the Joint Committee on Printing.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an editorial appearing in the New York Times this morning entitled "St. Paul's," referring to St. Paul's Cathedral in London, which may be at this very minute a mass of mortar and stone.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

EXPLOSION AT KENVIL, N. J.

Mr. OSMERS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. OSMERS. Mr. Speaker, it was my unhappy privilege yesterday to view the great disaster at Kenvil, N. J., where the Hercules Powder Plant was destroyed by an explosion. I cannot tell you the effect it had upon me. If we expect the cooperation of industry and of workers in this Nation, we must take every precaution to see that there is no recurrence of this awful holocaust that occurred there yesterday. It is certainly in order to demand that every appropriate branch of our Government investigate carefully the details of the accident that occurred and to see that in the future in all other plants cooperating in the dangerous tasks of national defense that we safeguard the industrial workers of this Nation against enemies within our gates and against mechanical carelessness and mechanical faults. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PIERCE. Mr. Speaker, I ask unanimous consent that on Tuesday, September 17, at the conclusion of the legislative program of the day, I may be permitted to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FEDERAL HOUSING ADMINISTRATION

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. CELLER addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. MANSFIELD asked and was given permission to extend his own remarks in the RECORD.

PILOT-TRAINING PROGRAM

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS of Ohio. Mr. Speaker, today's papers report that Administrator Donald H. Connolly announced yesterday that future candidates for the C. A. A. pilot-training program must pledge themselves to enter the military air services of the United States, if qualified.

When the pilot-training bill was before the House April 18, 1939, I offered an amendment that no student should be accepted until he consented in writing to serve in the armed forces of the United States, which was defeated 2 to 1, and this law was enacted without a single requirement for carrying out its pretended purpose—to form a reservoir of pilots for national defense. For over a year there has been no legal requirement to prevent cuties, playboys, slackers, spies, and conscientious objectors from securing subsidized instructions

in the sport of flying, with no national-defense obligations whatsoever. We had better start writing national-defense requirements into all these bills we are passing in the name of national defense rather than have some administrative official decide to do it a year from now. [Applause.]

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an address delivered by my intimate friend, J. Edgar Hoover, head of the Federal Bureau of Investigation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein the remarks of Mr. Millard W. Rice, national legislative representative of the Veterans of Foreign Wars.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHURCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

[Mr. CHURCH addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. REECE of Tennessee. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two addresses, one an address I made at the quadrennial convention of the International Printing Pressmen's and Assistants' Union, and the other an address I delivered before the Tennessee Farm Bureau Federation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. BRADLEY] may be permitted to extend his remarks in the RECORD and include therein an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects, and in one to include remarks before a subcommittee of the Committee on Appropriations and in the other to include a radio address delivered by myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HAWKS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. HAWKS. Mr. Speaker, I have been consistently against conscription because, in my opinion, it will lead to nothing less than complete regimentation of all our lives and all our activities. To substantiate my position I noticed in the paper yesterday that they have appointed a Democratic boss of Philadelphia, a Mr. Kelly, to direct physical culture in the United States. This is right smack down the road of Hitlerism, exactly the way Germany has gone. [Applause.] The so-called New Deal, is the old deal of Hitler and Stalin.

[Here the gavel fell.]

SUGAR-BEET GROWERS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. CRAWFORD addressed the House. His remarks appear in the Appendix of the RECORD.]

RELIEF EXPENDITURES

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, I notice by the Treasury statement that is available this morning the expenditures for N. Y. A., C. C. C., and the W. P. A. are now running at a rate higher than a year ago, in spite of the fact that employment figures went up net in June 250,000, in July 100,000, and in August 250,000. This is absolutely a breach of faith with the public. If we are going to get into debt day after day on this account, we are going to go up the flue and not be able to take care of national defense. At the present time I understand they are trying to frame the thing up so that these three incompetent outfits can be a refuge for all draft dodgers. I think it is time the Congress woke up on this performance. [Applause.]

[Here the gavel fell.]

"YELLOW DOG" CONTRACTS REINSTATED BY THE DEMOCRATIC NATIONAL CONVENTION

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, in his Wednesday night political bid for the support of labor, Candidate Roosevelt declared there would be no retreat on his social legislation, so-called.

To get organized labor's support in the coming election, the President implied that, at the expense of everyone else, he intended to grant special privileges to organized labor. Just as he secured the support of the C. I. O. and its Communist allies by letting them carry on their sit-down strikes to buttress their drive to ruin the A. F. of L., the President now tells organized labor, as a whole, that, notwithstanding the necessity for national defense, he intends to see to it that labor has special privileges.

Labor, to a large extent, is to be exempted from the draft. It is to have a monopoly on jobs at high wages in industrial plants engaged on Government contracts, while the draftee will serve where the President may send him, and at $30 per month. This special privilege the President is to bring about by insisting upon a closed-shop policy in industries working on Government contracts.

To express the thought in another way, the President insists upon conscription of men for national defense. You do not need to be a union man to fight in defense of your country; but, according to the President's policy, if you are to stay at home and have a job, you must join a union.

Whether the President's bait will catch the A. F. of L. is a question. The A. F. of L. should remember that, whenever the show-down came, the President has backed the C. I. O. Organized labor should not be fooled.

September 10, last Tuesday, Fisher Body Plant No. 1 of the Buick Division of General Motors at Flint was closed, and 6,800 men thrown out of work—not because of difficulty between the employees and the employer, but because of the fight between the C. I. O. and the A. F. of L.

For more than 2 years the President backed the Labor Board in its effort to aid the C. I. O. in its drive to disorganize and disrupt the A. F. of L. When William Green, president of the A. F. of L., complained, Roosevelt turned a

deaf ear, and down to this moment he has refused to do anything to rebuke the Board; and his adherents in the Senate are refusing to amend the Wagner law, as asked by the A. F. of L.

First, the President promoted strife between employer and employee. Now his Labor Board is continuing to promote strife between the A. F. of L. and the C. I. O., although the President poses as holding out the olive branch to organized labor.

Intent on denying to all American citizens, other than those belonging to labor unions, the right to work for wages on the defense program, the President carries the closed-shop idea into his drive for a third term.

Prior to 1932 employers refused, by virtue of what was known as the "yellow dog" contract, to employ men who belonged to a union. A Republican administration outlawed the "yellow dog" contract by the passage of the Norris-La-Guardia act in March 1932.

Today the President is intent on aiding those who would establish the doctrine that no man can work, although he may be drafted to fight for his country, on a Government contract unless he belongs to a union—the exact opposite of the former situation.

While before a man could not work if he belonged to a union, today the drive is to establish the rule that no man can work unless he belongs to a union.

But the President has gone one step farther. He is attempting to establish a closed shop doctrine as to the Presidency. He now not only does not deny, but boldly asserts, that he is the only man capable of being President of the United States.

He saddled the Democratic Party with a closed-shop contract. Now he would like to apply it to the Nation as a whole. He has a "yellow dog" contract of his own, under which no one but a Roosevelt is to be eligible to a job as President.

The "yellow dog" contract was the abomination of the laboring man. The Republican Party outlawed it. Roosevelt reinstated it. He would bar all Americans except himself from the highest paying job the Nation has to offer—the Presidency of the United States.

He goes the selfish employers he has so often condemned one step farther and proclaims not only that no Republican is fit to be President, but that he is the only Democrat—in fact, the only man in the Nation—qualified for the job.

He, assuming to speak for the people, lays down the rule that there is no one in this great American Union who can work for the Nation except himself.

Laboring men will find their only safe refuge in the Republican Party, under Republican doctrine and principles, which will preserve the rights given them under the Constitution.

Labor, in backing Roosevelt, if he is successful, will find that they have voted themselves into a dictatorship, where the Government—Roosevelt—will tell them when and where and at what wages they may work.

Having once established himself as a dictator over labor, Roosevelt will treat it as he has treated practically all of those who have ever been his friends and supporters. They will be thrown into the discard. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include in one of the extensions an editorial and in the other a letter.

The SPEAKER pro tempore. Is there objection?

There was no objection.

CONSCRIPTION

Mr. KELLER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. KELLER. Mr. Speaker, I have always been for volunteers in the American Army. I may be prejudiced in favor of volunteering, because Andrew Keller, German revolutionary in 1848, was run out of Germany, because he fought to make Germany a republic. He came to America and at the age of 54 entered the Union Army, with five sons the youngest, Andrew Jr., being only 13 years of age. At the headstone of each of these six is a Government marker reciting simply the company and regiment of Illinois Volunteer Infantry, to which each belonged. Following that fine family tradition I myself volunteered twice for service in the Army of my country. I voted to give the volunteer spirit a chance, in keeping with my personal sentiment. However, I do not believe conscription will do any of the hurtful things which many of my colleagues seem to fear. It will not bring a dictator, nor get us into war. Thorough preparedness is the one thing which will most certainly keep us out of war, and the assumed fear of a dictator in America is pure nonsense.

Our first duty is to prepare against outside aggression. The way to do that is to cooperate to push preparedness as thoroughly and as quickly as possible. I am, therefore, going to vote for the preparedness program when it comes from the conference committee. I am not going to stand in the way of majority opinion when the vital interests of my country are at stake as they are at the present moment. I think that is good sportsmanship and good patriotism.

I am going to do that.

I also want to suggest to the gentleman from Michigan [Mr. HOFFMAN], that the Senate has about as much chance going along with the House amendments to the Wagner Act as they have of flying back to Illinois this morning, and no greater chance. I understand what a great friend of labor the gentleman from Michigan is, and, of course, I know exactly what he means when he makes such a talk as he did this morning. [Applause.]

[Here the gavel fell.]

DEFENSE CONTRACTS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 950)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read by the Clerk, and, together with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered to be printed:

To the Congress of the United States:

The National Defense Advisory Commission on September 6, 1940, unanimously agreed to and adopted general principles governing the letting of national-defense contracts. On August 31 the Commission also unanimously adopted a statement of labor requirements as a guide for contractors who have received national-defense orders from the United States Government.

I consider these two documents to be of such importance as to justify my sending them to the Members of the Senate and the House of Representatives as a matter of information. The values of these policies and principles to the Government, to industry, agriculture, labor, and to the country, sectionally and as a whole, will be seen at once.

The general principles governing the letting of defense contracts follow:

The essence of the preparedness program is the getting of an adequate supply of materials of the proper quality in the shortest space of time possible. Considerations of price alone are highly important, but in the emergency are not governing.

1. Speed of delivery of all items on the defense program is essential. This means:

(a) That orders should be placed in such a manner as to insure the most efficient use of each particular facility from the point of view of the program as a whole;

(b) That proper consideration should be given to contributory industries, such as the machine-tool industry, to avoid creating underlying bottle necks;

(c) That once delivery dates are fixed, assurance be given that they will be met by the supplier.

2. Proper quality is also of prime importance. It is therefore necessary to determine first of all whether or not the supplier can meet the quality requirements, as specified. There should be a willingness on the part of both the Army and Navy, on the one hand, and of the supplier on the other, to adjust specifications on a cooperative basis in order that such specifications may come as near as possible to meeting commercial standards while at the same time fulfilling the military requirements.

3. Price, while not the sole consideration, is of outstanding significance, and every effort must be made to secure a fair price.

This must take recognition, among other things, of determination of proper cost factors.

4. The impact of the defense program upon the consumers must be recognized. This relates to such factors as—

(a) Due regard to the necessity of protecting civilian needs and morale;

(b) Proper health and housing conditions among employees;

(c) Consideration to possible off-season production in order to dovetail the military program into production for civilian requirements. Off-season production should also lead to lower overhead and consequently to lower prices for both the consumers and the Government.

5. Adequate consideration must be given to labor. This means compliance with the principles on this subject stated by the Commission in its release of August 31, copy of which is attached hereto.

6. Undue geographic concentration of orders should be avoided, both as to procurement districts and as to industrial sections within any such procurement district. Reasons for such decentralization relate to factors of military strategy, as well as avoiding congestion that will slow down production.

7. Financial responsibility of the supplier should be examined. Ability to post a bond does not necessarily dispose of this problem. The probability should exist that the supplier will be able to continue in business, at least long enough to complete his contract satisfactorily. Further, an ability to finance himself through private sources should take preference over necessity for securing Government aid.

8. The avoidance of congestion of transportation facilities should be sought. The same applies to warehousing facilities.

9. Due consideration should be given to the adequacy of power facilities, particularly where furnished by public utilities.

10. A general preference should be given to firms having experience with so-called educational orders.

11. The moral responsibility of the supplier is important, and in some respects, fundamental. There should be evidence of honest and sincere desire to cooperate with the Army and Navy in producing what is called for, and on time, without profiteering; to assume some risks himself rather than attempting to shift all such risks to the Government; and to furnish a correct statement as to his capacity and his experience. The supplier's general standing and reputation among reputable businessmen (as distinct from his financial rating) is one index of such qualifications.

12. The Commission recognizes that competitive bidding is the better procedure in certain types of industry and circumstances. However, it is often impossible to make sure that the principles outlined above are followed when contracts are placed on the basis of price alone and are let to the lowest bidder. Therefore, in cases where competitive bidding will not fulfill the above-stated needs of national defense, the Commission recommends that the use of the negotiated contract be authorized where necessary in order that these objectives be obtained in making defense purchases.

Following is the statement of labor policy adopted by the National Defense Advisory Commission:

Primary among the objectives of the Advisory Commission to the Council of National Defense is the increase in production of materials required by our armed forces and the assurance of adequate future supply of such materials with the least possible disturbance to production of supplies for the civilian population. The scope of our present program entails bringing into production many of our unused resources of agriculture, manufacturing, and manpower.

This program can be used in the public interest as a vehicle to reduce unemployment and otherwise strengthen the human fiber of our Nation. In the selection of plant locations for new production, in the interest of national defense, great weight must be given to this factor.

In order that surplus and unemployed labor may be absorbed in the defense program, all reasonable efforts should be made to avoid hours in excess of 40 per week. However, in emergencies or where the needs of the national defense cannot otherwise be met, exceptions to this standard should be permitted. When the requirements of the defense program make it necessary to work in excess of these hours, or where work is required on Saturdays, Sundays, or holidays, overtime should be paid in accordance with the local recognized practices.

All work carried on as part of the defense program should comply with Federal statutory provisions affecting labor wherever such provisions are applicable. This applies to the Walsh-Healey Act, Fair Labor Standards Act, the National Labor Relations Act, etc. There should also be compliance with State and local statutes affecting labor relations, hours of work, wages, workmen's compensation, safety, sanitation, etc.

Adequate provision should be made for the health and safety of employees;

As far as possible, the local employment or other agencies designated by the United States Employment Service should be utilized;

Workers should not be discriminated against because of age, sex, race, or color;

Adequate housing facilities should be made available for employees.

The Commission reaffirms the principles enunciated by the Chief of Ordnance of the United States Army, during the World War, in his order of November 15, 1917, relative to the relation of labor standards to efficient production:

In view of the urgent necessity for a prompt increase in the volume of production * * * vigilance is demanded of all those in any way associated with industry lest the safeguards with which the people of this country have sought to protect labor should be unwisely and unnecessarily broken down. It is a fair assumption that for the most part these safeguards are the mechanisms of efficiency. Industrial history proves that reasonable hours, fair working conditions, and a proper wage scale are essential to high production. * * * every attempt should be made to conserve in every way possible all of our achievements in the way of social betterment. But the pressing argument for maintaining industrial safeguards in the present emergency is that they actually contribute to efficiency.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 13, 1940.*

MEXICAN CLAIMS COMMISSION

The SPEAKER pro tempore. The unfinished business is the motion of the gentleman from Illinois [Mr. BEAM], which the Clerk will report.

The Clerk read as follows:

Mr. BEAM moves to discharge the House conferees on the bill S. 326.

The SPEAKER pro tempore. The gentleman from Illinois is recognized for 1 hour.

Mr. BEAM. Mr. Speaker, on July 8, 1940, Senate bill 326, commonly designated as the Mexican Claims Commission bill, was recommitted by the House of Representatives to the Committee on Foreign Affairs by a vote of 197 to 124. It subsequently passed the House with the following amendment attached:

After these sums have been deposited with the United States Treasury by the Government of Mexico.

Subsequently, a conference was asked on July 10 by the Senate and conferees were designated and duly appointed by the Vice President of the United States.

On July 11 conferees were asked by the chairman of the House committee, Mr. BLOOM, and on July 11 conferees were duly appointed by the Speaker of the House.

Up to and including September 12, 1940, no conference report has ever been filed with the House on this bill. Consequently I have made this motion in conformity with rule 28, paragraph 1½ (a), subsection 910, which is as follows:

After House conferees on any bill or resolution in conference between the House and Senate shall have been appointed for 20 calendar days and shall have failed to make a report, it is hereby declared to be a motion of the highest privilege to move to discharge said House conferees and to appoint new conferees, or to instruct said House conferees; and, further, during the last 6 days of any session of Congress, it shall be a privileged motion to move to discharge, appoint, or instruct House conferees after House conferees shall have been appointed 36 hours without having made a report.

Mr. Speaker, in compliance with the regulations and rules and the parliamentary procedure of the House of Representatives, and in order to give the House in the closing days of the session an opportunity to be fully apprised and aware of any report by the conferees, if such were to be filed, on last night I offered the following motion, which appears on page 12052 of the RECORD, which is as follows:

I move to discharge the House conferees on the bill of the Senate, S. 326.

This morning I have the personal assurance of the chairman of the House conference committee and also of the gentleman from Texas [Mr. LUTHER A. JOHNSON] that the conferees have agreed on a report after a 60-day delay. On condition therefore that this report is to be filed immediately so that the House of Representatives and the country will be fully apprised of the contents thereof and reserving all points of order against such report, I ask unanimous consent to withdraw my motion.

Mr. LUTHER A. JOHNSON. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. The gentleman from Illinois has withdrawn his motion, and, therefore, has relinquished the floor.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CHURCH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Mr. CHURCH. Mr. Speaker, I withdraw the point of order.

Mr. VORYS of Ohio. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. VORYS of Ohio. As I understand it, the gentleman from Illinois having withdrawn his motion no longer has control of the time.

The SPEAKER pro tempore. The gentleman from Texas asked unanimous consent to be recognized for 5 minutes.

Mr. VORYS of Ohio. Mr. Speaker, I was on my feet endeavoring to reserve the right to object at the time he asked unanimous consent.

The SPEAKER pro tempore. The Chair did not hear any objection or reservation of objection and recognized the gentleman from Texas.

Mr. VORYS of Ohio. I understood that pursuant to the agreement the next business in order——

The SPEAKER pro tempore. The regular order is that the gentleman from Texas is recognized for 5 minutes.

Mr. LUTHER A. JOHNSON. Mr. Speaker, in view of what is happening, being a member of the House conference committee on this bill, I think it proper that I make a statement concerning the bill and the filing of the report by the conferees.

After consideration by the House the bill went to conference with the Senate. The gentleman from New York [Mr. BLOOM] was chairman of the House conference committee. The other House conferees were the gentleman from New York [Mr. FISH] and myself. A meeting of the conference committee was not held immediately for two reasons: One was that I think Senator PITTMAN was away for a few days. The other was that the gentleman from New York [Mr. FISH] desired to attend the National Guard encampment in New York and requested the chairman of the House conferees, the gentleman from New York [Mr. BLOOM] not to hold a meeting of the conferees while he was away. As a courtesy we wanted him to be present and it was agreed that nothing would be done until he returned from the National Guard encampment in New York. After he returned there was a meeting of the conferees at which the gentleman from New York [Mr. FISH] suggested certain amendments. Two amendments were proposed.

We had a meeting last Wednesday, but again the gentleman from New York [Mr. FISH] had to be away, so the meeting was held yesterday. On yesterday the conference report was agreed to in accordance with the two amendments suggested by the gentleman from New York [Mr. FISH] and all of the conferees, both of the Senate and the House, with the exception of the gentleman from New York [Mr. FISH], signed the report yesterday. The gentleman from New York [Mr. FISH] said he had promised not to sign the report until today.

The conference report could have been filed yesterday, but the gentleman from New York [Mr. FISH] had promised not to sign the conference report until today.

Very late yesterday afternoon, about 5 o'clock as I understand it, when only 14 Members or so were on the floor, the gentleman from Illinois [Mr. BEAM], without giving notice, moved to discharge the conferees. That precipitated the matter, and that is the shape it is in. The gentleman from Illinois had the right to make the motion under the rules, because if a conference report is not signed within 20 days any Member has the right to file such motion. But in view of the fact that there had been no notice whatever of his intent, and that the report had been agreed to and signed by all of the conferees except the gentleman from New York [Mr. FISH], I felt that the gentleman should not have made his motion without giving us some notice.

This morning the gentleman from New York [Mr. FISH] signed the report and we have a unanimous conference report signed by all members of the conference committee, and this unanimous report will now be filed so that the House can act upon it.

Mr. THOMASON. Mr. Speaker, will the gentleman yield?

Mr. LUTHER A. JOHNSON. I yield.

Mr. THOMASON. In order that we may all have notice, when does the gentleman expect to call up the conference report?

Mr. LUTHER A. JOHNSON. I consulted the gentleman from New York [Mr. BLOOM] and the Speaker pro tempore about the matter this morning and it is understood that the conference report will be taken up some time next week. Under the rules of the House it could not be called up today except by unanimous consent; and the Speaker pro tempore does not care to do anything that might interfere with action upon the conference report on the so-called National Selective Service Act. I do not see how it can be acted upon before next week.

Mr. Speaker, I yield back the balance of my time.

MEXICAN CLAIMS COMMISSION—CONFERENCE REPORT

Mr. BLOOM filed the following conference report and statement on the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, for printing under the rule:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert:

(1) On page 2, line 15, of the Senate engrossed bill, after the word "payments", a colon and: *"Provided further,* That if any person or persons, firm, or corporation, entitled to be paid any sum hereunder is indebted to the Reconstruction Finance Corporation or any other lending agency of the United States Government, the Secretary of the Treasury shall pay to such agency on said indebtedness the sum or sums to which such person or persons, firm, or corporation is entitled, or so much thereof as is necessary to pay off and satisfy said indebtedness, the balance, if any, to be paid to said claimant or claimants".

(2) On page 3, line 15, of the Senate engrossed bill, after the word "States", a colon and the following: *"And provided further,* That it is hereby expressly declared that this Act relates solely and only to claims comprehended by the General Claims Convention of September 8, 1923, between the United States and Mexico, and shall not be treated or considered as a precedent for similar action in relation to any other treaty or claims thereunder, or for the payment by the United States of other debts owing by Mexico or any other Government on account of claims of citizens of the United States".

And the House agree to the same.

SOL BLOOM,
LUTHER A. JOHNSON,
HAMILTON FISH,
Managers on the part of the House.

KEY PITTMAN,
WALTER F. GEORGE,
TOM CONNALLY,
HIRAM W. JOHNSON,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 326) for the payment of awards and appraisals heretofore made in favor of citizens of the United States on claims presented under the General Claims Convention of September 8, 1923, United States and Mexico, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill provided that the awards to United States citizens under the Convention and extensions thereof, and the principal amounts of appraisals of claims of United States citizens which have been agreed upon by the Commissioners in their report, should be paid immediately. The House amendment conditioned the payment of such awards and principal amounts of appraisals upon the deposit in the United States Treasury by the Government of Mexico of sums for such purpose. The conference agreement does not condition the payment of such awards and principal amounts of appraisals upon the deposit of sums by the Government of Mexico but does provide that the amount due any claimant who is indebted to the

Reconstruction Finance Corporation or any other lending agency of the United States shall, to the extent of such indebtedness, be applied to the payment thereof. The conference agreement also provides for the insertion of a provision to the effect that the action with respect to the claims to which the bill is applicable shall not be treated or considered as a precedent for similar action in relation to any other treaty or the claims thereunder, or for the payment by the United States of other debts owing by Mexico or any other government on account of claims of citizens of the United States.

SOL BLOOM,
LUTHER A. JOHNSON,
HAMILTON FISH,
Managers on the part of the House.

Mr. BEAM. Mr. Speaker, I reserve all points of order against the conference report.

CARRIAGE OF DANGEROUS CARGOES

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 7357) to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, is this a unanimous report?

Mr. BLAND. It is a unanimous report, and, in addition to that, this morning I informed the ranking Republican Members, the gentleman from California [Mr. WELCH] and the gentleman from New York [Mr. CULKIN], that I was going to bring this up today, and they told me to go ahead and do it.

Mr. MICHENER. Will the gentleman explain the bill?

Mr. BLAND. I shall be very glad to do so.

The bill deals with the subject of the transportation of dangerous cargoes by water. The matter has been before the committee at various times, and in July of last year a letter was sent down by the Assistant Secretary of Commerce urging that legislation be enacted. It was too late then to consider a bill.

Hearings were held in January. The industry was present and also representatives of the Government. The matter was gone over very carefully. The Secretary of Commerce had sent down the tentative form of a bill, but we felt that was not the bill we wanted. The matter was then considered again by the industry and by all of the persons affected and also taken up with the port authorities that are very vitally interested. A bill was worked out that is satisfactory to everybody.

Mr. Speaker, I may say that the need for this legislation has been voiced from many sources. The Association of Port Authorities at the last session was represented by Mr. Billings Wilson, chairman, American Association of Port Authorities, and I think his statement, which amply covers the situation, will satisfy the gentleman.

Mr. Wilson said:

The American Association of Port Authorities, whom I have the honor to represent as chairman of their hazardous-cargoes committee, and the Port of New York Authority, of which I am assistant general manager, are concerned about unregulated movement of explosives and other dangerous articles through our various port communities by all forms of transportation. Not only is there grave risk to human life but structures and floating plants aggregating in excess of $3,000,000,000 in our various ports are exposed. Experience has shown that when fire occurs in such water-front structures the average loss runs into six figures and it is the men and equipment of local authorities who have to face these risks and extinguish these fires.

Mr. Speaker, telegrams and letters were received from the following, urging action: Los Angeles Harbor Department; sixth annual convention of Association of Marine Terminal Operators, Atlantic Ports, Jacksonville, Fla.; port of Tacoma, Wash.; South Jersey Port Commission, Camden, N. J.; Board of Harbor Commissioners, Milwaukee, Wis.; fire chief and commissioner, New York City; the Port of New York Authority, New York City; port of Houston; Hampton Roads Maritime Exchange, Norfolk, Va.; Chesapeake Ferry Co., Norfolk, Va.; and Marine Exchange of the San Francisco Chamber of Commerce, San Francisco, Calif.

Mr. MICHENER. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Michigan.

Mr. MICHENER. The gentleman has stated fully the justification for the resolution, but will he tell us just what these regulations consist of in a general way?

Mr. BLAND. They are very technical regulations as to the type of explosives that may be carried in various ships. They were so technical that we had to have people who are acquainted with them work it out.

Here are the reasons for the action. At the present time a number of statutes deal with the transportation by water of explosives and dangerous and semidangerous articles and substances including inflammable or combustible liquids, inflammable solids, oxidizing materials, corrosive liquids, compressed gases, poisonous articles and substances, and semihazardous articles. The authority to regulate the transportation of those articles and substances is divided between the Interstate Commerce Commission and the Bureau of Marine Inspection and Navigation. The Bureau was of the opinion that the existing statutes, with the exception of the so-called Tanker Act—section 4417 (a) Revised Statutes—are antiquated and obsolete and did not properly accomplish the purpose for which they were designed, namely, safety in the transportation of dangerous articles by water.

Mr. Speaker, I may say that this is a little more important now because of the explosives that are transported. The legislation has been urged from time to time before the committee for the last several years.

Mr. MICHENER. In just which agency is the control lodged under this resolution?

Mr. BLAND. It is to be within the Bureau of Marine Inspection and Navigation. It puts into effect regulations similar to those that are now in existence or which may be adopted by the Interstate Commerce Commission, so that there will be no conflict.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That section 4472 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 465), is hereby amended to read as follows:

"SEC. 4472. (1) This section shall apply to all vessels, domestic or foreign, regardless of character, tonnage, size, service, and whether self-propelled or not, and whether carrying passengers or freight for hire or not, on the navigable waters of the United States, including its Territories and possessions, but not including the Panama Canal Zone and the Philippine Islands, whether arriving or departing or under way, moored, anchored, aground or while in drydock, except public vessels, domestic or foreign, not engaged in commercial service.

"(2) It shall be unlawful to transport, carry, convey, store, stow, or use fulminates or other detonating compounds in bulk in dry condition, or liquid nitroglycerin, or explosive compositions that ignite spontaneously or undergo marked decomposition when subjected for 48 consecutive hours to a temperature of 167 degrees Fahrenheit, or explosives containing an ammonium salt and a chlorate, or other like explosives on board any such vessel. It shall be unlawful to transport, carry, convey, store, stow, or use on board any passenger vessel, subject to the provisions of this section, any high explosive such as, and including, dynamite, trinitrotoluene, picrates, detonating fuzes, fireworks that can be exploded en masse, or other like explosives susceptible to detonation by a blasting cap or detonating fuze except ships' distress signals, also excepting samples of such explosives for laboratory or sales purposes in restricted quantities as may be provided by regulations of the Secretary of Commerce established hereunder; no other vessel to which this section applies shall transport, carry, convey, store, stow, or use any such high explosives unless such vessel has been inspected and a permit issued to her, or an endorsement made upon her current certificate of inspection under the provisions of subsection (3) hereof.

"(3) It shall be unlawful to transport, carry, convey, store, stow, or use, except as fuel for its own use, on board any vessel subject to this section, any other explosives or other dangerous or semidangerous articles or substances, including inflammable or combustible liquids, inflammable solids, oxidizing materials, corrosive liquids, compressed gases, poisonous articles and substances, and semihazardous articles and ships' stores and supplies containing any dangerous ingredients, except as provided in the regulations of the Secretary of Commerce established hereunder: *Provided*, That no such vessel shall transport, carry, convey, store, stow, or use,

except as fuel for its own use, on board any such explosives or dangerous or semidangerous articles or substances until she has first been inspected by a board of local inspectors to determine whether or not any such explosives or dangerous or semidangerous articles or substances may be transported, carried, conveyed, stored, stowed, or used on board such vessel with safety to health, life, limb, or property and a permit has been issued to her or an endorsement has been made on the vessel's current certificate of inspection by said inspectors authorizing the presence on board of any such explosives or dangerous or semidangerous articles or substances: *Provided*, That a vessel of a foreign country whose laws with respect to inspection and transportation of explosives or other dangerous or semidangerous articles or substances approximate those of the United States, and if such a vessel is in compliance with the laws and regulations of that country, and if the country in which the vessel is registered accords like privileges to domestic vessels subject to this section visiting such country, shall not be subject to the requirements concerning permits or endorsements or to the provisions of subsection (4) (b) hereof: *Provided further*, That any vessel subject to this section arriving within the territorial waters of the United States from any foreign port or place without having on board an unexpired permit or endorsement on the certificate of inspection as required by this section, and having on board any explosive or other dangerous or semidangerous articles or substances, shall be subject to such regulations as the Secretary of Commerce may prescribe. Any permit or endorsement issued under the provisions of this section shall be valid for a period of not more than 1 year from the date of its issuance, shall be retained on board the vessel, and shall be revoked by a board of local inspectors whenever it shall find that any provisions of this section or of the regulations established hereunder relating to the vessel or that the conditions under which such permit or endorsement was issued are not being complied with: *Provided, however*, That whenever any person directly interested in or affected by any decision or action of any board of local inspectors of vessels in revoking any such permit shall feel aggrieved by such action, he may appeal therefrom as provided in section 1 of the act of June 10, 1918 (U. S. C., 1934 ed. title 46, sec. 431). Any explosives or dangerous or semidangerous articles or substances may be refused transportation by the owner, master, or agent of any such vessel, and any master, owner, or agent may also refuse to take on board any package or parcel which he has reason to believe contains explosives or dangerous or semidangerous articles or substances, and he may require that such package be opened to ascertain the facts.

"(4) In order to secure effective provisions against the hazards of health, life, limb, or property created by explosives or other dangerous or semidangerous articles or substances on board such vessels—

"(a) The Secretary of Commerce shall, by regulation, define, describe, name, and classify all explosives or dangerous or semidangerous articles or substances, and shall establish such regulations as may be necessary to make effective the provisions of this section with respect to the packing, certification, marking, labeling, and specifications of containers of explosives or dangerous or semidangerous articles or substances, the marking and labeling of said containers and dangerous or semidangerous articles or substances, and shall accept and adopt for the purposes above mentioned in this subsection such definitions, descriptions, descriptive names, classifications, specifications of containers, packing, marking, labeling, and certification of explosives or dangerous or semidangerous articles or substances to the extent as are or may be established from time to time by the Interstate Commerce Commission insofar as they apply to shippers by common carrier engaged in interstate or foreign commerce by water. The Secretary of Commerce shall also establish regulations as to the marking, handling, storage, stowage, and use thereof on board such vessels and disposition of any explosives or dangerous or semidangerous articles or substances found to be unsafe; with respect to the necessary shipping papers, manifests, cargo stowage plans, and the description and descriptive names of explosives or dangerous or semidangerous articles or substances to be entered in such shipping documents; and with respect to the inspection of all the foregoing; also any other regulations for the safe transportation, carriage, conveyance, storage, stowage, or use of explosives or dangerous or semidangerous articles or substances on board such vessels as the Secretary of Commerce shall deem necessary. The Secretary of Commerce may utilize the services of the Bureau for the Safe Transportation of Explosives and Other Dangerous Articles.

"(b) The Board of Supervising Inspectors, with the approval of the Secretary of Commerce, shall establish regulations with respect to the construction, alteration, or repair of domestic vessels subject to the provisions of this section, including superstructure, hulls, bulk heads, fittings, propulsive and auxiliary machinery, and unfired pressure vessels, boilers, equipments, appurtenances and appliances, and the operation and manning of such vessels and their equipment, and shall make such regulations applicable to foreign vessels subject to this section and to such extent and upon such conditions as may be deemed necessary.

"(c) All regulations established under this subsection shall be in accord with the best known practicable means of securing safety in the transportation, carriage, storage, stowage, or use on board vessels of such explosives or other dangerous or semidangerous articles or substances: *Provided*, That the transportation, carriage, conveyance, storage, stowage, or use of such explosives or dangerous or semidangerous articles or substances shall be in accordance with the regulations so established, which shall insofar as applicable to them respectively be binding upon shippers and the owners, charterers, masters or agents or persons in charge of such vessels, and all other persons transporting, carrying, conveying, storing, stowing or using on board any such vessels any explosives or other dangerous or semidangerous articles or substances: *Provided further*, That this section shall not be construed to prevent the transportation of military or naval forces with their accompanying munitions of war and stores.

"(d) Nothing contained in this section shall be construed to relieve any vessel subject to the provisions of this section from any of the requirements of title 52 of the Revised Statutes or Acts amendatory or supplementary thereto and regulations thereunder applicable to such vessel, which are not inconsistent herewith.

"(5) Before any regulations or any alterations, amendments, or repeals thereof are made under the provisions of subsections (4) and (11) hereof, except in an emergency, such proposed regulations shall be published and public hearings with respect thereto shall be held on such notice as is deemed advisable under the circumstances: *Provided*, That subsequent to initial promulgation of such regulations, any alterations, amendments, or repeals may be made when an emergency or special circumstances or conditions warrant the same, without the necessity of notice or public hearing, which alterations, amendments, or repeals may be considered at the next public hearing. Such regulations, or alterations, amendments, or repeals thereof shall, unless a shorter time is authorized by the Secretary of Commerce, take effect 90 days after their promulgation. Additions, alterations, amendments, or repeals of any of the regulations established hereunder made desirable by new information or altered conditions may be made upon the motion of the Secretary of Commerce or of the Board of Supervising Inspectors or upon application by any interested party.

"(6) It shall be unlawful to deliver or cause to be delivered to any vessel or to transport on board any vessel subject to this section any explosives or other dangerous or semidangerous articles or substances defined in the regulations established hereunder, under any false or deceptive marking, description, invoice, shipping paper, or other declaration or without informing the agent of such vessel in writing of the true character thereof at or before the time such delivery or transportation is made. It shall be unlawful for any person to tender for shipment, or ship on any vessel, any explosives or other dangerous or semidangerous articles or substances the transportation, carriage, conveyance, storage, stowage, or use of which on board vessels is prohibited by this section.

"(7) The Secretary of Commerce may exempt any vessel or class of vessels from any of the provisions of this section or any regulations or parts thereof established hereunder upon a finding by him that the vessel, route, area of operations, conditions of the voyage, or other circumstances are such as to render the application of this section or any of the regulations established hereunder unnecessary for the purposes of safety.

"(8) The provisions of this section and the regulations established hereunder shall be enforced primarily by the Bureau of Marine Inspection and Navigation of the Department of Commerce and the Coast Guard of the Department of the Treasury; and the Secretary of Commerce, with the consent of the head of any executive department, independent establishment, or other agency of the Government, may avail himself of the use of information, advice, services, facilities, officers, and employees thereof (including the field service) in carrying out the provisions of this section: *Provided*, That no officer or employee of the United States shall receive any additional compensation for such services except as permitted by law.

"(9) If any collector of customs has reason to believe, on complaint or otherwise, that any vessel subject to this section is violating any of the provisions of this section or of the regulations established hereunder, he may, by written order served on the master, person in charge of such vessel, or the owner or charterer thereof, or the agent of the owner or charterer, detain her until such time as the provisions of this section and of the regulations established hereunder have been complied with. If the vessel be ordered detained, the master, person in charge, or owner or charterer, or the agent of the owner or charterer thereof, may, within 5 days, appeal to the Secretary of Commerce, who may, after investigation, affirm, set aside, or modify the order of such collector.

"(10) Such provisions to guard against and extinguish fire shall be made on every vessel carrying passengers or freight which is subject to the provisions of section 4400, Revised Statutes, as amended (U. S. C., 1934 edition, title 46, sec. 362), and on every vessel on which any explosives or any other dangerous or semidangerous articles or substances are being transported, carried, conveyed, stored, stowed, or used as shall be prescribed by the Board of Supervising Inspectors and approved by the Secretary of Commerce.

"(11) The transportation by vessels of gasoline or any other inflammable or combustible liquid or inflammable gas when carried by motor vehicles using the same solely as a source of their own motive power, or motive power for driving auxiliaries forming a part of the vehicle, shall be lawful under the conditions as set forth in the regulations established by the Secretary under this section: *Provided, however*, That the motor or motors in any vehicle be stopped immediately after entering the said vessel, and that the same be not restarted until immediately before said vehicle shall leave the vessel after said vessel has been made fast to the wharf or ferry bridge at which she lands. All other fire, if any, in such vehicle shall be extinguished before entering the said vessel and the same shall not be relighted until after said vehicle shall leave the vessel: *Provided further*, That any owner, charter, agent,

master, or other person having charge of a passenger vessel shall have the right to refuse to transport motor vehicles the fuel tanks of which contain gasoline or other inflammable or combustible liquid or inflammable gas used solely as a source of power for the vehicle or its auxiliaries: *Provided,* That the owner, charterer, agent, master, or person in charge of the vessel, and the owner, motor carrier, and operator of any such vehicle in which all fires have not been extinguished or the motor or motors stopped as required by this subsection or regulations established thereunder, shall each incur a penalty of not more than $500 for which the vessel and motor vehicle, respectively, shall be liable: *Provided further,* That a violation of this subsection shall not subject any person to the penalty provided in subsection (12) hereof.

"(12) Whoever shall violate any of the provisions of this section or of any regulations established under subsections (4) or (10) hereof shall be subject to a penalty of $2,000 for each violation, for which penalty the vessel shall be liable in the case of any violation on the part of the owner, charterer, agent, master, or person in charge of the vessel, and may be seized and proceeded against by way of libel in the district court of the United States in any district in which such vessel may be found.

"(13) When the death or bodily injury of any person or damage to property results from the violation of this section or any regulations made in pursuance thereof, the person or persons who shall have knowingly violated or caused to be violated such provisions or regulations shall be fined not more than $10,000 or imprisoned not more than 10 years, or both."

SEC. 2. Section 4417a of the Revised Statutes (U. S. C., 1934 ed., Supp. IV, title 46, sec. 391a) is hereby amended by striking out and deleting from paragraph 2 thereof the following proviso: *"Provided,* That the provisions of this section shall not apply to common carriers engaged in interstate or foreign commerce which transport such liquid cargo by water insofar only as such common carriers are subject to the regulations formulated by the Interstate Commerce Commission under the provisions of section 233 of the act of March 4, 1909 (ch. 321, 35 Stat. 1135), as amended (U. S. C., 1934 ed., title 18, sec. 383)"; and by amending the second proviso in paragraph 4 thereof to read as follows: *"And provided further,* That no permit shall be issued under the provisions of this section authorizing to be on board any vessel, described in the provisions of section 4472 of the Revised Statutes, as amended, any of the materials expressly prohibited to be carried on such vessels by subsection (2) of said section."

This section shall not be construed as otherwise altering, amending, or repealing said section 4417a of the Revised Statutes.

SEC. 3. Section 4424 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 402), is amended by striking out and deleting the words "or whenever any passenger steam vessel receives or carries any gunpowder on board, not having a certificate authorizing the same, placed and kept as required, or shall carry any gunpowder at a place or in a manner not authorized by such certificate."

SEC. 4. Section 4457 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 414) is amended by striking out and deleting the words "record of certificates authorizing gunpowder to be carried as freight by any steamer carrying passengers," and substituting in lieu thereof the words "record permits or endorsements authorizing explosives or other dangerous or semidangerous articles to be transported, carried, conveyed, or stored in any vessel."

SEC. 5. Sections 1, 2, 3, 4, and 5 of the act of May 30, 1908 (35 Stat., 554, 555, as amended; U. S. C., 1934 ed., title 18, secs. 382, 383, 384, 385), are hereby amended insofar as carriage by water is concerned by deleting the words "vessel" or "vessels" wherever they appear in sections 382, 384, and 385 of the United States Code, 1934 edition, title 18; deleting the words "or water" appearing in line 13 of section 383, and in line 8 of section 384 and in line 11 of section 385 of the United States Code, 1934 edition, title 18.

SEC. 6. Sections 4278, 4279, and 4280 of the Revised Statutes (U. S. C., 1934 ed., title 46, secs. 172, 173, 174); section 4288 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 175); the act of August 26, 1935 (U. S. C., 1934 ed., title 46, Supp. IV, secs. 178, 179); sections 4422, as amended, 4473, 4475, and 4476 of the Revised Statutes (U. S. C., 1934 ed., title 46, secs. 401, 466, 468, 469) are hereby repealed.

SEC. 7. There are hereby authorized to be appropriated such sums of money as may be necessary to carry out the provisions of this act.

SEC. 8. This act shall become effective 3 months after its approval.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That section 4472 of title 52 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 465), is hereby amended to read, as follows:

"'SEC. 4472. (1) The word "vessel" as used in this section shall include every vessel, domestic or foreign, regardless of character, tonnage, size, service, and whether self-propelled or not, on the navigable waters of the United States, including its Territories and possessions, but not including the Panama Canal Zone and the Philippine Islands, whether arriving or departing, or under way, moored, anchored, aground, or while in drydock; it shall not include any public vessel which is not engaged in commercial service, nor any vessel subject to the provisions of section 4417a of the Revised Statutes, as amended, which is constructed or converted for the principal purpose of carrying inflammable or combustible liquid cargo in bulk in its own tanks: *Provided,* That the provisions of subsection (3) of this section shall apply to every such vessel subject to the provisions of section 4417a of the Revised Statutes, as amended, which is constructed or converted for the principal purpose of carrying inflammable or combustible liquid cargo in bulk in its own tanks.

"'(2) The phrase "passenger-carrying vessel" as used in this section, when applied to a vessel subject to any provision of the International Convention for Safety of Life at Sea, 1929, means a vessel which carries or is authorized to carry more than 12 passengers.

"'(3) It shall be unlawful knowingly to transport, carry, convey, store, stow, or use on board any vessel fulminates or other detonating compounds in bulk in dry condition, or explosive compositions that ignite spontaneously or undergo marked decomposition when subjected for 48 consecutive hours to a temperature of 167° F., or compositions containing an ammonium salt and a chlorate, or other like explosives.

"'(4) It shall be unlawful knowingly to transport, carry, convey, store, stow, or use on board any passenger-carrying vessel any high explosives such as, and including, liquid nitroglycerin, dynamite, trinitrotoluene, picrates, detonating fuzes, fireworks that can be exploded en masse, or other explosives susceptible to detonation by a blasting cap or detonating fuze, except ships' signal and emergency equipment and samples of such explosives (but not including liquid nitroglycerin) for laboratory or sales purposes in restricted quantities as may be permitted by regulations of the Secretary of Commerce established hereunder.

"'(5) It shall be unlawful knowingly to transport, carry, convey, store, stow, or use on board any vessel other than a passenger-carrying vessel, any high explosive referred to in subsection (4) hereof except as permitted by the regulations of the Secretary of Commerce established hereunder.

"'(6) (a) It shall be unlawful knowingly to transport, carry, convey, store, stow, or use (except as fuel for its own machinery) on board any vessel, except one specifically exempted by paragraph (b) of this subsection, any other explosives or other dangerous articles or substances, including inflammable liquids, inflammable solids, oxidizing materials, corrosive liquids, compressed gases, poisonous articles or substances, hazardous articles, and ships' stores and supplies of a dangerous nature, except as permitted by the regulations of the Secretary of Commerce established thereunder: *Provided,* That all of the provisions of this subsection relating to the transportation, carrying, conveying, storing, stowing, or use of explosives or other dangerous articles or substances shall apply to the transportation, carrying, conveying, storing, stowing, or using on board any passenger vessel of any barrels, drums, or other packages of any combustible liquid which gives off inflammable vapors (as determined by flash point in open-cut tester as used for test of burning oil) at or below a temperature of 150° F. and above 80° F.

"'(b) This subsection shall not apply to—

"'(i) vessels not exceeding 15 gross tons when not engaged in carrying passengers for hire;

"'(ii) vessels used exclusively for pleasure;

"'(iii) Vessels not exceeding 500 gross tons, while engaged in the fisheries;

"'(iv) tugs or towing vessels: *Provided, however,* That any such vessel, when engaged in towing any vessel that has explosives, inflammable liquids or inflammable compressed gases on board on deck, shall be required to make such provisions to guard against and extinguish fire as shall be prescribed by the Board of Supervising Inspectors and approved by the Secretary of Commerce;

"'(v) cable vessels, dredges, elevator vessels, fireboats, icebreakers, pile drivers, pilot boats, welding vessels, salvage and wrecking vessels;

"'(vi) inflammable or combustible-liquids cargo in bulk: *Provided, however,* That the handling and stowage of any inflammable or combustible-liquid cargo in bulk shall be subject to the provisions of section 4417a of the Revised Statutes, as amended.

"'(7) In order to secure effective provisions against the hazards of health, life, limb, or property created by explosives or other dangerous articles or substances to which subsections (3), (4), (5), or (6) of this section apply—

"'(a) The Secretary of Commerce shall by regulations define, describe, name, and classify all explosives or other dangerous articles or substances, and shall establish such regulations as may be necessary to make effective the provisions of this section with respect to the descriptive names, packing, marking, labeling, and certification of such explosives or other dangerous articles or substances; with respect to the specifications of containers for explosives or other dangerous articles or substances; with respect to the marking and labeling of said containers; and shall accept and adopt for the purposes above mentioned in this subsection such definitions, descriptions, descriptive names, classifications, specifications of containers, packing, marking, labeling, and certification of explosives or other dangerous articles or substances to the extent as are or may be established from time to time by the Interstate Commerce Commission insofar as they apply to shippers by common carriers engaged in interstate or foreign commerce by water. The Secretary of Commerce shall also establish regulations with respect to the marking, handling, storage, stowage, and use of explosives or other dangerous articles or substances on board such vessels; with respect to the disposition of any explosives or other dangerous articles or substances found to be in an unsafe condition; with respect to the necessary shipping papers, manifests, cargo-stowage plans, and the description and descriptive names of explosives or other dangerous

articles or substances to be entered in such shipping documents; also any other regulations for the safe transportation, carriage, conveyance, storage, stowage, or use of explosives or other dangerous articles or substances on board such vessels as the Secretary of Commerce shall deem necessary; and with respect to the inspection of all the foregoing mentioned in this paragraph. The Secretary of Commerce may utilize the services of the Bureau for the Safe Transportation of Explosives and Other Dangerous Articles, and of such other organizations whose services he may deem to be helpful.

"'(b) The transportation, carriage, conveyance, storage, stowage, or use of such explosives or other dangerous articles or substances shall be in accordance with the regulations so established, which shall, insofar as applicable to them, respectively, be binding upon shippers and the owners, charterers, agents, masters, or persons in charge of such vessels, and upon all other persons transporting, carrying, conveying, storing, stowing, or using on board any such vessels any explosives or other dangerous articles or substances: *Provided*, That this section shall not be construed to prevent the transportation of military or naval forces with their accompanying munitions of war and stores.

"'(c) Nothing contained in this section shall be construed to relieve any vessel subject to the provisions of this section from any other of the requirements of title 52 (secs. 4399 to 4500, inclusive) of the Revised Statutes or acts amendatory or supplementary thereto and regulations thereunder applicable to such vessel, which are not inconsistent herewith.

"'(d) Nothing contained in this section shall be construed as preventing the enforcement of reasonable local regulations now in effect or hereafter adopted, which are not inconsistent or in conflict with this section or the regulations of the Secretary of Commerce established hereunder.

"'(8) Any master, owner, charterer, or agent shall refuse to transport any explosives or other dangerous articles or substances in violation of any provisions of this section and the regulations established thereunder, and may require that any container or package which he has reason to believe contains explosives or other dangerous articles or substances be opened to ascertain the facts.

"'(9) Before any regulations or any additions, alterations, amendments, or repeals thereof are made under the provisions of this section, except in an emergency, such proposed regulations shall be published and public hearings with respect thereto shall be held on such notice as the Secretary of Commerce deems advisable under the circumstances. Any additions, alterations, amendments, or repeals of such regulations shall, unless a shorter time is authorized by the Secretary of Commerce, take effect 90 days after their promulgation.

"'(10) It shall be unlawful knowingly to deliver or cause to be delivered, or tender for shipment to any vessel subject to this section any explosives or any other dangerous articles or substances defined in the regulations of the Secretary of Commerce established hereunder under any false or deceptive descriptive name, marking, invoice, shipping paper, or other declaration and without informing the agent of such vessel in writing of the true character thereof at or before the time such delivery or transportation is made. It shall be unlawful for any person to tender for shipment, or ship on any vessel to which this section applies, any explosives or other dangerous articles or substances, the transportation, carriage, conveyance, storage, stowage, or use of which on board vessels is prohibited by this section.

"'(11) The Secretary of Commerce may exempt any vessel or class of vessels from any of the provisions of this section or any regulations or parts thereof established hereunder upon a finding by him that the vessel, route, area of operations, conditions of the voyage, or other circumstances are such as to render the application of this section or any of the regulations established hereunder unnecessary for the purposes of safety: *Provided*, That except in an emergency such exception shall be made for any vessel or class of vessels only after a public hearing.

"'(12) The provisions of this section and the regulations established hereunder shall be enforced primarily by the Bureau of Marine Inspection and Navigation of the Department of Commerce and the Coast Guard of the Department of the Treasury; and the Secretary of Commerce, with the consent of the head of any executive department, independent establishment, or other agency of the Government, may avail himself of the use of information, advice, services, facilities, officers, and employees thereof (including the field service) in carrying out the provisions of this section: *Provided*, That no officer or employee of the United States shall receive any additional compensation for such services, except as permitted by law.

"'(13) Any collector of customs may, upon his own knowledge, or upon the sworn information of any reputable citizen of the United States, that any vessel subject to this section is violating any of the provisions of this section or of the regulations established hereunder, by written order served on the master, person in charge of such vessel, or the owner or charterer thereof, or the agent of the owner or charterer, detain such vessel until such time as the provisions of this section and of the regulations established hereunder have been complied with. If the vessel be ordered detained, the master, person in charge, or owner or charterer, or the agent of the owner or charterer thereof, may within 5 days appeal to the Secretary of Commerce, who may, after investigation, affirm, set aside, or modify the order of such collector. If any reputable citizen of the United States furnishes sworn information to any collector of customs that any vessel, subject to this section, is violating any of the provisions of this section or of the regulations established hereunder, and such information is knowingly false, the person so falsely swearing shall be deemed guilty of perjury.

"'(14) Whoever shall knowingly violate any of the provisions of this section or of any regulations established under this section shall be subject to a penalty of not more than $2,000 for each violation. In the case of any such violation on the part of the owner, charterer, agent, master, or person in charge of the vessel, such vessel shall be liable for the penalty and may be seized and proceeded against by way of libel in the district court of the United States in any district in which such vessel may be found.

"'(15) When the death or bodily injury of any person results from the violation of this section or any regulations made in pursuance thereof, the person or persons who shall have knowingly violated or caused to be violated such provisions or regulations shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

"'(16) The transportation by vessels of gasoline or any other inflammable or combustible liquid or inflammable gas when carried by motor vehicles using the same as a source of their own motive power, or motive power for driving auxiliaries forming a part of the vehicle, shall be lawful under the conditions as set forth in the regulations established by the Secretary of Commerce under this section: *Provided, however*, That the motor or motors in any vehicle be stopped immediately after entering the said vessel, and that the same be not restarted until immediately before said vehicle shall leave the vessel after said vessel has been made fast to the wharf or ferry bridge at which she lands. All other fire, if any, in such vehicle shall be extinguished before entering the said vessel and the same shall not be relighted until after said vehicle shall leave the vessel: *Provided further*, That the Secretary of Commerce, may, by regulation, permit the operation on board vessels of motive power for driving auxiliaries forming a part of motor vehicles, under such conditions as he may deem proper: *Provided further*, That any owner, charterer, agent, master, or other person having charge of a vessel shall have the right to refuse to transport motor vehicles the fuel tanks of which contain gasoline or other inflammable or combustible liquid or inflammable gas used as a source of power for the vehicle or its auxiliaries: *Provided further*, That the owner, motor carrier, and operator of any such vehicle in which all fires have not been extinguished or the motor or motors stopped as required by this subsection or regulations established thereunder, and the owner, charterer, agent, master, or person in charge of the vessel on which such vehicle is transported, shall each be liable to a penalty of not more than $500, for which the motor vehicle and vessel, respectively, shall be liable: *And provided further*, That a violation of this subsection shall not subject any person to the penalty provided in subsection (14) or (15) hereof.'

"SEC. 2. (a) Such provision to guard against and extinguish fire shall be made on every vessel which is subject to the provisions of subsection (4), (5), or (6) of section 1 of this act, or of any other section of title 52 of the Revised Statutes, as amended (sections 4399 to 4500, inclusive), or acts amendatory or supplementary thereto, as shall be prescribed by the Board of Supervising Inspectors and approved by the Secretary of Commerce.

"(b) Nothing herein contained shall prohibit the use by any vessel of motorboats, launches, or lifeboats equipped with engines using an inflammable or combustible fuel, nor shall anything herein contained prohibit such motorboats, launches, or lifeboats from carrying such inflammable or combustible fuel in their tanks: *Provided*, That no such inflammable or combustible fuel for the engines of such motorboats, launches, or lifeboats shall be carried except as may be prescribed by regulations of the Board of Supervising Inspectors with the approval of the Secretary of Commerce: *Provided further*, That the use of such lifeboats shall be under such regulations as shall be prescribed by the Board of Supervising Inspectors with the approval of the Secretary of Commerce.

"SEC. 3. Section 4417a of the Revised Statutes (U. S. C., 1934 ed., title 46, Sup. V, sec. 391a) is hereby amended by deleting from paragraph 2 thereof the following proviso: '*Provided*, That the provisions of this section shall not apply to common carriers engaged in interstate or foreign commerce which transport such liquid cargo by water insofar only as such common carriers are subject to the regulations formulated by the Interstate Commerce Commission under the provisions of section 233 of the act of March 4, 1909 (ch. 321, 35 Stat. 1135), as amended (18 U. S. C. 383)'; and by amending the second proviso in paragraph 4 thereof to read as follows: '*And provided further*, That no permit shall be issued under the provisions of this section authorizing the presence on board any vessel of any of the materials expressly prohibited from being thereon by subsection (3) of section 4472 of the Revised Statutes, as amended.'

"SEC. 4. Section 4424 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 402), is amended by deleting the words 'or whenever any passenger steam vessel receives or carries any gunpowder on board, not having a certificate authorizing the same, placed and kept as required, or shall carry any gunpowder at a place or in a manner not authorized by such certificate.'

"SEC. 5. Section 4457 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 414) is amended by deleting the words 'certificates authorizing gunpowder to be carried as freight by any steamer carrying passengers, and of.'

"SEC. 6. Sections 232, 233, 234, and 235 of the Criminal Code, as amended (U. S. C., 1934 ed., title 18, secs. 382 to 385, inclusive), are amended:

"(a) By striking out 'vessel' and 'vessels' wherever appearing in sections 232, 234, and 235;

"(b) By striking out 'or water' where first appearing in section 233; and

"(c) By striking out 'or water' where last appearing in section 235.

"SEC. 7. Sections 4278, 4279, and 4280 of the Revised Statutes (U. S. C., 1934 ed., title 46, secs. 172, 173, 174); section 4288 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 175); the act of August 26, 1935 (U. S. C., 1934 ed., title 46, Supp. V, secs. 178, 179); sections 4422, as amended, 4473, 4475, and 4476 of the Revised Statutes (U. S. C., 1934 ed., title 46, secs. 401, 466, 468, and 469) are hereby repealed.

"SEC. 8. There are hereby authorized to be appropriated such sums of money as may be necessary to carry out the provisions of this act.

"SEC. 9. This act shall become effective 6 months after the date of approval, except as to subsection (7) of section 1 hereof, which subsection shall become effective on the date of approval. Such initial regulations as may be necessary to make the act effective shall be promulgated within 90 days from the date of approval hereof: *Provided, however,* That during any national emergency proclaimed by the President he may in his discretion accelerate any or all provisions of this section.

"SEC. 10. If any provision of this act or the application thereof to any person or circumstances is held invalid the remainder of the act and the application of the provisions thereof shall not be affected thereby."

Mr. BLAND. Mr. Speaker, I offer the following committee amendment to the committee amendment to clarify the situation.

The Clerk read as follows:

Committee amendment offered by Mr. BLAND: Page 17, line 18, insert a comma after the word "carry" at the end of the line.

Page 18, line 18, strike out the word "thereunder" and insert in lieu thereof the word "hereunder."

Page 19, line 21, strike out the word "liquids" and insert in lieu thereof the word "liquid."

Page 21, line 4, strike out the word "carbo-stowage" and insert the word "cargo-stowage."

The committee amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SHIPMENT AND DISCHARGE OF SEAMEN

Mr. BLAND. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9982) to require, during an emergency, the shipment and discharge of seamen on certain vessels of the United States before shipping commissioners, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

Mr. GEYER of California. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. BLAND. The bill largely, in fact almost entirely, is limited to domestic waters, and it particularly affects shipping on the Great Lakes. This has all been worked out as far as the Great Lakes is concerned, and there is an amendment which I shall offer which has been worked out to the satisfaction of the Great Lakes interests. I will say that they have shipping commissioners and that sort of thing at some places, but there are other places where we do not have shipping commissioners, and we want to know something about the men who are serving on the ships. The proposal was to have shipping commissioners, but that would have been very burdensome, so we are requiring the masters to make reports on the type of men employed on the ships.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That whenever in the judgment of the President a sufficient emergency exists and he so declares—

(a) The master of every self-propelled vessel of the United States of 200 gross tons or over (except vessels used exclusively for pleasure) bound from a port or place in the United States, its districts, Territories, or possessions, to a port or place in the British North American possessions, whether by way of the Great Lakes or by way of other waters; to a port or place in the West Indies; to a port or place in the Republic of Mexico; to any other port or place in the United States, its districts, Territories, or possessions, except when navigating rivers, harbors, lakes (other than the Great Lakes), bays, sounds, bayous, and canals exclusively, or to any other port or place in the United States on a voyage on which the vessel proceeds on the Great Lakes; and all vessels of 75 tons and upward (except vessels used exclusively for pleasure) when engaged on an intercoastal voyage; shall, before he proceeds on such voyage, make an agreement with each seaman engaged as one of the crew in the same manner as is provided by sections 4511, Revised Statutes, as amended, and 4512, Revised Statutes (46 U. S. C. 564 and 565), not, however, including the sixth and eighth items of section 4511, Revised Statutes, as amended, and shall discharge such seamen and pay their wages in the manner required by law in the case of vessels subject to section 4511, Revised Statutes, as amended, not including, however, the second clause of the first sentence of section 4529, Revised Statutes, as amended (46 U. S. C. 596), but in lieu thereof, the first clause of that sentence shall be applicable.

(b) The master of every such vessel bound from a port or place in the United States, its districts, Territories, or possessions, on a fishing voyage, shall, before he proceeds on such voyage, make an agreement with each seaman employed therein in the same manner as is now authorized by law, and each seaman so employed shall sign such agreement in the presence of a shipping commissioner. The master of any such vessel shall discharge such seamen and pay their wages in the manner now prescribed by law.

(c) If the master of any vessel subject to the provisions of the two preceding paragraphs shall ship, discharge, or pay the wages of any seaman in violation of the provisions of those paragraphs, he shall be subject to a penalty of $100 for each seaman so shipped, discharged, or paid off, for which penalty the vessel shall be liable. In case of desertion or casualty resulting in the loss of one or more of the seamen, the master must ship, if obtainable, a number equal to the number of those whose services he has been deprived of by desertion or casualty, who must be of the same or higher grade or rating with those whose places they fill, and report the same to the shipping commissioner or the United States consul at the first port at which he shall arrive, without incurring the penalty prescribed herein.

(d) The Secretary of Commerce shall appoint a shipping commissioner for every port of entry on the Great Lakes which in his judgment may require the same. Shipping commissioners so appointed shall have the same powers, duties, and functions as those bestowed by law on shipping commissioners appointed by the Secretary of Commerce at ports of entry which are ports of ocean navigation under authority of section 4501 of the Revised Statutes (46 U. S. C. 541), and shall in all respects be subject to all of the provisions of law relating to shipping commissioners. The provisions of section 4503, Revised Statutes (46 U. S. C. 543), shall apply to any port on the Great Lakes in which no shipping commissioner shall have been appointed.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That section 4551 of the Revised Statutes, as amended (U. S. C., 1934 edition, Supp. V, title 46, sec. 643), is amended by the addition of a new subsection lettered (l), reading as follows:

"'(l) The master of every vessel subject to the provisions of this section shall submit reports to the Bureau of Marine Inspection and Navigation with respect to the employment, discharge, or termination of services of every seaman not shipped or discharged before a shipping commissioner. The Secretary of Commerce shall, by regulation, prescribe the manner, form, content, and time of submitting such reports. Any master who shall violate any provision of this subsection or regulations established hereunder shall be subject to a penalty of $500.'

"SEC. 2. The President is hereby authorized, whenever in his judgment the national interest requires, to extend the provisions of subsection (l) of section 4551, Revised Statutes, as amended, to such additional class or classes of vessels and to such waters as he may designate."

Mr. BLAND. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BLAND to the committee amendment: Page 4, strike out lines 14 to 20, inclusive, and insert in lieu thereof the following:

"(l) The master of every vessel subject to the provisions of this section shall submit, over his signature, reports to the Bureau of Marine Inspection and Navigation of the employment, discharge, or termination of services of every seaman not shipped or discharged before a shipping commissioner, which reports shall contain such of the following information as may be required by regulation of the Secretary of Commerce: (1) name of vessel, official number, voyage number, port, date, description of voyage, name in full of each seaman, number of continuous discharge book or certificate of identification and of license, certificate of registry, or service, and efficiency for rating in which employed, age, citizenship, capacity in which engaged, date and place of engagement, date and place of

discharge or separation from service of vessel, the percentage of citizens of the United States in the crew, and name in full of the master and the serial number of his license; (2) a statement showing (a) that the master has entered into an agreement with each seaman on board such vessel as required by law; (b) that at least 65 percent of the deck crew (exclusive of licensed officers) are of a rating not less than able seamen; (c) that at least 75 percent of the crew in each department are able to understand orders given by the officers; (d) that the vessel has in her service the number of lifeboatmen required by her certificate of inspection; (e) that each member of the crew possesses a license, certificate of registry, or certificate of service for the rating in which he is engaged, and (f) that each lifeboatman possesses a certificate of efficiency. The Secretary of Commerce shall, by regulation, prescribe the form and content of such reports and time of submitting them."

Mr. BLAND. Mr. Speaker, the interests on the Great Lakes were principally interested in this, and after the bill was first ordered reported, the gentleman from New York [Mr. CULKIN] wanted an opportunity to look into it, so it was held up for some time before it was reported, and then reported in a form that we thought met all objections. After the bill was reported, it appeared that there was some question raised by the Great Lakes interests in that we had called for certain reports and they thought we ought to be more specific. In order to cover any possible objection that they might have, this amendment which I have just offered was prepared. It was agreed upon and accepted by the Great Lakes interests and by the Bureau of Marine Inspection, and the gentleman from New York [Mr. CULKIN] who had looked at it in the meantime, also accepted it. Therefore, there is no question of any controversy as to this amendment.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I rise in opposition to the amendment, and ask unanimous consent to speak out of order for not to exceed 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, today is Friday, the 13th, and remembering that in the year 1917 the name of our regiment was changed from the Third Engineers to the Thirteenth Engineers on Friday, the 13th, I take this time to give my congressional colleagues a little constructive advice.

Many of the Members of this Congress who voted for the New Deal peacetime compulsory military service bill apparently do not realize that section 1 of amendment No. 13 to the Constitution of the United States reads:

SEC. 1. Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.

And that section 2 of the thirteenth amendment to the Constitution of the United States reads:

SEC. 2. Congress shall have power to enforce this article by appropriate legislation.

Mr. Speaker, with all sincerity, may I state that section 2 of the thirteenth amendment to the Constitution of the United States, which gives the Congress the power to enforce section 1 of the thirteenth amendment to the Constitution of the United States by appropriate legislation, does not directly or indirectly give to the Congress the power to repudiate and repeal section 1 of the thirteenth amendment to the Constitution under the Colonel Julius Ochs Adler alias Burke-Wadsworth New-Deal Hitler-Stalin type of peacetime compulsory military service legislation or any other congressional enactment.

Mr. Speaker and Members of the House of Representatives, should you on this Friday, the 13th, vote to enact the "involuntary servitude" Colonel Julius Ochs Adler peacetime compulsory military service portion of the New Deal program to establish a dictatorship in the United States of America, remember well that the record of your vote to do so shall never die. Like Banquo's ghost, it shall forever rise to haunt you, particularly during this November's election campaign.

Mr. Speaker, in closing let me remind my colleagues that should they sow "involuntary servitude" seeds this September they shall reap their harvest this November; for "as ye sow, so shall ye reap." [Applause.]

The SPEAKER pro tempore. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The SPEAKER pro tempore. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to amend section 4551 of the Revised Statutes, as amended, and for other purposes."

ORDER OF BUSINESS

The SPEAKER pro tempore. The Chair desires to make a statement.

Several Members have received permission to address the House today at the conclusion of the legislative program of the day. In contemplation of the fact that perhaps during the day the conference report on the selective-service bill will be called up in the House, if there is no objection, while we wait for that the Members who have special orders may now proceed to address the House.

COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that the Committee on Irrigation and Reclamation may have until midnight tonight to file a report on the bill H. R. 10122, on which the committee has been conducting hearings.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

EXTENSION OF REMARKS

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two topics, and in the first to include a brief excerpt from the Detroit Free Press, and in the second to include a brief prepared by the Lawyers Guild.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN J. KENNEDY. Mr. Speaker, in view of the fact there has been a change in the program with respect to the special orders to be recognized at this time, I am wondering if it would not be possible for the Chair to make some arrangement to notify the Members when the conference report comes over from the Senate.

The SPEAKER pro tempore. It is usual that a recess precedes the taking up of a conference report in these circumstances, and if there be one it would probably come within an hour or two.

Mr. MICHENER. Mr. Speaker, may I suggest that there will be a point of no quorum made, if a quorum is not on the floor when the conference report comes over.

The SPEAKER pro tempore. And the bells are usually rung before the recess is over, but no arrangement, of course, has been made with respect to a recess as yet.

Without objection, the position of the gentleman from Alabama [Mr. STARNES] and the gentleman from Texas [Mr. PATMAN] will be reversed and the gentleman from Texas, under the previous order of the House, will be recognized for 20 minutes.

LT. COL. CARL BYOIR, AGENT OF HITLER

Mr. PATMAN. Mr. Speaker, on May 27 I made a statement on the floor of this House that a lieutenant colonel by the name of Carl Byoir, had been guilty of un-American activities in that while he was lieutenant colonel in the Specialist Reserve and within 18 months from the time of his appointment, and immediately after Hitler went into

power on January 30, 1933, was employed by the German consul in New York and paid $4,000 in cash, in bills, for the purpose of distributing literature calculated to build up Hitler, and was prejudicial and detrimental to our form of government.

In addition to that, he received from $2,000 to $3,000 a month right after Hitler went in, for the same purpose, and then he sent a representative to Germany by the name of George Sylvester Viereck, discussed in the Pearson and Allen column today, to get him a contract from Hitler himself, and this representative went to Germany and he saw Hitler and he conferred with the other German officials, and he came back from Germany to the United States with a contract for Lieutenant Colonel Byoir for $6,000 a month to represent Hitler in this country for 18 months. Then Byoir and Viereck became partners in the campaign to "sell" Hitler.

SWORN TESTIMONY

These were very serious charges and if committed in time of war would have been treason, and I offered as proof of that—or at least I had the proof and I submitted some of it here on the floor of the House—the sworn testimony that was presented before the McCormack un-American activities committee in 1934. I presented testimony from a partner of Lieutenant Colonel Byoir to the effect that everything that I have said was true and also the testimony of the man who was sent to Germany to get this contract from Hitler and this contract, I remind you, was approved by Hitler's minister of propaganda. In pursuance of that contract anti-Semitic literature was circulated all over this country by Lt. Col. Carl Byoir, and he was thereby the highest-paid American representative of the German Government in the United States.

HITLER FIRED HIM BECAUSE HE FOUND OUT BYOIR SEMITIC

That contract continued until Hitler discovered that he had employed a Semitic person to distribute anti-Semitic literature in the United States, and then he was discharged.

SUBCOMMITTEE TO INVESTIGATE

Now, when I made these charges, the Dies committee was requested to make an investigation, and a subcommittee of the Dies committee consisting of the gentleman from New Mexico [Mr. DEMPSEY], the gentleman from Illinois [Mr. MASON], and the gentleman from Massachusetts [Mr. CASEY] were to make an investigation of these charges. I was not notified that there would be a hearing, and there was no hearing, and all at once the newspapers came out with the statement that this man was exonerated; that there was nothing to these charges. I immediately asked for a hearing before the committee, and finally, after making some speeches here on the floor of the House and reiterating some of these charges and showing I could prove every one of them, I was granted a hearing before the Dies committee, August 29, 1940.

CHARGES NOT DENIED

At this hearing—I want the Members of the House to remember this—I presented sworn testimony, that is uncontradicted, to bear out every statement I made. Lt. Col. Carl Byoir claimed—and it was his only defense—it was several years ago and, therefore, they should not take it up now, not denying any of the principal allegations—he does not deny he collected $4,000 in bills at one time from the German consul in New York right after Hitler went in. He does not deny he collected from $2,000 to $3,000 a month to distribute this literature over the country. He does not deny that he was getting $6,000 a month under a contract that was approved by Hitler himself. None of that is denied—not any of it—but this committee decides that this is old—1933, 1934, and 1935—that it is too old to take up.

My contention is that there is something new in this; that it was not known then that he was a lieutenant colonel in our Army. If it had been known then, the McCormack committee would have taken immediate action against him. It has only been discovered recently that we had a lieutenant colonel distributing anti-Semitic literature and representing Hitler in this country.

Now, I have no personal attack to make upon the members of the committee that passed upon this. The only criticism I have to offer is that I do not believe they gave it sufficient consideration. I do not believe they did or they could not have come to the conclusion that they did.

I have been in this House 12 years and I have tried to make a record that my colleagues would support me on.

IS NOT FIT PERSON TO ADMINISTER NEW COMPULSORY-TRAINING BILL

I have been very careful to never make a statement that I could not back up with proof. In this case this man committed an act which, if committed in time of war, would have been treason. It happened that we were not at war with Germany, and therefore it is not treason, but it is an un-American activity for a lieutenant colonel, who is likely to be called out to administer this compulsory training service bill that we passed, to be a representative of a foreign government, and especially the type of government that Hitler is trying to force upon the countries of the world.

Remember this, my friends, that during that time of Byoir's representation of Hitler, steamships were coming in here loaded down with "fifth columnists." The testimony shows that they came to this country and left this country at will, without any record having been made.

I stated that this country was filled up with "fifth columnists" during that period of time when the drive was put on under Byoir to sell Hitlerism to the people of this country. So that is part of the investigation that I think should have been made, but it was not made. Of course, Lieutenant Byoir would have you believe that this was just a tourist contract, just a travel-bureau business, and therefore it was not connected with the Government. But the sworn testimony refutes his statement; so does the report of the McCormack committee.

Now, I see the gentleman from Alabama [Mr. STARNES] is present. He was acting chairman of the most recent committee exonerating Byoir. When the Dempsey subcommittee made this report and I asked for a hearing before the whole committee and was heard August 29, 1940, nothing was done until about Tuesday of this week, when the committee was called together by the gentleman from Alabama [Mr. STARNES]. If I am incorrect about this, I want him to correct me, as he is sitting here listening to what I have to say. At this meeting there were three persons besides himself, who were members of that committee. Two of them—the gentleman from Massachusetts [Mr. CASEY] and the gentleman from Illinois [Mr. MASON]—were members of the other committee who had already exonerated Byoir and had prejudged the case before they heard the testimony. Naturally, I had a great burden to assume in trying to change the minds of the judges, the members of the committee, and did not succeed in doing it. The other member present was the gentleman from California [Mr. VOORHIS]. So a majority of those present who could vote were those who had prejudged the case. So any report they made was just the same report that had been previously made without giving me a hearing.

F. B. I. REPORT MISLEADING

I think this report is misleading. This report says first that the Federal Bureau of Investigation had exonerated Byoir, but they overlook this fact, that the F. B. I. was only investigating one thing—and you can call the Department of Justice and confirm what I say—that is, whether or not Byoir was registered as a foreign agent after 1938 when the Registration Act was passed. That is all they were investigating, and they exonerated him of that, because Hitler had already found out that Byoir was Semitic and he was employed to distribute anti-Semitic literature, and Hitler had discharged him. Therefore, they could not find that he was representing Hitler in 1938 and thereafter, because he was not doing it. They exonerated him.

But this report of the F. B. I. is misleading. I do not think the committee should take a report like that. I think the committee should make the investigation themselves. I hope yet that the investigation is made and fully and completely and satisfactorily, because there is much proof that has never yet been presented.

For instance, the McCormack committee in 1935, when it made its report—and I want you gentlemen to listen to this—this is the report filed by the Honorable John W. McCormack, chairman; Samuel Dickstein; Charles Kramer; Thomas Jenkins; J. Will Taylor; and U. S. Guyer. In that report they stated, and this is the finding of the committee:

The committee found indisputable evidence to show that certain German consuls in this country, with all the appurtenance of diplomatic immunity, violated the pledge and proprieties of diplomatic status and engaged in vicious and un-American propaganda activities, paying for it in cash in the hope that it could not be traced.

And they cite the testimony where Byoir was paid with cash and distributed that vicious un-American propaganda. Do you need any more proof than that, my friends? I do not see that you do. Of course, the committee says, "We do not want to go back to that report. We do not want to consider anything that the McCormack committee did." I pleaded with them that they should do that, because there have been recent developments that connect up exactly with what happened during this investigation.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. PATMAN. I yield to my friend from California.

Mr. VOORHIS of California. I think an accurate statement of the committee's position is not that it does not want to go back and examine those things, but that it feels that it is the job of the current committee to begin with the findings of the previous committee and proceed from that point. I know that for my own part I would be perfectly willing to say, and I do say, that I think it is utterly improper for anybody connected with the armed forces of the United States in any capacity to have connection with a foreign government or to become its agent for whatever reason, but that has already been made a part of the findings of the McCormack committee, as I understand it. Members of the Dies committee do not feel that we have a right to pass that in review again. I think that is the position of the committee.

Mr. PATMAN. Will the gentleman say that if a lieutenant colonel in the Army represented Hitler, as I have described, that he should not have done that, and that he should not remain a lieutenant colonel in the Army now?

Mr. VOORHIS of California. I certainly think he should not have done it.

Mr. PATMAN. And that he should not remain a lieutenant colonel in the Army now?

Mr. VOORHIS of California. For my own part I do not think he should.

Mr. PATMAN. Now, I will take the gentleman's statement that he is willing to base his findings upon the McCormack committee.

Mr. VOORHIS of California. The McCormack committee has already made its findings, and so far as I know about them I agree with them.

Mr. PATMAN. But they did not exonerate him. They convicted him. Then with what you have new, you ought to demand that he be put out of the Army. That is what I say. Remember that you did not have the information in the McCormack committee that he was a lieutenant colonel in the Army. That was not known then. This Dies committee knows it. There is all kinds of information pertaining to this matter that the McCormack committee put in the Congressional Library under seal with instructions that it shall not be inspected by any person, except in pursuance of a resolution passed by both Houses of Congress.

I could not see it, the Dies investigator could not see it, the Dies committee could not see it. But I wanted the Dies committee to introduce a resolution and get it passed and go there and see it. Why should they not do it? That is what I want to know. I just cannot understand that part of it. Now, I do not impugn the good intentions or the motives of any of these gentlemen. The only criticism I have to offer is the fact that they have not gone into this thing fully and completely as I, as one Member of this House, feel they should have done.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. As one who has voted I think on every appropriation that has been made for the Dies committee, the gentleman from Texas is giving me information that startles me. I think this matter should be put before the House when there is a quorum present. I do not intend to make a point of no quorum now, but I want to ask the gentleman this—I have never served on an investigating committee—is it the custom of investigating committees of the House acting under resolutions to be bound by previous investigating committees?

Mr. PATMAN. I never heard of it before. I have always heard before that they were supposed to take the information previous committees had obtained and use it if they could. That is the way I have always understood it. I do not see the use of having these committees if their work cannot be used in the future.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. VOORHIS of California. I am sure the members of our committee would agree to that. My understanding of the statement made was, that what the McCormack committee had said, our committee agreed with it.

Mr. PATMAN. If the committee agreed with them, how could the committee exonerate him? I read further from your most recent report about this Byoir:

That contract was entered into for the promotion of trade and travel at a time when our Government was doing everything possible to promote trade relations.

In other words, you are building him up, you are exonerating him, you are boosting him, making a stump speech for him. There is where I take issue with you if you wanted to take the findings of the McCormack committee. You would not help him if you agreed with what the McCormack committee said. The McCormack committee said this:

Several American firms and American citizens sold their services for express propaganda purposes making their contracts with and accepting compensation from foreign business firms. The firms in question were Carl Byoir and associates, and Ivy Lee, and P. N. Ross.

There is a finding by the McCormack committee, Mr. Speaker. It cannot be said that this report is not true. The McCormack committee did investigate. They had the facts and sworn testimony to support their findings. After they convict him you come in and attempt to exonerate him.

May I invite your attention to the fact that there were more spies and "fifth columnists" brought into this country during the time Byoir was trying to sell Hitlerism in this country than at any other time in our history, and it would not surprise me if more things like this terrible explosion in the powder plant in New Jersey should happen by reason of activities of the very "fifth columnists" who commenced coming into this country at that time. This is a dangerous time, it is a time when you have got to consider whether you are going to have such a man a lieutenant colonel in our Army to administer the Compulsory Training Act—a man who has admittedly taken money from German consuls and Hitler himself to change and destroy our form of government in this country.

I cannot conceive how a committee of Congress can agree to any such report as that.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield further?

Mr. PATMAN. I yield to the gentleman.

Mr. CRAWFORD. I wish to get this other point cleared up a little more fully.

Mr. PATMAN. Let me see how much time I have left. Mr. Speaker, will the Chair advise me how much time I have remaining?

The SPEAKER pro tempore. The gentleman has 3 minutes remaining.

Mr. PATMAN. May I ask the gentleman from Alabama [Mr. STARNES] if he would object if I asked for 10 additional minutes?

Mr. STARNES. No.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. I yield.

Mr. CRAWFORD. Do I understand that certain records of the McCormack committee are now filed in the Congressional Library but that the Dies committee cannot obtain them?

Mr. PATMAN. That is right.

Mr. CRAWFORD. That the Dies committee cannot obtain them unless there is a special resolution specifically authorizing their being turned over to the Dies committee?

Mr. PATMAN. That is right.

Mr. CRAWFORD. To me this whole matter seems perfectly ridiculous. We are spending how much money for the Dies committee?

Mr. PATMAN. I am not familiar with it.

Mr. CRAWFORD. Will the gentleman yield to permit some member of the committee to tell us?

Mr. PATMAN. I do not really think that is a matter of importance, I may say to the gentleman from Michigan.

Mr. CRAWFORD. It is important in this, that we are to be requested to appropriate additional funds for the Dies committee. At the time we do this we should see to it that we give the Dies committee authority to gain possession of these records that were collected by some previous committee. That is the reaction I get from the gentleman's statement. One further observation if the gentleman will permit: If a lieutenant colonel by the name of Carl Byoir is in the Army and he has participated in activities of this kind, then what kind of Army have we got so far as the officer personnel is concerned?

Mr. PATMAN. That is what I cannot understand.

Mr. CRAWFORD. I think this whole matter is too serious to let pass without further investigation.

Mr. PATMAN. Let me read further what the McCormack committee said. And remember, about this testimony, that they first had executive meetings, secret meetings, to find out what they knew. Then later on they would bring out the part of it that they thought should be brought out; and the part that was not brought out is locked up in the Library of Congress now.

I suggest to the gentlemen of this committee that the Dies committee should rescind this report immediately and go to the Congressional Library after a resolution is passed authorizing them to do so and get these secret reports that have information on this very subject, then after more fully investigating, make your report. That is what I think you should do.

Let me tell you something else. The McCormack report further states:

> Carl Dickey, junior partner of Carl Byoir and associates, testified that his firm handled the contract with the German Tourist Bureau with the fee for services set at $6,000 per month. He testified that the contract was secured with the help of George Sylvester Viereck who received $1,750 per month with free office space and secretary as his share of the $6,000. The committee finds that the services rendered by Carl Byoir and associates were largely of a propaganda nature (pp. 33–67, D. C. 4).

The McCormack committee found further that the services rendered by Carl Byoir and associates were largely of a propaganda nature. It was not a tourist business. That is the front that all these "fifth columnists" use. When the F. B. I. obtained a conviction on the Pacific coast of the man representing the Russian Government, what was his title? A Russian tourist officer. That was his title and he bought Navy secrets. At the present time he and the one in the Navy who sold him the Navy secrets are sentenced to the penitentiary, and their case is on appeal. In South America where Germany is spending hundreds of thousands of dollars a month for propaganda purposes, what kind of a front do they use? Tourist-information offices.

They always use that as a front, because whatever is done in the country they say, "Well. we are helping trade and travel over in Germany and we have to have the good will of the people over here." They can do anything through the use of these tourist information offices as a front and the McCormack committee says it was a front, that Byoir was distributing propaganda in this country and he was hired by the German Government to do it.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. VOORHIS of California. I do not think anybody will disagree with what the gentleman says about that. I am sure I do not disagree with it. I know these trade and travel agencies are used as fronts. I have already said I think it was improper for him to do what he did and, so far as I am concerned, I agree with the McCormack committee findings on that.

Mr. PATMAN. The gentleman then was not familiar with the facts the other day when he voted?

Mr. VOORHIS of California. The point as it is put up to me is this: The McCormack committee has made its findings after its investigation and there is no reason for our committee to question those findings. As I have said, I accept them.

Mr. PATMAN. You find yourself coming back. You say that you should accept these findings. All right. Since these findings were made, which denounced him as the first German propagandist in this country, and the testimony shows the country was being filled up with "fifth columnists" during that time, and since that time, and while your committee was functioning it is discovered he is a lieutenant colonel in our Army, and he is high enough up to where he will probably be called upon to administer this compulsory training law, which we are about to pass, should you not put two and two together and make four out of it?

Mr. VOORHIS of California. I have already answered the gentleman.

Mr. PATMAN. I think you should. I know the gentleman's position. The gentleman from Alabama—and if I am wrong about this I want him to correct me—did not know anything about this case. He has not looked into it at all. He just merely presided. The gentleman from Massachusetts [Mr. CASEY] and the gentleman from Illinois [Mr. MASON], who have already prejudged the case——

Mr. CASEY of Massachusetts. Since the gentleman is making this speech, I am going to request unanimous consent to answer him in full. I do not think I should answer him in part. I think there is a complete and adequate answer to what the gentleman has said.

Mr. PATMAN. I would like to know what it is.

Mr. CASEY of Massachusetts. I am going to get time and tell what it is.

Mr. PATMAN. Then dispute this if it is not true——

Mr. CASEY of Massachusetts. Let me ask you one question: This is the fifth time you have appeared on this floor, making the same charge against this man. Have you any personal animus?

Mr. PATMAN. Absolutely none. He has had plenty of reasons for having a personal grudge against me, but I do not hold those things. I would not bring a charge against any man by reason of personal venom. You think because he opposed a bill of mine I am prejudiced. He has opposed a lot of bills I favored.

Mr. CASEY of Massachusetts. He is the man who had charge of the opposition which defeated the Patman bill.

Mr. PATMAN. He might have told you that.

Mr. CASEY of Massachusetts. No; I know that is the fact.

Mr. PATMAN. I know all about that, too. I do not care who fights these bills. He would not be in favor of any bill that I introduced, I know that, because he represents the biggest companies of America. He represents the Mellon Aluminum Co. of America, and the Freeport Sulphur Co., and others. I could say that because I impeached Andrew Mellon and drove him from the Treasury that he has a personal feeling against me and I have a personal feeling against him because he represents them. He represents other big concerns. He says he represents American industry with assets

of fourteen and one-half billion dollars. That is a lot of money and if it is true three or four fellows like him could control the national advertising in this country.

I want to plead with the gentleman of the Dies committee to lay aside any prejudgment of this case and just take the facts as they are. Byoir cannot deny that he represented the German consul. Byoir cannot deny and does not deny this testimony that I have been telling you about. Byoir cannot deny the contract was signed by Hitler's Minister of Propaganda. He cannot deny that his propaganda for Hitler was sent out all over this country at a time when "fifth columnists" were filling our land. He cannot deny any material allegation, and the gentleman from Massachusetts [Mr. CASEY] does not deny it, because it is true.

Mr. CASEY of Massachusetts. Yes; I deny it, and I am going to get time to deny it.

Mr. PATMAN. He did not deny it, not at all.

Those are the material facts, and upon them I ask this committee to open up this case again and allow me the privilege of sitting in with them for the purpose of trying to arrive at a conclusion, not at a secret conference nor at an executive session, but that I may be called in and asked any question, because I know this case, and I believe that the committee—and I do not impugn their motives—made a mistake on it. I hope we do pass this resolution to get those records over in the Library and lay them on the table, and take this McCormack committee report, in connection with the fact that he is a lieutenant colonel, and then call upon the War Department to put him out of the Army, because we do not want him administering the Compulsory Training Act that will be passed by this Congress.

Mr. IZAC. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. IZAC. Is this Byoir an American citizen?

Mr. PATMAN. Yes; he is an American citizen.

Mr. IZAC. Is he naturalized, or was he born here?

Mr. PATMAN. He was born here.

Mr. IZAC. He is not one of those whom the Germans deliberately sent over here to take out citizenship for the purpose of carrying on activities against this country?

Mr. PATMAN. No. I am glad the gentleman asked that question. But at the same time they were getting him as lieutenant colonel of the Army they were getting people to join the National Guard in the gentleman's home town and in New York, swearing that they were American citizens, when they really were aliens. They were filling up the guard from the highest to the lowest with this type of men. That is proof that cannot be disputed.

Mr. GEYER of California. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. GEYER of California. Has the gentleman laid this matter before the F. B. I.?

Mr. PATMAN. The F. B. I. would investigate only one phase of it. I asked them to investigate it, and they could investigate only one phase, and they frankly told me so; that is, whether or not he was registered as an agent representing a foreign government, or a foreign principal, after 1938, when the act was passed. Of course, they had to find that he is not guilty of failing to register, because he did not represent Hitler at that time. It was in 1933, 1934, and 1935.

Let me read you another paragraph from the McCormack report:

> German steamship lines not only brought over propaganda but transported back and forth certain American citizens without cost for the purpose of having them write and speak favorably of the German nation. German steamship companies' records show that some of these persons received free transportation at the request of the German Ambassador in the interest of the state. Members of the crews of the ships carried messages between party officials in Germany and leaders of the Nazi group here.

I appeal to the members of this committee in all sincerity, in view of this testimony that is undisputed, and that nobody can deny—Lieutenant Colonel Byoir does not deny the allegation; he cannot deny it to take this case back and look into it further. Of course, he would be expected to say something against me. That is a matter of small concern. I do not care anything about that, because it is the policy of people to do things like that. I do not care. I can take care of myself. But there is no allegation that I have made that is a material one that is disputed, and since it is not disputed, and since he is still a lieutenant colonel in the Army, I plead with this committee to rescind its resolution and again consider this matter, get a resolution through the two Houses to get these secret records in the Congressional Library that have been untouched by them or by any other person—and they are valuable right in this case—and then let me go into these parts where they have a doubt in their minds and lay aside everything else and see if we cannot arrive at the right conclusion. I plead with them to do that.

Mr. GAVAGAN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. GAVAGAN. Has the gentleman asked the War Department Military Intelligence to investigate his charges?

Mr. PATMAN. I have not asked the Military Intelligence. I thought the F. B. I. would go into it, but I found out they would not. I thought this committee would go into it, because they have done a grand job on the Communists and the Fascists and on some of the Nazis, but I just feel that they failed to investigate this part that they should have investigated. I do not feel that they have gone into it fully and completely, and I say that in all seriousness and sincerity.

Mr. GAVAGAN. I believe the gentleman should ask the War Department through its Military Intelligence Section to investigate one of its own Reserve officers.

Mr. PATMAN. Investigate what, when you have the proof, sworn proof that is not denied? It is a question of whether or not you are willing to let a man administer this Draft Act who has admittedly been in the pay and in the employment of the German consul in New York and the German Government to distribute propaganda in this country. That is the only question involved. It is not a question that should be submitted to anybody except this committee.

Mr. GAVAGAN. I suggest to the gentleman that this Reserve officer, if guilty of these acts, is subject to court martial, and the proper place to ask for a court martial is the War Department.

Mr. PATMAN. Of course, the only connection I have with the War Department is through the appropriation bills here, but I am exercising my prerogative to ask our committee, for which we made appropriations, to go into this fully and completely, and investigate it thoroughly.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is it up to the Members of Congress to ask for a court martial if an officer is guilty?

Mr. PATMAN. No; it is not the duty of Members of Congress to do that.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. MILLS of Arkansas). Under the previous order of the House the gentleman from Alabama [Mr. STARNES] is recognized for 30 minutes.

Mr. CASEY of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent that at the expiration of the previous orders of the House I may be allowed to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from California.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an article

from Foreign Affairs entitled "Dutch Indies Adrift," by Rupert Emerson.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The gentleman from Alabama [Mr. STARNES] is recognized for 30 minutes.

Mr. STARNES of Alabama. Mr. Speaker, it is not my purpose to discuss the general work of the special committee investigating un-American and subversive activities at this time or to make any detailed reply to the statement of my good friend and colleague, the gentleman from Texas [Mr. PATMAN]. I understand that the gentleman from Massachusetts [Mr. CASEY], who has been a member of the subcommittee investigating this Byoir incident and who prepared the report to which the gentleman from Texas [Mr. PATMAN] refers, will make a reply thereto.

I hope with the indulgence of the House that sometime prior to the adjournment or the recess I will be permitted to give you a brief résumé of all of the activities of the committee this year, as they touch every phase of un-American and subversive activities. Insofar as the Byoir incident is concerned the chairman of the committee called me over long distance and asked me to preside and to receive the report of the subcommittee, which we did, and filed same. I know of no connection of Mr. Byoir with the German Government since 1935, and no member of our committee will condone any un-American or subversive activities on the part of any American citizen or any alien. Certainly no great liberal like the gentleman from Massachusetts, JOE CASEY, or the gentleman from California, JERRY VOORHIS, would ever be accused of having the slightest degree of sympathy with any Nazi propagandist in this country, and those gentlemen are more familiar and conversant with the facts than I am. I have not sat either with the subcommittee or the full committee when the hearings were being held, and therefore I am not in a position to answer in detail any of the matters raised. I want to call your attention at this time to what I consider a very important matter, an attack upon the sacredness of the American ballot by the largest, the best financed, and the most dangerous dissident minority in this country—the Communist Party.

Mr. Speaker, I have a matter of the utmost importance, revealing more clearly, perhaps, than anything that has ever been shown before, just what the true nature of the Communist Party is and how it operates. This startling revelation has come about through the investigations of the Special Committee on Un-American Activities, of which the gentleman from Texas [Mr. DIES] is chairman. It is, in my opinion, the most important revelation which has been made by that committee during the present year. It establishes beyond any possibility of doubt that the Communist Party has been guilty of perpetrating gigantic fraud upon thousands of the plain people of many States. The Communist Party has put up the shameful pretense that it is the protector of the rights and interests of these plain working people. It now appears that it is, above all things else, their wanton deceiver. The Communist Party has been whining about an alleged denial of its civil liberties. I shall show that it has been trampling upon the civil liberties of tens of thousands of American citizens who have not known how to protect themselves against its lying and criminal misrepresentations. I shall show that scores, and perhaps hundreds, of these guilty Communist Party members are now under indictment and on their way to prison as the result of this revelation made by the Dies committee.

In May of this year our committee obtained some evidence indicating the possible existence of trickery, fraud, and misrepresentation in getting signatures to its nominating petitions. There seemed to be a clear lead to an exposure of the party's wholesale corruption of the ballot—the most sacred instrument of our democracy, the very basis of all our civil liberties.

Immediately our committee instituted an investigation in a number of States—in Maryland, in West Virginia, in Pennsylvania, in Kentucky, in New Jersey, and in Ohio. We obtained photostatic copies of the Communist Party's nominating petitions which had been filed with the various secretaries of state.

Acting upon the partial evidence in our possession, evidence which showed the existence of fraud and misrepresentation, we addressed a letter, over the signature of the chairman of the committee, to every individual whose name appeared on one of these nominating petitions. We inquired of him whether or not he had actually signed the petition himself and whether or not his name had been placed on the petition without his knowledge or consent. In order that the record may show precisely what we sent to these "petitioners," I wish to insert in the RECORD at this point a copy of the letter which was addressed to the individuals whose names appeared on the petitions in the Commonwealth of Pennsylvania. In June the committee mailed some 26,000 letters to individuals in Pennsylvania.

I ask unanimous consent, Mr. Speaker, to insert this letter in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The letter referred to follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE ON UN-AMERICAN ACTIVITIES,
Washington, D. C.

DEAR SIR OR MADAM: The committee has received a number of complaints, both in affidavit form and otherwise, by persons complaining that their names have been fraudulently used by the Communist Party. An examination of the public records of the nomination papers in the office of the Secretary of the Commonwealth of Pennsylvania shows that your name and address appear on the petition as an elector. These nomination papers read as follows: "We, the undersigned, all of whom are qualified electors * * * representing the Communist Party or policy, hereby nominate the following persons." We therefore write to inquire if you actually placed your name on this petition or whether it was placed on the petition without your knowledge or consent.

The purpose of this letter is not to make public your name in connection with this matter, but since many instances of fraud and irregularities in connection with these petitions have been brought to the attention of the committee we are seeking to discover to what extent people's names have been improperly used by the Communist Party.

Therefore we would appreciate your advising us immediately if there has been any irregularity in this matter, so far as the use of your name is concerned. Address your communication to Dies Committee, Room 529, House Office Building, Washington, D. C.

Sincerely yours,

MARTIN DIES,
Chairman, Special Committee on Un-American Activities.

Mr. STARNES of Alabama. Within 24 hours after the mailing of these letters the committee's offices in the House Office Building were deluged with thousands and thousands of replies from the people of Pennsylvania. These letters advised the committee that thousands of people had never actually signed such a petition, that they had no knowledge whatsoever of the petition, and that they were at a loss to understand why their names appeared thereon. Other thousands of replies from people stated that they had signed a petition but that it had been misrepresented to them, and that at the time of signing they had been led to believe that it was a petition for better housing, for playgrounds, for the lowering of gas rates, for the third term, and for scores of other causes.

In a few moments I shall read to the Members of the House some of the letters received from these people, and you may judge for yourselves whether or not the Communist Party has been victimized by a denial of its civil liberties. On the other hand, you may judge for yourselves whether or not these senders of the letters have been victimized by the fraud, lies, and misrepresentation of the agents of Moscow.

The evidence is plain that hundreds of names were written on these petitions in the same handwriting. As an illustration of this, in Kentucky there appeared on the petitions filed with the secretary of state 658 cases of duplication of handwriting. In other words, forgery was compounded 658 times over within the limits of a relatively small number of

signatures. Is forgery one of the civil liberties for which the Communist Party clamors? Is forgery one of the constitutional rights which some misguided liberals claim on behalf of Earl Browder and his associates?

Our investigation also shows that the names of people who have been dead from 10 to 15 years appear on the petitions—deceased persons who had probably never heard of the Communist Party, or certainly would not have subscribed to its program if they had ever heard of it. Is the besmirching of the names of the deceased one of the civil liberties for which the Communist Party clamors? Is defilement of the memory of the dead one of the constitutional rights which some misguided liberals claim on behalf of Browder?

In some instances the names of children not over 2 years of age have been placed on these petitions. Is such abuse of infants one of the civil liberties for which the Communist Party clamors? Do these misguided liberals allege a constitutional right for the Communist Party to link the names of mere babies with its criminal conspiracy?

Furthermore, some 15,000 letters which the committee sent out have been returned unclaimed—no such persons, no such addresses. Is the fraudulent manufacture of names and addresses one of the civil liberties for which the Communist Party clamors? Do misguided liberals claim a constitutional right for the Communist Party so to corrupt the ballot?

Our investigation has disclosed that the same frauds were practiced by the Communist Party in Pennsylvania, West Virginia, Kentucky, Maryland, and the other States. I am happy to report to the House that this gigantic fraud of the Communist Party has not gone unchallenged in these States. The law-enforcement agencies in these States have responded promptly to Moscow's challenge of our democratic processes. Following our exposé in Pennsylvania, the local prosecuting authorities and the grand juries began a series of investigations.

As a result of these local investigations in Allegheny County, in Pennsylvania, a grand jury early in July indicted 43 persons who had circulated these Communist Party petitions, charging deceit, false statements under oath, and fraudulent representation. These indictments charged 31 with perjury, 32 with conspiracy, and 20 with obtaining signatures on false pretenses. Similar indictments have been handed down in other counties in Pennsylvania. Are perjury, conspiracy, and false pretense among the civil liberties for which the Communist Party clamors? Are these crimes against the voting laws of our States to be defended by misguided liberals who echo the howls of the Daily Worker about the persecution of minorities? Do these misguided liberals want to be known henceforth as fellow howlers of the Communist Party?

In one county in Pennsylvania the Communist Party raised overnight $100,000 in cash and in property forfeits to bail out 36 men and women who were under indictment in connection with obtaining the signatures to these petitions. Whence this easy opulence of the Communist Party? I want to state again, as I have often done before, that the Communist Party is better financed than either of the major political parties in the United States.

Our investigation in Pennsylvania disclosed that some of the petitions in that State were circulated by a Miss Dorothy Slome, alias Sloan. Miss Slome was among those indicted by the grand jury in Allegheny County. Until yesterday—yesterday, mark you—Miss Slome was employed here in Washington in the Civil Aeronautics Authority.

Here we are preparing to defend the borders of America against any eventuality and we find a woman indicted for Communist activities at work in an activity of the Federal Government which plays a vital and important role in the defense of America.

I am gratified to advise the House that this indicted Communist was discharged "with prejudice" yesterday from the service of the Civil Aeronautics Authority—discharged for her Communist activities. The Civil Aeronautics Authority advised the committee they would take similar action in all cases wherein their employees were engaged in un-American and subversive activities. It is my profound belief, based upon concrete evidence, that we have not yet begun to take with sufficient seriousness the menace of the "fifth column." Are we to repeat the tragic mistakes of France, whose downfall, according to Secretary of the Navy Knox, Colonel Donovan, and Ambassador Bullitt, was so largely attributable to her coddling of "fifth columnists"? The American Peace Mobilization is Stalin's newest Trojan horse. It is the successor of the American League for Peace and Democracy. The American Peace Mobilization has one aim, and one aim only—to combat all efforts to bring this country into a state of preparedness equal to the international emergency with which we are confronted. The Washington Peace Mobilization, which is the local branch of the American Peace Mobilization, is by and large composed of the very same individuals whose names we published a year ago as members of the American League for Peace and Democracy.

I do not charge that those who are affiliated with the American Peace Mobilization are committing any overt acts of an illegal nature. They are, however, now engaged in what has become known as the softening process of the "fifth column." The softening process precedes overt acts, and continues up until the zero hour. In every country of Europe where the "fifth columns" of Stalin and Hitler did their work the softening process went on for months and even years before Stalin and Hitler struck with their military machines. The very heart of the softening process in these countries was to fight in every possible way—usually in strictly legal ways—all measures of national preparedness against the dictators. France might have fallen before the "blitzkrieg" of Hitler even without the softening process of the Nazi and Communist "fifth columnists," but there is absolutely no doubt about the fact that Hitler's conquest of the once most powerful country on the European Continent was greatly facilitated by that softening process.

All of this may seem to some to be a digression from the matter of the gigantic fraud of the Communist Party's nominating petitions. It is not a digression. It is evidence of the highly important fact that Stalin's conspiracy is amazingly synchronized and disciplined—organized on every front to undermine, wherever possible, the security of the United States. In one place it is an undermining of the ballot through fraud; in another place it is the undermining of our military defenses. Wherever it functions, it is the same organiation set up to destroy American institutions.

In the State of West Virginia, as a result of our exposure and of the efforts of the American Legion, Oscar Wheeler, the Communist Party's gubernatorial candidate, was sentenced to from 6 to 15 years in the penitentiary for fraud in failing to reveal the identity of the political party for which he was collecting signatures on the nominating petitions. Six others were indicted with Wheeler on the same charge. One hundred and fifty were indicted for voting in a primary after signing the Communist Party petition. The upshot in West Virginia has been that the supreme court of that State has ruled the Communist Party off the ballot.

On August 29 the committee made public the results of its investigation of the Communist petitions in Maryland. Immediately following this, Gov. Herbert O'Conor and State's Attorney J. Bernard Wells began an investigation based upon the evidence which the committee had compiled. Governor O'Conor ordered a further inquiry into the alleged Communist fraud and ordered the certification of the Communist Party on the Maryland ballot held up pending the outcome of his inquiry.

In Maryland the Communist Party had worked mostly among the Negro population. Our committee received hundreds of letters from these Negro people denying that they had signed the petitions or, in cases where they had signed, advising that they had done so on the representation that it was for better housing, the abolition of lynching, and so forth. The same kind of fraud and misrepresentation appeared in Maryland as in the other States, and the matter is now being presented to the grand jury in Baltimore.

Last week our committee made public its findings in Kentucky, which showed that there were hundreds of duplications, the use of the names of deceased persons, the use of the names of minors, and so forth. It is my understanding that the law-enforcement authorities in Kentucky will make an investigation in that State.

In Ohio the Communist Party filed petitions containing the names of some 34,000 persons. The secretary of state in Ohio has furnished our committee with copies of the petitions, and already thousands of people from that State are writing us repudiating their signatures on the ground that they were induced to sign by fraudulent means. The Communist Party has been ruled off the ballot in Arkansas and declared to be illegal in Arizona. In fact, a recent survey by our committee shows that the party is on the ballot in only a few States, namely, in Maine, California, Kentucky, Michigan, New Jersey, Pennsylvania, Montana by certificate, Texas by certificate. In Virginia, where petitions are not required, only two persons have filed.

Since our exposure of these frauds perpetuated wholesale by the Communist Party there has been much shouting about persecution, the violation of civil liberties, and the intimidation of minority parties. There is not a man in this House who will not defend with every ounce of his ability the civil liberties of the people of this country; but civil liberties are one thing, while fraud and misrepresentation are another.

The National Lawyers Guild has addressed a communication to the Attorney General of the United States suggesting an injunction against our committee to restrain us from conducting our investigation into these petition frauds. That was to be expected of the National Lawyers Guild. I remind this House that the Assistant Secretary of State, Mr. Adolph Berle, resigned not long ago from the National Lawyers Guild on the ground that the organization was unwilling to take any action contrary to the Communist Party line. If Mr. Berle was right in the action which he took—and there is conclusive evidence to show that he was right—what are we to say about the Government employees right here in Washington, men in the legal profession, who still retain their membership in the lawyers' guild—the organization branded by Mr. Berle as dominated by the Communist Party line? In one Federal Government agency alone there are 55 attorneys who hold membership in this Communist-dominated lawyers' guild. Are we to understand that these Federal employees uphold the action of their organization in rushing to the support of the Communist Party and its gigantic petition frauds? If they do not uphold the move, when are they going to follow the example of Mr. Berle and sever their connections with this faithful adherent of the Muscovite line?

Let me read to the Members of this House a few of the replies which our committee has received from the defrauded citizens of the several States where the Communist Party petitions have been circulated.

From Pennsylvania one person writes:

I am writing in regard to this letter. The only thing I ever signed was a paper brought around to the door which I was told was for the benefit of the milk fund for poor children.

Another one from Pennsylvania:

I was profoundly shocked today by the printing of my name in the Pittsburgh Press as a signer of a Communist petition. I am not a Communist, have never been one, and I have no intention of being one. * * *

About this time Dorothy Slome, employed in the same service as I, the Pennsylvania State Bureau of Employment and Unemployment Commission, asked me to sign a petition. I did so as a personal favor without realizing I was doing anything unusual or to the apparent purpose of the petition.

Another letter, from which I quote, in part:

Some woman appeared at the door and told us she was applying for a school playground for the children.

They signed a petition for the Communist Party to be placed on the ballot on that specious ground.

The committee has thousands of such letters in its possession, and we welcome any Member of the House to the committee office to investigate those letters and read them for themselves, and see what a wholesale fraud was perpetrated.

Let us go to the State of Kentucky:

I have received a letter of inquiry from your office addressed to my late husband. My husband was a minister, and has been dead for more than 9 years.

Another from Kentucky:

This is to certify that at no time have I been connected with the above-named party, nor given my name, nor consented for my name to be used. I was never approached on this matter.

Another letter from Kentucky:

I signed one petition indicating that I favored aid to the Allies of everything short of sending over an Army. That is all.

That is a little unusual.

Another letter from the State of Kentucky; from which I quote, in part:

I have never at any time signed any petition for anything, nor have I at any time authorized anyone to sign by name to any petition of the nature described. Since receiving your letter I went to see the secretary of state at Frankfort for the purpose of looking at the petition. I find my name forged to two Communist petitions, one for the Presidential electors State-at-large petition, the other Paul J. Kellogg, United States Senator.

Here is another one from Kentucky:

I am really shocked by two people coming around some time ago with paper and pencils telling the Negro people that they were supporters for the President of the United States.

From West Virginia I quote in part from a letter:

I did not give my name to be used in anything. A woman came around one Sunday morning. I met her in the road. She told me she was heading a committee to get the colored people better acquainted with each other.

Here is another from West Virginia:

My wife signed a petition which was misrepresented, saying it was for better jobs for boys and girls when finishing high school.

Another from West Virginia:

The man that came to my house had a paper and told me it was for to take loading machines out of all mines and would make more work for all the miners.

Another from West Virginia:

I cannot write; not even my own name.

Another from West Virginia:

I did sign a paper on which there was a list of names only, said paper being a sheet or batch of sheets or a tablet, on which no printing and writing was visible. Said petition purported to be a petition for a radio program for relief and for the benefit of old-age pensions.

Mr. SACKS. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. SACKS. In my own district, the only district in which the Communist Party filed a petition—Philadelphia—out of the signatures they had there were only found 12 to be genuine by our district attorney.

Mr. STARNES of Alabama. I thank the gentleman for his contribution.

Mr. SACKS. And it was uncovered as a result of the letters you wrote into the district to the people who purported to sign, and the result of that investigation showed that only 12 were Communists and knew they signed a Communist petition.

Mr. STARNES of Alabama. I thank the gentleman for his contribution.

Mr. WALTER. Will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. WALTER. I am very much interested in the gentleman's statement, and I want to assure him that in my district, at least, and in fact the whole State of Pennsylvania, he has made a very fine contribution. I happen to have opposing me a Communist candidate for Congress, who was sentenced to 26 years in Alcatraz because it was definitely proved that while he was in the United States Army he was on Stalin's pay roll and was the representative of Russia.

Mr. STARNES of Alabama. I thank the gentleman.

Mr. COX. Will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. COX. I would like to take this opportunity to applaud the gentleman and his colleagues for the very fine work his committee has been doing. I am wondering if the committee, with the support that has come from the people throughout the country at large, and the splendid record which the committee has made, has finally overcome the resistance with which the committee was met, coming from high places in the Government.

Mr. STARNES of Alabama. May I say to the gentleman that we are receiving more cooperation at the present time than we have ever received.

Mr. COX. In other words, the abuse that the committee was subjected to has finally subsided and there is now an indication to get behind and give support to the committee?

Mr. STARNES of Alabama. I think that is an accurate statement.

Mr. FADDIS. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. FADDIS. I would like to have the gentleman's opinion, in view of all the fraud and chicanery that has been proven in connection with the circulation of petitions to get the Communist Party on the ballot in Pennsylvania. The fact that they have not been taken off of the ballot is what I am referring to. I was just wondering how much it was going to require to prevent them from following practices like that to get a ballot in the field?

Mr. STARNES of Alabama. I thank the gentleman for that. I shall attempt to answer in my closing statement.

Mr. HOFFMAN. Does the gentleman not believe it would help his committee if the candidate of his party would say as Willkie said that he does not want any support from the Communists or those who are stirring up class hatred?

Mr. STARNES of Alabama. I think that all American citizens running for public office should make such a statement, whether it be for the office of President or that of constable.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield.

Mr. HINSHAW. The gentleman, of course, is familiar with such changes in names following the activities of the gentleman's committee as that of the Hollywood Anti-Nazi League changing its name to the Hollywood League for Peace and Democracy; and has he not noticed also that the writings of Donald Ogden Stewart in the paper of that league have been very different in tone?

Mr. STARNES of Alabama. We have that in our committee files, and we have also compiled a list of more than 100 apparently bona fide local peace organizations. They have sprung up in various sections of the country and are merely variations of the old scheme fostered by the American League for Peace and Democracy.

[Here the gavel fell.]

Mr. STARNES of Alabama. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes in order to complete my statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STARNES of Alabama. I am sure that these letters arouse in this body a great and righteous indignation against a foreign-controlled conspiracy which perpetrates the kind of fraud which has been reflected in these letters which I have read. If the Members of this House could read the thousands upon thousands of similar letters which we have received, that indignation would rise to the boiling point.

Despite the clearest evidence of crime, the Communist Party has the effrontery, through its various Trojan-horse organizations and through the media of its own publications, to shout about the denial of civil liberties. The party's principal medium for this purpose is known as the National Federation for Constitutional Liberties. I hold here in my hand a letter which every Member of this House received from this organization. That letter was accompanied by a circular which has a section setting forth alleged violations of rights of minority parties. That identical document appeared in the Communist Party's newspaper, the Daily Worker, on the same day, September 6, that it was forwarded to the Members of this House. I show you the copy of the Daily Worker and the circular sent out by the National Federation for Constitutional Liberties, and ask you to draw your own conclusions.

Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a list of names of the members of the board of directors, the governing body of this organization, and the groups with which they are now affiliated or have been affiliated.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STARNES of Alabama. Let us look at the record of the personnel of this National Federation for Constitutional Liberties. A more completely Communist-dominated Trojan horse has not yet appeared. The multiple connections of its officers with other Communist Trojan horses will make this crystal clear as we take them up one by one.

Owen A. Knox, chairman: Also connected with the Civil Rights Federation of Detroit, the Committee To Defend America by Keeping Out of War, the Emergency Peace Mobilization, the International Labor Defense, the Jewish People's Committee, the Joint Committee for Trade Union Rights, the Joint Committee of Trade Unions in Social Work, the National Committee for People's Rights, and the National Conference on Constitutional Liberties in America.

Josephine Truslow Adams, vice chairman: Also connected with the Jewish People's Committee, the Murray Defense Committee, the National Emergency Conference for Democratic Rights, the New York Conference for Inalienable Rights, the North American Spanish Aid Committee, the Spanish Refugee Relief Campaign, the National Conference on Constitutional Liberties in America, and the United American Spanish Aid Committee.

Carey McWilliams, vice chairman: Also connected with the American Committee for the Protection of the Foreign Born, the American Peace Crusade, Consumers Union, the New Masses, the Lawyers Committee on American Relations With Spain, the Letter Protesting the Ban on Communists in the American Civil Liberties Union, the National Council To Aid Agricultural Labor, the National Emergency Conference for Democratic Rights, the Open Letter to American Liberals on Trotskyism, the Open Letter Protesting Against Attack on Right of Communist Party To Use the Ballot, the National Conference on Constitutional Liberties in America, the Schneiderman-Darcy Defense Committee, Social Work Today, and the Third American Writers Congress.

Max Yergan, vice chairman: Also connected with the American Committee for Democracy and Intellectual Freedom, the American Committee for the Protection of the Foreign Born, the American Congress for Peace and Democracy, the American League for Peace and Democracy, the American Student Union, the American Youth Congress, the China Aid Council, the Committee To Defend America by Keeping Out of War, the National Conference on Constitutional Liberties in America, the Conference on Pan American Democracy, the Congress of Youth, the Defense Rally for the New Masses, the Council for Pan American Democracy, the Emergency Peace Mobilization, Equality magazine, the Statement on the Bill of Rights, the International Committee on African Affairs, the International Labor Defense, the National Committee for People's Rights, the National Negro Congress, the New York Conference for Inalienable Rights, the North American Spanish Aid Committee, the Refugee Scholarship and Peace Campaign, Work Camps for America, the Union of Concerted Peace Efforts, and the United American Spanish Aid Committee.

Alfred K. Stern, vice chairman: Also connected with the American Committee for Democracy and Intellectual Freedom, the Civil Rights Federation of Detroit, the National Conference on Constitutional Liberties in America, the National Emergency Conference for Democratic Rights, the Open Letter

for Closer Cooperation With the Soviet Union, and the Washington Committee To Lift the Spanish Embargo.

VITO MARCANTONIO, vice chairman: Also connected with the American Friends of Spanish Democracy, the American League Against War and Fascism, the American League for Peace and Democracy, the American Artists and Writers Committee, the American Friends of the Chinese People, the American Committee for the Protection of the Foreign Born, the American Committee for Anti-Nazi Literature, the American Student Union, the Budenz-Patterson-Wirtz Defense Committee, the Coordinating Committee Against Profiteering, the Champion magazine, the Committee To Defend America by Keeping Out of War, the National Conference on Constitutional Liberties in America, Consumers Union, the Descendants of the American Revolution, the Emergency Peace Mobilization, the First Congress of the Mexican and Spanish-American Peoples of the United States, the German-American League for Culture, the German Writers Guild, the Supporters of Simon W. Gerson, the Golden Book of American Friendship With the Soviet Union, the International Labor Defense, the Jewish People's Committee, the International Workers Order, the League of American Writers, the Lawyers Committee on American Relations With Spain, the Medical Bureau and North American Committee To Aid Spanish Democracy, the Medical Bureau American Friends of Spanish Democracy, the National Negro Congress, the National People's Committee Against Hearst, the New Masses, the New York Conference for Inalienable Rights, the New York Peace Association, the petition to grant pardons to McNamara and Schmidt, the refugee scholarship and peace campaign, the Theatre Arts Committee, United Action Against Fascism and Anti-Semitism, the Washington Committee for Democratic Action, and the Workers Alliance.

Dashiell Hammett, chairman, committee on election rights: Also connected with the American Committee for Democracy and Intellectual Freedom, the American Relief Ship for Spain, the National Conference on Constitutional Liberties in America, Consumers Union, the Equality magazine, Film Audiences for Democracy, Films for Democracy, League of American Writers, the Motion Picture Democratic Committee, the National Committee for People's Rights, the National Emergency Committee for Democratic Rights, the New Masses letter to the President on April 2, 1940, the North American Spanish Aid Committee, the Open Letter for Closer Cooperation With the Soviet Union, the Progressive Committee To Rebuild the American Labor Party, the Spanish refugee relief campaign, the statement by American Progressives on the Moscow trials, the statement on the Bill of Rights, and the Washington Committee To Lift the Spanish Embargo.

Helen R. Bryan, executive secretary, committee on election rights: Also connected with the American League for Peace and Democracy, the refugee scholarship and peace campaign, and the National Negro Congress.

Joseph Curran, member, executive committee: Also connected with the American Committee for the Protection of the Foreign Born, the American League Against War and Fascism, the American Relief Ship for Spain, the American Youth Congress, the Boycott Japanese Goods Conference, the Champion magazine, the Committee To Defend America by Keeping Out of War, the National Conference on Constitutional Liberties in America, the Council for Pan American Democracy, the Emergency Peace Mobilization, the First Congress of the Mexican and Spanish-American Peoples of the United States, the Golden Book of Friendship With the Soviet Union, the International Labor Defense, the International Workers Order, the Joint Committee for Trade Union Rights, the magazine Labor Defender, the Murray Defense Committee, the National Emergency Conference for Democratic Rights, the National Maritime Union, the New York Conference for Inalienable Rights, the Progressive Committee To Rebuild the American Labor Party, the Washington Peace Mobilization, the Washington Committee for Aid to China, and the Workers Alliance.

Bertha Josselyn Foss, member executive committee: Also connected with the Jewish People's Committee, the National Conference on Constitutional Liberties in America, the League of Women Shoppers, the National Emergency Conference for Democratic Rights, and the Progressive Committee To Rebuild the American Labor Party.

Joseph Gelders, member executive committee: Also connected with the Southern Conference for Human Welfare, the National Committee for People's Rights, the National Committee for the Defense of Political Prisoners, the National Conference on Constitutional Liberties in America, the Citizens' Committee To Investigate Vigilantism in Gadsden, Ala., and the Strategy Committee To Repeal the Poll Tax.

Pearl M. Hart, member executive committee: Also connected with the American Committee for the Protection of the Foreign Born, the Chicago Conference on Race Relations, the National Conference on Constitutional Liberties in America, the National Emergency Conference for Democratic Rights, the National Lawyers Guild.

Abraham Isserman, member executive committee: Also connected with the American League for Peace and Democracy, the National Conference on Constitutional Liberties in America, the Council for Pan American Democracy, Consumers Union, Film Audiences for Democracy, Films for Democracy, the International Juridical Association, the International Labor Defense, and the National Lawyers Guild.

George Marshall, member executive committee: Also connected with the American Committee for Democracy and Intellectual Freedom, the American League for Peace and Democracy, the National Conference on Constitutional Liberties in America, the Conference on Pan American Democracy, the Council for Pan American Democracy, the Friends of the Soviet Union, the National Committee for People's Rights, the North American Spanish Aid Committee, the Open Letter for Closer Cooperation With the Soviet Union, the Open Letter to American Liberals on Trotskyism, the Progressive Committee To Rebuild the American Labor Party, and the United American Spanish Aid Committee.

Moses Miller, member executive committee: Also connected with the Emergency Peace Mobilization, the Jewish People's Committee, the National Committee for People's Rights, the New York Conference for Inalienable Rights, the National Conference on Constitutional Liberties in America.

Michael Quill, member executive committee: Also connected with Consumers Union, the National Conference on Constitutional Liberties in America, the Emergency Peace Mobilization, the Consumers National Federation, the Consumer-Farmer Milk Cooperative, the Union for Concerted Peace Efforts, the United Youth Committee Against Lynching, the International Workers Order, the Transport Workers Union, the Workers Alliance, the Progressive Committee To Rebuild the American Labor Party, the Champion magazine, the Supporters of Simon W. Gerson, the Jewish People's Committee, and Chicago Peace Mobilization.

Morris Watson, member executive committee: Also connected with the American Committee for Democracy and Intellectual Freedom, the American League for Peace and Democracy, the Chicago Peace Mobilization, the National Conference on Constitutional Liberties in America, the Consumers National Federation, the Council of United States Veterans, Inc., the Emergency Peace Mobilization, Frontier Films, New Theatre League, New Dance League, New York Peace Association, Coordinating Committee Against Profiteering, United Action Against Fascism and Anti-Semitism, the American Friends of the Chinese People, the International Workers Order, the Jewish People's Committee, the United American Artists, the Open Letter for Closer Cooperation with the Soviet Union, the Progressive Committee To Rebuild the American Labor Party, and the Workers Alliance.

Frances Williams, member executive committee: Also connected with the American Youth Congress, the New York Conference for Inalienable Rights, the National Conference on Constitutional Liberties in America, the World Youth Congress, and the United Student Peace Committee.

Mr. Speaker, I have cited scores of organizations with which the officers of this National Federation for Constitutional Liberties have been connected. Many, if not all of these organizations belong in the category of Communist Trojan horses, Communist "united fronts," Communist "transmission belts," or what have you. These varied and numerous connections establish the character of the National Federation for Constitutional Liberties.

To my mind, we have in the matter of these petition frauds an excellent illustration of the true character of the Communist Party; an agency which does not hesitate to employ any means to accomplish its sinister ends. That doctrine that the end justifies the means is one of the chief principles of the Communist Party. It is to be hoped that the disclosures of our committee will result in thorough investigations by the proper authorities in every State where this outrage has been committed, to the end that every person who was duped into placing his name on these petitions will be cleared.

Ladies and gentlemen of the House of Representatives, the Communist Party is not a bona fide political party but an agent of Moscow, financed and controlled by the foreign dictator Stalin. Therefore, I submit that the United States Government and the respective State governments should act immediately to outlaw the Communist Party and brand it for what it is—a foreign conspiracy seeking to overthrow our form of Government. [Applause.]

Mr. PATRICK. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Alabama.

Mr. PATRICK. One of the things that impresses me about the communications I have received, and I am sure it has been the experience of other Members of this body likewise, has been the apparent willingness of the people to get behind any movement to dispose of the Trojan horses in the Nation and the Communist element. These people seem to feel that deportation will take care of it. Has the gentleman's committee been able to reach any deduction as to what percentage are not alien born but are native Americans, not subject to the punishment of deportation?

Mr. STARNES of Alabama. The real leadership of the Communist Party, as well as the leadership of the German-American Bund and the Fascist and Nazi Parties in this country, have been aliens. Some have become naturalized citizens not for the purpose of becoming good citizens but only for the purpose of throwing around themselves the cloak of the constitutional guaranty of freedom of speech and the press to protect themselves against deportation. The rank and file, however, is composed of misguided American citizens, some of them in the substrata of economic life in this country. On the other hand so far as the Communists are concerned, not only are they in the substrata economically but many are found in the so-called intelligentsia who are swept off their feet by the dreams they have of state socialism.

Mr. PATRICK. Then viewed from a percentage basis it does not seem as if deportation would go very far toward curing it.

Mr. STARNES of Alabama. That is true. As I stated at the outset of my remarks that I hope I may have the indulgence of the House prior to recess or adjournment in order to give the House a brief résumé of what our committee has been doing. And I will also offer some suggestions for remedial legislation. We must do everything we can prior to the national election to protect the integrity of the ballot. I want to congratulate the respective State Governors on the dispatch with which they have acted to meet this challenge of the attempted corruption of the American ballot which is one of our most sacred institutions.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. STARNES of Alabama. Yes; I am glad to yield to my colleague from California, a member of the committee.

Mr. VOORHIS of California. I wish to call the gentleman's attention to a statement he made a moment ago for I believe he did not intend to leave the impression I am afraid it might have left.

[Here the gavel fell.]

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes. He is making one of the most interesting speeches we have heard in several days.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. VOORHIS of California. The gentleman said that in the case of the Communist Party there were a lot of people in good economic circumstances who had fallen for the propaganda. I am sure the gentleman would not want to leave the impression that was true only of the Communist Party. Certainly the same thing is true of the Nazi movement and the Fascist movement. You have in those movements a certain number of people who are certainly not poor or in an economically distressed group.

Mr. STARNES of Alabama. Yes. The Nazi and Fascist movements are composed almost entirely of people who are intelligent enough to know better and they do not belong to this substrata economically.

Mr. BROWN of Ohio. Will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Some time ago as a result of investigation made by the gentleman's committee some five-hundred-odd names were published as being members of a Communist organization, all of whom were also employees of the Federal Government, if the gentleman will remember that list of names.

Mr. STARNES of Alabama. I recall that the committee published a list of names of the purported membership of the Washington branch of the American League for Peace and Democracy.

Mr. BROWN of Ohio. That was a Communist organization?

Mr. STARNES of Alabama. It was a Communist-controlled organization.

Mr. BROWN of Ohio. Can the gentleman tell me what was done to clear the Government rolls of those employees or what was done to correct that situation?

Mr. STARNES of Alabama. I cannot say. The membership list was made public. It was called to the attention of every responsible party in this Government of ours and every citizen of the Government of ours through the press and radio.

Mr. BROWN of Ohio. Are they still employed by the Government? Does the gentleman know whether or not they are still on the pay roll of the United States Government?

Mr. STARNES of Alabama. That I do not know.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Tennessee.

Mr. BYRNS of Tennessee. The gentleman is familiar with the fact that about 10 days or 2 weeks ago Mr. Earl Browder announced his intention of favoring us in Tennessee with a visit. We favored Mr. Browder with the statement that if he came to Tennessee he would be removed immediately. He canceled his proposed address in my home town, Nashville.

Mr. SACKS. Will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Pennsylvania.

Mr. SACKS. I would like to bear out another fact in connection with a list that was prepared in my district. I had a list made up, and I find that those who opposed my vote on conscription and who were sending me letters were some of the very names that were on a Communist petition which was signed and were some of the same persons who were active in perpetrating frauds on the poor people who signed that petition in my district.

Mr. STARNES of Alabama. Undoubtedly much of the propaganda with which this Congress has been deluged in the past month with reference to our legislation providing for an adequate national defense and our effort to prepare for any eventuality and to provide adequate security for our Nation and its institutions has been brought upon us by Communist front organizations, by the Communist Party, and the German-American Bund.

Mr. BENDER. Will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Ohio.

Mr. BENDER. I am glad to hear the statement of the gentleman from Alabama and to inform him that the Communist Party has been ruled off the ballot in Ohio.

In connection with the statement of the gentleman from Pennsylvania, may I say that, while I have received letters from thousands of people against conscription, I have also received letters from many leading Democrats in my own community against conscription as well.

Mr. STARNES of Alabama. Certainly. I did not mean to infer that many of these letters were not genuine. They came from every walk of life, from every movement, from men of every political faith, and from every religious creed, but there was an effort on the part of these so-called American peace organizations to have the Congress deluged with these letters.

Mr. PATRICK. May I call this to the attention of the Republicans in all sincerity: They have charged the Democrats with having too much common interest with communistic groups because sometimes they attached to our side of a measure. We would like to say, not charging them with intentionally doing so, that the same group has been alined with gentlemen who were supporting the minority, so far as conscription is concerned, and they are having the same difficulty that we have been having when they charged it up to us. We would like for them to feel that we were just as free from any intentional alliance as they were in their case.

Mr. STARNES of Alabama. Communists will aline themselves with any political party or any movement if they can further their own interests.

Mr. SABATH. Will the gentleman yield?

Mr. STARNES of Alabama. I yield to the gentleman from Illinois.

Mr. SABATH. So far as I have heard the gentleman's statement, it shows that in nearly every instance it was the Democratic officials who started to indict, prosecute, and put an end to these frauds on the part of communistic people; is that not right?

Mr. STARNES of Alabama. Frankly, I do not know. I do not want to get into the realm of partisan politics in this discussion.

Mr. SABATH. Well, the question has been asked.

[Here the gavel fell.]

MRS. AGNES BYERS

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there shall be paid out of the contingent fund of the House to Mrs. Agnes Byers, widow of John H. Byers, late an employee of the House, an amount equal to 6 months' salary compensation and an additional amount not to exceed $250, to defray funeral expenses of the said John H. Byers.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Under a previous special order, the gentleman from Wisconsin [Mr. MURRAY] is recognized for 5 minutes.

HERE IS WHERE THE MONEY WENT

Mr. MURRAY. Mr. Speaker, the following table shows the total of A. A. A. checks to each State, 1934–39, the total number of farms in each State, the total amount provided on the basis of all farms, and the amount per farm per year for 1934–39:

State	A. A. A. payments 1934–39, from Department of Agriculture	Number of farms in State, 1935, from Department of Agriculture	Amount per farm on basis of total number of farms from 1934–39	Average payment per farm per year
Alabama	$94,951,204	273,455	$347	$57
Alaska	5,766	643	8	1
Arizona	9,791,046	18,824	520	86
Arkansas	101,917,206	253,013	402	67
California	48,789,240	150,360	325	54
Colorado	41,806,753	63,644	660	110
Connecticut	4,239,071	32,157	131	21
Delaware	2,140,412	10,381	206	34
Florida	11,375,696	72,857	156	26
Georgia	96,300,372	250,554	384	64
Hawaii	27,677,235	5,021	5,512	918
Idaho	27,713,891	45,113	614	102
Illinois	131,284,989	231,312	567	94
Indiana	74,854,071	200,835	372	62
Iowa	194,107,962	221,986	874	145
Kansas	179,784,388	174,559	1,029	171
Kentucky	58,134,756	278,298	208	34
Louisiana	77,418,886	170,216	454	75
Maine	3,606,330	41,907	85	14
Maryland	15,264,965	44,412	343	57
Massachusetts	4,623,206	35,094	131	21
Michigan	36,755,102	196,517	187	31
Minnesota	92,039,135	203,302	452	75
Mississippi	110,331,541	311,683	353	58
Missouri	96,626,968	278,454	347	57
Montana	49,368,089	50,564	907	151
Nebraska	123,641,274	133,616	925	154
Nevada	847,974	3,696	229	38
New Hampshire	994,562	17,695	56	9
New Jersey	3,588,635	29,375	122	20
New Mexico	13,973,099	41,369	337	56
New York	20,047,374	177,025	113	18
North Carolina	84,440,668	300,967	277	46
North Dakota	104,624,070	84,606	1,236	206
Ohio	64,886,032	255,146	254	42
Oklahoma	135,973,097	213,325	637	106
Oregon	20,895,174	64,826	322	53
Pennsylvania	16,568,734	191,284	86	14
Philippine Islands	15,853,168	1,955,276	8	1
Rhode Island	191,983	4,327	44	7
South Carolina	67,746,827	165,504	409	48
South Dakota	85,986,334	83,303	1,020	170
Tennessee	59,005,559	273,783	215	35
Texas	365,251,674	501,017	729	121
Utah	10,780,015	30,695	351	58
Vermont	2,083,721	27,061	76	12
Virginia	22,564,091	197,632	114	19
Washington	32,492,656	84,381	385	64
West Virginia	4,941,482	104,747	47	7
Wisconsin	47,285,575	199,877	236	39
Wyoming	11,741,172	17,487	670	111
Puerto Rico	31,094,966	56,177	553	92

1 insurance company received over $254,000 in Agricultural Adjustment Administration payments in 1 year. 1 corporation farm received $112,000 in 1938 and $122,000 in 1939. Actual farmers received very small amounts.

States:

Washington, D. C	$66,110,574
Undistributed	289,696,774
Total	3,294,215,571

Number of farms in the United States, 6,812,530; or $48 average per farm per year.

This factual information is presented from a nonpartisan standpoint. These figures easily convince anyone that the A. A. A. checks are distributed on an unfair, unjust basis.

REMARKS AND DEDUCTIONS

First. One State had over one-eighth of the amount of the total subsidies.

Second. These checks are not allocated on a basis of common sense or on the basis of common justice.

Third. True soil conservation is most desirable. A farmer can deplete the fertility of the most productive, fertile farm in America and still get these New Deal checks. This is more a New Deal conservation than a soil-conservation program.

Fourth. What elements are being conserved, is a pertinent question that seems difficult for new dealers to answer.

Fifth. The big corporation farmers of Hawaii received $918 per farm per year and the farmers of the rock-ribbed State of New Hampshire only had $9 per farm per year, and the West Virginia farmers had but $7 per farm per year.

Sixth. This money is all borrowed money. The public debt has bee nincreased by twenty-one billions and the farmers will have to repay over $6,000,000,000 as their share of the increased public debt. Farmers are entitled to this borrowed money for subsidies as long as other groups are receiving

a subsidy. The New Deal has put a $1,000 invisible mortgage on every farm in the United States.

Seventh. The New Deal pays farmers or gives them checks of borrowed money for controlling crop production. The New Deal also appropriates 10 times as many millions to put more land under irrigation; spends millions to subsidize exports; drives thousands of farmers from their homes by foreclosures and builds migratory camps for them after they have dispossessed them. This is done right in the face of the millions of A. A. A. subsidy checks.

Eighth. These checks of $48 average make a large total but do not offset the losses from the low agricultural prices prevailing under the New Deal. Butter and cheese are 25 to 30 percent below pre-New Deal prices. This loss per farm is many times the A. A. A. checks.

Ninth. The New Deal drove more farmers from their farms in Wisconsin—both in number and percentage—than were ever dispossessed before in any year in the history of the Federal land bank.

While these 91,135 farmers were being driven from their farms because they could not pay $112 interest on an average $2,800 mortgage, the New Deal was building 90,436 housing units for their city cousins that cost $4,359 per unit, and pay $193 per year of the rent for the next 60 years. More families were driven from their homes by the New Deal than new homes were provided by the New Deal, and the public debt was increased by $1,680,000,000.

Tenth. The New Deal lowered the tariff on farm products. The result was increased imports. Agricultural exports are the lowest in the history of the country. The New Deal is evidently anxiously waiting for election so they can make a trade agreement with Argentina and import still more cheap farm products.

Eleventh. The New Deal should turn the relief back to the relief agencies, the politics back to the politicians, and the Agricultural Department back to agriculture. It should not degenerate into a New Deal propaganda mill.

Twelfth. The McNary-Haugen philosophy for agriculture should be given consideration and trial, and if price fixing is to continue it should include agriculture as well as other groups.

The leader of the New Deal also twice vetoed bills to reduce the interest rate to farmers. [Applause.]

The SPEAKER pro tempore. Under a previous special order, the gentleman from Massachusetts [Mr. CASEY] is recognized for 10 minutes.

CARL BYOIR

Mr. CASEY of Massachusetts. Mr. Speaker, I rise at this time to answer the gentleman from Texas [Mr. PATMAN] with respect to his statements regarding the Dies committee's investigation of Mr. Carl Byoir. We may as well discuss this matter at this time. We are waiting for the Senate to pass upon conscription, and this is a most interesting subject. I know of no way of getting it before the Members of the House in any better fashion than to recite the story chronologically.

Mr. Carl Byoir was born in, I think, Des Moines and I am sure of the State, Iowa. His is the story of a poor boy who worked his way up in the business world. He became very prominent in the field of advertising or propaganda, which now has a very sinister connotation. In fact, he did some work for President Wilson away back when President Wilson went over to France on his peace mission. It was Carl Byoir who gathered data in Czechoslovakia and other conquered countries to present to President Wilson. He occupied a high position on the American publicity staff during the last World War. He was an assistant, I believe, to Mr. Creel, who was in charge of publicity at that time. So you do not have the picture of some sinister "fifth columnist" in the background so far.

Mr. Byoir became a publicity man for a great many large concerns in America whose assets add up to billions of dollars. In 1933—mark the year—Mr. Byoir entered into a contract with the German Tourist Agency to advertise Germany, its scenic beauties and its attractions, to the American public. Keep the year in mind—1933, not 1940. At that time the American Government itself was trying to promote friendly relations with Germany. It was a little later than that time that Mr. Lindbergh and Mr. Ford received medals from the German Government. I am just trying to give you the proper background and the perspective and the surroundings under which Mr. Byoir entered into this contract with the German Travel Agency.

This contract was a continuing contract under which Mr. Byoir did actually disseminate literature and the story of the natural scenic beauties and other attractions of Germany. In 1935 he broke that contract. Mr. Byoir broke the contract because Germany then was pursuing a policy with which he had no sympathy. The McCormack committee investigated this situation and this contract and found nothing un-American about the contract. In fact, the gentleman from New York [Mr. DICKSTEIN] who was a member of the McCormack committee and who could hardly be charged with being pro-Nazi, issued a statement in which he commended the patriotism of Carl Byoir in breaking off his contract with the German Tourist Agency.

Time went on, and Mr. Byoir numbered among his clients the A. & P. chain-store organization and other big business concerns. Our friend and colleague the gentleman from Texas [Mr. PATMAN] had an anti-chain-store bill that was not entirely without merit. It became Mr. Byoir's job to organize the opposition before the Committee on Ways and Means, and he did organize it.

Even up in my district, I believe, he summoned witnesses who had large apple orchards to come down here and testify as to the way the chain stores bought up surplus apples that had fallen during the hurricane. From all over the country Mr. Byoir drew witnesses, and he had charge of a parade of witnesses before the Committee on Ways and Means in opposition to the chain-store bill of the gentleman from Texas [Mr. PATMAN].

This opposition was successful, not to the great delight of our friend and colleague the gentleman from Texas [Mr. PATMAN]. After that, the gentleman from Texas appeared on this floor at least five times, and I think six times, and made charges against Mr. Byoir's Americanism. As a result of these charges, a subcommittee was appointed by Chairman Dies, and this subcommittee consisted of the gentleman from New Mexico [Mr. DEMPSEY], the gentleman from Illinois [Mr. MASON], and myself. We went into the story as fully as we could. We went into the McCORMACK hearings and findings. We went into the F. B. I. investigation, and the F. B. I. found nothing un-American about Mr. Byoir's activities. We had an agent investigate every phase of it, including Mr. Byoir's private papers and private contracts in New York. This was an agent and investigator of the Dies committee. As a result of the subcommittee's hearings and investigations the following finding was made by the subcommittee, and it was signed by the gentleman from New Mexico, Mr. JOHN J. DEMPSEY; the gentleman from Massachusetts, Mr. JOSEPH E. CASEY; and the gentleman from Illinois, Mr. N. M. MASON. It was sent to the gentleman from Texas [Mr. DIES] at Beaumont, Tex.

WASHINGTON, D. C., *July 15, 1940.*

The subcommittee you appointed to investigate the un-American activity charges made against Mr. Carl Byoir, after carefully going over the report of our special investigator, Mr. Stedman, and also after consulting the files of the F. B. I. in the case, find nothing to justify the charges made, nor any evidence that could possibly form a basis for such charges. We therefore find satisfaction in clearing Mr. Carl Byoir of the charges made against him and recommend that a resolution covering a complete exoneration of Mr. Byoir be voted by the full committee as soon as possible, such resolution to be based upon this subcommittee report. We also believe you should in fairness to Mr. Byoir give immediate publicity to the subcommittee findings.

JOHN J. DEMPSEY, M. C.
JOSEPH E. CASEY, M. C.
N. M. MASON, M. C.

This finding was made public. Then the gentleman from Texas [Mr. PATMAN] took issue with the finding of the subcommittee and said it had not conducted a full and complete

investigation, and demanded a hearing before the full Dies committee. Because he is a Member of Congress and a colleague of ours and a gentleman we all knew, we went out of our way to be fair, and, after making this finding, gave him a hearing before the full Dies committee. Presiding over that committee was the gentleman from Texas, Mr. MARTIN DIES, who comes from the same State of Texas. During the hearing he said to me, "This is most embarrassing, because the gentleman is a colleague of mine and comes from the same State."

He said, "How would you feel if you were confronted with a situation where your colleague, JOHN MCCORMACK, had you on the spot?" My answer was that JOHN MCCORMACK would not be JOHN MCCORMACK if he ever found himself in that position.

Now, the full committee gave the gentleman from Texas [Mr. PATMAN] hour after hour of time in making a charge against Mr. Byoir. He went into statements against the Nazi government, against Mr. Hitler, and there was no attempt to tie him down to relevancy or to competency as far as evidence was concerned. He roamed all over the field, and at the conclusion of this hearing the full committee met in executive session and found there was no basis for the charges. So I say, Mr. Speaker, here we have the gentleman from Texas showing the tenacity of a leech. Despite all these hearings before friendly tribunals he continues to cling to his untenable position.

Mr. PATMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. CASEY of Massachusetts. I yield.

Mr. PATMAN. Who was present at the full committee at the close of the hearings when they found him not guilty of the charges?

Mr. CASEY of Massachusetts. There were the gentleman from Alabama [Mr. STARNES], the gentleman from California [Mr. VOORHIS], the gentleman from Illinois [Mr. MASON], and the gentleman from Massachusetts [Mr. CASEY].

Mr. PATMAN. That was a different time. I understood that after the hearing was over that day the committee met that day without the gentleman from Texas [Mr. DIES].

Mr. CASEY of Massachusetts. After the hearing was over there were the gentleman from Texas [Mr. DIES], the gentleman from Illinois [Mr. MASON], the gentleman from California [Mr. VOORHIS], and the gentleman from Massachusetts [Mr. CASEY].

Mr. PATMAN. Did the gentleman mean to say they passed on it at the end of the hearing?

Mr. CASEY of Massachusetts. Not right at the end of the hearing. We met afterwards in a room here and decided there was no basis for your charges.

Mr. PATMAN. And the gentleman means that the gentleman from Texas [Mr. DIES] was present at that time?

Mr. CASEY of Massachusetts. The gentleman from Texas [Mr. DIES] was present.

The gentleman continues to take the floor and continues to make statements about Mr. Byoir, and, oh, yes, he would have you believe that Mr. Byoir is a lieutenant colonel in the Regular Army. He is an officer in the Reserve and has never been in the Regular Army.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield on that point?

Mr. CASEY of Massachusetts. I yield to the gentleman.

Mr. CRAWFORD. When I was interrogating the gentleman from Texas I understood, not by reason of something he said, but I just let my own mind run into that line of thought, that Mr. Byoir was an active officer at the time this occurred, and also at the present time. I knew nothing about his connections as a propagandist. Let me ask this question. Has he ever been active in the Army?

Mr. CASEY of Massachusetts. He has been in the Reserve service ever since 1931.

Mr. CRAWFORD. And on what basis was he granted this official recognition as an officer in the Reserves?

Mr. CASEY of Massachusetts. He had done some work for the Government in public relations and he had worked with Creel. It was not something that bobbed up overnight.

Mr. CRAWFORD. Could the gentleman tell us his position at the present time?

Mr. CASEY of Massachusetts. Lieutenant colonel in the Reserves.

Mr. CRAWFORD. What position in civil life does he have at the present time?

Mr. CASEY of Massachusetts. He has this office over in New York as publicity relations man for a great many businesses throughout the country.

Mr. CRAWFORD. I thank the gentleman very much.

[Here the gavel fell.]

Mr. CASEY of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 more minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CASEY of Massachusetts. So I simply say this in conclusion: The gentleman from Texas has had an airing of these charges before the F. B. I., the McCormack committee, a subcommittee of the Dies committee, and a full committee of the Dies committee, and he still continues to make statements on the floor.

Now, gentlemen, you can, under the cloak of immunity, say things about a man and if that man is not a Member of Congress he has no opportunity to answer. You can bring about widespread publication of your charges because you say them here and the victim has no redress.

You can cut men's throats with that kind of tactics. You have the power but you have not got the right.

I have this to say in conclusion. The whole situation is simply one in which an aggrieved individual, cloaked in congressional immunity, seeks to use Congress as a sounding board for his own personal spleen.

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, I, as a humble member of the Republican Party, would like to get 5 minutes. If the gentleman from Texas is going to speak all the afternoon——

Mr. PATMAN. I hope the gentleman will allow me to answer the gentleman from Massachusetts, anyhow.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, two or three more of us would like 4 or 5 minutes. You have had an hour over there now.

BYOIR CASE PREJUDGED

Mr. PATMAN. Mr. Speaker, I appreciate the fact that the gentleman from Massachusetts [Mr. CASEY] is in this position, that he and the other members of the subcommittee decided this case without hearing me, and I had plenty of proof and I have more proof than has ever been presented, but I feel I presented enough. After they had prejudged the case, when I went before them I was in the position of asking the judges to change their minds. Of course, that is a very difficult thing to do. I made it plain in the beginning that I am not impugning the motives or questioning the motives of any member of that committee. I am just saying that they made a mistake in not going into that case completely.

It is not taking advantage of your congressional immunity to quote, as I have, the report of a congressional committee and the testimony before a congressional committee. Any statement to the contrary is not true. Any man who represents $14,500,000,000 will never be without defenders in any body—even Congress. You have often heard you cannot convict a million dollars. Lieutenant Colonel Byoir represents 14,500 times a million dollars.

Now, may I invite your attention to the fact that the McCormack committee made a finding that although Lieutenant Colonel Byoir claimed to represent a German tourist information office, he did not, in effect, represent such an office; he in effect distributed anti-Semitic literature, litera-

ture involving the church and state and that he was a general propagandist for Hitler. That is what the McCormack committee said. At that time they did not know, because these different gentlemen I have interrogated on that committee told me that they did not know. Well, they did not. It is an evident fact. They did not know that he was a lieutenant colonel in the Army.

One time Mr. Moley was called to the witness stand by our good friend from Massachusetts [Mr. McCORMACK], and he asked him this question. I had it copied down. Remember, this is the gentleman from Massachusetts, Hon. JOHN McCORMACK, asking Mr. Raymond Moley this question:

The CHAIRMAN. There was authentic evidence produced at the Washington hearings, both testimony and documents, in the case of former German Consul Kieth, paying $4,000 for propaganda directed against people in this country, whether citizens or not, because of their race. Have you any opinion that you desire to express as to the propriety of such actions?

That was about Byoir's activities. Nobody else but Byoir's activities. The gentleman from Massachusetts [Mr. McCORMACK] asked him that question and Mr. Moley replied:

I think it is thoroughly improper to do such subsidizing of any movement in the United States of that character by anyone who is a German citizen, and particularly so when he occupies an official position.

There is where the German consul—my friend the gentleman from Massachusetts [Mr. CASEY] did not tell you all of it—the German consul first employed this lieutenant colonel and paid him $4,000 in cash in bills. What for? To distribute church and state literature—anti-Semitic literature. That is what it was for. That was in 1933, 1 month after Hitler went into power on January 30. Then he was paid $2,000 and $3,000 a month to distribute church and state literature and anti-Semitic literature. The books are filled with it. After that he sent a special representative, George Sylvester Viereck, who boasts of his friendship for Hitler and is reputed to be a cousin of the Kaiser, to see Hitler himself, and under a contract which was approved by the German Minister of Propaganda to give him $6,000 a month for 18 months, commencing November 23, 1933.

Now, it is true that possibly Byoir has not represented the German Government since 1935. I presume it is. But do you think Hitler would continue in his employment any Semitic person to distribute anti-Semitic literature, and if he found out that he was Semitic, naturally he would discharge him. That contract ended in 1935.

But does that excuse him? If one is guilty of treason, is there any statute of limitation? Is there any statute of limitation against un-American activities?

Mr. CASEY of Massachusetts. Will the gentleman yield?

Mr. PATMAN. Yes; I yield.

Mr. CASEY of Massachusetts. I take it from the gentleman's statement that Byoir was discharged because Hitler found out he was Semitic and would not use him to distribute anti-Semitic propaganda—I do not know whether he is Semitic or not, but I think the evidence shows that Byoir broke off his contract himself. I think he should be given credit for that.

Mr. PATMAN. By his own testimony.

Mr. CASEY of Massachusetts. Not contradicted.

Mr. PATMAN. By his own testimony only without any corroboration whatsoever and many months after the McCormack investigation.

Now, I want to read this again. Mr. McCormack said:

Several American firms and American citizens as individuals sold their services for express propaganda purposes, making their contracts with and accepting compensation from foreign business firms. The firms in question were Carl Byoir and Associates and Ivy Lee-T. J. Ross.

There is no defense for this. You cannot justify it. The only thing you should do is to take this back to your committee and pass a resolution to get these secret documents that were placed in the Congressional Library, that cannot be touched or examined by any person on the face of the earth unless that resolution is passed. Then when you get that testimony and get the evidence available, make your report and forget what you have done. Forget the fact that you have prejudged the case. You cannot pass it off lightly. There is no way to do it.

Mr. CASEY of Massachusetts. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CASEY of Massachusetts. Does it not seem strange to the gentleman that no member of the McCormack committee is urging us to do this or is exercised about the matter, but the gentleman himself is the only Member of Congress who is exercised about it?

Mr. PATMAN. Well, I have been here long enough to know that if one Member takes a stand, the others let him go on. That is my experience. When one Member takes a definite stand on some particular question the other Members let him go. But I do not believe you will find them here opposing it, because the RECORD is filled with what the gentleman from Massachusetts, JOHN McCORMACK, said. I said a while ago that was the best conducted committee I ever knew in this House. They called witnesses in in secret meetings and made sure what they had before they gave it out to the public. Then what they did get—they knew it would stand up in court.

The gentleman from Massachusetts [Mr. CASEY] has suggested that I had a personal feeling against Lieutenant Colonel Byoir because he opposed a bill, H. R. 1. For the information of the gentleman I may state that I sat through 7 weeks of hearings on that bill. My dear sir, it is one of the longest hearings that has ever been conducted before a committee in this House, hundreds of witnesses were heard and I never did see Lieutenant Colonel Byoir there. The gentleman says he was there. Maybe he was. I will not dispute the gentleman's word on that, but I never did see him. He did not testify. The only brief that was submitted by any client that he represented was on the last day of the hearings and was presented after the committee had closed the testimony. So I do not see how the gentleman can take the position that I am doing this because he caused the defeat of the bill. It never entered my mind. I did not care how he stood on the bill. He was just one of millions who opposed it.

It makes no difference about that. The question is that here you have a man who is a lieutenant colonel in the Reserves who has seniority sufficient, my dear sir, to be in charge of this compulsory training law when we pass it, who admittedly accepted money from the German consul and the German Government for distributing anti-Semitic, church, and state literature and trying to destroy our form of government in favor of a Hitler dictatorship. Are you going to permit that to happen? Are you not going to instruct this committee to go back into the problem and say that we want a further investigation and if those charges are true—and they are not denied, not one word of them—that instruction should be given to the War Department that he should be dismissed immediately?

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. STARNES of Alabama. Without any heat and in an attempt to try to clarify things, can we have a little running comment and questions?

Mr. PATMAN. Certainly.

Mr. STARNES of Alabama. As I understand it, Mr. Byoir was a lieutenant colonel in the Reserve Corps, an officer in the Reserve Corps, at the time the McCormack committee investigated him.

Mr. PATMAN. But they did not know it; they did not know it. You see that is new evidence. There is where your committee was wrong. Otherwise the McCormack committee would have certainly done something about it.

Mr. STARNES of Alabama. That is all right about the committee. Now, secondly, regardless of that fact, however, the McCormack committee did not recommend that any kind of action be taken against Byoir at that time.

Mr. PATMAN. They did not know he was a lieutenant colonel.

Mr. STARNES of Alabama. Whether they knew that or not they knew at least that he was a propagandist.

Mr. PATMAN. They severely criticized him and they severely criticized the German consul because he, as an officer of the German Government, was taking part in the very thing that Lieutenant Colonel Byoir took part in.

Mr. STARNES of Alabama. All right. The McCormack committee, however, did not recommend that any action be taken against him.

Mr. PATMAN. They severely criticized him and denounced him; and if they had known, if the gentleman from Massachusetts, JOHN MCCORMACK, had known that he was a lieutenant colonel, this report would have recommended some action. You cannot make me believe anything else.

Mr. STARNES of Alabama. I am not taking issue with the gentleman on that, I am not taking any issue at all at this time, I am merely trying to set forth the facts. The further fact is that Byoir has never been an officer in the United States Army. He is merely a lieutenant colonel in the Reserve Corps.

Mr. PATMAN. He can be called out for regular service and during the past 12 months has been called into regular service for a short time.

Mr. STARNES of Alabama. He can only be called out, as the gentleman knows, with his consent, except in an emergency.

Mr. PATMAN. Does not the gentleman think he would consent to take charge of the draft?

Mr. STARNES of Alabama. That is begging the question.

Mr. PATMAN. That is not begging the question. He is in the Specialist Reserves, the very organization that would have charge of it.

Mr. STARNES of Alabama. He cannot be called to serve except with his own consent in peacetime.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield to permit me to make a very brief statement about this Byoir matter?

Mr. HOFFMAN. I yield briefly to the gentleman, Mr. Speaker.

Mr. McCORMACK. Mr. Speaker, I am not getting into this controversy today, but in view of the fact that my name has been brought into it as chairman of the special committee that preceded the Dies committee, and reference has been made to some evidence that was not made public, in order that my colleagues and the American public may know just what that situation was, I simply want to say that we took every witness into executive session before we called him into a public session. Many witnesses stated that they were members of a bigoted group or organization, they did not know a thing about the essential facts we were after, other than their membership. All they knew was that they hated some persons because of their religion, race, or color. They were bigots.

Every witness who could give real and valuable evidence was questioned at a public hearing and interrogated about facts pertinent to the investigation, except a few, and of those few some were not called because they gave their own testimony to the public while we were interrogating them as witnesses in executive session, and there was no necessity of their appearing at a public hearing, because they had already given their testimony to the public, and part of it was hearsay, attacking the character and reputation of some person. Every bit of testimony taken in executive session that was relevant to the hearings, relevant to the inquiry, was made public by the committee. The only evidence that was not made public was hearsay evidence, irrelevant evidence which related to the character and reputation of other persons and that had no place in a public hearing, and which would not have been received by the committee.

Mr. HOFFMAN. Mr. Speaker, your attention is called to a decision of the United States Circuit Court of Appeals, First Circuit, handed down on the 20th day of August, this year, entitled N. L. R. B. against Waumbec Mills, Inc.

You will recall that section 8 (3) and section 10 (c) of the N. L. R. A. provide that:

> It shall be an unfair labor practice for an employer * * *. (3) By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization: *Provided*, That nothing in this chapter * * * shall preclude an employer from making an agreement with a labor organization * * * to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in section 159 (a) of this title. * * *
>
> SECTION 10 (c). The Board shall order "such affirmative action, including reinstatement of employees with or without back pay, as will effectuate the policies of this chapter."

Waumbec Mills, Inc., hereinafter referred to as the company, was engaged in the production, sale, and distribution of rayon fabrics. It was in need of experienced rayon loom fixers and, upon the opening of the mills, two men, Chartier and Geoffrion, who had never been employed by the company, made application for work.

Employment was refused, the men contending that their applications were denied because they had been members of a union. The Board so found and we will assume, for the purpose of the argument, that that finding, which was adopted by the Circuit Court of Appeals, was in accord with the fact.

The Board made an order, requiring the company to offer these two men employment, with back pay from the date of their application until they were given employment. The Board petitioned the Circuit Court of Appeals for the enforcement of its order and its prayer was granted, with the result that, if the court's decision stands, the company will be required to pay these two men, who never worked for it a day, all they would have earned between the time when they applied in July of 1937 and the final decision of the case, less any sums which they may have earned elsewhere.

The question as to whether the men were refused employment because they were members of a union or for other reasons will, as stated, not be discussed.

This leaves two questions. First, whether, under the N. L. R. A., applicants for a job are employees; and, second, whether the refusal to hire applicants because they belong to a union is an unfair labor practice.

The company contended that the men were not employees within the meaning of section 7, which states, among other things, that—

> Employees shall have the right to self-organization; to form, join, or assist labor organizations.

In overruling that contention, the Court said:

> The refusal to employ an applicant because he has been an active union official must certainly be regarded as a "discrimination in regard to hire" within the natural meaning of those words, a meaning which coincides so faithfully with the declared policy of the act that there can be no justification to reach for a strained construction.

The Court then proceeded to hold that an employer had no right to refuse an applicant for work merely because he was a union man. This decision is directly contrary to the decision rendered by the Second Circuit Court of Appeals in *National Labor Relations Board* v. *National Casket Co.* (107 Fed. (2d) 992), and in *Phelps Dodge Corporation* v. *National Labor Relations Board*, decided July 11, 1940.

In the National Casket Co. case, construing section 8 (3), the Court said:

> As we read the section it means that an employer may not require an applicant for work, as a condition to accepting him for employment, to join or to resign from a union, nor insert in the contract of employment any other discriminatory term that encourages or discourages membership in a labor organization, excepting only that, if the facts stated in the proviso exist, the employer may require membership in the labor organization which has been legally chosen to represent his employees. So interpreted the section is in harmony with the fundamental policy of the act which is to safeguard the rights of employees to self-organization and collective bargaining. *National Labor Relations Board* v. *Fansteel*

Metallurgical Corporation (306 U. S. 240, 257, 59 S. Ct. 490, 83 L. Ed. 627, 123 A. L. R. 599). The section confers rights upon employees, not upon applicants for employment. As Mr. Justice Roberts remarked in *Associated Press v. National Labor Relations Board* (301 U. S. 103, 132, 57 S. Ct. 650, 655, 81 L. Ed. 953), "The act does not compel the petitioner to employ anyone." And the Chief Justice said in *National Labor Relations Board* v. *Jones & Laughlin Steel Corporation* (301 U. S. 1, 45, 57 S. Ct. 615, 628, 81 L. Ed. 893, 108 A. L. R. 1352):

"The act does not interfere with the normal exercise of the right of the employer to select its employees or to discharge them. The employer may not, under cover of that right, intimidate or coerce its employees with respect to their self-organization and representation, and, on the other hand, the Board is not entitled to make its authority a pretext for interference with the right of discharge when that right is exercised for other reasons than such intimidation and coercion."

The purpose of the act is not to compel an employer to hire members of one union rather than another, or union men rather than nonunion men. We do not understand, therefore, that an employer may not, under pain of committing an unfair labor practice, select an A. F. of L. member in preference to a C. I. O. member, or a nonunion man in preference to either, if all three are applicants for the same position. It should be noted that the Board's reading of section 8 (3) would not lead to the hiring of union rather than nonunion men in all instances. Where the employer hired a union man rather than a nonunion man of equal merit because the former was a member of a union, there would be discrimination in hire which tended to encourage membership in a labor organization, an unfair labor practice in the Board's eyes. The Board would then have to act to enforce the rights of the nonunion men not to be so discriminated against. Between applicants for work who are not employees at the time they apply for employment, we think the employer is free to choose one who has not previously engaged in union activities in preference to one who has, and vice versa, although he may not impose by the contract of employment any limitation in respect to union or antiunion activities during the term of employment. The Board has held to the contrary in the case at bar and in *Waumbec Mills, Inc. 1939* (15 N. L. R. B., No. 4, commented upon in 53 Harv. L. Rev. 141). We canot agree with its construction of section 8 (3). No court, so far as we are informed, has previously had to pass upon it (*National Labor Relations Board* v. *National Casket Co.*, 107 Fed. (2d) 992, 997).

As pointed out in the National Casket Company case, the holding of the first circuit in the Waumbec case forces the employer to violate the N. L. R. A., and in this way: If an applicant for a job cannot be denied employment because he is a union man, then applicants for jobs will necessarily seek to gain the added advantage of joining a union.

Under the Norris-LaGuardia Act, an employer cannot agree with an applicant that he will employ him if he does not join a union. Under the N. L. R. A., the employer can agree with the applicant that he will not employ anyone who does not belong to a union.

The result is that the nonunion man seeking work is forced, by the action of the employer, if he would work, to join a union. It therefore follows that, by such discrimination in favor of union men in regard to hire, the employer encourages membership in a labor organization—a direct violation of section 8 (3).

Mr. CRAWFORD. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. What would be my situation then under a ruling of that kind if I should go out, start some labor agitation, cause a lot of trouble here and there, and then in 30, 60, 90 days, or 6 months go to your factory and apply for a job and you refused to hire me because of that activity?

Mr. HOFFMAN. If the Board found that I refused to hire you because you belonged to a union, I would have to pay you wages, under that decision, from the time you applied for the job until I took you on.

Let me put it a little differently. The court holds that every applicant for work is an employee under the Wagner Act. How many Members of Congress, when the act was being debated, ever thought that an applicant for a job was an employee?

Mr. McKEOUGH. Will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Illinois.

Mr. McKEOUGH. Do I understand the court sustained the finding of the National Labor Relations Board?

Mr. HOFFMAN. One circuit court, that of the first circuit, did, and one circuit court, that in the second circuit, did not. I wonder if the gentleman ever believed when he voted for that law that the definition of "employee" was going to be extended to cover all applicants for work, to all men who applied for jobs but who had never before been employed by the one to whom they made their application?

Mr. McKEOUGH. Do you know whether or not the decision of that particular court is now subject to appeal to the Supreme Court?

Mr. HOFFMAN. It is.

Mr. McKEOUGH. The Supreme Court has not acted?

Mr. HOFFMAN. It has not. The decision was not handed down until August 20, 1940.

Mr. McKEOUGH. On the record so far it is safe to assume that the Supreme Court will find in favor of the Labor Board?

Mr. HOFFMAN. What is that?

Mr. McKEOUGH. In view of the cases that have gone to the Supreme Court, it is safe to assume, in the judgment of the gentleman from Michigan, that the Supreme Court will sustain the findings of the lower court?

Mr. HOFFMAN. It undoubtedly will on the question of whether or not the applicant was refused employment because he was a member of a union. Whether they go along with the definition of employee is open to question.

Mr. McKEOUGH. In the event then of the Supreme Court sustaining the lower court on that ground, the gentleman will be glad to accept the findings of the Supreme Court as equitable?

Mr. HOFFMAN. As equitable?

Mr. McKEOUGH. Yes.

Mr. HOFFMAN. Would the gentleman?

Mr. McKEOUGH. I am not as fortunate as the gentleman from Michigan. I am not an attorney.

Mr. HOFFMAN. In my opinion, it is not so much a question of law as a question of common sense and justice. May I ask the gentleman this question: Regardless of the law, does he think that an employer should be required to take on men who have made trouble for other employees, if he believes that man will make trouble for him?

Mr. McKEOUGH. Does the gentleman desire me to answer that?

Mr. HOFFMAN. Yes; briefly.

Mr. McKEOUGH. I will be very glad to answer it in my own way. Of course, I cannot presume to have any remote control of the Supreme Court, but if the Supreme Court answers it in the manner the gentleman has indicated it possibly will, then, as one who subscribes to the respect that is due the Supreme Court, I will be very happy to accept its findings.

Mr. HOFFMAN. My answer to your question as to whether I would accept a decision of the Supreme Court affirming the Waumbec case is this: Under those circumstances, if the Supreme Court renders that kind of a decision it would be a most inequitable one and upon the American Congress with added force would fall the duty to free the American workingman from the domination of the Labor Board by amendment of the National Labor Relations Act.

How can any Member on the floor of this House go along with that kind of decision, remembering first, that the law says it is an unfair labor practice to encourage or to discourage any man with reference to joining a union? And remembering also that under the law as it stands the employer has the right to insist under a closed-shop contract that all men working for him shall join either the A. F. of L. or the C. I. O.? Does not that construction inevitably lead to the conclusion that, in order to work in this country, on a defense program, for example, you must join a union? Not only must you join a union, you must join union A, B, or C, whichever has a closed-shop contract. The employer says to me when I go and apply for a job in the navy yard or a factory where the Government has a defense contract pending, or a contract covering munitions, that I must join the union.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, does not that employer of necessity not only encourage me to join a union but compel me to do so?

Then take this situation which arose over in Illinois recently. The Edison Electric Co. is building a plant costing $8,000,000. They have a shop contract with the A. F. of L. There are not enough A. F. of L. members in that community to absorb the jobs, so C. I. O. members want to forsake their union and go into the A. F. of L. The A. F. of L. will not take them in, but insists that the company go outside of that town and bring in men from outside who were A. F. of L. members. Is that fair to the C. I. O.?

Now, do you who talk for labor see where we are getting? Instead of collective bargaining, nonunion men and men of a rival union not only cannot bargain, they cannot work at all. First, under this law we had quarrels and trouble between the employer and the employee. Now, that that has been ironed out, we have trouble between the two unions, as happened last week up at Fisher No. 1 plant of the Buick division of General Motors at Flint, where, as I said this morning, 6,800 men were thrown out of work because there is a dispute between the C. I. O. and the A. F. of L. Why should we not have a little good-neighbor policy here in Congress and ask that the other body, the Senate, pass on those amendments to the National Labor Relations Act which were passed here by a vote of more than 2 to 1. Let those amendments be acted upon by the body considering them and thus by lessening labor trouble and strikes make real progress in attempting to arm ourselves for defense? I submit that for your consideration. [Applause.]

[Here the gavel fell.]

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I take this opportunity in order to keep the record straight. We have had mentioned on the floor of the House today on several occasions, particularly by the gentleman from Texas [Mr. PATMAN], the word "anti-Semitic." I now read the definition of "Semite" from this large Webster's New International Dictionary, which I obtained from the table just around the corner from the Well of the House from which I am now speaking. This Webster's dictionary defines "Semite" as—

1. One of the descendants of Shem.
2. A member of a Caucasian race, now chiefly represented by the Jews and Arabs, but in ancient times including also the Babylonians, Assyrians, Aramaeans, Phoenicians, and various other peoples of southwestern Asia.

That is the definition of "Semite" according to Webster's New International Dictionary, a copy of which is placed on the floor of the House of Representatives for the use of Members of the Congress. I ask my colleagues when they discuss pro-Semitism or anti-Semitism to weigh carefully the real definition of the words according to Webster.

Mr. Speaker, now, with reference to another part of the RECORD which has to be clarified in order to keep today's RECORD straight. We have heard various references to the investigation of a Lieutenant Colonel Byoir, who we were told, according to the statements of several Members, including the gentleman from Texas [Mr. PATMAN], was an active lobbyist opposed to legislation which is pending in Congress, that is, antichain-store legislation. If the Dies committee is going to carry on a chain-store legislative lobby investigation it had better investigate both sides of the lobby. I therefore suggest that the committee then immediately conduct a complete and thorough investigation of all chain-store legislation lobby activities, including those of McKesson & Robbins and their hired men.

Mr. SCHAFER of Wisconsin. Mr. Speaker, the distinguished gentleman from Alabama [Mr. STARNES] has today repudiated and denounced the Communist Party. Other New Deal Members have told about how the Communist Party has been taken off the election ballot in several States. In order to keep the RECORD straight, particularly since an answer was not given to the question as to why the Communists and Communist travelers whom the Dies committee found on the New Deal administrative Government pay rolls were not removed, I shall read to you from some interesting documents which I obtained from one of my safe-deposit vaults a few moments ago. These documents, no doubt, reveal why our New Deal brethren have kept the New Deal Communists and Communist travelers on Uncle Sam's pay roll.

Mr. Speaker, I now hold in my hand a Communist political campaign piece of literature circulated in the State of Wisconsin by the Communist Party in the November 1938 election campaign. In large, bold type this piece of Communist 1938 campaign literature states on the first page:

Keep Wisconsin a progressive New Deal State.

Under this title we find a picture of a big, fat fellow with a big-business sign on his back and a big club in his raised right hand running toward a sketch which symbolizes the Nation's Capitol. Under this picture we find the following words in large red type:

Build the Democratic front against reaction.

Mr. Speaker, when we turn over the page we find in large red type the words:

Communism is twentieth-century Americanism.

Mr. Speaker, the back page of this November 1938 Communist political campaign literature reveals that it was authorized, paid for, and circulated by the Communist Party of Wisconsin, room 329, 744 North Fourth Street, Milwaukee, Wis. This last page also tells the readers to:

Join the Communist Party.

And to:

Read the Daily Worker and Sunday Worker.

Mr. Speaker, on page 2 of this Communist November 1938 election campaign document we find under the title:

For or against the New Deal.

The following:

This is the real issue on which we are going to vote on election day. Shall we continue progress with Roosevelt and Wisconsin progressivism, or shall we turn the clock back to the dark days of Hoover and Kohler?

Mr. Speaker, this Communist campaign literature certainly does indicate that the Communist brethren are great supporters of President Roosevelt and his chosen tribe of Karl Marx New Deal disciples. Page 2 of this Communist political literature then states "communism is twentieth-century Americanism," and under this declaration and definition of Americanism sings the praises of President Roosevelt and his New Deal brethren as follows:

If we want to improve the gains made under the New Deal and the progressive administration, now is the time to do it—by giving the most overwhelming defeat to the Republicans, by voting them and the reactionary Democrats out of the legislature, and by defeating them for Congress.

Mr. Speaker, remember that I am quoting from the Communist November 1938 election campaign literature, which was extensively circulated in Wisconsin by the Communist brethren. I quote further from this Communist November 1938 campaign literature, as follows:

A smashing victory for the New Deal nationally and for the Progressive administration in Wisconsin will consolidate the gains of the New Deal and make possible a new push forward.

Mr. Speaker, this Communist November 1938 election campaign manifesto proclaims to the world that Communist brethren are main cogs in the New Deal political machine. I ask our New Deal brethren to ever remember that their Communist brethren have gone over the top with them on election days.

I now quote some more from this interesting November 1938 campaign literature, which was printed, paid for, and circulated by our Communist New Deal brethren who state therein that "Communism is twentieth-century Americanism" and that "twentieth-century Americanism is new deal-

ism." This Communist 1938 political campaign document also states:

But to win this election and to avert the very serious danger of a Republican victory, unity of the followers of the Progressive Party alone is not enough. Wisconsin Progressivism and the New Deal nationally must go hand in hand.

Mr. Speaker, this original Communist November 1938 election campaign document positively admits that our Democratic, Progressive, and Communist brethren in Wisconsin are all in the New Deal political army. This admission is positively a correct statement of fact.

Mr. Speaker, I now read some more from this November 1938 Communist-New Deal political campaign literature as follows:

All genuine New Deal Democrats should understand the remarkable events in the Democratic Party since the primaries. The coalitionists have shown by the withdrawal of Henry from the Democratic ticket as candidate for Governor, that there is absolutely no difference between an anti-Roosevelt Democrat and a Republican.

Mr. Speaker, under the heading "What are the New Deal voters to do?" we find the following in this 1938 Communist election campaign document:

Every new dealer and supporter of Roosevelt should vote to reelect the Progressive administration in the State, to reelect a Progressive legislature, and elect supporters of Roosevelt to Congress and the United States Senate.

Mr. Speaker, we find that this Communist 1938 political campaign literature states the following on the last page:

Reelect the Progressive State administration and an overwhelmingly Progressive legislature.
Elect Progressives and New Dealers to Congress and the Senate who will give active support to the New Deal, and who will not join with the reactionary opponents of Roosevelt.

Mr. Speaker, this Communist campaign literature certainly confirms a fact which we all know in Wisconsin. Our Democrat brethren, our Progressive brethren, and our Communist brethren in Wisconsin are all in the New Deal political army, and any thinking, self-respecting citizen in Wisconsin has no alternative but to vote Republican. The Communists and Progressives are main cogs in the New Deal Democrat political machine in Wisconsin. This is clearly confirmed by this documentary proof which reveals who are working on a united political front with the Communist brethren who claim that communism is twentieth-century Americanism, and that twentieth-century Americanism is new dealism. Our ex-international banker, New Deal fuehrer, President Roosevelt, is the political leader of the Communist, Progressive, and Democrat united-front movement of Karl Marx disciples.

Mr. Speaker, in view of the record, is it any wonder why our New Deal President has kept the New Deal Communists and Communist fellow travelers on the Federal Government pay roll after they have been exposed by the Dies committee?

Our New Deal President Roosevelt wants the political support of Democrat, Communist, and Progressive New Dealers in the future as in the past. He will have their support in November as he has had it for the past 8 years. I am glad that he will. The American people will now see to it that at this November's election our ex-international banker New Deal President and his chosen tribe of self-righteous Karl Marx disciples, international bankers, Wall Street sharks, and bucket-shop operators, and Communist, Democrat, and Progressive political henchmen will be driven from the temple of our Federal Government. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore (Mr. RAYBURN). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MUNDT. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield for a unanimous-consent request.

EXTENSION OF REMARKS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a set of resolutions adopted by the Midwest Defense Conference, held in Kansas City, Mo., on August 30, together with their list of the Congressmen belonging to the committee working in the interest of this national-defense program.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

H. R. 10094

Mr. VOORHIS of California. Mr. Speaker, the programs and policies of the Communist Party and the Nazi and Fascist organizations are determined not in accordance with what is in the interest of the United States or any group of people in the United States, but, rather, in accordance with the wishes of an international political organization or a foreign government. Under those circumstances it is utterly impossible for anybody to predict on the basis of American conditions or American events what these policies are going to be. It therefore follows that anybody who tries to think his way through on certain problems that confront the country is going to find himself from time to time in the embarrassing position of finding that the Nazis or the Communists, or some group like them, happen to agree for the time being with the thing he is trying to do.

It is not the fault of President Roosevelt or the New Deal that at a certain time the wage-hour bill, for example, or the measure for the relief of farm tenancy happened to be something that the Communist or somebody like that was also talking about.

At the moment it happens that they are in opposition to the national-defense measures, of whatever sort they may be. So it happens that some other people here find themselves in the same bed with them.

You cannot argue that way. You have got to go ahead as best you can in opposition to every group that does not owe loyalty to the United States and you have got to make up your mind on the basis of the facts on every issue what you think is right and do it.

Mr. PATRICK. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. PATRICK. I would just like to state that according to the philosophy of the gentleman from Wisconsin, the minute that the Communist Party should come out for either the Democratic or Republican Party, according to the documentary evidence he so proudly displays here, that party should immediately fold up and withdraw.

Mr. VOORHIS of California. I want to point out, of course, at the present time the Communist Party is bitterly opposed to the present administration, just as bitterly as they possibly can be opposed to it, on account of the foreign policy.

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. HILL. Is it not true that Father Coughlin is supporting Candidate Willkie?

Mr. VOORHIS of California. I believe it is.

Now, I want to say this further, and I think it is of great importance. There is not any question about the fact that at the present time feeling in this country is running very, very high indeed. Nobody is more deeply concerned than I am, to carry on effectively the work of the exposure of really disloyal elements.

I have tried to do my part as a member of the Dies Committee and otherwise in this connection. I do want to say this, however. I think that everybody has to be very careful, more careful today than ever before, that we do not fall into the easy but indefensible mistake, in attempting to fight out our political battles in the United States, of trying to associate our opponents with subversive movements. A great many of us have been guilty of it, on both sides. I think it is most reprehensible. We have a big enough job to guide this country safely through these difficult years, and to combat really

disloyal groups, without trying to lump together a bunch of honest political opponents into these groups.

Mr. SMITH of Ohio. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. SMITH of Ohio. The gentleman is merely making a plea for fair consideration for tolerance?

Mr. VOORHIS of California. That is right. Furthermore, by being true to the facts about matters. All kinds of people are duped and fooled into joining organizations, where, if they knew there was control exercised over that organization that was bad, they would never join it. You have always got to remember that. It is possible for careful people to know about these things and until we do know we should not make false accusations. We should equip our law-enforcing agencies, which are the only ones that can go out and apprehend people who are going to make trouble in this country, with all the money and all the personnel that they need. The function of a committee like our Committee to Investigate un-American Activities is to do the kind of job that these law-enforcing agencies cannot do, namely, to bring out the large facts of the situation, where perhaps there is nothing criminal involved, but where there are facts that the American people are entitled to have.

I want to make a personal appeal to the House. Some time ago I introduced a bill, H. R. 10094. The title of the bill is to require the registration of certain organizations carrying on activities within the United States.

We are always confronted with the problem as to what we are going to do about these things. You have to try to pursue a course which on the one hand is going to effectively protect the Nation and its life against activities that are really subversive of our form of government, and on the other hand a course which is not going to interfere with the civil liberties of the American people. So this bill is brought in here to require the registration of four types of organizations with the Department of Justice. When I say registration, it means that they are required to give to the Department of Justice all the pertinent facts about the organization. Here are the four types of organizations that have to register:

(1) Every organization subject to foreign control which engages in political activity.

Foreign control is defined as follows:

(e) An organization shall be deemed "subject to foreign control" if (1) it solicits or accepts financial contributions, loans, or support of any kind, directly or indirectly, from, or is affiliated directly or indirectly with, a foreign government or a political subdivision thereof, or an agent, agency, or instrumentality of a foreign government or political subdivision thereof, or a political party in a foreign country, or an international political organization, or (2) its policies, or any of them, are determined by or at the suggestion of, or in collaboration with, a foreign government or political subdivision thereof, or an agent, agency, or instrumentality of a foreign government or a political subdivision thereof, or a political party in a foreign country, or an international political organization.

The term "political activity" is defined as follows:

(c) The term "political activity" means any activity the purpose or aim of which, or one of the purposes or aims of which, is the establishment, control, conduct, seizure, or overthrow of a government or political subdivision thereof.

I should have said that this bill has already passed the House. It is now before the Senate, but there have been some attacks made on this bill, and I wanted to explain the reasons why those attacks are unjustified and to defend it for a moment. It is said this bill will include labor organizations, and the contention is made that labor organizations sometimes are interested in the passage of certain types of legislation. Of course they are, but my answer to that is that labor organizations do not engage, under any circumstances, in political activities such as political activity is defined in this bill, because they are not trying to establish, control, seize, conduct, or overthrow the Government. This bill cannot cover a labor organization by any stretch of the imagination. I have consulted with labor attorneys and other prominent people, and they tell me they are certain that is true.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. STEFAN. I am very much in favor of that legislation. I think the gentleman from California [Mr. VOORHIS] has done a very fine thing to bring to the attention of the House this legislation at this time. Especially I am interested in the registration of foreign agents. Legislation like this is absolutely necessary in view of the fact that foreign agents are now required to register with the Department of State. I have frequently had an opportunity to go through the files of the Department of State and find a tremendous number of foreign agents registered there, but in my investigation I found the subagents of those foreign organizations were not required to register. That is, some agent from a foreign country comes here to register and he can appoint subagents in this country. I think the gentleman is on the right track.

Mr. Speaker, I ask unanimous consent that the gentleman from California may proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. VOORHIS of California. The second type of organization that has to register under this bill is one which engages both in civilian military activity and in political activity.

What that means is that organizations which undertake to drill their members in military fashion, to store arms, or teach military tactics, and which also engage in political activity as defined in this bill, are required to register.

The third type of organization is an organization subject to foreign control which engages in civilian military activity. In other words, an agency of a foreign power which carries on any type of military activity in the United States.

The fourth type of organization is one the purpose or aim of which, or one of the purposes or aims of which, is the establishment, control, conduct, seizure, or overthrow of a government or subdivision thereof by the use of force, violence, military measures, or threats of any one or more of the foregoing.

Somebody is going to say that this measure requires registration only, that it does not actually suppress these activities. My answer to that is that the philosophy behind this bill is that the American people have a right to know the facts about an organization which is under the control of a foreign government, and they have a right to know about an organization that does not propose to abide by the constitutional methods of this Nation in trying to arrive at the ends it is working for.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield for a brief question?

Mr. VOORHIS of California. In just a moment.

Mr. SCHAFER of Wisconsin. The gentleman had better change his bill, because, under it, he would force the Knights Templar, the Knights of Columbus, the Eastern Star, the Eagles, and all these other fraternal organizations, which have drill teams, to register.

Mr. VOORHIS of California. No; it would not do anything of the sort, because none of those organizations is engaged in political activity which has the purpose or aim of establishing, controlling, conducting, seizing, or overthrowing a government or subdivision thereof by the use of force, violence, military measures, or threats.

As a matter of fact, the philosophy behind this bill is that in a democratic nation you have a right to require that an organization attempting to gain political ends in the Nation should use the methods of democracy to gain them, that if people claim the right of free speech they should use free speech, that we are not required in a democracy to put up with undercover political activity, and that we have a right to require that undercover political activity come out in the open and show itself.

In my judgment this is the main thing we need to do. Certainly the bill denies no civil liberty. All it does is require these organizations to tell the truth and the whole truth. In my judgment, if this were done and the law-enforcing agencies of this Government had these powers and if people who did not reveal these facts were subjected to

certain penalty I think it would in large part be the answer to this particular problem about which so much has been said here this afternoon.

Certain it is that all of us are deeply disturbed about the outlook we find ahead of us. Certain it is that we want to use every effort for national defense, both from the standpoint of the defense of our country in a military sense and also from the standpoint of the development within our Nation of a vigorous, clean, democratic life among all of us.

So, in conclusion, may I say that I hope my bill is going to pass the Senate. But you can do all you please in the way of curbing "fifth columnists," you can build all the battleships you want to, you can pass conscription bills and others, but you are not going to have the answer to the problem of America's need until you attack the economic and social problems of America more vigorously than you have so far. [Applause.] Never was there a time when the people had a right to expect us to be so earnest in that task, because never was there a time when we were asking the sacrifices of them we are asking now. So, let us not say when this conscription bill has been passed that then we are through, because we are not through. We shall not be through until in the eyes of this and future generations we have justified faith that a democratic body like this can grapple with the economic problems of the machine age and beat them in the name of the great democracy that America is. The House of Representatives faces the greatest test in all its history in the next few years. We cannot, we must not fail to meet that test. For, if we do, democratic government may perish from the earth. [Applause.]

[Here the gavel fell.]

ORDER OF BUSINESS

The SPEAKER pro tempore. The Chair may state that when these special orders have been concluded it is the intention of the Chair, not knowing just when the selective-service conference report may be back, to ask unanimous consent that the House stand in recess subject to the call of the Chair with the understanding that the bells will be rung 15 minutes before the House reassembles.

PERMISSION TO ADDRESS THE HOUSE

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Speaker, I have asked for these few moments to present a brief compilation of the history of the conscription of industry amendment to the selective service bill.

Mr. Speaker, in my remarks on the Vinson and the Smith substitutes for the Overton-Russell amendments to the conscription bill I referred to the fact that the Acting Secretary of the Navy had asked for broad powers to take over industry last winter. I have made the best research possible in a brief time and first present to you a copy of a letter addressed to the Speaker on December 14, 1939, by Acting Secretary of the Navy Charles Edison, which I obtained through the courtesy of the Committee on Naval Affairs.

The letter follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D. C., December 14, 1939.

MY DEAR MR. SPEAKER: There is transmitted herewith a draft of a bill "to amend the act of March 4, 1917, entitled 'An act making appropriations for the naval service for the fiscal year ending June 30, 1918, and for other purposes.' "

The purpose of the proposed bill is to vest with the President, during a national emergency, those powers which he has in time of war by the terms of subsection (b) under the appropriation heading "Naval emergency fund" of the act of March 4, 1917, entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1918, and for other purposes" (39 Stat. 1193; U. S. C., title 50, sec. 82).

The act of March 4, 1917, herein referred to, contains several paragraphs vesting extraordinary powers in the President with reference to the procurement of ships and material, commandeering factories, and the like. These powers were in terms limited to be exercised only "in time of war, or of national emergency arising prior to March 1, 1918, to be determined by the President by proclamation."

When the United States Code was prepared these provisions were omitted as temporary legislation, but subsequently the attention of Congress was invited to the fact that the legislation would apply during any war, and that the limitation to March 1, 1918, applied only with reference to a national emergency. This view was accepted by the Committee on Revision of the Laws, and the legislation was accordingly included in the next publication of the Code, correctly omitting all reference to national emergency so that the law would in terms apply only "in time of war."

The Navy Department recommends that the proposed legislation be enacted.

Sincerely yours,

CHARLES EDISON,
Acting Secretary of the Navy.

THE SPEAKER, HOUSE OF REPRESENTATIVES,
Washington, D. C.

Mr. Speaker, the bill proposed by the Acting Secretary of the Navy, but which was never introduced, is as follows:

A bill to amend the act of March 4, 1917, entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1918, and for other purposes"

Be it enacted, etc., That subsection (b) under the appropriation heading "Naval Emergency Fund" of the act of March 4, 1917, entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1918, and for other purposes" (39 Stat. 1193; U. S. C. title 50, sec. 82), is hereby amended by deleting, in lines 1 and 2 of the subsection the words "arising prior to March 1, 1918", and by deleting, at the end of the subsection, the words "That all authority granted to the President in this paragraph, to be exercised in time of national emergency, shall cease on March 1, 1918."

Mr. Speaker, it will be noted upon examination of the United States Code (39 Stat. 1193; U. S. C. title 50, sec. 82) that the words hereby proposed to be stricken from the act of March 4, 1917, are not contained in the code print of the act. Consequently, unless one were entirely familiar with the law or made special reference to the law itself one would not know the facts.

Subsection (b) (fourth) of that act permits the President:

To requisition and take over for use or operation any factory, or any part thereof without taking possession of the entire factory, whether the United States has or has not any agreement with the owner or occupier of such factory.

Subsection (d) provides for just compensation and the method for payment in the event of disagreement.

Mr. Speaker, to illustrate the manner in which the Congress has turned over these powers to take over industry in time of peace I submit the following facts.

H. R. 9850 was reported to the House by the Committee on Military Affairs on May 22, 1940. It was for the purpose of expediting national defense. It went rapidly through the processes of the two legislative bodies and became law on July 2, 1940 (Public Law No. 703, 76th Cong.). When the conference report was submitted to the House of Representatives on June 21, 1940, there took place the following colloquy on page 8902 of the RECORD:

Mr. VINSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. MAY. Yes.

Mr. VINSON of Georgia. Under the language submitted in a conference report a few days ago, under the act, the gentleman from Kentucky has just now read they have the authority to go out and take charge of any manufacturing plant in the United States, and to put a representative of the Government in charge of that plant.

Mr. MAY. No; I do not so understand it. They may make a contract for the lease of those plants.

Mr. VINSON of Georgia. And for the Government to operate them?

Mr. MAY. If necessary, and if the private plants do not have available employees, they can require the employment of Government employees, such as inspectors, special mechanics, and supervisors, to see, for instance, in some plant where they are manufacturing detailed and certain technical equipment according to specifications that the specifications are complied with.

Mr. VINSON of Georgia. Does it not go further than that? It did the other day in the RECORD, and I am uncertain about that now, because the Naval Affairs Committee of the Senate has incorporated practically the same idea in the Navy bill. As I understand it, it permits the Secretary of War to go out and commandeer or take over industrial plants and put a representative in there to make whatever the Army is asking to be manufactured.

Mr. RABAUT. Under what conditions?

Mr. VINSON of Georgia. I have not before me the RECORD of the other day, but that is exactly what has been submitted.

Mr. ANDREWS. Here is a copy of the RECORD.

Mr. VINSON of Georgia. It says this:

"(b) The Secretary of War is further authorized, with or without advertising, to provide for the operation and maintenance of any plants, buildings, facilities, utilities, and appurtenances thereto

constructed pursuant to the authorizations contained in this section and section 5, either by means of Government personnel or through the agency of selected qualified commercial manufacturers under contracts entered into with them, and, when he deems it necessary in the interest of the national defense, to lease, sell, or otherwise dispose of, any such plants, buildings, facilities, utilities, appurtenances thereto, and land, under such terms and conditions as he may deem advisable, and without regard to the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412)."

Mr. MAY. That is the provision that is in the report now. The intention is that the Government may have supervision and not control. If the Government builds or furnishes the money with which to build a plant alongside a private plant and after the emergency has ended desires to dispose of it to the private owner it may do so.

Mr. VINSON of Georgia. If that is the provision in the report now it certainly confers upon the Secretary of War the absolute authority to go out into the country and to take any manufacturing plant that he may see fit to take, and to manufacture for the Government, under Government supervision, any article that he deems necessary to procure.

Mr. DINGELL. If it is in the interest of national defense.

Mr. MAY. It does not authorize him to take over. It merely authorizes the Secretary of War, in the event it becomes necessary and he cannot lease the property, to require that the owner shall accept the supervision of experts who are qualified in carrying out blueprints, specifications, and requirements needed to manufacture technical equipment for the War Department. It could not be done otherwise. As I have already stated, if the Government in aid of industry makes improvements suitable to the use of the private owner and has no further use for such improvements, the Government should be enabled to salvage some of the investment by sale to the private owners. That is all this section means, and I would be the last man in the world to allow Government to dominate private investments.

[Here the gavel fell.]

Mr. Speaker, the Navy speed-up bill, H. R. 9822, was reported to the House on May 22, from the Committee on Naval Affairs. This bill proceeded through the regular course of events, passed the House May 28, 1940, passed the Senate on June 21, 1940.

When H. R. 9822 passed the House, section 8 read as follows:

SEC. 8. The limit of cost of the vessels authorized by the act of July 30, 1937 (50 Stat. 544), is hereby increased by an amount equal to additional costs resulting from the provisions of this act.

When H. R. 9822 passed the Senate on June 21, 1940, section 8 had been amended to read as follows:

SEC. 8. (a) The limit of cost of the vessels authorized by the act of July 30, 1937 (50 Stat. 544), and any statutory limitation with respect to the cost of any other individual project of construction are hereby increased as may be necessary to expedite national defense and otherwise effectuate the purposes of this act: *Provided*, That the monetary limitations on payments out of appropriations available to the Navy Department for employees in the Navy Department and for employees in the field service assigned to group IV (b) and those performing similar services carried under the Native and Alien Schedules of Wages of civil employees in the field services of the Navy Department shall be suspended during the limited national emergency declared by the President on September 8, 1939, to exist: *Provided further*, The Secretary of the Navy is authorized to employ such additional personnel at the seat of government and elsewhere, and to provide out of any appropriations available to the Navy Department, for their salaries and for such printing and binding, communication service, supplies, travel expenses, and for such public works projects, inclusive of buildings, facilities, utilities, and appurtenances thereto (including Government-owned facilities at privately owned plants and the expansion of such plants), and the acquisition of such land, and the purchase or lease of such structures, as he may deem necessary to carry out the purposes of this act.

(b) The Secretary of the Navy is further authorized, with or without advertising or competitive bidding, to provide out of any available naval appropriations, for the operation and maintenance of any plants, buildings, facilities, utilities, and appurtenances thereto constructed pursuant to the authorizations contained in this act, either by means of Government personnel or through the agency of selected qualified commercial manufacturers under contracts entered into with them, and when he deems it necessary in the interest of national defense, to lease, sell, or otherwise dispose of any such plants, buildings, facilities, utilities, appurtenances thereto, and land, under such terms and conditions as he may deem advisable, and without regard to the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412): *Provided*, That the Secretary of the Navy shall report every 3 months to the Congress each and every contract amounting to $100,000 and over entered into under the authority of this section.

Please note, Mr. Speaker, that this amendment was agreed to by the Senate on Friday, June 21, 1940. Now I quote from the RECORD of that day in the Senate. The chairman of their Committee on Naval Affairs, Senator WALSH, made the following remarks—RECORD, page 8776:

Mr. KING. Mr. President, I suggest that the chairman of the committee make an explanation of the bill so that we may know its terms and its implications.

Mr. WALSH. Mr. President, the bill is an exceedingly important measure. It is perhaps the most important and far-sweeping bill that has been presented to the Congress at this session or any other session since the World War. The very name of the bill suggests its importance, "To expedite national defense." The bill in general either repeals or modifies or changes practically every restriction upon which the Congress through the years has legislated, for the purpose of safeguarding the Public Treasury by requiring competitive bidding upon contracts made with the Government.

Mr. TYDINGS. Mr. President, may we have order in the Chamber?

The PRESIDENT pro tempore. The Senate will be in order. An important matter is being discussed.

Mr. WALSH. Mr. President, the bill primarily modifies or repeals all those safeguards which we have set up for the purpose of protecting the Public Treasury in the expenditure of vast sums of money. It is for the purpose of expediting the building of naval vessels, and the building of the necessary aircraft for our defense, in order that with the greatest possible expedition our Navy should be enlarged, and, so far as vessels under contract are being built, this bill would provide for their completion earlier than the dates called for in the contracts.

On that same day, after the bill had been passed, the Senator from Massachusetts spoke as follows—RECORD, page 8832:

Mr. WALSH. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the House of Representatives thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the President pro tempore appointed Mr. WALSH, Mr. TYDINGS, and Mr. HALE conferees on the part of the Senate.

The next day was Saturday, June 22, 1940. The Congress was to recess for 1 week over the Republican National Convention and to take 3-day recesses the week following. An attempt was made to rush through a great many bills that were said to be urgent and many that were not before this 2 weeks of recess.

Accordingly, the gentleman from Georgia [Mr. VINSON], chairman of the House Committee on Naval Affairs, was recognized early in the session and spoke as follows—CONGRESSIONAL RECORD, page 9020:

NAVAL SHIPBUILDING

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9822) to expedite the naval shipbuilding, and for other purposes, with Senate amendments, disagree to all the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. VINSON of Georgia, SCHUETZ, and MAAS.

The fact that the Speaker "paused" after asking if there was objection might indicate that he expected an objection to be raised and wished to give full opportunity for it.

Page 9059 of the RECORD shows that the gentleman from Georgia returned to the House from the conference that same day a few hours later and presented the conference report on the bill. It is printed in the RECORD. The bill, H. R. 9822, is also printed in the RECORD as amended by the conference. Debate reported on the next few pages of the RECORD to and including page 9064 demonstrates that no mention was made of any change in section 8 of the bill by anyone although discussion was had concerning other sections of it.

Remember at this point, Mr. Speaker, that no copies had yet been printed of the bill as amended by the Senate, nor had copies of the conference report been printed for distribution among the Members, as the report was brought directly from the conference by the conferees. No print of the conference report was available until the CONGRESSIONAL RECORD was printed and delivered to the Members the next day.

In the Senate likewise no mention was made of any change in section 8, and I refer you to page 8984 of the RECORD,

which contains all of the remarks on the subject of this conference report in a half column of print.

The conference report was agreed to in both bodies without any mention of amendment to section 8, and yet when the report was printed it contained the following:

Amendment No. 26: That the House recede from its disagreement to the amendment of the Senate No. 26 and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

"SEC. 8. (a) The limit of cost of the vessels authorized by the act of July 30, 1937 (50 Stat. 544) and any statutory limitation with respect to the cost of any other individual naval project of construction are hereby increased as may be necessary to expedite national defense and otherwise effectuate the purposes of this act: *Provided,* That the monetary limitations on payments out of appropriations available to the Navy Department for employees in the Navy Department and for employees in the field service assigned to group IV (b) and those performing similar services carried under the Native and Alien Schedules of Wages of civil employees in the field services of the Navy Department shall be suspended during the limited national emergency declared by the President on September 8, 1939, to exist: *Provided further,* That the Secretary of the Navy is authorized to employ such additional personnel at the seat of government and elsewhere, and to provide out of any appropriations available to the Navy Department, for their salaries and for such printing and binding, communication service, supplies, and travel expenses, as he may deem necessary to carry out the purposes of this act.

"(b) Wherever the Secretary of the Navy finds it impossible to make contracts or obtain facilities to effectuate the purposes of this act in the procurement or construction of items authorized in connection with national defense he is hereby authorized to provide out of appropriations available to the Navy Department for such purposes, the necessary buildings, facilities, utilities, and appurtenances thereto on Government owned land or elsewhere, and to operate them, either by means of Government personnel or otherwise: *Provided,* That the Secretary of the Navy is further authorized under the general direction of the President, whenever he deems any existing manufacturing plant or facility necessary for the national defense, and whenever he is unable to arrive at an agreement with the owner of any such plant or facility for its use or operation, to take over and operate such plant or facility either by Government personnel or by contract with private firms: *Provided further,* That the Secretary of the Navy is authorized to fix the compensation to the owner of such plant or facility: *And provided further,* That the Secretary of the Navy shall report to the Congress every 3 months, the contracts entered into under the provisions of this subsection."

And the Senate agree to the same.

Mr. Speaker, the bill H. R. 9822 was signed by the President on June 28, 1940, containing that language. It became Public Law No. 671, Seventy-sixth Congress, otherwise referred to as the act of June 28. It became law on the same day that the Republican Convention nominated its candidate for the Presidency of the United States. If memory serves me correctly, this language I have quoted was called to public attention by some newspaper in New England shortly afterward. Therefore, after the Democratic Convention was over and the Members had again settled down to work, an appropriation bill was under consideration on July 31, 1940. It was H. R. 10263, making supplemental appropriations for the national defense.

When H. R. 10263 was open for amendment the following occurred, and I quote from the CONGRESSIONAL RECORD on page 9754, as follows:

Mr. VINSON of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

"Amendment offered by Mr. VINSON of Georgia: On page 26, after line 14, add a new paragraph, as follows:

" 'The first proviso in section 8–B of the act approved June 28, 1940 (Public, No. 671), is hereby repealed.' "

Mr. WOODRUM of Virginia. Mr. Chairman, the committee has no objection to the amendment.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman from Georgia explain the amendment?

Mr. VINSON of Georgia. Certainly. The purpose of this amendment is to take out of the act of June 28 certain language which I am satisfied every Member of the House desires to have stricken. This amendment was decided upon in conference after consideration by the Naval Affairs Committee this morning on the suggestion of the gentleman from Illinois [Mr. CHURCH], the gentleman from Maryland [Mr. COLE], the gentleman from Ohio [Mr. [HESS], the gentleman from Virginia [Mr. DARDEN], other members, and myself. We decided that the language which this amendment strikes out is entirely too broad; that it should be repealed and taken out of the bill. I read the language that will be stricken out if this amendment is adopted:

"Provided, That the Secretary of the Navy is further authorized under the general direction of the President, whenever he deems any existing manufacturing plant or facility necessary for the national defense, and whenever he is unable to arrive at an agreement with the owner of any such plant or facility for its use or operation, to take over and operate such plant or facility either by Government personnel or by contract with private firms."

That language is entirely too broad. There is no justification to permit the delegation of such authority to the Secretary of the Navy or to the President or anyone else under conditions such as the country is in today. If the country were involved in war, it might be necessary to confer such authority, but, the country being in a limited emergency, there is no rhyme, reason, or excuse for that language to be in the law; and at the direction of the Committee on Naval Affairs I am asking that it now be stricken out of the act of June 28, 1940.

Mr. CHURCH. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Illinois.

Mr. CHURCH. Mr. Chairman, I think the Committee of the Whole House should be proud of the statement of the able chairman of the Naval Affairs Committee. Everyone in the committee will agree that this should come out of the act, and I am sure the whole House will join in taking this language out of the act.

The amendment offered by the gentleman from Georgia strikes from the act of June 28, 1940, entitled "An act to expedite national defense, and for other purposes," the following language to be found in section 8 (b) of that act:

"Provided, That the Secretary of the Navy is further authorized, under the general direction of the President, whenever he deems any existing manufacturing plant or facility necessary for the national defense, and whenever he is unable to arrive at an agreement with the owner of any such plant or facility for its use or operation, to take over and operate such plant or facility either by Government personnel or by contract with private firms: *Provided further,* That the Secretary of the Navy is authorized to fix compensation to the owner of such plant or facility."

That language confers wartime powers on the Secretary of the Navy. It gives him the power to take over all of American industries and operate them. I am sure it was not the intention of the Congress that the Secretary of the Navy, acting under the direction of the President, should have such powers. I know it was not the intention of our Committee on Naval Affairs, which reported the bill to the House.

It will be recalled that last December the then Acting Secretary of the Navy, Charles Edison, wrote the Speaker of the House proposing a bill to vest in the President extraordinary wartime powers in time of peace. The recommended bill would have enabled the President, by proclamation, to commandeer all our factories and materials. Under its terms the President would control our entire industrial machinery in peacetime in the same manner as he serves as Commander in Chief of the Army and Navy. The proposal had possibilities of completely destroying democracy.

When our committee opened its hearings on January 8, last, on H. R. 7665 and H. R. 8026, the then Acting Secretary of the Navy was questioned concerning his recommendation of legislation to give the administration power to take over our industrial machinery. He said, "I just made a mistake in making it. It is as simple as that."

Our Committee on Naval Affairs never reported that bill. We agreed that no such power should be vested in the President and the Secretary of the Navy in time of peace. It was understood by the entire committee that the recommendation would go into the waste-paper basket.

But now we discover on the statute books the very thing which our Committee on Naval Affairs decided against. How did it happen?

The bill as reported by our committee did not contain such language. It did not confer such powers on the Secretary of the Navy and the President. If you examine H. R. 9822, as reported to the House and subsequently passed by the House, you will not discover any such terms as is now embodied in section 8 (b) of the act of June 28.

The Senate Committee on Naval Affairs amended that section. But if you examine the bill as reported by the Senate committee and as passed by the Senate you will not find the language in question.

Obviously, these far-reaching terms were inserted while the bill was in conference. The record shows that on June 21 the Senate asked for a conference. On June 22 the House and Senate agreed to a conference; and, Mr. Chairman, on the same day the conference committee made its report to the House and Senate. On the same day the House and Senate agreed to the conference report.

The conference committee report was not printed. When the House agreed to the report it relied on the explanation made by the chairman of the Committee on Naval Affairs. But nowhere in his explanation of the report will be found any mention of this very important provision inserted in the bill. I am confident he did not realize the potentialities of this new matter in the report. Somehow, by some means, in the haste of the conference committee to bring the bill back to the House and the Senate, the Navy Department advisers had the words put in the bill.

When my Committee on Naval Affairs met today I insisted upon an executive session so that I might bring this matter to the attention of the committee for the first time. That any such language was embodied in the bill as finally enacted was news to the committee. Our committee would never accept any such provision.

As a result of that executive session it was informally agreed that I should introduce a bill to repeal this particular provision of law, and it was informally understood that the committee would support the bill. I accordingly introduced the proper bill shortly after we met this noon.

It was also informally understood among committee members that the gentleman from Georgia or I would today offer the pending amendment to this bill which makes an appropriation to the Navy. Our chairman wishes to keep faith with his committee. If the House adopts this amendment, it will not be necessary for the committee to consider my bill, assuming, of course, the Senate will also agree to the amendment. If, however, this amendment offered by the gentleman from Georgia should fail of enactment, either in this body or in the Senate, I will immediately proceed to obtain action on my bill.

Our people desire a strong national defense, Mr. Chairman. We intend to defend this democracy. But there will be no democracy here to defend if we permit such broad powers to rest in the hands of the President and the Secretary of the Navy. This country is not at war. It is at peace. The time has not arrived when we must give the President and the Secretary of the Navy complete control of our industrial machinery. We can establish an adequate defense without creating industrial dictators.

It behooves us to proceed carefully. This is an illustration of the kind of thing that can happen when we allow ourselves to be carried away by a hysteria and do not take the time to consider bills carefully.

I urge the adoption of the amendment offered by the gentleman from Georgia. It is an important amendment. It is as important, even more so, than any other provision of this bill. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. VINSON].

The amendment was agreed to.

The bill H. R. 10263 then went to the Senate where it was held pending disposition of the Burke-Wadsworth conscription bill. That bill, when open to amendment in that body, was ultimately amended by what is known as the Overton-Russell amendment, which reads very much like section 8 of H. R. 9822.

Following completion of the conscription bill in the Senate that body in due course took up the appropriation bill containing the repealing language put in unanimously in the House through the amendment of the gentleman from Georgia [Mr. VINSON], and struck out the repeal clause on the grounds that the matter had been taken care of in the conscription bill—Overton-Russell amendment—and that it was no longer of any importance. Evidently few of the few present had any idea of the importance of that action.

The House approved this action of the Senate after protest by Messrs. TABER, CHURCH, and COLE, and others, by a voice vote. The repeal of that language having been stricken out, then the language of section 8 of the act of June 28, 1940, remains on the books.

When the conscription bill was under amendment in the House, the Smith amendment was offered, and then the gentleman from Georgia [Mr. VINSON] offered a substitute. Both of these amendments struck out, repealed, the first and second provisos of section 8 (b) of the act of June 28. A considerable debate ensued, during which I participated to support the Vinson amendment—CONGRESSIONAL RECORD, pages 11658 to 11660, September 6, 1940. That amendment was defeated and the Smith amendment adopted. For a parallel presentation of these amendments I refer you to pages 11446 and 11447 of the RECORD under remarks by the gentleman from Georgia [Mr. VINSON].

Now, Mr. Speaker, we will soon have before us the conference report on the Burke-Wadsworth bill which contains a modified version of the Smith amendment, which replaces the Overton-Russell amendment in the bill. As it now stands, and if adopted, the Smith amendment has had much of the curse of dictatorship removed from it as under its provisions property cannot be taken without some process of law.

I would not be so greatly concerned over this matter if it were not for the fact that the act of June 28, 1940, and the Overton-Russell amendment to the conscription bill gave dictatorial powers to the President in time of peace. I recognize the necessity for them in time of war or threat of imminent invasion or attack, but I refuse to support any such measure, if I know it, in time of peace. Mr. Speaker, when you conscript industry the next short step follows—you must conscript labor. [Applause.]

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein excerpts from the RECORD, and from bills and reports and a letter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama [Mr. PATRICK]?

There was no objection.

Mr. PATRICK. Mr. Speaker, you know since events have moved so swift and fast in the last few months to elevate the Honorable Wendell Willkie from the realm of comparative obscurity to the high spot he now enjoys, for the time being, in the attention of the Nation, it conjures up an invitation to look him over and see what he looks like. I, with most of the other people of the Nation, had never previously done that. We possibly heard him one night on Information Please, a radio program sponsored or promoted by a ginger-ale company. But we never thought of him seriously except as a lobbyist or a holding company executive. But all of a sudden we see him pinnacled to a high position in the eyes of many people of this Nation and as I look him over I find he has an interesting character. He is a man of many features. He has been regarded as a two-fisted fighter. Of course, I confess when I heard his address, his acceptance speech, I was never so disappointed since my in-laws came to live with me. But other than that he has shown some fairly interesting features. I do not feel that I am criticizing a Republican when I criticize him, if you choose to call it criticism. Some of this is favorable and some not so hot.

He has an interesting character indeed. There are two outstanding American women you can compare him with, taking the gentle side of his nature.

Let us see how he may be compared with Barbara Frietchie. Barbara Frietchie:

> "Shoot, if you must, this old grey head,
> But spare my country's flag," she said.

Wendell Willkie:

> "Take boys with cheeks of glowing red,
> But spare my property," he said.

You know, there is a similarity of sentiment there.

Then we can compare him with another rather famous American woman, Miss Mae West. You will find this a tender comparison. Somebody, you will remember, came out with the statement that Mae had been married. They named the man. She said, "I never heard of him. I did not know there was such a man." But they pursued it a little further and gave the time and date so definitely, with the name of the man, that Mae came through and said, "Maybe we did get married a little."

Somebody said that Mr. Willkie went to New York and joined Tammany. Now, there are thousands of good Democratic New Yorkers who never belonged to the Tammany group and there are thousands of folks in Tammany who never had any disgrace touch their garments, even though they belonged to Tammany Hall. However, its name has gone abroad far beyond the knowledge of the thing itself. But Willkie said, "No, not me. I never had any association or affiliation with Tammany. Perish the thought." Here is the man who has been nominated for the Presidency. When they pursued the matter and gave the time, the place, and enrollment finally, Mr. Willkie said in effect, "Maybe I did join up with Tammany a little bit."

There is another similarity, after his long, tedious day's association with Mr. VANDENBERG. Mr. VANDENBERG had something to say to him. He no doubt said, "You must get off this, my boy. You must get off this.

My position is tenable and consistent. I was against conscription of boys, therefore I can go right on through and be consistent and say we cannot conscript property. But the

first thing you did was to bust loose and say, "I am for it, hooray!"

Mr. VANDENBERG said further, we think, "We must come in and define our position, but you are letting the cat right smack out of the bag, this is a dead give-away; it shows exactly what the issues are we have been trying to keep in the background for you to come out and say, 'Draft the boys, but do not draft property.'"

Mr. Speaker, the facts, when you commence to analyze them, are about like these: He said, "Can you give any explanation of what you meant?" He was about as definite as Miss Mae. You cannot get what he said. I defy any man here, Democrat or Republican, to tell me what position the revised statement of Wendell Willkie takes as to drafting property. It just cannot be "did."

I do not feel that I am taking any larruping at the Republican Party at all. The Republican Party is a grand old party. It has performed a great, magnificent service. It has done many fine things that no party has ever done. You will remember the "Stop Willkie" movement, at Philadelphia. They have revived that movement now, but it is the "Stop Willkie from talking" movement. If they can get that "Stop Willkie from talking" business through, maybe he will have a few of the votes left that he was going to get.

He wanted a bout with the Champ and he has it. But he is a sucker for lefts and rights. I do not think he can stand up under it much longer. Yet I think of the Republicans and think of the work they have done. They were oversold by a sales talk at Philadelphia and they bought one man on one great sales talk. He was opposed to Roosevelt, opposed to some of the workings of the Roosevelt administration, but in many instances he is not opposed to it on the same basis they are at all. In many instances his doctrine is entirely strange to theirs. I do not know whether the Republicans could control him if they could get him in the White House. It is true they have been great workers in the past at controlling their men.

As the giant Republicans of the past look today, if they could lean back into the past and call from the shadows the giants and hear them today, if they could call names like William McKinley, Uncle Joe Cannon, George Moses, Henry Cabot Lodge, Elihu Root, Boies Penrose—men of principle, men who were grounded in the faith, men of the Republican doctrine, and could get them to hear the voice of Willkie and compare him to the towering statesmen who have written across the high and burnished heavens the true doctrine of Republicanism, and then compare them to the political titmouse they are trying to carry today. What does Wendell Willkie care for the history, the traditions and the past glories of the Republican Party?

[Here the gavel fell.]

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

Mr. SCHAFER of Wisconsin. Reserving the right to object, I have had a conference with the Republicans on this side and we would like to have the gentleman have about 15 minutes to continue that speech.

Mr. PATRICK. I certainly would appreciate it.

Mr. MICHENER. There will be a point of order of no quorum and there will not be any speech unless things are cut short.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I did not get to finish my last sentence but have forgotten what it was, so I yield.

Mr. VOORHIS of California. I just wanted to say I thought the gentleman was being just a little severe when he urged that Boies Penrose was one of the great names of the Republican Party. Does not the gentleman think that was a little severe?

Mr. PATRICK. True, I did not mean Boies Penrose. I withdraw the name Boies Penrose and ask that the RECORD be properly corrected on that point.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. Would the gentleman like to hear a quotation from Uncle Joe Cannon? He said: "The Democrats cannot run the country, the Republicans can hardly run it."

Mr. PATRICK. That is a good quotation. Had I known of it and if I had thought of it, I would have used it myself. I do not see why with that philosophy before them they did not nominate a Republican for their candidate for President. No man can contend that he is a Republican. He is not even a good Democrat. I have tried to be broadminded and nonpartisan on that. I think a really good Republican is the next thing to a Democrat in usefulness and value. Of course, a Republican cannot have all the qualifications that a Democrat has.

Mr. Speaker, I believe that much good is going to be done by this campaign. I believe that the strange intermingling of doctrines that has come about between the parties is bound to result in bringing forth from now on a different idea and a more solid front by this and that party. Ours is a bipartisan government. It should be that the parties nominating the men who are to carry their banners see that those men are true representatives, each of his party, so that a party bringing to the people its philosophy can do so with a certain degree of political integrity, can do so with a definiteness and a security of principles advocated that belongs with the party that brings such a man forth. Then the other party comes forward with its doctrine and its philosophy, to bring up the other side. This is what truly and honestly gives us a bipartisan form of government. Thus we have one party dealing honestly and sincerely with whatever effort it is bringing forth, and so is the other party. This does not give you that criss-cross, indirect, indistinct line of demarcation that at this time has so definitely asserted itself in this strange commingling of the two parties. I believe good will come out of it.

I am honestly of the opinion that if there is not a reform in the direction in which the Republican Party is moving it will forfeit whatever opportunity it has ever to come into power again. It would serve the Republicans right, the way they are hollering and clamoring, to win this time. They do not have a chance upon God's green earth to do so, but the way they are hollering for it and begging the people for it, it would serve them right to win this time with this Willkie-McNary set-up on their hands, and have to wrestle with it for 4 years. If that were to happen, the Republicans would never have another man in the White House as long as the history of the United States goes on.

Mr. HOFFMAN. The gentleman means you have left such a mess that even we could not clean it up?

Mr. PATRICK. We have not been able to clean up all the mess we found, I will be honest about it. We thought we could.

Mr. HOFFMAN. You sure have added several piles to it.

Mr. PATRICK. Of course, the banks are not failing like they were and the national income is not going down like it was when we took over and labor is better off.

Mr. SCHAFER of Wisconsin and Mr. HOFFMAN rose.

Mr. PATRICK. Let me yield to Chief Big-Thunder-No-Rain over here. [Laughter.]

Mr. SCHAFER of Wisconsin. The gentleman compared the next President, Mr. Willkie, with Barbara Fritchie.

Mr. PATRICK. Just on one remote point.

Mr. SCHAFER of Wisconsin. Would it not be a better comparison if you compared him with Patrick Henry who said, "Give me liberty or give me death"? Mr. Willkie says, give the American people liberty or give them New Deal political death.

Mr. PATRICK. Yes; I heard about that "Give me liberty or give me death" when I was a mere child.

Mr. SCHAFER of Wisconsin. Mr. Willkie's whole campaign symbolizes "give the American people liberty or give them New Deal political death." He is fighting for liberty as did Patrick Henry.

Mr. PATRICK. In other words, the issue is whether we should have liberty on the one hand or Willkie on the other. [Laughter.]

[Here the gavel fell.]

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a statement of the gentleman from Massachusetts [Mr. MARTIN].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, if I am permitted to discuss a very serious matter at this time, I would like to call the attention of the House to the fact that the American people deem it to be the duty of every Member of the House to cast a record vote on the conference report on the conscription bill.

This bill, in my opinion, is the most vital issue that has faced this country since the days of Lincoln, and I submit that we should not dodge a record yea-and-nay vote on the conference report on the conscription bill. My asking for a yea-and-nay vote or any other individual Member asking for a yea-and-nay vote may not bring the required number of Members to their feet to obtain a yea-and-nay vote. Since the issue is so fundamental, since the issue is so far reaching, I believe that the responsibility of obtaining a record yea-and-nay vote on the conscription bill conference report rests directly on the leadership of the House on both sides. I am not seeking to embarrass anybody, but this bill, in my opinion, will constitute, when we adopt the conference report, the surrender of the next to the last bridgehead in the defense of American democracy.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. HOFFMAN. Are we not already on record?

Mr. MARCANTONIO. I am coming to that and I will answer that question. No; we are not definitely on record and I will tell the gentleman why. When we had the Fish amendment in the bill and we voted on that bill with the Fish amendment in it, the issue was not clear to the people of the country on where the Members stand on the question of conscription. Now the Fish amendment is out of the conference report; so when we vote the conference report up or down we are voting yes or no on the question of conscription. The other day, when we voted on the bill with the Fish amendment in it, some people would say, "Well, he voted yea on the bill because of the Fish amendment," or he may have voted no because of the Fish amendment or the Fish amendment to the contrary notwithstanding. We did not have a real clear issue and the only thing that presents a clear issue on the question of conscription is a vote of yea or nay on this conference report, and I believe that the people of the country demand that of us.

Next to the matter of voting on war, this conscription conference report is the most important question that this Congress or the next Congress is going to have, and how can we dodge it? I think we will be remiss in our duty if we dodge it. I do not want to be placed in the position of scolding anybody; I do not want to be placed in the position of warning anybody, but I say we owe it to the people of this country to let them know where we stand on the question of conscription, and that question will be clearly presented on the adoption or the voting down of the conference report. [Applause.]

[Here the gavel fell.]

BRIDGE ACROSS MISSISSIPPI RIVER NEAR MEMPHIS, TENN.

Mr. DOXEY. Mr. Speaker, I ask unanimous consent that the conferees on the bill (S. 3929) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn., may have until midnight tonight to file a conference report on the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

WOOL PRODUCTS LABELING ACT

Mr. LEA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 162, to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, insist on the amendments of the House, and agree to the conference requested by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. Conferees will be appointed later.

RECESS

The SPEAKER pro tempore. Permit the Chair to state that it is definitely understood the Senate has taken up the conference report on the selective service bill. The Chair is not informed how long it will take.

Without objection, the House will stand in recess subject to the call of the Chair, with the understanding that the bells will be rung 15 minutes before the reassembling of the House.

There was no objection.

(Whereupon, at 3 o'clock and 45 minutes p. m., the House stood in recess subject to the call of the Speaker pro tempore.)

AFTER RECESS

The House was called to order at 9:07 p. m. by the Speaker pro tempore, Mr. RAYBURN.

SELECTIVE TRAINING AND SERVICE

Mr. COOPER. Mr. Speaker, I ask unanimous consent that it may be in order to consider the conference report on the selective training and service bill tomorrow, even though it may not be printed in the RECORD today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I would like to inquire either of the gentleman from Tennessee or from the Acting Speaker, if it is the purpose to act on the conference report tomorrow if it comes in in time?

Mr. COOPER. It is my understanding that it is hoped to do so.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. COOPER. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

WOOL PRODUCTS LABELING ACT

The SPEAKER pro tempore. The Chair appoints the following conferees on the bill S. 162: Mr. LEA, Mr. PEARSON, Mr. BOREN, Mr. SOUTH, Mr. WOLVERTON of New Jersey, Mr. WOLFENDEN of Pennsylvania, and Mr. HOLMES.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

BRIDGE ACROSS THE STRAITS OF MACKINAC

Mr. KELLY submitted a conference report and statement on the bill (S. 1379) granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between Saint Ignace, Mich., and the Lower Peninsula of Michigan, for printing in the RECORD.

EXTENSION OF REMARKS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a speech which I delivered at the National Democratic Convention in Chicago on July 20, 1940, seconding the nomination of Speaker WILLIAM B. BANKHEAD for Vice President.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. CLAYPOOL for 3 days on account of important business.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3501. An act to provide for the disposition of certain moneys received by the United States in connection with proceedings against the Standard Oil Company of California and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15); to the Committee on Public Lands.

S. 3607. An act to authorize research by the Public Health Service relating to the cause, diagnosis, and treatment of dental diseases; to the Committee on Interstate and Foreign Commerce.

S. 3841. An act to allow an additional period of 6 months in which to file claims for increased compensation to certain Government employees for the period July 1, 1917, to June 30, 1924; to the Committee on Claims.

S. 4245. An act to authorize the Secretary of the Navy to establish certain naval hospitals; to the Committee on Naval Affairs.

S. 4254. An act authorizing postgraduate instruction for civilian employees of the Naval Establishment; to the Committee on Naval Affairs.

S. 4311. An act to amend the Agricultural Adjustment Act of 1938, as amended, and for other purposes; to the Committee on Agriculture.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 4165. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSON, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 602. Joint resolution to authorize Jesse H. Jones, Federal Loan Administrator, to be appointed to and to perform the duties of the Office of Secretary of Commerce.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 10 minutes p. m.), under the order heretofore adopted, the House adjourned until tomorrow, Saturday, September 14, 1940, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1939. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of papers by the Department of Agriculture; to the Committee on the Disposition of Executive Papers.

1940. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of papers by the Civil Aeronautics Authority; to the Committee on the Disposition of Executive Papers.

1941. A letter from the Archivist of the United States, transmitting recommendation for disposition of lists of papers by the Federal Works Agency, Work Projects Administration; to the Committee on the Disposition of Executive Papers.

1942. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of papers by the Interstate Commerce Commission; to the Committee on the Disposition of Executive Papers.

1943. A letter from the Archivist of the United States, transmitting recommendation for disposition of certain papers in the Archives; to the Committee on the Disposition of Executive Papers.

1944. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of papers by the United States marshal for the district of Nebraska, with the approval of the Department of Justice; to the Committee on the Disposition of Executive Papers.

1945. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of papers by the United States attorney at Hartford, Conn., with the approval of the Department of Justice; to the Committee on the Disposition of Executive Papers.

1946. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of records by the Department of the Interior; to the Committee on the Disposition of Executive Papers.

1947. A letter from the Archivist of the United States, transmitting recommendation for disposition of a list of motion-picture film by the Department of the Interior; to the Committee on the Disposition of Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. STEAGALL: Committee on Banking and Currency. S. 844. An act to simplify the accounts of the Treasurer of the United States, and for other purposes; with amendment (Rept. No. 2940). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLY: Committee of conference on the disagreeing votes of the two Houses. S. 3929. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn. (Rept. No. 2942). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee of conference on the disagreeing votes of the two Houses. H. R. 10361. A bill to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; without amendment (Rept. No. 2943). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Irrigation and Reclamation. H. R. 10122. A bill to amend an act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), and an act entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding

in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (50 Stat. 869); with amendment (Rept. No. 2944). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. S. 3920. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, as amended June 20, 1939, and for other purposes; with amendment (Rept. No. 2945). Referred to the Committee of the Whole House on the state of the Union.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. House Resolution 593. Resolution calling on the Secretary of the Navy for information whether exchanged destroyers were manned and sailed into a combat area or port of a belligerent by American citizens, officers, and men of the United States Navy (Rept. No. 2938). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROBINSON of Utah:

H. R. 10506. A bill to provide for the disposition of certain moneys received by the United States in connection with the proceedings against the Standard Oil Co. of California, and others, pursuant to the joint resolution of February 21, 1924 (43 Stat. 15); to the Committee on the Public Lands.

By Mr. BRADLEY of Michigan:

H. R. 10507. A bill providing for an examination and survey of a ship canal connecting Lakes Michigan and Superior; to the Committee on Rivers and Harbors.

By Mr. CONNERY:

H. R. 10508. A bill changing the classification of chairman in the Postal Service to that of classified laborer; to the Committee on the Post Office and Post Roads.

By Mr. KEFAUVER:

H. R. 10509. A bill to provide that retired personnel of the Regular Army called into active military service under the provisions of the joint resolution approved August 27, 1940, shall be restored to active duty with the rank held by them on the retired list; to the Committee on Military Affairs.

By Mr. TOLAN:

H. R. 10510. A bill providing for an additional naval academy in the San Francisco Bay area in the State of California, and for other purposes; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States to consider their assembly concurrent resolution dated April 8, 1940, with reference to House bill 7813, to safeguard the homing pigeon; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOUSTON:

H. R. 10511. A bill for the relief of Robert T. Mann; to the Committee on Military Affairs.

By Mr. LECOMPTE:

H. R. 10512. A bill granting a pension to Mary Herod; to the Committee on Invalid Pensions.

By Mr. McCORMACK:

H. R. 10513. A bill for the relief of Edward J. McCormick; to the Committee on the District of Columbia.

By Mr. SHANLEY:

H. R. 10514. A bill for the relief of Kurt G. Stern; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9295. By Mr. WHITTINGTON: Petition of the Lions Club, of Greenville, Miss., urging Congress to amend existing statutes to permit the State to establish and maintain Home Guards; to the Committee on Military Affairs.

9296. By The SPEAKER: Petition of the International Union, United Automobile Workers of America, Detroit, Mich., petitioning consideration of their resolution with reference to the United States housing program; to the Committee on Banking and Currency.

9297. Also petition of the Lions International District 2–T, Claude, Tex., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9298. Also petition of the Newspaper Guild of New York Auxiliary, petitioning consideration of their resolution with reference to legislation on conscription; to the Committee on Military Affairs.

9299. Also petition of the Sigma Phi Epsilon Fraternity, Richmond, Va., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

SENATE

SATURDAY, SEPTEMBER 14, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Lord of all being, who holdest the universe, even myriads of worlds, in Thy hand, so that our thoughts can in nowise fathom the immensity of Thy dominion, nevertheless Thou knowest and carest for each human soul, with the secret tragedy of its personal life: Help us, therefore, to realize that each lives in God and God in each, and that, underneath the invisible wings of divine care, we take our way; and do Thou teach us as we go what we should be learning, whether it be on smooth plains or on the troubled steeps of our existence. For the duties of the day we pray for courage, wisdom, clearness of vision, and sincerity of purpose. Bless especially these Thy servants. May the strength of each one of us be as the strength of ten, because our hearts are pure, and may every citizen of our beloved land remember, to the glory of America, that righteousness exalteth a nation, but sin is a reproach to any people. We ask it for Jesus Christ's sake. Amen.

THE JOURNAL

On request of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, September 13, 1940, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Byrd	Danaher	Hale
Andrews	Byrnes	Downey	Harrison
Barkley	Capper	Ellender	Hatch
Bilbo	Caraway	Frazier	Hayden
Bridges	Chandler	George	Herring
Brown	Clark, Idaho	Gerry	Hill
Bulow	Clark, Mo.	Gibson	Holt
Burke	Connally	Gurney	Hughes

Johnson, Calif.	Miller	Reed	Townsend
Johnson, Colo.	Minton	Reynolds	Truman
King	Murray	Russell	Tydings
La Follette	Neely	Schwartz	Vandenberg
Lee	Norris	Schwellenbach	Van Nuys
Lodge	O'Mahoney	Sheppard	Wagner
McCarran	Overton	Taft	Walsh
McKellar	Pepper	Thomas, Idaho	Wheeler
McNary	Pittman	Thomas, Okla.	White
Maloney	Radcliffe	Thomas, Utah	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Illinois [Mr. LUCAS], the Senator from New York [Mr. MEAD], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. McNARY. The Senator from Vermont [Mr. AUSTIN] is absent because of the death of a close personal friend.

My colleague the Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from New Jersey [Mr. BARBOUR], the Senator from North Dakota [Mr. NYE], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Minnesota [Mr. SHIPSTEAD], and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present.

SOCIAL GAINS AND INSURANCE PROTECTION (H. DOC. NO. 951)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Finance:

To the Congress of the United States:

The social gains of recent years, including insurance and other benefit rights, must be preserved unimpaired. The National Guard legislation, which I recently approved, contained provisions evidencing this policy in connection with benefit rights of workers who are called into active service, and a similar provision is contained in pending selective-service legislation.

I recommend to the Congress early consideration of the problems thus recognized and enactment of the necessary legislation incident to preserving insurance protection under the Social Security Act, the Railroad Retirement Act, and the Railroad Unemployment Insurance Act, and to facilitate State action under the Federal-State unemployment-insurance program.

The agencies administering the Federal acts have been considering the needed technical changes to meet these problems and are now ready to furnish recommendations to the Congress in this connection.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 14, 1940.*

Mr. VANDENBERG. Mr. President, I should simply like to observe that, anticipating the President's message by 48 hours, I have introduced as an amendment to the pending tax measure the necessary legislation to achieve these purposes.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following concurrent resolution of the Legislature of the State of New Jersey, which was referred to the Committee on Agriculture and Forestry:

Whereas a bill has been introduced in the House of Representatives at Washington, D. C., known as H. R. 7813, which provides as follows:

"A bill to safeguard the homing pigeon

"*Be it enacted, etc.*—

"SECTION 1. That in order to safeguard and promote the breeding and training of the Antwerp or homing pigeon for use as a means of communication in time of war or national emergency, it shall be unlawful for any person to hunt, shoot, or to attempt to hunt or shoot or for any reason other than the lawful owner thereof, to pursue, capture, or kill, or attempt to pursue, capture, or kill, any Antwerp or homing pigeon having the name of the owner stamped upon its wings or tail, or wearing a ring or seamless leg band with the registered number of such pigeon stamped thereon.

"SEC. 2. It shall be unlawful for any person other than the lawful owner thereof or his authorized agent to remove or alter any stamp, leg band, ring, or other mark of identification attached to any Antwerp or homing pigeon.

"SEC. 3. Any person violating any of the provisions of this act shall, upon conviction thereof, be subject to a fine of not more than $500;" and

Whereas the passage of this bill is necessary for the preservation of the homing pigeon in the State of New Jersey: Therefore be it

Resolved, That the Assembly and Senate of the State of New Jersey hereby memorializes Congress to pass this bill known as H. R. 7813 as a patriotic measure.

The PRESIDENT pro tempore also laid before the Senate a resolution of the Department of the District of Columbia, American Legion, of Washington, D. C., favoring the enactment of pending legislation relating to the military record of William Lendrum Mitchell, late a colonel, United States Army, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution of the Department of the District of Columbia, American Legion, of Washington, D. C., favoring the prompt enactment of the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, which was ordered to lie on the table.

Mr. HOLT presented a resolution adopted by 1,100 members of Branch No. 569, American Federation of Labor, of Clarksburg, W. Va., protesting against amendment of the National Labor Relations Act, which was referred to the Committee on Education and Labor.

He also presented the memorial of the Baptist Young Peoples Union, Baptist Temple, of Charleston, W. Va., remonstrating against the enactment of compulsory military training legislation, which was ordered to lie on the table.

He also presented a resolution adopted by the fifteenth annual meeting of the Robert Barkley Historical Association, meeting in North Carolina, protesting against the enactment of compulsory military training legislation and also against a declaration of war by the United States unless America is attacked, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (H. R. 9851) authorizing special arrangements in the transportation of mail within the Territory of Alaska, reported it with an amendment and submitted a report (No. 2133) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the joint resolution (S. J. Res. 296) to define common carriers by water engaged in certain commerce with the Virgin Islands of the United States, and for other purposes, reported it without amendment and submitted a report (No. 2134) thereon.

Mr. VAN NUYS, from the Committee on Expenditures in the Executive Departments, to which was referred the bill (H. R. 10061) to consolidate certain exceptions to section 3709 of the Revised Statutes and to improve the United States Code, reported it with amendments and submitted a report (No. 2135) thereon.

Mr. BARKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 4340) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, reported it with an amendment and submitted a report (No. 2136) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, reported it with amendments and submitted a report (No. 2137) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 13, 1940, that committee presented to the President of the United States the enrolled bill (S. 4165) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MALONEY:

S. 4348. A bill authorizing the naturalization of Nasli M. Heeramaneck; to the Committee on Immigration.

By Mr. THOMAS of Oklahoma:

S. 4349. A bill to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Indian Affairs.

By Mr. WALSH:

S. 4350. A bill to amend section 509, as amended, of the Merchant Marine Act, 1936; to the Committee on Commerce.

By Mr. DANAHER:

S. 4351. A bill extending the time for filing a claim for reimbursement for the funeral expenses of Matthew Turney; to the Committee on Finance.

CORPORATION INCOME AND EXCESS PROFITS TAXATION—AMENDMENTS

Mr. SHEPPARD submitted an amendment, and Mr. PITTMAN submitted two amendments, intended to be proposed by them, respectively, to the bill (H. R. 10413) to provide revenue, and for other purposes, which were severally ordered to lie on the table and to be printed.

ADDRESS BY SENATOR WALSH AT CONVENTION OF JEWISH WAR VETERANS

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address delivered by him at the annual convention of the Jewish War Veterans, in Boston, Mass., on August 31, 1940, which appears in the Appendix.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LEA, Mr. PEARSON, Mr. BOREN, Mr. SOUTH, Mr. WOLVERTON of New Jersey, Mr. WOLFENDEN of Pennsylvania, and Mr. HOLMES were appointed managers on the part of the House at the conference.

LABELING OF WOOL PRODUCTS—TRUTH IN FABRICS

Mr. SCHWARTZ. Mr. President, I move that the Chair appoint two additional conferees of the conference committee on the part of the Senate considering Senate bill 162.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Chair appoints, as additional members of the conference committee on the part of the Senate, the Senator from Montana [Mr. WHEELER] and the Senator from Kansas [Mr. REED].

COMPULSORY SELECTIVE MILITARY SERVICE—CONFERENCE REPORT

Mr. SHEPPARD. Mr. President, I resubmit the conference report on Senate bill 4164. The conferees have obeyed the instructions of the Senate, and have inserted in the report the language of section 12 of the House amendment.

Mr. NEELY. Mr. President, I inquire of the Senator from Texas whether the remainder of the conference report is identical with that which was before the Senate yesterday.

Mr. SHEPPARD. It is.

I ask unanimous consent for the present consideration of the conference report, and that the reading of the report be waived.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none.

SECOND CONFERENCE REPORT ON S. 4164, CONSCRIPTION BILL, SEPTEMBER 14

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided,* That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further,* That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further,* That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further,* That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States, and until he attains the age of forty-five, or until the expiration of a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided,* That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve component of the land or naval forces of the

United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers' Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion, and students who are preparing for the ministry in theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degrees; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. And such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such person claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian

direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"SEC. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"SEC. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"SEC. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses, or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action'.

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"Sec. 9. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for

its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes', approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized—

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntary services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum. Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by an enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service', when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person,

shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

" 'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940.' "

And the House agree to the same.

MORRIS SHEPPARD,
ROBT. R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
STYLES BRIDGES,
Managers on the part of the Senate.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

Mr. VANDENBERG and Mr. SHEPPARD called for the yeas and nays, and they were ordered.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I am advised that, if present, he would vote as I am about to vote. Therefore I am free to vote. I vote "yea."

Mr. TRUMAN (when his name was called). On this vote I have a pair with the Senator from Minnesota [Mr. SHIPSTEAD]. If he were present, he would vote "nay." I transfer that pair to the senior Senator from Virginia [Mr. GLASS], and will vote. I vote "yea."

The roll call was concluded.

Mr. MCNARY. I announce the following pairs on this question:

The Senator from Vermont [Mr. AUSTIN], who would vote "yea," with the Senator from Ohio [Mr. DONAHEY], who would vote "nay";

The Senator from New Jersey [Mr. BARBOUR], who would vote "yea," with the Senator from South Carolina [Mr. SMITH], who would vote "nay"; and

The Senator from New Hampshire [Mr. TOBEY], who would vote "yea," with the Senator from North Dakota [Mr. NYE], who would vote "nay."

My colleague the Senator from Oregon [Mr. HOLMAN] would vote "yea" if present.

All the Senators I have mentioned are unavoidably absent from the city.

Mr. CHANDLER. I have a pair with the Senator from Pennsylvania [Mr. DAVIS], who is unavoidably detained from the Senate. If he were present, he would "nay." I transfer that pair to the Senator from New Jersey [Mr. SMATHERS], and will vote. I vote "yea."

Mr. MCKELLAR. My colleague the junior Senator from Tennessee [Mr. STEWART] is unavoidably detained on official business. If he were present, he would vote "yea."

Mr. BYRD. My colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably absent. Were he present, he would vote "yea."

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from New York [Mr. MEAD], and the Senator from New Jersey [Mr. SMATHERS] are necessarily absent. I am advised that if present and voting, the Senators I have mentioned would vote "yea."

The Senator from Ohio [Mr. DONAHEY] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained. I am advised that if present and voting, each would vote "nay."

The Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Iowa [Mr. GILLETTE] is detained in a special meeting of the Committee on Campaign Expenditures. He is paired with the Senator from Pennsylvania [Mr. GUFFEY]. I am advised that if present and voting, the Senator from Pennsylvania would vote "yea" and the Senator from Iowa would vote "nay."

The Senator from Arizona [Mr. ASHURST] is detained on business in one of the Government departments.

The result was announced—yeas 47, nays 25, as follows:

YEAS—47

Adams	George	Lee	Radcliffe
Andrews	Gerry	Lodge	Reynolds
Barkley	Gibson	McKellar	Russell
Bilbo	Gurney	McNary	Schwartz
Bridges	Hale	Maloney	Sheppard
Burke	Harrison	Miller	Thomas, Okla.
Byrd	Hatch	Minton	Thomas, Utah
Byrnes	Hayden	Neely	Truman
Caraway	Herring	O'Mahoney	Tydings
Chandler	Hill	Overton	Wagner
Connally	Hughes	Pepper	White
Ellender	King	Pittman	

NAYS—25

Brown	Frazier	Norris	Van Nuys
Bulow	Holt	Reed	Walsh
Capper	Johnson, Calif.	Schwellenbach	Wheeler
Clark, Idaho	Johnson, Colo.	Taft	Wiley
Clark, Mo.	La Follette	Thomas, Idaho	
Danaher	McCarran	Townsend	
Downey	Murray	Vandenberg	

NOT VOTING—23

Ashurst	Chavez	Guffey	Slattery
Austin	Davis	Holman	Smathers
Bailey	Donahey	Lucas	Smith
Bankhead	Gillette	Mead	Stewart
Barbour	Glass	Nye	Tobey
Bone	Green	Shipstead	

So the conference report was agreed to.

Mr. SHEPPARD subsequently said: Mr. President, I ask that my action last night in substituting the Senator from New Hampshire [Mr. BRIDGES] for the Senator from Vermont [Mr. AUSTIN] on the conference committee be ratified by the Senate. The Senate had recessed, and quick action was necessary.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GILLETTE subsequently said: Mr. President, I rise to make a statement for the RECORD. At the time of the vote which was taken on the conference report today I was conducting a hearing of the Special Committee to Investigate Campaign Expenditures. In the committee room where the hearing was being conducted the bells do not ring; and it was not until a few moments ago, when I was on my way to the Chamber, that I learned that the vote had been taken. I wish to state that had I been present I should have voted against the conference report, and that my absence was due to the conduct of essential public business in which I was engaged.

Mr. SHEPPARD subsequently said: Mr. President, I ask unanimous consent that Senate bill 4164 be printed as agreed to by the two Houses.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. TYDINGS. Mr. President, now that the conference report on the military selective service bill has been agreed to, I desire to make a brief statement on one vicissitude of the bill before it closes its history in this body. I refer to the amendment offered in the Senate by the Senator from Arizona [Mr. HAYDEN] and in the House of Representatives by Representative FISH, of New York.

It will be recalled that the operation of the amendment would have paralleled the draft. It provided that the President should make an effort to get a sufficient number of volunteers so that the draft would not be necessary. It never was my idea that a sufficient number of volunteers would come forward, but it was the opinion of certain Senators that the voluntary system might work, and I could see no harm in giving it a trial, when it would work side by side with the Selective Service Act, and in either case the same result would be obtained in the same length of time and without any delay.

I rise now particularly to deal with the grossly misleading and, in fact, false reports which were carried in most of the press all over the country, to the effect that the Hayden-Fish amendment would cause a 60-day delay. Every Senator knows that that statement has not a shred of fact or truth to support it. The operation of the Hayden amendment would be simultaneous with the draft procedure, and the same net number of men would be obtained by the Army at the same time under either one process or the other, or a combination of both. There would not have been any delay.

Then the propagandists, including some news writers, editors, cartoonists, and radio commentators, in order to discredit the Hayden-Fish amendment, instead of attacking it on its merits, saying they did not think it provided the best way to deal with the matter, for which a good argument could have been produced and supported, with which many men would have agreed, attempted to give the impression that it was a political amendment, designed to postpone the draft until after election day.

Every man in his right mind knows there will not be a soldier actually drafted, without the Hayden-Fish amendment under the measure just agreed to, until after election day. It is physically, humanly, administratively, practically, impossible to set up the machinery and draft the men before the election takes place in November.

In support of that statement, I wish to read from an article on the Hayden-Fish amendment and the falsely so-called 60-day delay, in the column of Gen. Hugh Johnson, who was deputy administrator of the Draft Act in the last war. It is just three paragraphs. This is what General Johnson said:

> The Fish amendment—
>
> Which was the equivalent of the Hayden amendment—
>
> to the Selective Service Act, tentatively adopted by the House, has been erroneously reported as a measure to postpone effectiveness of the selective service law by 60 days. It has other gross faults, but it does not do that. As soon as the law passes, the Government can set up the machinery for registration and classification of manpower. It can proceed, when ready to register them and, rapidly as possible, to classify them in the order of their relative availability for military service with the least possible disturbance of domestic, industrial, or social relations.
>
> You can't have any actual taking of men into the Army under our system until the registration is complete to the last man. You can't have it until the classification has proceeded at least to the point of filling the quotas of each locality. "Filling the quotas" means the actual taking of men for whom the great lottery in Washington has determined that their turn has come and of whom committees of their neighbors have decided that there is less reason for them to remain in the civil occupations than exists for other men.
>
> Starting from scratch, this machinery could not possibly be set up, oiled, and put in efficient operation to produce 400,000 or even 100,000 men in less than 60 days. All that the Fish amendment provides is that while the machinery may be created as quickly as possible, it can't actually take a single man for 60 days. Thus, on the cold hard facts, there will be no real delay on this score.

Mr. BURKE. Mr. President, will the Senator yield at that point?

Mr. TYDINGS. If the Senator will let me finish my statement I shall be glad to yield to him.

Yet I do not think I have failed in the period of the last 2 weeks to read on the front pages of a large part of the press of the Nation that the Hayden-Fish proposition was a "60-day delay amendment," or some comment about the "60-day delay amendment," when as a matter of fact there would not be a minute's delay if the Hayden-Fish amendment had been adopted.

Then we also read that it was designed to postpone the draft from taking effect until after election day. I should like to ask the chairman of the Military Affairs Committee, who has had the bill in charge, and who has ably presented the case for the bill from beginning to end, what in his opinion would be the shortest possible time, if all worked harmoniously, from the time of the signing of the bill, before the first man would probably be actually taken or drafted in his community.

Mr. SHEPPARD. In the neighborhood of 45 days.

Mr. TYDINGS. I think that is a very—shall I say—constrained prediction, because 45 days will be the quickest possible time; and if it is 45 days, Senators, that will be election day, which proves my point that even without the Hayden amendment, and even without the Fish amendment, no one will be drafted until after election day, and all the editorials, news items, cartoons, and statements by columnists and commentators are just so much piffle.

Fortunately in my own State, with the exception of a small newspaper, the false impression was corrected early, and the truth was there published, but outside of that State I hardly know of another one in the Union where the truth about the Hayden-Fish amendment was presented to the American people.

Mr. BURKE. Mr. President, will the Senator now yield to me?

Mr. TYDINGS. I yield.

Mr. BURKE. Whether or not the Hayden-Fish amendment would result in any delay—60 days or otherwise—in the actual calling of men into camp I think may be open to more question than is in the mind of the Senator from Maryland. But would not the Senator at least admit that the adoption of the Hayden-Fish amendment would have amounted to a delay, a postponement of positive declaration by Congress that in the emergency which confronts the

Nation we had made up our minds to adopt the only sound and feasible method, as everyone recognizes, of building up our manpower to the degree that we must have it built up in the near future? Certainly there would have been a delay in the decision on that point and the application of that principle.

Mr. TYDINGS. Mr. President, I said in the beginning that I voted for the Hayden amendment not because I believed that the voluteer system would produce 400,000 men, but to give those who seemed to believe that it would, an opportunity. It was not a question of preference with me; it was a matter of trying to harmonize and get the same result in the same time.

Now as to the question by my good friend the Senator from Nebraska. If the Hayden-Fish amendment had remained in the bill I do not believe any delay at all would have ensued, for in either case, within 60 days after the Presidential pen made it a law we would have 400,000 men leaving their homes. It would not make any difference if the Hayden-Fish amendment had been in or had been out of the legislation—there would not have been any delay.

I will watch with much curiosity to see if anyone is drafted under this bill before election day, not because of any political reason but because in my judgment, as General Johnson himself said, it is practically impossible to appoint the draft boards in all the communities of the Nation, register the men, call them up and examine them physically and in every other way, and decide on the first 400,000, and then actually take them away from home in a 60-day period.

So that all this "boloney"—and that is all it is—and all the propaganda about the Hayden-Fish amendment was really, insofar as I can compare it with other things, not creditable, with very few exceptions, to the press of the United States. That also applies to those who wrote the editorials misrepresenting the real truth and purpose of the Hayden-Fish amendment.

I am not a candidate for election this year. Neither is the Senator from Arizona [Mr. HAYDEN]. If the proposal had come from a Senator who was up for election, such an innuendo might have some basis. I voted for the bill. I have been for the bill for a long while in some form or other, for some sort of military service. Even 6 months ago I said I thought it was necessary. But the interpretation of the misnamed 60-day-delay clause and the political conception of the Hayden amendment as set forth in the press is not creditable nor is it conducive to honest thinking on the part of the electorate, but it is in line with some of the hysteria which all too frequently now is beclouding the legislative scene.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WHEELER. The Senator does not think, does he, that even if there were time to draft men before election day there would be any possibility that the Army would start taking boys away from their homes before election day? I disagree with the Senator, in that I think the Army can take them before election day. But I venture the assertion that there will not be any man taken away before election day.

Mr. TYDINGS. Whether the men can be taken away or whether they cannot be taken away, I believe the program will be put into effect at the first possible opportunity. Will those who said that under the amendment no one could be drafted before election day now assert the men will be drafted before election day? No; we will hear no more of that. Those who made the claim will not make the claim now that the boys will be drafted before election day. Yet that artifice, that false premise, that false assumption, that false principle, with respect to an honest amendment, the purpose of which was to try to reconcile differences in this body, was used to propagandize the whole country on an entirely false basis in the consideration of this measure. Now that it is behind us, the hysteria will lie dormant until another measure comes along, when it will break out again, and this all in the name of preserving democracy.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK of Missouri. I agree entirely with what the Senator says about the hysteria and the unfairness of the press about the matter. I call attention to the last sentence in the Hayden-Fish amendment——

Mr. TYDINGS. I wish the Senator would read that sentence very carefully.

Mr. CLARK of Missouri. It is as follows:

> Nothing in this subsection——

Mr. TYDINGS. Begin reading again. I was still speaking when the Senator began reading.

Mr. CLARK of Missouri. "Nothing"—and that is a specfic provision—

> Nothing in this subsection shall be construed to require or postpone during either of such 60-day periods the registration, classification, or selection of persons to be inducted for training and service under this act.

Mr. TYDINGS. Yes.

Mr. CLARK of Missouri. All delay was specifically excluded from the Hayden-Fish amendment. There is no question on earth about that.

Mr. TYDINGS. Not a particle.

Mr. CLARK of Missouri. I disagree with the Senator as to any possibility of there being a draft before the election. I know very well that when General Shedd, after only 4 days' debate in the Senate, said that unreasonable delay by the Senate in the enactment of this measure would postpone the operation of the draft until January, he had a tip from somebody. I know well that the managers of this political campaign are too smart to have 400,000 mothers coming down to the station platform to kiss the boys good-bye, and have the boys go away to compulsory military servitude in time of peace.

Mr. TYDINGS. I will make a request of all those who in the press of the country dwelt vociferously upon the need of speed, speed, speed in their opposition to the Hayden-Fish amendment. If, as the Senator from Montana [Mr. WHEELER] and the Senator from Missouri [Mr. CLARK] say—I do not say so—if, as they say, no one is drafted within 60 days, I hope the editors will write editorials about themselves, or at least be fair enough to recant and correct the erroneous impression which they presented to the country by misrepresenting the operations of the Hayden-Fish amendment. I think the Senator from Arizona [Mr. HAYDEN] as well as myself are indebted to General Johnson. Certainly, if there is an authority on the draft in the world, there is no greater authority than the Deputy Administrator of the last draft. He says it will take at least 60 days after the bill is signed for the first man to be drafted.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. THOMAS of Utah. The Senator has just said that the people of the United States are indebted to General Johnson for this information. I thank General Johnson for supplying the information. However, the Senator from Maryland certainly knows that every fact which General Johnson mentions in that article was brought out on the floor of the Senate days and days before General Johnson wrote the article.

Mr. TYDINGS. Of course.

Mr. THOMAS of Utah. So far as the information is concerned, it was presented by the Senator from Arizona [Mr. HAYDEN] and other Senators. We went through the history of the last draft, giving the dates, and pointing out exactly what would happen. Incidentally, this draft is a little more complicated than was the last one. Incidentally, we are not at war, so there is no need of the haste with which we acted before.

The point I wish to make is the point which the Senator has already made. So far as the information is concerned, it was brought out on the floor of the Senate. It was in the RECORD; and if Senators had read the RECORD instead of the newspaper columns probably they would have been better informed.

Mr. TYDINGS. Mr. President, I wish to conclude by presenting the picture of the effect of the Hayden-Fish amendment, according to the news which was carried in the press of the country. It was as follows: There would be a 60-day call for volunteers, during which nothing would be done about the draft. There would be no registration; there would be no classification; there would be no examination. None of the machinery would be put in motion to start the draft until after the 60-day period. Then, after the 60-day period, for the first time, the whole machinery of the draft would begin to operate, so that within 60 or 90 days thereafter the draft would be effective.

That was the untrue picture presented to the country about the workings of the Hayden-Fish amendment. The true picture, as buttressed by the amendment which the Senator from Missouri [Mr. CLARK] read, and which was adopted as a part of the Hayden amendment, was that there would be no delay; men would be drafted with the Hayden amendment in the bill just as quickly as they would be drafted without it.

I have never believed that the voluntary system would suffice. Indeed, I listened with much sympathy to the arguments of those who held that the volunteer system was not as equitable as the selective system. But because there were those who felt that the volunteer system should have a further trial, and who said it would work, I was anxious to show that it would not work in this emergency. Now, unfortunately, we shall not have a trial of the volunteer system, so the question will always be moot.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CONNALLY. As one who voted against the amendment, let me say to the Senator that I do not wish to be maneuvered into the position taken by certain newspapers.

Mr. TYDINGS. Of course not.

Mr. CONNALLY. I do not recall the Senator from Texas made any particular charge against the amendment of the Senator from Arizona as delaying the program; but my position—and I am sure I speak for many others—was that I did not believe the volunteer system to be a fair system.

Mr. TYDINGS. That is correct.

Mr. CONNALLY. I prefer to start with the draft system, irrespective of the question of delay.

Mr. TYDINGS. Let me say to the Senator from Texas that the question we are discussing does not turn on whether the selective or the volunteer system is the better. The point I am attempting to make is that under the Hayden-Fish amendment there would be no delay in either system, or in both combined. I wish to show up the hypocrisy of the statement in the press to the effect that if the Hayden amendment were to remain in the bill no men would be drafted until after election, when, as a matter of fact, with the Hayden-Fish amendment out of the bill they will not be drafted until after election. In my opinion, very little will be written to correct that false impression.

Mr. CONNALLY. I wish to say that, so far as the election is concerned, I do not believe any Senator was actuated by such a motive.

Mr. TYDINGS. Of course not.

The PRESIDENT pro tempore. The time of the Senator from Maryland has expired.

Mr. CONNALLY. Mr. President, I claim the floor in my own right for just a word.

I do not think Senators were actuated in their vote on the Hayden amendment, or any other amendment, by the pendency of an election, or that they had it in mind at all. Those of us who voted to put the draft in effect at the earliest possible moment certainly could not be charged with any effort to avoid its consequences in respect to the election; and I feel sure that those who advocated the Hayden amendment were not actuated by any motive of a political character. I make that statement as one who has consistently voted for the conscription idea as contrasted with the volunteer idea. I voted that way because I thought the conscription system was a more equitable, democratic, and fair system of calling men into the armed services than was the volunteer system.

I cannot repeat the arguments which were made from time to time. I am sure Senators are quite familiar with them. However, I wish to vindicate the Senate of the charge of approaching the serious, solemn, and heavy responsibility of raising an army in the light of an election in November.

Mr. CLARK of Missouri. Mr. President, we have just listened to an extremely logical and well-grounded criticism of the press of the United States in connection with the conference report. I agree with everything the Senator from Maryland has said about that matter; but I do not think the adoption of the conference report ought to pass without a brief recognition of and compliment to the remarkable clairvoyant power of the radio commentator or newspaper reporter, as the case may be, who first "misquoted" the chairman of the House Committee on Military Affairs as to what would be in the conference report. It has been repeatedly stated that he was infamously misquoted. I do not know whether the misquotation originated in a newspaper column or on the radio. I first heard it on the radio, and the next morning I read it in the newspapers. I do not know which was first; but whoever "misquoted" the chairman of the House Committee on Military Affairs is entitled to compliments for his remarkable clairvoyant powers, because what he "misquoted" the chairman of the House Committee on Military Affairs as predicting would be in the conference report was in the conference report, almost word for word and line for line.

The radio commentator or newspaper reporter, as the case may be, ought to rejoice in the fact that if he is ever fired from his present job he can make an independent fortune by setting himself up as a fortuneteller in Washington, because no more accurate misquotation ever appeared in the public press or on the radio of the country.

LOVETTSVILLE AIRPLANE DISASTER

Mr. McCARRAN. Mr. President, a week ago last Thursday, following the unfortunate airplane crash which took place at Lovettsville, Va., on the 31st of August, I submitted a resolution and had it lie on the desk without reference. I did so purposely. I took that course, not to have it referred to any committee at that time, because I had been advised, and the press had carried the notice, that under the auspices of the Commerce Department the committee on air supervision, or whatever it may be called, was to hold hearings. I thought it best that the matter rest in abeyance until after those hearings had been concluded. I received a very cordial invitation from the Chairman of the Civil Aeronautics Board, Mr. Harllee Branch, to attend the hearings.

I did not attend because I was unable to attend. I did, however, make a request that I be furnished with a daily transcript of the testimony, and, through the graciousness of the Civil Aeronautics Board, I was afforded a copy of the daily transcript, which I tried, as diligently as I could, to follow from day to day, and to study from time to time. It is probably a good thing that I did not attend the hearings before the Civil Aeronautics Board, because, according to the transcript, one of the very first things done was to announce that any questions to be asked would have to be asked in writing and submitted to the Chairman of the Board. I am familiar with that old game, if I may so call it, and had I been there, of course, I would have been very much handicapped in asking questions; in fact, probably I would have been precluded from asking questions.

I make some reference to the matter here today because, at the close of my brief remarks, I shall move that my resolution be referred to the Committee on Commerce, for which it was drafted in the first instance.

Mr. President, there appeared in the columns of the press today a statement, as follows:

As hearings ended, several Government experts testified to refute charges by Senator PAT MCCARRAN, Democrat, that wreckage of the plane was negligently guarded or the probes following the crash inefficiently conducted.

Then there is the further statement:

Frank Caldwell, chief of the inspection division of the C. A. B.'s Safety Bureau, declared there was "nothing extraordinary" in handling of the wreckage, adding the same proceedings were followed as formerly used by the old Air Safety Board.

Then, in quotation marks—

"Pet agency" of McCARRAN which was abolished when the C. A. B. was reorganized back into the Commerce Department.

Mr. President, I made no accusation whatsoever. The only thing I did was to send down a little leaflet with a few questions on it that they might be answered by someone before the Board. This in my hand [exhibiting] is a copy of "questions to be answered." I will read them.

Where are the two engines removed from the plane?

There is no charge in that question.

The second question is:

Who removed them?

There is certainly no charge in that question.

By what authority were they removed?

There is no charge in that question.

Where were they taken and where are they now?

There is no charge in that question.

Where, specifically, are the main bearings, the connecting rods, and the crankshafts of each engine?

There is certainly no charge in that question.

Are all of these things in the custody of C. A. A.?
If so, where and under whose supervision?
If not, why not, and under whose supervision are they at present?
Thank you.

PAT McCARRAN.

The only contact I had with the Board was to submit those questions.

It appears, from whatever source it emanates, that I had made charges. I made no charges whatever, but I had a reason for asking those specific questions, because the parts mentioned in the questions had been removed from the ground and had been taken to the headquarters of the Pennsylvania Air Lines. I knew that. I went out on the ground and made as careful an inspection as a layman could make. I am not an expert in any sense of the word. I saw that those parts had been removed. I knew, from specific information given to me by an authority who will not be questioned, that certain parts, namely, the main bearings and the drive shaft, had certain specific markings on them which indicated a certain condition, namely, that the bearings were not receiving sufficient lubrication during the time of the flight. I knew that was true, and I wanted to know where those parts were so that the Senate committee might, when it undertook to investigate, find the parts, inspect them, and determine the accuracy of the information which had come to me.

Mr. President, a day or so before the hearings commenced there was a whispering going around here and in the neighborhood of the accident, and that whispering was building up a fallacy, if you please, or a false idea. One heard from mouths that seldom utter the expression and scarcely knew what it was the homely expression that is used in certain cases, "an act of God; it was an act of God." When I went on the ground I heard that the accident was caused by a stroke of lightning, but when the experts looked for evidence of lightning contact, there was not a single scintilla of such evidence. Whenever a bolt of lightning strikes a plane there is a fusing of the metal parts and a burning out of the fuses in the radio equipment. That condition was not present and there was no evidence that a bolt of lightning had struck the plane. No lightning ever struck that plane; the experts have so testified, and I have before me volume after volume of testimony adduced before the Board that the plane was not struck by a bolt of lightning.

When that "build up" was negatived and lightning could not be ascribed as the cause of the accident there was another fallacy built up; whispering went the rounds that the two pilots were hit by a bolt of lightning that came near to the plane. That fallacy was exploded completely by the hearings before the C. A. B.

What I am leading up to, aside from the fact that I propose to move to have my resolution referred to the Commerce Committee, is that there were not the proper safeguards thrown about that plane nor its flight. That plane should not have left the Washington airport, especially at the time it did leave the airport. Let me give a few homely things that are in the record made by the Civil Aeronautics Authority.

The pilot of that plane taxied out to the end of the runway to take his flight; then he taxied back because he found defective conditions in the oil feed. There was something done at the airport to repair that condition temporarily, at least. Then he taxied back again to take his flight.

Before a pilot takes his flight he is advised of weather conditions, and from the weather conditions he charts his altitude. The pilot of this flight having been advised of weather conditions, charted his altitude at 6,000 feet. That was the altitude he was going to reach as soon as he could, because there was coming over the Blue Ridge Mountains at that time a storm the like of which was never known in that section; old pioneers who live in that country will tell you so; and the evidence of the storm and the flood is there now.

So the pilot was going to 6,000 feet to get above the storm. At Herndon, about 20 minutes out, he reported back to the Washington station that he was cruising at 4,000 feet and going up. He had not reached his altitude then. About 8 minutes from that time, the plane went down. That is the time as nearly as can be determined, and it is determined by the watches which were taken from the bodies of those on the plane and from the clocks of the plane which were stopped. He was up 4,000 feet at Herndon. He had not been able to gain his altitude up to that time. There was some reason for that. Such a condition is not at all unusual. There might have been a perfectly good reason for it; but there were brought in to testify those who observed the transit of that plane going across that country, people who have been accustomed to seeing planes going over their heads, farmers who live at Lovettsville and surrounding Lovettsville. They testified variously, but nearly every one of them testified that the plane was flying lower than the average flight of planes going over there. Let me give an illustration so homely that it brings out something that impresses one with the truth of it all.

A farmer named Vancell was sitting on his porch. He saw the plane coming over, and it was lower than planes had generally come over. He was right in the route of the plane. He saw the plane coming over, and this is the way he testified. He said:

Thinks I, "my, you're low." I said to myself, "Old Boy, you had better raise a little. You had better raise a little, or you won't get over that mountain. If you don't raise, old boy, you are not going over that mountain."

He said—

Of course, I said it to myself. I didn't tell him.

It was a homely way of expressing a condition that prevailed then, that after the pilot reported in from Herndon he was starting to go down. He had not been able to gain his altitude. There was a defective mechanism there just as surely as I stand here. The pilot was flying directly in the face of an electric storm that he wanted to get above, and he would have gone over it had he been able to do it.

The PRESIDENT pro tempore. The Senator's time under the unanimous-consent agreement has expired.

Mr. McCARRAN. Have I any more time left, Mr. President?

The PRESIDENT pro tempore. The unanimous-consent agreement provides that only one speech shall be made by each Senator during the pendency of a particular amendment.

Mr. HOLT. Mr. President, I ask unanimous consent that the Senator from Nevada be permitted to conclude his statement.

Mr. McCARRAN. It will take only a minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. BARKLEY. The Senator said he was about to move to have the resolution referred to the committee. I am sure there will be no objection if he asks unanimous consent, when he finishes his remarks, that the resolution be referred to the committee.

Mr. McCARRAN. I thank the Senator.

I shall not go further into the matter. I only want the Senate to know that in my homely way, in going through the record as I have from day to day, I find things which the Senate of the United States should investigate. I am making no charges. I may have views in my mind, and I have views, and at a later date I may say more than I am now saying; but I am not now making charges. I am now asking that my resolution, submitted a week ago last Thursday, be referred to the Committee on Commerce.

Let me say that I am not a member of the Committee on Commerce, so I shall have no part to play in the investigation; but a very comprehensive investigation was conducted by the Committee on Commerce following the sad death of our colleague, the late Bronson Cutting. I believe the Committee on Commerce will take hold of the matter energetically and fearlessly and go to the bottom of it.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. CLARK of Missouri. I should like to say to the Senator from Nevada and to the Senate that as a member of the Committee on Commerce, and as chairman of the special subcommittee formerly known as the Copeland committee, if the committee sees fit to report this resolution for an investigation—which I am convinced from the statement of the Senator from Nevada ought to be done—I shall insist in the committee that the Senator from Nevada be added to the committee for the purpose of the investigation.

Mr. McCARRAN. I am very grateful to my colleague from Missouri. I think the Committee on Commerce can do a good job without my presence. They did a splendid job under the guidance of our beloved former colleague from New York, the late Senator Copeland.

Mr. President, I move——

Mr. HARRISON. I hope the Senator will ask unanimous consent, so as not to disturb the bill which is now pending.

Mr. McCARRAN. I ask unanimous consent that the resolution which I submitted a week ago last Thursday be referred to the Committee on Commerce.

The PRESIDENT pro tempore. Is there objection?

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McCARRAN. Yes.

Mr. VANDENBERG. First, I should like to ask the Senator a question. I have seen a rather amazing, not to say shocking, statement in a newspaper column to the effect that a Member of the United States Senate involved in this catastrophe was being shadowed by the F. B. I. at the time of his death. Has the Senator any information on that subject?

Mr. McCARRAN. I doubt if there is any truth in that statement.

Mr. VANDENBERG. It would be shocking if there were any truth in it—shocking not only because it reflects upon that very able, patriotic Senator, but shocking also in its suggestion that one branch of the Government may deal with the legislative branch in any such fashion. I am simply inquiring whether the Senator's resolution is broad enough so that that story may be either confirmed or conclusively condemned.

Mr. McCARRAN. I believe the investigating committee will find, however, that the first persons on the ground were members of the F. B. I. I do not know why; I do not know by what authority; but the first persons that I heard of being on the scene of the accident were members of the F. B. I. I saw an article, quite extensively publicized, giving great credit to the F. B. I. for having assisted in identifying the bodies, and I have no doubt that the F. B. I. did render assistance; but I sometimes wonder where certain phantoms, as I call them, started. In other words, I wonder who started the act-of-God idea, and who started the idea, after no act of God was proven and it was shown that there was no lightning stroke, that the two pilots dropped dead. I wonder who started that idea. I do not lay it to anybody, but I wonder.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. LODGE. I have been much interested in and impressed by the Senator's statement. I should like to ask whether the questions which he asked regarding the improper lubrication of the motors were ever asked by the officials conducting the investigation.

Mr. McCARRAN. Yes. I will say that the matter was gone into, and I think the matter which I sought to elicit by these questions was brought out.

Mr. LODGE. I desire to repeat to the Senator what I have said here once before: That in my opinion this accident is sufficiently serious, and this breach of a 17-month record of air safety is sufficiently sensational, to justify an investigation by Congress, and that I pledge him my support in that effort.

Mr. McCARRAN. I am very grateful. I would say more, but I do not want to transgress on the rule more than I have done.

Mr. CLARK of Idaho. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. McCARRAN. Yes.

Mr. CLARK of Idaho. The newspapers published some very lengthy articles about a passenger who was delayed, and the statement was made that the plane was held for twenty-some minutes for the purpose of picking up this passenger; and yet I notice that the passenger has never been identified. Has the Senator any information at all as to who the passenger was who could hold a loaded plane for twenty-odd minutes?

Mr. McCARRAN. I have heard several rumors on the subject, but I have never followed it up. I doubt that there was a delay by reason of a passenger, but I do not know.

Mr. MINTON. Mr. President, may I ask the Senator a question.

Mr. McCARRAN. Yes.

Mr. MINTON. The Senator has raised a question as to whether this catastrophe was an act of God, and has asked who raised the question as to its being an act of God. I suggest to the Senator that in an accident of that kind there is great liability to the passengers; and if the airplane company could establish the fact that the accident was due to an act of God, of course it would escape any liability to its passengers for damages by reason of wrongful death. As I read the newspaper reports and as I got the story, it seemed to me that the attorneys for the airplane company were trying to build up the act-of-God idea with a view to escaping liability for wrongful deaths.

Mr. McCARRAN. One could dwell on that subject for a long time. I am grateful to the Senate and I am grateful to the leader for the extra time.

The PRESIDENT pro tempore. Without objection, Senate Resolution 307 will be taken from the table and referred to the Committee on Commerce.

COMPULSORY SELECTIVE MILITARY SERVICE

Mr. WHEELER. Mr. President, I do not want to delay my friend from Mississippi [Mr. HARRISON], but I do wish to call attention to an editorial which appeared in the Washington Times-Herald, and originated in the New York Daily News.

The publisher of the New York Daily News has been one of the most ardent advocates of peacetime conscription. That newspaper is one of those that have repeatedly criticized the Congress of the United States for delay in bringing about conscription. It has constantly criticized those who were in favor of voluntary enlistment.

The editorial is headed:

Total war is here to stay.

It shows, to me, the kind of hysteria which is emanating from the city of New York.

A year after its beginning, the European war has come to the "total war" phase; and "total war" is called the worst kind of war there is.

The Germans are dropping bombs all over the London metropolitan area, and too bad about any women and children who may be in the way, since London itself is regarded as a strategic point.

A time bomb even went off Tuesday morning close enough to Buckingham Palace to damage one wing.

The British admit, without a blush or an apology, that their Navy is trying by blockade to starve the Germans into surrender, even though the rest of Europe may have to starve first. The British, too, are doing some all-out raiding of Berlin, having bombed the famous Brandenburger Gate and badly messed up the big Potsdamer Railway station in the heart of Berlin early yesterday morning.

Both sides can be counted on from here on to use every weapon they can come by and every tactic they can think of, regardless of how many women are killed or driven mad, how many children eviscerated, how many beautiful or historic buildings blasted to rubble heaps.

The part to which I particularly desire to call attention is the following:

And each side can be trusted from here on to blame the other for what happens. All the brutalities, all the savageries, will be called merely reprisals for something the other guy did.

Whichever side wins, it is safe to predict that it will build up its facilities for waging total war any time it gets into a fight in future. Total war, in short, is here to stay, and Americans had better reconcile themselves to that fact.

All of which indicates the kind of men we need for our to-be-enlarged Army, Navy, and air force.

We've got to prepare to fight total war, too. If we don't, we'll be conquered by some nation or alliance that has perfected the grisly art.

So, for our total-war forces, we've got to have men who are strong, smart, young, and brutal. We need to round up the cream of our strong, smart, young, and brutal male population, and put it as fast as we can through a course of training in the methods of total war.

Those are the kind of men that Hitler and Mussolini are using—men who have been trained from childhood up to believe that victorious war is man's crowning glory.

We've trained our young men differently—made them Boy Scouts, C. C. C.'ers, etc., to whom the thought of firing a gun at another human being was abhorrent, or supposed to be. We may pay for that some time. But there may yet be time to collect and train an army of men whose brutal instincts will be attuned to the even more brutal machines of twentieth-century war.

CONGRESS IN A FOG

A draft run on lottery principles will not deliver this result. A selective draft will—if the local draft boards are instructed to select strong, smart, young, brutal men exclusively.

The snarl into which the joint congressional conference worked itself on the draft bill coming to an agreement last night indicated that many Congressmen do not yet grasp this necessity for us to learn the art of total war. The age-limit dispute was especially revealing.

The draft ought to be made as popular as possible; and it ought to be aimed at raising contingents of born brutes and young brutes.

Instead, there was a lot of talk about age limits as high as 44 before the top of 35 years was decided upon. The conferees would have done better had they decided on a 21–25-year group—where the bulk of real fighters will come from—or a 21–30 group at the outside.

So the real reason why some of these men wanted a selective service was to take your sons, you mothers of America, to take your sons and to train them to become brutes.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. HOLT. The Senator recalls the quotation from General O'Ryan.

Mr. WHEELER. Yes. Train them to be young brutes. That is why this newspaper wants the selective service, so that smart, young, and strong men, men who are by natural instinct brutes, may be put in the Army. It wants to take my son and your son and make them into brutes.

Is that what we are coming to in the United States of America? Is that what we mean when we talk about democracy, and that this is the democratic way? Of course, as the Senator from West Virginia has said, that is the idea that was in the mind of General O'Ryan, one of the fathers of the selective-service draft. Make them into brutes! Take them into the Army for a year, and then turn them out as brutes, and what do you expect to have? Talk about gangdom and gangsterism in this country. Take 400,000 men each year and train them to be brutes; train them that the proper thing is war; that it is a fine thing to kill a man; take them and teach them against every principle which they have been taught at their mother's knee; and teach them that the Sermon on the Mount was wrong; teach them that the Ten Commandments mean nothing; and what kind of a country will we have?

Mr. HOLT. Mr. President, will the Senator yield again?

Mr. WHEELER. I yield.

Mr. HOLT. One military authority, protesting against a 30-day training provision in the draft, said it takes 3 months' time to break down a boy to have the right military point of view.

Mr. WHEELER. Certainly. This writer said that by voluntary enlistments you could not get the kind of brutes you want. You had to go out and pick them out, pick the smart, the strong, the young, and teach them to be brutes. It makes one's blood curdle to think that what those who are really back of the selective draft want to make out of young Americans. Yet we hear talk about it being the democratic way. Is there anything democratic about what he says?

The draft ought to be made as popular as possible, and it ought to be aimed at raising contingents of born brutes and young brutes. * * * if the local draft boards are instructed to select strong, smart, young, brutal men exclusively.

Is there anything democratic about picking out the strong, the smart, and the brutal man, or making brutes out of those who are selected? Certainly some of us realized that that was what was going to be attempted. Is there any wonder that the mothers of America have gathered around this Capitol at times, and that they have prayed, or wanted to pray on the Capitol steps, only to be driven off the Capitol steps when they wanted to pray? Is that democracy? Is that Christianity? How are we to preserve democracy in the United States if the women of the country, the mothers of the country, cannot come here and pray on the Capitol steps?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. I saw a statement in the press a few days ago—and I should like to have the attention of the Senator from West Virginia—that the Capitol police were so very anxious to keep any women whose boys might be drafted from coming here and praying on the steps of the Capitol that they refused to allow a United States Senator to drive or walk through the Capitol Grounds. I should like to know whether that statement in the newspaper was correct or not.

Mr. HOLT. Mr. President, if the Senator will yield, I shall be glad to answer.

Mr. WHEELER. I yield.

Mr. HOLT. I came to my office and noticed a crowd around the Capitol Grounds, and I asked what was wrong. I was told they were going to have a demonstration that night. I usually like to look into things, and I drove up in my car to go into the Capitol Grounds, but they said, "Wait a minute." I said "I would like to come in and see." He said, "We are not permitted to allow anybody here." I said, "A Member of Congress is not allowed in?" They said, "Nobody is allowed in the Capitol Grounds tonight, and that is final." That is an actual instance of what happened that night.

Mr. WHEELER. If this hysteria and if these columnists are going to run the country and if they are going to have more influence with this administration and the next administration than the Congress of the United States has, it will not be long before a Senator will not even be permitted to speak, to say nothing of entering the Capitol Grounds.

The columnists are boasting of the fact that they were the ones who put over the 50-destroyer deal. I congratulate them. They were the ones who sold it and they were the ones who put it over. But what a travesty it is upon the administration of our national affairs to think that a lot of young boy columnists, just out of college in some instances, are able to put

over and to formulate the policies of the United States of America. But they are formulating them. Some of them are columnists who are paid to work up sentiment in the United States as to what the administration and the bureaus of the Government should do.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CLARK of Missouri. Has the Senator seen the pictures of the recent maneuvers of the National Guard and Regular Army in northern New York, which were very widely publicized, with the picture of a truck labeled "This is a tank" participating in the maneuvers? That was in a great many newspapers. Yet at this very time, in addition to transferring, without any authority of law, in fact, in absolute contravention of law, to a foreign power, one-seventh of the Navy of the United States, vessels which, as was ably pointed out by the chairman of the Committee on Naval Affairs of the Senate, are needed by the seamen of the United States—in addition to that, it is now proposed to transfer some 400 tanks to Canada. It is said they are old tanks. Perhaps they are, but if Canada can use them, we could use them. If there is such a desperate emergency as we have been led to believe, we certainly need all the tanks we have. An old tank is better than no tank at all. An old destroyer was better than no destroyer at all. Yet we are now confronting the fact that the President of the United States, by an absolute usurpation of power, almost as dictatorial an exercise of power as Hitler or Mussolini ever undertook, has transferred one-seventh of the Navy of the United States to a foreign power, and now we are told that——

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. CLARK of Missouri. Mr. President, I will take the floor in my own right.

Now we are told, Mr. President, that we are to transfer our tanks, our field guns, and other elements of war, which we have recently been told are so vitally needed.

Mr. HOLT. The Senator from Missouri also knows that the next move by this same committee, which was successful in getting the destroyer fleet sent across the ocean——

Mr. CLARK of Missouri. The Senator means the committee to get us into war—the William Allen White committee to get us into war?

Mr. HOLT. Yes; that is right. Now a campaign has been begun to send abroad 25 of our 53 flying fortresses.

Mr. CLARK of Missouri. Yes; and I understand it is now the purpose to turn over to a foreign power all of our flying fortresses, which are the principal air defense of the United States at the present time, and the force most vitally suitable for hemisphere defense. That committee to get us into war is urging that we turn those flying fortresses over to Great Britain. They will also perhaps urge that we turn over all the torpedo boats we have to Great Britain.

Mr. HOLT. Mr. President, will the Senator again yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. I want the Senator also to know that the author of this conscription bill advocates openly, and does what he can secretly, to get us to give the bomb sight to England. If he is as successful in doing that as he was in getting the conscription measure across, we will not have any secrets. He said, "Let no secrets be withheld."

Mr. CLARK of Missouri. I will say that I heard General Craig, the former Chief of Staff, and General Marshall, the present Chief of Staff, both testify that that bomb sight was the most vitally important military secret that the United States had ever had, and that even to consider its transfer to a foreign power was very closely akin to treason, for the reason that if we were to transfer that bomb sight to any power and some of its airplanes were shot down, as they necessarily will be in a certain number, any foreign power which was a prospective enemy of the United States would immediately acquire the secrets of our bomb sight.

Mr. President, let me say, in connection with what the Senator from West Virginia [Mr. HOLT] said, that when that advertisement of William Allen White's committee to get us into war first appeared it contained the statement that the names of the persons who paid for the insertion of the advertisement were on file in the State Department and that anyone could obtain them who wanted to.

I wrote to the State Department and asked who they were. I received a mimeographed form from the State Department in which they explained the reason why they would not make the names public. I wrote the State Department when the remarkable advertisement appeared the other day in the New York Times advocating a coalition government now between the United States and Great Britain—advocating the abrogation of the independence of the United States to form a joint government with Great Britain, and I received back the same type of mimeographed form.

I will say to the Senator from West Virginia that I shall introduce a resolution as soon as I can get it drawn up to call on the State Department for that information, and I would like to see whether the State Department has the nerve to turn down a request made by the United States Senate itself.

Mr. HOLT. Mr. President, I wanted the Senator to know that I myself have a list of persons who made donations to that committee. Every single international bank in New York, with the exception of one, has a director or someone who has contributed to it. The directors of the companies making munitions and selling them to England and to the United States also donated to that committee. I will say to the Senator that I can produce the names.

Mr. CLARK of Missouri. They could not have made a better investment. That is prudent management on the part of those who own those companies.

Mr. President, I have concluded what I wished to say, except that I shall point out that in the action which we have taken today in adopting the conference report we have, to all intents and purposes, said our last word on the subject of sending conscripted boys abroad to fight in foreign quarrels. We have no control now when we put this weapon in the hands of the President of the United States—a man who has already shown his disregard for Congress by turning over one-seventh of our Navy to a foreign power. We have no control now to prevent him, if he so desires, from ordering these draftees overseas to fight on the old, sodden, blood-soaked fields of Europe, the ancient battlefields of Europe, without any declaration of war by Congress. If the President of the United States could fly directly in the face of a specific statute prohibiting the transfer of naval vessels to a belligerent he certainly would not hesitate, if the occasion demanded, to order these draftees abroad.

We have seen American troops ordered abroad without any authority of Congress, by some former Presidents of the United States. The Marines occupied Nicaragua for 3 or 4 years. They occupied Haiti. They were even so arbitrary that the Marine Commandant refused to allow one of the most distinguished Members of this body to land in Haiti—the distinguished and beloved senior Senator from Utah [Mr. KING].

So when we have constituted this weapon, and turned it over to the President—and it does not make any difference who wins in the Presidential election either, because President Roosevelt and Mr. Willkie are apparently in entire accord as to this assumption of dictatorship, they are in entire accord—when we have forged this weapon and turned it over to the Executive without restriction, we have no right to complain when we see the boys ordered abroad. If anyone doubts that following the demand for 50 destroyers, which has already been fulfilled, now being followed by a demand for tanks, for our flying fortresses, for the other weapon which we have on hand—if anyone doubts, that, if necessary, that will be followed by a demand for our battleships and for the sending of troops abroad, he has certainly reckoned without his host.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. I should like the Senator to know that the present President of the United States said in Brooklyn, in 1920, after having been Assistant Secretary of the Navy, that he had violated enough laws to be sent to the penitentiary for 999 years. He said that boastingly in 1920, when he did not have much power. What would he do in 1940?

Mr. CLARK of Missouri. Mr. President, I will say very frankly that I do not think that on the question of arrogation of power by the Executive there is very much difference between the present Democratic nominee for the Presidency and the present Republican nominee for the Presidency.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. TAFT. I noticed a statement in this morning's newspaper that President Roosevelt had announced that the Navy Department revealed that United States Navy personnel have sailed or will sail the destroyers into a Canadian port. Does that not constitute a violation of the Neutrality Act as well as of the other acts which have been violated in the transfer of the destroyers?

Mr. CLARK of Missouri. There is no question that that is a violation of the Neutrality Act, and there is no question that the transfer of the destroyers was a violation of statutory legislation. There is no question on earth that the instance which the Senator has cited is, of course, a specific violation of the Neutrality Act which was adopted by strong administration support at the special session of Congress last fall.

Mr. TAFT. Also I wish to call the Senator's attention to another statement made by the President at the press conference yesterday. The article in the newspaper says—

> That no appropriation will be necessary for the establishment of new naval and air bases on sites recently acquired from Great Britain.

Is the Senator from Missouri advised whether we are going to neglect that end of the deal entirely?

Mr. CLARK of Missouri. We have already signed several blank checks, I will say to the Senator from Ohio, which I understand are now about to be filled in.

Let me say in that connection, and in connection with the destroyer deal, that the President has flattered himself by likening himself to Thomas Jefferson in the purchase of Louisiana. There probably was never a more faulty analogy in the history of the world than that. Thomas Jefferson did negotiate for the purchase of Louisiana, but he negotiated for payment in cash, and that could not be carried into effect until Congress had seen fit to appropriate the money. In the first place, France did not owe us any money at that time. France did not owe us four or five billion dollars. France did not owe us anything. But Thomas Jefferson had sense enough to negotiate for a purchase in fee. If he had taken a 99-year lease on Louisiana, the imperial commonwealth in which I live, and many other very important States, would have been turned back to France 37 years ago, provided we had complied with the treaty, which we pride ourselves on doing. I call attention to the fact that if we comply with the agreement which the President, without submission to the Senate, has made with Great Britain in this case, and turn back these bases at the end of 99 years, we will have ringed our most vital chain of defense—the Panama Canal—with a whole series, a whole chain of alien air bases and naval bases, which, according to the President's own statement, would make the Panama Canal untenable. By taking a 99-year lease we have agreed to spend millions upon millions of dollars, and possibly billions of dollars, fortifying those air bases and naval bases, with the prospect of turning them back at the end of 99 years to an alien power, which would make the defense of the Panama Canal untenable.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Senator from Missouri yield to the Senator from Texas?

Mr. CLARK of Missouri. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator says we have promised or contracted to spend billions. With whom?

Mr. CLARK of Missouri. The whole theory of the destroyer deal is that we shall spend whatever money is necessary.

Mr. CONNALLY. Certainly we shall spend it, when we get good and ready, but according to our desires, and not in response to the dictates of any foreign nation.

Mr. CLARK of Missouri. That is perfectly true; but whatever we spend will go into the hands of a foreign power at the end of 99 years. The more we spend, and the better we fortify the bases, the stronger we make the threat against the Panama Canal by a foreign power.

Mr. CONNALLY. Neither the Senator from Missouri nor the Senator from Texas can look into the future. We do not know what changes will occur in the next 99 years. At the end of 99 years we may own not only the bases but the islands themselves.

Mr. CLARK of Missouri. That is true. Before the Senator entered the Chamber I had pointed out that if Mr. Jefferson, to whom the President likens himself in flattering fashion, had made a contract for 99 years in connection with the Louisiana Purchase, the imperial domain of Louisiana would have been turned back to France 37 years ago.

Mr. CONNALLY. I am more concerned with the safety of this country right now, and in the next few years, than I am with what may happen 99 years from now. I am assuming that the men who live 99 years from now will be able to meet their responsibilities and will undertake to meet their responsibilities just as we are now undertaking to meet our responsibilities.

If the Senator will answer one more question, I shall resume my seat.

Mr. CLARK of Missouri. I am glad to yield to the Senator.

Mr. CONNALLY. The Senator refers to alien bases. Is not an alien base better than no base at all?

Mr. CLARK of Missouri. Not if it is in the hands of a foreign power.

Mr. CONNALLY. It is not in the hands of a foreign power.

Mr. CLARK of Missouri. At the end of 99 years it will be in the hands of a foreign power.

Mr. CONNALLY. At the end of 99 years we shall all be in New Jerusalem. [Laughter.]

Mr. CLARK of Missouri. Mr. President, I have the faith to believe that this Republic will endure longer than 99 years. I admit that some events of the past year or two have cast some doubt upon that hope. I am as much interested in what happens to my children and my children's children and their children as I am in what happens to the Senator from Texas and myself at the present moment.

The PRESIDING OFFICER. The time of the Senator from Missouri has expired.

Mr. HOLT. Mr. President, I wish to make a brief statement about the conference report which has been agreed to.

It seems bitter irony that on the very day we agree to a conference report on a bill conscripting all boys between the ages of 21 and 35 while we are at peace, Canada puts in effect a conscription law which conscripts only single boys between the ages of 21 and 24. Canada is at war and has been for a year. The boys in Canada are required to give only 30 days' service in the Army, as compared with the boys in the United States, who are required to give 1 year's service, and 10 years reserve duty. Canada is to call 30,000 conscripts. We are to call 900,000. Canada is at war. We are supposedly at peace; and on the very same day we pass a conscription law to go into the homes of America and take the boys and send them anywhere in the Western Hemisphere, Canada takes her boys for only 30 days——

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HOLT. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. The Senator will recall that in addition to the provisions of the Canadian draft law which he has mentioned, the Canadian draft law also provides that the men drafted shall not be sent overseas without their own individual consent.

Mr. HOLT. That is correct. I was going to state that no Canadian conscript was required to serve outside Canada or her territory. If a stranger were to look at the two draft

laws, he would conclude that the United States is at war and that Canada is at peace.

In my opinion, the United States is at war. I do not mean directly in war; but we all know that certain acts, such as the transfer of destroyers, are acts of war committed by the President of the United States, knowing that he can be stopped by only one method. We have taken a direct step toward war at the direction of the President. According to one man who is close to the President, one of the purposes of conscription is to show Hitler that the President has the American people behind him, and to break the morale of Hitler. Break the morale of Hitler! The only way to break the morale of Hitler is to meet him in the way we all realize he may be met; but for us to pass a conscription law and take action which completely destroys the fundamental rights of Americans in order to break the morale of Hitler is so ridiculous that it does not deserve the attention of anyone who has been a student of international affairs.

It is quite interesting to compare Canada with the United States today. The acts of the United States point to a nation at war. The acts of Canada do not. However, we live in a peculiar time, with a peculiar Executive.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. Is it the Chair's interpretation of the limitation of debate that any Senator who engages in the post mortem on the draft, the sale of destroyers, and the establishment of bases is thereafter barred from speaking on the La Follette amendment, if we shall ever get back to it?

The PRESIDING OFFICER. The interpretation of the Chair is that during the further consideration of the pending amendment no Senator shall speak more than once or longer than 15 minutes.

Mr. BARKLEY. No matter what he speaks on?

The PRESIDING OFFICER. The Chair is of the opinion that the present debate is during the consideration of the amendment, and any Senator who speaks will be held to the rule.

Mr. WILEY obtained the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. HARRISON. I merely wish to suggest that if we can get back to the bill and proceed we may get through at some time.

Mr. WILEY. Mr. President, I think the country should give the Senator from Maryland [Mr. TYDINGS] a vote of thanks for his very clear statement today before the Senate. As he said, there has been much "baloney" or "bunk," or buncombe in this debate, with the result that the minds of our people have become confused.

Today the Senate has agreed to the conference report on the conscription bill. I am satisfied that in a few days or a few weeks, unless there are some incidents, or unless there is something more to stir the mental equilibrium of this country, we shall settle down to consider the meaning of the conscription bill. I believe America will be sportsmanlike enough to accept it in all its meaning.

Mr. President, I voted against the conscription bill. One of the reasons why I voted against it was very clearly set forth today in a reply to an inquiry by the Senator from Maryland of the chairman of the Military Affairs Committee the Senator from Texas [Mr. SHEPPARD]. The chairman of the committee estimated that it will be 45 days before conscription can get under way and any of the conscripts can be sent out for training. That is one reason.

Mr. President, in my opinion much of what has been said in the Senate and in the newspapers has been in the nature of a political smoke screen to prevent the American electorate from seeing that we are unprepared in the most vital particulars. That fact has been obscured, with the idea in mind that the American people will not place the blame for our unpreparedness where it belongs, upon the party and leadership in power.

It has been conceded, and conclusively shown throughout the debate, that the first line of defense in any conflict which might approach our shores is the Navy. It is conceded that apparently our Navy has not learned any lessons since 1918. It is conceded that our ships are just as vulnerable to attack from bombs and torpedoes as are the ships of the British.

What is the first line of defense, and what is the first step we must take to obtain preparedness? Is it to make our ships more nearly immune from attack from torpedoes and bombs. The war in Europe has demonstrated a new technique of land warfare, known as the German "blitzkrieg." It is conceded as a conclusive fact that 150,000 Germans, equipped in "blitzkrieg" methods, not only penetrated but paralyzed 3,000,000 Frenchmen. What lesson do we draw from that fact? Does that mean now more semitrained men or better training for the Regular Army and National Guard?

That brings up the second line of defense, which is the air fleet. We have found that the Navy must have a supplemental arm in the air. However, we are inadequately prepared in that respect. Why? Who has been Commander in Chief of the Army and Navy and air fleet the last 7 years? We just have not any air fleet to supplement the Navy or to act as an independent arm, for defense or offense. I was referring to the "blitzkrieg" methods of Hitler as related to the Army of the United States. It is expected that under voluntary enlistments shortly we will have 375,000 men in the Regular Army. I ask this question: Are they trained in the "blitzkrieg" technique of offense and of defense? Have they modern equipment, tanks, antiaircraft guns, and so forth? The unanimous answer is "No." Has the Army a supplemental air arm, such as the spearhead Hitler had? It will be remembered that he had 150,000 men equipped with super land dreadnoughts, followed by tanks and mechanized units of men with machine guns, and over and above this land organization he had a synchronized air force of Stukas and bombers. Is our Army prepared in that way? The answer is "No." Where is the equipment? Whose business was it to have it for the Army? Whose business was it to tell this country what we should have?

The President and Hitler came into power at the same time. Hitler prepared, the President slept.

Now we are calling out the National Guard, and that will add another 375,000 men, which will give us an Army of 750,000. Is there in the Army or the guard any group trained and equipped to meet an offensive attack by anyone using the "blitzkrieg" method, as employed by Hitler, or is the guard of the Army trained and equipped in "blitzkrieg" methods to take the offensive? The answer is, "No." Why? Someone slept.

What has all this to do with conscription? Well, if we have not trained and equipped the Regular Army to know how to fight in modern warfare, if we have not equipped and trained our troops in the National Guard to fight under the new methods and with the new methods and new technique and equipment, why call out other men who cannot be properly trained and equipped? Why further unbalance our economy and interfere with the regular course of affairs, upset homes, business relations, and so forth, when the Regular Army and guard need training and equipment? I agree with those who say that there will not be 75,000 conscripts called out before Christmas, and if they are called out they will be called out as fillers for the guard and Army. These men, and more, could have been gotten by voluntary enlistment.

Mr. President, what I have stated substantially sets forth the reasons why I voted against the conscription bill. Calling men out and putting them in quarters does not make soldiers. And peacetime conscription is not an American way.

Mr. President, first let us take our Regular Army and make it "blitzkrieg" conscious. Let it be equipped and trained accordingly; then take the National Guard and do likewise. We will then have 750,000 men in the third line of defense, and if we get the first line—a navy invincible, with a coordinated air arm—and a second line of defense, another air fleet such as is being used now in Europe; and our third arm of

defense, an Army of men properly trained, equipped, and mechanized, then nothing in the world will touch these shores.

CHEESE DAY—WISCONSIN

But, Mr. President, I did not rise primarily to make these comments. I rose to say that today in Wisconsin is Cheese Day. What a wonderful subject that is; what it would mean for the heated temperaments we see manifested every day to have a nice piece of cool Wisconsin cheese for them to sink their teeth in. Today at the little town of Monroe, Wis., there are assembled about 75,000 people to celebrate the advent of Cheese Day. At noon, about this time, they are dealing out 50,000 cheese sandwiches to the folks who have come. Perhaps to many that may seem to be rather an irrelevant subject, but is it? If we thought a little more about our home economy, if we thought a little more about attending to the problems of this country instead of meddling in foreign affairs, instead of sticking our noses into other people's business, we would be better off. When one sticks his nose into Wisconsin cheese it smells good, and he knows if he puts his teeth in it it tastes good.

Mr. President, I repeat what I said on another occasion to my Democratic colleagues who were going to the Democratic Convention in Chicago. I said, "When you are tired and disgruntled"—and were not many of them tired and disgruntled after that convention—"come up into the State of Wisconsin to refresh yourselves, meet our people, get acquainted with nature and with nature's marvelous food—cheese." On that occasion I said in the Senate—and it was almost a prophecy—"Gentlemen, of course, you Democrats will listen to your master's voice and the voice will determine the nominations." We have heard of a man who once was "drafted" for a third term, but we saw in Chicago a man drafting himself; and, in addition to that, we have seen something phenomenal, for against the conviction of the whole Democratic Convention, we have seen him draft the Vice Presidential candidate for his party.

Mr. President, if you have any doubt about that, just talk to the Democrats. They did not like it; but the whip went into action and the action resulted not in a people's choice but in a master dictating the choice.

Someone may say that it is a long way from cheese and conscription. No. If the people eat cheese they do not want to become masters; if people eat good, wholesome, clean food, nature's food, coming from the cow who drinks the fine spring waters of Wisconsin, eats the luscious grasses, and from this source produces the constituents of cheese, they do not want to reach out and use the strong arm of force and conscript when there is no need for conscription, especially when voluntary enlistments will solve the problem.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. HOLT. Since the Senator is talking about cheese, I suggest that the proper type of cheese to be used today, the day on which we pass a conscription law, is limburger cheese. [Laughter.]

Mr. WILEY. I would say to the Senator that probably a better thing for him to use if he wants something smelly would be to use some of the mash that comes from the hills of West Virginia.

But, Mr. President, seriously, I want to say that the Governor of the State of Wisconsin has set this day aside as Cheese Day, and I desire to call the attention of those who pay me the honor to listen that one of our problems in the Middle West would be solved if the people of this country ate as much cheese per capita as they eat per capita in Canada, or if the people here ate as much cheese per capita as is eaten in Holland. Yes; just doing that, then one of the economic problems of the Middle West would be solved. So, instead of following the economic mirages of the new dealers, why not use the simple economic route of doing unto your neighbor as you would be done by, buy the products that make sunshine in your souls and keep your head clear so that you can see and act straight? The backbone of the country, the farmers of the Middle West, are entiled to this consideration.

TAXATION

Mr. President, for over 30 years now I have been interested in taxation, because I have been privileged to pay taxes. I use that word "privileged" advisedly.

We the people, through our legislative agents, impose these taxes.

In recent years I have become interested in taxation, not simply from the standpoint of one who pays taxes, but from the scientific angle. I have seen many crackpot notions put into being.

Like all things human, our methods of taxation in many instances are inequitable, unfair, and unwise. This is particularly true when hasty action presses legislation into being.

There is an old saying which goes something like this: "Act in haste and repent at leisure." Taxation cannot be considered as a separate matter.

So, Mr. President, can anyone tell me why there is so much haste about a piece of legislation which may give a wrong direction to future legislation, injure our economy, and so forth. I have not been able to find out the reason, unless it is politics.

There is every reason why this bill should not be passed at this time.

We are right in the midst of a political campaign. It is conceded that the four "p's"—passion, prejudice, the purse, and patronage—will be important factors in the decision arrived at in the campaign. Perhaps there is another "p" which will be important. I classify it as the "pass-the-buck-excess-profits bill."

May I be privileged to interject a few ideas into this discussion which I think have a decided bearing on whether or not we should pass this bill.

First. In applying this tax we should make it, as far as possible, an equitable tax. By equitable tax I do not mean simply a tax that is equitable to the taxpayer, but one that is equitable to the country at large, having in mind future possible contingencies or emergencies.

We know that industry as a whole, with few exceptions, has for about 11 years had a hard time of it with the result that industry's reserves have been depleted. Aye, more; industry's capital in many instances has been depleted. In my State of Wisconsin we are about 50 percent industrial. I know whereof I speak.

It is only in the last 3 or 4 years that industry, generally speaking, has been operating in the black. During the previous 6 or 7 years it has been operating in the red.

As a whole, industry has stood the gaff well because patriotic men have hoped and prayed and striven to keep jobs open and men employed, and the life of the various communities going. Industry after industry reduced in capital structure because of losses.

We must not now decapitate industry by taxation. If we do so, we decapitate jobs; we decapitate the economic life of communities; and if we do that we destroy values, not only material and economic, but we destroy the morale of our people. It is all important in this period that we do not destroy material values. It is, of course, more important that we do not destroy spiritual values.

Therefore, it appears to me that in order to make it, so that when we have to face the emergencies after this period is over—post-war period—the emergencies of depression and distress, and lack of business, we do not at this time make it so, there are no reserves built up in industry to help take up the jars that are going to follow.

I know the Government needs taxes, but it must not destroy our economic system which produces taxes. I am thinking of men who will need jobs, of communities which will need smoking chimneys, of businessmen who need pay rolls, of homes that need sustenance.

Therefore, Mr. President, it appears to me that to tack on another 3.1 percent corporate normal tax is not a fair nor an equitable way to get at this problem. Why? Because it almost bleeds the patient dry. No man can live without blood in his veins and the industry of America cannot live long when you take the economic lifeblood out of its system.

What is more, if industry cannot build buffers against the shocks that must inevitably come, industry will be run over and destroyed like all the nations were in Europe before the "blitzkrieg" methods of Hitler. But if industry is equipped with reserves it will continue as it has in the past to meet the assaults that must come.

I am speaking for men who want work and who want to continue at their jobs. I am speaking for those who have saved and created buildings and machinery that constitute the working tools of the workingman. I want them to have something for their efforts and industry.

If we destroy, as we have been destroying, values in this country of ours, you will have the soil properly inoculated for either communism or fascism. I do not want that to happen.

It has been popular certain times in years past for leaders in the Nation to create "isms" and division between management and labor. Many people have profited politically and economically by that very method—many people in this country and many abroad. Hitler is one of them abroad.

We must give the men of enterprise, the builders, an incentive to start the wheel of progress; it will energize them for greater effort; it will result in more taxable income—better for Government, labor, capital, and the public generally.

EXCESS PROFITS

Mr. President, I believe in—

First. A plan of excess-profits taxation, but one which would encourage rather than discourage production. I believe in regulation and taxation of income as a means of financing defense and war costs.

Second. As a necessary curtailment on defense and war profiteering, I believe in some kind of excess-profits tax, though I recognize that no economist has yet devised an absolutely just excess-profits tax.

Third. As a necessary curb on inflation it may be necessary to establish some kind of price limitation. Again, I am fully aware of the undesirable economic implications of such a proposal, but those implications are far less serious than an uncontrolled orgy of inflation precipitated by an abnormal demand which skyrockets prices.

Let us briefly consider the problem of excess profits. I make no claims to being an economist but there are certain economic factors involved in any excess-profits tax which are at once apparent to any observer.

In considering the plan, let us disregard the customary emotional appeals. A great deal of time and no little oratory can be saved if we concede at the cutset that every one here is opposed to profiteering as distinguished from a fair and reasonable return on capital.

Now, what are these self-evident economic factors?

First of all, we have to determine what constitutes excess profits. In a system of free enterprise based on individual initiative, our economic activity requires a certain operating level of profits. We know that when we slash profits below that level we cripple production and destroy the incentive for management, which results in destruction of jobs. We also know that when we cut profits over that level we are eliminating what we call excess profits.

No one has any quarrel with the Government's demand for these excess profits. Our only problem is to determine the operating level above which profits are excess.

There are many factors which make this level difficult to determine in any one yardstick. A hazardous industry with alternate periods of profit and loss demands a higher profit. Profits for a short period of several years may appear excessive in relation to invested capital, although they may be only a small offset to years of operating losses during an experimental and developmental period.

We are all conversant with the factors which may cause excess profits. We know that inflation brings excess profits. We know that monopolies can create excess profits. We know that a distortion in normal demand can create excess profits.

We know further that all of these factors can play a part during our present period of defense financing and during any war period in which the United States might become involved.

We know also that we can control inflation to some degree at least by price controls and by a combination of taxation and borrowing in our defense financing. We know also that we can tighten our controls on monopolies, and in fact that we are already doing so. Our problem then is to cope with the excess profits resulting from a distorted demand factor.

We know that the supply factors of those goods for which there will be an abnormal demand cannot readily be increased overnight. On the other hand, the demand factor cannot be greatly altered though we can attempt substitutions, synthetics, conservation, and economy in the use of goods whose supply will be inadequate to the demand.

Because we cannot exercise more control on the demand factor it is reasonable to expect possibilities for excess profits. It is likewise perfectly reasonable for the Government to attempt to recover a substantial share of these excess profits which have been in part created by the activities of government.

The Revenue Act of 1940 has already subjected the earnings of corporations to increased rates on their Federal income tax, their capital-stock tax, and on the somewhat limited excess-profits tax already in force. These taxes are not negligible but they are not directed at defense excess profits. Our problem now is to tax these excess profits without destroying wealth and working hours for labor.

This bill, I believe, is not in the public interest. It was hurried into being. I refuse to accept it as my child.

In conclusion, let me say, Mr. President, I think we should refuse to pass the portion of the bill which refers to the so-called excess-profits tax, but should divide the bill and pass the feature which relates to amortization and depreciation.

Secondly, we should strike from the bill the additions to the normal tax.

Thirdly, as the bill does not do the job, it is just another Democratic palliative measure. It pretends to raise $115,000,000 in excess profits.

With such a measure passed, the country can be told that an excess-profits tax has been passed. Shame on such chicanery.

Fourth, it's main purpose seems to be to harass business, make more jobs for accountants and tax lawyers.

Fifth, it does not apply the basic principle of all taxation—the ability to pay.

Sixth, it does not do the job it is supposed to do.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2991) to authorize the Secretary of the Navy to accept on behalf of the United States certain lands in the city of National City, Calif.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 7357. An act to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465), to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention

for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods, and for other purposes; and

H. R. 9982. An act to amend section 4551 of the Revised Statutes, as amended, and for other purposes.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Commerce:

H. R. 7357. An act to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465), to provide for the safe carriage of explosives or other dangerous or semi-dangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods, and for other purposes; and

H. R. 9982. An act to amend section 4551 of the Revised Statutes, as amended, and for other purposes.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	George	Lee	Schwellenbach
Andrews	Gerry	Lodge	Sheppard
Barkley	Gibson	McCarran	Stewart
Bilbo	Gillette	McKellar	Taft
Brown	Gurney	Maloney	Thomas, Idaho
Bulow	Hale	Minton	Thomas, Okla.
Byrd	Harrison	Murray	Thomas, Utah
Byrnes	Hatch	Norris	Townsend
Capper	Hayden	O'Mahoney	Truman
Caraway	Herring	Overton	Tydings
Chandler	Hill	Pepper	Vandenberg
Clark, Idaho	Holt	Pittman	Wagner
Clark, Mo.	Hughes	Radcliffe	Walsh
Connally	Johnson, Calif.	Reed	White
Danaher	Johnson, Colo.	Reynolds	Wiley
Ellender	King	Russell	
Frazier	La Follette	Schwartz	

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question, I have a pair with the junior Senator from New Jersey [Mr. BARBOUR], and therefore withhold my vote.

The PRESIDING OFFICER (when Mr. CHANDLER'S name was called). On this question the present occupant of the chair has a pair with the Senator from Pennsylvania [Mr. DAVIS], who is unavoidably detained from the Senate. Understanding that if the Senator from Pennsylvania were present he would vote "nay," the present occupant of the chair votes "nay."

Mr. HATCH (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. GUFFEY]. If the Senator from Pennsylvania were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. MURRAY (when his name was called). On this vote I have a pair with the junior Senator from Arkansas [Mr. MILLER]. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the Senator from Illinois [Mr. LUCAS], and will vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. In his absence I withhold my vote.

Mr. TRUMAN (when his name was called). I have a general pair with the Senator from Minnesota [Mr. SHIPSTEAD]. I am informed that if he were present he would vote "yea." Therefore I am at liberty to vote, and I vote "yea."

Mr. McCARRAN (after having voted in the affirmative). I inquire if the junior Senator from North Dakota [Mr. NYE] has voted.

The PRESIDING OFFICER. The Chair is informed that the Senator has not voted.

Mr. McCARRAN. I have a pair with the junior Senator from North Dakota. In his absence I withhold my vote. I understand that if he were present he would vote "nay."

The roll call was concluded.

Mr. TOWNSEND. The Senator from Oregon [Mr. MCNARY] has a general pair with the Senator from Alabama [Mr. BANKHEAD]. The Senator from Oregon is unavoidably detained from the Senate on important business.

The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from New Jersey [Mr. SMATHERS].

I announce the following special pairs on this question:

The Senator from Pennsylvania [Mr. DAVIS], who would vote "nay," with the Senator from Rhode Island [Mr. GREEN], who would vote "yea";

The Senator from Vermont [Mr. AUSTIN], who would vote "nay," with the Senator from West Virginia [Mr. NEELY], who would vote "yea";

The Senator from Virginia [Mr. GLASS], who would vote "nay," with the Senator from Minnesota [Mr. SHIPSTEAD], who would vote "yea"; and

The Senator from New Jersey [Mr. BARBOUR], who would vote "nay," is paired as heretofore announced.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Nebraska [Mr. BURKE], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Arkansas [Mr. MILLER], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], and the Senator from New Jersey [Mr. SMATHERS] are necessarily absent. I am advised that if present and voting, these Senators would vote "nay."

The Senator from Washington [Mr. BONE] is detained from the Senate because of illness.

The Senator from Rhode Island [Mr. GREEN] and the Senator from West Virginia [Mr. NEELY] are unavoidably detained. I am advised that if present and voting, these Senators would vote "yea."

The Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. DONAHEY], the Senator from California [Mr. DOWNEY], the Senator from New York [Mr. MEAD], the Senator from South Carolina [Mr. SMITH], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

The result was announced—yeas 20, nays 41, as follows:

YEAS—20

Adams	Gibson	Lodge	Schwartz
Capper	Holt	Norris	Truman
Clark, Mo.	Johnson, Calif.	O'Mahoney	Wagner
Danaher	La Follette	Reed	Walsh
Frazier	Lee	Russell	Wiley

NAYS—41

Andrews	George	King	Stewart
Barkley	Gerry	McKellar	Taft
Bilbo	Gillette	Maloney	Thomas, Idaho
Brown	Gurney	Minton	Thomas, Okla.
Byrd	Hale	Overton	Townsend
Byrnes	Harrison	Pepper	Tydings
Caraway	Hayden	Pittman	Vandenberg
Chandler	Herring	Radcliffe	White
Clark, Idaho	Hill	Reynolds	
Connally	Hughes	Schwellenbach	
Ellender	Johnson, Colo.	Sheppard	

NOT VOTING—34

Ashurst	Chavez	Lucas	Slattery
Austin	Davis	McCarran	Smathers
Bailey	Donahey	McNary	Smith
Bankhead	Downey	Mead	Thomas, Utah
Barbour	Glass	Miller	Tobey
Bone	Green	Murray	Van Nuys
Bridges	Guffey	Neely	Wheeler
Bulow	Hatch	Nye	
Burke	Holman	Shipstead	

So, Mr. LA FOLLETTE's amendment to the amendment of the committee was rejected.

Mr. HARRISON. Mr. President, I have three amendments which I should like to offer at this time. They are merely technical.

The PRESIDING OFFICER. The clerk will state the first amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the amendment of the committee on page 86, line 20, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The amendment to the amendment was agreed to.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. A little later I shall offer an entirely new title, known as the war-profits-tax bill, which we have had before us previously. Will it be in order to offer that at this time?

The PRESIDING OFFICER. It will be in order to offer it as soon as the committee amendments are acted on.

Mr. CONNALLY. I merely wanted to preserve my rights.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

Mr. DANAHER. Mr. President, I should like to ask the Senator from Mississippi if he will restate the reference to be inserted after the word "tax", in line 20, page 86. Did the Senator say section 102?

Mr. HARRISON. These three amendments I have to present were prepared by the legislative draftsmen. They are merely technical in character. They carry no substance. Did the Senator ask me why I was asking that the amendment be inserted?

Mr. DANAHER. Where section 102 appears.

The PRESIDING OFFICER. The clerk will restate the amendment.

The CHIEF CLERK. On page 86, line 20, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

Mr. DANAHER. What would the amendment do, I ask the Senator from Mississippi?

Mr. HARRISON. Under these amendments in computing the tax both under the income and invested-capital methods, and for the purposes of the base period, the surtax on corporations improperly accumulating a surplus does not increase the deduction for taxes.

Mr. DANAHER. I thank the Senator.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 89, line 2, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to. The clerk will state the next amendment.

The CHIEF CLERK. On page 92, line 4, after the word "tax", it is proposed to insert in parentheses the words "not including the tax under section 102."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 89, line 5, it is proposed to strike out the words "gains or" and to insert "capital gains and."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Mississippi.

The CHIEF CLERK. In the committee amendment on page 97, lines 4 and 5, it is proposed to strike out "(d)" and to insert in lieu thereof "(c)."

The amendment to the amendment was agreed to.

Mr. VANDENBERG. Mr. President, does that conclude the committee amendments?

Mr. HARRISON. No.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment as amended.

Mr. VANDENBERG. The whole thing is a committee amendment.

Mr. HARRISON. I may say to the Senator from Michigan that that is all I have to offer at this time.

Mr. VANDENBERG. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. VANDENBERG. I desire to move at the proper time that the bill be recommitted with instructions to the committee to report back forthwith with the entire excess-profits section eliminated. When will be the appropriate time for me to submit that motion?

The PRESIDING OFFICER. At any time between now and the time the bill shall be passed.

Mr. VANDENBERG. The motion is in order at any time?

The PRESIDING OFFICER. The Senator may make the motion now if he desires to.

Mr. VANDENBERG. I should like to get that subject out of the way.

Mr. HARRISON. Very well. The Senator can make the motion now if he wishes to do so.

Mr. VANDENBERG. I do not care to debate the matter further. I have presented my full reasons, and I think the Senate is familiar with them.

I move that the bill be recommitted with instructions to report it back forthwith with the excess-profits tax section eliminated.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Michigan.

The motion was rejected.

Mr. VANDENBERG. I wish to call the attention of the Senator from Mississippi now to the amendment I have offered providing for preserving the social-security rights of men who are either drafted into the conscript army or into the National Guard service. I fully understand that the text of the amendment may not be in adequate or satisfactory form. In fact my conference with Mr. Altmeyer this morning would indicate that it probably is not. Nevertheless, the subject cannot go to conference except as it is opened by some sort of an amendment. My amendment is in line with the President's message submitted today, and I ask the Senator from Mississippi if he will permit the amendment to enter the bill so the subject may be canvassed in conference.

Mr. HARRISON. The Senator is on the subcommittee of the Finance Committee which was appointed to go into the various matters with respect to social-security amendments or legislation. The President in his message suggested that a study be made of the subject and that these matters, after study, then be put into the law. It seems to me that would be the better order in which to handle the matter.

Mr. VANDENBERG. I think the Senator is under a misapprehension regarding the character of this particular suggestion. It refers exclusively to preserving the rights of draftees and trainees and National Guard men, and it is admitted that if their rights are to be protected at all it must be undertaken long before the committee to which the Senator from Mississippi refers can possibly hope to explore the subject. All I suggest to the Senator is that in the light of the President's message of today on the subject, he permit my amendment to go to conference. I will not hold him to account for what happens there. If in conference it develops, through the source of the Security Board, that something of this character ought to be written into the bill, which I think it must be if the rights of these particular draftees are to be protected, I think he will be pursuing a proper course.

Mr. HARRISON. I think the Security Board is in complete accord with the President. I believe the suggestions were made after conference between the Security Board and the President. I am told it will take some time to draft these amendments so they will be correct and perfect. I have been in conference this morning to some extent with the representatives of the Social Security Board and I think the amendment suggested by the Senator ought not to go into the pending bill. I think the committee of which the Senator from Georgia is chairman would certainly cooperate with the subcommittee of which the Senator from Michigan is a

member, in making a study and getting these matters in proper form, and bringing them in at the next session.

Mr. VANDENBERG. Mr. President, this subject cannot await the next session, unless the Senator is willing to jeopardize the social-security rights of the groups which he has just voted into the Army of the United States. The President does not want to jeopardize those rights, and he said so in his message of today. I did not happen to sustain conscription, and I did not vote for it, but I certainly want to protect the rights of those who are to be conscripted. Action cannot wait until January; it cannot wait until some special committee—and I am a member of the committee, also—explores the subject.

What I am asking the Senator to do is to accept my amendment to the only available vehicle in which this action can be taken, namely, the pending bill. All I ask is that the Senator take the subject to conference, and if, when he gets into conference, the conferees decide this is not the proper bill in which to place it, I shall not object to having the amendment thrown out.

If the conferees decide, on the advice of the Social Security Board, that different language is advisable, I shall be most happy to accept it. I do not want this opportunity to pass without opening the door to an opportunity to defend and preserve the rights, under the Social Security Act, of the men who are to be conscripted. What is wrong with that?

Mr. HARRISON. The Senator is no more ardently enthusiastic in trying to accomplish what the President recommended be done than I am, but I see no reason why we cannot take care of the matter in another bill.

Mr. VANDENBERG. I offer the amendment. If it is to be resisted we ought to have a discussion of the subject.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. LA FOLLETTE. I suggest to the Senator from Mississippi that no harm could result from taking this matter to conference, and there we can ascertain, upon consultation with the representatives of the Social Security Board, and the Treasury, and the legislative draftsmen, whether such language can be worked out, but if we do not do that, the conferees would be precluded from considering it, and we would have to await the origination of a bill in the House, and its coming over here, because we cannot originate legislation on a subject which affects the tax base on which the social security legislation rests.

So I wish to ask the Senator if he will not take the amendment of the Senator from Michigan to conference, especially in the light of the statement made by the Senator from Michigan that he will not object if it is found that the technical difficulties of drafting are insurmountable in the time permitted.

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. KING. As I understand the draft which has been proposed, it does not include railroad employees, and a number of other classes of employees. I was wondering if the Senator from Michigan might not explore the matter a little further so as to include all classes of employees that ought to be included.

Mr. VANDENBERG. It should include all, and my theory is that if we can open the subject by this amendment it can be made to cover whatever is necessary to be covered.

Mr. KING. I was wondering if we could include in the draft, when it goes to conference, legislation not contemplated in the bill itself, and include a number of classes of employees not covered?

Mr. VANDENBERG. I quite agree that the railroad employees should also be covered, and the matter can be made to touch everything covered in the President's message of today.

Mr. HARRISON. To include those covered by the Railroad Retirement Act, which the President suggested and advised. So far as I am concerned the amendment can go to conference.

Mr. VANDENBERG. I offer the amendment in its perfected form, as follows: At the proper place in the bill insert the following:

Amendment intended to be proposed by Mr. VANDENBERG to the bill (H. R. 10413) to provide revenue, and for other purposes, viz:

Title II, section 209, of the Social Security Act of 1935, as amended, is hereby amended by adding at the end thereof a new subsection (o), as follows:

"(o) In determining eligibility and in computing benefits under section 209, and for no other purpose, the term 'total wages', as used in subsection (f) of this section, shall, in the case of any covered individual who, after July 1, 1940, has served in the land or naval forces of the United States, be deemed to include for each month of such service an amount equal to the average monthly wage received by such covered individual during the quarter immediately preceding such period of service, but in no event shall such 'total wages' exceed $3,000 for any single year."

SEC. 2. Section 1603 of the Federal Unemployment Tax Act of 1939 is hereby amended by adding at the end of subsection (a) a new paragraph (7), as follows:

"(7) For the purpose of computing eligibility and benefits of any covered employee who, since July 1, 1940, has served in the land or naval forces of the United States, such period of service shall be included in the same manner as though said individual had continued in a covered employment during such period of service, and for the purpose of computing benefits only, such individual shall be credited for each week of such service with wages equal to the average weekly taxable wage earned in the quarter immediately preceding induction into such land or naval forces."

The necessary corrections also are herewith made to protect the rights of men in the armed forces whose rights are affected under the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

The PRESIDING OFFICER. Does the Senator from Michigan have any choice with respect to what part of the bill the amendment should be incorporated in?

Mr. VANDENBERG. The amendment states that it should be inserted in the proper place in the bill.

The PRESIDING OFFICER. That would probably be, as the Chair understands, at the end of the bill. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. GEORGE. Mr. President, does the question comprehend the whole of titles I and II.

The PRESIDING OFFICER (Mr. HATCH in the chair). Yes; the whole of titles I and II.

Mr. HARRISON. What is pending now, Mr. President?

The PRESIDING OFFICER. The question is on the committee amendment as amended, beginning on page 1, and extending to line 10 on page 141.

Mr. HARRISON. The Senator from Georgia [Mr. GEORGE] has one or two suggestions he wishes to make before action is taken on the pending matter. I do not wish him to be precluded. Therefore, I ask that the committee amendment, as amended, be passed over temporarily, and that we recur to it later, after the Senator from Georgia shall have looked into the matter a little further.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROWN. Mr. President, I should like to make an inquiry of the chairman of the Committee on Finance as to the matters contained on page 109, which is the so-called hardship section. The Senator will recall that we had considerable discussion in the Finance Committee regarding subsection (3) of section 721, on page 109. The Senator will recall also that that is the so-called hardship section by which it is provided that in the calculation of the excess-profits tax attention may be given to prior experience of the corporation or a taxpayer who has been engaged in mining, or research, or development. I raised the question in the committee whether or not in the type of case where an individual or partnership have formed a corporation the taxpayer would be entitled to the relief provided in section 3. That is highly important to many mining corporations. It is highly impor-

tant to some development corporations in my State of Michigan. The Senator from Mississippi will recall that the committee voted to instruct the experts to draft a provision which would cover the situation. I understand it has not been done. The problem presents considerable difficulty.

In view of the parliamentary situation, may that matter be taken to conference, and may subsection 3 be rewritten in conference under the present parliamentary status?

Mr. HARRISON. I recall the discussion we had in the committee. The committee was in sympathy with the view of the Senator from Michigan [Mr. BROWN], the Senator from Utah [Mr. KING], the Senator from Colorado [Mr. JOHNSON], and others who presented the idea. As I recall, the committee was asked to draft an amendment to the relief provision carrying out this general idea. I understand from the draftsmen that they have tried to do so, but some time will be required to write the provision. That is the information which comes to me.

Mr. BROWN. My question is, can appropriate language to carry out that idea, if it can be drafted—and I see no reason why it cannot be—be added in conference?

Mr. HARRISON. In my opinion it could not be added in conference, but if the Senator will draft something which points in that direction I shall have no objection to taking it to conference to see if we can work it out in a manner satisfactory to the Senator.

Is that arrangement satisfactory to the Senator?

Mr. BROWN. Yes.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. I have examined the provision and it seems to me it is not sufficiently comprehensive. I sincerely hope that the Senator from Michigan, with such aid as he can obtain, will draft a provision which will afford ample relief.

Mr. BROWN. I will say to the Senator from Utah that this afternoon I shall be concerned with an amendment which I think will require some little discussion, but if he and the Senator from Colorado could undertake the task, with the assistance of some of the experts, I should very much appreciate it. I think we shall make a mistake if we do not cover that kind of a situation before the bill is finally passed.

Mr. KING. Let me say to the Senator that the understanding in the committee was that a comprehensive relief provision should be adopted. In my opinion we have not carried out our intentions.

Mr. BROWN. According to my understanding, the Finance Committee voted on precisely that question, and asked that such a provision be drafted.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. ADAMS. I wonder if the Senator from Utah and the Senator from Mississippi can enlighten me in my ignorance as to how far this section goes in protecting those in the mining industry, who, as Senators know, engage in a development process for years and invest their money without any return. Then in 1 year they happen to derive some profit, the accumulated profit resulting from their efforts for 4 or 5 years past. How far is such a development protected by positive provisions; how far is opportunity afforded for protection merely under rules and regulations; and how far is it left unprotected?

Mr. HARRISON. Protection is afforded under the relief provisions of the bill, which permit promoters, developers, or inventors to go back and apportion over several years what they have accumulated in earnings.

Mr. ADAMS. Is that a positive right, or is it merely a privilege which may be given by the Commissioner?

Mr. HARRISON. That is a specified, particular opportunity permitted them, and does not come under the general provisions, which would buttress that special right.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BROWN. The right of appeal to the Board of Tax Appeals is also granted.

Mr. ADAMS. That would also follow. My inquiry is whether or not there is protection by positive declaration, or whether leeway is simply left to the Commissioner, with the approval of the Secretary, to make rules and regulations which might protect or which might not protect.

Mr. BROWN. I think the Commissioner is required to grant the opportunity.

Mr. HARRISON. Oh, yes; it is specified, and if there is complaint there may be appeal to the courts. This provision was adopted as a relief provision in special cases. It seems to me it cannot be ignored by the Commissioner under any circumstances. The Senator from Colorado [Mr. JOHNSON] was on the committee, and I think he will bear me out in the statement that that was the interpretation placed upon it. We all seemed pretty well satisfied with it.

Mr. JOHNSON of Colorado. That was the understanding we had in the committee, and we instructed the drafting division to draft an amendment to bring about the result. This is the language which was brought to us. From the interpretation given by the draftsmen to their own language I am quite satisfied that it does the very thing we want to accomplish.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. As I understand the effect of this provision, in cases of exploration in the mining, oil, coal, or gas industries, if a concern makes an inordinate profit in 1 year as compared with what it usually makes in a year, it is then allowed to prorate that large amount back over a period of years and divide it up.

Let us assume that a concern makes $1,000,000 in some particular year, and that for the 4 preceding years it has not made anything. It allocates $200,000 of the $1,000,000 to each of the 5 years, and estimates what it would have paid on a normal tax basis for each of the 5 years, and pays the tax on that basis. However, for the purposes of the excess-profits tax it pays only on $200,000 in the taxable year, which would be 1940.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BROWN. I think the statement of the Senator is accurate, except with regard to the remarks he made about paying the normal tax. The normal tax is paid on the entire amount earned in the calendar year, or $1,000,000.

Mr. CONNALLY. That is true; but let me say to the Senator from Michigan that under the practice of the Treasury, in prior years the concern would have been permitted to deduct from its net income the expenses of operation, and all that sort of thing, upon which it had not realized. When it finally obtains a return on the money invested, if it is allowed to capitalize it and use it without paying a tax, it escapes paying any normal tax upon that part of its income.

Take the case of a concern which makes nothing for 4 years: Of course, it pays no tax. Then, in the fifth year, it makes $1,000,000. It is proposed that the concern shall have the privilege of prorating the $1,000,000 back over a period of 5 years; and upon the constructive theory that $200,000 of that amount was earned in 1936, we will say, the concern pays the normal tax for that year on $200,000, and so on.

Mr. BROWN. I must differ with the Senator. I think he is in error with regard to the normal tax. I asked this precise question of the experts. The normal tax is assessed entirely in the year in which the income is earned, which would be 1940.

Mr. CONNALLY. That is correct.

Mr. BROWN. There is no levying of a tax back over the previous period. The only purpose of using the previous period is as a basis for calculation of the excess-profits tax, which does not relate to the normal tax at all.

Mr. CONNALLY. In any event, the concern is not penalized, except on a pro rata basis, with the excess-profits tax in the year in which the income was earned.

Mr. BROWN. The Senator is correct.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. JOHNSON of Colorado. I do not happen to be an attorney. My colleague asked a technical legal question, and I have been informed by the experts that this provision does not give the Commissioner discretionary power. It lays down a legal rule, and the Commissioner does not have power to reject it or otherwise. He must be guided by it.

Mr. HARRISON. The Senator is correct.

Mr. ADAMS. Mr. President, I am not in touch with these things, and I know little about taxation. However, I am hopeful that that is an entirely correct answer. The language of the general provision is:

If there is includible in the gross income of the taxpayer for any taxable year an item of income of any one or more of the following classes—

And the classes are set out—

and, in the light of the taxpayer's business, it is abnormal for the taxpayer to derive income of such class, or, if the taxpayer normally derives income of such class, the item includible in the gross income of the taxable year is grossly disproportionate to the gross income of the same class in the 4 previous taxable years—

If we are dealing with mines, I suppose that means the average of a group of mines, or mines generally, rather than a particular mine.

Mr. HARRISON. That is correct.

Mr. ADAMS. The provision continues:

Then: (A) The amount of such item attributable to any previous taxable year or years shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

Mr. HARRISON. The amount attributable to the previous years is to be fixed by the Commissioner and the Secretary of the Treasury.

Mr. ADAMS. But it is left entirely to their judgment and discretion. The Senator from Texas [Mr. CONNALLY] gave an illustration, saying that if there were an income of $1,000,000, the only income over a period of 5 years' development, it would be divided and allocated over a period of 5 years. He used the illustration of $200,000 a year. That is not the requirement. It would be left to the Commissioner, with the approval of the Secretary, to decide how much should be allocated to prior years. The Commissioner might set back one amount for one year, another amount for another year, and a different amount for a third year. Is not that correct?

Mr. HARRISON. The Senator is correct, except that there may be an appeal to the courts or to the Board of Tax Appeals from the Commissioner's decision on the question.

Mr. ADAMS. Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Mississippi yield to the Senator from Colorado?

Mr. HARRISON. I yield.

Mr. ADAMS. There can be no effective appeal from a discretionary action. If it is discretionary with the Commissioner to determine how much shall be attributed to previous years, an appeal may not be taken to the Board of Appeals on a question of discretion.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. JOHNSON of Colorado. The discretionary features do not pertain to the rule at all; but they do pertain, of course, to calculations involved in the whole matter. Somebody has to attribute the amount to certain years. The rule itself, however, is a matter of definition.

Mr. ADAMS. May I ask the Senator, then, what is the rule?

Mr. JOHNSON of Colorado. The rule is that a taxpayer having had development work over a period of time, more than 12 months, can go back and take that period of time into consideration.

Mr. ADAMS. But it is the Commissioner, not the taxpayer, who decides the question and who attributes the income. Take a man owning a patent on which he has been working for 5 years, he has been putting in his money and his time and all he could borrow from his friends, and suddenly, at the end of 5 years, is able to sell his patent for, say, a million dolars. The bill does not say that the million dollars shall be prorated back evenly over the period of 5 years; it does not lay down any rule; but merely says that if the amount which he received is abnormal and excessive or disproportionate to the gross income of the same class in the 4 preceding taxable years, then "the amount of such item attributable to any previous taxable year or years shall be determined under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary."

If the Commissioner were to decide that nothing should be prorated the first 3 years, and should divide the million dollars into the last 2 years, as a matter of discretion, the owner of the patent would be bound by it, as I read the provision. I am trying to get the information because of its vast importance to the section of the country in which I live.

Mr. JOHNSON of Colorado. As I understand the proposal, that only pertains to the arithmetic of the matter, and not to the right of the taxpayer at all.

Mr. ADAMS. I wish I could concur with the Senator. The Senator is on the committee, and I will accept his judgment, but he will have to pardon my ignorance.

Mr. JOHNSON of Colorado. The junior Senator from Colorado knows that the senior Senator from Colorado is a very distinguished and able lawyer.

Mr. ADAMS. There is no one who knows less about income tax matters than does the senior Senator from Colorado.

Mr. HARRISON. I may say to the senior Senator from Colorado that Mr. Stam, who is chief of our staff, and who has had long experience and help in writing this, thinks and so states in a report which I have in my hand that the colleague of the Senator from Colorado is exactly right in his construction of the provision.

Mr. ADAMS. Will the Senator, then, translate to me from the expert what is the rule? It is, I am told, a matter of arithmetic.

Mr. HARRISON. Very well. I will read:

This section grants certain relief to taxpayers in the following cases:

Where the gross income of the taxpayer for the taxable year includes income of the following classes:

(1) Income from claims, judgments, or interest thereon;

(2) Amounts payable in 1 year from long-term contracts;

(3) Income resulting from exploration, discovery, prospecting, research, or development of tangible property extending over a period of more than 12 months;

(4) Income which is abnormal due to a change in the taxpayer's accounting method or accounting period; and

(5) Buildings taken over by a lessor upon termination of the lease.

In this class of cases, if it is abnormal for the taxpayer to derive income of such class, relief is granted. Relief is also granted where even though the taxpayer normally derives income from such class, the income is grossly disproportionate to the gross income in the same class in the 4 previous taxable years.

In such cases, the excess-profits tax cannot exceed the aggregate taxes if it had been received in the taxable years to which it had been attributable if received ratably over the period.

For example, if a taxpayer receives income from a judgment in 1940, for which claim was pending for a period of 5 years of $1,000, only $200 is reportable as income for 1940 subject to excess-profits tax. The balance is attributable to the base period years, and since no excess-profits tax is imposed for such years, the remaining $800 is not subject to excess-profits tax.

An oil company might derive income from an oil well in 1940, which is much greater than it received in the 4 preceding taxable years for oil wells. If such income is attributable to a 5-year period, only one-fifth would be reportable as income subject to the excess-profits tax for 1940.

I hope that explanation will help somewhat to explain this particular question.

Mr. ADAMS. I wish the explanation were in the bill.

Mr. HARRISON. It is in the report, I may say to the Senator.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. I wish to correct one thing I said a moment ago. I said that in making out the income for tax

purposes and spreading it over a 5-year period the normal tax was estimated as of the year when it was constructively earned; but that was inaccurate. The normal tax is payable in the taxable year 1940, but, for the purpose of the excess-profits tax, it is prorated back over a 5-year period, and only one-fifth of it in the taxable year is assessable under the excess-profits tax. It would have been better for the miners and oil producers had the suggestion I first made been correct.

I made the suggestion in the Finance Committee, and was under the impression that the amendment had been drawn in such fashion as to carry out my original thought, but I see I am in error in that respect. Otherwise I think my statement was accurate. I thank the Senator.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. KING. As I understood the Senator from Texas, I interpreted his observation to mean, if a mining corporation has been working for a number of years—say, 10 years—and a windfall comes on the tenth year, there would be no exception with respect to the normal income tax, but, for the purposes of the excess-profits tax, the amount would be considered to cover 5 years, and the windfall would be allocated to a number of years rather than to the year in which it was paid.

Mr. CONNALLY. I will say to the Senator that, if this bill were not passed at all, that is exactly what would happen, but, under existing law, if they get the money in 1940, they would pay the normal tax on all of it.

Mr. KING. That is true.

Mr. CONNALLY. This does not change that.

Mr. KING. It does not change it with respect to the normal tax.

Mr. BROWN. Mr. President, I understand the Senator from Delaware has an amendment to offer. I assure him that it will take me only a moment to clear up the matter I have in mind. Referring to subsection 3 on page 109, the experts from the Treasury and the Finance Committee tell me that this matter could be perfected in conference if we added the language which I am about to read:

In line 15, after the word "foregoing", to insert the words "by the taxpayer or any of its predecessors."

I therefore ask that the committee amendment be amended as I have suggested.

Mr. HARRISON. I have no objection to that amendment going to conference, so that we may perfect it in conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN] to the committee amendment.

The amendment was agreed to.

Mr. TOWNSEND. Mr. President, on page 127 I offer an amendment to strike out lines 1 to 14, both inclusive, and insert:

After December 31, 1939, if, on September 11, 1940, and at all times until the taxpayer became an acquiring corporation:

(1) the taxpayer owned not less than 75 percent of each class of stock of each of the qualified component corporations involved in the transaction in which the taxpayer became an acquiring corporation; or

(2) one of the qualified component corporations involved in the transaction owned not less than 75 percent of each class of stock of the taxpayer, and of each of the other qualified component corporations involved in the transaction,

the average base period net income of the taxpayer shall not be less than (A) the average base period net income of that one of its qualified component corporations involved in the transaction the average base period net income of which is greatest, or (B) the average base period net income of the taxpayer computed without regard to the base period net income of any of its qualified component corporations involved in the transaction.

That amendment would take the place of the language which I propose to strike out.

Mr. HARRISON. I may say that I have no objection to the amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. TOWNSEND] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 146, after line 15, to strike out:

(5) Recomputation of tax in case of election under this subsection: If the adjustment of the income or excess-profits tax liability for any taxable year necessary to give effect to paragraph (4) of this subsection is prevented (A) on the date of the certificate of the Secretary of War or the Secretary of the Navy or on the date of the President's proclamation, whichever is the basis of the taxpayer's election under this subsection, or (B) within 1 year from such date, by any provision of law (other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection. If at the time of the mailing of such notice of deficiency or the filing of such claim for refund, the adjustment is so prevented, then the amount of the adjustment authorized in this paragraph shall be limited to the increase or decrease in the tax previously determined for such taxable year which results solely from the effect of paragraph (4) of this subsection, and such amount shall be assessed and collected, or credited or refunded, in the same manner as if it were a deficiency or an overpayment, as the case may be, for such taxable year and as if on the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection, 1 year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for the taxable year. The tax previously determined shall be ascertained in accordance with section 3801 (d). The amount to be assessed and collected under this paragraph in the same manner as if it were a deficiency, or to be refunded or credited in the same manner as if it were an overpayment, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection. Such amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection.

And in lieu thereof to insert:

(5) Recomputation of tax:

(A) If the adjustment of the income or excess-profits tax liability for any taxable year necessary to give effect to paragraph (4) of this subsection is prevented (i) on the date of the certificate of the Secretary of War or the Secretary of the Navy or on the date of the President's proclamation, whichever is the basis of the taxpayer's election under this subsection, or (ii) within 1 year from such date, by any provision of law (other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection.

(B) If the adjustment of the income or excess profits tax liability for any taxable year necessary to give effect to subsection (i) of this section is prevented (i) on the expiration of 30 days after the making of the contract described in such subsection or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, or (ii) within 1 year from such expiration, by any provision of law other than this paragraph and other than section 3761, relating to compromises), an adjustment of the tax liability shall nevertheless be made if in respect of such taxable year a notice of deficiency is mailed or a claim for refund is filed, as the case may be, within 1 year after the date of such expiration.

(C) If at the time of the mailing of such notice of deficiency or the filing of such claim for refund, referred to in subparagraph (A) or (B), as the case may be, the adjustment is so prevented, then the amount of the adjustment authorized in this paragraph shall be limited to the increase or decrease in the tax previously determined for such taxable year which results solely from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be, and such amount shall be assessed and collected, or credited or refunded, in the same manner as if it were a deficiency or an overpayment, as the case may be, for such taxable year and as if on the date of such certificate or such proclamation, whichever is the basis of the taxpayer's election under this subsection, or on the date of such expiration, as the case may be, 1 year remained before the expiration of the periods of limitation upon assessment or filing claim for refund for the taxable year. The tax previously determined shall be ascertained in accordance with section 3801 (d). The amount to be assessed and collected under this paragraph in the same manner as if it were a deficiency, or to be refunded or credited in the same manner as if it were an overpayment, shall not be diminished by any credit or set-off based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be. Such

amount, if paid, shall not be recovered by a claim or suit for refund or suit for erroneous refund based upon any item, inclusion, deduction, credit, exemption, gain, or loss, other than one resulting from the effect of paragraph (4) of this subsection or of subsection (i), as the case may be.

The amendment was agreed to.

The next amendment was, on page 151, line 12, after the word "after", to strike out "July 10" and insert "January 1"; in line 18, before the numerals "1940", to strike out "July 10" and insert "January 1"; on page 152, line 6, after the word "after", to strike out "July 10" and insert "January 1"; on page 155, after line 5, to strike out:

(i) Destruction, etc., of facility: Any taxpayer taking deductions for amortization of emergency facilities pursuant to the provisions of this section may not thereafter destroy, demolish, impair, or substantially alter such emergency facilities without the consent in writing of the Secretary of War or of the Secretary of the Navy. In the event such consent is not given within a period of 90 days from the date of receipt of written request therefor, the Secretary of War or the Secretary of the Navy, as the case may be, shall and he is hereby directed to purchase such facilities at a price which he shall fix not to exceed the adjusted basis but not to be less than $1. In case such facilities consist of buildings, or fixtures not removable without substantially affecting the structure to which the same are affixed, the taxpayer shall have an option to repurchase such facilities at the price which he was paid before such facilities are resold to any other person.

(j) Consent to provisions of subsection (i): No deduction for amortization under the provisions of this section shall be allowed in any case unless the taxpayer files with the Commissioner a signed statement acknowledging, and consenting to the application of, the provisions of subsection (i). Such statement shall be signed and acknowledged under oath by the person or persons required to swear to returns made by the corporation under this chapter.

(k) Penalty for destruction, etc., of facility: If the Secretary of War or the Secretary of the Navy certifies to the Secretary of the Treasury that a taxpayer subject to the provisions of subsection (i) has willfully destroyed, demolished, impaired, or altered substantially any emergency facility without having first obtained the written consent of the Secretary of War or the Secretary of the Navy to such destruction, demolition, impairment, or alteration, then such taxpayer shall be liable to a penalty in an amount equal to the unadjusted basis of such facility in the hands of the taxpayer for the purpose of computing gain, to be assessed, collected, and paid in the same manner as if it were a tax imposed by this chapter. Such penalty may be assessed or a proceeding in court for the collection of such penalty may be begun without assessment at any time with 1 year after the date of such certification.

And insert:

(i) Protection of the Government's interest in emergency facility: If, directly or indirectly, the taxpayer has been or will be paid or substantially reimbursed by the Government for all or a part of the cost of any emergency facility pursuant to any contract with the Government for the construction or acquisition of such facility, for the purchase of supplies, or otherwise, no amortization shall be allowed with respect to such facility under this section unless, before the expiration of 30 days after the making of such contract or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, the Advisory Commission to the Council on National Defense, and either the Secretary of War or the Secretary of the Navy certify to the Commissioner that the contract contains provisions, adequately protecting the public interest, with reference to the future use and disposition of the facility. If such contract is made after the amortization period has begun, and such certificate is not made, the income and excess-profits tax liability for all taxable years, beginning with the taxable year in which the amortization period began, shall be computed without the amortization deduction allowed by this section with respect to such facility.

The terms and conditions of such contracts with reference to payment or reimbursement of the cost of such facilities and the protecting of the Government's interest therein shall be made available to the public.

So as to read:

(e) Definitions:

(1) Emergency facility: As used in this section, the term "emergency facility" means any land, building, machinery, or equipment, or part thereof, the construction, reconstruction, erection, or installation of which was completed after January 1, 1940, or which was acquired after such date, and with respect to which a certificate under subsection (f) has been made.

(2) Emergency period: As used in this section, the term "emergency period" means the period beginning January 1, 1940, and ending on the date on which the President proclaims that the utilization of a substantial portion of the emergency facilities with respect to which certifications under subsection (f) have been made, is no longer required in the interest of national defense.

(f) Determination of adjusted basis of emergency facility: In determining, for the purposes of subsection (a) or subsection (h), the adjusted basis of an emergency facility:

(1) There shall be included only so much of the amount otherwise constituting such adjusted basis as is properly attributable to such construction, reconstruction, erection, installation, or acquisition after January 1, 1940, as the Advisory Commission to the Council of National Defense and either the Secretary of War or the Secretary of the Navy have certified, within the time specified in paragraph (3) of this subsection, and under such regulations as the President may prescribe, as necessary in the interest of national defense during the emergency period;

(2) After the completion or acquisition of any emergency facility with respect to which a certificate under paragraph (1) has been made, any expenditure (attributable to such facility and to the period after such completion or acquisition) which does not represent construction, reconstruction, erection, installation, or acquisition included in such certificate, but with respect to which a separate certificate is made under paragraph (1), shall not be applied in adjustment of the basis of such facility and shall be considered as an expenditure with respect to a new emergency facility; and

(3) The certificate provided for in paragraph (1) shall have no effect unless made before whichever of the following dates is the later: (A) The beginning of such construction, reconstruction, erection, or installation, or the date of such acquisition, or (B) the sixtieth day after the date of the enactment of the Second Revenue Act of 1940.

(g) Depreciation deduction: If the adjusted basis of the emergency facility computed without regard to subsection (f) of this section is in excess of the adjusted basis computed under such subsection, the deduction provided by section 23 (l) shall, despite the provisions of subsection (a) of this section, be allowed with respect to such emergency facility as if its adjusted basis were an amount equal to the amount of such excess.

(h) Payment by United States of unamortized cost of facility: If an amount is properly includible in the gross income of the taxpayer on account of a payment with respect to an emergency facility and such payment is certified as provided in this paragraph, then, at the election of the taxpayer in its return for the taxable year in which such amount is so includible—

(1) The amortization deduction for the month in which such amount is so includible shall (in lieu of the amount of the deduction for such month computed under subsection (a)) be the amount so includible, but such deduction shall not be in excess of the adjusted basis of the emergency facility as of the end of such month (computed without regard to any amortization deduction for such month). Payments referred to in this paragraph shall be payments, the amounts of which are certified, under such regulations as the President may prescribe, by either the Secretary of War or the Secretary of the Navy as compensation to the taxpayer for the unamortized cost of the emergency facility made because—

(A) A contract with the United States involving the use of the facility has been terminated by its terms or by cancelation, or

(B) the taxpayer had reasonable grounds (either from provisions of a contract with the United States involving the use of the facility, or from written or oral representations made under authority of the United States) for anticipating future contracts involving the use of the facility, which future contracts have not been made.

(2) In case the taxpayer is not entitled to any amortization deduction with respect to the emergency facility the deduction allowable under section 23 (l) on account of the month in which such amount is so includible shall be increased by such amount, but such deduction on account of such month shall not be in excess of the adjusted basis of the emergency facility as of the end of such month (computed without regard to any amount allowable, on account of such month, under section 23 (l) or this paragraph).

(i) Protection of the Government's interest in emergency facility: If, directly or indirectly, the taxpayer has been or will be paid or substantially reimbursed by the Government for all or a part of the cost of any emergency facility pursuant to any contract with the Government for the construction or acquisition of such facility, for the purchase of supplies, or otherwise, no amortization shall be allowed with respect to such facility under this section unless, before the expiration of 30 days after the making of such contract or 60 days after the date of the enactment of the Second Revenue Act of 1940, whichever of such periods expires the later, the Advisory Commission to the Council on National Defense, and either the Secretary of War or the Secretary of the Navy certify to the Commissioner that the contract contains provisions, adequately protecting the public interest, with reference to the future use and disposition of the facility. If such contract is made after the amortization period has begun, and such certificate is not made, the income and excess-profits tax liability for all taxable years, beginning with the taxable year in which the amortization period began, shall be computed without the amortization deduction allowed by this section with respect to such facility.

The terms and conditions of such contracts with reference to payment or reimbursement of the cost of such facilities and the protecting of the Government's interest therein shall be made available to the public.

The amendment was agreed to.

PROPOSED ADJOURNMENT OF CONGRESS

Mr. THOMAS of Idaho. Mr. President, it must be apparent to every Senator that the situation confronting us is a very serious one; and I am very much disturbed by the rumor that

a move is on foot to adjourn the present Congress next week, or the week after that. I hope the rumor is not well founded.

On June 11 I spoke in the Senate in opposition to the adjournment plans which I understood then called for Congress to leave Washington on June 22. At that time I said:

> If adjournment should take place on the 22d of June, no power on earth but the President could call us back. Until we were called back, the sole control over our foreign policy would remain in the hands of the President. The issue is not whether we do or do not trust the President, or whether we agree with his foreign policy. It is simply that the responsibility for the sole direction of the foreign policy of the United States in days like these is too much, under a democracy, for one man to have. That would be true regardless of the party or the political belief of the man who might be President.

Fortunately, Congress remained in session. Since I made that statement on June 11, much has happened. France has fallen; the battle of Britain has begun, and no one can foresee the results of that battle. We know that we are closer to war today than we were on June 11. Moreover, the lives of millions of our boys may be jeopardized by a single mistake in our foreign policy. The entire future of our country is at stake. In a situation like this Congress has a definite responsibility, and that responsibility is to remain in session.

In his press conference on June 4, and again on June 11, the President pointedly said he could see no reason for Congress remaining in session except for the laudable purpose of making speeches. The legislation passed since that date indicates rather clearly that Congress, in June, had scarcely touched the defense program.

We have authorized a two-ocean Navy. We have authorized in two different bills the appropriation of nearly $7,000,000,000 to be spent for defense purposes. We have passed one tax bill and are about to complete action on another for taxing excess profits. We have passed legislation increasing by $500,000,000 the capacity of the Export-Import Bank to lend money to countries in the Western Hemisphere. We have passed the alien-registration bill, and the Burke-Wadsworth conscription bill. I may say that with the exception of the Burke-Wadsworth bill I have voted for all the defense measures, and I think the Congress has done a good job. We have passed the Hatch Act outlawing certain corrupt political practices. We have completed action on the transportation bill. We have amended the patent laws to protect secret inventions useful for defense. This is only part of the important legislation that has been acted upon, and all this has been done since I opposed adjournment on the floor of the Senate on June 11.

In his acceptance speech to the Democratic convention, President Roosevelt made the following statement:

> Events move so fast in other parts of the world that it has become my duty to remain either in the White House or at some near-by point where I can reach Washington and even Europe and Asia by direct telephone—where, if need be, I can be back at my desk in the space of a very few hours.

With the President taking this position, it is difficult to understand how Congress can even consider adjourning. Events happening from day to day may vitally affect the welfare and the lives of the American people. The duty of Congress is clear. It should remain in session and be available coming campaign. Our duty, however, is here. The action of Congress in remaining in session may easily be the means of keeping the United States out of war. As long as the emergency lasts, regardless of how my political future may be affected, I shall oppose any attempt at adjournment.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. BROWN. Mr. President, I did not know that we had passed page 113, relating to personal-service corporations. I ask unanimous consent to return to page 113, section 724, to permit me to discuss for a moment the subject of personal-service corporations.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent to return to page 113 of the bill. Is there objection? The Chair hears none.

Mr. BROWN. Mr. President, as the Senator from Mississippi [Mr. HARRISON] recalls, we had considerable difficulty over the definition of personal-service corporations; and a great deal of complaint has come from that particular class of corporations about the way in which we finally drafted the amendment appearing in the bill. The principal complaint is that no corporation may be considered a personal-service corporation unless 80 percent of its stock is owned by the individuals who actually operate the corporation.

My attention has been called to the fact that there are a great many personal-service corporations, such as—if I may give an example—incorporated advertising agencies. Of course, a firm of lawyers may not incorporate, but it will serve as a good example of the situation. Attention has been called to the fact that many times a so-called silent partner puts up the money and demands more than 20 percent of the stock. That particular kind of personal-service corporation could not possibly qualify and get the benefits which we intend to give to personal-service corporations.

I may say that those benefits are these: Such corporations are not within the provisions of this proposed statute, but their income is taxed just the same, because, of course, the income of that class of corporations is largely distributed, and becomes taxable under personal income-tax statements.

The amendment which has been suggested to me is as follows, having identically the same definition as the bill in section 724, but adding this language:

> Whose income is to be ascribed primarily to the activities of shareholders who are regularly engaged in the active conduct of the affairs of the corporation, all of whose stock is owned at all times during the taxable year by or for not more than 20 individuals, and whose invested capital for the taxable year is not in excess of $500,000.

If the amendment in that form had been presented to us before the Finance Committee reported the bill, I think it would have been accepted. Since that time I have discussed it with representatives of this class of corporations, and I feel that it is fair. I realize that if those who are in charge of the business of the Senate find, upon a thorough examination of the amendment, that it goes too far or does not go far enough, it may be rejected.

I will say to the Senator from Mississippi that the amendment I suggest does not change the present law at all. It uses the same language, except that it includes within personal-service corporations a corporation whose total number of members or stockholders is not more than 20, and whose capital is not in excess of $500,000; but those actively engaged need not be the owners of 80 percent of the stock.

Mr. HARRISON. Mr. President, so far as I am concerned I am willing to let the amendment proposed by the Senator from Michigan go to conference. Different views have been expressed about these personal-service corporations.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. BROWN. I yield to the Senator.

Mr. NORRIS. I wonder why the Senator limits his amendment to corporations having $500,000 of capital stock or less?

Mr. BROWN. Because when the capital of the corporation is larger than $500,000 regardless of the statement in the statute that the capital must not be a material income-producing factor, it seemed to me—and I was the one who placed that limitation on it—that the capital is a material factor.

Mr. NORRIS. I wonder why the Senator reached that conclusion. To me it would seem that the amendment is intended to apply to cases in which the capital stock, as the amendment says, is not a material factor. If a corporation has a capital stock, let us say, of $490,000, does not the Senator think that is a case, on its face at least, in which the capital stock plays a very important part, and the amendment ought not to apply to it?

Mr. BROWN. Of course, it is necessary to draw the line somewhere. If the maximum were $100,000, I am fearful that it would be a little bit too small, and this particular sum was selected for that reason.

Mr. NORRIS. The Senator's amendment is intended to apply to cases in which the capital stock is practically an immaterial factor.

Mr. BROWN. That is true.

Mr. NORRIS. I can see some reason for that. It is a personal corporation, but when that kind of a corporation has a capital stock of even $100,000 it shows on its face, it seems to me, that the capital stock is important, if not the most important thing.

Mr. BROWN. The Senator did not hear the entire definition read.

Mr. NORRIS. I heard the entire amendment read.

Mr. BROWN. The first paragraph I did not read. It says:

As used in this subchapter the term "personal-service corporation" means a corporation in which the capital stock is not a material income-producing factor.

Mr. NORRIS. I heard that read.

Mr. BROWN. Therefore, a corporation could have a capital of $10,000 and still not qualify under this definition. Not only must it be a corporation having not in excess of 20 stockholders, and not only must it be a corporation having a capital stock of less than $500,000, but it must also be a corporation in which the capital is not a material income-producing factor.

Mr. NORRIS. That is where I think the contradiction comes in. It seems to me that where a corporation has a capital stock let us say of $495,000, under a provision under which capital stock is supposed not to be a material factor, there is a contradiction in the face of things. That amount of capital stock, it seems to me, would be considered very large for a corporation. Here we are dealing with a corporation where we say, to begin with, that capital stock is not a material thing; it is a personal corporation. It seems to me the amendment contradicts itself.

Mr. BARKLEY. Mr. President, these personal corporations are corporations where the personal services, the activities of the members, are the chief factor in the income. What really is the need for such a corporation having $500,000 capital stock? What do they do with the capital stock if it does not have any part to play in their business or profits?

Mr. BROWN. I presume that in large personal corporations such as an advertising agency—and it was the advertising people who discussed the matter with me, among others—there might be considerable capital.

Mr. BARKLEY. What do they do with it if it is not used in the business, and does not play some part in the activity? At the end of the year, when they distribute their earnings, do they declare a dividend on the capital, or is it all taken up in salaries; or how does it operate?

Mr. BROWN. I understand that the first paragraph of the amendment, as well as the committee amendment, takes care of that by insisting that capital must not be a material factor in the production of the income. I do not mind if it is a smaller sum than that. I have no particular interest in the matter other than that it was brought before the Finance Committee, and this seemed to me, after a careful examination of the entire situation, to be about as fair an amendment as could be devised.

Mr. NORRIS. Of course, I have no interest in it, either. But in dealing with corporations as to which capital stock is not a material factor, because we are dealing with personal corporations, the corporation being controlled entirely by stockholders themselves, if that kind of a corporation deserves different treatment from another, it seems to me that the capital stock is only a nominal consideration. Indeed, there should be no capital stock.

Mr. BROWN. Would the Senator say we should strike out the $500,000 limitation?

Mr. NORRIS. I think so.

Mr. BROWN. That would suit me entirely.

Mr. HARRISON. Would $100,000 be all right?

Mr. NORRIS. Why have any capital stock limitation? I do not see any use of it where the personal services of the stockholders are united, where they are together, and act as one, instead of acting separately. They are not going to use their capital stock if they have any, and if they do, then the corporation loses the attribute of being a personal corporation.

Mr. BROWN. I am satisfied and will modify my amendment.

Mr. McKELLAR. Is it not a case where personal services are used instead of money, instead of capital?

Mr. BROWN. Where it is the material income-producing factor.

Mr. McKELLAR. Where personal services are the material income-providing factor.

Mr. BROWN. I thought there should be some limitation. I modify my amendment in accordance with the suggestion of the Senator from Nebraska.

Mr. HARRISON. Mr. President, I would suggest $100,000.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The CHIEF CLERK. On page 113, line 20, in the committee amendment, it is proposed to strike out section 724 and to insert:

SEC. 724. Personal service corporations. As used in this subchapter the term "personal-service corporation" means a corporation in which the capital is not a material income-producing factor and whose income is to be ascribed primarily to the activities of stockholders who are regularly engaged in the active conduct of the affairs of the corporation, all of whose stock is owned at all times by not more than 20 individuals.

At this point it is proposed to strike out the words "and whose invested capital for the taxable year is not in excess of $500,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, in the heading, on page 158, line 1, after the word "Title," to strike out "III" and insert "IV", and in line 3, after the word "Act", to insert "and certain provisions of the Merchant Marine Act, 1936"; so as to make the heading read:

Title IV—Suspension of profit-limiting provisions of the Vinson Act and certain provisions of the Merchant Marine Act, 1936.

The amendment was agreed to.

The next amendment was, on page 158, after line 4, to insert:

SEC. 401. Suspension of profit-limiting provisions of the Vinson Act.

The amendment was agreed to.

The next amendment was, on page 158, line 7, before the word "The", to strike out "Sec. 301."; in line 15, after the word "into", to strike out "or completed", and in line 22, after the word "effect" and the period, to insert "This section shall also apply to such contracts or subcontracts entered into before the date of the beginning of the contractor's or subcontractor's first taxable year which begins in 1940 and which are not completed before such day"; so as to make the section read:

The provisions of section 3 of the act of March 27, 1934 (48 Stat. 505; 34 U. S. C., sec. 496), as amended, beginning with the first proviso thereof, and section 2 (b) of the act of June 28, 1940 (Public, No. 671, 76th Cong., 3d sess.), shall not apply to contracts or subcontracts for the construction or manufacture of any complete naval vessel or any Army or Navy aircraft, or any portion thereof, which are entered into in any taxable year to which the excess-profits tax provided in subchapter E of chapter 2 of the Internal Revenue Code is applicable or would be applicable if the contractor or subcontractor, as the case may be, were a corporation, and any agreement to pay into the Treasury profits in excess of 10 percent, 12 percent, or 8 percent, as the case may be, of the contract prices of any such contracts or subcontracts shall be without effect. This section shall also apply to such contracts or subcontracts entered into before the date of the beginning of the contractor's or subcontractor's first taxable year which begins in 1940 and which are not completed before such day.

Mr. HARRISON. Mr. President, in that connection I ask that an amendment I send to the desk be agreed to. It is merely a clarifying amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 158, line 23, after the word "subcontracts", it is proposed to insert the words "which were", and on line 26, to strike out the word "day" and insert "date."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to revert to page 110. I understand the Senator from Georgia asked that the section on that page go over.

The PRESIDING OFFICER. The committee amendment at that point has not been agreed to.

Mr. JOHNSON of Colorado. I have an amendment on the desk which I should like to have acted on.

The PRESIDING OFFICER. Does the Senator desire to have the Senate return to page 110 and to offer his amendment?

Mr. JOHNSON of Colorado. Yes, Mr. President.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Colorado to the amendment of the committee.

The CHIEF CLERK. On page 110, line 18, in the committee amendment, after the word "derived", it is proposed to insert "from mining or processing minerals or".

Mr. HARRISON. Mr. President, the Senator has conferred with us, and I think the amendment should go to conference.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, I offer an amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to amend section 711, "excess-profits net income", by adding the following paragraph as paragraph (a) (1) (F) on page 88 and also as paragraph (b) (1) (H) on page 94:

Deductions allowed in connection with exploration, discovery, prospecting, research, or development of tangible property, patents, formulae, or processes, or any combination of the foregoing.

Mr. KING. Mr. President, I hope the amendment will be agreed to.

Mr. HARRISON. I have no objection to that amendment going to conference.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, at the top of page 159, to insert:

SEC. 402. SUSPENSION OF PROFIT-LIMITING PROVISIONS OF THE MERCHANT MARINE ACT, 1936, AS TO CERTAIN SUBCONTRACTS

(a) The provisions of section 505 (b) of the Merchant Marine Act of 1936, as amended, shall not apply to any subcontract which would otherwise be within such provisions if such subcontract is entered into in any taxable year of the subcontractor to which subchapter E of chapter 2 of the Internal Revenue Code is applicable and if the principal contractor and the subcontractor between which such subcontract is entered into are not affiliated within the meaning of subsection (b) of this section at the time such subcontract is entered into or at any time thereafter up to and including the date of its completion; and any agreement, pursuant to which the subcontractor is required to pay to the United States Maritime Commission profit in excess of 10 percent of the contract price of any such subcontract or pursuant to which such an agreement is required to be obtained from such subcontractor relative to such subcontract, shall be without effect. This subsection shall apply only if both the principal contractor and the subcontractor are corporations.

(b) For the purposes of this section, two or more corporations shall be deemed to be affiliated (1) if one corporation owns at least 95 percent of the stock of the other or others, or (2) if at least 95 percent of the stock of two or more corporations is owned by the same interests. As used in this subsection, the term "stock" does not include nonvoting stock which is limited and preferred as to dividends.

The next amendment was, in the heading, on page 160, line 4, after the word "Title", to strike out "IV" and insert "V"; so as to read:

Title V—Amendments to Internal Revenue Code.

The amendment was agreed to.

The next amendment was, on page 160, in line 6, to change the section number from 401 to 501; in line 9, after the word "at", to strike out:

the end thereof the following new subsection.

"(l) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: Gain or loss from the sale or other disposition (after February 28, 1913) of property by a corporation shall increase or decrease its earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such gain or loss was (under the law applicable to the year in which such sale or disposition was made) recognized in computing net income or (in the case of loss) would have been so recognized under such law if under such law the basis (including a substituted basis) for determining the loss had been the fair market value on March 1, 1913, if higher than a basis otherwise determined. Where in determining the adjusted basis used in computing such recognized gain or loss, the adjustment to the basis (or, in the case of loss, the fair market value on March 1, 1913, if such value is higher than the basis) is different from the adjustment to such basis proper for the purpose of determining earnings and profits, then the latter adjustment shall be used in determining the increase or decrease above provided."

And insert the following:

the end thereof the following new subsections:

"(l) Definition of earnings and profits: The earnings and profits of a corporation consist of the sum of the following:

"(1) Its earnings and profits accumulated after February 28, 1913;

"(2) Its earnings and profits accumulated after March 1, 1913; plus

"(3) Increase in value of its property accrued before March 1, 1913, to the extent provided in subsection (n).

"(m) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: The gain or loss realized from the sale or other disposition (after February 28, 1913) of property by a corporation shall, for the purpose of the computation of earnings and profits (for any period beginning after February 28, 1913), of the corporation, be determined by using as the adjusted basis the adjusted basis (under the law applicable to the year in which the sale or other disposition was made) for determining gain. Gain or loss so realized shall increase or decrease the earnings and profits (for any period beginning after February 28, 1913), to, but not beyond, the extent to which such a realized gain or loss was recognized in computing net income under the law applicable to the year in which such sale or disposition was made. Where in determining the adjusted basis used in computing such realized gain or loss the adjustment to the basis differs from the adjustment proper for the purpose of determining earnings or profits, then the latter adjustment shall be used in determining the increase or decrease above provided."

On page 163, after line 2, to insert:

(n) Earnings and profits: Increase in value accrued before March 1, 1913.—If any increase or decrease in the earnings or profits (for any period beginning after February 28, 1913), with respect to any matter would be different had the adjusted basis of the property involved been determined without regard to its March 1, 1913, value, then an increase (properly reflecting such difference) shall be made in that part of the earnings and profits consisting of increase in value of property accrued before March 1, 1913.

On the same page, after line 12, to strike out:

Nothing in this subsection shall affect the extent to which accumulated earnings and profits are increased by reason of increase in value of property accrued before March 1, 1913.

On the same page, after line 18, to strike out:

(c) Under prior acts: The following rules shall be applied, for the purposes of the Revenue Act of 1938 or any prior revenue act as if such rules were a part of each such act when it was enacted, in determining the earnings and profits of a corporation for any period after February 28, 1913: Gain or loss from the sale or other disposition (after February 28, 1913) of property by a corporation shall increase or decrease its earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such gain or loss was (under the law applicable to the year in which such sale or disposition was made) recognized in computing net income, or (in the case of loss) would have been so recognized under such law if under such law the basis (including a substituted basis) for determining the loss had been the fair market value on March 1, 1913, if higher than a basis otherwise determined. Where in determining the adjusted basis used in computing such recognized gain or loss, the adjustment to the basis (or, in the case of loss, the fair market value on March 1, 1913, if such value is higher than the basis) is different from the adjustment to such basis proper for the purpose of determining earnings and profits, then the latter adjustment shall be used in determining the increase or decrease above provided. Where a corporation receives (after February 28, 1913) a distribution from a second corporation which (under the law applicable to

the year in which the distribution was made) was not a taxable dividend to the shareholders of the second corporation, the amount of such distribution shall not increase the earnings and profits (for any period beginning after February 28, 1913) of the first corporation in the following cases:

(1) No such increase shall be made in respect of the part of such distribution which (under such law) is directly applied in reduction of the basis of the stock in respect of which the distribution was made.

(2) No such increase shall be made if (under such law) the distribution causes the basis of the stock in respect of which the distribution was made to be allocated between such stock and the property received.

Nothing in this subsection shall affect the extent to which accumulated earnings and profits are increased by reason of increase in value of property accrued before March 1, 1913.

And on page 165, after line 12, to insert:

(c) Under prior acts: For the purposes of the Revenue Act of 1938 or any prior revenue act the amendments made to the Internal Revenue Code by subsection (a) of this section shall be effective as if they were a part of each such revenue act on the date of its enactment. Nothing in this subsection shall affect the tax liability of any taxpayer for any year now pending before, or heretofore determined by, the Board of Tax Appeals, or any court of the United States.

So as to make the section read:

SEC. 501. EARNINGS AND PROFITS OF CORPORATIONS

(a) Under Internal Revenue Code: Section 115 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsections:

(l) Definition of earnings and profits: The earnings and profits of a corporation consist of the sum of the following:

(1) Its earnings and profits accumulated after February 28, 1913;

(2) Its earnings and profits accumulated before March 1, 1913; plus

(3) Increase in value of its property accrued before March 1, 1913, to the extent provided in subsection (n).

(m) Effect on earnings and profits of recognition of gain or loss and of receipt of tax-free distributions: The gain or loss realized from the sale or other disposition (after February 28, 1913) of property by a corporation shall, for the purpose of the computation of earnings and profits (for any period beginning after February 28, 1913) of the corporation, be determined by using as the adjusted basis the adjusted basis (under the law applicable to the year in which the sale or other disposition was made) for determining gain. Gain or loss so realized shall increase or decrease the earnings and profits (for any period beginning after February 28, 1913) to, but not beyond, the extent to which such a realized gain or loss was recognized in computing net income under the law applicable to the year in which such sale or disposition was made. Where in determining the adjusted basis used in computing such realized gain or loss the adjustment to the basis differs from the adjustment proper for the purpose of determining earnings or profits, then the latter adjustment shall be used in determining the increase or decrease above provided. Where a corporation receives (after February 28, 1913) a distribution from a second corporation which (under the law applicable to the year in which the distribution was made) was not a taxable dividend to the shareholders of the second corporation, the amount of such distribution shall not increase the earnings and profits (for any period beginning after February 28, 1913) of the first corporation in the following cases:

(1) No such increase shall be made in respect of the part of such distribution which (under such law) is directly applied in reduction of the basis of the stock in respect of which the distribution was made.

(2) No such increase shall be made if (under such law) the distribution causes the basis of the stock in respect of which the distribution was made to be allocated between such stock and the property received.

(n) Earnings and profits—increase in value accrued, before March 1, 1913: If any increase or decrease in the earnings or profits (for any period beginning after February 28, 1913), with respect to any matter would be different had the adjusted basis of the property involved been determined without regard to its March 1, 1913, value, then an increase (properly reflecting such difference) shall be made in that part of the earnings and profits consisting of increase in value of property accrued before March 1, 1913.

(b) Effective date of amendment: The amendment made by subsection (a) shall be applicable to taxable years beginning after December 31, 1938.

(c) Under prior acts: For the purposes of the Revenue Act of 1938 or any prior revenue act the amendments made to the Internal Revenue Code by subsection (a) of this section shall be effective as if they were a part of each such revenue act on the date of its enactment. Nothing in this subsection shall affect the tax liability of any taxpayer for any year now pending before, or heretofore determined by, the Board of Tax Appeals, or any court of the United States.

The amendment was agreed to.

The next amendment was, on page 165, line 21, to change the section number from 402 to 502; and on page 166, line 5, after the word "section", to strike out "723" and insert "724", so as to read:

SEC. 502. Tax of shareholders of personal-service corporations.

The Internal Revenue Code is amended by inserting after section 373 the following new supplement:

SUPPLEMENT S—TAX OF SHAREHOLDERS OF PERSONAL-SERVICE CORPORATIONS

SEC. 391. Applicability of supplement.

If a personal-service corporation (as defined in section 724) is exempt under such section for any taxable year from the excess-profits tax imposed by such subchapter, the provisions of this supplement shall be applicable with respect to each shareholder of such corporation who was a shareholder in such corporation on the last day of such taxable year of the corporation.

The amendment was agreed to.

The next amendment was, on page 169, line 18, after the word "section", to strike out "723" and insert "724", so as to read:

SEC. 396. Shareholders' tax paid by corporation.

If a personal service corporation is exempt for any taxable year under section 724 from excess-profits tax, it shall, at the time of filing its return, pay to the collector an amount equal to the amount that would be required by section 143 (b) or section 144 to be deducted and withheld by the corporation if any amount required by this supplement to be included in the gross income of the shareholder had been, on the last day of the taxable year of the corporation, paid to the shareholder in cash as a dividend. Such amount shall be collected and paid in the same manner as the amount of tax due in excess of that shown by the taxpayer upon a return in the case of a mathematical error appearing on the face of the return.

The amendment was agreed to.

The PRESIDING OFFICER. If there is no objection, the clerk will renumber the sections where required. The Chair hears no objection, and it is so ordered.

Mr. CONNALLY obtained the floor.

The PRESIDING OFFICER. The first amendment of the committee has not been disposed of. That committee amendment as amended was passed over because the Senator from Georgia desired to offer an amendment. Does the Senator from Texas yield to the Senator from Georgia to offer his amendment?

Mr. CONNALLY. I yield.

Mr. GEORGE. I desire to offer an amendment for the purpose of keeping open for conference the rather restricted terms and provisions of section 721 on page 109. I offer the amendment for that purpose. I had prepared an amendment which I started to offer as a substitute for this section and the succeeding section, but thinking that perhaps this matter would be effected by the parliamentary situation in conference, I propose an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. After line 24, page 109, it is proposed to add the following:

or (6) any other abnormality of income or capital.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Georgia to the committee amendment is agreed to. The committee amendment is open to further amendment.

Mr. CONNALLY. Mr. President, do I understand that the committee amendments have now been agreed to?

Mr. ADAMS. No, Mr. President; I have an amendment I wish to offer.

The PRESIDING OFFICER. The committee amendment is still open to amendment.

Mr. ADAMS. I wish to offer an amendment on page 110. I understood that the committee amendment as a whole was open to amendment. I understood the Chair to say that the language on page 110 was held open so that amendments could be offered to it.

The PRESIDING OFFICER. The Senator is correct, that the committee amendment was held open. The Senator from Colorado desires to offer an amendment to the committee amendment. That is in order.

Mr. ADAMS. I wish to call the attention of the Senator from Mississippi to a suggested amendment which would put in the bill provisions which I am told are in the present statute. I was going to ask that there be added, after the word "Secretary" in line 8, on page 110, the following:

Provided, That the amount of such abnormal income under subsection (3) of this section shall be attributed equally among the preceding years (not exceeding 5 years) during which such research, development, prospecting, or exploration was being conducted.

In other words, instead of leaving it solely to the discretion of the Secretary, that is a specific provision that the abnormal income shall be divided over the preceding years.

Mr. HARRISON. I have no objection to the amendment going to conference, but I wish to say——

Mr. ADAMS. I accept the warning in advance.

Mr. HARRISON. The Senator restricts his amendment to 5 years when he could have provided a period of 10 years.

Mr. ADAMS. I shall be glad to change my amendment from 5 years to 10 years.

Mr. HARRISON. Or 20 years.

Mr. ADAMS. We will say 10 years.

The PRESIDING OFFICER. The modified amendment of the Senator from Colorado will be stated.

Mr. ADAMS. Mr. President, acting for the clerk, I shall read it myself. After the word "Secretary", in line 8, page 110, I propose to insert the following:

Provided, That the amount of such abnormal income under subsection (3) of this section shall be attributed equally among the preceding years (not exceeding 10 years) during which such research, development, prospecting, or exploration was being conducted.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Colorado [Mr. ADAMS] to the committee amendment is agreed to, and the Chair will again announce that the committee amendment, which embraces titles I and II, is open for further amendment. (After a pause.) Without objection, the committee amendment, as amended, is agreed to.

Mr. CONNALLY obtained the floor.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Do I understand the Chair to rule that amendments to the committee amendment are not now in order.

The PRESIDING OFFICER. That is correct. The Chair has so ruled, and it has been announced for the last half hour.

Mr. O'MAHONEY. I know the Chair has been announcing that, but some of us have been claiming the attention of the Chair and have been proposing amendments. I think the opportunity really has not been presented for the Senate to determine——

Mr. HARRISON. Does the Senator want to offer an amendment?

Mr. O'MAHONEY. I have sought to have an opportunity to make some inquiry of the chairman of the committee with respect to the effect of the carry-over provisions. It is obvious, as we all know, that this is a very complicated bill, a bill which is difficult to understand, a measure which is written in the language of the tax experts, and not in the ordinary language of laymen or Senators or lawyers. It is difficult for us to follow it all. There is page after page of the bill which I doubt if any Member would find it easy to examine. I do not feel that the opportunity of some of us to examine the bill should be foreclosed merely upon the announcement by the Chair, "Without objection, the door is closed."

The PRESIDING OFFICER. Will the Senator from Wyoming permit the Chair to make a statement? The Chair has called the attention of Senators more than once to this very condition, and just now made the announcement, and waited in order that Senators could be heard. The Chair has no desire to be arbitrary.

Mr. O'MAHONEY. Of course, I understand that.

The PRESIDING OFFICER. If any Senator desires to offer an amendment, the Chair is willing to entertain it.

Mr. O'MAHONEY. I know perfectly well that the Chair has no desire to be arbitrary.

The PRESIDING OFFICER. The parliamentary situation is as the Chair stated.

Mr. O'MAHONEY. But my point is that the announcement of the Chair was made while Members of the body were trying to claim the attention of the Chair.

Mr. CONNALLY. A parliamentary inquiry.

Mr. O'MAHONEY. If the Senator from Texas will be good enough to pardon me for a moment, my understanding is that if the Chair wishes to close off debate it becomes necessary to say to the Senate, "Is there any objection?" In this case the statement merely was, "Without objection, the amendment is agreed to."

The PRESIDING OFFICER. Does the Senator object?

Mr. O'MAHONEY. I certainly object at this time to the foreclosure of debate and examination of this amendment, because it may be that I shall desire to offer an amendment to it.

Mr. LA FOLLETTE. In order to save time, I ask unanimous consent that the vote by which the committee amendment, as amended, was agreed to be reconsidered. We will spend an hour here debating the question whether or not it is still open.

Mr. CONNALLY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. Are there any other amendments to the committee amendment pending or lying on the desk?

Mr. KING. I have an amendment to the committee amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the vote by which the committee amendment, as amended, was agreed to is reconsidered. The committee amendment as amended is open to amendment.

Mr. HARRISON. May I ask the Senator from Wyoming whether there is something he wants to offer in the nature of an amendment, or does he simply wish to ask a question?

Mr. O'MAHONEY. I should like to ask a question.

Mr. HARRISON. I do not know whether I can answer the question or not, but I shall try.

Mr. O'MAHONEY. I desire to ask the chairman of the Finance Committee to what extent the bill, as it has been reported, affects the carry-over provisions of the pending law with respect to corporations which are engaged, let us say, in agricultural pursuits—livestock corporations, for example.

Mr. HARRISON. The only part of the bill where the carryover provision is effective is in the provision which applies to the seasonal canning business, the vegetable, fruit, and fish businesses. Quite a strong argument was made before the committee by a representative of those interests. We sought to take care of it through the general relief provisions which we have written into the law, but the experts said the provision could not be drafted quickly to apply in the general relief provisions. Then they said they thought the provision we made would correct the situation, and we have sought to help them through giving them a 1-year carry-over.

Mr. O'MAHONEY. That deals with what particular industry?

Mr. HARRISON. That deals with the seasonal canning business, and pertains to vegetables, fruits, and fish, and that one exception, a provision covering that industry, was put in the bill. We would much rather have preferred to put it in under the general relief provisions where so many other items are carried.

Mr. O'MAHONEY. May I ask the Senator whether the bill makes any change in the present law with respect to carryovers? Does the bill as it has been reported by the committee make any change in the present law with respect to carryovers upon normal income?

Mr. HARRISON. It does not.

Mr. O'MAHONEY. So that the carry-over provisions of this measure refer exclusively to excess profits?

Mr. HARRISON. Absolutely, and only for 2 years. That pertains only to this one industry.

Mr. O'MAHONEY. Of course, it is obvious that if we are bringing to pass an excess-profits tax we are dealing with abnormal profits under abnormal provisions, but I wanted to be sure that there was nothing in the bill which would adversely affect the normal activities of normal businesses which are not likely to gain any excess profits because of the condition in which the country finds itself.

Mr. HARRISON. The Senator has that assurance.

Mr. O'MAHONEY. I thank the Senator.

Mr. KING. Mr. President, before offering the amendments which I propose to offer, I wish to invite the attention of the Senate to the effect of the amendments, and to the imperative necessity for such amendments.

The House bill and the committee amendment permit the taxpayer to elect either the average-earnings method or the invested-capital method of computing its taxes for any taxable year. This is not satisfactory, because the election must be exercised on the taxpayer's return, at a time when the taxpayer is not in a position to estimate with reasonable accuracy the consequences of the election.

While taxpayers will undoubtedly elect the method which at the time of the return appears to produce the lesser tax on the basis of the computations which can then be made, future developments may drastically change the result. For example, after the return has been filed changes may be made by the Commissioner, the Board of Tax Appeals, or the courts, in base-period income, taxable-year income, or invested capital, which will make the basis elected by the taxpayer less favorable than the alternative method.

Much injustice and hardship will be obviated if the taxpayer is not foreclosed by a previous election, but is allowed to pay the lesser tax. The proposed amendment will accomplish this result.

I will very frankly say that the bill requires some amendment. One of the experts has said that such an amendment would require considerable eliminations and additions to the bill. I do not agree with him in that respect. I think the three or four amendments which I shall offer would accomplish the result.

I shall read the amendments which I offer to the committee amendment.

On page 95, in the committee amendment, I propose to strike out, beginning with the comma at the end of line 17, through the parenthetical expression ending in line 22, and to insert:

Be an amount computed under section 713 or section 714, whichever results in the lesser tax under this subchapter. (For rule in case of certain reorganizations of corporations not qualified under the preceding sentence, see sec. 741.)

That is the first amendment. The same principle is applied in the next two amendments, which I shall read.

On page 96, in the committee amendment, I propose to strike out beginning with the comma in line 12, through the period in line 14, and to insert:

Be an amount computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

The PRESIDING OFFICER. Is the Senator offering all his proposed amendments as one amendment?

Mr. KING. Yes.

The next amendment, which is a companion to the other two, is on page 124, line 22, in the committee amendment, to strike out section 741 and to insert:

SEC. 741. Computation of credit.

In addition to the corporations whose excess-profits credit may, under section 712 (a), be computed under section 713 or section 714, whichever results in the lesser tax under this subchapter, the excess-profits credit of a taxpayer which is an acquiring corporation which was in existence on the date of the beginning of its base period shall similarly be computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

The next companion amendment which I offer is on page 125, in the committee amendment, to strike out all after the comma in line 7, through the comma in line 9, and to insert:

Or which is entitled under section 741 to have its excess-profits credit computed under section 713 or section 714, whichever results in the lesser tax under this subchapter.

I have had the proposed amendments examined by an expert, and he states that they all relate to the same subject matter. All they do is to extend the period of election beyond the period of 1 year, so that the taxpayer may choose the lesser tax.

Mr. LA FOLLETTE. Mr. President, before these amendments are voted upon, let me say that it is very difficult to follow them as they are read from the floor; but, if I correctly understand them, this is the picture:

The bill starts by giving every corporation in the United States a "heads they win, tails the Treasury loses" choice between the base-period method and the invested-capital method. If I correctly understand the amendments offered by the Senator from Utah, they mean that a corporation does not have to elect; that it may file a return on the 15th of March under whatever method it believes is favorable to it; and that if for any reason at all—through any change, or anything which happens in the next year—it develops that the 1940 liability for excess-profits tax would have been less under the method which it did not elect, it may then claim the privilege of the choice which it did not take and pay the lesser tax.

It seems to me that the amendment would result in delaying the collection of the tax, because corporations might come along 6 months after the 15th of March and say, "We would pay less tax under the choice we did not take, and therefore we are entitled to pay the lesser tax." If the tax should be paid in advance, the corporation would demand a refund. Such amendments would add confusion worse confounded to a bill which is already in such a state of confusion that it will be the worst headache the administrative branch of the Government ever had.

Mr. KING. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I have concluded.

Mr. KING. Mr. President, I do not wish to modify the criticism which the Senator has made against some of the rather inexplicable provisions of the bill. However, the amendments, which I have suggested at the instance of a number of taxpayers, grow out of the fact that when they pay their tax they pay it on the construction or interpretation which has been placed upon the law by the Department. Perhaps a year later, after the tax has been paid, and after the taxpayer has exercised his judgment and followed all the information which he could obtain from the Department, the court will have ruled differently, or the Department will have changed its rulings. The taxpayer pays his tax according to the rulings of the Department today. A year from now the rulings may be different, and he may be entitled to a lesser tax. The only question is whether or not we shall hold open the final settlement beyond the period of a year.

If the taxpayer were at fault, then I should entirely agree with the criticism which the Senator from Wisconsin levels against the amendments. However, if the taxpayer follows the procedure of the Department and pays the tax according to the rule of thumb of that day, and a year or two later the courts reverse the ruling, or the Department changes it, or the Commissioner promulgates a different ruling, and the taxpayer is not at fault, the amendments simply provide that the taxpayer may avail himself of the advantages of the changed rulings, just as he would be subjected to the disadvantages of a new ruling.

I have no interest in the matter, but I can see how many injustices might arise. When we give the taxpayer the election to pay the lesser amount, and he pays it, and then the court overturns the ruling, or the Department changes its ruling, he is faced with the problem of making a different settlement.

Mr. President, I do not care to add anything further. The question is whether or not the taxpayer, after he has done all he can, may avail himself of the provision of the bill which permits him to pay the lesser tax.

Mr. LA FOLLETTE. Mr. President, I merely wish to say that nothing the Senator from Utah has said—with all due deference to him—has changed my view of the effect of the

amendments. The returns would be held open for a year beyond the taxable year, and a tremendous number of claims could be made for assessment of the tax on a different basis than the one which the taxpayer elected. It seems to me that the collection of revenue would be delayed, and that great confusion would be added.

Mr. KING. If the taxpayer is at fault, I am sure the Senator's position is correct; but if the taxpayer is not at fault, it seems to me he ought not to be denied the right which the law gives him.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the committee amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment, as amended.

Mr. GEORGE. Mr. President, at my suggestion a few moments ago an amendment was made after line 24 on page 109. That amendment was agreed to. I desire to substitute for that amendment an amendment to the same general effect and to insert it at another place in the bill, and then to ask unanimous consent to withdraw the amendment which has already been agreed to.

The PRESIDING OFFICER. Without objection, the amendment heretofore agreed to is reconsidered; and without objection, it is withdrawn.

Mr. GEORGE. I ask that the amendment I now send to the desk be inserted at the place indicated.

Mr. LA FOLLETTE. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. After line 20, page 111, it is proposed to add a new section, as follows:

SEC. 721½. The Commissioner shall also have authority to make any adjustments which abnormally affect income or capital, and his decision shall be subject to review by the United States Board of Tax Appeals.

Mr. GEORGE. Mr. President, I will say in connection with this amendment what I said with respect to the other one. It is intended to supplement the relief provisions of section 721, and, inasmuch as there is a question whether any additional relief could be provided in conference, I have offered this amendment so that there may be open to further consideration this relief section in the event the conferees desire to do so and find it to be advisable.

Mr. LA FOLLETTE. Mr. President, I understand the purpose of the Senator's amendment and his desire to have it in conference, but it seems to me that having provided a carry-over provision for the mining companies and canners, taken together with the relief section which is already in the bill this amendment would only have the result of making the excess-profits tax which is proposed to be levied by this bill less likely to yield revenue.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Georgia [Mr. GEORGE] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and it was signed by the President pro tempore.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. BROWN. Mr. President, I offer the amendment which is on the clerk's desk, and I desire to modify the amendment in two particulars before it is read.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Texas?

Mr. BROWN. I yield.

Mr. CONNALLY. I inquire if this is the Senator's bond-tax amendment?

Mr. BROWN. It is.

Mr. CONNALLY. I thought I had the floor to offer my amendment.

The PRESIDING OFFICER. The Senator from Texas did have the floor——

Mr. CONNALLY. I yielded to other Senators.

The PRESIDING OFFICER. The Senator from Texas yielded to several other Senators, and when the last business was finished the Chair did not observe the Senator from Texas requesting recognition, but the Senator from Michigan did so, and the Chair recognized him.

Mr. BROWN. I will endeavor to be as brief as possible, I will say to the Senator from Texas, particularly, if he will vote for my amendment.

Mr. CONNALLY. I will not do that, I will say to the Senator.

Mr. BROWN. I desire to modify the amendment by adding after the name "Mr. CLARK of Missouri" in the caption the name of Mr. BYRD as one of those offering the amendment. I also desire to amend in line 1, after "Title VI," by striking out "tax-exempt securities", and inserting "taxation of public-bond interest".

The PRESIDING OFFICER. The amendment will be modified as suggested by the Senator from Michigan.

Mr. BROWN. Mr. President, may we dispense with the reading of the amendment? It is 13 pages long, and I think I can readily explain what is in it; or is it necessary that the amendment be read?

The PRESIDING OFFICER. Does the Senator from Michigan ask if it is necessary to have the amendment read?

Mr. BROWN. Yes.

The PRESIDING OFFICER. The Senator may ask unanimous consent that the reading be dispensed with and that the amendment be printed in the RECORD.

Mr. BROWN. I ask unanimous consent that the reading of the amendment may be dispensed with and that it may be printed in the RECORD.

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Without objection, it is so ordered.

The amendment offered by Mr. BROWN (for himself, Mr. CLARK of Missouri, Mr. BYRD, Mr. LEE, and Mr. MILLER) is as follows:

At the end of the bill insert the following new title:

"TITLE VI—TAXATION OF PUBLIC BOND INTEREST

"SEC. 601. This title may be cited as the 'Public Bond Tax Act of 1940.'

"SEC. 602. Section 22 (b) (4) of the Internal Revenue Code is amended to read as follows:

"'(4) Tax-free interest: To the extent provided in section 116 (b), interest upon obligations issued by (A) a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing; or (B) a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or (C) the United States or any of its possessions. Every person owning any of the obligations enumerated in clause (A), (B), or (C) shall, in the return required by this chapter, submit a statement showing the number and amount of such obligations owned by him and the income received therefrom, in such form and with such information as the Commissioner may require.'

"SEC. 603. Sections 25 (a) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"'(1) Interest on United States obligations: The amount received as interest upon an obligation of the United States if such interest is included in gross income under section 22, and if under the act authorizing the issue of such obligations, as amended and supplemented (including the amendatory and supplementary provisions of sec. 605 of the Public Bond Tax Act of 1940), such interest is exempt from normal tax.

"'(2) Interest on obligations of instrumentalities of the United States: The amount received as interest upon an obligation of a corporation organized under act of Congress, if (A) such corporation is an instrumentality of the United States; and (B) such interest is included in gross income under section 22; and (C) under the act authorizing the issue of such obligation, as amended and supplemented (including the amendatory and supplementary provisions of sec. 605 of the Public Bond Tax Act of 1940), such interest is exempt from normal tax.'

"SEC. 604. Section 116 of the Internal Revenue Code is amended by inserting after subsection (a) a new subsection to read as follows:

"'(b) Tax-free interest: Interest upon obligations issued before February 1, 1941, by a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing; or by a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or by the United States or any of its possessions. In the case of obligations of the United States issued after September 1, 1917 (other than postal-savings certificates of deposit), and in the case of obligations of a corporation organized under act of Congress the interest shall be exempt only if and to the extent provided in the respective acts authorizing the issue thereof, as amended and supplemented (including the amendatory and supplementary provisions of section 605 of the Public Bond Tax Act of 1940), and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this chapter. For the purposes of this subsection:

"'(1) In determining whether an obligation is issued after January 31, 1941, and whether an obligation is issued after the date of enactment of the Public Bond Tax Act of 1940 (hereinafter called "enactment date"), it shall in either case be considered to be issued after such date, if any part of the payment therefor is received by the obligor after such date, or delivery thereof is made by the obligor after such date.

"'(2) Obligations which merely replace lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denominations, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, shall be treated as if they were the obligations replaced.

"'(3) (A) If the terms of an obligation issued before February 1, 1941, the maturity of which on enactment date is later than January 31, 1941, are, after enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall (as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later) be considered as issued after such later date.

"'(B) In the case of an obligation issued after the enactment date and before February 1, 1941, such obligation shall (as to interest accruing for any period after January 31, 1941) be considered as issued after January 31, 1941, if any part of the proceeds of the issue of which the obligation is a part, or if any obligation of the issue, is devoted to the retirement or refunding of an obligation the maturity of which on enactment date was later than July 31, 1941. For the purposes of this subparagraph, July 31, 1941, shall be considered the maturity, on enactment date, of an obligation the interest on which ceases to run before August 1, 1941, by reason of such obligation being called for redemption in accordance with the terms thereof as they existed on enactment date.

"'(4) If an obligation is issued after January 31, 1941 (hereinafter called "refunding obligation"), and if—

"'(A) the issue of which it is a part (hereinafter called "new issue") is issued for the purpose of refunding one or more obligations (hereinafter called "refunded obligations"); and

"'(B) all refunded obligations have the same exemption expiration date, as defined in subparagraph (J); and

"'(C) no obligations, other than those of the new issue, have been issued for the purpose of refunding any of the refunded obligations; and

"'(D) the aggregate principal amount of the new issue is not in excess of the aggregate principal amount of the refunded obligations; and

"'(E) interest on each of the refunded obligations ceases (by reason of such obligation, being called for redemption, in accordance with the terms thereof as they existed on enactment date, or the date of issue, whichever is later) to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run; and

"'(F) interest on each of the refunded obligations, for the period at the end of which it ceases to run by reason of such call for redemption, is considered as interest on an obligation issued before February 1, 1941; and

"'(G) the refunding obligation, in its terms, states the exemption expiration date of, and identifies, the refunded obligations; and

"'(H) the interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had, or would (if such obligation had not been called for redemption) have had for the corresponding period;

then the refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligations, and shall be considered as issued after January 31, 1941, as to the remainder of such interest. For the purposes of this paragraph—

"'(I) several obligations shall be considered as one issue, only if each is identical with all the others in maturity, interest rate, terms and conditions, and recitals, but the fact that the denominations differ, or that some are registered and some in coupon form shall be disregarded.

"'(J) "exemption expiration date" means—

"'(i) with respect to a refunded obligation issued before February 1, 1941, the date of maturity which the obligation had on January 31, 1941;

"'(ii) with respect to a refunded obligation issued after January 31, 1941, the date as of which interest thereon would (if the obligation had not been called for redemption) have ceased to be considered as interest on an obligation issued before February 1, 1941.'"

"SEC. 605. Taxation of obligations of United States and its instrumentalities.

"(a) Consent to State and local taxation: The United States hereby consents to the taxation, under an income tax, of interest upon, and gain from the sale or other disposition of, obligations issued after January 31, 1941, by the United States, any Territory or possession or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, by any duly constituted taxing authority having jurisdiction to tax such interest and gain, if such taxation does not discriminate against such interest or gain because of its source.

"(b) Federal income taxation: Interest upon, and gain from the sale or other disposition of, obligations issued after January 31, 1941, by the United States, any Territory or possession or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under Federal income-tax acts now or hereafter enacted.

(c) For the purposes of this section—

(1) In determining whether an obligation is issued after January 31, 1941, and whether an obligation is issued after the date of the enactment of this act (hereinafter called "enactment date"), it shall in either case be considered to be issued after such date, if any part of the payment therefor is received by the obligor after such date, or delivery thereof is made by the obligor after such date.

(2) Obligations which merely replace lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denominations, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, shall be treated as if they were the obligations replaced.

(3) (A) If the terms of an obligation issued before February 1, 1941, the maturity of which on enactment date is later than January 31, 1941, are, after enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall (as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later) be considered as issued after such later date.

(B) In the case of an obligation issued after enactment date and before February 1, 1941, such obligation shall (as to interest accruing for any period after January 31, 1941) be considered as issued after January 31, 1941, if any part of the proceeds of the issue of which the obligation is a part, or if any obligation of the issue, is devoted to the retirement or refunding of an obligation the maturity of which on enactment date was later than July 31, 1941. For the purposes of this subparagraph, July 31, 1941, shall be considered the maturity, on enactment date, of an obligation the interest on which ceases to run before August 1, 1941, by reason of such obligation being called for redemption in accordance with the terms thereof as they existed on enactment date.

(4) If an obligation is issued after January 31, 1941 (hereinafter called "refunding obligation"), and if—

(A) the issue of which it is a part (hereinafter called "new issue") is issued for the purpose of refunding one or more obligations (hereinafter called "refunded obligations"); and

(B) all refunded obligations have the same exemption expiration date, as defined in subparagraph (J); and

(C) no obligations, other than those of the new issue, have been issued for the purpose of refunding any of the refunded obligations; and

(D) the aggregate principal amount of the new issue is not in excess of the aggregate principal amount of the refunded obligations; and

(E) interest on each of the refunded obligations ceases (by reason of such obligation being called for redemption, in accordance with the terms thereof as they existed on enactment date, or the date of issue, whichever is later), to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run; and

(F) interest on each of the refunded obligations, for the period at the end of which it ceases to run by reason of such call for redemption, is considered as interest on an obligation issued before February 1, 1941; and

(G) the refunding obligation, in its terms, states the exemption expiration date of, and identifies, the refunded obligations; and

(H) the interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had, or would (if such obligation had not been called for redemption) have had, for the corresponding period;

then the refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligations, and shall be considered as issued after January 31, 1941, as to the remainder of such interest. For the purposes of this paragraph—

(I) several obligations shall be considered as one issue, only if each is identical with all the others in maturity, interest rate, terms and conditions, and recitals, but the fact that the denominations differ, or that some are registered and some in coupon form shall be disregarded;

(J) "exemption expiration date" means—

(i) with respect to a refunded obligation issued before February 1, 1941, the date of maturity which the obligation had on January 31, 1941;

(ii) with respect to a refunded obligation issued after January 31, 1941, the date as of which interest thereon would (if the obligation had not been called for redemption) have ceased to be considered as interest on an obligation issued before February 1, 1941.

(d) The provisions of this section shall, with respect to any obligation, be considered as amendatory of, and supplementary to, the respective acts or parts of acts authorizing the issue of such obligation as amended and supplemented.

Mr. LEE. Mr. President, if the Senator will yield, this is a very important matter, and I should like to have a quorum call if the Senator will yield to me to suggest the absence of a quorum.

Mr. BROWN. I should prefer the Senator not do that because I shall make as brief a statement as I can and I am hopeful the amendment may be adopted.

Mr. LEE. Very well.

Mr. BROWN. Mr. President, this amendment is based upon the message of the President of the United States which was submitted to Congress on April 25, 1938. Shortly after that message was received a special committee was designated by the Senate to investigate the subject of the exemption of municipal and State bond interest and Federal bond interest from the provisions of the income-tax laws both of the United States and of the several States. The President in his message urged that that exemption be eliminated once and for all.

The committee held hearings the following February and March. The hearings were extensive. We heard from representatives of the Treasury Department; we heard from many distinguished economists, professors of political economy of the large universities and many colleges of the Nation, and other citizens. The hearings cover over 700 pages. After a full hearing of those who advocated the adoption of the policy which I am advocating here today, we heard from the opposition. I think 40 or more State attorneys general or their representatives appeared. Professor Lutz, of Princeton University, was employed by the representatives of the State to appear before the committee and advocate the position taken by the various States and municipalities. Other citizens appeared.

Your committee reported to the Senate on the subject of a public-salary tax, and, as Senators know, there was written into the tax laws of the United States a complete elimination of any form of exemption for public salaries, both those received from the States and municipal governments and those received from the United States itself. Also, as Senators know, we completely eliminated any exemption of the salaries of Federal judges, so that the present occupant of the chair, the Senator from Washington [Mr. SCHWELLENBACH], will have to pay an income tax just as the others of us do when he ascends the bench in the eastern district of Washington.

Your committee, Mr. President, filed a preliminary report on the question now involved 2 days ago. I did not file the final report because the Senator from Vermont [Mr. AUSTIN], who dissents from the views of the majority of the committee, desired to look over the final report before it was filed. However, the substance of the report, without our conclusions, is contained in the CONGRESSIONAL RECORD of day before yesterday. Members of the committee consisting of the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. MILLER], the Senator from Delaware [Mr. TOWNSEND], and myself, forming the majority, believe that there should be no more tax-exempt bonds. The contrary view is held by the junior senator from Nebraska [Mr. BURKE] and the senior Senator from Vermont [Mr. AUSTIN].

Mr. President, I desire briefly, without going into detail, to outline what this amendment proposes to do. I may say that the amendment has the approval of the Treasury Department; I think it is safe to say that it has the approval of the administration. It was drafted by the experts of the Treasury Department, the experts of the Joint Committee on Internal Revenue Taxation, and the experts in the legislative counsel's office.

The amendment would do three things: First, it would prevent any further issue of tax-exempt bonds by the Federal Government. It would prevent any future issue of tax-exempt bonds by any State government or any subdivision of the State governments including municipalities, school districts, and so forth. It would prevent any further issue of tax-exempt bonds on the part of any Federal governmental agency or on the part of any other governmental corporation. There would be no more Federal tax-exempt State or municipal bonds issued if this amendment were written into the law. All would be subject to Federal income taxation.

Second, the amendment would permit full income taxation, on the same basis as other bonds are taxed, by all the States of the Union. In other words, the plan, like the Public Salary Tax Act, is reciprocal in its nature. The Federal Government could tax the income of State bonds and the State governments could tax the income from Federal bonds.

Third, the amendment would permit the refunding of any present outstanding bonds when it is desirable from the standpoint of the municipality, the State, or the bond-issuing authority to do so in order to get a lower rate of interest or better terms, provided the maturity dates of the bonds are not extended by the new issue. That is the only exception made. It was felt that that was in the interest of public economy, and was necessary as a matter of fair treatment of the municipalities and the States involved.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Tennessee.

Mr. McKELLAR. How much revenue is estimated to come from an amendment of this sort?

Mr. BROWN. The question is a difficult one to answer. If we had no tax exemptions, and had had none for 25 years last past, let us say, we should now be receiving somewhere between two hundred and four hundred million dollars per year in taxes as a Federal Government. The Treasury finds it almost impossible to estimate what the State governments would have been receiving from that source. The Senator from Tennessee realizes that the full effect of this amendment will not be felt for many, many years, because there is agreement on the part of all my committee and on the part of all the experts that no attempt should be made to tax presently outstanding bond issues except insofar as they are now taxable and no such tax is proposed here. The Treasury estimates that when the full effect is felt, and we have no outstanding tax-exempt bonds, the annual yield to the Treasury will be close to $400,000,000 if there are outstanding the same number of bonds that are now outstanding. To be fair, it should be stated that there should be deducted from that amount the probable additional cost to the Federal Government and to the State governments by way of a probable higher interest rate than would otherwise be charged.

Mr. CONNALLY. Mr. President——

Mr. BROWN. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator says there are already outstanding many billions of dollars of Federal obligations, and he provides for their refunding. The Federal Government will not be able to pay off those bonds in any considerable amount except over a long period of years. Most of them will have to be refunded.

Mr. BROWN. Yes.

Mr. CONNALLY. When we come to refund them, however, does it not inevitably follow that we shall have to refund them at a higher interest rate than we would have to pay but for this amendment?

Mr. BROWN. I think the Senator is correct in his statement; but the net gain in taxes to the Treasury will be very much greater than the loss due to the higher interest rate.

Mr. CONNALLY. That is a matter of speculation, of course; is it not?

Mr. BROWN. I do not think it is a matter of speculation.

Mr. CONNALLY. When Mr. Mellon was Secretary of the Treasury and was urging this very thing in the form of a constitutional amendment to tax State issues of bonds, he testified in the printed hearings in the House many years ago that if we should tax such securities the increased annual interest rate would be anywhere from one-half of 1 percent

per annum to 1 percent per annum. The difficulty about the matter is that the tax being an indeterminate amount—not being certain, but varying according to the wish of the Congress—the bond buyer has to figure not merely what he is paying at the moment but what he may have to pay in time of emergency or war or any other unusual demand upon the Treasury. Consequently, he figures his interest rate to take care not merely of the present tax rate but of any possible increase in the tax rate, and the poor little taxpayers in the States will pay that increased interest rate, and the Federal Government, if it gets any tax, will get the benefit of the tax. The reciprocal advantage of taxing Federal bonds will not help the agricultural and nonindustrial States very much, because nearly all the Federal bonds which will be taxed by the States will be in New York or Philadelphia or Boston or Chicago.

I thank the Senator for permitting me to interrupt him.

Mr. BROWN. I will say to the Senator from Texas that the increase in the interest rate is estimated by the Treasury Department at from one-quarter of 1 percent to one-half of 1 percent.

Mr. CONNALLY. That is the annual increase; and if the bond issue were out for 40 years, and the increase were one-half of 1 percent, a very large amount of principal outlay would be paid in that period.

Mr. BROWN. Of course, the tax which the State gets and the tax which the Federal Government gets are also annual and will come back.

Mr. CONNALLY. That is true.

Mr. LEE. Mr. President, I wonder if the Senator from Michigan will yield to me to answer that point with a case which has been worked out upon the basis of the testimony of Mr. Hanes, who at that time was in the Treasury Department.

The Government is losing millions in revenue because of these tax exemptions. By taxing incomes which are now exempt, the Government will gain much more in revenues than it will lose on account of increased costs, but, of course, those who favor tax exemption argue that if we do not exempt the bonds from taxation, we must pay higher interest rates in order to sell them and that this increased cost offsets the gain in revenue.

But that is not true, because only those with large incomes are able to purchase bonds, and these large incomes are subject to heavy surtaxes which would return much more in revenues that the additional interest would cost. Mr. Hanes, Assistant Secretary of the Treasury, reported that it would not be necessary to increase the interest rate more than one-half of 1 percent at the most and perhaps as little as one-fourth of 1 percent.

Therefore, I repeat, the Government now loses much more in revenue that it gains in lower interest rates.

Of course, the savings in revenue would differ according to the tax laws of the different States, and also according to the amount of the income of the purchaser; but let us take a specific example.

I ask the attention of the Senator from Texas to what I am about to say.

Mr. CONNALLY. I thank the Senator. I am listening, and I also heard him when he testified before the committee.

Mr. ADAMS. While the Senator is stopping for a moment, may I answer his mathematics?

Mr. LEE. The Senator cannot answer a point until it is made.

Mr. ADAMS. I thought the Senator had made it. I beg his pardon.

Mr. LEE. I will give a specific case.

As stated before, the saving in revenue differs according to the taxes of each State. I took the case of Oklahoma, because I was familiar with conditions in that State.

Suppose a school district in Oklahoma issues $1,000,000 worth of bonds bearing 3-percent interest, and suppose the entire issue is purchased by a man having an income of $500,000. If the bonds are tax exempt, the Government loses each year in income taxes $21,197.77; whereas, if the bonds were taxable, the increased cost in interest charges would average only $3,750 a year, according to the estimates of the Treasury Department. The difference between $21,197.77, which would be the loss in revenue if the bonds were tax exempt, and $3,750, which would be the increased cost if the bonds were not tax exempt, is $17,447.77. In other words, the net loss in revenue on that $1,000,000 issue of tax-exempt bonds is $17,447.77 each year. Then suppose these bonds were issued for 20 years. The total amount of net loss in revenue on that $1,000,000 issue of tax-exempt bonds would be $348,955.40.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. BROWN. I do.

Mr. ADAMS. I merely desire to call attention to a part of the statistics mentioned by the Senator from Oklahoma and the Senator from Michigan; that is, that this amendment might increase by one-half of 1 percent the rate which the Government would have to pay.

Mr. BROWN. From one-quarter of 1 percent to one-half of 1 percent.

Mr. ADAMS. From one-quarter to one-half. I think one-half is nearer correct. The Government is now borrowing money on its short-time paper for less than 1 percent; that is, it is putting out a large part of its short-time paper—not its bonds—at less than 1 percent. It is putting out its bonds at, roughly, 2 percent. The result is that an increase of one-half of 1 percent on the short-time paper would be a 50-percent increase in the Government's interest payments. Upon the Government's bonds it would be a 25-percent increase in interest payments. We are now paying interest of over a billion dollars a year, running up toward a billion and a quarter dollars. If 25 percent is added to that amount and 50 percent on some of it, we shall have an increase in the interest payments of the Federal Government running up to anywhere from $250,000,000 to $400,000,000.

Mr. BROWN. The Senator realizes that the present money market is probably not normal; that the present interest rates are much lower than they ordinarily would be. This estimate was given before the committee 2 years ago. If the estimate were given on the basis of the present-day rates it would be much less, in my judgment, than as stated here.

Mr. LEE. Mr. President, will the Senator further yield?

Mr. BROWN. I yield.

Mr. LEE. I disagree with the able Senator from Colorado on his figures, because to a man with a large income the tax-exempt privilege is worth very much more than the interest. For example—and these figures were taken from the statement of the former Assistant Secretary of the Treasury, Mr. Hanes—to a man with an income of $500,000 a tax-exempt bond bearing 3-percent interest is worth more than a non-tax-exempt bond bearing 10-percent interest; whereas to a man with an income of $5,000 the tax-exempt privilege is worth only one-tenth of 1 percent.

Mr. ADAMS. Has the Senator made his point, so that I may ask him a question?

Mr. LEE. Yes.

Mr. ADAMS. Are not the taxpayers now compelled to pay surtaxes on their interest on Government bonds?

Mr. BROWN. On some of them.

Mr. LEE. Yes; on some of the bonds.

Mr. ADAMS. In other words, the Senator's argument is based on different rates on different persons, while as to the bonds on which they pay surtaxes it does not matter whether the taxpayer be rich or poor.

Mr. LEE. Of course, the Senator knows that the persons who buy Government bonds in any amount at all are those whose incomes are in the higher brackets, so that the tax-exemption privilege is worth more than the interest.

Mr. BROWN. Mr. President, I desire to get on. Does the Senator from Colorado desire to ask another question?

Mr. ADAMS. Merely to make one statement of fact as to those who own Government bonds. There are $18,000,000,000 of Government bonds outstanding, representing one-third of the Government obligations, which are held by the

banks of the country. They represent the investments of the deposits in the banks, and the deposits in the banks come in the main from people of small incomes. That is demonstrated by the fact that according to the statistics from the Federal Deposit Insurance Corporation 98 percent of the accounts of the banks are for amounts less than $5,000, because they are insured. So that it is through the banks that the small investor buys Government bonds.

Mr. BROWN. The exemption laws are such that very little change will be made in regard to the investments of banks. The big change will come in the class of holders where the great bulk of these bonds are held. The chart before me shows that approximately $20,000,000,000 out of a total of perhaps $65,000,000,000 of all tax-exempt securities are held by individuals and, as the Senator from Oklahoma points out, that is where the great evil in this situation lies.

I will take just a few more minutes to finish this subject, and then I hope we will be able to vote.

The advantage of tax exemption to a person with a large income, compared with one with a small income, may be seen by comparing the position of a married man with an income from other sources of $500,000, and a married man with an income of $5,000. I want the Senator from Colorado to hear this. To the man with a net income of $500,000 a 3 percent fully tax-exempt security affords the same income that a corporation bond bearing 10.7 percent interest would afford, if he could get it, which he cannot. That situation is one which appeals to me as being exceedingly unfair.

I shall not extend this argument, but I do say that the existence of tax-exempt securities, Federal, State, and municipal, enables many wealthy people of the country to escape taxation to a very large extent. Only 13 percent of the tax money raised in the United States for all purposes by the Federal Government, State governments, and all their subdivisions is based upon a progressive principle. Eighty-seven percent of our taxes are in the form of consumption taxes, real-estate taxes, and other taxes of that character, in connection with which the income of the taxpayer's ability to pay is not taken into consideration. The present proposal is the first constructive step to be taken since the adoption of the income-tax law principle which will eliminate or tend to eliminate that unfair situation.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. ADAMS. I merely wanted, if the Senator will make it a little clearer, to find out how he reaches the conclusion that a tax-exempt income of 3 percent is the equivalent of a 10-percent return on a corporate bond, that is, the reasoning and the mathematics of it, because I was somewhat startled at the statement.

Mr. BROWN. I will read the testimony before our committee.

Mr. ADAMS. I would rather have the opinion of the Senator than any testimony.

Mr. BROWN. It results in this way in the calculation of the net return which the income-tax payer gets for himself: The rich man with an income of $500,000 a year, owning a 3-percent tax-exempt bond, is better off, because of the income-tax exemption, than he would be if he had a corporation bond which bore 10.71 percent interest. That is the advantage which comes from the possession of a tax-exempt security by a man in the high income-tax brackets as against the man with an income of $5,000, who, of course, is not subject to the higher tax brackets.

Mr. President, I ask that at this point in my remarks, to save the time of the Senate, the general statement which I now send to the desk be printed in the same size type as the remarks I have been making. It is an explanation of the bill, sentence by sentence.

The PRESIDING OFFICER. Without objection, it is so ordered.

GENERAL STATEMENT

Mr. BROWN. This amendment adds a new title VI to the bill dealing with tax-exempt securities. In general, it first amends the Internal Revenue Code so that the income derived from future issues of Federal and State obligations will be taxable in the same manner and to the same extent as other income is taxable under Federal income-tax laws; second, permits the States to tax the income derived from future issues of Federal obligations in the same manner and to the same extent as other income is taxable under the State income-tax law; and third, permits future refunding of outstanding obligations by granting a tax-exemption to the refunding obligations which are issued hereafter similar to the tax exemption now enjoyed by such refunded obligations.

DETAILED EXPLANATION

Section 601 of the amendment contains the short title, "Public Bond Tax Act of 1940."

Section 602 of the amendment amends section 22 (b) (4) of the Internal Revenue Code—relating to exclusions from gross income—to provide that the interest upon obligations issued by a State, Territory, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, or a corporation organized under act of Congress if such a corporation is an instrumentality of the United States, or the United States or any of its possessions, shall be excluded from the computation of gross income but only to the extent provided for in section 116 (b) of such code. The practical result of this amendment, when read in conjunction with the amendment made by section 604, is to include in the computation of gross income interest on such obligations which are issued after January 31, 1941, and by such inclusion to make such interest taxable.

Section 603 of the amendment amends section 25 (a) (1) and (2) of the Internal Revenue Code to provide that interest on United States obligations and on obligations of instrumentalities of the United States which are issued after January 31, 1941, shall not be allowed as a credit against net income for purposes of the normal tax.

Section 604 of the amendment amends section 116 of the Internal Revenue Code by inserting a new subsection to provide that tax-free interest upon the above-mentioned obligations shall include only interest upon such obligations that were issued prior to February 1, 1941. Interest upon such obligations which are issued after January 31, 1941, with the exceptions hereafter noted, will be included in gross income and subject to tax. Assuming that this bill becomes law this month, a period of something over 4 months is allowed in which obligations may be issued the interest on which will be tax-free.

Subparagraph (1) of such section provides that an obligation is to be considered as issued after January 31, 1941, and after the date of enactment of this act, if any part of the payment therefor is received by the obligor after such date or delivery thereof is made by the obligor after such date.

In other words, if either payment or delivery is made after such dates issuance of the obligation shall be deemed to have occurred after such date.

Subparagraph (2) provides for the replacing of lost, mutilated, defaced, or destroyed obligations, or obligations of larger or smaller denomination, and obligations in registered form or with coupons which merely replace obligations with coupons or in registered form, and that such replacing obligations are to be treated as if they were obligations replaced. In other words, continuing the tax exemption that was enjoyed by the lost or mutilated obligations.

Subparagraph (3) (A) of such section provides that if the terms of an obligation issued before February 1, 1941, the maturity of which on the date of enactment of this act is later than January 31, 1941, are, after such enactment date, changed so as to increase the principal amount or interest rate or to extend the maturity, then such obligation shall—as to interest accruing for any period after the date of the change or January 31, 1941, whichever is later—be considered as issued after such later date. This subparagraph is inserted to prevent the refunding of obligations prior to February 1, 1941, and thereby securing a greater tax exemption than was enjoyed by the refunded obligations.

Subparagraph (3) (B) permits bona fide refunding obligations occurring between the date of enactment of this act and February 1, 1941. It continues the tax exemption of refunded obligations where the refunding obligation is issued between such enactment date and February 1, 1941, and the maturity of the refunded obligation is not later than July 31, 1941. For example, if a municipality has called its bonds on December 1, 1939—such bonds having a maturity date of July 30, 1941—the municipality will be authorized under this subparagraph to issue refunding obligations for such matured obligations and such refunding obligations will be tax exempt as if they were an original issue prior to February 1, 1941. If the maturity date of such refunded obligations is later than July 31, 1941, the refunding obligations (as to interest accruing for any period after January 31, 1941) shall be considered as issued after January 31, 1941, and shall be taxable.

Subparagraph (4) of such section applies to refunding obligations issued after January 31, 1941. The interest on such refunding obligations will be tax exempt if the following conditions are met:

First. All refunded obligations have the same exemption expiration date, as defined in subparagraph (J) of this section.

Second. The refunding obligations are the only ones that have been issued for the purpose of refunding any of the refunded obligations and the aggregate principal amount of the refunding issue is not in excess of the aggregate principal amount of the refunded obligations.

Third. Interest on each of the refunded obligations ceases to run upon a date not more than 7 months after the date upon which interest on the refunding obligation begins to run. This relief provision allowing a 7-month period is an arbitrary figure, but which is believed long enough to permit bona fide refunding operations since under the usual terms of such obligations interest ceases to run at the end of 6 months after they are called for redemption.

Fourth. The refunding obligation, in its terms, states the exemption, expiration date of, and identifies, the refunded obligations. This provision is intended to give the Treasury and the purchaser of such refunding obligation a check on its exemption expiration date.

Fifth. The interest rate on the refunding obligations for any period ending on or before the exemption expiration date of the refunded obligations is not higher than the interest rate which any of the refunded obligations had for the corresponding period.

If all of the above conditions are met by a refunding obligation issued after January 31, 1941, such refunding obligation shall be considered as issued before February 1, 1941, as to so much of the interest as accrues for any period ending before or on the exemption expiration date of the refunded obligation, and the interest therefrom shall be tax exempt for such period but such obligation shall be considered as issued after January 31, 1941, as to the remainder of such interest accruing after such exemption expiration date and the interest accruing after such date shall be taxable.

The above provisions of the amendment also permit the issuance of tax-exempt refunding obligations for refunding obligations issued after January 31, 1941. For example, obligations which were issued in 1930 with a maturity date of 1970 could be refunded in 1945 and the interest from such refunding obligations would continue to be tax exempt up to 1970. If, in 1950, to take advantage of lower interest rates it was decided to refund the 1945 refunding obligations, new 1950 refunding obligations could be issued therefor and the interest from such new refunding obligations would continue to be tax exempt until 1970 which was the maturity date of the original obligations. Interest on such refunding obligations which accrued after 1970 would be taxable.

Section 605 of the amendment permits the taxation, under an income tax, of interest upon, and gain from the sale or other disposition of, Federal obligations issued after January 31, 1941, by any duly constituted taxing authority having jurisdiction to tax such interest and gain, if such taxation does not discriminate against such interest or gain because of its source.

Subsection (b) of such section provides that interest upon, and gain from the sale or other disposition of, such obligations shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under Federal income-tax acts now or hereafter enacted.

Subsection (c) of such section provides for the same relief and limitations, with respect to the taxation by the States of interest from such Federal obligations issued after January 31, 1941, as is provided in section 604 of this amendment with respect to Federal taxation on the interest derived from obligations mentioned in such section.

Subsection (d) of such section provides that the provisions of Federal laws authorizing the issuance of such obligations shall be considered as amended and supplemented by the provisions of this section.

Mr. President, I wish to say to the Senate that the constitutional question involved is one which could call for a great deal of discussion. It is my judgment that the recent decisions of the Supreme Court in the Public Salary Tax Act cases indicate clearly that if the amendment shall be adopted and the bill passed, and the matter shall be taken to the courts of the United States, there is little doubt in my opinion that they will uphold the power of Congress to lay a tax upon any form of income from bonds issued by State governments or municipalities. There has never been any doubt about the power of the Government to tax the income from its own bonds.

I have here what I consider to be a fairly thorough analysis of the constitutional side of the question, but I know the chairman of the Committee on Finance is anxious to have the tax bill disposed of, and unless the constitutionality shall be challenged by Senators on the floor I do not intend to go into that question. If the constitutionality is challenged, I will answer. I dislike to take the time of the Senate to discuss the legal questions unless the constitutionality is assaulted.

I may say that it is the view of a majority of our committee that Congress may pass such legislation, and that there will be no successful challenge by any taxpayer in the Supreme Court of the United States on constitutional grounds.

Mr. BYRD. Mr. President, I have no desire or purpose to prolong the discussion, but as a member of the special committee which had under consideration the proposed legislation, I very heartily endorse the admirable presentation made by the Senator from Michigan [Mr. BROWN], and take this occasion to say that I favor most heartily the taxation of securities which are now tax exempt.

I wish to take this occasion to make some comment with respect to the pending tax bill. I desire to call attention to what seems to me to be the utter inadequacy of our financial program to meet the demands of the crisis now confronting the country. The pending bill is the second new tax bill of this year. It will produce for the next year approximately $300,000,000. The first tax bill, known as the national-defense tax, will yield $700,000,000, making the estimated receipts from all new taxes adopted since the beginning of the present crisis, $1,000,000,000. The total tax receipts from all sources, incuding the new taxes, for the coming year are estimated to be $6,600,000,000.

At this session of Congress we have either appropriated or authorized for national defense the sum of approximately $16,000,000,000. In addition, $7,000,000,000 has been appropriated for the regular expenses of government and for Departments not connected with national defense.

Another substantial additional obligation has also been incurred by the Government in giving new authority to various Government corporations to issue new bonds guaranteed in full by the Federal Government. Such expenditures made by various Government corporations are not included either in the Budget or the direct public indebtedness.

An appropriation bill is still pending for $1,700,000,000 for the financing of the law calling for universal military training and for other purposes.

It is possible and probable that other appropriations will be made before the present fiscal year expires on July 1, 1941. I think it is therefore reasonable to assume that this session of Congress will directly obligate the Federal Government, either by appropriations or authorizations, to the amount of at least $25,000,000,000, and this is exclusive of obligations issued by the Government corporations, and guaranteed by the United States Treasury. All of this will not be expended in the current year, but the authorization continues valid. It is impossible to estimate at this time how much of such obligations will be expended in the current fiscal year. This will depend, of course, upon the speed with which the appropriations and authorizations for national defense are actually expended.

If the war crisis increases in intensity, as now appears likely, and our defense program is still further speeded up, it is conservative, I think, to estimate that the cash expenditures during the current fiscal year will exceed $15,000,000,000, and against this, including proceeds of the pending bill, the tax revenue will be approximately $6,600,000,000, leaving a deficit of at least eight billions and perhaps more, by far the largest in peacetime history, and approaching the deficit in the first year of the last World War.

Notwithstanding the imperative need of spending colossal sums for national defense, no effort has been made, either by Congress or the administration, to reduce nondefense spending, to eliminate waste and extravagance now existing in governmental expenditures. In fact, many of the nondefense departments have actually increased their expenditures for the current year above last year. The Senate rendered inoperative and defeated an amendment nearly unanimously reported by the Senate Finance Committee, and offered by me, to reduce nondefense spending to the extent of 10 percent, and to divert the funds thus saved to national defense. This would have saved approximately $500,000,000 annually. It should be recalled too that the present relief expenditures will be exhausted on March 1, and a new appropriation then will be necessary.

The Government of the United States has only three ways to finance the great expenditures now confronting us. The first and most logical is to reduce to the utmost degree nondefense spending not essential to our defense program and eliminate extravagance. This was rejected. The second is to increase taxation. After weeks of study the net result is that only $1,000,000,000 in new taxes will be derived by tax legislation passed by the Congress. It is very significant that even with the increases in taxation, the total revenue of the Federal Government will not be sufficient to pay for purely nondefense spending—that is to say, after every item of national defense is eliminated by the Federal Government, such nondefense expenditures will be approximately $7,000,000,000, while the revenue with increased taxation will be $6,600,000,000, leaving a shortage of nearly one-half billion dollars in the payment of the ordinary and strictly peacetime expenditures of our Government. This means that every dollar of national-defense spending is being added to the public debt, notwithstanding the fact that the public and the taxpayers have been informed that the emergency taxation enacted at the present session of Congress was for the purpose of financing national defense. This startling picture of the inadequacy of our financial program should deeply concern every thoughtful person in America. No sensible person can blind himself to the fact that for many years to come this Nation is facing colossal expenditures for national defense. Many of such expenditures, such as maintenance of the greatly increased Army and Navy, will be constant and recurring from year to year. The war equipment purchased now may be soon out of date, requiring new expenditures for such equipment.

As I see it, the imperative need confronting our country is to adopt a financial preparedness program which will be adequate to pay, at least in part, for our defense expenditures, and prevent the inevitable bankruptcy which will follow if the present haphazard and loose fiscal policies are continued.

I will support the amendment offered by the special committee on the taxation of tax-exempt securities, headed by the Senator from Michigan [Mr. BROWN], and of which I am a member. I have long believed that all future issues of hitherto tax-exempt securities should bear a proportionate share of the public burden of taxation. This is no time to continue to exempt from taxation any substantial class of our citizens when others are being called upon to make supreme sacrifices for the national security.

I introduced 7 years ago an amendment to the Constitution providing for the taxation of tax-exempt salaries and tax-exempt securities. Tax-exempt salaries have already been taxed.

The pending amendment provides for the taxation of future issues of hitherto tax-exempt securities, and this should be promptly enacted. It will equalize the taxation burden and prevent the exemption from taxation of those who are favored by the ownership of tax-exempt securities, and at the same time will add substantially as the years go on to the revenue of the Government. The total of all tax-exempt securities, either completely or partially exempt from Federal taxation, amounts to upward of $66,000,000,000.

Realizing as I do the inadequacy of the pending tax bill, I will cast my vote for it. We should know, however, that this is simply another patch added to the crazy quilt of Federal taxation. It will yield only enough next year to pay the cost of three battleships.

I am voting, Mr. President, for this legislation because I feel that the need of additional revenue is imperative. I, of course, desire to see this revenue raised without unnecessary hardship on the taxpayers. The sooner, however, the Congress and the country realize that a businesslike and sensible revision of the tax system must be effected, the better prepared we will be to prevent a collapse of our financial system, which is inevitable unless our fiscal policies are reformed and the operation of the Government placed on a sounder business basis.

I wish to pay my tribute and express my appreciation to the chairman of the Senate Finance Committee [Mr. HARRISON] for his patience and ability in conducting the hearings and in the consideration of this measure. The bill, as imperfect as it is, may have been much worse except for his wise and efficient leadership.

Mr. CONNALLY. Mr. President, I shall not detain the Senate by discussing the amendment at any length. I expect there will probably be no yea-and-nay vote on it.

Mr. ADAMS. Mr. President, I wish to say to the Senator from Texas that perhaps he is in error in his assumption that there will be no yea-and-nay vote on the amendment if its adoption shall be insisted on.

Mr. CONNALLY. Perhaps it is only my speculation that there will not be a yea-and-nay vote. In any event, I wish the RECORD to show that I am opposed to the amendment offered by my distinguished and esteemed friend the junior Senator from Michigan. In the first place, the Federal Government now has and has always had the constitutional power to tax any of its own securities. The Treasury Department, so the Senator from Michigan says, favors this measure. Yet the Treasury Department, on each occasion when it issues bonds, asks the Congress to allow it to issue the bonds tax-free, except with respect to surtaxes.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BROWN. The Senator will recall that Mr. Morgenthau came before the Finance Committee and stated that none of the bonds issued to finance the defense program would be tax exempt; that they would be taxable.

Mr. CONNALLY. So far as he is concerned; yes; but the Congress will have the final determination.

Mr. BROWN. He is the officer to determine it.

Mr. CONNALLY. Yes; that is true; but here we are, facing an emergency, and the first thing we do is to tax our own credit and make it more difficult to borrow money, and

everyone, even the Senator from Michigan, admits that we will have to pay a higher rate of interest.

However, what I rose to say is that I shall not vote for any bill which gives the Federal Government power to tax State, county, and municipal bonds. The Senator from Oklahoma presented a classic case from the testimony of Mr. Hanes in which he showed that a little school district in Oklahoma which issued a certain amount of bonds, would have to pay only $3,000 additional interest annually. It is said that, while the school district would have to pay that additional amount, it could tax Federal bonds.

The taxpayers of the little local school district will be hard pressed and hard put to meet expenditures for their school district. How many Federal bonds will be found in that school district for them to tax in order to recoup the $3,000 they would have to pay because of increased interest?

The Senator from Oklahoma himself said that no one but the rich—men with $500,000 incomes—will buy these bonds. How many $500,000 incomes will there be in his little country school district, which would have to pay $3,000 more each year in increased interest rates and perhaps not get back a cent?

Mr. President, I do not conceive that the Congress has the constitutional power to tax the States, to tax their credit, or to tax their subdivisions, counties, or municipalities. Therefore I am bitterly opposed to that portion of the amendment which seeks to levy taxes upon the securities and evidences of credit of States and municipalities and counties.

I could make and have heretofore made rather extensive arguments on the constitutional aspects of the bill, but I shall not undertake to do that at this time. It is not only unconstitutional, but it is the most unsound theory that has been evolved in politics for many years. If the Senator will bear with me for one more moment, I shall be through. Years ago, when Mr. Andrew W. Mellon was Secretary of the Treasury, he urged Congress to enact a constitutional amendment to tax Federal, State, and county bonds. Mr. Mellon testified in a hearing held by a House committee that to tax them would raise the interest rate from one-half of 1 percent to probably 1 percent annually. He also testified as to the income which the Federal Government would receive. In the discussion of that measure in the House of Representatives I took pains to go back and get the Government records during the World War, with respect to the issuance of Federal obligations, and what did they reveal? They revealed that we issued the first war bonds in 1917. They were 3½-percent tax-free bonds. They were free of all Federal taxes. Later on we issued 4¼-percent bonds and 4½-percent bonds and 4¾-percent bonds which were subject to surtax.

I went back and found out how much interest the Government had paid on the issues carrying the high rates. The reason why they had to carry the high rates was that they were subject to surtaxes. I found that the Federal Government had paid out in increased interest rates, over 3½ percent, more than $100,000,000 annually.

How much tax did the Government get back? I had the Treasury give me the figures as to the amount of tax realized; and the Government got back $25,000,000. It cost the Federal Government $100,000,000 in increased interest rates, and it got back $25,000,000.

What is the further answer to this question? It is said that tax-exempt bonds are owned by men of very large incomes. Most of the Federal bonds now outstanding are subject to surtax rates, and we already capture this income in the hands of the large taxpayer in the higher brackets with higher rates in the higher brackets.

Where are these bonds owned? The bulk of the bonds are not owned by persons in the higher brackets. As the Senator from Colorado pointed out, they are owned by insurance companies, banks, fiduciaries, trust companies, and foundations. Do those institutions pay any surtax? They do not. They pay a flat corporation tax; and by putting surtaxes on the bonds we shall not realize a single cent of increased revenue from those sources. Yet in the meantime we shall have increased the interest rate, because if the ordinary taxpayer buys any bonds at all he will require an increase in the interest rate. So we shall not get the revenue we think we shall get. On the other hand, we shall add to the interest rate not only of the Federal Government but of every State, every county, and every municipality in the Nation.

It is said, "We will levy on State bonds, but we will grant reciprocity. We will let the States tax Federal bonds." Where are the Federal bonds? Are they down in the little school district in Oklahoma? They are in Philadelphia, New York, Chicago, and Boston. The States in which those cities are located will receive the benefits of whatever reciprocity there is in the bill. The undeveloped regions and the agricultural sections of the Nation which have not already built their schoolhouses, their roads, and their courthouses will be penalized. The older-settled communities will receive the benefit of the taxes, and the undeveloped sections of the country will pay an increased interest rate, with scarcely any return at all.

Mr. President, I shall not elaborate these views. I have held them for years. I know it is unpopular to say that one is opposed to doing away with tax-exempt securities. That is a very fine political shibboleth for those who do not understand the question. Mr. Alexander Hamilton—I do not ordinarily quote Mr. Alexander Hamilton—in his famous report on manufactures gave the best answer, and the fundamental answer, to this question. Mr. Alexander Hamilton said that no nation can afford to tax its own securities, its own power to raise money, and its own power to finance itself in time of war, or in any other great emergency or crisis. When we tax the income from the Government's own securities we are taxing the Government itself, except that we shall never get back in taxes as much as we pay out in increased interest rates. Let me tell the Senate why.

The amount of the tax is indeterminate. We do not know what it will be. It will be what Congress says it will be, or what the States say it will be. If the man who is contemplating the purchase of a bond knows that the tax is to be 10 cents, he can figure accordingly, and add the 10 cents. However, if he knows that it will bear a tax of 10 cents this year, but that next year it may bear a tax of 25 cents, inevitably in his calculations he will add a margin of safety to take care of the possibility that the rates may be increased. The result is that the interest rate is vastly increased above any possible return in the form of taxes.

Mr. President, I apologize to the Senate; but those are my views in rough outline. I wish I had the time and the opportunity to elaborate them. I should like to quote from court decisions. I should like to go back and quote from some of the hearings which have been held on the bill.

I believe that the amendment is unsound; and, believing that it is unsound, I must vote against it.

Mr. LEE obtained the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. HARRISON. I am deterred from saying what I was about to say, so we shall not be able to finish consideration of the bill tonight, which I had hoped we could do. There is some opposition to the course which I was about to take in the interest of expediting the legislation.

I was about to say that we all realize the importance of getting this legislation on the statute books. The House has not presented this amendment to us. I have no idea how the House conferees would stand on the bill if the amendment should be agreed to, but I had thought that the best piece of strategy, if it should meet with the approval of the Senate, would be to permit the amendment to go to conference. I am perfectly willing to do so, but if other Senators desire to call for a yea-and-nay vote, they have a right to do so, of course. May we have a voice vote on this question?

Mr. ADAMS. No.

Mr. HARRISON. The Senator would not be willing to have the amendment go to conference?

Mr. ADAMS. No. I wish to make a few observations when the Senator from Oklahoma shall have concluded.

Mr. HARRISON. Mr. President, I think that is all I can say for the present. I thank the Senator from Oklahoma.

Mr. LEE. Mr. President, if a farmer does not have enough money to pay the ad valorem tax on his farm for 1 year, 2 years, 3 years, or 4 years, his farm is taken away from him. But a man holding enough tax-exempt bonds might have an income of $500,000 a year, and he would not be required to pay one thin dime of tax. To my mind that is not quite fair. I have always looked upon exemption as a special privilege to a special class. Who benefits by exemption from taxation on a bond? Does a man with an income of $5,000 benefit? Whoever heard of a man with only $5,000 being able to own any bonds? Perhaps he owns a few baby bonds, or savings stamps, but the exemption privilege means nothing to him. Exemption means a special privilege to a special group. To a man with an income of $500,000, the tax-exempt privilege on a 3-percent bond is worth more than 7-percent interest on the bond, according to Mr. Hanes, former Under Secretary of the Treasury.

Reference has been made to the little school district in Oklahoma. On a bond issue of $1,000,000, running for 20 years, the Government would recover $385,955.40 more than it would lose in increased interest rates.

In my State, if a man has an income of $5,000, he must pay an income tax of $146.22 if the income is from some other source than tax-exempt bonds. Suppose he is a storekeeper and he makes $5,000 a year. He must pay a total income tax of $146.22. But if he has $5,000 income from tax-exempt securities he does not pay a thin dime. Is that right? Is it fair? Is not that a special privilege?

Why is tax exemption worth so much to a man with an income of $500,000? It is because any additional income he receives is thrust in the upper brackets, which puts him in the surtax brackets. The surtax is so heavy that he would rather have a tax-exempt bond at 3-percent interest than a taxable bond at 10-percent interest.

How much is the exemption privilege worth? To a man with an income of $5,000 it is worth one-tenth of 1 percent, and no more, says Mr. Hanes. So we have a two-price system, in a sense. For the rich man we have the equivalent of a 10-percent bond. For the poor man we have the equivalent of a 3-percent bond.

Exemption means special privilege to a special class, and I am "agin" it.

A married man living in Oklahoma, if he has an income of $10,000 from renting apartment houses, after paying the ad valorem taxes, after paying the paving taxes, pays an income tax of $737.85; but if he has an income of $10,000 derived from tax-exempt bonds he pays not a thin dime in income taxes. Is that right? There are some men in Oklahoma, courageous, daring, fellows who will take a chance sometimes to lose and sometimes to gain in the oil game. I refer to the oil men of Oklahoma. If a married man engaged in the oil business, after he pays all his property taxes, has an income of $50,000 derived from the oil business, he pays an income tax of $11,132.41; but if he has a $50,000 income derived from tax-exempt securities he does not pay a thin dime. Is that right? Is that fair?

The Federal Government is losing literally millions of dollars of revenue because of this bond exemption. Today we have altogether in tax-exempt securities in the United States, on which the Government is not realizing the full tax that it could, a total of between sixty billion and sixty-six billion dollars of wealth. According to the economists, we have in this country only $350,000,000,000 of wealth. Take from that sum from $60,000,000,000 to $66,000,000,000 of wealth which the Government cannot reach, which belongs to the richest class, who ought to be paying the most on a graduated income-tax basis, and we can understand why it is necessary to put an extra heavy burden on the poor man.

Not only that, Mr. President, but this tax-exemption privilege is throttling business in two ways. First, it is an incentive for capital to stay in the banks, which are now literally bursting with money. It cannot be forced into circulation because it is not taxed in the banks; it is earning an income and happily sleeping there, no matter how many businesses want to start. Suppose a man desires to start a business and wants some capital. He has to go out on the bond market in competition with tax-exempt securities; he would have to sell securities that are taxable, which would make an additional burden on business, expansion, and operation. Therefore, it is unfair, it is economically unsound.

I have seen more than one home owner lose his home because it was taxed from under him when he did not have an income. The home was not furnishing an income, and he lost it because he could not pay the taxes on it. I have seen others drawing income merely by clipping coupons; the only labor they do in a year is merely clipping coupons from tax-exempt securities.

Mr. President, it is not only unfair and unjust to continue this system, but it is economically unsound.

Alexander Hamilton may have said that the Government should not tax its own securities, but Alexander Hamilton also said of the people, "You cannot trust them." Members of the party which claims descent from him, great financiers, are being quoted. Let me quote another great financier of that great party, Andrew Mellon. I do not believe that in financial ability even Alexander Hamilton could hold a candle to Andrew Mellon; and yet Andrew Mellon advocated stopping the tax-exempt privilege.

President Roosevelt sent a message to the Congress on April 25, 1938, and asked us to pass a law to stop the tax-exempt privilege. Other Presidents have advocated it, but this President wants to do something about it. So he sent a message to Congress asking us to pass legislation stopping the issuance of tax-exempt securities. This same body has voted against extending any further the tax-exemption privilege to Federal bonds. The proposal carried here by one majority. We had it up for several years, and finally the Finance Committee appointed a special committee, headed by the Senator from Michigan [Mr. BROWN], and, after holding hearings, they brought in a bill, which is now in the form of an amendment, a well-prepared bill, which does not involve any violation of contracts, for a man who now has a tax-exempt bond and who bought it with the understanding that it was tax-exempt would continue to enjoy that privilege during the lifetime of the bond. That would be no violation of the contract; but when that bond matured and another bond was issued in its place, then it would be issued with the fair and full notice that the income from it would be taxable.

What about the people of this country?

Mr. BROWN. Mr. President——

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. LEE. I yield.

Mr. BROWN. I hope the Senator does not want to leave the impression that the Senate has not adopted an amendment substantially similar to this which would tax not only the income from Federal bonds but would also tax the income from State bonds just as this amendment proposes to do?

The Senator referred to an amendment which related to Federal bonds. I want the Senate to know and the RECORD to show that an amendment substantially similar to this has heretofore been adopted by the Senate.

Mr. LEE. I thank the Senator for that contribution. This body and the other body have also passed a bill taxing State employees' income and granting the privilege to the States to tax the income of Federal employees. That is a part of the program recommended by President Roosevelt in his message of April 25, 1938.

The people have spoken on this subject when they adopted the sixteenth amendment to the Constitution. What did the

sixteenth amendment, upon which the people of the United States passed, say? That amendment gave Congress the power—I quote:

To lay and collect taxes on incomes from whatever source derived.

Can the English language make it any plainer than that—

To lay and collect taxes on incomes from whatever source derived.

Yet by judicial interpretation it was ruled that that did not mean what it said; that it did not mean "from whatever source derived." Therefore it is necessary for us to act upon the question again.

Mr. BROWN. Mr. President——

Mr. LEE. I yield.

Mr. BROWN. I should like to make a comment there. The Supreme Court of the United States has never passed upon the question of tax-exempt bonds since the sixteenth amendment was adopted. It was urged in one of the opinions by one of the judges of the Supreme Court that the phrase in the sixteenth amendment "from whatever source derived" permitted the taxation of salaries of a Federal judge. A majority of the Court held in that case that that phrase did not permit the taxation of the salary of a Federal judge. That decision has been completely overturned, as the Senator from Oklahoma knows. I should not want the impression left that the Supreme Court had ever passed upon the power of Congress to tax the interest upon a State or a municipal bond under the sixteenth amendment, for Congress has never passed such a law since the sixteenth amendment became a part of the Constitution of the United States.

Mr. LEE. I thank the Senator, and I agree that the decision was not exactly on that point, but it certainly did raise a barrier. In his message of April 25, President Roosevelt said:

This seemingly obvious construction of the sixteenth amendment, however, was not followed in judicial decisions by the courts. Instead, a policy of reciprocal tax immunity was read into the sixteenth amendment. This resulted in exempting the income from Federal bonds from State taxation and exempting the income from State bonds from Federal taxation.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. LEE. I yield.

Mr. CONNALLY. May I suggest to the Senator from Michigan that in the old case of McCulloch against Maryland, which is pretty close to this question, the court held that the State could not tax the instrumentalities of the Federal Government.

Mr. BROWN. The decision in McCulloch against Maryland was quite a few decades before the adoption of the sixteenth amendment.

Mr. CONNALLY. That is very true, but the principle that was announced has always been considered as sound unless one can contort the language of the sixteenth amendment "from whatever source derived" to overthrow that doctrine. I do not think anybody who voted on the sixteenth amendment ever dreamed that it would be so construed.

Mr. BROWN. I disagree with the Senator on that proposition. I think the contortion of the language was entirely upon the other side, the side of those who take the position the Senator from Texas takes.

Mr. LEE. Let me quote a little further from President Roosevelt in his message to Congress of April 25, 1938:

Whatever advantages this reciprocal immunity may have had in the early days of this Nation have long ago disappeared. Today it has created a vast reservoir of tax-exempt securities in the hands of the very persons who equitably should not be relieved of taxes on their income. This reservoir now constitutes a serious menace to the fiscal systems of both the States and the Nation because for years both the Federal Government and the States have come to rely increasingly upon graduated income taxes for their revenues.

Both the States and the Nation are deprived of revenues which could be raised from those best able to supply them. Neither the Federal Government nor the States receive any adequate, compensating advantage for the reciprocal tax immunity accorded to income derived from their respective obligations and offices.

Later in the speech the President said:

Tax exemptions through the ownership of Government securities of many kinds—Federal State, and local—have operated against the fair or effective collection of progressive surtaxes. Indeed, I think it is fair to say that these exemptions have violated the spirit of the tax law itself by actually giving a greater advantage to those with large incomes than to those with small incomes.

Later in the speech the President said:

I, therefore, recommend to the Congress that effective action be promptly taken to terminate these tax exemptions for the future. The legislation should confer the same powers on the States with respect to the taxation of Federal bonds hereafter issued as is granted to the Federal Government with respect to State and municipal bonds hereafter issued.

On the 25th of March of this year the Supreme Court handed down a decision requiring an employee of the Home Owners' Loan Corporation to pay a State income tax on his salary, although his salary was paid by the Federal Government. This decision removes tax exemption on the salaries of State and Federal employees. Therefore, part of the President's objective has been accomplished by judicial decision. Thus, the injustice and inequity of tax exemption on State and Federal salaries has been removed. I hail that decision with hearty approval. However, we have won only a partial victory in our efforts to distribute the tax burden fairly and justly according to ability to pay.

The next and more important objective is to remove tax exemption of incomes derived from Government bonds.

The theory of some is that if every person who derives his income from interest on State bonds is required to pay an income tax on that income, just the same as any other person must pay, such a levy would be a tax upon the State itself. That is, of course, the old stock argument of those who benefit by such exemptions.

On that point the quarrel is with the Supreme Court. I quote from the recent decision of the Supreme Court, referred to above, in which Mr. Justice Stone said:

The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source, is no longer tenable.

Although that case decided the question of income tax with respect to salaries, the fundamental principle of taxation seems to apply with equal force to the question of taxing income derived from Government bonds.

I quote more fully from the opinion of Mr. Justice Stone on the point that taxation of income is not taxation on its source:

The present tax is a nondiscriminatory tax on income applied to salaries at a specified rate. It is not in form or substance a tax upon the Home Owners' Loan Corporation or its property or income, nor is it paid by the corporation or the Government from their funds. It is laid upon income which becomes the property of the taxpayer when received as compensation for his services; and the tax laid upon the privilege of receiving it is paid from his private funds and not from the funds of the Government, either directly or indirectly. The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source, is no longer tenable.

Continuing that thought, Mr. Justice Stone said later in the opinion:

So much of the burden of a nondiscriminatory general tax upon the incomes of employees of a government, State or National, as may be passed on economically to that government, through the effect of the tax on the price level of labor or materials, is but the normal incident of the organization within the same territory of two governments, each possessing the taxing power. The burden, so far as can be said to exist or to affect the Government in any indirect or incidental way, is one which the Constitution presupposes, and hence it cannot rightly be deemed to be within an implied restriction upon the taxing power of the National and State Governments. * * *

This would seem to indicate that the Supreme Court is ready to interpret the sixteenth amendment to mean that Congress has power to lay and collect a tax on a person's income even though it is derived from State and local bonds. Therefore, for that reason and for the other reasons stated, I am supporting this amendment, which I believe has been carefully drawn. I believe it will effect the purpose we want to accomplish. I believe it will meet the constitutional requirements. I believe it will meet with the approval of economists who have supported it. I am sure it will meet with the approval of the people who endorsed the sixteenth amendment, believing that they were passing an amendment

having that effect. I am sure it will give us more revenue with which to meet the requirements of a heavy national-defense program; and I am sure it is right, it is fair, and it is just.

I hope the amendment will be agreed to.

Mr. ADAMS. Mr. President, it seems to me that an amendment of this kind, involving the fundamental relationships of the Federal and the State Governments, upon which there is great divergence of opinion, ought not to be offered to this emergency or excess-profits tax bill. It is perfectly proper legislation to be offered upon its own merits, but it is not properly a part of the pending bill. It comes in here without opportunity for careful study or for thorough discussion. As a matter of fact, the tax bill itself is a sufficiently complicated and complex problem to be submitted to the Senate without adding this question, upon which there is a fundamental divergence of view.

The committee which studied the subject matter of this amendment devoted many months to a careful study; and that committee, made up of some of the ablest Members of this body, differed four on one side and two on the other. So it seems definitely that when the able Senators upon that committee, after months of study, cannot agree, they ought not to come in here in the last moments of the consideration of this bill and present an amendment which refers back to and amends various sections of the law and ask us to accept it, to lay down a rule as between the taxing authorities of the Federal Government and the State authorities, without our giving to the subject the same consideration which the members of the committee gave to it. If the committee had brought in a unanimous report, the situation would be somewhat different.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. CONNALLY. I call the attention of the Senator from Colorado to the fact that the full Finance Committee has never reported this amendment. It has been considered by a subcommittee of the Finance Committee of which the Senator from Michigan [Mr. BROWN] is chairman; but the Finance Committee of the Senate has never favorably reported this amendment.

Mr. ADAMS. Was the committee which considered the matter a subcommittee of the Finance Committee?

Mr. CONNALLY. It was a special committee.

Mr. ADAMS. It was a special committee, because I understand that the Senator from Nebraska [Mr. BURKE] and the Senator from Vermont [Mr. AUSTIN], who are not on the Finance Committee, are those who disagreed with the majority report.

Mr. CONNALLY. I accept that correction; but I knew that the chairman of the committee was the Senator from Michigan [Mr. BROWN], who is a member of the Finance Committee, and he has from time to time reported progress to the Finance Committee; and I had an idea that the special committee was part of the Finance Committee. The Finance Committee itself has never favorably reported this amendment.

Mr. BROWN. Let me make clear the record in that respect. The committee was a special committee designated by the Senate to investigate and report upon this general subject. The membership of the committee was confined to three members of the Finance Committee and three members of the Committee on the Judiciary.

Mr. ADAMS. The committee is a very able one; and, as I say, if this able committee had brought in a unanimous report I should have been quite willing to subordinate my own judgment to that of the committee; but in view of the difference among the members of the committee after study, it seems to me that we ought not to be asked, without careful consideration, to accept the views of the majority of the committee.

There has been dragged across the stage here, as usual, the rich man. He has been set up as the horrible example, and it has been contended that we should pass our tax laws with a view to their effect upon him.

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly; I will yield at any point.

Mr. BROWN. I never have been one who pilloried the rich man before the Senate.

Mr. ADAMS. I am not referring to the Senator from Michigan.

Mr. BROWN. I, for one, desire to say that I do not in the slightest degree blame a wealthy man for taking advantage of any provisions in the tax laws which may be helpful to him in reducing his income tax.

He has a right to do it; we give him that privilege; and it is assumed in the passage of the law that it is right and proper that it should be done. But we are engaged here with a matter of general policy, and I think it is entirely proper to bring in an example of what a wealthy man who pays an income tax in the higher brackets may do, and to point out that it is unfortunate from a social viewpoint that a wealthy man is permitted to do those things. It is entirely proper that he should do them as long as it is the law, but my argument is that the law should not be such as to permit him to take that advantage.

Mr. ADAMS. Mr. President, the point I was trying to make was that we are not drafting the tax laws because of their effect on some particular citizen, fortunate or unfortunate; we are drafting the tax laws for the benefit of the United States of America. The question is, What effect do they have on the United States and what effect do they have upon the individual States which we represent?

I come from a workingman's town. My neighbors are made up of people who work in the steel mills and on the railroads, who are interested in the pay check which comes every 2 weeks or every month. They are depositors in savings banks in small amounts. They are not purchasers of Government bonds except as their little deposits in the banks accumulate for purchases. I am interested in these neighbors of mine, and I want to say a word as to what effect this proposed legislation will have upon these men, who are out of work a good deal of the time. The steel mill in my town sometimes is shut down for several months. We have high taxes in my community. Twelve thousand of these workmen owning homes are upon the tax rolls of the city. They are paying the school taxes, city taxes, county taxes, State taxes. What does this mean? I am concerned about the bonds issued by these poor men in my community. I am interested in the effect of the proposed legislation upon them.

What does it mean? If we enact legislation taking away the tax-exempt privilege from the school bonds, from the city bonds, from the county bonds, from the State bonds, it means, in the first place, that the bonds will sell at a lower price than that for which they sell today. It means that the bonds will have to bear a higher rate of interest. It means that upon the homes of the workmen in my community the taxes will be increased. That is what it means.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. BARKLEY. It always has seemed to me to be a distorted view of this question to pick out some man of wealth and say that because he is able to buy these bonds, therefore the law should be changed. Of course, someone has to buy them. When a school district issues bonds to raise money with which to build schoolhouses, or a county issues bonds to build a courthouse or to build roads, someone with money has to buy them, otherwise the bonds will not be sold and money raised with which to build the courthouse or the roads or the schoolhouse.

In looking at the question, it is easy to put some wealthy man on one side and the tax-exempt feature on the other and say that that condition should not exist. It always has occurred to me that this thing is a process of taking money out of one pocket and putting it in the other, the difficulty being that we are likely to take more out of one pocket than we put into the other.

There is no doubt in my mind that if the tax-exempt feature is removed from local bonds, they will bear a higher

rate of interest. That is inevitable, because the reason why they bear a low rate of interest is that the income is not taxable.

After all, the people form the Government, all these bonds are their bonds, and all the taxes collected are their taxes, money belonging to the same people; and I have always found difficulty in convincing myself that the people who issue the bonds and who collect the taxes on them, if the law is to be changed, will not lose more money in the increased interest they will have to pay than they will gain in the way of taxes, because a large number of people buying these bonds will presuppose that the rate of interest, whatever is exacted, will be high enough to cover any flexibility or fluctuation in the rate of interest or the rate of taxation which may exist from time to time. I wonder if I am wrong about that.

Mr. ADAMS. I think the Senator has put his finger right on what I say is the vital issue; that is, it is the welfare of the country generally, of the people generally, that we should consider. If it so happened that some one man or some dozen men profited from it, but that in profiting they benefited tens of thousands of school districts and counties, I think I could tolerate the fact that someone got an advantage which we are reluctant to have him obtain.

Mr. BARKLEY. If the Senator will yield there, I have heard the argument advanced that a law should be passed in order to discourage the issue of these bonds locally. It may be that local communities have overbonded themselves. I know my home city has issued bonds up to the limit of the State law, and no doubt many other communities have done the same thing. It may be that they made a mistake in doing that. But if it is desirable to reduce the ability of the people locally to issue bonds in order to bring about some public improvement, it should be done by a law restricting them, and not by taxing what they are able to sell to the public in the form of their obligations. That is the way I have felt about the matter, and I am unable now to convince myself to the contrary. I realize it is a question upon which legitimate argument may be made on both sides, but I have stated the way it has always appeared to me, and I cannot escape that conclusion.

In considering the question it seems that we cannot decide it on the fact that off yonder somewhere a millionaire who has bought, legitimately and legally under our laws and Constitution, the bonds which have been issued shall have taken away from him the right to have something he has in the way of tax-exempt public securities, but whether we are to penalize our own people, millions of them, who are infinitely more numerous than the fellows off yonder who are rich.

Mr. BROWN. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. BROWN. I would say first to the Senator from Kentucky, in answer to the factual argument he presents, that he and the Senator from Colorado and the Senator from Texas overlook the fact that we are subjecting to the income-tax laws of the States the income from Federal bonds. When the little taxpayer in the Senator's city of Pueblo pays his taxes to the tax collector, it does not make much difference to him how the items in the tax bill are made up; he is interested in the total tax. In other words, the lower the State taxes the better it is for him, no matter if his local tax may conceivably be a little higher. I do not know whether or not Colorado has an income tax.

Mr. ADAMS. It has.

Mr. BROWN. I do not know whether or not Kentucky has an income tax.

Mr. BARKLEY. It has.

Mr. BROWN. The Senators' States are more fortunate than is Michigan. Michigan does not have an income tax, and this will not do my State as much good as it will the States which have an income tax. My point is that we are subjecting $50,000,000,000 of Federal bonds to State and local income taxation, and we are subjecting only $18,000,000,000 of State, municipal, and local bonds to Federal taxation.

It seems to me that in the matter of general results States would gain considerably more than the Federal Government would gain—and 32 of the States have income tax laws—when all the States enact income tax legislation. The taxpayer in the Senator's home town would be the gainer rather than the loser by this type of legislation.

Mr. BARKLEY. Admitting that to be true, it still does not really touch the fundamental question which has bothered me all along about the wisdom of this policy. It is true we have subjected certain Federal bonds to taxation so far as income is concerned, but even when we did that, I will say to the Senator from Michigan, I was never quite satisfied in my own mind that we were doing the right thing, because they were all public bonds, they belonged to the people, they were the people's obligations, and it amounts in effect to my issuing a note to the Senator for the purchase of a house and then taxing him on the note and therefore taxing myself.

Mr. CONNALLY and Mr. HARRISON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. I yield first to the Senator from Texas.

Mr. CONNALLY. A moment ago the Senator, under the influence of the arguments of the Senators around him, said that we were not anxious to give the rich man he spoke of an advantage. Is it true that he necessarily gets an advantage? The Senator from Oklahoma and the Senator from Michigan said that if a man could buy a 10-percent corporation bond or could buy a 3-percent tax-exempt Government bond, he would get just as much out of the 3-percent bond as he would get out of the 10-percent bond, if he were in the higher brackets. He would have to have an income so that the Government would get 70 percent of his income in order to get the advantage.

If he has a choice between a 10-percent corporation bond and a 3-percent Government bond and he takes the 3-percent bond, has he any advantage? Is he not exactly where he started with the 10-percent bond?

Mr. ADAMS. It is not going to be long, at the rate at which the Government is increasing its debt, before we will be hunting for people to buy our bonds. If we are going to make the bonds subject to local taxes, as we have done, we will have that much more trouble.

One other thing I should like to say before I yield; that is, as to the matter of rates. Referring again to my community, there are no Federal bonds held in my poor community which the community taxes. Our local bonds are taxed; and if they get into the hands of a corporation, the 22-percent rate imposed by this bill is added, and the corporation charges it back when it buys our bonds. We have no opportunity to recover any of it, because the workman, the man on the railroad, in the steel works, the school teacher, the clerk, does not own Federal bonds. We get none of the money back. We would pay more school taxes and more city taxes. We would lose by this provision. It seems to me that in view of all these circumstances we ought not to seek to crowd this controversial matter at this time on the pending bill.

I think the constitutional phase of it should be gone into. Some day I should like to discuss it. I have the feeling that had the people understood the interpretation which would be placed on the sixteenth amendment, it would not have been adopted. But assuming we have the constitutional right to do it, yet I think we ought not to do it. I think the local municipality should be protected from Federal taxation. On the whole, I think the Federal Government should be protected from local taxation, because such taxes are subject to abuse; they are subject to conflict and contention.

Mr. HARRISON. I was going to suggest in the interest of our getting together and trying to expedite the matter——

Mr. ADAMS. With that prelude, of course, I will say there is no one more desirous of getting on good-naturedly than I,

except the Senator from Mississippi, and I always yield to him in that respect.

Mr. HARRISON. The action of the Senator from Colorado has been wonderful. His cooperation has been fine.

Mr. ADAMS. I said what I did before I knew what the Senator from Mississippi was going to say.

Mr. HARRISON. If the bill goes over until next week others may think differently, but, in my opinion, we will consume all week discussing it. It will result in delaying the enactment of the bill another week. If we can iron out our differences now we can pass the bill tonight.

What I was going to suggest was that the bill go to conference. I doubt whether we can obtain a quorum now. I will say to the Senator that if I should be named as a member of the conference committee on the part of the Senate——

Mr. ADAMS. I think the Senator can accomplish what we seek to accomplish if he is a member of the conference committee.

Mr. HARRISON. I give the Senator assurance if I should be appointed a conferee, that before this matter is adopted in conference I will come back to the Senate floor with it and get a straight vote on the question, after full discussion of it, so we may obtain the sentiment of the Senate by having a yea-and-nay vote on the question.

Mr. ADAMS. I think that is an admirable Saturday afternoon suggestion. It is entirely agreeable to me.

Mr. BROWN. I do not know that there is any particular advantage in having the amendment adopted under those circumstances. Do I understand that the Senator would come back and ask for further instructions before he agreed, in the event the House conferees refused to accept the amendment?

Mr. HARRISON. If the House conferees should indicate that they would accept the amendment or anything like it, then before we would agree we would come back to the Senate and carry on the prolonged discussion which has been spoken of, and get the sentiment of the Senate. It is a matter which should call for considerable discussion on the part of the Senate. I am perfectly willing to carry the matter to conference in the interest of obtaining action on what are, in my opinion, the more important questions involved in this legislation.

Mr. BROWN. Mr. President, I, of course, realize the situation. The House Ways and Means Committee has not considered this proposition. It is my judgment that if the bond-tax proposal—this amendment—were submitted to the House of Representatives, it would be adopted by the House. It was my hope if the Senate adopted the amendment, that some arrangements could be made by which there could be submitted to the House of Representatives the question of whether or not they would concur in the amendment.

The Senator knows that I have aided him for the past year and a half in preventing the adoption of this kind of an amendment. I talked against the amendment when it was offered by the Senator from Oklahoma, and when it was offered, I think, by the Senator from Missouri [Mr. CLARK], on the theory that the Ways and Means Committee ought to have an opportunity to study the matter, go into it thoroughly, and adopt some such kind of a bill, or definitely reject it.

The Senator knows that the chairman of the House Ways and Means Committee and other influential members of that committee, who will probably be conferees, have repeatedly stated that they would take up the proposal. I was told by the chairman of the House Ways and Means Committee that he was quite satisfied with the hearing we had in the Senate committee, and that he thought they could determine the matter over there without extended hearings. That was substantially 18 months ago. He did not indicate what they would do, other than that it would be considered. We have had the session previous to this session and now we are near the end of this session, without consideration of this important measure, which is favored by the President—favored by the Secretary of the Treasury—he told the Senate Finance Committee that he favored this proposition in a recent hearing upon the $5,000,000,000 debt-limitation proposition, I remind the Senator—and, I believe, favored by the people of the country, who are anxious that the Congress should act upon this proposition.

So it seems to me we ought to have this amendment presented to the conference without giving this sugar pill to those who are in favor of this measure, and then withholding it, as the Senator from Mississippi proposes to do, unless he comes back here and gets new direction to stand by our proposal. The Senator from Mississippi is not offering me much.

Mr. HARRISON. Of course, Senators appreciate what we started out to do in this tax bill touching amortization and suspension of the Vinson-Trammell Act. Those were the main points in it. They were urged by Mr. Knudsen and other gentlemen of the National Defense Council, the Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, and the President of the United States.

Now here we are at the end of the matter. The amendment the Senator from Michigan has offered is a very important amendment, but it does not really relate to this particular question. Of course, he is accurate in his whole statement, as he is always accurate in any statement he makes. I think he has performed a great public service as chairman of the special committee of the Senate which has worked long and diligently on the matter. I thank him personally very much for what he has done. But the question is one concerning which Senators differ, concerning which Representatives differ, concerning which the people in the country at large differ.

Mr. President, I know that if the bill goes over until Monday, because of this matter being up in the air, that from the best people in the world I will receive millions of telegrams against the proposal. Well, I want to avoid that. In that respect I am like every other Senator. I had thought we should let this matter go to conference, and before we agree in conference on this question we will bring it back to the Senate and have the debate which the Senator desires to have on such a very important question.

Mr. BROWN. Will the Senator from Colorado yield to me further?

Mr. ADAMS. I yield.

Mr. BROWN. What is the difference between doing what the Senator now proposes to do and rejecting the amendment?

Mr. ADAMS. It would not be in conference at all if it were rejected.

Mr. BROWN. I do not think it will be in conference if we adopt the suggestion made by the Senator from Mississippi.

Mr. HARRISON. The House conferees may accept it, and then we would say, "We are duty bound to go back to the Senate and get the expression of the Senate again on the matter." It may not be a very good plan, but I am trying to get the tax bill out of the way, and that is the only way I know of doing it; so therefore I made this suggestion.

Mr. BROWN. I would be delighted to have the Senate adopt the amendment, but I do not feel, in justice to the several coauthors of this amendment, some of whom I have put off and put off and put off, that I ought to accept a proposition of that kind. I am not optimistic as to the result in conference; but I think the Senate ought definitely to adopt the amendment. If the Senator from Mississippi and his coconferees shall be unable to persuade the House conferees to accept the amendment, of course I shall be content, and will feel that everything has been done that I could do.

Mr. HARRISON. Does the Senator desire to have a quorum present to vote on the amendment?

Mr. BROWN. I am perfectly willing to take a vote as things now stand.

Mr. HARRISON. Then let us have a vote on the amendment.

Mr. ADAMS. Does the Senator desire to suggest the absence of a quorum?

Mr. HARRISON. I do not think we could obtain a quorum. If we cannot settle the matter tonight, I shall submit a unanimous-consent request for limitation of debate on the amendment and then ask for a recess until Monday.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. I have discussed with the Senator from Mississippi the advisability of obtaining a unanimous-consent agreement for limitation of debate on the bill and on all amendments if the bill must go over until Monday. I do not wish to make the request if there is any prospect of arriving at the arrangement which the Senator from Mississippi has suggested and which the Senator from Michigan seems willing to accept, that the amendment go in the bill and go to conference in the manner which has been suggested.

Mr. LA FOLLETTE. Mr. President, I cannot hear what is going on. I understood the Senator from Michigan to say that he wants this amendment treated in the same manner as any other amendment in the bill which is agreed to. I hope that is his position. I am at a disadvantage, because, despite all the attention I try to give to the debate, it is impossible for me to hear all that is said.

As I understood the statement of the Senator from Michigan, it was to the effect that he does not want some arrangement whereby this particular amendment will be chloroformed after all the other amendments shall have been agreed to.

Mr. ADAMS. Mr. President, I do not think the statement of the Senator from Wisconsin is entirely serious. The thing about which the Senator from Michigan seems to be apprehensive is that the Senate might not agree to the amendment if the matter were brought back.

The only suggestion was that the amendment, being a vital amendment, go to conference, and that before it shall become a part of the conference report it shall come back and be passed upon by the Senate. The only difference is as to whether it shall be passed upon Monday or this afternoon. It seems to me that Senators should have the same confidence in the Senate when the matter is referred back to it as they have today.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LA FOLLETTE. This bill has been under more pressure than any important piece of legislation in all my legislative experience. If the suggestion made by the genial Senator from Mississippi is carried out, what will happen will be this: The conferees will agree on the entire conference report with the exception of this amendment, and come back with the amendment in disagreement; and the Senator knows that under those circumstances, with the fever which will then pervade the Chamber, there will be little opportunity for the matter to be considered on its merits. If that is the only way we can obtain action tonight, I hope the Senator from Michigan will insist on the matter going over until Monday, so that we may obtain a yea-and-nay vote on the question and find out how the Senate stands on the issue.

Mr. ADAMS. Mr. President, I do not think the Senator from Wisconsin ever had any difficulty in being heard or obtaining consideration. I am one of those who listened and were persuaded by his arguments and voted for his amendment today. We happened to be in the minority. We are frequently in the minority.

Mr. BARKLEY. It is really unnecessary to have any understanding that before the amendment goes into the bill it will be brought back, because the same result can be accomplished without any such understanding in advance. If the amendment should go into the bill, and the bill should go to conference, and the House conferees should refuse to agree to it, the Senate conferees could come back to the Senate with the amendment and ask for the advice of the Senate as to their course. The Senate then could either further insist on the amendment or instruct its conferees to yield. So the question would really come back on its merits in that way, without any advance agreement.

Mr. BROWN. Mr. President, will the Senator yield to me?

Mr. ADAMS. I yield.

Mr. BROWN. If we should adopt the amendment, as suggested by the Senator from Mississippi, and after the conferees get together the House conferees should say, "Yes; that is fine. We like that amendment," then the Senate conferees would have to come back to the Senate and obtain authority to agree to an amendment which we should already have adopted.

Mr. ADAMS. We should not have adopted it. That is not the idea.

Mr. BROWN. It is proposed that it be adopted. I think the situation is illogical. I believe we should vote on the amendment in the usual way.

Mr. BARKLEY. Mr. President, if the Senate will not agree to the amendment and we cannot dispose of it tonight, I think we ought to try to obtain a limitation of debate on the bill and all amendments if it must go over until Monday, because it is important that we dispose of this legislation. The Committee on Finance must take up another matter as soon as this bill is disposed of. I refer to the sugar legislation, in which Senators are interested. The committee cannot very well do so until this bill is disposed of.

I wish to submit a unanimous-consent request in a rather contingent form. I ask unanimous consent that if the bill shall not be disposed of today, on the resumption of its consideration on Monday no Senator shall speak more than once or longer than 20 minutes on the bill or any amendment thereto.

Mr. LEE. Mr. President, I must object.

Mr. McNARY. Mr. President, I am opposed to the amendment offered by the Senator from Michigan. I do not want to see any agreement entered into concerning the disposition of the amendment in conference. It should be disposed of on the floor of the Senate in the regular way. I am opposed to any agreement which does not include an immediate recess. I am willing to agree to a unanimous-consent arrangement limiting debate provided we shall take a recess not later than 5 o'clock this evening.

Mr. BARKLEY. Mr. President, the Senator from Oklahoma has already objected to my request. Will the Senator from Oklahoma agree to a 30-minute limitation? That would give each Senator an hour on the bill and any amendment.

Mr. LEE. I agree.

Mr. BARKLEY. Can I trade with the Senator and make it 25 minutes? [Laughter.]

Mr. LEE. Let us hold it at 30 minutes.

Mr. BROWN. Mr. President, I will say to the Senator from Kentucky that the constitutionality of the amendment has been questioned by the Senator from Texas [Mr. CONNALLY], and I understand it will be questioned by the Senator from Colorado [Mr. ADAMS]. I should not want to be limited to any greater extent than that suggested by the Senator from Kentucky. I think I could dispose of my part of the argument within an hour.

Mr. BARKLEY. If the Senator will permit me, I shall modify my request. I ask unanimous consent that during the further consideration of the bill after today no Senator shall speak more than once or longer than 30 minutes on the bill or any amendment thereto.

Mr. McNARY. Mr. President, I should like to couple with that proposed agreement——

Mr. BARKLEY. I do not like to make a condition. I will say to the Senator from Oregon that it is my purpose and hope that we shall take a recess very soon. I do not like to be clubbed into a recess in order to obtain a unanimous-consent agreement.

Mr. McNARY. It is not a question of clubbing. It is a question of determining what we are to do for the remainder of the day. If the Senator will tell me that he will move a recess——

Mr. BARKLEY. If the Senate shall agree to the amendment, and if it is agreeable to the Senator from Mississippi, it is my purpose to move that the Senate take a recess at the very earliest possible second today.

Mr. McNARY. Without taking any further action on the bill?

Mr. BARKLEY. Yes.

Mr. HARRISON. Mr. President, let me make one more attempt to get this matter out of the way. Let me ask the Senator from Michigan a question. If we accept the amendment and let it go to conference, and can obtain a vote in some way on the question on Monday or Tuesday, expressing the attitude of the Senate, letting that sentiment prevail with the Senate conferees and leaving them free to act, taking into consideration the action of the Senate on a record vote on the amendment, will that be satisfactory?

Mr. BROWN. I do not see how that is any different from what the Senator previously proposed.

Mr. HARRISON. I did not think it was, but I thought it might appeal to the Senator. [Laughter.] So far as the bill is concerned, I will say to the Senator from Oregon that if there is no way for us to get together on this question tonight, and we must work on the bill tomorrow instead of attending church——

Mr. McNARY. I do not want the Senator to accept an amendment to which I have an objection. I shall not permit that. I shall suggest the absence of a quorum and ask for the yeas and nays.

Mr. HARRISON. The Senator will not permit us to go to church? [Laughter.]

Mr. McNARY. I do not want the able Senator from Mississippi to accept the amendment and take it to conference. Suppose the House conferees should agree with the Senate conferees; then we should have the amendment in the bill.

Mr. HARRISON. I am trying to save time and useless discussion on an important question. In my opinion the amendment has no business in this particular bill.

Mr. McNARY. That is my opinion.

Mr. BARKLEY. It may be, then, that we should save time by voting on it on Monday on its merits.

Mr. President, did my request receive approval?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. CONNALLY. Mr. President, reserving the right to object, I assume that the Senator's request is directed chiefly to the pending amendment. I have another amendment. Under the proposed agreement, if I should see fit to speak on the pending amendment, would I be cut off on the other amendment?

Mr. BARKLEY. Oh, no; the limitation is 30 minutes on the bill and 30 minutes on each amendment, which would include all amendments.

Mr. CONNALLY. And 45 minutes if I wanted so to divide it? Could it be so divided that I could speak 45 minutes on this amendment and 45 minutes on the other amendment?

Mr. BARKLEY. Under that arrangement the Senator could speak for 30 minutes on this amendment and then could speak for an hour on his own amendment, because he would have 30 minutes on the bill and 30 minutes on the amendment.

Mr. CONNALLY. I might want to cut the half-hour in two, and speak 45 minutes on one amendment and 45 minutes on the other. I will say to the Senator, however, that I do not intend to do that.

The PRESIDING OFFICER. The 30-minute limitation is on each amendment.

Mr. BARKLEY. On each amendment.

Mr. CONNALLY. Very well.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. BARKLEY. Mr. President, if the Senator from Colorado will permit me——

The PRESIDING OFFICER. The Senator from Colorado still has the floor.

Mr. ADAMS. I assume that we are about to recess.

Mr. PITTMAN. Mr. President, I have spoken to the chairman of the committee on this subject. I ask unanimous consent to reconsider the vote by which the committee amendment was adopted, so that I may offer an amendment to it and let it go to conference.

Mr. LA FOLLETTE. Mr. President, it is impossible to hear what is going on. What is the request of the Senator from Nevada?

Mr. PITTMAN. My request was for unanimous consent to reconsider the action on the committee amendment so that I may offer an amendment to it and have it go to conference. It was supposed to be a part of the amendment of the Senator from Colorado.

Mr. LA FOLLETTE. I suggest that the matter go over until Monday. Will not the Senator from Nevada be here on Monday?

Mr. PITTMAN. Yes.

Mr. LA FOLLETTE. Let it go over until Monday.

The PRESIDING OFFICER. Objection is heard.

Mr. LA FOLLETTE. I am not objecting. I want the Senator from Nevada to have an opportunity to present his amendment; but many Senators have left the Chamber.

Mr. PITTMAN. That is quite satisfactory. I will state that the amendment is pro forma in its nature to such an extent that I thought the reading of it would be sufficient; but I am perfectly satisfied to let it go over.

Mr. KING. I call for the regular order.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HILL, from the Committee on Commerce, reported favorably the nomination of Jesse H. Jones, of Texas, to be Secretary of Commerce.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Marion Speed Boyd, of Tennessee, to be district judge for the western district of Tennessee, vice John D. Martin, Sr. (elevated to the Circuit Court of Appeals for the Sixth Circuit).

The PRESIDING OFFICER (Mr. ELLENDER in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

SECRETARY OF COMMERCE

Mr. BARKLEY. Mr. President, before the calendar is called—there is not much of it—I desire to state that the Committee on Commerce today favorably reported the nomination of Mr. Jesse H. Jones to be Secretary of Commerce. In view of the fact that the position is vacant, and Mr. Jones desires to assume it, I ask unanimous consent for the present consideration of the nomination.

Mr. McNARY. Mr. President, under the circumstances, and in view of the statement made by the able Senator from Kentucky, I have no objection.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Jesse H. Jones, of Texas, to be Secretary of Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I now ask that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the nominations on the calendar.

FARM SECURITY ADMINISTRATION

The legislative clerk read the nomination of Arnold Wilson Cowen to be regional director of the Farm Security Administration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. on Monday next.

The motion was agreed to; and (at 5 o'clock and 2 minutes p. m.) the Senate took a recess until Monday, September 16, 1940, at 11 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 14 (legislative day of August 5), 1940

DEPARTMENT OF COMMERCE

Jesse H. Jones to be Secretary of Commerce.

FARM SECURITY ADMINISTRATION

Arnold Wilson Cowen, to be regional director, Farm Security Administration.

POSTMASTERS

OREGON

Charles A. Purcell, Troutdale.

TEXAS

Sam L. Henderson, Linden.

HOUSE OF REPRESENTATIVES

SATURDAY, SEPTEMBER 14, 1940

The House met at 11 o'clock a. m.

Rev. William Andrew Keese, pastor, Metropolitan Memorial Methodist Church, Washington, D. C., offered the following prayer:

Eternal God, our Father, we seek Thy wisdom before we begin our daily task. Cleanse us, we pray Thee, from all unworthy motives. Purify our hearts by the inspiration of Thy Holy Spirit. Lift up our eyes to behold the wide borders of Thy kingdom, and deliver us from petty purposes or selfish schemes. Maintain in us our sense of high trusteeship for the people of this Nation, and grant us both the understanding and the will to discharge it honorably. Clothe all our people with a noble patriotism, and suffer us never to forget the ancient lesson that righteousness alone exalteth a nation. Send us faithfully about our appointed work, seeking peace, loving justice, walking humbly before Thee, but resolute always to preserve and protect our heritage of freedom. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had ordered that the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training," be recommitted to said committee.

EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include two editorials from the Gaelic-American, of New York, one on the subject, Senator Lundeen's Death a National Loss, and the other on the subject, Effort to Make United States a British Colony.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CLAYPOOL and Mr. CUMMINGS asked and were given permission to extend their own remarks in the RECORD.

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement made by the gentleman from New York [Mr. REED].

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement on our form of government.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Mr. W. A. Richards, of the Sovereign Pocahontas Coal Co., Bluefield, W. Va., at the annual meeting of the section on mineral oil of the American Bar Association, at Philadelphia, Pa.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent that on Monday next after the conclusion of the business for the day and any other special orders that may be entered, I may address the House for 35 minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

WASHINGTON AIRPORT

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. TABER. Mr. Speaker, there has been a lot of agitation about airports, and I understand there will be more. At this time my purpose is to call the attention of the House to the fact that the Gravelly Point Airport, which is just being completed, will cost around $15,000,000. The joint commission appointed to study airports in the vicinity of Washington a couple of years ago headed by Senator KING, on the 9th of July 1937 suggested an airport at Gravelly Point costing $4,746,000.

With the P. W. A. and the W. P. A. they have fooled away three times as much as it should cost, and on top of that they have not employed any relief labor to amount to anything at all. This is the way we are doing business these days. It is just a relief racket.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. SCHAFER of Wisconsin. The Gravelly Point Airport is a very expansive and expensive airport adjacent to the Nation's Capital. Has any provision been made for aviation defense, such as underground, camouflaged, and hidden runways and hangars, or is it all right out in the open waiting for any enemy to bomb and wipe it out overnight?

Mr. TABER. They have an agricultural experiment station spread around about it to be a hazard to aviation and airplanes landing there. [Applause.]

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short editorial.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

Mr. SABATH. Mr. Speaker, some days before the Republican Convention, about 40 Republican Members who have been familiar with Mr. Willkie's background, philosophy, and way of thinking, strenuously protested against his nomination, but, notwithstanding their protests, Wall Street and the big power interests nominated him. Today, it is apparent that those who opposed him certainly used good judgment, especially in view of what transpired in Chicago yesterday. I actually sympathize with the Republican Party. The party certainly realizes its error. It has erred grievously, but all we can do is extend our condolences. No person representing a major political party should be permitted to address the citizenry with such effrontery as Willkie was guilty of in his speech to the stockyard workers in Chicago yesterday by using such language as "youse guys" and "to hell with Chicago," to which I am sure that the people of Chicago will respond in no uncertain terms on the first Tuesday in November.

The Washington Times-Herald states that the burly Hoosier wound up with his vocal cords torn to raw shreds in his denunciations. It further goes on to say that "Willkie, the political flop in his morning parade to the stockyards, was the conquering hero of the Chicago Loop." Yes; La Salle Street, the little Wall Street of Chicago.

The gentleman from Michigan [Mr. HOFFMAN] endeavors to excuse the candidate by saying that he was speaking under difficulties because of the stockyards odor. While I appreciate that the Hoosier from New York's Riverside Drive, the Hopsons and the Insulls, are not accustomed to such atmosphere, I really regret that he feels he can overcome his anti-labor record by using the language and expressions utterly unfitting and unbecoming to a Presidential nominee. That a candidate of a once great political party should stoop so low is to be deplored, and will undoubtedly be resented as it unquestionably reflects upon the intelligence of the American workers.

As to his remarks with reference to jailing certain individuals, it is unfortunate that the Department of Justice did not check on the records of some of his convention backers because I am quite sure that if it did so Mr. Willkie would have lost quite a number of votes.

I also desire to remind Mr. Willkie, the Republican public utilities candidate for the Presidency, that a number of his former associates in the public-utility field were recently jailed in St. Louis, where they might help to while away the "time" of Mr. Moe Annenberg, who was in attendance at the Philadelphia convention, and reported to have been "assisting" in the nomination of Wendell Willkie.

[Here the gavel fell.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—SOCIAL GAINS (H. DOC. NO. 951)

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and referred to the Committee on Ways and Means and ordered printed:

To the Congress of the United States:

The social gains of recent years, including insurance and other benefit rights, must be preserved unimpaired. The National Guard legislation, which I recently approved, contained provisions evidencing this policy in connection with benefit rights of workers who are called into active service, and a similar provision is contained in pending selective-service legislation.

I recommend to the Congress early consideration of the problems thus recognized and enactment of the necessary legislation incident to preserving insurance protection under the Social Security Act, the Railroad Retirement Act, and the Railroad Unemployment Insurance Act, and to facilitate State action under the Federal-State unemployment-insurance program.

The agencies administering the Federal acts have been considering the needed technical changes to meet these problems and are now ready to furnish recommendations to the Congress in this connection.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *September 14, 1940.*

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a letter from K. K. Kawakami.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 30 seconds.

The SPEAKER pro tempore. Is there objection to the gentleman from Michigan [Mr. HOFFMAN]?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, may I call the attention of the gentleman from Chicago [Mr. SABATH], who just spoke, to the fact that Willkie was laboring under some difficulties yesterday. He could not tell the difference between the smell from the stockyards and the smell from the corrupt political Kelly-Nash machine of Chicago. [Laughter and applause.]

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. BENDER]?

There was no objection.

Mr. BENDER. Mr. Speaker, I suggest to the gentleman from Chicago [Mr. SABATH] that he read Psalm 76, verse 10, which says:

> The wrath of man shall praise thee.

The gentleman from Chicago is admirable in small doses. Wendell Willkie was at his best yesterday in the stronghold of the enemy. He did a very fine job. If the gentleman from Illinois [Mr. SABATH] is grieved because of Wendell Willkie's attack on the New Deal, let me call his attention to a recent article by Westbrook Pegler. Here is what Mr. Pegler had to say about Mr. Roosevelt:

> Mr. Roosevelt is stubborn, reckless, and improvident, and I will agree, too, that he is one who is playing politics with the fate or safety of the Nation, but we can't get him out of there until the first of next year at the earliest and are stuck with him during a period that simply cannot be allowed to run out with a record of nothing, or nothing much, done.
>
> He will assign some inexperienced henchmen to run the armament business and some wet-eyed spellbinder to procure the weapons for the Infantry, according to his mischievous custom of flouting the pride and patriotism of men who know such jobs and want to serve the country. But we will just have to make do, whatever he does and hope to God that, in spite of everything, we will have something to show for our time, which is limited.
>
> The money isn't important. When this adventure, whatever it may be, is concluded, money won't mean what it means today.

[Applause.]

[Here the gavel fell.]

AUTHORIZING THE SECRETARY OF THE NAVY TO ACQUIRE CERTAIN LANDS IN NATIONAL CITY, CALIF.

Mr. VINSON of Georgia. Mr. Speaker, by direction of the Committee on Naval Affairs, I ask unanimous consent to take from the Speaker's table the bill (S. 2991) to authorize the Secretary of the Navy to accept on behalf of the United

States certain lands in the city of National City, Calif., and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

Mr. MICHENER. Reserving the right to object, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this is a Senate bill and permits the Navy to accept 96.42 acres of land from National City, Calif., to be used at the Naval base at San Diego, Calif., with certain easements and limitations that are already outstanding against this land. However, these easements will have no effect whatsoever on the use of the land by the Navy Department. This land is given to the Government through the Navy Department for its use, and there will be no expense whatsoever on the Government, which will enjoy the benefit of the rental of the easements on this property.

Mr. MICHENER. Is this a Senate bill?

Mr. VINSON of Georgia. Yes; this is a Senate bill, unanimously reported to the House by the Committee on Naval Affairs.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized on behalf of the United States to accept from the city of National City, Calif., without cost to the United States, all right, title, and interest of the said city in and to the following-described area of tide and submerged lands:

All lands situated on the National City side of the San Diego Bay, lying between the line of the mean high tide line and the pierhead line in said bay, as the same has been or may hereafter be established by the Federal Government, and between the prolongation into the Bay of San Diego, to the pierhead line of the boundary line between the city of National City and the city of San Diego and a prolongation into the Bay of San Diego to the pierhead line of the southerly line of the street commonly known as Seventh Street, containing approximately ninety-six and forty-two one-hundredths acres of tidelands, and more particularly described as all or any portion or portions of those tidelands, situated in the city of National City, San Diego County, State of California, commencing at a concrete monument on the northerly line of National City, designated as U. S. C. & G. S. point numbered 49; thence south seventy-one degrees forty-three minutes fifteen seconds west along said northerly line a distance of seventy-two and one-tenth feet to a concrete monument on the mean high tide line of San Diego Bay, the true point of beginning; thence south forty-eight degrees sixteen minutes east two hundred and sixty-seven and fifty-eight one-hundredths feet; thence south seventy-three degrees fifty-four minutes east one hundred and seventy-nine and four-tenths feet; thence south forty-nine degrees fifty-three minutes thirty-four seconds east two hundred and sixty-one and ninety-five one-hundredths feet; thence south sixty-four degrees five minutes forty-four seconds east four hundred and four and ninety-five one-hundredths feet; thence south forty-nine degrees two minutes fourteen seconds east one hundred and forty-nine and sixty-four one-hundredths feet; thence south sixty-two degrees forty-one minutes fifty-three seconds east two hundred and fifty-one and eighty-one one-hundredths feet; thence south thirty-six degrees thirty-nine minutes eight seconds east two hundred and six and twenty-nine one-hundredths feet; thence south thirty-seven degrees forty-eight minutes forty-one seconds east one thousand and ninety-five and six-tenths feet; thence south sixty-three degrees three minutes fifty-nine seconds west two thousand and ninety-four and two-tenths feet to the bulkhead line of San Diego Bay; thence north twenty-six degrees fifty-six minutes one second west along said bulkhead line two thousand seven hundred and twenty-two and two-tenths feet to an intersection with the westerly prolongation of the northerly line of National City; thence north seventy-one degrees forty-three minutes fifteen seconds east along said northerly line one thousand and eighty-six and sixty-seven one-hundredths feet to the point of beginning, excepting and reserving therefrom a roadway approximately one hundred feet in width along the easterly side.

SEC. 2. The Secretary is authorized to accept title to the above-described tract from the city of National City, Calif., upon the following conditions recited in the city of National City, Calif., Resolution No. 2024:

That the conveyance shall be subject to any and all existing leases on the aforesaid property or tidelands.

That the city of National City may reserve perpetual easements for laying and maintaining sewers and drains across any and all of the above-described land wherever necessary and convenient.

That the above-described tract shall be used for military purposes of the United States and particularly for the purpose of establishing and maintaining thereon piers, landings, buildings, and structures to be used by the United States Navy.

SEC. 3. The acceptance by the Secretary of the Navy of the transfer or quitclaim by the city of National City of any of the lands herein mentioned shall not be construed as a relinquishment by the United States of its claim of title or interest in said land in any manner arising.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT TO ACT OF JUNE 23, 1938 (52 STAT. 944)

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent, by direction of the Committee on Naval Affairs, for the immediate conscription of the bill (H. R. 10295) to amend the act of June 23, 1938 (52 Stat. 944).

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this bill is presented by the distinguished and ranking minority member of the committee, the gentleman from Minnesota [Mr. MAAS]. It is unanimously reported by the Committee on Naval Affairs, and it is recommended by the Navy Department. I have received the following letter from the Secretary of the Navy under date of September 13 endorsing this bill:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington September 13, 1940.

The CHAIRMAN,
Committee on Naval Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of August 7, 1940, requesting the views and recommendation of the Navy Department on the bill (H. R. 10295) to amend the act of June 23, 1938 (52 Stat. 944).

The purpose of the bill H. R. 10295 is to amend and clarify certain portions of the act of June 23, 1938, "To regulate the distribution, promotion, and retirement of officers of the line of the Navy, and for other purposes." The bill contains the noncontroversial features of the bill H. R. 4929, which the President vetoed May 3, 1940.

The bill would remove the present requirement of physical qualification as a prerequisite to eligibility for consideration for selection and would restore the procedure in effect prior to the 1938 act, of having selection boards consider the medical as well as the service records of officers under consideration. In the opinion of the Navy Department, this is of vital importance and should be done.

The bill would also permit officers adjudged fitted to retire with the retired pay of the grade to which promoted. This feature is considered equitable and desirable by the Navy Department.

In addition, the bill clarifies sundry questions which have arisen in the administration of the 1938 act. The bill, if enacted, would result in an immediate increased cost of $10,188 per annum. It is impracticable to estimate the amount of the further increased cost in the future.

The Navy Department recommends the enactment of the bill H. R. 10295.

The Navy Department has been advised by the Bureau of the Budget that there would be no objection to the submission of this report.

Sincerely yours,

JAMES FORRESTAL, *Acting.*

This bill seeks to correct certain injustices in connection with the selection law. For instance, instead of having a board of nine admirals pass upon the records of all these officers, it permits a board of three admirals and six captains to pass on the commanders, lieutenant commanders, and officers of lower grade.

The next feature deals with the question of medical records. The bill permits the selection board to have before it the entire medical record of each one of the officers under consideration. Under the law today, when the selection board takes up an officer's case it does not have the medical record. This bill permits the medical record to be considered as one of the matters before the selection board.

The next item requires a vote of two-thirds of the members of the board before the officer can be passed over. I believe this is the main feature of the bill.

Mr. HESS. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Ohio.

Mr. HESS. Was this bill a part of another bill that was previously passed?

Mr. VINSON of Georgia. Yes. This bill was a part of a bill that was vetoed by the President on May 3, 1940. These were the provisions that were recommended by the Navy Department in that bill. In the bill which was vetoed on May 3 there were other matters which the Department did not recommend. The President vetoed the bill on the ground that certain matters the House and the Senate had put in the bill were not recommended by the Navy Department. This is departmental legislation to correct certain injustices in connection with the selection bill, all to the benefit of the officers.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Illinois.

Mr. CHURCH. The matters in the vetoed bill are not in this bill?

Mr. VINSON of Georgia. The matters to which the veto was directed are not in this bill.

Mr. MICHENER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Act of June 23, 1938 (52 Stat. 944), is hereby amended as follows:

Section 5, strike out subsection (a) and substitute the following: "(a) The board for the recommendation of line officers for promotion to the grades of rear admiral and captain shall consist of nine rear admirals on the active list of the line of the Navy, not restricted by law to the performance of shore duty only. The board for the recommendation of line officers for promotion to the grade of commander shall consist of three rear admirals and six captains on the active list of the line of the Navy, not restricted by law to the performance of shore duty only. These boards shall be appointed by the Secretary of the Navy and convened at least once each year and at such times as the Secretary of the Navy may direct."

Section 7, in subsections (a) and (b), strike out "or who is not physically qualified."

Section 8, in subsection (a), strike out "other than medical."

Section 9, strike out subsection (f) and substitute the following: "(f) All reports or recommendations of a line selection board under any provision of law shall require the concurrence of at least two-thirds of the members."

Section 11, in subsection (b), at the end of the second proviso insert "with retired pay computed as provided in section 12 (b) of this act."

Section 12, subsection (f), in line 5 change "from" to "to," and in line 6, after "promoted", insert "computed as provided in subsection (b) of this section."

Section 12, strike out subsection (k) and substitute the following: "(k) Lieutenant commanders and lieutenants with date of rank as such prior to June 23, 1938, and lieutenants (junior grade) who on that date were carried as additional numbers in grade by reason of not having been recommended for promotion, shall, at their own request, in lieu of honorable discharge as provided in subsection (c) of this section, be retired on June 30 of the fiscal year in which they fail of selection as best fitted the second time or on June 30 of the fiscal year in which they complete the period of service designated in the act of March 3, 1931, as amended (U. S. C., title 34, Supp. III, secs. 286a and 2861), whichever date shall be later with retired pay computed as provided in subsection (b) of this section: *Provided*, That any officer retained on the active list pursuant to this subsection shall be ineligible for consideration for promotion by subsequent selection boards: *Provided further*, That lieutenants who served in the Navy or Naval Reserve Force prior to November 12, 1918, and who shall have completed not less than 21 years of service, and who subsequent to June 23, 1938, have been or shall hereafter be retired under any provision of law, shall be advanced to the grade of lieutenant commander on the retired list effective from date of retirement with the retired pay of that grade."

Section 14, in line 9 of subsection (a), after "grade", insert "with probationary appointments."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMPENSATION OF GUARDS AT NAVY YARDS AND STATIONS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 10405) to provide for adjusting the compensation of persons employed as masters-at-arms and guards at navy yards and stations, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. VINSON of Georgia. Mr. Speaker, this bill changes the civil-service status of guards who are employed at the navy yards and at the Naval Academy. It raises the pay of these guards approximately $128,800 over the period of time from when they enter the service up to the maximum payment. In the navy yard we have what are called guards, and their entrance salary is $1,200 a year. This bill raises the entrance salary to $1,600. In the report you will see how each one of these grades has been raised.

The Navy Department and the Committee on Naval Affairs felt that in view of the absolute necessity of having the closest supervision over these naval establishments it was necessary that the entrance salary be increased so that the personnel could be a somewhat superior personnel than that which comes in now under the civil service. In other words, the duty of these guards is to protect the Navy property and to keep down great accidents such as occurred a few days ago in New Jersey. It is highly important in the national-defense program that the highest type of men be employed in this guard service. We cannot obtain the type necessary at the rate fixed by the Civil Service Commission, therefore we are increasing the rates over a period of time.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. As a member of the Committee on Public Buildings and Grounds, I may say that our committee considered the reclassification of all departmental guards in the Nation's Capital.

I just wonder if the guards who are to have their entrance salary raised under the gentleman's bill will be appointed from the same civil-service list and have the same qualifications as the rest of the departmental guards who have the $1,260 entrance salary.

Mr. VINSON of Georgia. No; that is a different civil-service classification.

Mr. SCHAFER of Wisconsin. Are you establishing a new classification under this bill?

Mr. VINSON of Georgia. No; we are not establishing a new classification. We take our guards from what is called CU–8, and that is where they come from all through the service for the navy yards and the Naval Academy. Their entrance salary is $1,200. This bill increases it, and increases it through the different grades.

Mr. SCHAFER of Wisconsin. I understand that this bill, as the gentleman states, increases the entrance pay.

Mr. VINSON of Georgia. That is right.

Mr. SCHAFER of Wisconsin. But if you are going to take the men from the $1,260 entrance pay eligible list, you are going to have the same experience and classification of guards which you would have without raising the pay.

Mr. VINSON of Georgia. They come in as CU–3 under the civil-service classification, from $1,200 to $1,500. This bill proposes to raise them to CU–5, from $1,500 to $1,860.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Georgia.

Mr. RAMSPECK. What the committee is doing, as I understand, is changing the classifications for these positions and reclassifying them, putting them in a different classification.

Mr. VINSON of Georgia. That is right.

Mr. RAMSPECK. It does not affect their being under civil service?

Mr. VINSON of Georgia. Not a bit in the world. Every one of them is absolutely under civil service. No one can be employed unless he is qualified under the civil-service rules. The committee felt that in view of the importance of having the closest supervision it is necessary that we raise these standards so we can probably get more competent and efficient guards than are now employed.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act of July 3, 1930 (46 Stat. 1005; U. S. C., title 5, sec. 678), be amended by adding the following proviso: "*Provided further*, That positions in the master-at-arms and the guard groups carried under group IV (b) in the Schedule of Wages for Civil Employees under the Naval Establishment shall be allocated to grades 5 to 10 in the custodial service in the Classification Act of 1923, as amended."

SEC. 2. Uniforms and equipment necessary for the performance of the duties of masters-at-arms and guards carried under group IV (b) in the Schedule of Wages for Civil Employees shall be furnished without cost to such employees. Such uniforms and equipment so furnished shall remain the property of the United States.

SEC. 3. Nothing in this act shall be construed to cause the reduction of the compensation of any person employed in the master-at-arms and guard groups carried under group IV (b) in the Schedule of Wages for the Field Service of the Navy Department on the date of the enactment of this act.

SEC. 4. This act shall take effect immediately upon its passage.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing in the Appendix a list of all the bills that have been passed by the Seventy-sixth Congress, third session, relating to naval matters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, the ranking minority member of the committee, the gentleman from Michigan [Mr. WOLCOTT], is on his way here from his office, and I wonder if the gentleman would not wait a few minutes until the gentleman has an opportunity to be here.

Mr. STEAGALL. I shall be very glad to wait for the gentleman if the gentleman from Massachusetts desires it, but I may say that the gentleman from Michigan [Mr. WOLCOTT] is heartily for the bill.

Mr. MARTIN of Massachusetts. I understand that, but I think the gentleman might like to say so.

Mr. STEAGALL. Mr. Speaker, I withdraw the request for the present.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THOMAS JEFFERSON AND CONSCRIPTION

Mr. SHANNON. "Newspapers, mischief makers—that first of all human contrivances for generating war."—Thomas Jefferson.

I want to say, Mr. Speaker, that the newspaper of Jefferson's day is being followed perfectly in this great movement to bring on war by producing an un-American system, the conscription of human beings for war purposes, running truly to newspaper form.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOLLES. Mr. Speaker, I am interested in what Thomas Jefferson said, as read by the distinguished gentleman from Missouri [Mr. SHANNON] concerning the newspapers.

In the early history of this Republic when George Washington was President of the United States, one of the greatest offenders of journalistic decency in all the United States was Thomas Jefferson. He was responsible for some of the worst things that have ever been said of Washington and had the President had a thinner skin he would have sued Thomas Jefferson and the editor of his paper for libel. There was never anything like it. Never in all the history of this country has there ever been such a "blitzkrieg" against any man as there was against George Washington, and Thomas Jefferson was the leader in that "blitzkrieg."

No other President was so maligned as the first one to sit in the seat of the Executive. The hired hands of Jefferson, Philip Freneau and Benjamin Franklin Bache, went the limit of execration. The President himself turned once to say "they were outrages on common decency."

In McMaster's history of the American people is a paragraph on Jefferson:

> Why did he (Jefferson) hire Philip Freneau to vilify the Government, traduce the administration, and misrepresent the best acts of Washington?

Freneau was kept in a government clerical position by Jefferson while this journalistic scavenger and columnist of his day was writing of Washington.

I refer the gentleman from Missouri to the fact that only when his own medicine was being dished out to him did Jefferson speak.

Fortunately the kind of newspapers of those days have long since passed from the scene.

Mr. DICKSTEIN. Mr. Speaker, is it in order to ask unanimous consent to address the House for 5 minutes?

The SPEAKER pro tempore. Under the circumstances the Chair thinks that would be a proper request.

The gentleman from New York asks unanimous consent to address the House for 5 minutes. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, a very sad thing happened a few days ago in the explosion in New Jersey and most unfortunate to the many people who were killed. I see by the press that immediately the Dies committee is making an investigation. I do not know what they are going to investigate. They let the cow out of the barn and it is too late now. Then I find a resolution by another colleague and he is going to investigate. I do not know what. All you can investigate now would be the cinders.

I have seen a number of statements by Members of Congress and by the public generally. The Congress and the country should have followed my plea made to you a year ago and 2 years ago. I told you exactly what might possibly happen if you allowed Nazi camps in close proximity to a powder factory. I have designated the Hercules Powder Co. in the RECORD at least a half dozen times. I have pleaded with this Congress to find some way to wipe out the Nazi camp near this company, and I have every reason to believe that this fire and this explosion did not happen through any miracle. Is it not queer that we, in a democracy and at a time like this, hesitate to do something for our own good?

At least a half a dozen times I have called attention in the RECORD to the danger of this Nazi camp within the area of that powder company. Why did the Dies committee not call upon the membership of every one of the bundsters in that camp, over 2,000? Why did they not find out where they worked and what they did, and how many of them were aliens? All we saw in the statements of the Dies committee were press releases and what they are going to do and when they are going to do it, but nothing has been done. In 2 years there was not one single recommendation made to the Congress constructively, to tighten up the conditions that I have called attention to during the last 7 years. I propose to have something to say on that question some time next week, and I hope to mention at least 50 groups in this country and 400 so-called "fifth columnists" that the Dies committee and its investigators seem to have been unable to find, and they are spread all around the country.

Mr. FULMER. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. FULMER. Does the gentleman know that it is already agreed to extend the investigation of the Dies committee with $50,000, and in the meantime, up to this good hour, nothing has been done about what we absolutely know is going on all over this country?

Mr. DICKSTEIN. The gentleman is 100-percent correct.

Mr. FULMER. Do you not think the Congress, instead of carrying on investigations, should do something to stop that?

Mr. DICKSTEIN. Absolutely. I say that $50,000 is just wasted.

[Here the gavel fell.]

EXPORT-IMPORT BANK OF WASHINGTON

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The SPEAKER pro tempore. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The Clerk will read the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter stricken out by the Senate amendment, and on page 2, line 12, of the House engrossed bill, after the word "nationals" insert a colon and the following: *"Provided, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the Act of April 13, 1934 (48 Stat. 574), or of the Neutrality Act of 1939."*; and the Senate agree to the same.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
ROBERT LUCE,
Managers on the part of the House.

ROBERT F. WAGNER,
ALBEN W. BARKLEY,
JAMES F. BYRNES,
JOHN G. TOWNSEND, Jr.,
JOHN A. DANAHER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House bill added a new paragraph to section 5d of the Reconstruction Finance Corporation Act, as amended, under which the Reconstruction Finance Corporation was authorized to supply funds in an amount not exceeding $500,000,000 outstanding at any one time to the Export-Import Bank of Washington to enable such bank to make loans to any governments, their central banks, or other acceptable banking institutions and, when guaranteed by any such government, central bank, or acceptable banking institution, to a political subdivision, agency, or national of any such government, notwithstanding any other provisions of law insofar as they might restrict or prohibit loans or other extensions of credit to, or other transactions with, the governments of the countries of the Western Hemisphere or their agencies or nationals This authority was for the purpose of assisting in the development of the resources, the stabilization of the economies and the orderly marketing of the products of countries of the Western Hemisphere. The Export-Import Bank was to exercise the powers and authority granted to it upon the written request of the Federal Loan Administrator with the approval of the President and subject to such conditions and limitations as might be set forth in such request or approval. The loans were to be made and administered in such manner and upon such terms and conditions as the bank might determine. The House bill also provided for increasing the borrowing power of the Reconstruction Finance Corporation by $1,500,000,000. It also extended the life of the Export-Import Bank of Washington as an agency of the United States from June 30, 1941 to January 22, 1947, increased its lending authority from $200,000,000 to $700,000,000, and eliminated the existing limitation of section 9 of the act of January 31, 1935, as amended, on the aggregate amount of loans which can be outstanding to any one country.

The Senate amendment contained similar provisions with respect to the Export-Import Bank of Washington, but these were provided for by way of amendment to section 9 of the act of January 31, 1935, instead of by amending section 5d of the Reconstruction Finance Corporation Act, as amended. The Senate also added a proviso that no loans made by the bank under the added authority granted to it should be made in violation of international law as interpreted by the Department of State, or in violation of the act of April 13, 1934 (known as the Johnson Act), or of the Neutrality Act of 1939. The Senate amendment did not contain, however, the extension of the borrowing power of the Reconstruction Finance Corporation by $1,500,000,000.

The conference agreement retains the provisions of the House bill with the single exception that there was added the provision of the Senate amendment that the loans made by the Export-Import Bank were not to be in violation of international law as interpreted by the Department of State, or of the Johnson Act, or of the Neutrality Act of 1939.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
ROBERT LUCE,
Managers on the part of the House.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MICHENER. As I understand, the gentleman from Michigan [Mr. WOLCOTT], the ranking minority member of the committee, who opposed the bill on the floor of the House, was one of the conferees and agrees to this conference report and has signed it?

Mr. STEAGALL. That is quite true. The report was unanimously agreed to.

I will say to the gentleman, there are really only two differences between the House bill and the Senate bill. One is that the Senate bill contained a provision to the effect that no loans might be made under the bill in contravention of the neutrality law or the Johnson Act. The House recedes and agrees to the Senate provision. The other difference was on a provision with respect to enlarging the borrowing powers of the Reconstruction Finance Corporation. Under the Senate bill the borrowing power would have been limited to $500,000,000, which is the amount contemplated that might possibly be loaned to countries of the Western Hemisphere. The House bill provided for an increased borrowing authority for the Reconstruction Finance Corporation in the amount of $1,500,000,000, in order that the Corporation might have ample funds with which to finance the purchase of materials and other activities which they were directed to perform under recent legislation. The Senate recedes and concurs in the House provision with respect to enlarging the borrowing powers of the Corporation.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SCHAFER of Wisconsin. This bill proposes to take $500,000,000 out of our almost bankrupt Federal Treasury. I have sent for and could not obtain a copy of the conference report which we are asked to adopt and put the bill on final passage. The Members of Congress are asked to pass this conference report and take $500,000,000 out of our almost bankrupt Federal Treasury and hand it to the Central and South American debt-defaulting dictatorship countries so that they can raise more cotton and corn, beef and other agricultural products and produce industrial products in competition with those of the United States, and at this very moment we cannot get a printed copy of the conference report on the bill. Does the gentleman believe that is a proper and sound legislative procedure?

Mr. STEAGALL. The gentleman lodges an objection to a provision in the report on which the House voted affirmatively after ample debate. The conferees have brought back to the House a provision which sustains the action of the House. On the other provision as to which the House conferees yielded our action follows the vote of the minority in the House.

Mr. SCHAFER of Wisconsin. Should the House now vote to adopt this conference report it votes to take $500,000,000 from our almost bankrupt Federal Treasury and hand it to

South and Central American debt-defaulting dictatorship countries so that they can produce more industrial and agricultural products in competition with those of the United States. We are aked to vote this $500,000,000 without even having a printed copy of the conference report available. I do not propose to do so. This $500,000,000 raid on our almost bankrupt Federal Treasury in order to play Santa Claus in a big way to international bankers and people in foreign lands is another gross betrayal of our country and our countrymen by our New Deal brethren who are great liberals when it comes to spending other people's money. Borrowed public money, if you please, which as to principal and interest will have to be repaid in tax dollars produced in the sweat and toil of this and several generations still unborn. I intend to obtain a record roll call vote on this $500,000,000 raid on the Treasury of the United States—should I be able to do so under the parliamentary situation—in order that the taxpayers of the United States can put their fingers on who is who when this raid is made.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were ayes 87 and noes 41.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. Will the gentleman withhold that until the Chair can receive a message from the Senate?

Mr. SCHAFER of Wisconsin. I will withhold it, but I object to the vote.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) entitled "An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training."

EXPORT-IMPORT BANK OF WASHINGTON

Mr. SCHAFER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER pro tempore. The gentleman from Wisconsin objects to the vote on the ground that a quorum is not present. The Chair will count. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 218, nays 139, not voting 72, as follows:

[Roll No. 218]

YEAS—218

Allen, La.	Cole, Md.	Fitzpatrick	Jones, Tex.
Anderson, Mo.	Colmer	Flannagan	Kee
Barden, N. C.	Connery	Flannery	Kefauver
Barry	Cooley	Ford, Miss.	Keller
Bates, Ky.	Cooper	Ford, Thomas F.	Kelly
Beam	Costello	Fries	Kennedy, Martin
Beckworth	Courtney	Fulmer	Kennedy, Michael
Bell	Cox	Garrett	Keogh
Bland	Cravens	Gathings	Kilday
Bloom	Crawford	Gavagan	Kirwan
Boehne	Creal	Geyer, Calif.	Kitchens
Boland	Crowe	Gore	Kleberg
Boren	Cullen	Gossett	Kocialkowski
Boykin	Cummings	Grant, Ala.	Kramer
Bradley, Pa.	D'Alesandro	Gregory	Kunkel
Brooks	Darden, Va.	Griffith	Lanham
Brown, Ga.	Davis	Hare	Larrabee
Bryson	Delaney	Harrington	Lea
Buckley, N. Y.	DeRouen	Hart	Leavy
Bulwinkle	Dickstein	Harter, Ohio	Lesinski
Burch	Dingell	Havenner	Lewis, Colo.
Burgin	Disney	Healey	Luce
Byrns, Tenn.	Doughton	Hennings	Ludlow
Byron	Doxey	Hill	Lynch
Camp	Duncan	Hobbs	McAndrews
Cannon, Fla.	Dunn	Houston	McArdle
Cannon, Mo.	Durham	Hunter	McCormack
Cartwright	Eberharter	Izac	McGehee
Casey, Mass.	Edelstein	Jacobsen	McGranery
Celler	Ellis	Jarman	McKeough
Clark	Evans	Johnson, Luther A.	McLaughlin
Claypool	Faddis	Johnson, Lyndon	McMillan, Clara
Cochran	Fay	Johnson, Okla.	McMillan, John L.
Coffee, Wash.	Ferguson	Johnson, W. Va.	Maciejewski
Magnuson	Patton	Schwert	Terry
Mahon	Pearson	Scrugham	Thomas, Tex.
Mansfield	Peterson, Fla.	Secrest	Thomason
Marcantonio	Pfeifer	Shanley	Tolan
Massingale	Pierce	Shannon	Vincent, Ky.
May	Poage	Sheppard	Vinson, Ga.
Merritt	Polk	Sheridan	Voorhis, Calif.
Mills, Ark.	Rabaut	Smith, Conn.	Walter
Mills, La.	Ramspeck	Smith, Ill.	Ward
Mitchell	Randolph	Smith, Wash.	Weaver
Monroney	Rankin	Smith, W. Va.	Welch
Murdock, Ariz.	Rayburn	Snyder	West
Murdock, Utah.	Richards	Somers, N. Y.	Whelchel
Myers	Robertson	South	White, Idaho
Nelson	Robinson, Utah	Sparkman	Whittington
Norrell	Romjue	Spence	Williams, Mo.
O'Leary	Sabath	Starnes, Ala.	Wood
O'Toole	Sasscer	Steagall	Woodrum, Va.
Pace	Satterfield	Tarver	Zimmerman
Patman	Schuetz	Taylor	
Patrick	Schulte	Tenerowicz	

NAYS—139

Alexander	Edmiston	Jonkman	Rodgers, Pa.
Allen, Ill.	Elston	Kean	Rogers, Mass.
Andersen, H. Carl	Fenton	Kilburn	Rutherford
Anderson, Calif.	Fish	Kinzer	Sandager
Andrews	Ford, Leland M.	Knutson	Schafer, Wis.
Angell	Gamble	Lambertson	Seccombe
Arends	Gartner	Landis	Shafer, Mich.
Austin	Gearhart	LeCompte	Short
Ball	Gehrmann	Lewis, Ohio	Simpson
Barton, N. Y.	Gerlach	McGregor	Smith, Maine
Bates, Mass.	Gilchrist	McLean	Smith, Ohio
Bender	Gillie	McLeod	Springer
Blackney	Goodwin	Maas	Stearns, N. H.
Bolles	Graham	Marshall	Stefan
Bolton	Grant, Ind.	Martin, Iowa	Sumner, Ill.
Bradley, Mich.	Gross	Martin, Mass.	Sweeney
Brewster	Guyer, Kans.	Michener	Sweet
Brown, Ohio	Gwynne	Miller	Taber
Buckler, Minn.	Hall, Leonard W.	Monkiewicz	Talle
Burdick	Hancock	Moser	Thorkelson
Carlson	Harter, N. Y.	Mundt	Tibbott
Carter	Hartley	Murray	Tinkham
Case, S. Dak.	Hawks	Nichols	Treadway
Church	Hess	O'Brien	Van Zandt
Clason	Hinshaw	O'Connor	Vorys, Ohio
Clevenger	Hoffman	Oliver	Vreeland
Cluett	Holmes	Pittenger	Wadsworth
Coffee, Nebr.	Horton	Plumley	Wigglesworth
Corbett	Hull	Powers	Williams, Del.
Crowther	Jenkins, Ohio	Reece, Tenn.	Winter
Culkin	Jenks, N. H.	Reed, Ill.	Wolcott
Ditter	Jennings	Reed, N. Y.	Wolverton, N. J.
Douglas	Jensen	Rees, Kans.	Woodruff, Mich.
Dworshak	Johnson, Ind.	Robsion, Ky.	Youngdahl
Eaton	Jones, Ohio	Rockefeller	

NOT VOTING—72

Allen, Pa.	Drewry	Johnson, Ill.	Risk
Andresen, A. H.	Elliott	Keefe	Rogers, Okla.
Arnold	Engel	Kennedy, Md.	Routzohn
Barnes	Englebright	Kerr	Ryan
Buck	Fernandez	Lemke	Sacks
Byrne, N. Y.	Flaherty	McDowell	Schaefer, Ill.
Caldwell	Folger	Maloney	Schiffler
Chapman	Gifford	Martin, Ill.	Smith, Va.
Chiperfield	Green	Mason	Sullivan
Cole, N. Y.	Hall, Edwin A.	Mott	Sumners, Tex.
Collins	Halleck	Mouton	Sutphin
Crosser	Harness	Norton	Thill
Curtis	Hendricks	O'Day	Thomas, N. J.
Darrow	Hook	O'Neal	Wallgren
Dempsey	Hope	Osmers	Warren
Dies	Jarrett	Parsons	Wheat
Dirksen	Jeffries	Peterson, Ga.	White, Ohio
Dondero	Johns	Rich	Wolfenden, Pa.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Wolfenden of Pennsylvania (against).
Mr. O'Neal (for) with Mr. Routzohn (against).
Mr. Peterson of Georgia (for) with Mr. Chiperfield (against).
Mr. Green (for) with Mr. August H. Andresen (against).
Mr. Martin of Illinois (for) with Mr. Darrow (against).
Mr. Caldwell (for) with Mr. Rich (against).
Mr. Buck (for) with Mr. Johnson of Illinois (against).
Mr. Kerr (for) with Mr. Hope (against).
Mr. Drewry (for) with Mr. Schiffler (against).
Mr. Hook (for) with Mr. Harness (against).
Mrs. Norton (for) with Mr. Johns (against).
Mr. Barnes (for) with Mr. Gifford (against).
Mr. Parsons (for) with Thomas of New Jersey (against).
Mrs. O'Day (for) with Mr. Edwin A. Hall (against).
Mr. Schaefer of Illinois (for) with Mr. Cole of New York (against).
Mr. Sullivan (for) with Mr. Lemke (against).
Mr. Dempsey (for) with Mr. McDowell (against).
Mr. Smith of Virginia (for) with Mr. Dondero (against).
Mr. Flaherty (for) with Mr. Dirksen (against).
Mr. Byrne of New York (for) with Mr. Osmers (against).
Mr. Folger (for) with Mr. Jeffries (against).

Until further notice:

Mr. Collins with Mr. Mason.
Mr. Ryan with Mr. Keefe.
Mr. Sutphin with Mr. Engel.
Mr. Wallgren with Mr. Wheat.
Mr. Arnold with Mr. Halleck.
Mr. Chapman with Mr. Jarrett.
Mr. Dies with Mr. Mott.
Mr. Elliott with Mr. Risk.
Mr. Hendricks with Mr. Thill.
Mr. Sumners of Texas with Mr. White of Ohio.
Mr. Crosser with Mr. Englebright.
Mr. Rogers of Oklahoma with Mr. Curtis.
Mr. Kennedy of Maryland with Mr. Maloney.
Mr. Mouton with Mr. Allen of Pennsylvania.
Mr. Fernandez with Mr. Sacks.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

DEFICIENCY BILL

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York [Mr. TABER] to make an announcement.

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. TABER. Mr. Speaker, the whip notice called for the deficiency bill's being brought up Monday. My understanding is that it will not be brought up until Wednesday. Is this the way the Speaker understands it?

The SPEAKER pro tempore. The Chair was entirely responsible for the whip notice going out as it did, because the Chair was informed by the gentleman from Virginia [Mr. WOODRUM] that the committee would be ready on Monday; but since the action of committee on yesterday the bill will not, of course, come up until Wednesday.

The Chair recognizes the gentleman from Kentucky.

SELECTIVE TRAINING AND SERVICE ACT OF 1940

Mr. MAY. Mr. Speaker, I present a conference report on the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, and call it up for immediate consideration.

The conference report and statement are as follows:

CONFERENCE REPORT

"The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That (a) the Congress hereby declares that it is imperative to increase and train the personnel of the armed forces of the United States.

"(b) The Congress further declares that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service.

"(c) The Congress further declares, in accordance with our traditional military policy as expressed in the National Defense Act of 1916, as amended, that it is essential that the strength and organization of the National Guard, as an integral part of the first-line defenses of this Nation, be at all times maintained and assured. To this end, it is the intent of the Congress that whenever the Congress shall determine that troops are needed for the national security in excess of those of the Regular Army and those in active training and service under section 3 (b), the National Guard of the United States, or such part thereof as may be necessary, shall be ordered to active Federal service and continued therein so long as such necessity exists.

"SEC. 2. Except as otherwise provided in this Act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of twenty-one and thirty-six, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

"SEC. 3. (a) Except as otherwise provided in this Act, every male citizen of the United States, and every male alien residing in the United States who has declared his intention to become such a citizen, between the ages of twenty-one and thirty-six at the time fixed for his registration, shall be liable for training and service in the land or naval forces of the United States. The President is authorized from time to time, whether or not a state of war exists, to select and induct into the land and naval forces of the United States for training and service, in the manner provided in this Act, such number of men as in his judgment is required for such forces in the national interest: *Provided*, That within the limits of the quota determined under section 4 (b) for the subdivision in which he resides, any person, regardless of race or color, between the ages of eighteen and thirty-six, shall be afforded an opportunity to volunteer for induction into the land or naval forces of the United States for the training and service prescribed in subsection (b), but no person who so volunteers shall be inducted for such training and service so long as he is deferred after classification: *Provided further*, That no man shall be inducted for training and service under this Act unless and until he is acceptable to the land or naval forces for such training and service and his physical and mental fitness for such training and service has been satisfactorily determined: *Provided further*, That no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, sanitary facilities, water supplies, heating and lighting arrangements, medical care, and hospital accommodations, for such men, as may be determined by the Secretary of War or the Secretary of the Navy, as the case may be, to be essential to public and personal health: *Provided further*, That except in time of war there shall not be in active training or service in the land forces of the United States at any one time under subsection (b) more than nine hundred thousand men inducted under the provisions of this Act. The men inducted into the land or naval forces for training and service under this Act shall be assigned to camps or units of such forces.

"(b) Each man inducted under the provisions of subsection (a) shall serve for a training and service period of twelve consecutive months, unless sooner discharged, except that whenever the Congress has declared that the national interest is imperiled, such twelve-month period may be extended by the President to such time as may be necessary in the interests of national defense.

"(c) Each such man, after the completion of his period of training and service under subsection (b), shall be transferred to a reserve component of the land or naval forces of the United States; and until he attains the age of forty-five, or until the expiration of a period of ten years after such transfer, or until he is discharged from such reserve component, whichever occurs first, he shall be deemed to be a member of such reserve component and shall be subject to such additional training and service as may now or hereafter be prescribed by law: *Provided*, That any man who completes at least twelve months' training and service in the land forces under subsection (b), and who thereafter serves satisfactorily in the Regular Army or in the active National Guard for a period of at least two years, shall, in time of peace, be relieved from any liability to serve in any reserve component of the land or Naval forces of the United States and from further liability for the training and service under subsection (b), but nothing in this subsection shall be construed to prevent any such man, while in a reserve component of such forces, from being ordered or called to active duty in such forces.

"(d) With respect to the men inducted for training and service under this Act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

"(e) Persons inducted into the land forces of the United States under this Act shall not be employed beyond the limits of the Western Hemisphere except in the Territories and possessions of the United States, including the Philippine Islands.

"(f) Nothing contained in this or any other Act shall be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces of the United States for training and service under this Act, or to members of the reserve components of such forces now or hereafter on any type of active duty, who, prior to their induction or commencement of active duty, were receiving compensation from such person, firm, or corporation.

"SEC. 4. (a) The selection of men for training and service under section 3 (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner, under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for

residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accordance with such rules and regulations as the President may prescribe.

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b).

"(b) In time of peace, the following persons shall be relieved from liability to serve in any reserve component of the land or naval forces of the United States and from liability for training and service under section 3 (b)—

"(1) Any man who shall have satisfactorily served for at least three consecutive years in the Regular Army before or after or partially before and partially after the time fixed for registration under section 2.

"(2) Any man who as a member of the active National Guard shall have satisfactorily served for at least one year in active Federal service in the Army of the United States, and subsequent thereto for at least two consecutive years in the Regular Army or in the active National Guard, before or after or partially before and partially after the time fixed for registration under section 2.

"(3) Any man who is in the active National Guard at the time fixed for registration under section 2, and who shall have satisfactorily served therein for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration.

"(4) Any man who is in the Officers Reserve Corps on the eligible list at the time fixed for registration under section 2, and who shall have satisfactorily served therein on the eligible list for at least six consecutive years, before or after or partially before and partially after the time fixed for such registration: *Provided*, That nothing in this subsection shall be construed to prevent the persons enumerated in this subsection, while in reserve components of the land or naval forces of the United States, from being ordered or called to active duty in such forces.

"(c) (1) The Vice President of the United States, the Governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and the District of Columbia, shall, while holding such offices, be deferred from training and service under this Act in the land and naval forces of the United States.

"(2) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States, of any person holding an office (other than an office described in paragraph (1) of this subsection) under the United States or any State, Territory, or the District of Columbia, whose continued service in such office is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the public health, safety, or interest.

"(d) Regular or duly ordained ministers of religion and students who are preparing for the ministry in theological or divinity schools recognized as such for more than one year prior to the date of enactment of this Act, shall be exempt from training and service (but not from registration) under this Act.

"(e) The President is authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States of those men whose employment in industry, agriculture, or other occupations or employment, or whose activity in other endeavors, is found in accordance with section 10 (a) (2) to be necessary to the maintenance of the national health, safety, or interest. The President is also authorized, under such rules and regulations as he may prescribe, to provide for the deferment from training and service under this Act in the land and naval forces of the United States (1) of those men in a status with respect to persons dependent upon them for support which renders their deferment advisable, and (2) of those men found to be physically, mentally, or morally deficient or defective. No deferment from such training and service shall be made in the case of any individual except upon the basis of the status of such individual, and no such deferment shall be made of individuals by occupational groups or of groups of individuals in any plant or institution.

"(f) Any person who, during the year 1940, entered upon attendance for the academic year 1940–1941—

"(1) at any college or university which grants a degree in arts or science, to pursue a course of instruction satisfactory completion of which is prescribed by such college or university as a prerequisite to either of such degrees; or

"(2) at any university described in paragraph (1), to pursue a course of instruction to the pursuit of which a degree in arts or science is prescribed by such university as a prerequisite;

and who, while pursuing such course of instruction at such college or university, is selected for training and service under this Act prior to the end of such academic year, or prior to July 1, 1941, whichever occurs first, shall, upon his request, be deferred from induction into the land or naval forces for such training and service until the end of such academic year, but in no event later than July 1, 1941.

"(g) Nothing contained in this Act shall be construed to require any person to be subject to combatant training and service in the land or naval forces of the United States who, by reason of religious training and belief, is conscientiously opposed to participation in war in any form. Any such person claiming such exemption from combatant training and service because of such conscientious objections whose claim is sustained by the local board shall, if he is inducted into the land or naval forces under this Act, be assigned to noncombatant service as defined by the President, or shall, if he is found to be conscientiously opposed to participation in such noncombatant service, in lieu of such induction, be assigned to work of national importance under civilian direction. Any such person claiming such exemption from combatant training and service because of such conscientious objections shall, if such claim is not sustained by the local board, be entitled to an appeal to the appropriate appeal board provided for in section 10 (a) (2). Upon the filing of such appeal with the appeal board, the appeal board shall forthwith refer the matter to the Department of Justice for inquiry and hearing by the Department or the proper agency thereof. After appropriate inquiry by such agency, a hearing shall be held by the Department of Justice with respect to the character and good faith of the objections of the person concerned, and such person shall be notified of the time and place of such hearing. The Department shall, after such hearing, if the objections are found to be sustained, recommend to the appeal board (1) that if the objector is inducted into the land or naval forces under this Act, he shall be assigned to noncombatant service as defined by the President, or (2) that if the objector is found to be conscientiously opposed to participation in such noncombatant service, he shall in lieu of such induction be assigned to work of national importance under civilian direction. If after such hearing the Department finds that his objections are not sustained, it shall recommend to the appeal board that such objections be not sustained. The appeal board shall give consideration to but shall not be bound to follow the recommendation of the Department of Justice together with the record on appeal from the local board in making its decision. Each person whose claim for exemption from combatant training and service because of conscientious objections is sustained shall be listed by the local board on a register of conscientious objectors.

"(h) No exception from registration, or exemption or deferment from training and service, under this Act, shall continue after the cause therefor ceases to exist.

"SEC. 6. The President shall have authority to induct into the land and naval forces of the United States under this Act no greater number of men than the Congress shall hereafter make specific appropriation for from time to time.

"SEC. 7. No bounty shall be paid to induce any person to enlist in or be inducted into the land or naval forces of the United States: *Provided*, That the clothing or enlistment allowances authorized by law shall not be regarded as bounties within the meaning of this section. No person liable for service in such forces shall be permitted or allowed to furnish a substitute for such service; no substitute as such shall be received, enlisted, enrolled, or inducted into the land or naval forces of the United States; and no person liable for training and service in such forces under section 3 shall be permitted to escape such training and service or be discharged therefrom prior to the expiration of his period of such training and service by the payment of money or any other valuable thing whatsoever as consideration for his release from such training and service or liability therefor.

"SEC. 8. (a) Any person inducted into the land or naval forces under this Act for training and service, who, in the judgment of those in authority over him, satisfactorily completes his period of training and service under section 3 (b) shall be entitled to a certificate to that effect upon the completion of such period of training and service, which shall include a record of any special proficiency or merit attained. In addition, each such person who is inducted into the land or naval forces under this Act for training and service shall be given a physical examination at the beginning of such training and service and a medical statement showing any physical defects noted upon such examination; and upon the completion of his period of training and service under section 3 (b), each such person shall be given another physical examination and shall be given a medical statement showing any injuries, illnesses or disabilities suffered by him during such period of training and service.

"(b) In the case of any such person who, in order to perform such training and service, has left or leaves a position, other than a temporary position, in the employ of any employer and who (1) receives such certificate, (2) is still qualified to perform the duties of such position, and (3) makes application for reemployment

within forty days after he is relieved from such training and service—

"(A) if such position was in the employ of the United States Government, its Territories or possessions, or the District of Columbia, such person shall be restored to such position or to a position of like seniority, status, and pay;

"(B) if such position was in the employ of a private employer, such employer shall restore such person to such position or to a position of like seniority, status, and pay unless the employer's circumstances have so changed as to make it impossible or unreasonable to do so;

"(C) if such position was in the employ of any State or political subdivision thereof, it is hereby declared to be the sense of the Congress that such person should be restored to such position or to a position of like seniority, status, and pay.

"(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of training and service in the land or naval forces, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was inducted into such forces, and shall not be discharged from such position without cause within one year after such restoration.

"(d) Section 3 (c) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended to read as follows:

"'(c) Any person who is restored to a position in accordance with the provisions of paragraph (A) or (B) of subsection (b) shall be considered as having been on furlough or leave of absence during his period of active military service, shall be so restored without loss of seniority, shall be entitled to participate in insurance or other benefits offered by the employer pursuant to established rules and practices relating to employees on furlough or leave of absence in effect with the employer at the time such person was ordered into such service, and shall not be discharged from such position without cause within one year after such restoration.'

"(e) In case any private employer fails or refuses to comply with the provisions of subsection (b) or subsection (c), the district court of the United States for the district in which such private employer maintains a place of business shall have power, upon the filing of a motion, petition, or other appropriate pleading by the person entitled to the benefits of such provisions, to specifically require such employer to comply with such provisions, and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action. The court shall order a speedy hearing in any such case and shall advance it on the calendar. Upon application to the United States district attorney or comparable official for the district in which such private employer maintains a place of business, by any person claiming to be entitled to the benefits of such provisions, such United States district attorney or official, if reasonably satisfied that the person so applying is entitled to such benefits, shall appear and act as attorney for such person in the amicable adjustment of the claim or in the filing of any motion, petition, or other appropriate pleading and the prosecution thereof to specifically require such employer to comply with such provisions: *Provided*, That no fees or court costs shall be taxed against the person so applying for such benefits.

"(f) Section 3 (d) of the joint resolution entitled 'Joint Resolution to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service', approved August 27, 1940, is amended by inserting before the period at the end of the first sentence the following: ', and, as an incident thereto, to compensate such person for any loss of wages or benefits suffered by reason of such employer's unlawful action'.

"(g) The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this Act.

"(h) Any person inducted into the land or naval forces for training and service under this Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of such election, if under the laws of such State he is entitled so to vote in such election; but nothing in this subsection shall be construed to require granting to any such person a leave of absence for longer than one day in order to permit him to vote in person in any such election.

"(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this Act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

"SEC. 9. The President is empowered, through the head of the War Department or the Navy Department of the Government, in addition to the present authorized methods of purchase or procurement, to place an order with any individual, firm, association, company, corporation, or organized manufacturing industry for such product or material as may be required, and which is of the nature and kind usually produced or capable of being produced by such individual, firm, company, association, corporation, or organized manufacturing industry.

"Compliance with all such orders for products or material shall be obligatory on any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof and shall take precedence over all other orders and contracts theretofore placed with such individual, firm, company, association, corporation, or organized manufacturing industry, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any plant equipped for the manufacture of arms or ammunition or parts of ammunition, or any necessary supplies or equipment for the Army or Navy, and any individual, firm, association, company, corporation, or organized manufacturing industry or the responsible head or heads thereof owning or operating any manufacturing plant, which, in the opinion of the Secretary of War or the Secretary of the Navy shall be capable of being readily transformed into a plant for the manufacture of arms or ammunition, or parts thereof, or other necessary supplies or equipment, who shall refuse to give to the United States such preference in the matter of the execution of orders, or who shall refuse to manufacture the kind, quantity, or quality of arms or ammunition, or the parts thereof, or any necessary supplies or equipment, as ordered by the Secretary of War or the Secretary of the Navy, or who shall refuse to furnish such arms, ammunition, or parts of ammunition, or other supplies or equipment, at a reasonable price as determined by the Secretary of War or the Secretary of the Navy, as the case may be, then, and in either such case, the President, through the head of the War or Navy Departments of the Government, in addition to the present authorized methods of purchase or procurement, is hereby authorized to take immediate possession of any such plant or plants, and through the appropriate branch, bureau, or department of the Army or Navy to manufacture therein such product or material as may be required, and any individual, firm, company, association, or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to comply with the provisions of this section shall be deemed guilty of a felony, and upon conviction shall be punished by imprisonment for not more than three years and a fine not exceeding $50,000.

"The compensation to be paid to any individual, firm, company, association, corporation, or organized manufacturing industry for its products or material, or as rental for use of any manufacturing plant while used by the United States, shall be fair and just: *Provided*, That nothing herein shall be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in such plant.

"The first and second provisos in section 8 (b) of the Act entitled 'An Act to expedite national defense, and for other purposes,' approved June 28, 1940 (Public Act Numbered 671, Seventy-sixth Congress), are hereby repealed.

"SEC. 10. (a) The President is authorized—

"(1) to prescribe the necessary rules and regulations to carry out the provisions of this Act;

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards and such other civilian agencies, including appeal boards and agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized, all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized in accordance with such rules and regulations as the President may prescribe. Appeal boards and agencies of appeal within the Selective Service System shall be composed of civilians who are citizens of the United States. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent or employee;

"(3) to appoint by and with the advice and consent of the Senate, and fix the compensation at a rate not in excess of $10,000 per annum, of a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such

other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards, appeal boards, or agencies of appeal established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned or detailed to a position the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended, and without regard to the provisions of civil-service laws.

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the District of Columbia and subdivisions thereof in the execution of this Act; and

"(5) to purchase such printing, binding, and blankbook work from public, commercial, or private printing establishments or binderies upon orders placed by the Public Printer or upon waivers issued in accordance with section 12 of the Printing Act approved January 12, 1895, as amended by the Act of July 8, 1935 (49 Stat. 475), and to obtain by purchase, loan, or gift such equipment and supplies for the Selective Service System as he may deem necessary to carry out the provisions of this Act, with or without advertising or formal contract; and

"(6) to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or for any other special service established pursuant to this Act, of any person convicted of a violation of any of the provisions of this Act.

"(b) The President is further authorized, under such rules and regulations as he may prescribe, to delegate and provide for the delegation of any authority vested in him under this Act to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe.

"(c) In the administration of this Act voluntarily services may be accepted. Correspondence necessary in the execution of this Act may be carried in official penalty envelopes.

"(d) The Chief of Finance, United States Army, is hereby designated, empowered, and directed to act as the fiscal, disbursing, and accounting agent of the Director of Selective Service in carrying out the provisions of this Act.

"SEC. 11. Any person charged as herein provided with the duty of carrying out any of the provisions of this Act, or the rules or regulations made or directions given thereunder, who shall knowingly fail or neglect to perform such duty, and any person charged with such duty, or having and exercising any authority under said Act, rules, regulations, or directions who shall knowingly make, or be a party to the making, of any false, improper, or incorrect registration, classification, physical or mental examination, deferment, induction, enrollment, or muster, and any person who shall knowingly make, or be a party to the making of, any false statement or certificate as to the fitness or unfitness or liability or nonliability of himself or any other person for service under the provisions of this Act, or rules, regulations, or directions made pursuant thereto, or who otherwise evades registration or service in the land or naval forces or any of the requirements of this Act, or who knowingly counsels, aids, or abets another to evade registration or service in the land or naval forces or any of the requirements of this Act, or of said rules, regulations, or directions, or who in any manner shall knowingly fail or neglect to perform any duty required of him under or in the execution of this Act, or rules or regulations made pursuant to this Act, or any person or persons who shall knowingly hinder or interfere in any way by force or violence with the administration of this Act or the rules or regulations made pursuant thereto, or conspire to do so, shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than five years or a fine of not more than $10,000, or by both such fine and imprisonment, or if subject to military or naval law may be tried by court martial, and, on conviction, shall suffer such punishment as a court martial may direct. No person shall be tried by any military or naval court martial in any case arising under this Act unless such person has been actually inducted for the training and service prescribed under this Act or unless he is subject to trial by court martial under laws in force prior to the enactment of this Act. Precedence shall be given by courts to the trial of cases arising under this Act.

"SEC. 12. (a) The monthly base pay of enlisted men of the Army and the Marine Corps shall be as follows: Enlisted men of the first grade, $126; enlisted men of the second grade, $84; enlisted men of the third grade, $72; enlisted men of the fourth grade, $60; enlisted men of the fifth grade, $54; enlisted men of the sixth grade, $36; enlisted men of the seventh grade, $30; except that the monthly base pay of enlisted men with less than four months' service during their first enlistment period and of enlisted men of the seventh grade whose inefficiency or other unfitness has been determined under regulations prescribed by the Secretary of War, and the Secretary of the Navy, respectively, shall be $21. The pay for specialists' ratings, which shall be in addition to monthly base pay, shall be as follows: First class, $30; second class, $25; third class, $20; fourth class, $15; fifth class, $6; sixth class, $3. Enlisted men of the Army and the Marine Corps shall receive, as a permanent addition to their pay, an increase of 10 per centum of their base pay and pay for specialists' ratings upon completion of the first four years of service, and an additional increase of 5 per centum of such base pay and pay for specialists' ratings for each four years of service thereafter, but the total of such increases shall not exceed 25 per centum. Enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as are provided for enlisted men in similar grades in the Army and Marine Corps.

"(b) The pay for specialists' rating received by an enlisted man of the Army or the Marine Corps at the time of his retirement shall be included in the computation of his retired pay.

"(c) The pay of enlisted men of the sixth grade of the National Guard for each armory drill period, and for each day of participation in exercises under sections 94, 97, and 99 of the National Defense Act, shall be $1.20.

"(d) No back pay or allowances shall accrue by reason of this Act for any period prior to October 1, 1940.

"(e) Nothing in this Act shall operate to reduce the pay now being received by any retired enlisted man.

"(f) The provisions of this section shall be effective on and after October 1, 1940. Thereafter all laws and parts of laws insofar as the same are inconsistent herewith or in conflict with the provisions hereof are hereby repealed.

"SEC. 13. (a) The benefits of the Soldiers and Sailors Civil Relief Act, approved March 8, 1918, are hereby extended to all persons inducted into the land or naval forces under this Act, and to all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month; and, except as hereinafter provided, the provisions of such Act of March 8, 1918, shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) the following provisions of such Act of March 8, 1918, shall be inoperative: Section 100; paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603;

"(2) the term 'persons in military service', when used in such Act of March 8, 1918, shall be deemed to mean persons inducted into the land or naval forces under this Act and all members of any reserve component of such forces now or hereafter on active duty for a period of more than one month;

"(3) the term 'period of military service', when used in such Act of March 8, 1918, when applicable with respect to any such person, shall be deemed to mean the period beginning with the date of enactment of this Act, or the date on which such person is inducted into such forces under this Act for any period of training and service or is ordered to such active duty, whichever is the later, and ending sixty days after the date on which such period of training and service or active duty terminates.

"(4) The term 'date of approval of this Act', when used in such Act of March 8, 1918, shall be deemed to mean the date of enactment of the Selective Training and Service Act of 1940.

"(c) Article III of such Act of March 8, 1918, is amended by adding at the end thereof the following new section:

"'SEC. 303. Nothing contained in section 301 shall prevent the termination or cancellation of a contract referred to in such section, nor the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.'

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this Act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2.

"(b) If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

"(c) Nothing contained in this Act shall be construed to repeal, amend, or suspend the laws now in force authorizing voluntary enlistment or reenlistment in the land and naval forces of the United States, including the reserve components thereof.

"SEC. 15. When used in this Act—

"(a) The term 'between the ages of twenty-one and thirty-six' shall refer to men who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of the day of their birth; and other terms designating different age groups shall be construed in a similar manner.

"(b) The term 'United States', when used in a geographical sense, shall be deemed to mean the several States, the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"(c) The term 'dependent' when used with respect to a person registered under the provisions of this Act includes only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment.

"(d) The terms 'land or naval forces' and 'land and naval forces' shall be deemed to include aviation units of such forces.

"(e) The term 'district court of the United States' shall be deemed to include the courts of the United States for the Territories and the possessions of the United States.

"SEC. 16. (a) Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended to the extent of such conflict for the period in which this Act shall be in force.

"(b) All the provisions of this Act, except the provisions of sections 3 (c), 3 (d), 8 (g), and 12, shall become inoperative and cease to apply on and after May 15, 1945, except as to offenses committed prior to such date, unless this Act is continued in effect by the Congress.

"(c) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

"SEC. 17. This Act shall take effect immediately.

"SEC. 18. This Act may be cited as the 'Selective Training and Service Act of 1940'."

And the House agree to the same.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

MORRIS SHEPPARD,
ROBT. R. REYNOLDS,
ELBERT D. THOMAS,
SHERMAN MINTON,
STYLES BRIDGES,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Age limits

The Senate bill required the registration of every male citizen, and every male alien residing in the United States or its possessions who had declared his intention to become a citizen, between the ages of 21 and 31 at the time fixed for his registration. Under the Senate bill the phrase "between the ages of 21 and 31" was defined to refer to men who had attained the twenty-first anniversary of the day of their birth and had not attained the thirty-first anniversary of the day of their birth. The Senate bill also provided that persons between the ages of 18 and 35, regardless of race or color, should be afforded an opportunity to be voluntarily inducted into the land or naval forces (including aviation units) for the training and service described in the bill. After a man had completed his period of training and service, the Senate bill provided that he should be transferred to a reserve component of the land or naval forces until the provisions of the bill became inoperative, or until the expiration of 10 years or until he was discharged from such reserve component, whichever event occurred first.

The House amendment required registration of those between the ages of 21 and 45, which was defined as referring to men who had reached the twenty-first anniversary of the day of their birth and had not reached the forty-fifth anniversary. Persons between the ages of 18 and 35 were to be afforded an opportunity to volunteer to be inducted into the land or naval forces for the training and service prescribed in the amendment. After the period of training and service had been completed, the House amendment provided that the person so completing such training and service should be transferred to a reserve component of the land or naval forces until the expiration of 10 years, or until he attained the age of 45, or until he was discharged, whichever occurred first.

The conference agreement provides that all male citizens, and all male aliens residing in the United States who have declared their intention to become citizens, between the ages of 21 and 36 shall present themselves for registration and submit to registration at such time or times and place or places and in such manner and in such age groups as shall be determined by rules and regulations prescribed by the President. Every such person who is between such ages at the time fixed for his registration and who is not excepted from registration by other provisions of the conference agreement is made liable for training and service in the land or naval forces of the United States. Any person, regardless of race or color, between the ages of 18 and 36, is to be afforded an opportunity to volunteer for induction, but no person who so volunteers is to be inducted so long as he is deferred after classification. No person is to be inducted unless he is acceptable to the land or naval forces. The conference agreement retains the provisions of the House amendment relating to a person's service in a reserve component of the land or naval forces until the age of 45 is reached, or until 10 years after the transfer to such reserve component, or until he is discharged, whichever occurs first. Under the conference agreement, the phrase "between the ages of 21 and 36" is defined as referring to those who have attained the twenty-first anniversary of the day of their birth and who have not attained the thirty-sixth anniversary of such day. The conference agreement defines "land forces" and "naval forces" to include aviation units thereof.

Postponement of induction for 60 days

The House amendment authorized the President to issue, as soon as possible after the enactment of the bill, a call for volunteers between the ages of 18 and 35, and another such call at any time after January 1, 1941, and to induct into the land or naval forces for training and service as many of the men who volunteer as did not exceed the number of men for whom the call was issued. If upon the expiration of 60 days after the issuance of either of such calls the President found that the number of qualified men who had volunteered was less than the number for whom the call was issued, he was authorized to select and induct into the land or naval forces such number of qualified men selected through the Selective Service System as when added to the number who had volunteered would equal the number for whom he issued the call. Until the expiration of 60 days from the date of the issuance by the President of the second call no man was to be inducted into the land or naval forces under any other provision of the bill, except that registration, classification, and selection under such other provisions could take place. There was no similar provision in the Senate bill.

The conference agreement omits this provision of the House amendment.

Provision authorizing the taking over of private manufacturing facilities

The Senate bill provided that whenever the Secretary of War or the Secretary of the Navy determined that any existing manufacturing plant or facility was necessary for the national defense and was unable to arrive at any agreement with the owner for its use or operation by the War Department or the Navy Department, the Secretary, under the direction of the President, was authorized to institute condemnation proceedings with respect to such plant or facility and to acquire it under the Act of February 26, 1931. Upon the filing of a declaration of taking in accordance with the provisions of such act, the Secretary was authorized to take immediate possession of the plant or facility and operate it either by Government personnel or by contract with private firms pending the determination of the issue. Nothing in this provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant or facility.

Under the House amendment, the President was empowered through the head of the War Department or the Navy Department, in addition to the present authorized methods of purchase or procurement, to place orders for any product or material that might be required and which could be produced by the company concerned. Compliance with the order was made obligatory. Upon the refusal of the company to comply with the order, the President, through the head of the War or Navy Department, was authorized to take immediate possession of the plant, to manufacture therein the product or material required. Failure to comply with the provisions was made subject to imprisonment for not more than 3 years and to a fine of not exceeding $50,000. The compensation to be paid for the products and material or as rental for the use of the plant or facility while used by the United States, was required to be fair and just. Nothing in the provision was to be deemed to render inapplicable existing State or Federal laws concerning the health, safety, security, and employment standards of the employees in the plant. The House amendment also repealed the first and second provisos of the act of June 28, 1940, entitled "An act to expedite the national defense, and for other purposes."

The conference agreement contains the provisions of the House amendment.

Conscientious objectors

The Senate bill provided that nothing therein contained was to be construed as requiring any person to be subject to combatant training or service who by reason of religious training or belief is conscientiously opposed to participation in war in any form. All persons claiming such exemption because of such conscientious objections were to be listed on a Register of Conscientious Objectors at the time of their classification by a local board, and their names at once referred by the local board to the Department of Justice for inquiry and hearing. After appropriate inquiry by the appropriate agency of the Department of Justice, a hearing was to be held by the Department of Justice in the case of each such person with respect to the character and good faith of his objections. If the objections were found by the Department to be sustained, it was to recommend that (1) the objector be assigned to noncombatant service as defined by the President, or (2) if the objector was found to be conscientiously opposed to participation in such noncombatant service that he be assigned to work of national importance under civilian direction. If after the hearing the objections were found not to be sustained, the objector and the local board were to be immediately notified, the name of the objector was then to be removed from the Register of Conscientious Objectors, and the objector was thereafter to be liable for the training and service provided for in the bill. If within 5 days after the date of the findings by the Department of Justice, the objector or the local board gave notice to the other of disagreement with the findings, the local board was to refer the matter for final determination to an appropriate appeal board.

Under the House amendment the character and good faith of the objection of a conscientious objector were to be determined by the local board, subject to the right of appeal by the objector to an appropriate appeal board.

Under the conference agreement, if the objections are not sustained by the local board in the first instance, the objector is given the right to appeal to the appropriate appeal board. Upon the filing of such appeal, the appeal board is directed forthwith to refer the matter to the Department of Justice for an inquiry and hearing. After appropriate inquiry by the proper agency of the Department

of Justice, a hearing is to be held by the Department with respect to the character and good faith of the objections. If the Department finds the objections to be sustained, it is to recommend to the appeal board (1) that the objector, if he is inducted under the act, be assigned to noncombatant service as defined by the President, or (2) if it is found that he is conscientiously opposed to participation in such noncombatant service, in lieu of such induction that he be assigned to work of national importance under civilian direction. In making its decision the appeal board is to consider the record on appeal from the local board, together with the recommendations, which it is not bound to follow, by the Department of Justice. All persons whose claims for exemption under this provision because of conscientious objection are sustained are to be listed by the local board on a Register of Conscientious Objectors.

Limitation on number of men to be inducted

The Senate bill provided that there should not be in active training or service in the land forces of the United States at any one time in time of peace more than 900,000 men inducted under the provisions of the bill.

The House amendment provided that except in time of war there should not be in active training or service in the land and naval forces of the United States at any one time more than a million men inducted under the bill.

The conference agreement provides that except in time of war there shall not be in active training or service in the land forces of the United States at any one time for the 12-month training and service period more than 900,000 men inducted under the bill.

Deferments of public officers

The Senate bill provided that the Vice President of the United States, the governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of the United States and of the several States and Territories and of the District of Columbia, and other executive officers of the United States and of the several States and Territories and the District of Columbia, whose continued service in the executive office held by them was found necessary to the maintenance of the public health, safety, or interest, should, while holding such offices, be deferred from training and service in the land and naval forces of the United States.

The House amendment provided that the Vice President of the United States, and the officers, legislative, executive, and judicial, except judges of inferior courts not of record, of the United States, and of the several States, Territories, and the District of Columbia, while holding such official position shall be deferred (which deferred classification might be waived) from training and service in the land and naval forces of the United States.

The conference agreement provides that the Vice President of the United States, the governors of the several States and Territories, members of the legislative bodies of the United States and of the several States and Territories, judges of the courts of record of the United States and of the several States and Territories and of the District of Columbia, shall be deferred from training and service in the land and naval forces of the United States. The President is authorized by the conference agreement under such rules and regulations as he may prescribe, to defer training and service in the land and naval forces of the United States of any person holding any office (other than an office described above) under the United States, or any State, Territory, or the District of Columbia, whose continued service in such office is found, in accordance with section 10 (a) (2) (relating to local boards), to be necessary to the public health, safety, or interest.

Postponement of induction of certain students

The House amendment provided that in the case of students at certain colleges and universities who during the year 1940 entered upon attendance for the academic year 1940–41, the induction of such student was at his request to be deferred until the end of such academic year but in no event later than July 1, 1941.

The conference agreement contains this provision of the House amendment.

Selective service system

Both the Senate bill and the House amendment provided for the creation of a selective service system. The Senate bill provided that the Director of Selective Service should receive compensation at a rate not in excess of $10,000 per annum. Under the House amendment the Director's compensation was to be fixed by the President. The conference agreement adopts the provisions of the Senate bill in this respect. The conference agreement also provides that officers on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or in reserve components thereof, and officers and employees of any department or agency of the United States, who may be assigned or detailed to any office or position to carry out the provisions of the Act, may serve and perform the functions of such office or position without loss or prejudice to their status as such officers or employees. Thus Army, Navy, Marine Corps, or Coast Guard officers, or officers of Reserve components thereof, so detailed or assigned will continue to receive the same pay, allowances, and benefits (including promotional and longevity rights and privileges) and all other rights and privileges that they have at the time of such detail or assignment and that they would continue to receive had they not been so detailed or assigned. The conference agreement also provides that any person appointed, assigned, or detailed to a position in the Selective Service System the compensation in respect of which is at a rate in excess of $5,000 per annum shall be appointed, assigned, or detailed by and with the advice and consent of the Senate. A similar provision was contained in the Senate bill. Clerical and stenographic employees for local boards may, under the conference agreement, be appointed and compensated without regard to the civil-service laws and the Classification Act of 1923 as amended.

Both the Senate bill and the House amendment provided that the members of the local boards and the boards and agencies of appeal must be civilians and not connected with the Military Establishment. The provisions of the House amendment in this respect are contained in the conference agreement, and it is further provided that under no circumstances can Army, Navy, Marine Corps, or Coast Guard officers, either on the active or retired list, be assigned or detailed to a position of member of any such board or agency.

Both the Senate bill and the House amendment directed the Director of Selective Service to establish a personnel division with adequate facilities to render aid in the replacement in their former positions of persons who satisfactorily completed their training and service under the act, and to aid them in finding employment elsewhere if such replacement in their former positions was impossible or unreasonable. Under the Senate bill the same service was to be extended to members of the Reserve components. The conference agreement provides that the Director shall establish a personnel division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the Reserve components of the land and naval forces who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed their training and service under the Act.

Jurisdiction of courts martial

The Senate bill provided that persons subject to the bill who fail to report for duty as ordered should be tried exclusively in the district courts of the United States and not by military and naval courts martial, unless such persons had actually been inducted for the training and service prescribed in the bill or unless they were subject to trial by court marial under laws in force prior to the enactment of the bill. The House amendment in such cases gave the courts martial and the district courts concurrent jurisdiction, and made failure of persons to report for duty subject to the laws and regulations concerning that branch of the land and naval forces to which they were assigned from the date they were required by the terms of the order to obey the same, even though they had not actually been inducted.

The conference agreement contains the provisions of the Senate bill in this respect.

Physical examinations

The Senate bill provided that each person inducted under the bill was to be given a physical examination at the beginning of his training and service, together with a medical statement showing any physical defects noted on such examination. Upon the completion of the period of training and service, he was to be given another physical examination, together with a medical statement showing any injuries, illnesses, or disabilities suffered by him during the period of his training and service.

The House amendment provided that the induction of a person into the land or naval forces of the United States should not be deemed to be complete until his physical and mental fitness for military or naval service should have been satisfactorily determined.

The conference agreement contains provisions similar both to the provisions of the Senate bill, as well as the provisions of the House amendment.

Authority to accept compensation from private employers

The House amendment provided that nothing contained therein or in any other act was to be construed as forbidding the payment of compensation by any person, firm, or corporation to persons inducted into the land or naval forces under the provisions of the bill, or to members of the reserve component thereof now on or hereafter placed on any type of active duty, which persons and members were, prior to their induction for active duty, receiving compensation from such person, firm, or corporation. There was no similar provision in the Senate bill.

The conference agreement contains provisions similar to the House amendment in this respect with the omission of a provision contained in the House amendment limiting its application to persons below the grade of captain.

Persons discharged from private employment within 30 days prior to enactment of act—presumption as to cause of discharge

The Senate bill provided that any person who had been required to leave a position in the employ of a private employer, other than a temporary position, within 30 days prior to the enactment of the bill should be deemed prima facie to have left such position in order to perform the service required under the bill. This provision had the effect of requiring reinstatement by the employer after the completion of the employee's period of training and service. There was no similar provision in the House amendment.

The conference agreement omits this provision of the Senate bill.

No discrimination on account of race or color

The House amendment provided that in the selection and training of men as well as in the interpretation and execution of the provisions of the act there was to be no discrimination against any person on account of race, creed, or color. The Senate bill contained no similar provision of general application.

The conference agreement provides that in the selection and training of men as well as in the interpretation and execution of

the provisions of the act, there shall be no discrimination against any person on account of race or color.

Employment of Communists and members of the German-American Bund

The House amendment provided that it was the policy of Congress that whenever a vacancy was caused in the employment rolls in business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of the act, such vacancy should not be filled by any person who was not a citizen of the United States or who was a member of the Communist Party or the German-American Bund. The Senate bill contained no similar provision.

The conference agreement contains the provisions of the House amendment in this respect except that the provisions relating to persons not citizens of the United States is omitted.

Parole of persons convicted of violations of act

The Senate bill authorized the President to prescribe eligibility, rules, and regulations governing the parole for service in the land or naval forces, or in any other special service established pursuant to the act, of any person convicted of a violation of any provision of the act. There was no similar provision contained in the House amendment.

The conference agreement contains the provisions of the Senate bill in this respect.

Extension of Vinson-Trammell Act to Army and Navy ordnance

The Senate bill provided that the Vinson-Trammell Act should be applicable with respect to contracts hereafter entered into for weapons, munitions, or other military equipment procured by the Ordnance Department of the Army, and by the Bureau of Ordnance of the Navy, to the same extent and in the same manner as such provisions are applicable to contracts for aircraft. The House amendment contained no similar provision. The conference agreement omits this provision of the Senate bill.

Increase in base pay of Army

Both the Senate bill and the House amendment increased the base pay of enlisted men of the Army during the period during which the bill is to be in effect. The Senate provision was also made applicable to the Marine Corps. The conference agreement also makes this increase applicable to the Marine Corps, and provides that enlisted men of the Navy shall be entitled to receive at least the same pay and allowances as provided for enlisted men in similar grades in the Army. Under the conference agreement, the increase in base pay provided for is to be effective on October 1, 1940, and is to be permanent.

Amendment to Soldiers and Sailors Civil Relief Act of March 8, 1918

Both the Senate bill and the House amendment made certain provisions of the Soldiers and Sailors' Civil Relief Act of March 8, 1918, applicable with respect to the persons inducted for the training and service under the bill. The House amendment in addition amended that act by providing that nothing in section 301 thereof (relating to installment contracts) should prevent the termination or cancelation of a contract, or the repossession of property purchased under the contract, by mutual agreement of the parties thereto or their assignees. The conference agreement contains a similar provision, but requires that the agreement for termination, cancelation, or repossession be executed in writing subsequent to the making of the original contract and during the period of military service of the person concerned.

Definition of dependent

The House amendment defined "dependent" of a person registered under the bill to include only an individual (1) who is dependent in fact on such person for support in a reasonable manner, and (2) whose support in such a manner depends on income earned by such person in a business, occupation, or employment. The Senate bill did not contain any comparable provision.

The conference agreement contains the provisions of the House amendment in this respect.

Protection of voting rights

Both the Senate bill and the House amendment provided that persons inducted should during their period of training and service be permitted to vote by absentee ballot in the State of which they are residents, if under the laws of such State they are entitled to vote in such election. The conference agreement provides that any person inducted for training and service under the Act shall, during the period of such training and service, be permitted to vote in person or by absentee ballot in any general, special, or primary election occurring in the State of which he is a resident, whether he is within or outside of such State at the time of the election, if under the laws of the State he is entitled so to vote at such election. It is further provided that nothing in this provision should be construed to require granting to any such person a leave of absence for longer than 1 day in order to permit him to vote in person at any such election.

Exemptions from registration

The Senate bill provided, in addition to those excepted from registration under both the Senate bill and the House amendment, that commissioned officers, warrant officers, pay clerks, and enlisted men of the Coast and Geodetic Survey and the Public Health Service should be excepted from registration. The conference agreement also provides for this exemption.

Adequate housing, etc., for persons inducted

The House amendment provided that induction should not be effected until adequate provision had been made for proper housing of the men selected for training and service. The term "housing" was defined to include such sanitary facilities, adequate water supplies, heating and lighting systems, medical care and hospital accommodations, as are in general accepted by the United States Public Health Service as essential to public and personal health. The Senate bill contained no similar provision.

The conference agreement contains provisions similar to those contained in the House amendment but leaves the determination to the Secretary of War or the Secretary of the Navy, as the case may be.

Expiration date

Both the Senate bill and the House amendment provided that the act was to become inoperative and cease to apply on and after May 15, 1945, unless continued in effect by Congress. The House amendment excepted from this provision the provisions relating to service in the reserve components of the land and naval forces. The conference agreement also excepts from the expiration provision the provisions providing for the extension of pensions, disability allowances, etc., to men inducted for training and service under the act, and the provisions increasing the Army and Marine Corps base pay. The conference agreement also excepts from the expiration provisions the provisions creating a personnel division in the Selective Service System to aid persons who have performed their training and service under the act, or who are members of reserve components who have performed their active service, to secure employment.

ANDREW J. MAY,
R. E. THOMASON,
DOW W. HARTER,
W. G. ANDREWS,
Managers on the part of the House.

Mr. MAY. Mr. Speaker, I ask unanimous consent that the statement may be in lieu of the report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement of the managers on the part of the House.

The SPEAKER pro tempore. The gentleman from Kentucky is recognized for 1 hour.

Mr. MAY. Mr. Speaker, I am not going to take up the time of the House in any lengthy discussion of any of the provisions of the bill as reported by the conferees, but I desire to say that the report is unanimous. The House conferees won the major portion of the questions involved.

By action of the Senate late yesterday evening the question of conscription of private industry was rereferred to the conferees, who adopted in toto the identical language of the original Smith amendment, which was the provision adopted by the House.

The controversial Fish amendment was eliminated from the report entirely and from the legislation. The Senate was adamant on this question and the House yielded.

A number of minor changes are involved in the report involving the technical language necessary to give it proper construction, and on all of these things the conferees agreed, the House conferees being yielded to in most instances.

We have guarded every provision of the bill as best we could.

A number of the members of the House Military Affairs Committee very familiar with the whole legislation are present and would like to discuss it, but out of courtesy and respect for the tired and waiting membership of the House of Representatives these gentlemen have consented to yield their time and will not ask for further discussion of the report. As I said, it is unanimous and I hope it will be adopted by a substantial majority.

I now yield 10 minutes to the gentleman from New York [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I regret exceedingly that under the rules and the parliamentary procedure there will be no way of having a direct vote on my amendment. I desire, however, to take this time in order not to defend the 207 Members who voted for my amendment but to make the record straight. Some Members of Congress may even be retired on their vote on this bill and possibly on my amendment. In justice to them and in all fairness to them I want to try to make this record clear in these few minutes. As every Member knows, whether he was for or against my amendment and regardless of the merits or demerits of it,

there has been a most unfair, outrageous, and grossly inaccurate attack made by the eastern newspapers, by the columnists, and over the radio against the amendment that a majority of this House voted for, when they stated that it would delay by 60 days the induction of draftees. I repeat what every Member of Congress knows, that it would not delay it by 1 day or 1 hour or 1 minute.

My amendment, providing for an opportunity for the youth of America to enlist within 60 days after the passage of the Conscription Act, does not in any way, as stated in eastern newspapers, delay the operation of the draft. Everyone in Congress is aware of this fact, as is the War Department, as well as the sponsors of the bill.

However, the eastern interventionist press deliberately and maliciously headlined my amendment as an attempt to delay the draft by 60 days, and this slimy and contemptible perversion of the truth was repeated over the radio by war-mongering commentators such as H. V. Kaltenborn, and by Henry A. Wallace, the New Deal candidate for Vice President.

My amendment would actually speed up the induction of soldiers into the Federal service, while the draft bill will not induct any draftees until November 15 or 60 days, and then only 75,000. Under my amendment there would probably have been over 75,000 volunteers within a few weeks' time, with the provision for 1 year enlistment and $30 a month.

The final paragraph of my amendment, which unfortunately many of those who are opposed to it have never read, is clear and concise:

> Nothing in this subsection shall be construed to require or postpone during either of such 60-day periods the registration, classification, or selection of persons to be inducted for training and service under this act.

My amendment has nothing to do with politics, votes, or election day. I preferred 90 days, but used 60 days in order not to delay the operation of the draft.

I despair of our free institutions and republican form of government if the press and columnists, some of whom could not be elected dog catcher, are permitted to deliberately deceive the American people by such dishonest and cowardly methods and brazen falsehoods. Such policies are a reflection on the honesty and integrity of the press, and if continued will destroy its usefulness and influence for public service.

"The proof of the pudding is in the eating thereof." I am positive that the 207 Members of the House who voted for my amendment will be in a position to prove to their constituents by election day that not a single draftee has been inducted into the service by then, and the rejection of the volunteer amendment has actually delayed the training of men for our armed forces and national defense.

"Veritas magna est et pravalebit"—the truth is mighty, and will prevail. [Applause.]

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks at this point in the RECORD, and to include certain excerpts from hearings and other matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. HINSHAW]?

There was no objection.

Mr. HINSHAW. Mr. Speaker, we are now approaching the final vote, the vote on the conference report on the Burke-Wadsworth conscription bill. I intend to vote "no." My decision is based on long and careful and, I may say, prayerful study of the entire subject. This subject is not confined to conscription alone—it embraces our foreign policy, our domestic economy, our defense position, the existing political situation, and the immediate and future welfare of those affected by the proposed measure. I cannot hope to more than touch upon some of the many factors involved.

First, let me say that insofar as my own immediate political future is concerned that can have no effect upon my decision, as I have voted my conscientious belief on all measures heretofore, and intend to continue doing so, regardless of political consequences.

On previous occasions I have taken the floor to present certain facts. Begging your indulgence, I shall now amplify some of them.

Mr. Speaker, on October 5, 1937, the President delivered a message to the people and the world, through the medium of an occasion in Chicago. At that moment he announced a change in the foreign policy of the United States, a change toward intervention in the affairs of the world. He announced that the United States believed in "quarantining" aggressor nations. No one seemed to know just what he meant by that, and there was much speculation about it. Suffice it to say that when he so changed our foreign policy toward intervention, then was the time to commence rearming our country for both defense and aggression, because that policy indicated an intent to intervene in world affairs on the side of whichever nation might be termed the "victim of aggression." It is not only idle, it is dangerous, to make big talk unless one is ready, able, and willing to back up the talk with action and force.

A year and a half later, in this Seventy-sixth Congress, came the first real attempt to commence modernizing our defense forces. Since 1920 we had been "living off the fat" of the World War. We ended that war with a considerable stock of matériel—which was not produced in time to use. While our Army and Navy prayed even for funds to experiment with, in order that they might just keep abreast of the times in the knowledge of defense matériel, almost no funds were appropriated for such purposes.

In 1939 we increased the defense budgets over 1938 by $225,000,000, mostly for new planes, for the Army, and by $275,000,000 for the Navy, a large part of which was for improving and adding to the number of outlying defense bases.

Then in the late spring of 1939 we entertained the King and Queen of England, a delightful couple who charmed the American people with their grace and friendliness.

In September 1939 England and France challenged the Nazi invasion of Poland, after urging the Poles to resist, and the war in Europe was on. That is a matter of current history. None of the Allies were prepared to prevent, let alone resist, the invasion of Poland. In the meantime January 1940 rolled around and the Army budget for the fiscal year 1941 submitted by the President was, in amount, almost exactly the amount appropriated for the fiscal year 1940. It was for $853,356,754.

Mr. Speaker, on February 26, 1940, a war was on in Europe. That war had not then broken into its full fury, but we had witnessed the fall of Poland in but a few weeks in September 1939. On February 26, 1940, General Marshall, Chief of Staff of the United States Army, was testifying before the Appropriations Committee of the House, justifying the budget presented. I quote:

> THEORY OF HEMISPHERE DEFENSE
>
> Mr. CASE. General, in your discussion at one point you referred to your experience with the A. E. F. in France. I was wondering if your concept of hemisphere defense contemplates large concentrations of troops.
>
> General MARSHALL. No, sir. Compared with European conceptions our concentrations of troops involve very small numbers. Our present small concentrations in the South and West are for the principal purpose of educating our higher commanders in their combat duties and teaching the troops to adapt themselves to field conditions. The maneuver which will be held in April and early May in the Southeast will involve a very small force, about 60,000 troops. This year's program of training represents the first time in our history that we will have been allowed to train comprehensively.
>
> Mr. CASE. I notice that in your discussion of the modernized 75-millimeter guns you said that they would possibly be large enough for our needs under conditions in this hemisphere. In other words, we do not have the same problems in developing the howitzer that they have in Europe?
>
> General MARSHALL. To the extent that we shall rarely be confronted with concrete fortifications and masonry villages.
>
> Mr. CASE. This program is based on the concept of Western Hemisphere defense.
>
> General MARSHALL. It is based primarily on the basis of learning how to fight. We have not been allowed to learn how to fight, except theoretically, and it is important that we do learn.

Mr. Speaker, for years our Army has been starved for development and experimental funds, to say nothing of funds to purchase sufficient matériel to halfway decently equip

the small Army we have had. The officers of our Army have had to sit and plan on paper for what they thought might be required in the event they were again called to defend our country. I shall now trace for you by quotations from hearings before House and Senate committees the progress of thought along defense lines in the few months following.

On Wednesday, May 1, 1940, before the Senate committee, General Marshall testified as follows:

General MARSHALL. This present bill provides for an increase of but 384 enlisted men who are needed for duty with the civilian components.

Senator LODGE. But there is a deficit in corps troops, is there not?

General MARSHALL. Yes, sir; we have the men for the corps troops of one corps only, and at peace strength. What we would like to have, and will have when, and if, 15,000 additional men are provided is the remaining half of the corps troops required for another corps. One-half is already organized in the National Guard. With this addition, we would have the corps troops for two corps.

Senator LODGE. Well, if we have this deficit, why should we not remedy it?

General MARSHALL. You have asked my frank opinion, which is that it is very important at the present moment that we do remedy it.

MINIMUM STRENGTH OF REGULAR ESTABLISHMENT

I would like to add to what I said a little while ago as to the minimum strength for the Regular Establishment. That question is a matter of public policy to be determined, I think, at some later day. At the moment, we ought to have 242,000 men instead of 227,000. If the situation continues to grow more threatening, we ought to take still another step and increase our strength to 280,000. We would then have 9 small Regular triangular divisions and the corps troops of 2 corps. These match up with the National Guard divisions to form the basis of 9 Army corps.

At present we have missing units throughout our organization. Fifteen thousand additional men are required to fill in these blank spaces here and there all over the Army. For example, in some of the divisions in the South we have assembled complete units for the first time. To accomplish that we have drawn a battalion from one regiment to fill out another regiment. We have taken battalions from several regiments and put them together to make still another regiment.

Senator TOWNSEND. Did you make a request for this addition of the Budget, General?

General MARSHALL. No, sir; our first priority at that time was for critical items of equipment.

On page 81 of the Senate hearings we find:

NUMBER OF PLANES BY JULY 1, 1941

Senator LODGE. By July 1, 1941, how many planes ought we to have?

General ARNOLD. We ought to have 5,500 less the number deferred.

Senator LODGE. We ought to have 5,500; all new?

General ARNOLD. No; counting the 2,700. You see, we had that number on hand March 31, 1940.

Senator LODGE. So of that 5,500 only 2,800 will be all that you have that have embodied in them the lessons of the European war?

General ARNOLD. That is not altogether true either, because out of the 5,500 we are only contemplating having a total of 1,965 combat airplanes which will be modern, up-to-date planes.

Senator LODGE. Out of the 5,500?

General ARNOLD. Yes, sir.

Senator LODGE. Of the rest of the 5,500, 2,700 will be what?

General ARNOLD. They will be training planes and obsolete combat types and other planes that can be used back of the lines.

Senator LODGE. So that means that increment of 2,800 in this coming fiscal year will be all modern?

General ARNOLD. Yes, sir. Some of those will be training planes, too.

Senator THOMAS. General, in our tour, we saw nothing in the way of leakless gas tanks. We saw nothing with armor, and we saw nothing of guns larger than perhaps the machine guns; maybe some larger guns of that type. That was in November and December. Later, we saw at Bolling Field some improvement. We saw there a larger gun installed on the planes.

On page 290 of the Senate hearings we find the following:

PONTOON BRIDGES

There is also one unit of 10-ton pontoon bridge.

I might say that, up until we got the $2,000,000 this past February, the engineers have been equipped with types of pontoon bridges that were developed during the Civil War for wagon transportation. We are now, for the first time, getting bridge equipage which is capable of carrying motortrucks and other loads that are involved in the modern division and army corps.

Senator THOMAS. Would you place in the record a very brief description of the material that goes to make up this type of item?

General KINGMAN. Of the pontoon bridge?

Senator THOMAS. Yes.

General KINGMAN. It consists of aluminum boats, four trestles, and the flooring required to make a bridge 244 feet long.

That is one unit.

Senator THOMAS. It is sufficiently strong to accommodate what weight vehicles?

General KINGMAN. Ten-ton vehicles. We have one unit so far. We have others on order. We have been testing that unit over at Fort Du Pont, Del., and we find that we can carry a 12-ton load; that is, light tank, or truck weighing as much as 12 tons; but we call it a 10-ton bridge.

Senator THOMAS. Able to accommodate the regular mobile transportation vehicles, ordinary vehicles and trucks?

General KINGMAN. Yes, sir; and if we put in twice as many boats making what we call a reinforced bridge, then we can carry a medium tank weighing 20 tons, and the 155 G. P. F. gun.

Senator THOMAS. This is equipment that you desire, to enable you to build practically any bridge to accommodate the War Department transportation vehicles?

I could go on to present other testimony but it all goes to show the miserable state of our Army equipment and the result of a starvation policy for the Army over a long period of years. When this war started in Europe we only had 52 planes in service that were not obsolete, 28 tanks that were not obsolete, and 1 piece of pontoon-bridge equipment—and that an old one. We had 141 of the old French 75's that had been modernized, no howitzers of the 105-millimeter size, 4 of the 155-millimeter long-range guns, and no 8-inch howitzers. I could go on down the list. We did have a lot of old rifles and other equipment about as useful as bows and arrows in this modern warfare.

Mr. Speaker, we have now appropriated enormous sums for the purchase of matériel. But these large requests were not made of the Congress until Holland and Belgium had fallen and France was doomed. Only then were we requested, amidst a blast of fearsome hysteria, to prepare for adequate defense. Meantime, our leaders have been making faces at foreign dictators and thumbing their noses, breaking all rules of neutrality with seeming disdain for our pitiful condition. It seems as though they were anxious to break right into the war—equipment or no equipment.

On May 16 the President spoke to the Congress and the country on defense. He spoke in fearsome tones and hysteria swept the country. On the next day, May 17, General Marshall, Chief of Staff of the Army, testified as follows before the Senate committee:

Senator ADAMS. At this moment there is no air base from which continental United States could be attacked, is there?

General MARSHALL. At the moment there is none. The important consideration with relation to antiaircraft is an estimate of our situation in comparison to that of England and France, for example, on which the public mind now dwells. What is necessary for the defense of London is not necessary for the defense of New York, Boston, or Washington. Those cities could be raided under certain favorable circumstances; but as to continuous attack, such a thing would not be practicable unless we permitted the establishment of air bases in close proximity to the United States. So, the best anti-air-defense are the facilities to prevent the establishment of such bases within reach of the United States—in particular, of the Panama Canal. That is one reason why I referred to the necessity in my opinion for an immediate increase for the ground forces in order to make possible the naval and Army air operations to prevent the establishment of such bases.

Senator ADAMS. What we need is anti-air-base forces rather than antiaircraft forces.

General MARSHALL. You might put it that way, sir.

Senator CHAVEZ. Do they not go together, General?

General MARSHALL. The whole thing is interwoven. London is subject to bombardment by large masses—a thousand or more bombers. New York City is subject to raids by carrier-based aviation—probably by not more than 150 bombers. Our defense against that is to sink the carrier. A better way to express it is to have immediately available the means to sink such a carrier—the listening devices and the bombers, and the accompanying pursuit, to make it so dangerous that they would not risk the carrier to undertake the operation. Defensive pursuit aviation is made immeasurably more effective if we have aircraft detectors, about which I made representations to this committee the other day. Prior to aircraft detectors, defense against bombardment was primarily by antiaircraft artillery, because insufficient warning of the approach of enemy bombers prevented the pursuit aviation from engaging the bombers.

I have referred to the matter of the practicability of placing larger orders at the moment. I have referred to the necessity of having a trained, seasoned enlisted personnel in organizations available for operations to prevent the establishment of bases within operating distance of the United States. I should like to add that all of these matters have to be given proper weight in order to get a well-integrated and balanced whole; and it is of great importance, when the matter is so vital to our defense and when it is so terribly expensive, that our action be on the most

cold-blooded, businesslike basis we can figure out. As I say, we should not be fooled by mere numbers. Frankly, I should be embarrassed at the moment by more money for matériel alone. A few months later you may see your way clear to make another and further step; but it is much wiser to advance step by step, provided those steps are balanced and are not influenced by enthusiasm rather than by reason.

Then on the same day and before the same committee, there occurred the following:

Senator O'MAHONEY. Is it not a fact, General, that in the event of a real test the Regular Army which we now have, even with the additional strength, would be totally and completely inadequate?

General MARSHALL. Oh, yes, sir; but the minute the emergency really arrives, we will mobilize the National Guard and call Reserve officers to active duty; in addition, we will fill all of our schools—Infantry, Artillery, Cavalry, and Antiaircraft Artillery Schools—with the maximum number of students for specialist training. We are then engaged in mobilization and will be moving toward 1,000,000 men. The plan I have been discussing will give us available trained men in this country to carry out the initial missions which would develop the instant the emergency descends on us. Behind them we would mobilize a large army.

Senator O'MAHONEY. To what extent could the Army be effectively and efficiently expanded in case of emergency, on the basis of the Regular Army which you visualize with this appropriation?

General MARSHALL. I am a little confused by the question. When you say "the Army," you mean the war Army?

Senator O'MAHONEY. Surely; in case of emergency. You have a small unit, which you tell us would be wholly ineffective in case of emergency, except that it is a nucleus for expansion.

General MARSHALL. Is is more than that, Senator. If the Regular Army is increased to 280,000, and beyond that up to around 400,000, by voluntary enlistments, we shall have available mobile troops in this country, with equipment of one kind or another—but workable equipment—to utilize the instant the emergency arises for all the initial missions that will arise. Behind that force will come the mobilization, the recruiting, and training of the National Guard, and parallel with it, of certain additional special units. Thereafter, we pass into the next augmentation, which increases our forces to about one and a half million. The ensuing augmentation passes beyond 2,000,000. Building an army is a process of successive steps.

Senator O'MAHONEY. To go back, you were discussing the fundamental necessities for defense, and you had mentioned trucks and similar equipment and the training of pilots. What was next?

General MARSHALL. The next was the completion of certain essential ground units which the 15,000 men will accomplish. Then there should follow immediately on the heels of the 15,000 men a steady increase of the Regular Army up to a force that will be strong enough to carry out all of the instant requirements for defense in the Western Hemisphere.

VOLUNTARY ENLISTMENTS

Senator O'MAHONEY. What success have you had in obtaining voluntary enlistments?

General MARSHALL. We have had great success up to the present time.

Senator O'MAHONEY. Have you found it necessary to seek volunteers, or have you found it desirable to hold them back? Do you have more volunteers than you have places, for example, or less?

General MARSHALL. We had a large recruiting program to get the Army up——

Senator O'MAHONEY. Still you did not get it up to the authorized strength. Did you get it up to the authorized strength?

General MARSHALL. We went beyond it to 230,000 men.

Mr. Speaker, I am still quoting from the Senate hearings of May 17, 1940.

Senator THOMAS. Let me use a few moments, if I may, with a few questions.

Earlier in this hearing you made some statements giving information as to your own personal opinion, and so stated. I want to know what you think the Congress should provide in addition to the Budget estimates now appearing before the committee. I should like to have you go into detail, and give an outline of what you think the Congress should do, speaking for yourself, on your own volition, in answer to my questions. I want this information preserved as a matter of record, so that, if there is any question about it later on, the responsibility will fall where it belongs.

INCREASE IN ENLISTED PERSONNEL

General MARSHALL. In addition to this program as represented by the President's message of yesterday, it is my personal opinion that we should immediately proceed with the further increase of the Army up to its authorized peacetime limit of 280,000 men, and, as we approach that limit, in the light of the situation at that time, we must then decide to what extent we should go beyond that strength. I anticipate the necessity of 400,000 men before we finish with this business of preparing for emergencies short of full mobilization.

ESTIMATED INCREASED COST

Senator THOMAS. At this point, put in the record the estimated cost of doing the thing that you now suggest you think should be done.

General MARSHALL. To carry the Regular Army up to 280,000 will require approximately $50,000,000, with the various equipment necessities.

Senator ADAMS. Is that annually?

General MARSHALL. No, sir; that is the first year, 1941.

The first cost includes the annual recurrent charges and also the initial equipment.

Senator THOMAS. Does that cover all that you think should be done in addition to what the Budget provides?

General MARSHALL. Yes, sir; at the moment. These measures provide a base of departure for possible mobilization. When we have assimilated this program, then will be the time to come forward for such further sums as may be necessary, and these will be tremendous sums. Later on it may be necessary to ask for about $300,000,000 to complete various items of essential or commercial matériel. The following step will carry us into the billions to provide the facilities for actually carrying out a mobilization and fitting an army over a period of 6 months.

Senator ADAMS. That is a war basis, then?

General MARSHALL. Yes, sir.

Senator THOMAS. Is it your opinion that if we should provide what you now indicate you think we should have, the sum necessary to do that might relieve us later on of going into billions and going on a strictly war basis?

General MARSHALL. That is my opinion, that the present situation is an example of the wisdom of the adage that "a stitch in time saves nine." We can do certain things now that may save us from the necessity of doing tremendously costly things later on.

Now, Mr. Speaker, let me turn on to June 4, 1940, when the House Committee on Appropriations was taking testimony on the supplemental national-defense appropriation, 1941.

Mr. CANNON. How did your original request compare with the amount provided for the current year, and how did the final Budget estimate submitted to Congress compare with the amount provided for the current year for the same purpose?

GENERAL MARSHALL. Our original request or, rather, that part that was approved, is the amount provided in the President's 1941 Budget.

Mr. CANNON. How much is your budget for 1940, that is, your total budget for this year?

Mr. WOODRUM. The amount is $851,473,245, plus contract authorizations.

NEED FOR ADDITIONAL NATIONAL-DEFENSE FUNDS

General MARSHALL. Then came developments in the world situation that first made it necessary for me to immediately get the approval of the White House to provide for the deficiency of $24,750,000 in critical items of equipment for existing units of the Regular Army and National Guard. However, $18,000,000 only was approved and that latter sum was forwarded as a supplemental estimate to the Senate which had before it the military appropriation bill for 1941.

As the situation abroad became rapidly worse something had to be done in the way of definite preparations that would have an immediate effect. Our matériel program, in a large measure, would give us no major result inside of about a year or a year and a half after funds became available.

So I urged that the President request Congress to consider a further increase in funds. The proposed increase included the money to give us a total of 280,000 men in the Regular Establishment. It included only a small number of planes.

Out of that request came the President's defense message of May 16, which included the items that I had recommended, except that it only provided for approximately 28,000 additional soldiers for the Regular Establishment.

Mr. CANNON. It did not provide for the full amount you had recommended?

INCREASED PERSONNEL PROGRAM

General MARSHALL. It did not provide for the full amount in personnel, but it did provide the full amount for matériel. It provided for an increase in the Regular Army to 255,000 or 25,000 below authorized peace strength. It also provided for increased pilot training to reach a rate of 7,000 pilots per year.

So it came out with a personnel reduction of 25,000 men below authorized peace strength.

Mr. WOODRUM. Came out of where?

General MARSHALL. Out of the Budget, with a personnel reduction of 25,000 men, but with the full matériel request we had made, and with an additional amount for some heavy bombers, and for a large number of planes for the increased program for training pilots.

The Senate not only approved the supplemental estimates of May 16, but added funds for 25,000 additional men, which gave us the authorized peace strength of 280,000 as provided by the National Defense Act.

Now, Mr. Speaker, from the foregoing it is seen that on June 4, 1940, General Marshall testified before the House Appropriations Committee that, while the President through his Bureau of the Budget had recommended all the matériel requested, the President had cut the number of soldiers requested by 25,000. That is most important and indeed almost an accusation in these difficult times.

But let us examine the plan of the War Department. Let us see what their idea of an adequate defense is. In these same hearings we read as follows, on page 71:

OBJECT OF PRESENT PLAN

Mr. WOODRUM. General, what are we building this force on; on what general policy? What are we going to defend?

General MARSHALL. This plan is entirely devoted to the problems as we visualize them in the Western Hemisphere.

Mr. WOODRUM. The whole Western Hemisphere; not the continental United States?

General MARSHALL. Not the continental United States. We do not visualize any invasion of this country. An air raid or something of that sort is possible, but, frankly, at the present moment we do not see it in the offing. But we see all manner of possibilities in the Western Hemisphere.

Mr. WOODRUM. And it is with that idea in view that we are building the forces for the defense of the Western Hemisphere?

General MARSHALL. Yes, sir.

Mr. WOODRUM. For any eventualities?

General MARSHALL. For any eventualities.

Mr. WOODRUM. And this bill will carry that defense forward as rapidly as you think it can be carried forward under existing industrial conditions?

General MARSHALL. Yes, sir.

The CHAIRMAN. That is as far as you think we should go at this time?

General MARSHALL. Yes, sir.

Mr. WOODRUM. Do you look to any necessity for equipment beyond this, for reserves in the future?

General MARSHALL. Yes, sir. If we go to mobilization, there will be tremendous additional demands for equipment. But the $200,000,000 for new facilities that I spoke about will give us a means of meeting partially that problem by reducing the bottlenecks; that is, by providing some of the facilities to produce those things which cannot be obtained in the industrial market.

We are not proposing this enlarged program as a permanent program. We did not ask for an increase in the permanent corps of officers last September. We are not asking for a permanent increase of the 50,000 enlisted men, or of the 25,000 enlisted men now in the military appropriation bill. We are trying to keep the present expansion on a temporary basis. Wherever practicable construction is of a temporary character and our program of expansion is so drawn that when the emergency has passed we can shrink more rapidly than we expanded and with a minimum of waste.

TERM OF ENLISTMENT OF EMERGENCY FORCE

Mr. SNYDER. As I understand you, General, the 55,000 men would not be taken on for a 3-year enlistment.

General MARSHALL. No, sir; not for a 3-year enlistment. In other words, we are requesting a purely volunteer force for a short term only.

Mr. SNYDER. Since we have so many young men, why would it not be a good idea to have them enlist for 3 years?

General MARSHALL. Because it is much harder to get them, sir. We can again take stock of ourselves next winter or next spring.

Mr. TABER. You are not taking any enlistments now except for the winter and spring?

General MARSHALL. Our present enlistments are for 3 years. We wish to enlist the additional 95,000, however, on the basis of a purely temporary force for the emergency.

Incidentally, the voluntary enlistments, on a 3-year basis at $21 per month were, in the first 24 days of August, 38,333. The Army has more volunteers than it can presently digest. The Navy has 8,000 on its waiting list. All this in spite of the fact that there is also going on a recruiting drive for the C. C. C. at $30 per month, and if I read the bill correctly, then C. C. C. enrollees will be deferred.

Before we get down to the conscription bill I want to submit to you General Marshall's idea of the proper age for first enlistment of soldiers. This has a direct bearing on the conscription measure and is very enlightening. I quote from the Senate hearings on the Military Establishment appropriation bill for 1941, Wednesday, May 1, 1940, as it appears on page 69.

General MARSHALL. We are studying the use in war of older men. For example, older men, men between 35 and 45 are particularly suited for military police work. In France our military police were young men, lacking in the tolerance and that more benign point of view which comes only with years.

Senator THOMAS. If you have old men, that would change the ratio. At the present time, we have an Army with hospitals as an incident, and if you get old men, you will have hospitals with the Army as an incident.

General MARSHALL. I did not understand you, Senator.

Senator THOMAS. I said at the present time we have an Army with hospital facilities as an incident to the Army; but if you get old men in the service you will have the hospitals as the main consideration and the Army as an incident.

General MARSHALL. Young men get all of the diseases. They take all of the risks; get all of the colds and are sick a great deal until they finally become hardened. At first, the older man, say around 30, is the more desirable soldier, but he lacks stamina. He does not react from hardships the way the younger men do. The young fellow is a great care at first, because he will not take care of himself. He gets sore feet and he acquires all of the camp diseases. He does not clean his mess kit, and he eats injudiciously and suffers from diarrhea and other disorders. The older men avoid much of that. But the older man does not have the stamina. When you put a heavy pack on him his age begins to tell heavily.

Please notice that General Marshall considers that an "older man, say around 30, is the more desirable soldier but he lacks stamina." Men 35 to 45 are fit for military police work.

So, Mr. Speaker, we arrive at the direct consideration of the conscription bill, leaving out many of the important and relevant facts of recent history and foreign policy. We are faced with a bill. It must be voted up or down. At this point it becomes a question whether or not we are to mobilize our Military Establishment up to a full war strength of several million men.

It is the duty of the General Staff to design a defense force in accordance with our foreign policy and our relationship to the affairs of the world. If we are to seek war by engaging in wordy threats and direct participation in international strife, then we must mobilize to full strength and do so at once. That is a matter of public policy and the Congress has something to say about it. For my part, I am opposed to engaging in foreign wars. Our leaders say that they, too, are opposed to our engaging in foreign wars. If that be true, then why do they go out of their way to invite our entry into a foreign war? My belief is that we should prepare ourselves for defense. I have voted to increase our Army to its full strength of 400,000 men. I have voted to give our National Guard and Reserves a year of training. I have voted to buy a complete new outfit of everything from shoes to aircraft. I have voted to double the size of the Navy and to establish new bases, and to add a second set of locks to the Panama Canal.

What next? Mr. Speaker, now is the time to stop, look, and listen. If we go into full mobilization, it means that we expect immediate war. The country is being geared up to war. The people are being worked up into war hysteria. There can be only one answer, and that is that we are preparing for entry into a war abroad. General Marshall has testified that 375,000 men in the Regular Army plus the Organized Reserves is adequate to defend the Western Hemisphere. Every military man I have talked to admits that it would take several years for a foreign power or group of powers to prepare for an invasion of this country, even if they were rash enough to contemplate such a step; yes, even with a combination of all the great navies and all the available merchant shipping to bring them to our shores.

I have supported and favor building our defense forces to maximum strength and power. I have so voted in the Congress, but I am opposed to our entering a foreign conflict. If we need more than a million Regulars and Reserves under arms, then there is in my judgment a better way to raise and train a Reserve army. That is the Swiss system.

Mr. Speaker, the Burke-Wadsworth bill takes 1 out of 10 men from civil life, by lot or otherwise, and compels him to leave his vocation and enter upon a year of military training. He then must remain in the Reserve force for 10 years on call. The other 9 men go scot free. In the Swiss system, young men are called for training by age groups. As they reach, say 18 years of age, then all physically fit men go in for training without exception. It is fair and just. They serve alike and they start out even after their period of training.

I favor the principle of universal service—soldiers, capital, and labor—in event of war; but for training an army, I favor universal service in one age group, if such a large army is needed.

In addition, Mr. Speaker, there are many other inequities in this bill. Soldiers who have served 3 years in the Regular Army are exempt from this service, but sailors and marines who may have served twice as long are not exempt. That is ridiculous.

Then aliens who have not declared their intention to become citizens are exempt, but section 8 (i), concerning jobs, reads as follows:

(i) It is the expressed policy of the Congress that whenever a vacancy is caused in the employment rolls of any business or industry by reason of induction into the service of the United States of an employee pursuant to the provisions of this act such vacancy shall not be filled by any person who is a member of the Communist Party or the German-American Bund.

Aliens can get the jobs but not if they are members of the Communist Party or the German-American Bund. Who can know what organizations they belong to? How can the employer tell? And what about the "fellow travelers" who are not regular Communist Party members? And what about Fascists, and maybe Australian "fellow travelers"? Mr. Speaker, that provision indicates the hysteria of war propaganda and prevents nothing.

Mr. Speaker, the press, the radio, and the movies are working together, like the several tubes of a calliope, roaring and screeching out propaganda for war upon our people. Let some of us, at least, keep our sanity if we can and not be frightened into another bloody folly. We need an adequate Army, Navy, and air force. Let us have it. But let us not create something that will require us to become a totalitarian state to support it. Let us not create a monster that will eat out all our substance and bring poverty and distress for generations to come. We have not paid for the last war yet. The next one will not be paid for except in blood and tears.

Mr. Speaker, in the hope that the foregoing has made some of my reasons clear, and to summarize, may I say I am opposed to this bill principally because there is a better way to accomplish the same end, because it provides a convenient vehicle for dictatorship, and lastly because it creates a war hysteria that will make a declaration of war almost inevitable.

Mr. ANDREWS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, during the general debate on the Burke-Wadsworth bill, September 7, I took occasion to call the attention of the Members of the House to the fact that subsection E of section 9, page 28, of this bill, according to an informal opinion of officials of a certain Government department, does not mean a thing; and that no protection whatsoever is provided as intended by Congress for selectees affected by this bill, insofar as benefits under social security, Railroad Retirement Act, and civil-service retirement are concerned.

An amendment offered to this section by the gentleman from Kentucky [Mr. MAY] was adopted for the purpose of strengthening the intent of this section of the bill.

But in reality what does this amendment do? It simply places these selectees either on furlough or leave of absence. It does not provide them with an active status or allow them to participate in benefits for the period spent in training.

Let me briefly illustrate the manner in which this section of the Burke-Wadsworth draft bill operates.

John Smith, a railroader, is drafted under the Burke-Wadsworth bill. He serves the required 1-year period and returns to his employment with the railroad company. At the completion of 30 years' service and having reached the age of 65, Smith applies for retirement. The Railroad Retirement Board under existing law will inform Smith that while he has 30 years' service, yet for retirement purposes only compensated service years can be recognized; hence he has actually 29 years' service and will have to continue his employment for an additional year to make up for the year spent in the military service of his country.

Smith, according to the informal opinion, had only one alternative, and that was to pay to the Railroad Retirement Board the monthly contribution of both employee and employer, which amounts at the present time to 6 percent of the monthly wage. If Mr. Smith is drawing a monthly wage of $100 as a railroad employee he pays $3 monthly and the company pays $3 monthly into the retirement fund. But under this plan Mr. Smith as a selectee under the draft bill will receive $30 monthly, and to continue retirement status with the Railroad Retirement Board he must pay $6 monthly.

If Mr. Smith is a coal miner, or in some other industry under the Social Security Act, or if he is in Federal employment under civil-service retirement, he will be faced with the same problem of having to pay the retirement assessment out of his $30 monthly pay as a selectee in the United States Army.

Gentlemen, surely you are not going to penalize the young men drafted by making no provisions for these monthly contributions. It is the same old story—insurance is not in force unless someone pays the premium.

Recalling my statement of September 7, this Congress should provide the means for payment of the monthly contribution before passing this bill. In so doing, a grateful government will be looking after these new selectees and taking a lesson from the days of 1917–18 when the young men of that era were given no credit for the period spent in the armed forces of these United States.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Speaker, we now have before us the conference report submitted by the conferees of the Senate and House. This report has already been forced through the Senate. I rise to express my vigorous opposition to it.

I spoke against the bill when it was before the House and voted against it when it passed the House some days ago. I spoke and voted for the Fish amendment, to give the volunteer system a test, and without delaying 1 day or 1 hour the induction of all men into the naval and military service that might be necessary. The Fish amendment was adopted by a record vote in the House of 207 to 200. Through strong pressure, the Fish amendment has been stricken from the bill.

FAVORS PREPAREDNESS ON LAND, SEA, AND IN THE AIR

Let me emphasize again that no one could favor more strongly than I thorough preparedness on land, sea, and in the air so that our country could successfully defend itself against any and all nations that might attack us. I have voted for all the appropriations and authorizations requested by the President for this purpose, amounting in all to approximately $15,000,000,000, and in time of war or peril to our country, I would not hesitate to vote to conscript all the manpower and the wealth of the country necessary for its defense. We are not now technically or otherwise at war with any nation. No nation has attacked or has even threatened to attack the United States or the Western Hemisphere.

What should we do with respect to conscription of the men and wealth of this Nation in peacetime?

TWENTY-FIVE MILLION MEN AND BOYS

The bill as originally introduced in the House would cover within a period of 5 years as provided in the bill, all males who are citizens of the United States over 16 years of age and up to and including 64 years of age—about fifty million in all. The bill that passed the House the other day covered 25,000,000 men and eight and one-half million boys over 16. The bill as amended and set out in the conference report includes all males between 21 and 35 years of age who are citizens of the United States—about sixteen million five hundred thousand that must register now, but as this bill will cover a period of 5 years it includes all boys now over 16 years of age, but who will become 21 years of age before 1945—approximately eight million five hundred thousand. Therefore the conference report covers, in effect, 25,000,000 men and boys. It throws a barrier across the pathway of life of all of them. How can they plan their education, profession, occupation, their social and political lives? They have no way of knowing how soon they may be called and if they are called and serve 1 year, they are then subject to be called during the following 10 years. It is bound to mean a great upset in the economic, social, and political lives of these 25,000,000 men and boys.

This is the first time in the history of our country that a conscription or draft bill has been passed in peacetime.

There should be some strong and compelling reasons to forsake the way of democracy and adopt the way of the dictators of this day and all other ages.

HAVE WE BEEN THREATENED OR ATTACKED?

I know those who favor this measure have made many of our citizens believe we are about to be invaded by Hitler, and many of our citizens have been flooded with all sorts of propaganda. This propaganda originated in Europe. They have been and are determined to involve us in the European-Asiatic-African war. They have been busy making the people of this country war-minded and stirring up war hysteria. Many people in this country with selfish interests to serve, such as munitions makers, rich men and women with investments in Europe, have urged conscription of the men and boys of this Nation. They did not like it so well, however, when an amendment was put into the bill to conscript wealth. Their propaganda through the great newspapers had whipped up war hysteria and the war spirit. We have not been attacked or threatened by any nation on earth. I know of no leading naval or military expert who seriously contends that Hitler can successfully launch an attack on the United States or the Western Hemisphere. We must have ships, submarines, planes, and guns, both aircraft and antiaircraft guns, and coast-artillery weapons. Germany has been unable to cross 22 miles of English Channel and subdue Great Britain. How can she come three or four thousand miles and successfully attack the United States and the 20 other nations of the Western Hemisphere? I want us to have the best navy in the world. After careful inspection of our fleets, auxilliaries, bases, and men, Secretary of the Navy, Mr. Knox, said only yesterday:

I am firmly convinced our sea forces are the most powerful and efficient in the world.

England has agreed that she would not turn over any part of her fleet to Germany and Italy. Germany and Italy have small fleets. Billions are now being spent to improve our Navy. Must we conscript men for the Navy—knowing that there are thousands of able-bodied young men on the Navy's waiting list. Must we conscript 25,000,000 boys and men to provide manpower for our air force? No. The Air Corps some time ago refused to take further applications from able-bodied young men to join the Air Force because it had thousands of able-bodied suitable young men on the waiting list. Thousands of able-bodied young men have volunteered and are clamoring to get into the Navy and air forces. Do we need to conscript 25,000,000 boys and men at this time for the Army? Some of our ablest generals and experts say that a well-equipped mechanized army of 585,000 men would fully meet all of our requirements for manpower in the Army to defend our country. It is reliably stated that Germany used only about 250,000 men of her armies to subdue France. She had a thoroughly mechanized army—her equipment was superior to that of France. With this mechanized army of 250,000 men, she overthrew France's "finest army in the world" of 6,000,000 men who had served for years in the French Army as conscripts. Unless we send our boys to fight in foreign lands and meddle in the wars of Europe, Asia, and Africa, we do not need a large army, if it is properly equipped, to defend our country. We need plenty of tanks, planes, antiaircraft guns, and coast-artillery guns, and we have freely voted billions of dollars for this purpose.

Is there a shortage of manpower available for the Army? The President has now, subject to his immediate call and under his control, over 800,000 officers and men of the Regular Army, the National Guard, and the Reserves. No one seriously contends that we have guns, equipment, supplies, or quarters for a third of this number of men. For nearly a month now the President has had the right to call the National Guard of this Nation, numbering 300,000 men or more, and he has called out less than 60,000. Mr. Knudsen, who is in charge of manufacturing equipment, and so forth, for our Army, testified the other day that, working all of our facilities at full capacity, we would not have equipment for an army of 750,000 before 1942. There are more than 300,000 men of the National Guard and Reserves that the President could have called but he has not done so. Ablebodied young men have been volunteering by the tens of thousands for service in the United States Army. In the month of August, more than 40,000 volunteered and were accepted for 3 years at $21 per month. I am sure that more of these other men would have been called but for the fact that the Army is not prepared to receive them or to take care of them. We have more men than we can use.

SEEKING POWER AND NOT MEN

It was argued during the debate on this bill that we could not secure volunteers in sufficient numbers to man our ships, planes, and guns. It was claimed by the proponents of this bill and the administration that there should be called into service 400,000 new men by January 1, 1941, and the first call would be for 75,000 to report on or about November 15, 1940.

The gentleman from New York [Mr. FISH] offered an amendment which provided that the President should issue a proclamation calling for 400,000 volunteers to report in 60 days, and if 400,000 did not volunteer within this 60 days the provisions of this conscription bill would go into effect. A majority of the House, including myself, supported the Fish amendment. We wanted to give the volunteer system a test, although it was not a fair test for it. The President and the backers of this conscription bill opposed it, but the amendment won. The conferees have taken that salutary provision out of the bill. It would have gotten the 400,000 men by November 15, 1940. Of course, it would have expedited the procurement of men. How viciously and vigorously the proponents of the conscription bill fought this amendment. They knew that it would work and would explode the contention that we had to conscript 25,000,000 men and boys in peacetime in order to secure sufficient men for our Army. The backers of this bill were afraid of the test. The Army and Navy have always opposed the volunteer system. The author of the conscription bill, when he was in the Senate more than 18 years ago, tried to get through a military conscription bill. We were not then at war and were not threatened by any nation. It was defeated in the Senate but there has been growing in this country for a number of years a group that would forsake the volunteer system and fasten a policy of military conscription on the people. This war in Europe and the alarm created in this country afforded them the opportunity they had been seeking for a long time.

One of the backers of this bill said in the House today that certain Army officials have been working on this proposal for 10 years. This spokesman wanted the country to know what these Army officers had been doing on the quiet and this spokesman was afraid these officers would not be given due credit for helping to fasten this undemocratic policy on our country. It may be convenient for our Army and Navy officials to reach into this pool of 25,000,000 men at any time they may desire but it will be very inconvenient and will create hardships and heartaches for these 25,000,000 boys and men and their families. It was clear that we could secure ample men by voluntary enlistments on a 3-year basis at $21 per month. What if we should fix it at 1 year and $30 per month as provided in this conscription bill? We could secure many more men than we shall ever need; and the volunteer system would be better for the country. I cannot help but believe that soldiers and sailors who desire to enter the Army and Navy as a career, and want to do that thing will develop into more efficient soldiers or sailors than those who are taken from their jobs and homes and forced into the Army or Navy. The volunteer system in peacetime is real democracy. The citizens do what they desire to do and what they have a right to do. Some desire to be farmers, lawyers, doctors, ministers, and so forth, while others desire to serve in the Army or Navy.

We do not learn democracy in the Army and Navy; there cannot be freedom of speech or of the press there. The subordinate must hold his tongue and follow orders from his superiors. It is going to require a superhuman effort on the

part of this country to rid itself of this conscription law. At the end of 5 years the Army and Navy will be too big and powerful and too influential to accomplish its repeal. We are likely to follow the course pursued in dictatorial countries in that we will tighten up this law and suppress the freedom and liberties of our people. Italy now gives her boys military service at the age of 8 years. They insist on women giving birth to children, whether they are married or not married, to produce boys for conscripted armies. A powerful conscripted army did not save Germany in 1917 and 1918. France has had a universal conscripted army for years and years and was overrun and conquered in 1940. Conscription is the policy being followed by dictators of Europe today and the dictators through all the centuries. There cannot be real freedom or real democracy in nations where a policy of conscription is followed. Conscription breeds militarism and militarism means dictators and war. [Applause.]

In conscripting 25,000,000 men, is it intended to aid our politically ambitious President? They are speaking in terms of having millions of trained men. Is it the purpose of the administration to send them to foreign lands? Is there not good grounds to believe our President is pushing us into the European-Asiatic-African war; in fact, has he not already involved us in that war?

None of us have any use for Hitler and Mussolini. We are anxious to see Great Britain win, but must American fathers and mothers every 25 years furnish the blood and treasure to bail out some European country? Our President has taken over the Federal courts; he has taken control of Congress; he has countless billions at his disposal and he has forced a subservient Congress to grant him many extraordinary and dictatorial powers. Shall we now place under his thumb the manpower of this Nation? He now regards himself as the indispensable man of this Nation; he must have a third term. He already has too much power for any President in peacetime and especially one that has proven himself to be as ambitious as Mr. Roosevelt.

Believing this measure threatens the freedom and liberties of the American people, I feel constrained to speak and vote against this conference report.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Speaker, I am still as firmly opposed to conscription in peacetimes as I have ever been and I shall vote against the conference report.

My principal objection to this conscription bill is that we never yet have conscripted men in peacetimes. We are not at war yet, but the administration is demanding war powers. When we get into war I shall favor universal compulsory military training. That is the only fair way to raise an army. But since we have about 700,000 to 1,000,000 soldiers now ready to be brought together and trained and about 300,000 sailors and marines and Reserves of different kinds, and since we do not have the equipment for one-half of this number I think we should not draft any more until we can clothe and feed and furnish shelter and equipment for those we now have. We will not be able to do this for several months yet. When this is done and if the emergency becomes more threatening or if war is declared or is apparently inevitable I think there may then be a reason for this kind of legislation. While I might not go as far as some would go in conscripting wealth in wartimes I feel that we should learn something from our experiences in the last war. Wealth, like manpower, must play its proper part in national emergencies. Its proper part cannot be played if it is to be threatened and blackjacked before it is given a chance to do anything. The businessmen are as patriotic as any other group of our citizens but there are some cheaters and chiselers in all groups.

The Constitution says that Congress "shall have power to raise and support armies." That means that Congress can conscript men. The Constitution also says, "No person shall be deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation." That means that the Government can draft property but that it must do so by due process of law and for just compensation. Due process of law does not mean that an Army officer can come in and take a man's property and pay him what he thinks is a fair price. Due process of law means that no property may be taken until the law has had a chance to operate. What law? Such law as is now in operation permitting the taking of property for public use. Every State has passed such laws. Let them abide by the Constitution. There is no emergency grave enough to justify setting aside the Constitution. If the Constitution and the laws provide a complete method whereby the Government may take one's property, why not comply with the law and the Constitution? Let us do things right. There is no use to permit the President or anybody else to go beyond the Constitution. Our tendency is fast toward dictatorship. We do it in a wild enthusiasm to want to do something quick. We won our liberty through tribulation. We cherish it while the whole world is toppling to destruction. Why lose it through hysteria? It is always easy to get into trouble and difficult to get out of it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Speaker, I wish to reaffirm my stand on this measure. I ask unanimous consent to extend my own remarks in the RECORD and to include two articles and an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee [Mr. JENNINGS]?

There was no objection.

Mr. JENNINGS. Mr. Speaker, the 16,500,000 men and boys from 21 years of age to 35 years of age who will be subject to the proposed draft measure known as the Burke-Wadsworth bill immediately upon its passage, and the 5,000,000 boys from 16 years of age to 21 years of age who will become subject to its provisions between the date of its passage and May 15, 1945, their relatives and friends, are, of course, vitally interested in knowing the provisions of the proposed act. I shall now briefly set out the requirements of the proposed law. Any violation of the act is a felony, and is punishable by a term of imprisonment of not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment. In the event the act becomes the law of the land, I advise and urge everyone affected by it to obey it.

THE TERMS OF THE ACT

It provides for the conscription of men and boys between the ages of 21 and 35, inclusive. It will require the registration of an estimated 16,500,000 citizens and aliens seeking citizenship. Five million of this number will, upon the passage of the act, constitute a reservoir from which the first 1-year conscripts will be drawn.

The drafting of men will begin immediately after the registration and as soon as the machinery can be set up and swung into action.

The act permits the Government to resort to a draft of industry. The act provides that those drafted may be inducted for training or service anywhere in the Western Hemisphere and in the Philippines, and that the act remain in force until May 15, 1945.

The act leaves much to the discretion of the President. By Executive order, and through rules and regulations promulgated by him, he can determine those who are called first and the ages of those to be called, and also whether they are to be trained and are to serve in the United States and its possessions or whether they are to be trained and serve in Canada, Mexico, Central America, or South America.

The President has the power to decide, upon the recommendation of the War Department or the joint Army and Navy Committee on Selective Service, to call first men between the ages of 21 and 25, or the President could make his calls, in required numbers, from another age range—21 to 23, or 21 to any age up to and including 35.

Pay for those inducted into the land forces would be at the rate of $21 per month for the first 4 months; then it would go up to $30. In the naval forces the pay schedules would be on a parity with those in the Regular service. Boys

and men between the ages of 18 and 35 would be permitted to volunteer for 1-year enlistments.

The first draft call, expected late in October, likely will be for about 75,000 men, to be followed in November by another for 112,000, and a third late in December or early in January for 115,000. The final call to make up the first 400,000 will be for 98,000. The number to be drafted from each State will be determined on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for training and service under the act, and credit shall be given to the subdivisions of each State—meaning counties in Tennessee—for residents of such subdivision who are in the land and naval forces of the United States on the date fixed for determining such quotas.

The selection of the boys and men drafted under the act will be in the hands of some 10,000 local draft boards distributed throughout the country.

Not more than 900,000 boys and men may be called for training in the course of a single year.

After the training period each boy and man drafted will be transferred to the Reserve forces of the Army or Navy for 10 years, or until he is discharged. During this 10-year period he is subject at any time to be recalled to military duty. He may escape future calls in the land services by enlisting for 2 additional years in the National Guard or the Regular Army.

On September 6 the House adopted an amendment to the act, as reported by the committee, which provides that boys and men drafted under the act shall not be inducted into service "until adequate provision shall have been made for the proper housing of the men selected for training and service, the term 'housing' to include such sanitary facilities, adequate water supply, heating and lighting systems, medical care and hospital accommodations as are in general accepted by the United States Public Health Service as essential to public and personal health." This amendment was offered by Dr. AUSTIN, a Member of the House from Connecticut, and was passed by a vote of 115 to 95. Those who introduced and sponsored this act opposed this amendment. I voted in favor of it in order to safeguard the health of those drafted and to prevent such epidemics as took the lives of more than 75,000 of the boys who were drafted during the first World War and who died from influenza and other diseases due to lack of proper clothing, housing, medicine, and medical attention.

The act provides for the exemption of those who object to training and service on the ground that they are conscientiously opposed to serving in the armed forces. It also exempts regularly or duly ordained ministers of religion and students who are preparing for the ministry in theological or divinity schools recognized as such for more than a year prior to the date of enactment of the law. Conscientious objectors, ministers, and divinity students must, however, appear for registration.

The President may prescribe deferment of training for those whose employment in industry and agriculture is found to be necessary for the maintenance of the national health, safety, or interest.

Deferment is also allowed students of colleges or universities which grant degrees in arts or science, if such students should be selected while pursuing their courses, until the end of their academic year, or to July 1 next, whichever comes first.

The act admonishes employers, whose employees are drafted into the service under the act, to take such employees back and put them in their jobs, except in cases where it is "impossible or unreasonable" to do so. The act provides that an employer, able to take an employee back, but refusing to do so, may be liable to court action. In such suits between a former employee and his employer United States district attorneys would serve the employee, without fee or court costs, as counsel for the worker denied reinstatement and would settle by agreement or take the case to court if the district attorney deemed the claim to be valid.

The act makes any violation of its terms by those who administer it or by those subject to be drafted under it, a felony, punishable by imprisonment for not more than 5 years or a fine of not more than $10,000, or by both such fine and imprisonment. For any offense against the act committed after induction into the service, the offender shall be tried by court martial, and on conviction shall suffer such punishment as a court martial may direct. In case of persons subject to the act who fail to report for duty in the land or naval forces as ordered, military and naval courts martial shall have concurrent jurisdiction of offenses arising out of such failure. Other offenses against the act shall be triable in the district courts of the United States having jurisdiction.

Under the act the Government is empowered to take over private industrial plants and facilities in cases where the Government and such plants cannot agree over the taking of defense orders or carrying orders out to the satisfaction of the War and Navy Departments.

The act further provides that any individual, firm, company, association or corporation, or organized manufacturing industry, or the responsible head or heads thereof, failing to accept an order for any product or material produced or manufactured by them, or capable of being produced or manufactured by them, shall be guilty of a felony, and shall be punished by imprisonment for not more than 3 years and a fine of not exceeding $50,000.

The act, upon its passage, takes effect immediately, and is in full force and effect until May 15, 1945.

It will, therefore, be seen that this act makes liable to conscription, immediately upon its passage, 16,500,000 boys and men from the ages of 21 to 35. The act remains in force until May 15, 1945. It, therefore, will apply, between the date of its enactment and May 15, 1945, to all who will become 21 years of age during that period of time. It will be in force for 4 years and 8 months. So that boys now 16, 17, 18, 19, and 20 years of age will become 21 years old before the law expires, and will, therefore, be liable to be drafted into the armed forces upon their reaching the age of 21. There will, therefore, be liable to the draft under this law 5,000,000 boys who are now under 21 years of age, making a total of 21,500,000 men and boys.

THE VOLUNTEER SYSTEM HAS NOT BROKEN DOWN

The passage of this act in time of peace is uncalled for, and is unprecedented in the history of this Nation. The proposed act, for the first time in the history of this country, in time of peace, resorts to the draft of men and boys and the seizure and operation of private property by the Government in peacetime.

Today we have in the armed forces of the Nation: Regular Army, 309,000 enlisted men and officers; National Guard, 236,768; Reserve officers, 104,500; enlisted men of Reserve, 35,000; a total of 685,268.

Today we have in the naval forces: Regular Navy, 149,723; Estimated enlistments not yet reported, 1,000; Naval Reserve forces, 8,894; officers as of August 1, 1940, 10,774; a total of 170,391.

We, therefore, have in the armed forces of the Nation at this time 855,659 men.

From September 1, 1939, to September 1, 1940, the period elapsing since England and France declared war on Germany, 213,014 men have enlisted in the United States Army. This total does not include the number who enlisted during August of this year. The enlistments for August of this year amount to 40,000 men, according to information furnished me on the 10th of this month by the War Department. This total does not include the enlistments for September of this year. The enlistments in the Army for the months of June, July, and August 1940 are as follows:

June 1940	23,444
July 1940	31,958
August 1940	40,000

These enlistments were all for a period of 3 years, at $21 per month. With the period of enlistment as fixed by the proposed draft act, reduced to 1 year and the pay raised to $30

per month, these enlistments would have been much greater—from 50,000 to 60,000 per month. So that it is evident that by January 1, 1941, with the period of enlistment reduced to 1 year and the monthly pay raised to $30 per month, the Army could, by voluntary enlistment, be increased to 1,000,000 men.

It is therefore unnecessary to resort to conscription in time of peace and create a "pool" of 21,500,000 men and boys subject to the draft. This great "pool" of men and boys from 16 to 45 years of age are segregated, set aside from their fellow men and, for the period during which they are registered and subject to the draft, will stand in the shadow of uncertainty. They cannot plan their lives. They will be handicapped in obtaining and holding employment. Employers will be afraid to give them permanent jobs. They will not know what to do with themselves. They will not know what minute they will be conscripted, taken from their homes, from their jobs, by the arbitrary power of government. Thus, will a great barrier be thrown across their future.

In addition to this, the act provides that any indebtedness of a man or boy drafted, for rent, on installment contracts, or mortgages cannot be collected by his creditor during his service in the armed forces of the country. It declares a moratorium on such indebtedness. This provision, while helpful to the man actually drafted and inducted into the armed forces of the Army or Navy, will work a great hardship on the millions subject to the draft. They will be unable to obtain credit. Those from whom they wish to purchase an automobile, furniture, or other necessities, or from whom they wish to borrow money, rent, or lease property, will be afraid to extend them such credit because of their inability to collect or foreclose conditional sales contracts or mortgages in the event the man or boy desiring such credit is drafted.

And further, the act provides that if, during the training period of any man drafted for a period of 1 year, the Congress shall declare that the national interest is imperiled, he shall be subject to service until the Congress shall declare that national interest permits his being relieved from actual service.

Thus, under the guise of raising an army of a million men, the lives and future of 21,500,000 men and boys are rendered uncertain and their entire future imperiled. The entire business structure and economic life of the whole people will be upset, disturbed, and rendered uncertain at the cost and loss of billions of dollars.

The Government does not have at this time clothing, houses, nor the hospital facilities to take care of the men proposed to be drafted. This lack of facilities exists when winter is fast approaching.

The records of the War Department show that it now has permanent and temporary buildings for the accommodation of only 230,000 men, with construction under way that will enable it to house a total of 375,000 men. At this time it does not have housing facilities for this additional 145,000 men.

To accommodate and house the National Guard, the Government is constructing permanent tent camps, with concrete floors, wooden walls, and tin roofs, and temporary wooden buildings. Thousands of these draftees will have to be put in tents.

These facts recall to mind the terrible loss of life due to epidemics of flu, spinal meningitis, measles, typhoid fever, and other diseases in 1917 and 1918. From these diseases alone there occurred, in 1917 and 1918, 75,460 deaths among those drafted and inducted into the armed forces of the country.

There is not on hand sufficient clothing to clothe them. It is estimated that by January 1, 1940, there will be barracks for 500,000 men. The other 500,000 will have to be housed in tents in winter. And under the terms of the act, these draftees may be sent to any country on the Western Hemisphere—to Canada, to Mexico, to the Republic of Central America, to the Nations of South America, and to the Philippine Islands, 7,000 miles from home.

The Government does not have tanks, artillery, antiaircraft guns, and other mechanized equipment, with which to equip and train the men and boys proposed to be drafted.

There is not on hand at this time sufficient automatic rifles, machine guns, tanks, artillery, and other mechanized equipment with which to arm and train these draftees. At the outbreak of the present World War, France had 6,000,000 conscript soldiers trained in the art of warfare, but they did not have modern equipment, consisting of airplanes, antiaircraft guns, antitank guns, and tanks. These draftees cannot train or fight with mechanized equipment on order, existing only on blueprints.

Two hundred and fifty thousand mechanized German troops conquered France. There were in France at that time 6,000,000 conscript soldiers. But they did not have adequate mechanized equipment. In the opinion of military experts, a mechanized army of 500,000, capable of rapid movement from one part of the country to another, is adequate to repel any threatened or possible invasion of this Nation. Mr. Knudsen recently testified that we would not have mechanized equipment for an army of 750,000 men until 1942.

SEIZURE OF PRIVATE INDUSTRY IS UNJUSTIFIED AND UNCALLED FOR IN PEACETIME

No individual and no company has declined or is refusing to accept and fill any order for war supplies. On September 7, of this year, David Lawrence, editor of the United States News, in an article of that date, wrote as follows:

THE REAL ISSUE

(By David Lawrence)

WASHINGTON, September 7.—Evidence is piling up to demonstrate dramatically that the real issue of the Presidential campaign is whether the new dealers in Washington will ever understand the industrial operations of America sufficiently to permit the United States to build a strongly mechanized army and a powerful air force—or whether a new President with a background of industrial knowledge can do the job better.

For without airplanes to man them, the new Atlantic bases will be useless and without the weapons of mechanized warfare, the draft army might as well be forgotten.

Today the biggest obstacle to the development of our industrial defense program is the attitude of those new dealers who think that demagoguery can build airplanes or that the manufacturers and plant managers of this country can be stimulated to produce by threats of coercion.

The psychology which prompted the Russell-Overton amendment which is designed to permit seizure of plants is a psychology of politics. It is an attitude that does not know how to get production because if the Government is to be guided by arbitrary-minded officials there will be no plant managers who can do any better under actual Government control than under the threat of seizure.

AN OLD PROBLEM

This is not a new problem. Bernard M. Baruch, chairman of the War Industries Board in the last war and who should really be guiding America's defense program today, had this to say in his testimony in 1932 before the War Policies Commission:

"The 'draft everything' proponents seem to think that confiscation of productive facilities promises a more effective use of them in the interests of government and for the purposes of war. During the World War a government had power to commandeer factories and to operate them under bureaucratic direction. I do not recall a single important industrial enterprise that was thus taken over. This does not mean that the use of the power was never advocated. On the contrary, it was seriously urged in respect of a great industrial plant which was thought by some not to be giving full cooperation to its government. The proposal split on the rock of this argument:

" 'Who will run it? Do you know another manufacturer fit to take over its administration? Would you replace a proved expert manager by a problematical mediocrity? After you had taken it over and installed your Government employee as manager, what greater control would you have than now? Now you can choke it to death, deprive it of transportation, fuel, and power, divert its business, strengthen its rivals. Could any disciplinary means be more effective? If you take it over, you can only give orders to an employee backed by threat of dismissal and with far less effect than you can give them now. Let the management run the plant and you run the management.'

"Nobody with any familiarity with industry could seriously urge a wholesale assumption by any Federal bureau of the responsibility for management of any or all of the vast congeries of manufacturing establishments upon which we must rely for extraordinary effort in event of war."

It has been supposed up to now that the President summoned to Washington outstanding businessmen to manage the defense

program. On the surface it has seemed that they had something to do with the attainment of production of airplanes and weapons of warfare. They are mere conduits through which a lot of official papers and documents and contracts flow.

But Mr. Roosevelt hasn't delegated any authority over the really vital problems of defense policy to the businessmen.

Is this proposed draft act a plan for defense or a plan for participation in Europe's endless wars? The times call for sane judgment and the floodlight of fact. It is admitted that we have the best navy in the world, a seagoing, modern, well-manned, and adequately armed fleet, consisting of battleships, cruisers, destroyers, aircraft carriers, torpedo boats, and submarines. We are separated from potential enemies by 3,000 miles of ocean to the east and 7,000 miles of ocean to the west. These oceans can be dominated by ships alone.

If we are to have an adequate defense, more than a blind appropriation of dollars and conscription of manpower is necessary. Are we preparing for defense or are we preparing for participation in an aggressive warfare in Europe? All are agreed on the defense of the Western Hemisphere. We have naval and air bases, from which outposts any aggressor nation can be met and turned back. We have naval and air bases in Alaska, in Hawaii, thence off the western coast of Central and South America. We have them girdling the eastern coast. We have a political, economic, and military understanding with the Central and South American republics.

We are in no imminent danger of a German invasion. If Germany wins, she will be beset by mistrust and fear on the part of Russia and Italy. She will be under the necessity of constantly policing conquered peoples of Poland, Czechoslovakia, Norway, Belgium, Holland, France, and the British Isles. It is unthinkable to believe that she will ever obtain possession of the British Fleet. No invasion of this country can take place except by sea or air. Troops have been transported in limited numbers over short distances in Europe. It is utterly impossible to transport them in any numbers by air from Europe across the 3,000 miles of the Atlantic. Supplies for a series attack could only be transported to this hemisphere by ship. The combined navies of Germany, Italy, Russia, and Japan would not be superior to ours. As pointed out by Hanson W. Baldwin, a graduate of the United States Naval Academy and a naval authority, in an article in Harper's magazine, the sea power of Russia is negligible. Italy's fleet is composed of high-speed, short-range ships built for Mediterranean service. Some of Germany's ships have small cruising range, for duty in the North Sea. Japan's navy has been built primarily for service in the Far East. Our fleet, in the event of an attack by these combined navies, would be fighting from our shores and our naval bases, aided by aircraft and submarines, and it would have an unconquerable advantage over such a conglomeration of ill-adjusted ships operating thousands of miles from their bases.

It is estimated that to supplement our naval and land forces we need not more than 10,000 planes, plus reserves and training planes. Mr. Baldwin points out in his article that probably the maximum initial force that could be transported from Europe to this country, even if sea control were wrested from us, would be 50,000 men, and that the transportation of such a force would require 375,000 tons of shipping; and if such a force were landed, half the tonnage of the German merchant marine would be needed to supply them. He points out that—

To supply an army of 1,000,000 men in this hemisphere would require at the very least 13,000,000 tons of shipping. Economically and commercially the problem seems impossible; not even a combination of Britain and Germany could divert so much shipping to the purpose. We do not, therefore, have to fear the employment of mass armies in this hemisphere; the most we have to guard against is the transportation of a small expeditionary force.

Then why all this talk about conscripting a huge army? The induction of huge masses of men into the service may actually hamper the development of a small, highly trained field force which is our primary problem today insofar as land forces are concerned in hemisphere defense.

Our Regular Army must provide garrisons for Army, Navy, and air bases; this may require 150,000 men. The Regular Army must provide the nucleus for coast defense and antiaircraft troops; it must provide officers to train the National Guard, and to form the skeletal structure upon which a large mass army may be built up after M day. And, under our broadened responsibilities of hemisphere defense, it must provide a field force highly trained, fully equipped, instantly ready for transportation anywhere within the Western Hemisphere—to quell, with the help of the Navy and air force, alien-inspired revolutions, to seize an advanced base, to hold any area against attack until larger forces are concentrated. Such a force need be no larger than 150,000 men—perhaps half that number—about the number with which Germany seized Norway. And considering its other functions, the Regular Army need be no larger than 400,000 to 500,000 men.

Hemisphere defense is primarily a problem for sea power, secondarily for air power. But it is not a problem which can be solved by any one service or by the defense forces alone. Political and economic planning within the hemisphere must precede strategical planning. And in an integrated defense each element of the fighting services and the other branches of government must be nicely articulated, each working not on its own but as part of a machine.

There seems to be no such unity of concept in Washington. Our defense forces are, like Topsy, "jest growin'." Wanted above all, is a plan for defense, a military policy, a definition of what we must defend and against whom, and the organization to carry out the plan.

It is now said that the only way to keep this Nation out of war is to get into war, that to save this country we must first save the British Empire, and the idea is advanced that our first line of defense is and always has been either the Rhine or the English Channel. We have voted a two-ocean navy. Contracts for its construction have been let. By the first of the year we will have more than a million men under arms. Let us cease to talk about intervention in the present war.

In an editorial of September 7, 1940, in the Saturday Evening Post, is a clear and forceful statement of facts that should interest every thoughtful lover of this country:

In his message to France on June 15, the President said: "The Government of the United States has made it possible for allied armies to obtain, during the weeks that have just passed, airplanes, artillery, and munitions of many kinds, and * * * this Government, so long as the allied Governments continue to resist, will redouble its efforts in this direction."

That was the United States Government speaking, acting, pledging itself to assist in the war against Hitler to the utmost, short only of an actual declaration of hostilities. It was already too late to save France. Moreover, nothing we had been able to send her, even our total military power, including the Navy, could have saved her, which was a trifling reality the Government was unable to comprehend.

Only 6 weeks later, the Secretary of War is saying to the House Committee on Military Affairs, in support of the conscription bill, that there is very grave danger of a direct attack upon the United States by Hitler. He is asked how long it will take to prepare a suitable defense. He says: "We will not have it in time to meet the first possibility of invasion."

The Secretary of War of course is speaking directly for the administration. He is saying what it thinks. The administration thinks there is very grave danger of an invasion of this country by Hitler before we can be ready to meet it. But this is the same administration that stripped the American defense of rifles, artillery, munitions, and airplanes and sent them to the Allies. It is the same administration that would have delivered to the British Admiralty the whole of our mosquito fleet in building if the Congress had not found a law to stop it. It is the same administration that has ever since been trying to find a way to deliver United States Navy destroyers to the British. If what it thinks is true—that there is grave danger of an invasion of this country by Hitler before we can get ready—then we have not a rifle, a gun, an airplane or a rowboat to spare, nor any industrial capacity. On the day the Secretary of War was making his statement before the House committee the New York newspapers carried pictures of National Guard men training with imaginary machine guns devised by plumbers out of gas pipe.

We can imagine circumstances in which the highest strategy would call for taking the war to the enemy. We cannot conceive of circumstances in which it is permitted in sanity to slap danger in the face before you are ready to meet it—to name an enemy who has not named you, to attack an enemy who has not yet attacked you, before you are ready to fight him.

Our enemies, the Administration keeps telling the people, are Germany, Italy, and Japan, naming them. Not one of them has made a gesture of war toward us. For all we think and feel about Hitler, he has not attacked us. He says he does not intend to. We do not believe him. Nobody in the world now believes him. Very well. But the American Government has attacked Hitler, first by words, then by measures short of war, then by giving pledge to his enemies to assist them by all physical means to the utmost.

In June, the American Government entered the war against Hitler by acts of physical intervention all the worse because they were futile.

In July that same Government is telling the people they are in grave danger of being attacked by Hitler before they can get ready to meet him. "Hitler does not wait," said the Secretary of War to the House Committee on Military Affairs—and the National Guard men in New York training with gas-pipe guns.

What a triumph for statecraft. What strategy.

What a face for a great nation.

These are the conditions under which there has been created in the country a war psychosis, misled by cries of "Stop Hitler now" and "Defend America by aiding the Allies." We had nothing to stop Hitler with in Europe. A Government that either did not know that, or made believe it was not so, now is saying that if he decided to invade the United States soon, as there is very grave danger that he may, we are not ready to stop him here. Nevertheless it goes on to declare against him an economic war—a pan-American economic bloc against his European bloc—for which also it is unprepared, not having thought it through, not having calculated the cost.

We do not believe that an invasion of the United States by Hitler is among the imminent possibilities. The word of the Government for it does not greatly impress us. A Government that had been so wrong about his power to overcome in Europe and about the power of France to resist could very well be wrong again. Nor do we believe that 50 or 60 destroyers from the United States Navy would save the British Empire. That would be but another futile act of futile intervention, much more likely to infuriate an enemy we are not prepared to meet than to save a friend.

We are bound to be emotionally torn by the specticle of the British Empire fighting for its life. That is a feeling that lies deep in us and is shared even by those who still can think in a realistic manner. The fall of the British Empire would be a mighty human disaster. Yet we part with those who say, or who believe, it would mean the end of American civilization and part with them again when they would in any degree weaken the American defense to repair the weakness of Great Britain, for which Great Britain, not we, are responsible. We add here two reflections—first, that Great Britain would be stronger if she had stood alone; second, the enemy is governed by logic, not emotion.

We stand, therefore, in our first position. Let us jealously mind our own defense in the great manner of a great people, resolved to be let alone. Let us build at any cost a dreadnought defense power such as no aggressor, nor any combination of aggressors, will dare to challenge. Thus we forfend war.

And meanwhile, for this will take some time, let us look very hard at a state of facts. The German thing has conquered Europe. That will be still true whether the British Empire stands or falls.

Who is going to put the German thing back? The British? They are not able.

Shall we do it? Unless we are willing to go to Europe and destroy it there, we may as well make up our minds now that we shall have to live in the same world with it, maybe for a long time, whether we like it or not. Nonetheless, for that reason, only all the more, we should, we must, create on this continent the incomparable power of defense. After that we shall see. For after that we shall be again as we once were, safe and free and dangerous.

We therefore submit that we can, and it is our duty to, stay out of this war; that we can arm and train an army for all adequate national defense without resort to conscription of men in peacetime; that we can produce all of the war materials necessary without exercising the power of seizing and taking over the industry of the country by arbitrary governmental power. The supreme issues before our people today are the preservation of our free institutions and the liberties of our people. "One thousand years scarce serve to found a state, an hour may lay it in the dust."

In an hour of hysteria let us not remove the ancient landmarks which our fathers have set. We have and are building the ships. We are capable of producing, within the time that they may be needed, all necessary mechanized military and modern equipment, armament, and munitions. We have, and can get, the men, but these men can only be effectively trained by putting them in possession and teaching them the use of the implements of modern warfare. We need not surrender our liberties to defend our free institutions. Freedom from entangling European alliances, free men, and free industry have builded this Nation; and free men and free industry can and will maintain it.

It was Charles Pinckney, in the early history of this country, in response to a demand from Napoleon Bonaparte that this Nation join in his European wars, who said: "Millions for defense but not one cent for tribute."

When the drafting of the Constitution of this country had been completed by the founding fathers, in Independence Hall in Philadelphia, a lady asked Benjamin Franklin: "Mr. Franklin, what kind of a government have we?" He replied, "A republic, if we can keep it."

The American people are highly resolved that we will keep this Republic by preserving it here at home and by defending it against the aggressor nations of the world.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Speaker, 207 Members of this body a few days ago voted against peacetime compulsory military service when they voted for the Fish amendment on a record roll-call vote. Let us have some constructive action on the floor of the House today. Those 207 Members of this Congress have an opportunity to reaffirm their position today. Let us have a yea-and-nay record vote on this conference report today and send word to the Senate and to the country that we still maintain the same position which we did on the record roll-call vote on the Fish amendment a few days ago, opposed to peacetime compulsory military service until such time as it has been demonstrated that the voluntary system of military service has failed.

Mr. Speaker, we know that much political heat and pressure has been turned on the Members of Congress in an attempt to adopt this conference report, and thereby put the peacetime compulsory military service bill on final passage without a record vote. If those 207 Members who voted for the Fish peacetime voluntary military service amendment a few days ago were sincere when they did so, then we should not have any difficulty in obtaining a sufficient number of seconds for the demand which shall be made for the aye-and-nay record vote on the adoption of this conference report, which is a clear-cut issue on the question of peacetime compulsory military services. I shall vote against the conference report and shall support the demand for the record roll-call vote on its adoption and thereby maintain my position on the Fish voluntary peacetime military service amendment.

Mr. Speaker, should we vote to adopt this conference report, we vote to nullify section 1 of the thirteenth amendment to the Constitution of the United States, which states that—

> Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.

Should we vote in favor of this conference report, we vote to enact the "involuntary servitude" Col. Julius Ochs Adler peacetime compulsory military service portion of the New Deal program to establish a dictatorship in the United States of America. I feel confident that there are sufficient red-blooded independent Members of this Congress who will rise when the demand for a record vote is made so that we might have a record roll-call vote on this New Deal Hitler-Stalin type of peacetime compulsory military service, in order that our countrymen may know just where each Member of this Congress takes his position. The people of the United States are entitled to this knowledge. Remember that our good Lord said, "Wherefore by their fruits ye shall know them."

Mr. Speaker, I am not a prophet, or a son of a prophet, but let me prophesy that the record roll-call vote on this pending motion to adopt this conference report, which is equivalent to final passage by the House of Representatives of this New Deal peacetime compulsory military service and "involuntary servitude" legislation shall never die. Like Banquo's ghost, it shall forever rise to haunt many Members who vote for it, particularly during this November's election campaign.

Mr. Speaker, in closing, let me respectfully remind my colleagues that should they sow "involuntary servitude" seeds this 14th day of September, many shall reap their abundant harvest on the 5th day of this November; for "as ye sow, so shall ye reap." [Applause.]

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. ANGELL. Mr. Speaker, I shall vote against this conference report and, as the record discloses, I have voted against the bill when it was before us. I have, throughout this national emergency, voted for all legislation and appropriations having for their purpose the early completion of our preparedness program and will continue to do so

until we have made our defenses so strong that we will be impregnable against attack from any source. It is incumbent upon each one of us to make every sacrifice that this grim job of complete preparedness be accomplished without any delay. It will be a matter of heroic sacrifice for all of the American people. The immense cost bill alone will be a burden reflected in taxes for years to come. However, when the security, the welfare, and even the preservation of our country is at stake, we must not weigh the costs. We must provide unity of action and coordination and mobilization of all of our vast industry and manpower, to the one common end of defending ourselves. I believe the Congress has exhibited a unanimity of action and a course entirely removed from partisan politics in proceeding with the defense program, that has rarely been exhibited before. I personally do not believe that in order to advance this program it is necessary at this time to draft our young men for military service. After careful and full consideration I am convinced that as long as we are at peace we need not resort to this method but can with security continue to rely on volunteer enlistments as we have done for 150 years. Furthermore, there is serious doubt that the Government will have the facilities in time to protect the health and provide for the welfare of such a large number of draftees. The most serious objection, however, to peacetime military draft is that it is a totalitarian concept, the regimentation of our people in peacetimes. In order to combat the dictators we are resorting to their methods.

However, this question now becomes academic, because both Houses of Congress, by a substantial majority, have adopted the principle of immediate draft to provide manpower for our defense forces. Therefore, I will support this legislation when enacted, although I still am opposed to it in principle, to the end that we may, without any delay, complete our preparedness program.

Some misunderstanding and confusion has arisen with reference to the Fish amendment, which provided that 60 days should elapse before any men were called under the Draft Act. Many statements have been made in the press and on the radio that this was an act to postpone the matter until after election and to delay the draft. As a matter of fact, it would have had the opposite effect, because as a part of the amendment it was provided that immediate provision should be made for registering all of the men coming within the draft, which would require at least 60 days, and under this new law no draftees will be called until after that time, whereas under the Fish amendment volunteers would be called for immediately, and unquestionably a large number of men would have volunteered within the 60 days, which would have speeded up our program instead of slowing it down.

I believe it to be my duty and the duty of every American wholeheartedly and without reservation, now that the law is determined upon, to join hands with those who supported it, to put it into immediate effect and permit no delay. I pray God that no need for this superarmament and large army will ever arise, but should it, we will be prepared. Better to be prepared and not need it than to be unprepared and need it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, this is the prelude to war and dictatorship. Time and events will demonstrate it.

Mr. ANDREWS. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I would like to ask a question of the chairman of the Committee on Military Affairs if I may. In section 5, paragraph (b), subparagraph 1, it is provided that men who have served at least 3 consecutive years in the Regular Army will be exempt not merely from liability for service in the Reserves but also from liability for training and service under section 3 (b). That is under the present bill.

The question is, If you exempt men who have served 3 years in the Regular Army from liability for training and service, why do you not extend that same exemption to men who have served 3 years in the Marine Corps or the Navy?

Mr. MAY. The Navy had a representative present, a commander, and he objected to it, saying that the Navy did not desire that. That is the reason it was left out.

Mr. CASE of South Dakota. It would seem to me that we might want to preserve liability for Reserve training or emergency service, but I do not understand why a man who has served 3 years in the Marine Corps is not just as much entitled to an exemption from the draft for peacetime service as a man who has served 3 years in the Army.

Mr. MAY. I may say to the gentleman that the commander who was present said that the present arrangement was entirely satisfactory and he stated that if we did what was suggested it would complicate their affairs very much. For that reason we did not do it.

Mr. CASE of South Dakota. I understand that the members of the Navy and Marine Corps go into a reserve status following completion of an enlistment, and it is probably that situation which the commander does not want to disturb. The gentleman from New York [Mr. WADSWORTH] calls my attention to another provision in the conference report that exempts members of the Organized Reserves from registration, which would automatically exempt these Naval and Marine Corps Reserves from induction.

Mr. Speaker, I am wholeheartedly for an adequate national defense. And in the present world situation I believe it is better to be safe than sorry. I am for an increase in our armed forces. I voted against peacetime conscription when this bill was before us, not that I was opposed to increasing our armed forces but because I feel that conscription should be undertaken only when an emergency is clearly demonstrated. The evidence brought before us during the debate on the bill revealed that over 919,000 men were already in the armed forces, either in active duty or subject to call following the passage of the National Guard bill. The evidence also showed that recruits were increasing for the Army and exceeded 43,000 in August, and that the Navy and Marine Corps had men on the waiting list. It was my belief and is my belief that the acceptance of 1-year enlistments by the Army and the raising of the base pay to $30 a month would have provided men as rapidly as they were needed at this time, and as rapidly as equipment would be available for their proper housing and training.

A majority of the Congress, however, has taken the position that conscription is the method to adopt to provide the increase desired. At this time, therefore, I expect to vote for the adoption of the compromise bill brought in by the conference report as representing the best argreement we can reach on the proposition.

During the debate several Members pointed out that the bill limits the number of men called to the number for which appropriations may be made. I am sure that the Members understand that no appropriation items receive such careful and diligent study today as do those for national defense.

As a new member of the Appropriations Committee in this session of Congress, and as a new member of the Appropriations Subcommittee for the War Department this year, and a minority member, I can testify to the conscientious service of the other members. And I have had occasion to observe the work of the Deficiency Subcommittee which has handled the supplemental items. I think it is generally true that there is less partisan politics in committee work than is generally supposed by the country at large; I am sure that is true in the preparation of the appropriation bills for national defense.

The chairmen of these subcommittees, Mr. Speaker, the gentleman from Virginia [Mr. WOODRUM], the gentleman from Pennsylvania [Mr. SNYDER], and the gentleman from Nevada [Mr. SCRUGHAM] simply do not play politics with national defense. In the working of these committees I have seen no partisan politics, only the utmost earnestness and a determination to do the right thing for the safety and security of the United States. I am sure that it will be so in the consideration of appropriations to be made under this act.

Mr. ANDREWS. Mr. Speaker, before I exhaust my time on behalf of members of the Military Affairs Committee, the

House, whether the various Members are for this bill or not, owes a debt of gratitude to some of the gentlemen in the War Department in the G–1 Section who received little or no credit in any official or public mention. I want to pay my particular respects to Lt. Col. Louis Hersey of the G–1 Section and to numerous Reserve officers who served in Washington for the last 6 weeks, many of whom have worked for years on this proposition. I believe the success of the House and Senate committees in obtaining a bill of this type, whether you like it or not, is largely due to the painstaking efforts of that group in the G–1 Section of the War Department. [Applause.]

Mr. MAY. Mr. Speaker, I yield to the gentleman from Ohio [Mr. HARTER], a member of the House Committee on Military Affairs and a member of the conference committee, such time as he may desire.

Mr. HARTER of Ohio. Mr. Speaker, there should be no hesitancy on the part of the membership of the House in agreeing to this conference report. While some compromises were made and some of you may not agree with all of the revised bill, its omissions or inclusions, we feel that it is a well-perfected piece of legislation. It was just a week ago today that the House passed its bill. The battle for England has been waged more relentlessly than ever during the past week. Most of us must admit that the emergency confronting this Nation becomes more imminent with each passing day and the future more beclouded and uncertain. We dare not gamble with the future. For us there is but one course to pursue and that is be ready with an adequate defense for this Nation no matter what may happen abroad.

The principal changes in the compromise draft of the selective training and service bill in this conference report from the House bill are, as you know, the making of men from 21 to 35 years of age, inclusive, liable to military service instead of those from 21 to 45, and the elimination of the Fish amendment postponing the draft for 60 days. The other principal difference between the Senate and the House was the provision relating to industrial conscription. This was eliminated through the action of the other body last evening in directing its conferees to accept the House language, which is the so-called Smith amendment adopted by an overwhelming vote in the House and which is practically an adoption of the language of section 120 of the National Defense Act. Upon other important details in the legislation the House fared very well in the agreement finally reached by the conferees. The House gave up its provision for not more than 1,000,000 men in active training in the land and naval forces of the United States at any one time for the Senate provision of not more than 900,000 men in active training in the land forces at any one time for the 12-month training period. The House provision providing for the transfer of trainees to Reserve components until they reach the age of 45 or for a period of 10 years or until discharge, whichever occurs first, prevailed. Your conferees followed the Senate and House provisions in substance in giving trainees pensions, compensations, and disability allowances to the same extent as enlisted men of the Regular forces of the same grades and lengths of service, with this qualifying language:

With respect to the men inducted for training and service under this act there shall be paid, allowed, and extended the same pay, allowances, pensions, disability and death compensation, and other benefits as are provided by law in the case of other enlisted men of like grades and length of service of that component of the land or naval forces to which they are assigned, and after transfer to a reserve component of the land or naval forces as provided in subsection (c) there shall be paid, allowed, and extended with respect to them the same benefits as are provided by law in like cases with respect to other members of such reserve component. Men in such training and service and men who have been so transferred to reserve components shall have an opportunity to qualify for promotion.

It was agreed that the House provision allowing trainees to accept payments by former employers to trainees or to members of reserve components on active duty should stand, and the limitation allowing only such payments to be made to those below the rank of captain was eliminated. The provisions in both bills preventing discrimination on account of race or color with respect to men volunteering for induction remains in the bill. The House language providing for a mental as well as a physical examination of those to be inducted for training remains in the bill; also the provision that college students in bona fide institutions granting degrees either in academic work or in professional courses may, upon their request, have their induction for training postponed during the college year 1940–41 until the end of the college year, but in no event later than July 1, 1941. Many boys 21 years of age or who will soon be 21 are working their way through college and have jobs to see them through this year or have earned money and paid fees for this year, and this will permit them to complete the college year as they have planned.

Language has been clarified throughout the bill, and your conferees have endeavored to make clear and precise the intent and meaning of the Congress in the various sections of the act. We feel that the measure which we bring you, while not perfect, is an improvement over the respective versions of the bills previously adopted by the Senate and House and a reasonable compromise of the opinions of the two bodies. It should go far toward insuring the security of the United States in these times of extraordinary danger. I hope the House will demonstrate to the country that we are cognizant of the dangers that exist, of the imperative need for the strengthening of our national defense, and let it know that we are not only willing as representatives of the people to make vast appropriations for war material but we are taking not the easy way but the hard way by conscripting our manpower, so that all the world may know that America will have trained Reserves which she hopes she may never need for service in time of war but who will be ready for the defense of the Nation if such defense is necessary. Let us do this without flinching and with a determination that our institutions and our form of government shall continue as we have known them. The greatest danger to America is not from without; it is from within. Have we the stamina, the determination, to meet the necessities of our times as our forefathers met theirs? I think we have. We shall demonstrate that we are not soft, that when the Nation needs her sons they will fulfill their duty and their obligations as Americans have always done. [Applause.]

Mr. MAY. Mr. Speaker, in regard to the statement of the gentleman from New York that the Fish amendment would not have delayed the program of the War Department for 1 hour, I merely wish to say that the judgment of the high officials of the War Department is to the contrary. They say that it would have changed and greatly obstructed their whole procedure.

Mr. Speaker, I now desire to read into the RECORD a telegram I received yesterday. It is addressed to the chairman of the conference committee, dated at New York, N. Y., on September 13:

I demand hearing in opposition of conscription bill, as I have been informed it specifically excludes bund members from employment in United States industries. Proposed legislation is damnable, vicious, and a congressional declaration of civil war upon every German-American. Letter in detail follows.

(Signed) G. WILHELM KUNZE,
National Leader, German-American Bund.

Mr. Speaker, that gentleman does not represent the German-American population of the United States, and I regard his letter as an insult to the American people. Millions of good German-American citizens will be found faithfully toiling upon the farms and in the factories throughout America to preserve our institutions of freedom while this Wilhelm Kunze will doubtless be found in the dark places of sin and vice trying to undermine our institutions. He is unworthy of the notice of all true Americans.

I yield to the gentleman from Connecticut.

Mr. AUSTIN. The conference report uses the word "shelter" instead of the word "housing" as used in my amendment. Shelter is a broad term. Have I the assurance of the gentleman that it is not the intention under the broad interpretation to place conscriptees in tents in northern climates during winter months?

Mr. MAY. I am happy to assure the gentleman from Connecticut, who has fought so valiantly for his amendment, that the War Department has assured your Military Affairs Committee that tents will be used only in such sections of the country as Florida, Louisiana, Texas, and other extremely warm southern climes. Your conferees used the word "shelter" in lieu of "housing" to permit that.

Mr. AUSTIN. The original amendment required that housing facilities be provided that compare to standards set up by the United States Public Health Service. The conferees changed the amendment so that the Secretaries of War and Navy set the standards. Has the gentleman the assurance of each of these officials that conscripts will not be placed in tents in northern climates during the winter months and that other provisions as made in the amendment to safeguard the health of the men inducted will be carried out?

Mr. MAY. I am very glad to say to the distinguished author of the amendment that the very matters he had in mind in drafting the amendment have been a matter of much study by the War Department and the committee, and we are assured that adequate, comfortable, and convenient housing will be provided in all sections of the country other than the extreme southern areas to which I have referred, and furthermore all necessary steps for proper sanitation and other health requirements will be provided along with modern facilities, all of which will be provided before the men are inducted.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

Mr. GAVAGAN, Mr. MARCANTONIO, and Mr. EBERHARTER demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 124, answered "present" 2, not voting 70, as follows:

[Roll No. 219]

YEAS—233

Allen, La.	Creal	Hare	Maas
Anderson, Calif.	Crowe	Harrington	Maciejewski
Andrews	Culkin	Hart	Mahon
Austin	Cullen	Harter, Ohio	Mansfield
Ball	Cummings	Havenner	Martin, Mass.
Barden, N. C.	D'Alesandro	Healey	Massingale
Barry	Darden, Va.	Hennings	May
Barton, N. Y.	Davis	Hobbs	Merritt
Bates, Ky.	Delaney	Holmes	Mills, Ark.
Bates, Mass.	DeRouen	Horton	Mills, La.
Beam	Dickstein	Houston	Mitchell
Beckworth	Disney	Izac	Monkiewicz
Bell	Ditter	Jarman	Monroney
Bland	Doughton	Jenks, N. H.	Moser
Bloom	Doxey	Johnson, Luther A.	Mundt
Boland	Duncan	Johnson, Lyndon	Murdock, Ariz.
Boren	Dunn	Johnson, Okla.	Murdock, Utah
Boykin	Durham	Johnson, W. Va.	Myers
Bradley, Pa.	Eaton	Jones, Tex.	Nelson
Brewster	Eberharter	Kean	Nichols
Brooks	Edelstein	Kee	Norrell
Brown, Ga.	Edmiston	Kefauver	O'Brien
Bryson	Ellis	Keller	O'Leary
Buckley, N. Y.	Englebright	Kelly	O'Toole
Bulwinkle	Faddis	Kennedy, Md.	Pace
Burch	Fay	Kennedy, Michael	Patman
Burgin	Fenton	Keogh	Patrick
Byrns, Tenn.	Ferguson	Kilburn	Patton
Byron	Fitzpatrick	Kilday	Pearson
Camp	Flannagan	Kirwan	Peterson, Fla.
Cannon, Fla.	Flannery	Kitchens	Pfeifer
Cannon, Mo.	Folger	Kleberg	Pierce
Cartwright	Ford, Leland M.	Kocialkowski	Plumley
Case, S. Dak.	Ford, Miss.	Kramer	Poage
Casey, Mass.	Ford, Thomas F.	Lanham	Powers
Celler	Fulmer	Larrabee	Ramspeck
Clark	Gamble	Lea	Rankin
Clason	Garrett	Leavy	Rayburn
Cluett	Gavagan	Lewis, Colo.	Richards
Cole, Md.	Gearhart	Luce	Robertson
Colmer	Gerlach	Lynch	Robinson, Utah
Connery	Gore	McCormack	Rogers, Mass.
Cooley	Gossett	McGehee	Romjue
Cooper	Grant, Ala.	McGranery	Rutherford
Costello	Gregory	McKeough	Sabath
Courtney	Griffith	McLean	Sacks
Cox	Hall, Leonard W.	McMillan, Clara	Sandager
Cravens	Hancock	McMillan, John L.	Sasscer
Satterfield	Snyder	Terry	Weaver
Schuetz	Somers, N. Y.	Thomas, Tex.	West
Schwert	South	Thomason	Whelchel
Scrugham	Sparkman	Treadway	Whittington
Sheppard	Spence	Vincent, Ky.	Wigglesworth
Sheridan	Starnes, Ala.	Vinson, Ga.	Williams, Mo.
Simpson	Steagall	Voorhis, Calif.	Woodrum, Va.
Smith, Conn.	Stearns, N. H.	Vreeland	Zimmerman
Smith, Maine	Taber	Wadsworth	
Smith, Va.	Tarver	Walter	
Smith, W. Va.	Taylor	Ward	

NAYS—124

Alexander	Fries	Lambertson	Schulte
Andersen, H. Carl	Gartner	Landis	Seccombe
Anderson, Mo.	Gehrmann	LeCompte	Secrest
Angell	Geyer, Calif.	Lesinski	Shafer, Mich.
Arends	Gilchrist	Lewis, Ohio	Shanley
Bender	Gillie	Ludlow	Shannon
Blackney	Goodwin	McAndrews	Smith, Ohio
Bolles	Graham	McArdle	Smith, Wash.
Bolton	Grant, Ind.	McGregor	Springer
Bradley, Mich.	Gross	McLaughlin	Stefan
Brown, Ohio	Guyer, Kans.	McLeod	Sumner, Ill.
Buckler, Minn.	Gwynne	Magnuson	Sweeney
Burdick	Harter, N. Y.	Marcantonio	Sweet
Carlson	Hartley	Marshall	Talle
Carter	Hawks	Martin, Iowa	Tenerowicz
Church	Hess	Michener	Thorkelson
Claypool	Hill	Miller	Tibbott
Clevenger	Hinshaw	Murray	Tinkham
Cochran	Hoffman	O'Connor	Tolan
Coffee, Nebr.	Hull	Oliver	Van Zandt
Coffee, Wash.	Jacobsen	Pittenger	Vorys, Ohio
Corbett	Jenkins, Ohio	Polk	Welch
Crawford	Jennings	Rabaut	Wheat
Crosser	Jensen	Reece, Tenn.	White, Idaho
Crowther	Johnson, Ind.	Reed, Ill.	Williams, Del.
Dingell	Jones, Ohio	Reed, N. Y.	Winter
Douglas	Jonkman	Rees, Kans.	Wolcott
Dworshak	Kennedy, Martin	Robsion, Ky	Wolverton, N. J.
Elston	Kinzer	Rockefeller	Wood
Evans	Knutson	Rodgers, Pa.	Woodruff, Mich.
Fish	Kunkel	Schafer, Wis.	Youngdahl

ANSWERED "PRESENT"—2

Boehne	Smith, Ill.

NOT VOTING—70

Allen, Ill.	Drewry	Johnson, Ill.	Risk
Allen, Pa.	Elliott	Keefe	Rogers, Okla.
Andresen, A. H.	Engel	Kerr	Routzohn
Arnold	Fernandez	Lemke	Ryan
Barnes	Flaherty	McDowell	Schaefer, Ill.
Buck	Gathings	Maloney	Schiffler
Byrne, N. Y.	Gifford	Martin, Ill.	Short
Caldwell	Green	Mason	Sullivan
Chapman	Hall, Edwin A.	Mott	Sumners, Tex.
Chiperfield	Halleck	Mouton	Sutphin
Cole, N. Y.	Harness	Norton	Thill
Collins	Hendricks	O'Day	Thomas, N. J.
Curtis	Hook	O'Neal	Wallgren
Darrow	Hope	Osmers	Warren
Dempsey	Hunter	Parsons	White, Ohio
Dies	Jarrett	Peterson, Ga.	Wolfenden, Pa.
Dirksen	Jeffries	Randolph	
Dondero	Johns	Rich	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Warren (for) with Mr. Wolfenden of Pennsylvania (against).
Mr. Dempsey (for) with Mr. August H. Andresen (against).
Mr. Gifford (for) with Mrs. O'Day (against).
Mr. Thomas of New Jersey (for) with Mr. Harness (against).
Mr. Edwin A. Hall (for) with Mr. Mason (against).
Mrs. Norton (for) with Mr. Rich (against).
Mr. Byrne of New York (for) with Mr. Ryan (against).
Mr. Mott (for) with Mr. Johnson of Illinois (against).
Mr. Peterson of Georgia (for) with Mr. Chiperfield (against).
Mr. Green (for) with Mr. McDowell (against).
Mr. Martin of Illinois (for) with Mr. Boehne (against).
Mr. O'Neal (for) with Mr. Hope (against).
Mr. Buck (for) with Mr. Schiffler (against).
Mr. Smith of Illinois (for) with Mr. Keefe (against).
Mr. Kerr (for) with Mr. Thill (against).
Mr. Sullivan (for) with Mr. Jeffries (against).
Mr. Cole of New York (for) with Mr. Dirksen (against).
Mr. Drewry (for) with Mr. Lemke (against).
Mr. Flaherty (for) with Mr. Routzohn (against).
Mr. Randolph (for) with Mr. Johns (against).

General pairs:

Mr. Caldwell with Mr. Engel.
Mr. Dies with Mr. Short.
Mr. Sumners of Texas with Mr. Halleck.
Mr. Sutphin with Mr. Dondero.
Mr. Schaefer of Illinois with Mr. Allen of Illinois.
Mr. Elliott with Mr. Osmers.
Mr. Hendricks with Mr. Risk.
Mr. Hook with Mr. Jarrett.

Mr. Collins with Mr. Darrow.
Mr. Hunter with Mr. Curtis.
Mr. Chapman with Mr. Allen of Pennsylvania.
Mr. Barnes with Mr. Maloney.
Mr. Gathings with Mr. Arnold.
Mr. White of Ohio with Mr. Fernandez.
Mr. Parsons with Mr. Wallgren.

Mr. SMITH of Illinois. Mr. Speaker, I am paired with the gentleman from Wisconsin, Mr. KEEFE, who, if he were present, would vote "nay." I voted "yea." I withdraw my vote and ask to be recorded as voting "present."

Mr. BOEHNE. Mr. Speaker, on this vote I have a pair with the gentleman from Illinois, Mr. MARTIN. If he were present he would vote "yea." I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

On motion of Mr. MAY, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

Mr. MAY. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House the Speaker pro tempore be authorized to sign the enrolled bill of the Senate, S. 4164.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HARE, for 2 days on account of important business.

To Mr. SWEENEY, for an indefinite period, on account of illness.

ANNOUNCEMENTS

Mr. HART. Mr. Speaker, I ask unanimous consent to address the House for 15 seconds.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HART. Mr. Speaker, my colleague the gentlewoman from New Jersey, Mrs. NORTON, is detained by illness. If present, she would have voted "yea" on the conference report just agreed to.

Mr. PETERSON of Florida. Mr. Speaker, I ask unanimous consent to address the House for 30 seconds.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PETERSON of Florida. Mr. Speaker, my colleague the gentleman from Florida [Mr. CALDWELL] has been detained by official business in connection with congressional work with regard to the defense program. Had he been present, he would have voted against the Fish amendment and for the bill, and he would have today voted for the adoption of the conference report.

EXTENSION OF REMARKS

Mr. McLEAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article from the Summit (N. J.) Herald and the Summit (N. J.) Press.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article from the Watertown Times.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein a portion of an article appearing in the Washington Times-Herald.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

CONSCRIPTION BILL

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS of Ohio. I opposed the passage of this peacetime conscription law as unnecessary, a threat to our peace and freedom, but now it will be the law of the land, the method duly enacted for manning the defenses of the Republic.

I reserve my right to criticize this law, to urge its amendment or repeal—but so long as it is the law I pledge myself to aid wholeheartedly in its efficient administration and fair enforcement. We must have no scofflaws on conscription. [Applause.]

EXTENSION OF REMARKS

Mr. BENDER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today, and I further ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a quotation from the press.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in regard to some advice which I wish to give to the draftees under the conscription bill, and to include therein an address entitled "Caught in the Draft."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on my vote on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

ANNOUNCEMENTS

Mr. GATHINGS. Mr. Speaker, I should like to say that a few moments ago I left the Chamber and on returning found that the roll call on agreeing to the conference report had been completed. I was unavoidably detained, thinking the debate would last for the customary 1-hour period of time. Had I been present, I would have voted for the conference report on the conscription bill.

Mr. HUNTER. Mr. Speaker, had I been present, I would have voted against the conference report on the conscription bill.

ADJOURNMENT

Mr. COOPER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 53 minutes p. m.) the House adjourned until Monday, September 16, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1948. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting emergency supplemental estimates of appropriations for national defense for the fiscal year ending June 30, 1941, totaling $1,733,886,976, cash, plus contract authorizations of $207,000,000; consisting of $580,000, cash, for the Treasury Department; $1,602,881,976, cash, and $150,000,000, contract authorizations, for the War Department; $57,334,000, cash, and $7,000,000, contract authorizations, for the Navy Department; $40,000,000, cash, for the Federal Security Agency; and $33,-

091,000, cash, and $50,000,000, contract authorizations, for the Department of Commerce (H. Doc. No. 952), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of Washington:

H. R. 10515. A bill to promote the health of the people of the United States and to encourage the dairy industry in the interest of the general welfare; to the Committee on Agriculture.

H. R. 10516. A bill to amend an act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended, and for other purposes; to the Committee on Agriculture.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9300. By the SPEAKER: Petition of the General Gorgas Post, No. 1, the American Legion, Birmingham, Ala., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9301. Also, petition of the International Union, United Automobile Workers of America, Local No. 7, Detroit, Mich., petitioning consideration of their resolution with reference to the United States housing program; to the Committee on Banking and Currency.

9302. Also, petition of the American Psychiatric Association, meeting held in Cincinnati, Ohio, petitioning consideration of their resolution with reference to the prevention and treatment of mental and nervous diseases and epilepsy; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, SEPTEMBER 16, 1940

(Legislative day of Monday, August 5, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. William S. Abernethy, D. D., minister, Calvary Baptist Church, Washington, D. C., offered the following prayer:

Lord, Thou hast been our dwelling place in all generations; before the mountains were brought forth or ever Thou hadst formed the earth and the world; even from everlasting to everlasting Thou art God. Our voices are hushed this morning and our hearts are bowed in grief as we think of the one who has gone from the activities of this life to the life eternal. We thank Thee for good men, strong men, men of clear vision, as we believe our brother was. God bless his memory, we pray Thee. We pray for his colleagues, for those who worked with him, for his loved ones. May God give them strength, we pray Thee, and comfort from on high; and raise up in these critical days men who shall prove themselves able leaders. Hasten the day, our Father, when men shall be able to consider each other as brothers; and may we, too, some day hear the "Well done, good and faithful servant; enter thou into the joy of thy Lord." This we believe our brother has heard. God bless his memory. We ask it in Jesus' name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Saturday, September 14, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Schwartz
Andrews	Ellender	La Follette	Schwellenbach
Ashurst	Frazier	Lee	Sheppard
Austin	George	Lodge	Shipstead
Bailey	Gerry	McCarran	Smathers
Barkley	Gibson	McKellar	Stewart
Bilbo	Gillette	McNary	Taft
Bridges	Glass	Maloney	Thomas, Idaho
Brown	Green	Minton	Thomas, Okla.
Bulow	Guffey	Murray	Thomas, Utah
Burke	Gurney	Neely	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Hughes	Reed	Wiley
Danaher	Johnson, Calif.	Reynolds	
Davis	Johnson, Colo.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Illinois [Mr. LUCAS], the Senator from New York [Mr. MEAD], the Senator from Arkansas [Mr. MILLER], the Senator from Illinois [Mr. SLATTERY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Oregon [Mr. HOLMAN], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The PRESIDENT pro tempore. Eighty-two Senators having answered to their names, a quorum is present.

DEATH OF SPEAKER OF THE HOUSE OF REPRESENTATIVES

Mr. BARKLEY. Mr. President, we have all been profoundly shocked and grieved by the death of the Speaker of the House of Representatives, Hon. WILLIAM B. BANKHEAD, of Alabama. A funeral service will be held in the House of Representatives at 12:30 o'clock today. It is desirable that the Senate meet in its Chamber and proceed in a body to the Hall of the House to attend the funeral. Therefore, I ask unanimous consent that the Senate stand in recess subject to the call of the Chair.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Thereupon (at 11 o'clock and 13 minutes a. m.) the Senate took a recess subject to the call of the Chair.

At 12 o'clock and 15 minutes p. m. the Senate reassembled, and was called to order by the President pro tempore.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	King	Schwartz
Andrews	Ellender	La Follette	Schwellenbach
Ashurst	Frazier	Lee	Sheppard
Austin	George	Lodge	Shipstead
Bailey	Gerry	McCarran	Smathers
Barkley	Gibson	McKellar	Stewart
Bilbo	Gillette	McNary	Taft
Bridges	Glass	Maloney	Thomas, Idaho
Brown	Green	Minton	Thomas, Okla.
Bulow	Guffey	Murray	Thomas, Utah
Burke	Gurney	Neely	Truman
Byrd	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hatch	O'Mahoney	Van Nuys
Caraway	Hayden	Overton	Wagner
Chandler	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Hughes	Reed	Wiley
Danaher	Johnson, Calif.	Reynolds	
Davis	Johnson, Colo.	Russell	

The PRESIDENT pro tempore. Eighty-two Senators have answered to their names. There is a quorum present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. WILLIAM B. BANKHEAD, of Alabama, late Speaker of the House of Representatives, and transmitted the resolutions of the House thereon.

The message informed the Senate that Hon. SAM RAYBURN, a Representative from the State of Texas, had been elected Speaker of the House of Representatives.

The message announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 10295. An act to amend the act of June 23, 1938 (52 Stat. 944); and

H. R. 10405. An act to provide for adjusting the compensation of persons employed as masters at arms, and guards at navy yards and stations, and for other purposes.

Mr. BARKLEY. Mr. President, for the information of the Senate, I wish to announce that, of course, a resolution will be submitted and adopted accepting the invitation of the House of Representatives. Following the services in the House of Representatives the Senate will reassemble, and immediately thereafter there will be an adjournment until noon on Wednesday.

The train returning from Jasper, Ala., will reach Washington at 2:30 on Wednesday. It is the understanding of all Senators, and that is satisfactory to the Senator from Mississippi [Mr. HARRISON], in charge of the tax bill, that there will be no vote on any controversial amendment until the funeral train shall have returned and Senators shall be in their places.

THE LATE SENATOR ERNEST LUNDEEN

Mr. VANDENBERG. Mr. President, will the Senator from Kentucky yield to me for a brief statement?

Mr. BARKLEY. I yield.

Mr. VANDENBERG. I have asked the Senator from Kentucky to permit me to make a brief statement, and he has acquiesced. I would not make it except that it should not be delayed one needless hour.

Last week, after the untimely and tragic death of the late Senator Lundeen, a newspaper columnist carried a story to the effect that he was under investigation by the Federal Bureau of Investigation and the Department of Justice because of his antiwar attitude, and that F. B. I. operatives on the death plane were there to shadow him. I referred to this matter in debate last week, suggesting that it ought to be conclusively settled and explored.

Attorney General Robert H. Jackson has just telephoned me and made a conclusive statement. He says that the Department of Justice never at any time had Senator Lundeen under investigation for anything. He says that the Department's representatives on the plane were not shadowing him; they were there on totally different business. He says there is not a scintilla of truth in the story which was published.

Mr. President, this is the most shocking example of irresponsible post mortem character assassination I have ever seen in the American press. I am glad to make this statement on the authority of the Attorney General in justice to the memory of a patriotic, loyal, earnest United States Senator who is no longer here to speak for himself.

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

Mr. CLARK of Missouri. Mr. President, is it the intention of the majority leader to have another meeting of the Senate following its return to its Chamber today?

Mr. BARKLEY. The resolution which will be adopted will call for the return of the Senate, and then it will stand adjourned.

Mr. CLARK of Missouri. I simply wish to call the attention of the Senator from Kentucky to the fact, which we have already discussed, that there is a special order for a vote on the so-called convict-made-goods conference report not later than 12:30 o'clock tomorrow. In view of the fact that there is to be an adjournment until Wednesday, I am wondering what course should be taken relative to the special order. I do not wish to do anything to delay for a single moment the adoption of the resolution which is to be offered, but in view of the fact that the special order has been displaced, it seemed to me it might be proper at this time to get a unanimous-consent order for the disposition of that matter.

Mr. BARKLEY. I will say to the Senator from Missouri that we have entered into an informal understanding that the conference report will be taken up immediately following the disposition of the tax bill.

Mr. CLARK of Missouri. I am aware of that fact; but inasmuch as we are displacing a special order, it seemed to me that some further order should be made in the premises.

Mr. BARKLEY. In view of the fact that we have to displace the order previously entered into, I think there will be no impropriety in asking unanimous consent that the special order be postponed until the conclusion of the consideration of the tax bill. I make that request.

The PRESIDENT pro tempore. Without objection, it is so ordered.

DEATH OF THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

The PRESIDENT pro tempore laid before the Senate the resolutions of the House of Representatives, which were read, as follows:

House Resolution 603

IN THE HOUSE OF REPRESENTATIVES,
September 16, 1940.

Resolved, That the House has learned with profound sensibility and sorrow of the death of Hon. WILLIAM B. BANKHEAD, Speaker of the House of Representatives for the Seventy-sixth Congress.

Resolved, That a committee of four Members of the House be appointed to take order for superintending the funeral of Mr. BANKHEAD in the Chamber of the House of Representatives at 12:30 o'clock p. m. on Monday, September 16, 1940, and that the House of Representatives attend the same.

Resolved, That as a further mark of respect the remains of Mr. BANKHEAD be removed from Washington to Jasper, Ala., in charge of the Sergeant at Arms, attended by the committee, who shall have full power to carry these resolutions into effect, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That a committee of 63 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral at Jasper, Ala.

Resolved, That the Clerk of the House communicate these resolutions to the Senate, transmit a copy thereof to the family of the deceased, and invite the Senate to attend the funeral in the House Chamber, and appoint a committee to act with the committee of the House.

Resolved, That invitations be extended to the President of the United States and the members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Hall of the House of Representatives.

Mr. HILL. Mr. President, I offer the resolution which I send to the desk and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be read.

The resolution (S. Res. 313) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM B. BANKHEAD, late Speaker of the House of Representatives.

Resolved, That the Senate accept the invitation of the House of Representatives to attend the funeral of the late Speaker in the House at 12 o'clock and 30 minutes p. m. today.

Resolved, That a committee of 2 Senators be appointed by the President pro tempore to join the committee appointed by the House of Representatives to take order for superintending the funeral of the deceased, and that a committee of 30 Senators be appointed by the President pro tempore to join the committee on the part of the House to attend the funeral of the deceased at Jasper, Ala.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That at the conclusion of the funeral services the Senate return to its Chamber and, as a further mark of respect to the memory of the late Speaker, it then stand adjourned until Wednesday next.

The PRESIDENT pro tempore. The Chair appoints as members of the committee on the part of the Senate to take order for superintending the funeral of the late Speaker of the House of Representatives the Senator from Alabama [Mr. HILL] and the Senator from Kentucky [Mr. BARKLEY].

The PRESIDENT pro tempore subsequently, under the third resolving clause of the Senate resolution, appointed the following Senators as the committee of the Senate to join with the committee on the part of the House to attend the funeral of the deceased Speaker of the House of Representatives at Jasper, Ala.:

Mr. BANKHEAD, Mr. HILL, Mr. PITTMAN, Mr. BARKLEY, Mr. ASHURST, Mr. MCKELLAR, Mr. FRAZIER, Mr. SHIPSTEAD, Mr. WHEELER, Mr. LA FOLLETTE, Mr. CONNALLY, Mr. DAVIS, Mr. BULOW, Mr. BYRNES, Mr. WHITE, Mr. AUSTIN, Mr. RUSSELL, Mr. CLARK of Missouri, Mr. OVERTON, Mr. BILBO, Mr. BURKE, Mr. GUFFEY, Mr. MINTON, Mr. TRUMAN, Mr. ANDREWS, Mr. PEPPER, Mr. ELLENDER, Mr. CLARK of Idaho, Mr. WILEY, and Mr. CHANDLER.

Mr. BARKLEY. Mr. President, in accordance with the resolution just adopted, I move that the Senate proceed to the Hall of the House of Representatives.

The motion was unanimously agreed to; and the Senate, preceded by the President pro tempore and Rev. William S. Abernethy, D. D., and escorted by the Secretary (Edwin A. Halsey) and the Sergeant at Arms (Chesley W. Jurney), proceeded to the Hall of the House of Representatives to attend the funeral services of the late Hon. WILLIAM B. BANKHEAD, Speaker of the House of Representatives.

ADJOURNMENT

The Senate returned to its Chamber at 1 o'clock and 8 minutes p. m., and, under the fifth resolving clause of Senate Resolution 313, as a further mark of respect to the memory of the late Speaker of the House of Representatives, adjourned until Wednesday, September 18, at 12 o'clock meridan.

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 16, 1940

The House was called to order at 12 o'clock noon by Hon. South Trimble, Clerk of the House.

The CLERK. Members of the House of Representatives, it becomes my sad and painful duty, as Clerk of the House of Representatives, to inform you officially that your beloved Speaker passed away yesterday morning at the Naval Hospital in this city.

America has lost one of her greatest statesmen and patriots, the House of Representatives a most able and eloquent Speaker, and the State of Alabama a noble and courageous son.

In accordance with the rules and practice of the House of Representatives, it now becomes the duty of this House to elect a Speaker. What is the pleasure of the House?

Mr. MCCORMACK. Mr. Clerk, in view of the unfortunate circumstances in which the House finds itself, and with a feeling of very profound respect for the memory of our beloved Speaker who has left us, it becomes necessary, in order that the House may continue to function and the machinery of Government may go on, that the House proceed to the election of a Speaker.

I therefore offer the following resolution, and move its adoption:

The Clerk read as follows:

House Resolution 602

Resolved, That Hon. SAM RAYBURN, a Representative from the State of Texas, be, and he is hereby, elected Speaker of the House of Representatives.

Resolved, That the President and the Senate be notified by the Clerk of the election of Hon. SAM RAYBURN as Speaker of the House of Representatives.

The resolution was agreed to.

The CLERK. The Clerk appoints the gentleman from Massachusetts [Mr. MCCORMACK], the gentleman from Massachusetts [Mr. MARTIN], and the gentleman from North Carolina [Mr. DOUGHTON] to escort the gentleman from Texas [Mr. RAYBURN] to the chair.

The committee escorted Mr. RAYBURN into the Chamber, and he assumed the chair.

The oath of office was administered to the Speaker-elect by Mr. SABATH.

Mr. DOUGHTON. Ladies and gentlemen of the House, I present the newly elected Speaker of the House of Representatives, a worthy successor to our late beloved Speaker the Honorable William B. Bankhead, the gentleman from Texas [Mr. RAYBURN].

The SPEAKER. The Chaplain will offer prayer.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, unto whom all hearts are open, all desires known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy Holy Spirit, that we may perfectly love Thee and worthily magnify Thy holy name. Through Jesus Christ our Lord. Amen.

THE JOURNAL

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the reading of the Journal be dispensed with and that the Journal stand approved.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

SIGNING OF ENROLLED BILL

The SPEAKER. The Chair desires to announce that, pursuant to authority granted him on Friday last, he did, on September 14, 1940, sign an enrolled bill of the Senate of the following title:

S. 4164. An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

ADJOURNMENT OVER

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

THE LATE SPEAKER WILLIAM B. BANKHEAD

Mr. STEAGALL. Mr. Speaker—

> Another bark has put to sea,
> Another boat has left the shore,
> As fair a soul on board has she
> As ever left the land before,
> And as her outward port she tends—
> Sit closer, friends!

Our beloved Speaker, WILLIAM B. BANKHEAD, passed away yesterday morning at 1:30. If I possessed the greatest learning and the widest command of words, I should still be bankrupt in language with which to express what is in my heart and what is in the hearts of the Members of the House of Representatives. His loss is not ours alone, but his passing is a loss to the Nation and a loss to mankind.

I speak out of a friendship and affection that runs back to the days of boyhood, but what I have to say of him rests upon his record of great public service. Early in life the people of his native State began to honor him, and so, step by step and year by year he advanced from one honor to another, each always having been conferred because of demonstrated capability and fitness. So it was that when he came to the Speakership of the House of Representatives the promotion followed a career in the House characterized by unexcelled brilliance. This great office has been filled always by great men, statesmen, patriots, great Americans, regardless of party affiliations, but no one of these surpassed him in the qualities of leadership, courage, loyalty to party, fidelity to friends, devotion to convictions, understanding of parliamentary procedure, knowledge of national affairs and the problems of government. None who follow in that great office will soon excel him in all the essential qualities that

make the ideal American statesman. He was free from envy, he was too big for jealousy, he had a heart as broad as humanity, and the love that he gave his fellows was returned by those who knew him and loved him. He embodied all the refinements of a brilliant mind and chivalrous soul—a Christian gentleman who walked with God. Greater honor would have been his before his passing but for the impairment of his health. He so loved his duties here, he was so devoted to his responsibilities at this juncture in our national life that he felt he should forget physical infirmity and physical welfare, and so he turned not aside for a moment from the duties that confronted him. Duty to his party was his last undertaking. He was a partisan, but his partisanship was grounded in the deepest principles of patriotism and love of country. It was a partisanship based upon considerations of what he believed to be the welfare of the Nation.

I have no language to do justice to his splendid record and his illustrious public service. His life will be an inspiration to those who come after him in his native State and throughout the Nation. His service and his record will for all time enrich the annals of our great, free Republic that he loved so well and served with such deep devotion, and to which he gave his life.

Mr. Speaker, I offer a resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 603

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES.

Resolved, That the House has learned with profound sensibility and sorrow of the death of Hon. WILLIAM B. BANKHEAD, Speaker of the House of Representatives for the Seventy-sixth Congress.

Resolved, That a committee of four Members of the House be appointed to take order for superintending the funeral of Mr. BANKHEAD in the Chamber of the House of Representatives at 12:30 o'clock p. m. on Monday, September 16, 1940, and that the House of Representatives attend the same.

Resolved, That as a further mark of respect the remains of Mr. BANKHEAD be removed from Washington to Jasper, Ala., in charge of the Sergeant at Arms, attended by the committee, who shall have full power to carry these resolutions into effect, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That a committee of 63 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral at Jasper, Ala.

Resolved, That the Clerk of the House communicate these resolutions to the Senate, transmit a copy thereof to the family of the deceased, and invite the Senate to attend the funeral in the House Chamber and appoint a committee to act with the committee of the House.

Resolved, That invitations be extended to the President of the United States and the members of his Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the diplomatic corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Hall of the House of Representatives.

The resolution was agreed to.

The SPEAKER appointed the following committee of four, under the resolution, to superintend the order for the arrangement of the funeral: Hon. HENRY B. STEAGALL, of Alabama; Hon. EDWARD T. TAYLOR, of Colorado; Hon. CLIFTON A. WOODRUM, of Virginia; and Hon. JOSEPH W. MARTIN, Jr., of Massachusetts.

The SPEAKER appointed as members of the committee to attend the funeral of the late Speaker at Jasper, Ala., the following Members of the House: Hon. SAM RAYBURN, of Texas; Hon. JOSEPH W. MARTIN, Jr., of Massachusetts; Hon. HENRY B. STEAGALL, of Alabama; Hon. FRANK W. BOYKIN, of Alabama; Hon. SAM HOBBS, of Alabama; Hon. JOE STARNES, of Alabama; Hon. PETE JARMAN, of Alabama; Hon. LUTHER PATRICK, of Alabama; Hon. JOHN J. SPARKMAN, of Alabama; Hon. GEORGE M. GRANT, of Alabama; Hon. ADOLPH J. SABATH, of Illinois; Hon. EDWARD T. TAYLOR, of Colorado; Hon. ROBERT L. DOUGHTON, of North Carolina; Hon. HATTON W. SUMNERS, of Texas; Hon. CARL VINSON, of Georgia; Hon. SCHUYLER OTIS BLAND, of Virginia; Hon. MARVIN JONES, of Texas; Hon. HAROLD KNUTSON, of Minnesota; Hon. CLARENCE F. LEA, of California; Hon. ROBERT CROSSER, of Ohio; Hon. FRANK CROWTHER, of New York; Hon. THOMAS H. CULLEN, of New York; Hon. PATRICK H. DREWRY, of Virginia; Hon. MILTON A. ROMJUE, of Missouri; Hon. JOHN E. RANKIN, of Mississippi; Hon. SOL BLOOM, of New York; Hon. CLARENCE CANNON, of Missouri; Hon. CLIFTON A. WOODRUM, of Virginia; Hon. JOHN TABER, of New York; Hon. B. CARROLL REECE, of Tennessee; Hon. JOHN M. ROBSION, of Kentucky; Hon. JAMES MCANDREWS, of Illinois; Hon. JOHN J. COCHRAN, of Missouri; Hon. E. E. COX, of Georgia; Hon. CHARLES A. EATON, of New Jersey; Hon. MARY T. NORTON, of New Jersey; Hon. LINDSAY C. WARREN, of North Carolina; Hon. U. S. GUYER, of Kansas; Hon. JED JOHNSON, of Oklahoma; Hon. JOHN W. MCCORMACK, of Massachusetts; Hon. JERE COOPER, of Tennessee; Hon. JOE L. SMITH, of West Virginia; Hon. WILLIAM P. COLE, Jr., of Maryland; Hon. PATRICK J. BOLAND, of Pennsylvania; Hon. ANDREW J. MAY, of Kentucky; Hon. BRENT SPENCE, of Kentucky; Hon. JESSE P. WOLCOTT, of Michigan; Hon. MILLARD F. CALDWELL, of Florida; Hon. JOHN D. DINGELL, of Michigan; Hon. J. WILL ROBINSON, of Utah; Hon. JAMES G. SCRUGHAM, of Nevada; Hon. MARTIN F. SMITH, of Washington; Hon. DAVID D. TERRY, of Arkansas; Hon. FRANK CARLSON, of Kansas; Hon. FRED L. CRAWFORD, of Michigan; Hon. BERTRAND W. GEARHART, of California; Hon. JOHN M. HOUSTON, of Kansas; Hon. CHARLES F. MCLAUGHLIN, of Nebraska; Hon. FRANCIS H. CASE, of South Dakota; Hon. VINCENT F. HARRINGTON, of Iowa; Hon. HARRY R. SHEPPARD, of California; Hon. ROBERT F. JONES, of Ohio; Hon. EARL R. LEWIS, of Ohio.

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent that the order of services for the exercises today in honor of the late Speaker and the proceedings thereunder be printed in today's RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

RECESS

The SPEAKER. Without objection, the House will stand in recess subject to the call of the Chair.

Accordingly (at 12:20 o'clock p. m.) the House stood in recess subject to the call of the Chair.

AFTER RECESS

The House was called to order by the Speaker at 12:27 o'clock p. m.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had adopted the following resolution:

Senate Resolution 313

IN THE SENATE OF THE UNITED STATES,
September 16 (legislative day of August 5), 1940.

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM B. BANKHEAD, late Speaker of the House of Representatives.

Resolved, That the Senate accept the invitation of the House of Representatives to attend the funeral of the late Speaker in the House at 12 o'clock and 30 minutes p. m. today.

Resolved, That a committee of two Senators be appointed by the President pro tempore to join the committee appointed by the House of Representatives to take order for superintending the funeral of the deceased, and that a committee of 30 Senators be appointed by the President pro tempore to join the committee on the part of the House to attend the funeral of the deceased at Jasper, Ala.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That, at the conclusion of the funeral service, the Senate return to its Chamber and, as a further mark of respect to the memory of the late Speaker, it then stand adjourned until Wednesday next.

RECESS

Mr. SABATH. Mr. Speaker, I move that the House stand in recess during the funeral services.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

IN MEMORIAM

Hon. WILLIAM B. BANKHEAD, late Speaker of the House of Representatives, from the State of Alabama.

ORDER OF SERVICE

Prayer.....Dr. James Shera Montgomery
Chaplain of the House of Representatives
Selection.....Quartette of St. Margaret's Episcopal Church
Cathedral Double Male Quartette
Funeral services
The Chaplain of the House of Representatives
Selection.....Quartette
Benediction.....The Chaplain of the United States Senate

The body of the late Speaker BANKHEAD lay in state in the space in front of the Clerk's desk.

At 12 o'clock and 30 minutes p. m., the following guests were escorted to the seats assigned to them:

The President pro tempore of the Senate [Mr. PITTMAN] and Members of the United States Senate.

The President pro tempore of the Senate took the chair at the left of the Speaker.

The SPEAKER. On the part of the House the Chair appoints as members of a committee to escort the President to the Chamber the gentleman from Pennsylvania [Mr. BOLAND], the gentleman from Texas [Mr. SUMNERS], and the gentleman from Massachusetts [Mr. MARTIN].

The PRESIDENT pro tempore. On the part of the Senate the Chair appoints the Senator from Kentucky [Mr. BARKLEY], the Senator from Alabama [Mr. HILL], and the Senator from Oregon [Mr. MCNARY].

The following guests arrived, and were escorted to the seats assigned to them:

The Chief Justice and Associate Justices of the Supreme Court of the United States.

The Ambassadors and Ministers and Chargés d'Affaires of foreign governments.

The Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard.

The members of the President's Cabinet.

The President of the United States, escorted by the joint committee of the Senate and the House of Representatives.

The family and relatives of the late Speaker.

The CHAPLAIN (Dr. Montgomery). *I am the resurrection and the life. He that believeth on me, though he die, yet shall he live; and whosoever liveth and believeth on me shall never die.*

Come unto me all ye that labor and are heavy laden and I will give you strength. Learn of me, for I am meek and lowly of heart and ye shall find rest of soul.

In the name of Jesus Christ, our Lord and Master. Amen.

The SPEAKER. For 25 years and more I was given a rich friendship, one I shall remember to my last day. It was given to me by a great statesman, by a great man with a great soul. Paraphrasing a little, his friendship was an enriching treasure in the memory of which I shall not be poor.

We meet today knowing from the highest to the lowest in the land that we have lost a friend. The House of Representatives has lost its great leader, the country has lost a great patriot and friend to all mankind, and each of us has lost a brother.

The conditions under which I appear before you today make the situation more pointed to me because I stand here in great humility with a knowledge of my poor limitations, trying to follow in the footsteps of one so great and fine as the late Speaker BANKHEAD.

WILL BANKHEAD was a human being. He loved individuals, he loved people in the mass. His was a great soul. It will be many days before his light passes from this world.

Mr. MARTIN of Massachusetts. It is with heavy hearts we gather today to pay a tribute of respect and devotion to a beloved friend, a truly great American.

Those of us who have been associated with Speaker BANKHEAD for many years know of his fine personal character, his devotion to the public service, and his rugged Americanism.

He held, as Speaker of the House, one of the great positions in the Government. It is a position which calls for ability, the highest integrity, absolute fairness, and a thorough knowledge of the business of the Government. Mr. BANKHEAD had all of these. It can be truthfully said he measured up fully to the highest traditions of his great office.

Mr. BANKHEAD was a strong partisan. Yet his respect for constitutional government and his high office was such that he gave us of the minority the full rights which must be given to a minority if we are to have a government of the people, by the people, and for the people.

A fine life is ended. A great American has passed on to the reward which comes from a life of service dedicated to the common welfare. Legions of friends will miss his friendly smile, his warm clasp of friendship, and his characteristic southern courtesy and chivalry.

As we who loved him gather here expressing our sorrow and grief, we can say only that which, after all, is the finest tribute which can be paid to any man: "Well done, thou good and faithful servant."

The quartette sang Be Still My Soul, by J. Sibelius.

The CHAPLAIN (Dr. Montgomery). Almighty God, our Heavenly Father, today sorrow touches our earthly pilgrimage; do Thou weave a divine comfort about the altars of our hearts. We praise Thee that Thy earthly children, over whom the skies bend, are within the Father's fold; consider and hear us; in the midst of life we are in death. Thy ways are in the deep and Thy paths are in the mighty waters; yet, blessed Lord, Thy sovereignty is love and eternal good. We pray that our faith may see through the shadows and cleave steadfastly to Him who is the resurrection and the life. Heavenly Father, we pause with one accord in loving memory of him our true friend and brother, a renowned statesman and patriot, whose distinguished services have become a part of our Nation's history. O let this hour freshen and deepen our devotion to our country as we pray at the shrine of our sorrowing hearts. Hear us as we bestow the silent tokens of our abiding affection. We praise Thee for his deep convictions of the right, courage, and for his unsullied honor. O blessed Lord God, the memory of this scholarly Christian gentleman we will not willingly allow to die out of our aching hearts. He loved the good, the beautiful, and the true, and saluted a greater future for his brotherman. Comfort the loved ones in the shadows of their great loss, yet in the glow of a wonderful memory. Let the vision of our Lord and Saviour hang in the chambers of our breasts, and Thine shall be the glory forever. Amen.

My friends, while in the office of our beloved Speaker he has told me of his own favorite psalm, namely, the one hundred and third. This I will read:

Bless the Lord, O my soul, and all that is within me, bless His holy name.

Bless the Lord, O my soul, and forget not all His benefits;

Who forgiveth all thine iniquities; who healeth all thy diseases;

Who redeemeth thy life from destruction; who crowneth thee with loving kindness and tender mercies;

Who satisfieth thy mouth with good things, so that thy youth is renewed like the eagle's.

The Lord executeth righteousness and judgment for all that are oppressed.

He made known His ways unto Moses, his acts unto the children of Israel.

The Lord is merciful and gracious, slow to anger, and plentious in mercy.

He will not always chide; neither will He keep his anger forever.

He hath not dealt with us after our sins, nor rewarded us according to our iniquities.

For as the heaven is high above the earth, so great is His mercy toward them that fear Him.

As far as the east is from the west, so far hath He removed our transgressions from us.

Like as a father pitieth his children, so the Lord pitieth them that fear Him.

For He knoweth our frame; he remembereth that we are dust.

As for man, his days are as grass; as a flower in the field, so he flourisheth.

For the wind passeth over it, and it is gone; and the place thereof shall know it no more.

But the mercy of the Lord is from everlasting to everlasting upon them that fear Him, and his righteousness unto children's children;

To such as keep His covenant, and to those that remember his commandments to do them.

The Lord hath prepared His throne in the heavens; and His kingdom ruleth over all.

Bless ye the Lord, all ye His hosts, ye ministers of His, that do His commandments, hearkening unto the voice of His word.

Bless ye the Lord, all ye His hosts, yet ministers of His, that do His pleasure.

Bless the Lord, all His works in all places of His dominion; bless the Lord, O my soul.

The Lord is my shepherd; I shall not want.

He maketh me to lie down in green pastures: He leadeth me beside the still waters.

He restoreth my soul; He leadeth me in the paths of righteousness for His name's sake.

Yea, though I walk through the Valley of the Shadow of Death, I will fear no evil: For Thou art with me; Thy rod and Thy staff they comfort me.

Thou preparest a table before me in the presence of mine enemies: Thou annointest my head with oil; my cup runneth over.

Surely goodness and mercy shall follow me all the days of my life; and I will dwell in the House of the Lord forever.

—

Let not your heart be troubled: Believe in God, believe also in me. In my Father's house are many mansions; if it were not so, I would have told you; for I go to prepare a place for you. And if I go and prepare a place for you, I come again, and will receive you unto myself; that where I am, there ye may be also.

—

Consider the lilies of the field how they grow. They toil not, neither do they spin. But yet I say unto you that even Solomon in all his glory was not arrayed like one of these.

Wherefore if God so clothed the grass of the field which today is but tomorrow is cast into the oven, shall He not much more clothe you, O ye of little faith.

And he showed me a pure river of water of life, clear as crystal, flowing out of the Throne of God; and in the midst of the river and on either side of it was there a Tree of Life.

There shall be no night there and they need no candle there; neither light of the sun; for the Lord God giveth them light, and they shall reign forever and forever.

O, yet we trust that somehow good,
Will be the final goal of ill,
To pangs of nature, sins of will,
Defects of doubt and taints of blood.

That nothing walks with aimless feet,
That not one life shall be destroyed
Or cast as rubbish to the void
When God hath made the pile complete.

That not a worm is cloven in vain,
That not a moth with vain desire
Is shriveled in the fruitless fire
Or but subserves another's gain.

So runs my dream; but what am I?
An infant crying in the night,
An infant crying for the light;
And with no language, but a cry.

I falter where I firmly trod,
And fall with my weight of cares
Upon the great world's altar-stairs,
That slope through darkness up to God.

I stretch lame hands and grope
And gather dust and chaff and call
To what I feel is Lord of all,
And faintly trust the larger hope.

My dear friend and beloved brother, how I loved you. In the other hour when he breathed his last the heavens opened above his couch and the soul of WILLIAM B. BANKHEAD became immortal.

The quartette sang I've Done My Work, by Carrie Jacobs-Bond.

Rev. William S. Abernethy, D. D., minister of Calvary Baptist Church, Washington, D. C., pronounced the following benediction:

May the grace of our Lord Jesus Christ and love of God and fellowship of the Holy Spirit abide with us all, now and forever more. Amen.

The President of the United States, escorted by the joint committee of the House and Senate, the President's Cabinet, the Diplomatic Corps, the Chief Justice and Associate Justices of the Supreme Court, the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Commandant of the Marine Corps and the Commandant of the Coast Guard, the President pro tempore and Members of the Senate, and the family and relatives of the late Speaker retired.

AFTER RECESS

The House was called to order at 1:06 p. m., pursuant to the recess.

The SPEAKER. The Chair recognizes the gentleman from Alabama to make an announcement.

Mr. STEAGALL. Mr. Speaker, the special train for Jasper, Ala., will leave Union Station at 4:30 o'clock this afternoon and arrive at Jasper at 11 o'clock tomorrow. Services will be held at the Methodist Church in Jasper at 2:30. The special train will leave Jasper for Washington at 6 o'clock Tuesday afternoon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. REED of New York (at the request of Mr. CROWTHER), indefinitely, on account of a death in his family.

ADJOURNMENT

Mr. CANNON of Missouri. Mr. Speaker, as a further mark of respect for the memory of our deceased Speaker, I move that the House do now adjourn to Thursday, September 19, 1940, at 12 o'clock noon.

The motion was agreed to; accordingly (at 1 o'clock and 7 minutes p. m.) the House, pursuant to its previous order, adjourned until Thursday, September 19, 1940, at 12 o'clock noon.

SENATE

WEDNESDAY, SEPTEMBER 18, 1940

Very Reverend Noble C. Powell, D. D., dean of the Cathedral of SS. Peter and Paul, Washington, D. C., offered the following prayer:

O God, who through the ages hast inspired the hearts and minds of faithful men with the breath of Thy Holy Spirit, giving to them insight into Thy truth: Do Thou so inspire these Thy servants, granting to them grace and strength to conceive and to do that which is in accord with Thy righteous will for this people. In this hour of many voices and counsels, be Thou their guide in all things committed to their charge, that, under their leadership, this Nation may patiently and peacefully seek Thy kingdom and its righteousness, where alone may be found sure foundations and fullness of life. Grant that we, serving and obeying Thee, and Thee alone, as our Lord and God, may be worthy of the place which Thou hast given us, and do Thy will, that we may serve Thee amongst the nations of the earth. And to Thee shall be the honor and praise from generation to generation. Through Jesus Christ our Lord. Amen.

NAMING A PRESIDING OFFICER

The Chief Clerk read the following communication:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., September 18, 1940.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. WILLIAM H. KING, a Senator from the State of Utah, to perform the duties of the Chair during my absence.

KEY PITTMAN,
President pro tempore.

Mr. KING thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, September 16, 1940, was dispensed with, and the Journal was approved.

FUNERAL SERVICES FOR THE LATE SENATOR LUNDEEN

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to have printed in the RECORD the sermon by Rev. George Mecklenburg at the state funeral of my colleague the late Senator ERNEST LUNDEEN, together with an obituary, and the program of the services on that occasion.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

SERMON ADDRESS BY REV. GEORGE MECKLENBURG, OF WESLEY METHODIST CHURCH, MINNEAPOLIS

Text: "But Gamaliel who was highly respected by all the people stood up and said."—Acts vi:34.

Gamaliel was a member of the Sanhedrin, the legislative body at Jerusalem. He stood out in the first century as a teacher of liberal thought and wide wisdom and prudence. He worked for laws for the poor gentiles so that they should have the same rights as the poor Jews in gathering the gleanings after the harvest. He rose above racial prejudice. He was humane. He advocated laws to protect wives against unprincipled husbands and widows against unscrupulous children.

In crucial moments, when it was not popular, Gamaliel stood up and spoke out. How like Senator ERNEST LUNDEEN. It seems that God always raises up great leaders, in every crisis, who are brave enough and strong enough to stand out against the forces of wrong. Today, again we are in one of the major crises of history. Therefore, the loss of Senator LUNDEEN, just at this moment, seems irreparable, and we can only pray that God again will raise up more strong and fearless leaders in Congress for days like these.

As we scan history we take courage. We note how God has always raised up great leaders who had the courage of their convictions and did that which they believed was right. Amos was such a prophet. He stood up and spoke the truth even at the King's banquet. Jeremiah dared to stand alone with God. Savanarola cried out against evil in Italy. John Huss never compromised with autocracy. Martin Luther at the Diet of Worms stood up for spiritual freedom. John Knox criticized Mary, Queen of Scots, to her very face. Voltaire stood up for truth and justice and tolerance. Wesley advocated a free evangelical Christianity. Roger Williams stood for religious liberty in our country. John Brown, Wilberforce, and Lincoln fought for the freedom of the slaves.

That is the way social and moral progress has always been made. Let us thank God and take courage in the fact that we do have people who dare to stand up and save the day for righteousness. If the time ever comes that our prophets are under the thumb of some social system or some totalitarian party, then pity civilization. To muzzle healthy protest is to kill the goose that lays the golder eggs of progress.

Senator ERNEST LUNDEEN stood up again and again in Congress and protested against the evils of our day. He will always be remembered by his friends as well as by his enemies as a man who believed tremendously, who worked sincerely for that which he believed. It mattered not what the popular clamor of the moment might be. He was not an ordinary politician. We might call him a statesman. It would, perhaps, be more true to call him a prophet—a secular prophet of our times.

His stand on the World War is the best example of that. In April 1917, in the House of Representatives, he voted "no" to the act of war that plunged our country into the European chaos for which we were totally unprepared. Before he voted, though he knew it was hopeless, he cried out like a prophet in the wilderness against it. He said: "We cannot hope to maintain the Monroe Doctrine and at the same time interfere in the affairs of other continents. I stand with George Washington and Thomas Jefferson on a policy of absolute neutrality. I place America first. I have but one allegiance, and that is to my native land. I have but one country, and that is the United States. Let America show love, not hatred, to the battle-torn people of Europe. Let us show compassion, not revenge. Let us play the part of the Good Samaritan. The spirit of Christianity, peace, and sanity must be preserved here in the United States. On Good Friday, about to break, you are proceeding to add to the agony of a world already crucified by war." Many people who severely criticized him at the time feel he has been vindicated in this stand. He was not carried off by the hysteria of war.

Senator LUNDEEN was a great friend, and he had hosts of friends. The thousands of letters, telegrams, and floral tributes that have arrived in Minneapolis the last 2 days from every State in the Union tell the story of the regard in which he was held by millions. Messages have been received from the President of the United States, down to a colored bootblack in Minneapolis. His political opponents are as generous in tribute as his coworkers.

The sorrow of the State of Minnesota and the Nation is deep and genuine. The masses have lost a friend and an advocate.

I saw a letter he wrote recently philosophizing the duties of a public servant today. I have picked a few sentences from this letter, and they read as follows: "After all, we are only the hired men of the people. Support all programs for security in old age. Remember the veterans of our wars. Remember the youth of America, who are entitled to an education and a permanent job. Remember the farmer. Defend the small merchant. Be a fighting, liberal progressive. Fight for a government such as was defined by Abraham Lincoln—a government of the people, by the people and for the people." Senator LUNDEEN was always the champion of the poor. He fought for and really saved the bonus bill for our war veterans. He was the constant supporter of the post-office employees. He always worked for better labor laws.

He was implacably against war, because, he said, the poor pay the price of war. He believed no foreign war should be declared except by a vote of the people. He was not a pacifist. He believed in preparedness for America, but America only.

I maintain he was a Gamaliel. He was respected by the people, even though he stood up and spoke up whether it was good politics or not.

Now his work is suddenly cut off, and it seems to us that his task has not been completed. But is not that true of all life? We only start work here. It takes eternity to complete life.

The best thing about today is tomorrow. The best thing about time is eternity. Eternity completes, explains, and fulfills time. We certainly can see now that one world at a time is not enough. It takes eternity to put vitality into sagging life.

I fear too many of us have a mechanical, barrenly theological, or magic idea of immortality. If we understood immortality as Jesus taught it, we would practice it and glory in it. Definite, practical, working immortality becomes ours when we realize that life is so unfinished that we need eternity to complete it.

Those who set their faces toward achieving great results, exploring great truths, mastering great tasks find life expanding until the horizons reach out into eternity itself.

Immortality to be anything but an intellectual or academic belief must become an experience of today. It is when we live imperishable values, when we are busy with eternal principles, that we begin to experience everlasting life. It is when life is bent on interests that transcend time that faith in immortality becomes vital. So it is life that determines immortality. That is what Jesus meant when he said, "He that knoweth God hath immortality." It is a present and eternal possession.

So the fulfillment of life beyond possibilities of this temporary and unsettled existence is the demand of life itself. God in eternity will complete these broken and incomplete lives of ours. History itself needs eternity for its fulfillment. Immortality is the very basic center of life philosophy. It is a living challenge to our day. A challenge to every form of materialism. A challenge to us to live a life of immortality here and now. It challenges every movement to treat men as less than immortals. It challenges every attempt to exploit men for profit; all movements of totalitarians that subject men to the government. The only effective basis for democracy and freedom must be found in the regal nature of man himself. The central weakness of our times is our lack of vital faith in man as an eternal being. Politics without God and immortality always ends in tyranny and dictatorships. On the other hand, immortals cannot be enslaved.

The whole Nation is in mourning over the 25 people who were lost in this major airplane accident of our country. We express sympathy to their dear ones. Mrs. Lundeen received yesterday a telegram from one of the mourners of this accident. It reads as follows: "My deepest sympathy goes out to you. I, too, had a sister on the same plane."

This tragic death of the Senator is a personal sorrow to me as his pastor. Only the other day I received a hand-written note from him reading: "George, don't get discouraged. Keep up the fight. The hope of the world, after all, is in religion. We'll make a good world out of it yet."

It is altogether fitting and proper that Senator LUNDEEN should be buried in Little Arlington National Cemetery at Fort Snelling. It was the Lundeen bill that created this cemetery which will become one of the beauty spots of Minnesota in time. There he will

be laid to rest, but his work goes on. May God raise up workmen who will carry on.

There is no death! The stars go down
To rise upon some fairer shore,
And bright in Heaven's jeweled crown
They shine forevermore.

There is no death! The dust we tread
Shall change beneath the summer showers
To golden grain or mellow fruit
Or rainbow-tinted flowers.

The granite rocks disorganize
To feed the hungry moss they bear;
The forest leaves drink daily life
From out the viewless air.

And ever near us, though unseen,
The dear immortal spirits tread;
For all the boundless universe
Is life—there are no dead.

OBITUARY

ERNEST LUNDEEN was born at Beresford, S. Dak., August 4, 1878.

His father was the Reverend Charles Lundeen, minister of the Swedish Mission Church.

After graduating from Carlton College he graduated from the University of Minnesota Law School in 1904. He was admitted to the bar in 1906.

He married Miss Norma Matheson Ward, of San Francisco, Calif., in 1919. Mrs. Lundeen and two children, Ernest Ward and Joan Jessie, survive him.

Early in life he became interested in civic life. He felt he could best serve his country in politics. He was elected a member of the Minnesota House of Representatives for two terms, 1910–14. He became known then as an independent thinker and an independent voter.

Then he served as a Member of the Sixty-fifth (war) Congress in 1917–19. In this Congress he voted against war and against conscription for foreign service.

He served as private in Company B, Twelfth Regiment Minnesota Volunteers, Spanish-American War.

Senator LUNDEEN was a loyal member of many organizations: United Spanish War Veterans; honor member, Veterans of Foreign Wars; the Masonic Lodge, No. 19, Minneapolis; the Wesley Methodist Church, Minneapolis; he was vice president of Civil War Veterans' Association.

Senator LUNDEEN delivered Memorial Day oration at National Cemetery, Arlington, Va., in 1919 upon invitation of the National Grand Army of the Republic.

He was elected Congressman at large to the Seventy-third Congress. Reelected to the Seventy-fourth Congress from the Third Congressional District. Upon the death of the late Governor Floyd B. Olson he received the unanimous nomination of the Farmer-Labor Party for the United States Senate and was elected to that office on November 3, 1936.

In the Senate he served on the following committees: Military Affairs Committee, Interstate Commerce Committee, Territories and Insular Affairs Committee, Indian Affairs Committee, and Printing Committee.

ERNEST LUNDEEN

Born August 4, 1878—Died August 31, 1940

State Representative, 1910–14

United States Congressman, 1917–19, 1933–36

United States Senator, 1937–40

United States Senate and House of Representatives represented by United States Senator EDWIN C. JOHNSON, United States Senator JAMES E. MURRAY, United States Senator RUSH D. HOLT, United States Senator HENRIK SHIPSTEAD, United States Congressman AUGUST H. ANDRESEN, United States Congressman ELMER J. RYAN, United States Congressman MELVIN J. MAAS, United States Congressman RICHARD T. BUCKLER, Sergeant at Arms Chesley W. Jurney.

THE FUNERAL SERVICES FOR ERNEST LUNDEEN, UNITED STATES SENATOR, STATE OF MINNESOTA

Rotunda of the State capitol, St. Paul, Minn.

Wednesday, September 4, 1940

Prelude.....String Quartet
Minneapolis Symphony Orchestra
Hymn—Rock of Ages.....Wesley Church Quartet
Scripture and Prayer.....Dr. George Mecklenberg,
Pastor, Wesley M. E. Church, Minneapolis, Minn.
Solo, More Secure Can No One Be.....Mr. Rueben E. Holmquist
Sermon Address.....Dr. George Mecklenberg
Hymn, Beautiful Isle of Somewhere.....Wesley Church Quartet
Benediction.

Masonic services will be conducted under the auspices of Minneapolis Lodge, No. 19, A. F. and A. M., at the grave side in Fort Snelling National Cemetery.

Military honors by Spanish-American War Veterans.

Honorary pallbearers: Gov. Harold E. Stassen, Mayor John J. McDonough, Mayor George E. Leach, Hon. Guy Alexander, Hon. Hjalmar Petersen, Hon. George H. Lommen, Hon. Joseph Wolf, Herman Aufderheide, Hon. Charlie Munn, Hon. Victor Lawson, Hon. Nels A. Pederson, Hon. Edward Hagen, Hon. George Hagen, Hon. Paul Kvale, Dr. Paul Hartig, Judge J. B. Himsl, Judge George F. Sullivan, Judge Harry H. Peterson, Judge Vince A. Day, Judge John P. Devaney, Judge Mark Nolan, R. D. Cramer, J. B. Boscoe, A. F. Whitney, Hon. William Mahoney, A. Lockhart, Jack Lyons, M. E. Jerdee, Andrew Hawkins, Col. Walter E. Downey, William T. Boyce, Hugo Koch, Robert J. Johnstone, Tom Davis, William de Parcq, E. A. Rerat, Frank Osterlind, Hon. Elmer Benson, Hon. Dewey Johnson, Jacob Kunz, Frank Forestal, Otto Bremer, Walter Heynacher, Neil Messick, J. Fred Johnson, Dr. O. W. Schlopp, Hon. I. G. Scott, Edward Chalgren, John W. Graff, Julius Reiter, Otto Baudler, Charles Swenson, Charles Lundquist, C. L. Holt, George Lawson, Robert Olson, Gottfried Lindstein, William Mee, Lewis E. Lohmann, H. O. Peterson, Paul Rasmussen, Hon. Henry Arens, Philip de More, John Simcoe, and Hon. S. A. Stockwell.

Active pallbearers (Spanish-American War veterans): William R. Ambrose, Otto A. Zimmermann, Wirth H. Kelley, Ole Sandsted, Guy Thompson, and John W. Milligan.

THE LATE SENATOR LUNDEEN: CONDOLENCES

The ACTING PRESIDENT pro tempore laid before the Senate a letter from the Home Owners Association of Pennsylvania, Pittsburgh, Pa., signed by Herman M. Samowich, secretary, expressing its sympathy and condolence on the tragic death of Hon. Ernest Lundeen, late a Senator from the State of Minnesota, which was ordered to lie on the table.

PETITIONS

The ACTING PRESIDENT pro tempore laid before the Senate petitions of Father Divine and sundry other citizens of the United States, praying that the Americas be united for peace, and also praying for the enactment of pending legislation to prevent and punish the crime of lynching, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution of the New Jersey State Association of Chiefs of Police in convention assembled at Asbury Park, N. J., endorsing and commending the activities of the so-called Dies Committee on Un-American Activities of the House of Representatives, and favoring the complete exposure of all agents of Hitler, Stalin, and Mussolini operating in the United States, which was referred to the Committee on the Judiciary.

He also laid before the Senate a telegram from Michael Kolarik, of Gary, Ind., endorsing and commending the passage of the bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 4175) to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes, reported it with an amendment and submitted a report (No. 2138) thereon.

Mr. CONNALLY, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 4319) authorizing the transfer of land owned by the United States back to the Spring Park Club, of Richfield Springs, N. Y., reported it without amendment and submitted a report (No. 2139) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the resolution (S. Res. 312) continuing the authority for an investigation of the matter of the proposed enlargement of Rocky Mountain National Park (submitted by Mr. HATCH on September 12, 1940), reported it without amendment.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 14, 1940, that committee presented to the President of the United States the enrolled bill (S. 4164) to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TAFT:

S. 4352. A bill to provide for the free transmission in the mails of absentee ballots of officers and enlisted men of the land and naval forces of the United States; to the Committee on Post Offices and Post Roads.

(Mr. GEORGE introduced Senate bill 4353, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. WALSH:

S. 4354. A bill to authorize naval agents to assist civil authorities in the enforcement of the law; to the Committee on Naval Affairs.

By Mr. GILLETTE:

S. 4355. A bill to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

S. 4356. A bill making provision for payment of Reserve officers employed by the Government when on active duty;

S. 4357. A bill to provide a right-of-way across Camp Wallace Military Reservation, P. I.; and

S. 4358. A bill to provide a right-of-way across Camp Wallace Military Reservation, P. I.; to the Committee on Military Affairs.

CONTROL OF PAYMENTS TO VETERANS AND DEPENDENTS RESIDING ABROAD

Mr. GEORGE. Mr. President, on April 24 I introduced a bill (S. 3835) to provide for the control of payments of financial benefits to veterans and their dependents who reside outside the continental limits of the United States, except for Hawaii, Alaska, Puerto Rico, Virgin Islands, and the Panama Canal Zone. That measure has been given study by various departments interested in it, including the Treasury Department and the Department of State. I now desire to introduce a bill which contains the substance of the bill originally presented to the Senate, with some enlargements—a bill which I believe to be necessary, which I understand has the approval of the Treasury and State Departments, and to which the Veterans' Administration itself raises no objection. I introduce the bill, Mr. President, rather than offer amendments to Senate bill 3835, so that when the Finance Committee is next in session it may have the new bill upon which action may be taken. I ask that the bill be referred to the Committee on Finance.

The ACTING PRESIDENT pro tempore. The bill will be received and referred as requested.

The bill (S. 4353) to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories and possessions, and for other purposes, was read twice by its title and referred to the Committee on Finance.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Naval Affairs:

H. R. 10295. An act to amend the act of June 23, 1938 (52 Stat. 944); and

H. R. 10405. An act to provide for adjusting the compensation of persons employed as masters-at-arms, and guards at navy yards and stations, and for other purposes.

CORPORATION-INCOME AND EXCESS-PROFITS TAXATION—AMENDMENT

Mr. ADAMS submitted an amendment intended to be proposed by him to the amendment of Mr. BROWN to the bill (H. R. 10413) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

SPECIAL COMMITTEE ON FISCAL AFFAIRS OF THE GOVERNMENT

Mr. TYDINGS submitted the following resolution (S. Res. 314), which was referred to the Committee on Appropriations:

Resolved, That there is hereby established a special committee, to consist of three Members of the Senate to be appointed by the President of the Senate, which shall make a full and complete investigation with respect to (1) the amount, source, and type of revenue raised annually by the Federal Government during the past 10 years; (2) the relationship between the appropriations made for the various branches of the Government and the revenues raised to support such appropriations; (3) the amounts of Federal borrowings and the sources from which they have been obtained during the past 10 years; (4) the amount and character of the annual deficits of the Federal Government during the past 10 years; (5) what additional sources of revenue are available without serious injury to the economic life of the Nation; (6) such other matters relating to the fiscal affairs of the Government as are necessary to a consideration of the problem of balancing income and expenditures; and (7) the formulation of a plan or plans for an automatically balanced Budget in times of peace. The committee shall report to the Senate as soon as practicable the results of its investigation, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate in the Seventy-sixth and Seventy-seventh Congresses, to employ such experts, and such clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

COMPULSORY MILITARY TRAINING AND SERVICE—PROCLAMATION AND STATEMENT BY THE PRESIDENT

Mr. SHEPPARD. Mr. President, I present for printing in the RECORD the proclamation of the President relating to registration under the draft.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

REGISTRATION DAY

BY THE PRESIDENT OF THE UNITED STATES

A PROCLAMATION

Whereas the Congress has enacted and I have this day approved the Selective Training and Service Act of 1940, which declares that it is imperative to increase and train the personnel of the armed forces of the United States and that in a free society the obligations and privileges of military training and service should be shared generally in accordance with a fair and just system of selective compulsory military training and service; and

Whereas the said act contains, in part, the following provisions:

"SEC. 2. Except as otherwise provided in this act, it shall be the duty of every male citizen of the United States, and of every male alien residing in the United States, who, on the day or days fixed for the first or any subsequent registration, is between the ages of 21 and 36, to present himself for and submit to registration at such time or times and place or places, and in such manner and in such age group or groups, as shall be determined by rules and regulations prescribed hereunder.

* * * * * * *

"SEC. 5. (a) Commissioned officers, warrant officers, pay clerks, and enlisted men of the Regular Army, the Navy, the Marine Corps, the Coast Guard, the Coast and Geodetic Survey, the Public Health Service, the federally recognized active National Guard, the Officers' Reserve Corps, the Regular Army Reserve, the Enlisted Reserve Corps, the Naval Reserve, and the Marine Corps Reserve; cadets, United States Military Academy; midshipmen, United States Naval Academy; cadets, United States Coast Guard Academy; men who have been accepted for admittance (commencing with the academic year next succeeding such acceptance) to the United States Military Academy as cadets, to the United States Naval Academy as midshipmen, or to the United States Coast Guard Academy as cadets, but only during the continuance of such acceptance; cadets of the advanced course, senior division, Reserve Officers' Training Corps or Naval Reserve Officers' Training Corps; and diplomatic representatives, technical attachés of foreign embassies and legations, consuls general, consuls, vice consuls, and consular agents of foreign countries, residing in the United States, who are not citizens of the United States, and who have not declared their intention to become citizens of the United States, shall not be required to be registered under section 2 and shall be relieved from liability for training and service under section 3 (b)."

* * * * * * *

"SEC. 10. (a) The President is authorized—

(1) to prescribe the necessary rules and regulations to carry out the provisions of this act;"

* * * * * * *

"(4) to utilize the services of any or all departments and any and all officers or agents of the United States and to accept the services of all officers and agents of the several States, Territories, and the

District of Columbia and subdivisions thereof in the execution of this act;"

* * * * * * *

"SEC. 14. (a) Every person shall be deemed to have notice of the requirements of this act upon publication by the President of a proclamation or other public notice fixing a time for any registration under section 2."

* * * * * * *

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, under and by virtue of the authority vested in me by the aforesaid Selective Training and Service Act of 1940, do proclaim the following:

1. The first registration under the Selective Training and Service Act of 1940 shall take place on Wednesday, the 16th day of October 1940, between the hours of 7 a. m. and 9 p. m.

2. Every male person (other than persons excepted by section 5 (a) of the aforesaid act) who is a citizen of the United States or an alien residing in the United States and who, on the registration date fixed herein, has attained the 21st anniversary of the day of his birth and has not attained the 36th anniversary of the day of his birth, is required to present himself for and submit to registration. Every such person who is within the continental United States on the registration date fixed herein shall on that date present himself for and submit to registration at the duly designated place of registration within the precinct, district, or registration area in which he has his permanent home or in which he may happen to be on that date. Every such person who is not within the continental United States on the registration date fixed herein shall within 5 days after his return to the continental United States present himself for and submit to registration. Regulations will be prescribed hereafter providing for special registration of those who on account of sickness or other causes beyond their control are unable to present themselves for registration at the designated places of registration on the registration date fixed herein.

3. Every person subject to registration is required to familiarize himself with the rules and regulations governing registration and to comply therewith.

4. The times and places for registration in Alaska, Hawaii, and Puerto Rico will be fixed in subsequent proclamations.

5. I call upon the Governors of the several States and the Board of Commissioners of the District of Columbia to provide suitable and sufficient places of registration within their respective jurisdictions and to provide suitable and necessary registration boards to effect such registration.

6. I further call upon all officers and agents of the United States and all officers and agents of the several States and the District of Columbia and subdivisions thereof to do and perform all acts and services necessary to accomplish effective and complete registration; and I especially call upon all local election officials and other patriotic citizens to offer their services as members of the boards of registration.

7. In order that there may be full cooperation in carrying into effect the purposes of said act, I urge all employers, and Government agencies of all kinds—Federal, State, and local—to give those under their charge sufficient time off in which to fulfill the obligation of registration incumbent on them under the said act.

America stands at the crossroads of its destiny. Time and distance have been shortened. A few weeks have seen great nations fall. We cannot remain indifferent to the philosophy of force now rampant in the world. The terrible fate of nations whose weakness invited attack is too well known to us all.

We must and will marshal our great potential strength to fend off war from our shores. We must and will prevent our land from becoming a victim of aggression.

Our decision has been made.

It is in that spirit that the people of our country are assuming the burdens that now become necessary. Offers of service have flooded in from patriotic citizens in every part of the Nation, who ask only what they can do to help. Now there is both the opportunity and the need for many thousands to assist in listing the names and addresses of the millions who will enroll on registration day at schoolhouses, polling places, and town halls.

The Congress has debated without partisanship and has now enacted a law establishing a selective method of augmenting our armed forces. The method is fair, it is sure, it is democratic—it is the will of our people.

After thoughtful deliberation, and as the first step, our young men will come from the factories and the fields, the cities and the towns, to enroll their names on registration day.

On that eventful day my generation will salute their generation. May we all renew within our hearts that conception of liberty and that way of life which we have all inherited. May we all strengthen our resolve to hold high the torch of freedom in this darkening world so that our children and their children may not be robbed of their rightful inheritance.

In witness whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 16th day of September, in the year of our Lord 1940, and of the independence of the United States of America the one hundred and sixty-fifth.

[SEAL] FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL,

Secretary of State.

Mr. BURKE. Mr. President, I ask unanimous consent to have printed in the RECORD, following the proclamation of the President, the statement issued by him on September 16, 1940, at the time of the signing of the selective service and training bill. I call attention particularly to one paragraph in the statement, reading, in part, as follows:

In the military service they—

The trainees—

will be intelligently led, comfortably clothed, well fed, and adequately armed and equipped for basic training.

There is much discussion of the danger which might result if a large number of trainees were called into their training period and adequate housing, food, clothing, and medical attention were not supplied. I offer this statement from the Commander in Chief of the armed forces to show that every attention will be given to those essential factors, and that no person will be called for training or service until the Government is ready to see that he is comfortably clothed, well fed, and adequately equipped in every way for basic training.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE PRESIDENT

America has adopted selective service in time of peace, and, in doing so, has broadened and enriched our basic concept of citizenship. Beside the clear democratic ideals of equal rights, equal privileges, and equal opportunities, we have set forth the underlying other duties, obligations, and responsibilities of equal service.

In thus providing for national defense, we have not carved a new and uncharted trail in the history of our democratic institutions. On the contrary, we have merely reasserted an old and accepted principle of democratic government. The militia system, the self-armed citizenry with the obligation of military service incumbent upon every free man, has its roots in the old common law. It was brought to this continent by our forefathers. It was an accepted institution in colonial days. At the time of the adoption of the Federal Constitution, 9 of the 13 States explicitly provided for universal service in their basic laws.

In those days little was required in the way of equipment and training for the man in arms. The average American had his flintlock and knew how to use it. In addition he was healthy, strong, and accustomed to hardship. When he reported for military duty he brought with him his musket and his powder horn. His daily life inured him to the rigors of warfare.

Today the art of war calls for a wide variety of technical weapons. Modern life does not emphasize the qualities demanded of soldiers. Moreover, behind the armed forces we must have a munitions industry as a part of an economic system capable of providing the fighting man with his full requirements of arms and equipment. Many individuals, therefore, may serve their country best by holding their posts on the production line. The object of selective service is to provide men for our Army and Navy and at the same time disturb as little as possible the normal life of the Nation.

Selective service consists of four steps, which singly and in the group have been developed to operate with the fairness and justice characteristic of free democratic institutions. These steps are registration, classification, selection, and induction.

Wednesday, October 16, has been set aside, on which day every male between 21 and 35, inclusive, will be expected to report to a neighborhood precinct to fill out a registration card and a registration certificate. The certificate issued to the individual will be carried by him as a testimonial to his acceptance of the fundamental obligation of citizenship. The registration card will be forwarded to the county clerk or similar official and will be delivered by him to the local selective service board. These boards, consisting of 3 men, each appointed by the President, upon recommendations of the State Governors, will be set up in more than 6,000 communities. When the States notify the National Director of Selective Service that all of the local boards have completed this work, a national drawing by lot will determine the order of priority of the registrants in each local board area. The national priority list will be furnished to the local boards and the corresponding order of selection will be entered on the registration cards in their custody.

The priority established by the drawing will determine the order in which questionnaires will be mailed to the registrants. Upon receipt of these questionnaires, the registrants will enter on these forms pertinent facts on the basis of which their final classification will be determined.

There will be organized in every community in our Nation advisory boards for registrants, composed of patriotic citizens, civilian volunteers, to assist registrants in presenting fairly the facts to be used in determining the place of each individual in the scheme of national defense.

After the return of these questionnaires, the local board, after due consideration, will place the registrants in one of four classes. In class I will be those who are available for immediate service; in class II, those who are deferred because of the essential character of the service they are rendering in their present occupations; in class III, those individuals who should be deferred because of individuals

dependent upon them for support; in class IV, those specifically deferred by the terms of the act.

The total number of individuals needed by the armed forces will be prorated among the several States. In this allocation due consideration will be given to the number of men already furnished by that State for our military forces. Within each State a quota, in a similar manner, will be divided among the local boards. Thus, each locality will be asked to furnish its fair share of individuals for induction into our armed forces.

In each of these local board areas individuals between the ages of 18 and 35 will be offered an opportunity to volunteer for a 1-year period of service and training. Such applicants will be accepted before any other individuals are selected, provided they are suitable for military service. It will be the duty of the local board to select as many additional individuals as are necessary to fill the quota for that particular area.

Following the tentative selection of these individuals, a local medical examiner will examine them physically. If they are accepted, they will be sent forward for final physical examination by medical officers of the Army, Navy, or Marine Corps. Those who pass will be inducted into the service.

In the military service they will be intelligently led, comfortably clothed, well fed, and adequately armed and equipped for basic training. By the time they get physically hardened, mentally disciplined, and properly trained in fundamentals, the flow of critical munitions from factory to combat units will meet the full requirements for their advanced training.

In the military service, Americans from all walks of life, rich and poor, country bred and city raised, farmer, student, manual laborer, and white-collar worker, will learn to live side by side, to depend upon each other in military drills and maneuvers, and to appreciate each other's dignity as American citizens.

Universal service will bring not only greater preparedness to meet the threat of war but a wider distribution of tolerance and understanding to enjoy the blessings of peace.

LETTER BY SENATOR PITTMAN ON SELECTIVE TRAINING AND SERVICE ACT

[Mr. PITTMAN asked and obtained leave to have printed in the RECORD a letter addressed by him to Hon. Malcolm McEachin, secretary of state of Nevada, relative to the Selective Training and Service Act recently passed by Congress, which appears in the Appendix.]

MR. WILLKIE'S VISIT TO CHICAGO—STATEMENT BY SENATOR LUCAS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a statement by Senator LUCAS following the visit of Hon. Wendell L. Willkie to the city of Chicago, which appears in the Appendix.]

ADDRESS BY LEMUEL B. SCHOFIELD ON REGISTRATION OF ALIENS

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD an address on the registration of aliens, by Lemuel B. Schofield, Assistant Attorney General in charge of the immigration and naturalization service, Department of Justice, which appears in the Appendix.]

CORRESPONDENCE BETWEEN EDWARD J. FLYNN AND LUTHER HARRISON

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD a letter from Edward J. Flynn, chairman of the Democratic National Committee, to Luther Harrison, of Oklahoma City, Okla., and the reply of Mr. Harrison, which appears in the Appendix.]

ROOSEVELT GAINS ACCORDING TO GALLUP POLL

[Mr. SMATHERS asked and obtained leave to have printed in the RECORD an article from the New York Times of this date under the heading "Roosevelt gains in three States," which appears in the Appendix.]

INVASIONS OF ENGLAND—LETTER BY RALPH LOZIER

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD a letter addressed to him by Ralph F. Lozier, Esq., of Washington, D. C., relative to the history of invasions and attempted invasions of England, which appears in the Appendix.]

DAY OF NATIONAL PRAYER

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read Senate Resolution 293, submitted by Mr. GILLETTE on August 5, 1940, as follows:

Whereas the Senate of the United States on March 3, 1863, passed a resolution requesting President Lincoln, by proclamation, to set apart a day for national prayer and humiliation, in view of the critical situation then confronting our war-torn Nation, and President Lincoln, in response to this request, appointed such a date of prayer for the Nation; and

Whereas President Wilson, during the crisis of the World War, likewise appointed a day for national prayer and supplication; and

Whereas, following the observance of these days of national divine petition, there were manifest outpourings of God's blessings on the Nation; and

Whereas President Franklin Delano Roosevelt, in an address to the joint session of the Congress on September 21, 1939, stated that the situation of recent weeks carried a trend to a condition which "relegates religion, democracy, and good faith among nations to the background where there could be no place for the ideals of the Prince of Peace"; and

Whereas President Roosevelt, in an address to the American people on May 26, 1940, stated that "day and night I pray for the restoration of peace in this mad world of ours. I am certain that out of the hearts of every man, woman, and child in this land in every waking minute a supplication goes up to Almighty God; that all of us beg that suffering and starving, that death and destruction may end, and that peace may return to the world. In common affection for all mankind your prayers join with mine that God will heal the wounds and hurts of humanity": Therefore be it

Resolved, That in the situation we are now facing, imperiling as it does both the spiritual and democratic ideals of our own Nation and of other nations as well, we respectfully request the President of the United States, by proclamation, to appoint a day of prayer on behalf of our Nation, a day for confession of our national offenses, and for petitioning the Source of All Wisdom for the guidance and protection of our Nation in this crisis period, and that He may point the way to thought and action that will secure for our own country and all humanity the blessings of peace and liberty under law.

TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES—MINORITY VIEWS OF SPECIAL COMMITTEE

Mr. AUSTIN. Mr. President, as a member of the Special Committee on Taxation of Governmental Securities and Salaries, which was created pursuant to Senate Resolution 303, Seventy-fifth Congress, I file the views of the Senator from Nebraska [Mr. BURKE] and myself. They amount to minority views. I had thought of asking that they be printed in the RECORD, but I shall not make that request, as they are somewhat voluminous, embracing 90 pages of typewritten matter.

I find under the parliamentary situation that I will have an opportunity between now and 2 o'clock to cover some of the points which otherwise might not come before the attention of the Senate at all in the action that it will take concerning the pending amendment to the tax bill. Therefore, what I ask is that the views of the minority presented by me be printed in the usual form.

The minority views submitted by Mr. AUSTIN were ordered to be printed, with an illustration, as part 2 of Report No. 2140.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. BROWN. I am sorry I was 2 or 3 minutes late. I desire to submit an inquiry to the Senator from Vermont. I understood he intended to ask unanimous consent that the restriction which was imposed on debate last Saturday on the pending amendment be lifted. What was the result of his effort?

Mr. AUSTIN. I have made that request, but it was unsuccessful. I then tried to obtain agreement to three or four other requests by negotiation. The Senator from Mississippi has been very generous and liberal with me in these negotiations, and I have no complaint of his attitude toward this matter. He recognizes the importance of the question presented by the amendment of the Senator from Michigan [Mr. BROWN] to the pending tax bill and realizes that the 2 years of work which the special committee has devoted to this question will be lost to the Senate, in effect, if we do not, in some manner, get the results of our studies before the Senate. He consented tentatively to an extension of time on this particular amendment to 1 hour on the amendment and half an hour on the bill.

Mr. BROWN. That would apply to all Senators?

Mr. AUSTIN. It would apply to each and every Senator. Subsequently I tried to figure out some way to get more time than that, in the hope that I could get into the RECORD the substance of what is in the minority views which I have just presented for printing in the usual way.

So I have obtained the floor under an item of business coming up in the morning hour, having in view the possibility

of placing in the RECORD, so that it will be available tomorrow morning to all Senators, some of the views of the minority which will not get to the Senate before this amendment is voted on, unless it is published in the RECORD, because the usual publication of these reports would require more time than from now until tomorrow morning. That is the situation.

I wish to say to the Senator from Michigan that if he desires to use any of the time between now and 2 o'clock I am perfectly willing to be entirely equitable and fair with him in that regard.

Mr. BROWN. I will discuss that with the Senator privately in a moment. I want to say that the committee has prepared a report, which was printed, in substance, in the RECORD of last Thursday. I withheld the actual filing of the report at the request of the Senator from Vermont, who was required to return to his State on Friday. I may say that since receiving a copy of the minority views, which the Senator very kindly gave me a couple of days ago, I have prepared a reply, and I ask unanimous consent that it may be printed, together with the views filed by the Senator from Vermont.

The ACTING PRESIDENT pro tempore. Without objection, consent is granted.

Mr. BROWN. Mr. President, as I understand the situation, an hour and a half may be taken by each Senator on the bill and the amendment—an hour on the amendment and a half hour on the bill. Is that correct?

The ACTING PRESIDENT pro tempore. The Chair is advised that that is not correct.

Mr. HARRISON. Mr. President, under the unanimous-consent agreement heretofore entered into, the debate is limited to 30 minutes on the amendment and 30 minutes on the bill.

Mr. AUSTIN. I shall not ask for an extension of time if the Senator from Michigan finds it convenient to divide the time with me between now and the end of the morning hour and not have it count under the unanimous-consent agreement.

Mr. BROWN. I inquire if that is satisfactory to the Senator from Mississippi?

Mr. HARRISON. That is satisfactory. I understand the Senate cannot proceed to take any action on the tax bill until it is laid before the Senate, which will be at 2 o'clock. I had understood the Senator from Vermont wanted to take the time until then, but that he is willing to divide it with the Senator from Michigan.

Mr. BROWN. He is willing to divide it with me.

Mr. AUSTIN. Yes.

Mr. HARRISON. That is satisfactory to me.

The ACTING PRESIDENT pro tempore. On the resolution coming over from a previous day, the question of agreeing to it will be debatable until 2 o'clock.

Mr. JOHNSON of California. Mr. President——

The ACTING PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from California?

Mr. AUSTIN. I yield.

Mr. JOHNSON of California. I have no objection to the division of time by the Senators in any way they see fit; I do not desire to take up any time so far as I am concerned, but, with the unanimous consent agreement here, in which the time is specifically stated, it is a precarious way of doing for us to proceed outside that unanimous-consent agreement.

The ACTING PRESIDENT pro tempore. Will the Senator permit the Chair to state that until 2 o'clock the tax bill will not be before the Senate? The unfinished business comes before the Senate at 2 o'clock. The agreement would not interfere with going ahead with the unfinished business at 2 o'clock.

Mr. JOHNSON of California. I understand that, and I understand that is a subterfuge by which to get around the unanimous-consent agreement; that is all right, and I do not object to it; but I do not like this way of proceeding. I do not like the way of proceeding by which time is to be parceled out or to be divided or that any other method may be taken by which certain Senators may be heard and certain other Senators may not be heard. I do not like the idea. I simply want to express, not an objection to their doing it in this particular instance, but an objection generally to the mode.

Mr. AUSTIN. Mr. President, I understand that at 5 minutes to 1 I am to yield the floor to the Senator from Michigan [Mr. BROWN]. I hope the clerk will remind me of that fact.

Mr. President, in 1938 a special committee was created to study proposals to enable the Federal Government to tax securities of State and municipalities and other political subdivisions. That committee immediately commenced its work, and has made a very thorough study of the subject in all its aspects, and has had the benefit of a great deal of assistance from all parts of the country and from a fairly representative cross section of the life of the country.

Of course, it is obvious that the issue raised by the amendment offered by the Senator from Michigan is one of the most serious, one of the gravest issues that Congress may be called upon to decide, because it at once raises the question whether we are to take the road which leads inevitably to a completely centralized form of government and to a form of economy which may be described, for lack of a simpler word, as collectivism. In other words, we are now at the parting of the ways. The amendment offered by the Senator from Michigan, if agreed to, simply means that the United States Government has seized upon an essential function of government which belongs exclusively to the several States and to their subdivisions, namely, the function of raising money to operate the government by means of borrowing.

I think the question is so simple that anyone must recognize that if the Federal Government, without an amendment of the Constitution and solely by a vote of the majority of the Congress of the United States, may go into a city and lay upon it a burden affecting the essential function of raising money to operate the municipality's business, the Federal Government has assumed the power of destruction of that city as a government, and if not that, it has assumed the power of control of that city's government.

I am conscious of Mr. Justice Holmes' comment about the great truth uttered by Chief Justice Marshall that the power to tax is the power to destroy when Mr. Justice Holmes said, "Not while this court sits." The mere comment, "Not while this court sits," is one of the most emphatic expressions of the recognition by the Supreme Court of the fundamental thing to which I have alluded, namely, that while the court sits it will examine the taxation or the interference with the power to borrow money of a municipality and see if it would tend to destroy the government of the municipality, and if it would, the court sits as a barrier against the possibility of its having that effect. In other words, the question is at once decided by that whimsical comment; and, of course, the subsequent action of the court, in which Mr. Justice Holmes concurred, in holding unlawful and unconstitutional attempts by one government to tax the securities of another further established the security of the doctrine which I here invoke.

Mr. President, we have a peculiar Government. We live in a geographical area in which two governments exist, and they exist concurrently. We may always think of the geographical fields of both governments as exactly identical, but we must never forget that the political fields occupied by those two governments are entirely distinct; and it has been recognized from the beginning of our history that each of the governments occupying this geographical field must at all times respect the scope and limitations of the political field occupied by the other government. In other words, it is absolutely essential to this "indestructible Union composed of indestructible States" for the States to refrain from trenching upon essential functions of the Federal Government, and vice versa, for the Federal Government to refrain from trenching upon the essential functions of government of the States and municipalities.

Recognizing that profound principle, the doctrine of immunity from taxation of the issues of each of these two governments was declared at an early time by Chief Justice Marshall and has been observed from that day to this.

Mr. BROWN. Mr. President, will the Senator yield at that point?

The ACTING PRESIDENT pro tempore. Does the Senator from Vermont yield to the Senator from Michigan?

Mr. AUSTIN. Yes; I yield.

Mr. BROWN. I think it inaccurate to say that the famous Chief Justice ever announced a reciprocal immunity. McCulloch against Maryland announced immunity on the part of agencies of the Federal Government from taxation or interference by a State government, but the converse of that proposition was never stated by Chief Justice Marshall and was not written into the decisions of the United States Supreme Court until about 1870 by the case of Collector against Day.

Mr. AUSTIN. Mr. President, very able men differ about what a case holds. I shall content myself by reading from a very significant statement in the opinion in the case of *McCulloch* v. *The State of Maryland* (4 Wheat. 316, 431).

> That the power to tax involves the power to destroy; that the power to destroy may defeat and render usless the power to create; that there is a plain repugnance, in conferring on one government a power to control the constitutional measures of another, which other, with respect to those very measures, is declared to be supreme over that which exerts the control, are propositions not to be denied. But all inconsistencies are to be reconciled by the magic of the word "confidence." Taxation, it is said, does not necessarily and unavoidably destroy. To carry it to the excess of destruction would be an abuse, to presume which would banish that confidence which is essential to all government.
>
> But is this a case of confidence? Would the people of any one State trust those of another with a power to control the most insignificant operations of their State government? We know they would not. Why, then, should we suppose that the people of any one State should be willing to trust those of another with a power to control the operations of a government to which they have confided the most important and most valuable interests? In the legislature of the Union alone are all represented. The legislature of the Union alone, therefore, can be trusted by the people with the power of controlling measures which concern all, in the confidence that it will not be abused. This, then, is not a case of confidence, and we must consider it as it really is.

The great Chief Justice declared this doctrine in no uncertain terms, that, in the first place, the power to tax is the power to destroy, and that it is against reason and sound principles for one State to simply trust another with a power to control the most significant operations of their State government. This was recognition of reciprocal immunity.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. GLASS. Assuming that the Senator in speaking imagines that the rights of the States still exist, I call his attention to the fact that it is dangerous to quote Chief Justice Marshall, because one of the recent appointees to the Supreme Court signalized his entrance upon his duties as a Justice of the Supreme Court by pronouncing John Marshall a "rhetorician" rather than a lawyer.

Mr. AUSTIN. Mr. President, I thank the distinguished Senator from Virginia for his comment. I think the sarcasm is justified. I, too, adhere to the old-fashioned notion that a large part of the foundation of our great Government rests upon the decisions of John Marshall, and that probably we would not have the type of government which could endure through 150 years, and become the oldest government of one continuous form in all the world, had it not been for the wisdom and foresight and remarkable judgment of John Marshall.

Mr. President, there is another quotation I wish to read from the case which followed McCulloch versus Maryland, the case of Weston and others against the City Council of Charleston, decided in 1829, which is right in point, and which together with the case of McCulloch against Maryland, is the foundation for the decisions up to the present time relating to the matter of immunity of States and municipalities from taxation by the Federal Government. I read this particular extract because it has such cogent meaning for us in our present emergency. We are now at work upon a tax bill intended in part to raise money to provide for the national defense. The special committee which studied this subject knows that the pending amendment would not help that cause, but would hurt it. We know that the extra burden placed upon the Federal Government by virtue of the adoption of this amendment would, if we assume that our borrowings were $10,000,000,000, amount to probably not less than $20,000,000 annually to us. Indeed, if based on another estimate which I have seen, would amount to very much more than that. In other words, the adoption of this amendment, instead of benefiting our national defense, would clog and impede it.

I read from the opinion by Mr. Chief Justice Marshall in part, as follows:

> If the States and corporations throughout the Union, possess the power to tax a contract for the loan of money, what shall arrest this principle in its application to every other contract? What measure can Government adopt which will not be exposed to its influence?
>
> But it is unnecessary to pursue this principle through its diversified application to all contracts, and to the various operations of Government. No one can be selected which is of more vital interest to the community than this of borrowing money on the credit of the United States. No power has been conferred by the American people on their Government, the free and unburthened exercise of which more deeply affects every member of our Republic. In war, when the honor, the safety, the independence of the Nation are to be defended, when all its resources are to be strained to the utmost, credit must be brought in aid of taxation, and the abundant revenue of peace and prosperity must be anticipated to supply the exigencies, the urgent demands of the moment. The people, for objects the most important which can occur in the progress of nations, have empowered their Government to make these anticipations, "to borrow money on the credit of the United States." Can anything be more dangerous, or more injurious, than the admission of a principle which authorizes every State and every corporation in the Union which possesses the right of taxation, to burthen the exercise of this power at their discretion?
>
> If the right to impose the tax exists, it is a right which in its nature acknowledges no limits. It may be carried to any extent whithin the jurisdiction of the State or corporation which imposes it, which the will of each State and corporation may prescribe. A power which is given by the whole American people for their common good, which is to be exercised at the most critical periods for the most important purposes, on the free exercise of which the interests certainly, perhaps the liberty of the whole may depend; may be burthened, impeded, if not arrested, by any of the organized parts of the confederacy.

The reasoning of that case applies equally to the government of the State of Vermont and the city of Burlington. The power to support themselves financially by anticipated taxes and borrowing money with which to operate their governments is an essential and necessary power of government. In time of war, in conditions such as those in which we now find ourselves, the power of the Federal Government to borrow money in anticipation of taxes must be unimpeded and unhindered by any interference on the part of the several States. That is on principle true, and it is so simple that it seems as though there should not be any necessity of arguing it.

It is rather interesting to bring right down to date the recognition of this fundamental principle with which the amendment meddles quite casually. I have before me a decision by Mr. Justice Frankfurter in the O'Keefe case, in which the opinion was handed down May 27, 1937—which is fairly modern—recognizing the same situation, the same peculiar structural condition which requires us to support and defend and protect our Government faithfully if we are to perpetuate it as a bulwark of our freedom and our security. In that case Mr. Justice Frankfurter said:

> But, as is true of other great activities of the State and National Governments, the fact that we are a federalism raises problems regarding these vital powers of taxation. Since two governments have authority within the same territory, neither through its power to tax can be allowed to cripple the operations of the other. Therefore State and Federal Governments must avoid exactions which discriminate against each other or obviously interfere with one another's operations. These were the determining considerations that led the great Chief Justice—

He is talking about the same Chief Justice I have quoted, Mr. Chief Justice Marshall—

> These were the determining considerations that led the great Chief Justice to strike down the Maryland statute as an unambiguous measure of discrimination against the use by the United States of the bank of the United States as one of its instruments of government.

Mr. President, no man can with any probity assert that the principle set forth in the early case of McCulloch against Maryland does not prevail today as a guard and a protection of this federalism of ours, and one of the most substantial means of maintaining this "indestructible Union composed of indestructible States."

The doctrine of immunity is not set forth in so many words in the Constitution. It is rather to be found enunciated in the cases. Of course, it is one of those constitutionalisms which need no writing. It is so eternally true that it does not need to be set forth. It is so necessary that all men should run to its support and defense at once. No consideration of expediency should induce anyone to attack this barrier between the two governments, designed to protect each from injurious interference with an essential function of the operations of the other.

The immunity is set forth most clearly in that early Pollock case. There were two Pollock cases. There it was held directly and expressly that—

The law is invalid so far as imposing a tax upon income received from State and municipal bonds is concerned.

Among other things, Mr. Justice Fuller said this:

The tax on Government stock is thought by this court to be a tax on the contract, a tax on the power to borrow money on the credit of the United States, and consequently to be repugnant to the Constitution. Applying this language to these municipal securities it is obvious that taxation on the interest therefrom would operate on the power to borrow before it is exercised and would have a sensible influence on the contract and that the tax in question is a tax on the powers of the States and their instrumentalities to borrow money, and consequently repugnant to the Constitution.

Mr. Justice White, in a concurring opinion, said this about the same subject:

They are relevant to one case and not the other, because in the one case there is full power in the Federal Government to tax, the only controversy being whether the tax that is imposed is direct or indirect, while in the other there is no power whatever in the Federal Government, and therefore the levy, whether direct or indirect, is beyond the taxing power.

Mr. Justice Harlan, concurring, said this about it:

Any tax imposed directly upon interest derived from bonds issued by a corporation for public purposes under the authority of the State whose instrumentality it is, is a burden on the exercise of the powers of that corporation which only the State creating it may impose.

In the second Pollock case the Court commented upon its holding in the first case in this way:

We have unanimously held in this case that so far as this law operates from the receipts of municipal bonds it cannot be sustained because it is a tax on the power of the States and on their instrumentalities to borrow money, and consequently repugnant to the Constitution.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. BROWN. I assure the Senator that when I have the floor I shall be as generous as the Senator is to me in these interruptions.

I noted after I made my comment on the attitude of Chief Justice Marshall that the Senator from Vermont was unable to locate the portion of the opinion to which he was referring.

Mr. AUSTIN. I was unable to locate the opinion. I thought I had the opinion with me.

Mr. BROWN. I happen to have it here, and I want to point out that Chief Justice Marshall was never an advocate of the doctrine of equal sovereignty between the State and the Federal Government. He was the great protagonist of the supremacy of the Federal Government over the States. I am not saying that I, as a Democrat, agree with him, because that has been the historic division between the parties before other issues arose to change the situation somewhat. But I read to the Senator what Chief Justice Marshall said:

It has also been insisted that, as the power of taxation in the General and State governments is acknowledged to be concurrent, every argument which would sustain the right of the General Government to tax banks chartered by the States will equally sustain the right of the States to tax banks chartered by the General Government. But the two cases are not on the same reason. The people of all the States have created the General Government and have conferred upon it the general power of taxation. The people of all the States, and the States themselves, are represented in Congress, and, by their representatives, exercise this power. When they tax the chartered institutions of the States they tax their constituents, and these taxes must be uniform. But when a State taxes the operations of the Government of the United States it acts upon institutions created, not by their own constituents, but by people over whom they claim no control. It acts upon the measures of a Government created by others as well as themselves for the benefit of others in common with themselves. The difference is that which always exists, and always must exist, between the action of the whole on a part and the action of a part on the whole—between the laws of a Government declared to be supreme—

He means, of course, the Federal Government—

and those of a government which, when in opposition to those laws, is not supreme.

I think it is quite clear that, so far as Chief Justice Marshall is concerned, he would never have approved a reciprocal taxation by the Federal Government of State bonds and by the States of Federal bonds, such as we propose here. Of course, I differ in that respect. I think we do have the power.

Mr. AUSTIN. Mr. President, we differ about the meaning of this decision also. I have had handed to me the case; and although I have not had time to analyze it, I point out that Chief Justice Marshall said, among other things:

We are relieved, as we ought to be, from clashing sovereignty, from interfering powers, from a repugnancy between a right in one government to pull down what there is an acknowledged right in the other to build up, from the incompatibility of a right in one government to destroy what there is a right in another to preserve.

If that is not the doctrine of reciprocity, tell me what is in the relationship he describes? But I was not trying to make so much the point of reciprocity as I was trying to point out the fundamental fact that we are really temporizing now with one of the most important safeguards of our institutions. If we should agree to the pending amendment, and it should become law, we would have opened the door to the complete control of every municipality in the country by the Federal Government. We would have made it possible to extinguish State lines. We would really have wiped out by this amendment alone that important separation of the sovereignties with respect to those powers which they may exercise within their own fields.

I think the confusion in the mind of the Senator from Michigan—he will pardon me for calling attention to this and I remark that the Department of Justice was following what I regard to be the same fallacy—is this: With the language in the decision by Mr. Chief Justice Marshall respecting the supremacy of the Federal power over taxation, the unfettered nature of it, the absolutism of it, and the necessity of having it always remain so, of course, we are in agreement. We have no conflict with that thought at all. The Federal power must be supreme within its own field, its own political field, but not in its geographical field. No more can the Federal Government come into the State field of taxation than can the State governments come into the Federal field of taxation and be supreme. It is a complete forgetfulness of the theory of a Federal government to assume that in our system one government has supremacy over the other relating to a function absolutely necessary for the other government's preservation. Time and time again the Supreme Court in passing upon the question of immunity from taxation has reiterated that principle. Functions necessary to the existence of the State cannot be destroyed by the other government. So from the time when the great Chief Justice Marshall started us out, as he did, with a very fine expression of this immunity to the time when, in the O'Keefe case, Mr. Justice Frankfurter reiterated the recognition of the two governments occupying the same field, and necessarily respecting the rights and the powers of each other, we have maintained this doctrine of immunity.

Why do we now have it before us? Because any standing committee of the House has initiated it? Has the Ways and Means Committee, which originated this tax bill, even considered it? No. Has the Finance Committee of the Senate brought it in here? The Finance Committee of the Senate reported the bill, but it never had an opportunity to see this amendment. Why is it here? The special committee which was appointed to make a study of this great problem with

which the country is now confronted did not make its report until today. No Senator will have the advantage of reading that report before acting upon this question; and yet we have spent 2 years in special studies upon this subject so as to be able to advise Senators, so that they might act upon information rather than upon conjecture or upon the fallacious doctrines which have already been advanced on this floor.

The first argument is that this amendment would aid the Federal Government in carrying on its national-defense program. The second is that it would destroy the opportunity for evasion by the rich. That is the old, foolish doctrine of "soak the rich." The truth is that as to the first argument, the proposal would cost the Government many million dollars more than would be secured in taxes; and as to the second argument, it is not true. It is contrary to fact. That is to say, we do not find enough tax-exempt bonds in the estates of the rich to amount to anything. The ratio is exceedingly small and insignificant. For the most part, tax-exempt bonds are found in the portfolios of institutions, many of which are exempt because of their eleemosynary character. We should gain nothing by attempting to "soak the rich."

There is no earthly reason for this amendment being here at this time; and certainly, at whatever time it were presented, I should be obliged to take the floor and resist it with all my soul, for I believe in our form of government. With the world all about us in revolution—a revolution which tends to national socialism—I feel that here on this little island, as it were, in the great sea of world revolution, we have a high obligation to perform, and that is to meet the revolution with all our might, in order that we may defeat it, and maintain free institutions, free economy, and the highest degree of relative liberty afforded to any people on earth. If we do not stop this movement now, at this particular point, we shall subject ourselves to the greatest gain on the part of the world revolution that has occurred to date.

Let no man fool himself. Day by day this country is more and more subjected to world revolution. If Senators and Representatives in Congress have not the character and the courage to stand up and meet it and fight it now, day by day as it comes, they are not doing their duty.

I realize that the time is short, and that I have been awkward in getting started with this matter. Later this afternoon I shall try to present a more precise further consideration of this fundamental question. I know, from studies we have made, that there are no economic reasons why we should at this time, or at any time in the future, enable the States to tax the financial operations of the Federal Government, or enable the Federal Government to tax financing by the States. Such a program would produce no net revenue for either. It would add to the burden of the operations of both. Its tendency would be to break down something of much higher value, and that is the spirit of the American people.

If we now do this thing, which Americans have successfully resisted for 150 years, and which we know is unconstitutional—no amount of discussion will change that fact—we say to the rest of the world, "the American people have changed. They have not the spirit to stand up and fight for their rights." What will the States, which have sent us here, say? All the States except two have sent their attorneys general here to fight this effort to encroach upon the security of the States. I understand that all cities of more than 50,000 population have organized a conference of mayors in an effort to defend themselves against this attack by the growing Federal Government. What will they be justified in saying to us?

Mr. President, I think we shall be derelict in our duty if we allow the pending proposal to prevail.

I understand my time has expired.

Mr. BROWN. Mr. President, I will say to the Senator from Vermont that I shall be pleased to have him interrupt me at any time he desires to do so in my discussion of this question.

First, I wish to say that I totally disagree with the statement of facts upon which the Senator from Vermont has based his argument. We had before our special committee a large number of witnesses. All the experts from the Treasury Department stated that a substantial income to the States and the Federal Government would result from the imposition of the proposed tax. The representatives of the States' attorneys general brought before the committee a distinguished economist from Princeton University. I do not know whether or not it detracts from his testimony to say that he was employed and paid as would be a lawyer for making his argument, but I think that fact should be known to the Senate and to the people.

Mr. President, it is a rather singular thing that the only person representing the teaching profession, expert scholars on the subject of taxation, who opposed this proposal was Professor Lutz, of Princeton University, who was hired to come here as an advocate. Every independent economist who appeared before our committee—and there were several—took the opposite view from that taken by Professor Lutz. Every representative of the Government who testified took a position opposite to that taken by Professor Lutz. I call the attention of the Senate to the fact that many Secretaries of the Treasury have favored the proposal. The last four Presidents of the United States—Mr. Harding, Mr. Coolidge, Mr. Hoover, and Mr. Roosevelt—have urged that we enact such legislation. I am not talking about the legal side. I am talking about the economic side.

In a poll submitted to the American people—the so-called Gallup poll—more than three-fourths of the American people, if that poll accurately represents their view, are in favor of the proposal; and of 712 newspaper editorials which appeared at the time of the President's message and at the time of the hearings, more than 600 were favorable to the proposal.

I have not the time this afternoon to differ with the estimates of Professor Lutz. I rely upon the estimates of the independent investigators of the Treasury Department of the United States, who are interested in the proposal in behalf of all the people of the United States.

Their estimate is that when the full effect of the taxation of State, municipal, and Federal bonds operates upon their income the return to the Treasury of the United States will be between three hundred and four hundred million dollars.

If after the adoption of the sixteenth amendment we had followed its plain implications and its plain wording, and had adopted an income-tax proposal of this character today, close to 10 percent of the income of the Federal Government would be derived from this source of taxation.

The Senator from Vermont says that there is not very much to the argument of tax justice, which, to my mind, is the principal argument for this proposal. Under the present law the progressive principle of taxation is exactly reversed. Instead of bearing heavier upon the rich man and more lightly upon the poor man, by permitting the privilege of tax exemption to exist, taxation is heavier upon the poor man and lighter upon the rich man.

Are the rich taking advantage of that situation. I said the other day, in response to a question asked me by the Senator from Colorado, that I did not blame the wealthy man for taking advantage of this situation. He has the legal right to do so; he has done so; and none of us can deny that it is his privilege to do so. Any Senator would do it; any citizen would do it. It is his right. But my point is that, from the standpoint of tax justice, it should not be permitted. I ask again, Are the rich taking advantage of tax exemption? I give some statistics from page 3 of the report which will be filed. They deal with the Federal estate tax which is levied by the Federal Government on the succession of real property and personal property. In the case of net estates of from $100,000 to $200,000, as indicated by the data from the Bureau of Internal Revenue for 1938, 3.5 percent of the estates was in the form of tax-exempt bonds.

On estates up to $300,000, 5½ percent was in the form of tax-exempt bonds.

On estates grossing a half million dollars, 6½ percent was in the form of tax-exempt bonds.

On estates of $1,100,000 dollars, 10½ percent was in the form of tax-exempt bonds.

On estates up to $2,100,000, 14 percent was in the form of tax-exempt bonds.

On estates up to $5,100,000, 14½ percent.

On estates of $5,100,000 and over—and I want Senators to appreciate the force of this figure—44.6 percent was in the form of tax-exempt bonds.

Can it be successfully denied that a great amount of property is in the hands of wealthy people who are totally exempt from paying the burden they ought to bear in connection with the expenses of the Government of the United States?

Mr. AUSTIN. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Vermont?

Mr. BROWN. I yield to the Senator from Vermont.

Mr. AUSTIN. May I ask the Senator if he has in mind "The case against taxing income from governmental securities," by Paul V. Betters, executive director of the United States Conference of Mayors, in which, on page 224, he tabulates the actual conditions shown by examination of returns of estates? The figures there given seem to differ from those given by the Senator from Michigan. I wonder if the Senator would have objection to my having inserted in the RECORD what Mr. Betters claims the figures to be?

Mr. BROWN. Not at all. I have not the slightest objection.

The ACTING PRESIDENT pro tempore. Is there objection to the matter being inserted in the RECORD?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

It is simply not the fact that the wealthy are loading their estates with tax-exempt bonds in order to escape their just share of income taxes. An examination of all estate-tax returns filed with the Treasury Department in the calendar years 1927–37, inclusive, reveals somewhat startling figures. These are not selected estates nor a sampling, but are all the estates reported for tax purposes during those 11 years. During the period noted above there were 3,044 estates having a net worth of $1,000,000 or more. There were 105,499 estates of less than $1,000,000 net. Of the estates above $1,000,000, totaling over ten and one-half billion dollars, the following were the percentages of investment:

	Percentage
Wholly exempt Federal bonds	3.69
Partially exempt Federal bonds	1.12
State and local bonds	9.81
Taxable corporate bonds	4.80
Corporation capital stocks	55.23

For the estates less than $1,000,000, totaling twenty-two billions, the following were the ratios:

	Percentage
Wholly exempt Federal bonds	1.05
Partially exempt Federal bonds	2.46
State and local bonds	3.61
Taxable corporate bonds	8.46
Corporation capital stocks	36.14

The average for all estates:

	Percentage
Wholly exempt Federal bonds	1.90
Partially exempt Federal bonds	2.03
State and local bonds	5.63
Taxable corporate bonds	7.27
Corporation capital stocks	42.35

It will be noted that the average ratio of all public securities to the gross estate is 9.56 percent while the average ratio of all private securities to the gross estate is 49.62 percent, and that the amount of taxable corporate bonds is almost equal to the percentage of all public securities, being 7.27 percent. Moreover, as far as holdings of State and municipal bonds are concerned, taxable corporate bonds exceed them by almost three to two, since taking both the large and small estates, municipals constitute only 5.63 percent of the security holdings.

These figures hardly bear out the constantly repeated plaint of Treasury officials that the wealthy are escaping taxes by sinking their funds in tax-exempt bonds, and also shed considerable light on the consistent failure of Treasury spokesmen to offer tangible statistics, rather than generalities, in support of their argument.

Many people, when confronted with these figures, are inclined to be skeptical and exclaim, "Well, if the rich don't take this way of escaping taxes, why don't they?" The answer is relatively simple. While it is unquestionably true that there are a certain few rich persons who do profit by investment of capital funds in tax-exempt bonds, no one ever got rich buying tax exempts. The vast majority of large incomes made today in the United States necessitate the investment and continuance of capital in private enterprise. Perhaps one of the best commentaries on this phase of the question comes from a witness produced by the Treasury Department at the Senate hearings, Prof. William J. Shultz, of the College of the City of New York:

"As study of the composition of estates of rich decedents shows, our wealthy men still keep the major part of their wealth in junior issues. Tax-exempt bonds never gave anyone control over an enterprise. And the power and the opportunities for capital gain that inhere in common stocks are not to be surrendered lightly—even for a substantial tax saving—by the man who can afford to own them."

Mr. BROWN. I may say that the figures to which I have referred where handed to me by the Treasury today and they represent the figures for the latest year available, 1938. I merely wish to repeat that, according to the official figure, in gross estates of $5,100,000 and over, 44.6 percent, or almost one-half of the property left by the wealthy decedents, was in totally tax-exempt bonds.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Colorado.

Mr. ADAMS. Does the Senator happen to have any statistics as to the aggregate amount of national wealth in estates or ownership which aggregate individually more than $5,000,000?

Mr. BROWN. No; I do not have that figure, I will say to the Senator, but I do not think it is particularly large in amount. If the Senator wants that concession from me, I am glad to give it. But my point is that the argument made by the Senator from Vermont, and I think by the Senator from Colorado, the other day to the effect that the tax-justice argument does not amount to very much——

Mr. ADAMS. No; the Senator from Colorado never discussed that point. The Senator from Colorado said that the important thing, the fundamental thing, was the welfare of the United States and of the States, and that as to individuals who might profit or might not profit we should not enter upon a punitive expedition if in fact the proposal would be detrimental to the country. I did not refer to the justice element, and I was not arguing it.

Mr. BROWN. I may say that from the standpoint of the sentence the Senator last uttered, the punitive feature, I am not interested in that at all. I want to prevent such a situation existing as that wealthy people are lawfully entitled to escape taxation, and I say to the Senator—and I stand upon that proposition—that the result of this kind of taxation will mean an increase of revenue to the Federal Treasury, not in 1941 or 1942 or 1943 but when the full effect is felt, of between $200,000,000 and $400,000,000 a year.

Mr. ADAMS. What I am concerned with is that we do not want to pay too high a price to accomplish this result. In other words, I am concerned with the welfare of my city and county and State, and I do not want to sacrifice their interests in order to reach what is a minor result.

Mr. BROWN. I assure the Senator I intend to take up the argument he presented the other day, which made quite an impression upon me.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Michigan yield to the Senator from North Carolina?

Mr. BROWN. If the Senator from North Carolina will bear with me for a moment, I should like further to answer the Senator from Colorado. I may say that in the hearings we examined the statistics, and I have them at hand, but I would prefer to answer the particular argument as to the burden that will be placed upon the cities and counties and States and their taxpayers when I take up the argument after the tax bill shall have been laid before the Senate. It is not before the Senate at the present time.

Mr. BAILEY. Mr. President, will the Senator now yield?

Mr. BROWN. I yield to the Senator from North Carolina.

Mr. BAILEY. The Senator so far, it appears to me, bases his argument upon the view that the purchasers of public bonds, municipal, Federal, and State bonds, are enjoying an immunity from taxation, and that this is an unjust privilege enjoyed by the rich. I think that that contention cannot be sustained. If it can be sustained, I am sure the Senator from Michigan, who has the floor, will sustain it. The exemption of Federal securities and State and municipal securities al-

ways lies as a favor to the Government and not to the individual. I think the Senator will agree with that. I shall not question him at any length, but I should like him to develop that point.

Mr. BROWN. I may say that the Senator has put very aptly, as he always does, the real issue here.

Mr. BAILEY. I thank the Senator.

Mr. BROWN. The question in my mind is, first, whether the Federal Government and the State governments in a large sense will be ultimate gainers by the imposition of this tax; second, whether or not it is fair—not speaking from the standpoint of the present law; I want to make plain that the persons who have large holdings of tax-exempt bonds are perfectly justified in using the exemption which is granted them—whether or not, as a matter of governmental policy, it is fair to reverse the progressive principle, and lay a heavier burden upon the taxpayers generally, and a lighter burden, or no burden at all, upon the wealthy people to whom a tax-exempt bond is a very much more valuable piece of paper than it is to a man of moderate income like the Senator from North Carolina and myself. Third is the proposition whether or not we are keeping a large sum of money out of productive enterprise by granting this privilege.

The Senator asked me if there was just one issue involved. I want to point out that there is one main issue—that is the revenue issue, as the Senator has indicated—but there are two other propositions involved in this situation.

Mr. BAILEY. I shall not undertake to elaborate on that point, but I will say that the really great issue here is not one of revenue. The really great issue here is the power of one sovereignty to tax another, and the wisdom of it, even conceding that the Federal Government has the right to tax the credit of my State, for that is what it all amounts to.

My State of North Carolina wants a million dollars, but if it submits itself to the power of the Federal Government to tax its credit, it submits itself to the power of the Federal Government to deprive it to that extent of its credit, and to put the securities of my State on a level with all other securities—not those of municipalities or States but corporate securities—to put it into a hopeless competition. Mr. Frankfurter denied that the power to tax is the power to destroy on the ground that the taxes would be leveled out, and, I think, on the further ground that, after all, the Congress would not be destroying anything.

Mr. BROWN. I think the Senator, as a good lawyer, ought to go a little further than that. I do not think he was here when the Senator from Vermont [Mr. AUSTIN] earlier in the day quoted from an opinion by Mr. Justice Holmes that the power to tax is not the power to destroy "as long as this Court exists."

Mr. BAILEY. Yes; I was here.

Mr. BROWN. I think Chief Justice Marshall's axiom has been often misconstrued. He never did say, "The power to tax is the power to destroy." He said, "The power to tax involves the power to destroy."

Mr. BAILEY. I am sorry I even mentioned the phrase, because I see that it took the Senator off the argument I was making. I was assuming that the dictum of the recently appointed Justice had substance in it. I think it has some; but the power to tax is the power to limit the credit of the Commonwealth of North Carolina, and that statement cannot be denied. It may not destroy the credit of the Commonwealth, but it puts it in competition with all other credit in the country.

I shall be through in a minute. I do not wish to detain the Senator.

The issue here, therefore, in my mind, is just this: I think the Senator from Michigan has agreed that the State of North Carolina sells its bonds to pay from 2 to 4 percent, tax-free. Therefore it pays interest of 2, 2½, to 4 percent; and that low rate of interest is due to the fact that the purchaser of the bond is freed of the obligation to pay taxes on it. Now we propose to deprive my State of that right, which we have assumed to be an inherent right, but which is now challenged. I will not say that is the power to destroy the State, but I deny that the present tax exemption is a privilege to the rich. It is a privilege to the Commonwealth of North Carolina and all the people in it, poor and rich. I do not think that statement can be denied.

I know my distinguished friend is not going to pitch his argument on the low ground that here is a rich man with a great estate who has a number of bonds, and here is a poor man who has not any bonds, and the rich man can afford to own bonds and get a low rate, and the poor man cannot. I am one of the latter. I bought United States bonds only once in my life, and that was during the World War. I bought away beyond my capacity to pay for them, and I lost $1,400 on United States bonds. I have never bought one since, and I do not expect to have one. I can manage to make more out of the little savings I have than the Government would pay me. I will agree that a wealthy man having an immense amount of money to invest cannot hope to get a high rate of interest; but a man with no great amount of money to invest cannot hope to get along unless he does better than 2 percent.

That, however, is not the issue here. The issue here is the privilege existing in a municipality or a State or the Federal Government, by way of being sovereign, to say, "Well, all right; you buy my bonds and I will pay you a very low rate of interest, wholly on the ground that there is no tax on the bonds." What is wrong with that? What is uneconomical about that? What is unsound about that? Where is the injustice about that?

If you read the histories of nations you will see that it has been inherent in all sovereignties to waive taxes on their securities, not for the sake of the purchaser but for the sake of the state, in order that it may get a low rate of interest.

So there is the situation. Those who undertake to upset this age-long and historic system that we have ought to be able to show wherein the present policy is detrimental to the States, detrimental to the Federal Government, detrimental to the general welfare. Up until now—and I fear until the end of time—governments are going to expand and live by way of borrowed money.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. BAILEY. I want to finish that thought, and then I shall not interrupt further.

This Government is now in sight of a bonded debt of $75,000,000,000. That debt is in plain sight. I wish the Senate to hear me. If I never speak again, I want this statement to be heard: That debt is more of a menace to the welfare of the American people than is the possibility of an invasion from any foreign country. That ever-mounting debt is the most serious thing we have to deal with.

The interest on $75,000,000,000 at 2 percent is a billion and a half dollars a year. Put a tax on it, and what will the interest be then? Let us say the rate goes to 4 percent; there is $3,000,000,000 a year of taxation. Who pays it? The poor man. Now, where is the argument about the poor man?

That is all I have to say.

Mr. BROWN. If the Senator will pardon me, I think he makes the usual error that men fall into when they try to separate the taxpayer in the States from the taxpayer in the Federal Government. He is one and the same fellow. He is the same taxpayer. With that fundamental fact in mind, the question is, Who is suffering the loss, both on the part of the Federal Government and on the part of the State governments, from the inability of the State and Federal Governments to collect the higher taxes which they would receive if these bonds were not tax-exempt?

Mr. BAILEY. Mr. President, may I interrupt my friend?

Mr. BROWN. The Senator may interrupt. I hope he will not take quite as long as he did before.

Mr. BAILEY. The Senator said I had fallen into a blunder. I hope I have not. I am not the same taxpayer and he is not the same taxpayer in the Federal jurisdiction that he is in the State jurisdiction.

Mr. BROWN. He looks out of the same eyes, and he speaks with the same mouth.

Mr. BAILEY. I want to elaborate that thought, because I think it is of the utmost importance here.

In North Carolina I am a taxpayer on real estate. In the Federal jurisdiction I am not a taxpayer on real estate.

In North Carolina I am a taxpayer on personal property. In the Federal jurisdiction I am not a taxpayer on personal property.

That distinction was laid down from the foundation of the Government; but if we pursue the tax policy which my friend is advocating we shall so deprive my State of North Carolina of revenue, or we shall so impose interest upon its bonds, that we shall drive the people of North Carolina and the legislature thereof to impose higher taxes on my real estate, on my farm down there, on the mules of the farmer, and the crop on his land. Yet it is said this would be a good thing that there is no distinction, that this scheme of things is relieving the poor man and vindicating him against the favors given to the rich. It is my solemn judgment that this very proposal, if adopted, will be reflected in increased taxes on every foot of land and every parcel of personal property in the country. Then my distinguished friend will have his theory right, that there is no distinction between the Federal taxpayer and the State taxpayer, but not until then. That is why I am resisting this proposal. I desire to forestall that day as long as I can. I think it is coming, but I wish to do my little part to prevent its coming.

Mr. BROWN. Certainly the State and Federal taxpayer, as one individual, pays his Federal and State taxes out of the same pocketbook. To his mind the total of those taxes is the important thing, whether it be a tax on real estate, an income tax, or a tax upon personal property.

Mr. BAILEY. I do not like to trouble my friend, but I was not saying anything about that. Of course, when a man pays money to any source, he pays it out of his own pocket. I would not like to suspect that the Senator would pay his tax out of my pocket. [Laughter.]

Mr. BROWN. I do not think the Senator would let me do that.

Mr. BAILEY. I think that is all beside the mark, of course, and is not worth even talking about. When a man pays money for taxes, he pays it out of his own pocket, and not out of that of his neighbor.

Mr. BROWN. All I am saying is that tax-exempt bonds today are permitting the escape, by the upper-bracket income-tax payers of the United States, and of many States in the Union, of somewhere between $200,000,000 and $400,000,000. As I stated a few days ago, only 13 percent of the total of all taxes—State, Federal, and municipal—are paid on a progressive principle, upon the ability-to-pay tax theory, which is conceded by all tax experts to be the soundest tax theory.

Mr. BAILEY rose.

Mr. BROWN. Just a moment, if the Senator will permit me. That means that 87 percent of our taxes are paid in the form of consumption taxes, real-estate taxes, to which the Senator has referred, and other taxes of that character, where the progressive principle, the principle of ability to pay, does not apply.

In a large sense, then, this $200,000,000 to $400,000,000 a year which is lost to the Federal Government—and that is 10 percent of our tax return, or was 2 or 3 years back—is being paid by those who are least able to pay.

I wish to get to the Senator's argument about the shift of the burden, and the argument which the Senator from Vermont makes, and which I am sure the Senator from Colorado made a few days ago, that the burden is shifted to the real-estate taxpayer. I have taken the estimates of Professor Lutz and the estimates of the Treasury Department. When the full effect of the amendment is felt, the taxpayer of the city of Detroit, in my State, on a thousand-dollar basis, would be paying 20 cents a thousand more, in 1960 assuming that to be the year in which the final effect of the amendment would be felt, than at the present time. He is paying now $27.90. According to the estimate of the Treasury Department, he would be paying $28.10.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BROWN. I wanted to give one more figure. I thought I had the information as to Raleigh, but I do not see it among my papers.

Mr. BAILEY. What does the Senator wish to know about Raleigh?

Mr. BROWN. I want to know what the tax rate is.

Mr. BAILEY. The tax rate in the city of Raleigh is $1.40, fixed for this year.

Mr. BROWN. That is a hundred?

Mr. BAILEY. Yes.

Mr. BROWN. Fourteen dollars a thousand.

Mr. BAILEY. We have the county tax to add, which is 90 cents, making $2.30.

Mr. BROWN. That is, $23 a thousand?

Mr. BAILEY. Yes.

Mr. AUSTIN. Mr. President, will the Senator yield before he leaves Detroit?

Mr. BROWN. In a moment I will yield. The situation in Raleigh, if substantially the same as it was in Detroit, according to the estimate, the increase in the tax would be somewhere between $23.10 and $23.18 a thousand. That is the estimate of the Treasury Department. Mr. Lutz has a different estimate.

Mr. BAILEY. Mr. President, if the Senator will pardon me, I do not think the Senator from Michigan could have apprehended what I was saying. He is off on a theory about something that will happen in 1960.

Mr. BROWN. Oh, no.

Mr. BAILEY. What Mr. Lutz said about it. I would not give a snap for what somebody estimated.

Mr. BROWN. The Senator has the same opinion of Mr. Lutz I have.

Mr. BAILEY. I do not know Mr. Lutz; but I am not concerned about 1960. The Senator may be here then, but I will not be. I am thinking about the public policy and the economic consequences. I want the Senator to see my point, though I do not like to interrupt him.

I was saying this policy of taxing the credit of my city of Raleigh and my State of North Carolina would drive the city of Raleigh and the State of North Carolina into further real-estate taxes.

Mr. BROWN. Exactly.

Mr. BAILEY. How can Mr. Lutz estimate it would be 20 cents on a hundred or a thousand in 1960? My city of Raleigh might want to borrow $200,000 next year. He does not know. The State of North Carolina may suffer a disaster, and may wish to borrow $50,000,000 next year. We may have to refund our road bonds, which amount approximately to $100,000,000. Mr. Lutz says that is 20 cents on a thousand. I would not care who said it, I would tell him he does not know what he is talking about. There is no sense in that kind of talk at all. I am dealing with a real situation, not a theory.

Mr. AUSTIN. Mr. President, will the Senator from Michigan yield?

Mr. BROWN. I yield.

Mr. AUSTIN. Let me also suggest that once Congress asserts the power of the Federal Government to tax the operation of making loans by States and municipalities, what is going to stop them from reaching back and taxing all the securities?

Mr. BAILEY. The Senator is wrong about that; Mr. Lutz is going to stop it. [Laughter.] We may have to let Mr. Lutz stop it.

Mr. AUSTIN. Before the Senator leaves the city of Detroit, I wish to call his attention to a table, probably prepared by Mr. Lutz, although I do not know that to be so. The table shows that in the case of Detroit, Mich., assuming the debt to be $443,107,000, the interest paid in 1936, $29,879,000, the increased interest cost, assuming a $60.20 change in yield basis for long- and short-term debt, respectively, $2,645,000, and the tax levy per thousand in 1936 in Detroit being $27.90. Does the Senator from Michigan question that the tax levy adjusted to include the increased interest on these assumptions I have made would be $30 a thousand?

Mr. BROWN. Let me clear that matter up, and I think the Senator and I can agree. In the first place, Mr. Lutz is talking about the effect when there were no more tax-exempt bonds, in other words, when all tax-exempt bonds

issued by the city of Detroit were eliminated, and all bonds issued by the city of Detroit were taxable. Mr. Lutz estimated that the additional interest cost on the $1,000 valuation per taxpayer would be $2.10 which, added to the $27.90 rate, would make the rate $30 instead of $27.90. That is my understanding of his estimate.

Mr. AUSTIN. Does the Senator question that estimate?

Mr. BROWN. Yes; I do.

Mr. AUSTIN. Before I sit down I wish to say that I do not think the Senator is quite just to Mr. Lutz, and I think he has created an erroneous impression. Mr. Lutz is not the only expert who testified. There were other professors. I understood the Senator from Michigan to claim that Mr. Lutz was the only professor who testified to the additional burden of taxation.

Mr. BROWN. I did not say that. I said I understood Mr. Lutz was the only man from the teaching profession, economist, so-called, who came here and opposed the general proposition which I am advocating today.

Mr. AUSTIN. Did not Professor Buehler, of the University of Vermont, come also?

Mr. BROWN. If he did, it escaped my notice.

Mr. AUSTIN. How about Professor Logan, of the University of Pennsylvania?

Mr. BROWN. I looked over the index of witnesses who testified, and I based my statement upon that. I was not paying attention to telegrams, and things of that sort, but I was talking about testimony.

Mr. AUSTIN. At the Senate committee hearings did not Prof. William J. Schultz, of the College of the City of New York, testify and state:

As study of the estates of rich decedents shows, our wealthy men still keep the major part of their wealth in junior issues. Tax-exempt bonds never gave anyone control over an enterprise. And the power and opportunities for capital gain that inhere in common stocks are not to be surrendered lightly—even for a substantial tax saving.

Does the Senator recall that?

Mr. BROWN. I did not say that none of these professors made any statements which the Senator from Vermont has used in the advocacy of his position, but I do say that Professor Schultz positively asserted that taxation exemption in Government securities should be ended.

Mr. AUSTIN. What about the testimony of Mr. Magill, former Assistant Secretary of the Treasury? Did he not say that there was no inducement of financial character in entering upon this road? Does the Senator understand that that was his position?

Mr. BROWN. Professor Magill took the trouble to write and have inserted in the RECORD, the pages of which I do not have before me now, his statement that he was in favor of the general proposition which I am advocating here today, and my general statement is that I know of no witness other than Professor Lutz, from the teaching profession, who did not take the position that I am taking here now.

Mr. BAILEY. Mr. President, I should like to respond for a moment.

Mr. BROWN. I yield to the Senator from North Carolina.

Mr. BAILEY. The Senator is overlooking the fact that the $30, I think, which Professor Lutz says we shall have to pay in our States on account of this tax, this right of the Federal Government to tax our bonds, is a capital levy, not based on ability to pay. The farmer pays it on his timber, whether he sells the timber or not.

That is enough for that. I am not disposed to resolve this question according to what the economists say, mainly because the economists never agree.

Mr. BROWN. They agreed pretty well in this case.

Mr. BAILEY. I think the Senator from Vermont disagrees with the Senator from Michigan as to that. I do not know. But I wish to point out another fact. The Federal Government has now employed 12,000 economists.

Mr. BROWN. The Senator cannot blame that on me. [Laughter.]

Mr. BAILEY. But there they are.

Mr. BROWN. The Senator has the same responsibility in that respect that I have.

Mr. BAILEY. We would have been just as well off if we had employed 12,000 auditors, so far as any light on this question is concerned. This question is not one for economists. It is a great, profound question of sovereignties in this country, and the consequence of the Federal power to tax the State or city bonds, as well as the right of the State or city to tax the Federal bonds. That is a question, I think, that we as Senators may be able ourselves to think about, especially in view of the fact that we have some 12,000 economists in the Government, and if they have ever given us any economic light upon which the Senate could rely I do not know what it is.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a moment?

Mr. BROWN. I yield.

Mr. AUSTIN. I do not desire to take the time of the Senator to read Mr. Magill's testimony, but I wish to call attention to the yellow book entitled, "A Legal Defense of the Continued Integrity of the Fiscal Powers of the States," by the attorneys general of the States and counsel for certain of their municipal subdivisions, at page 263, and I should like to have inserted in the RECORD therefrom Mr. Magill's testimony on the proposition that he favored the constitutional method as distinguished from the legislative method in order to bring the income from State and municipal bonds within the income-tax law. I ask unanimous consent to have that extract inserted in the RECORD at this point.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

4. Tax-exempt interest: The subcommittee attempted to find some way whereby the interest on future issues of Federal, State, and municipal securities could be subjected to the income tax. It was agreed that effective action should be taken as promptly as possible to eliminate tax exemptions for the future. A good deal of attention was directed to the proposal made by Senator CARTER GLASS, then Secretary of the Treasury, that the interest on Federal, State, and municipal securities should be taken into account in determining the rates of tax applicable to the taxpayer's income from other sources. The subcommittee concluded, however, that the validity of a statutory provision of this character was very doubtful in the light of the reasoning in the line of Supreme Court decisions culminating in *Fox* v. *Dravo Contracting Company* (301 U. S. 665); and that it would be best to make the change by constitutional amendment rather than by a statute.

Mr. BROWN. Mr. President, I ask unanimous consent that immediately following the insertion just requested by the Senator from Vermont there be inserted a short statement from John P. Wenchel, Chief Counsel of the Bureau of Internal Revenue, contained in the hearings before our special committee, setting forth a letter from former Under Secretary Magill.

Mr. AUSTIN. I have no objection. I do not know what that is.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATEMENT OF JOHN PHILIP WENCHEL, CHIEF COUNSEL, BUREAU OF INTERNAL REVENUE

Mr. WENCHEL. This committee has been most generous in listening to the arguments presented by the many persons appearing before it. I am fully aware that you are desirous of hastening your executive study and consideration of the material presented. I shall therefore endeavor to be as expeditious as possible.

In the legal brief filed with this committee by the States—the so-called Yellow Book—and in the arguments of some of the States' representatives, it has been stated that as late as last year the Treasury Department was of the opinion that a constitutional amendment is the only effective method of subjecting to income tax public salaries and income from public securities. This position, it is claimed, was registered through certain statements of former Under Secretary Magill. In order that the committee have the benefit of all the facts and circumstances incident to the making of those statements by Mr. Magill, I offer for the record the following correspondence. I wrote to Dr. Magill and asked him what his position in the matter was, my letter being as follows:

"TREASURY DEPARTMENT, *February 11, 1939.*

"Dr. ROSWELL MAGILL,

"*35 Claremont Avenue, New York, N. Y.*

"DEAR DR. MAGILL: Following our conversation this morning, I am transmitting you a copy of the so-called Yellow Book on the constitutional immunity of State and municipal securities, filed by the

attorneys general of the States, and counsel for certain of their municipal subdivisions, before the Brown committee. Your attention is called to certain statements attributed to you as to the need for a constitutional amendment to eliminate tax immunity. These statements appear on pages 362, 363, and 364.

"I shall be greatly obliged to you if you will reexamine these statements and advise me whether in the light of the Gerhardt decision you are still of the opinion expressed in these statements.

"Sincerely yours,

"J. P. WENCHEL, *Chief Counsel.*"

His reply is to this effect:

"COLUMBIA UNIVERSITY, SCHOOL OF LAW,
"February 14, 1939.

"DEAR MR. WENCHEL: You have asked me to give you a statement of my views regarding the proposed statute to end intergovernmental tax exemptions.

"I have always believed that the sixteenth amendment was intended to mean, and did mean, what it says—that income from any source whatever should be subject to tax. Dicta in the earlier Supreme Court decisions, however, indicated that the amendment did not enlarge the taxing power. I urged privately and officially that the Gerhardt case should be taken to the Supreme Court, in order to determine directly whether the present membership of the Court adhered to the earlier dicta. The decision itself and the reasoning whereby the decision is reached, are strong encouragements to the belief that the Court will now uphold the constitutionality of a statute subjecting the future salaries of State and municipal officials and the interest on future issues of State and municipal securities to the Federal income tax. I hope that such a statute will be passed.

"Sincerely yours,

"ROSWELL MAGILL."

THE CONSTITUTIONAL QUESTION

Mr. BROWN. Mr. President, I had intended to devote this hour to the argument of the question upon the economic side, but the Senator from North Carolina [Mr. BAILEY] and many other Senators have, I think, brought out the facts pretty well in our behalf, and I think I could pass on at least to the start of the constitutional arguments involved. I am sorry the Senator from Vermont devoted all his time to the immunity rule. The Senator has an hour, I understand, later on, when he can discuss the matter further; and do I understand that he will then discuss the application of the sixteenth amendment to this proposition?

Mr. AUSTIN. It is my intention to do so.

Mr. BROWN. I feel that I should devote the remaining 15 minutes I have at least to a preliminary discussion of that proposition, particularly in answer to what the Senator from North Carolina [Mr. BAILEY] has said.

Of course, the Senator concedes that the people of the United States have a right to change a rule whether it be statutory or constitutional. I do not for one moment concede that the immunity rule defeats the amendment; in other words, that the amendment is unconstitutional because of the immunity rule. That matter I leave with the argument which we placed in the RECORD last Friday, which, I think, if this matter ever reaches the courts, would be considered in a determination of the legal question involved. But I say to the Senator from North Carolina that if the people of the United States felt that the application of immunity rule to a bond-tax proposal was wrong, if they felt that the principle which he has adverted to here should no longer rule in the United States, they had a right to change it, and it is my contention that they did change the rule.

As early as 1861 the Congress of the United States laid a tax upon the income from municipal bonds. In the first income tax we ever levied we provided that a tax should be laid upon—

> Income from any kind of property, from any profession, trade, employment, or vocation carried on in the United States, or from any other source whatever.

The rates were increased in 1862, doubtless to carry on the financing of the Civil War, and there was written into the statute law of the United States again the phrase that income was to be taxed—

> From all kinds of property, rents, dividends, salaries, or from any other source whatever.

In 1864 the rates were again increased, and taxation was levied upon incomes from practically all sources by name—

> Rents, interest, dividends, salaries, income from profession, trade, employment, or vocation, or from any other source whatever.

In 1865 the law was again amended, the rates increased, and taxation levied upon—

> Income from any source whatever.

In 1867 and in 1870 the rates were again increased, and incomes were taxed upon—

> Any source of income whatever.

I am emphasizing the phrase which appeared in each one of these statutes—

> Income derived from any source whatever.

In 1894 we again passed an income-tax law, and an income tax was levied upon all forms of income except the income received by judges. That was done because of the decision in Collector against Day, in which it was said that the immunity rule prevented the taxation of State judges.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AUSTIN. Marking the time so distinctly brings the point out very clearly, and I am glad the Senator has done so. His last date preceding 1873, I think, was 1867. Is that correct?

Mr. BROWN. March 7, 1867.

Mr. AUSTIN. I call attention to the fact that the United States Supreme Court in the case of *United States* v. *Railroad Co.* (17 Wall. 322) in 1873 held that the Federal Government is forbidden to tax income on bonds owned by the city.

The Senator referred to the date of 1894. That immediately preceded the case of *Pollock* v. *Farmers Loan & Trust Co.* (157 U. S. 429; 158 U. S. 601), which was decided in 1895. State and municipal bonds were held to be immune from Federal income tax, and the income tax on the source of invested capital was held to be a direct tax, requiring apportionment. The tax on income from other sources was held not to require apportionment.

That probably can be accepted as the law, being the decision of the highest court of the land.

Mr. BROWN. The Senator merely states a fact which I was about to state. After Collector against Day, which was decided in the seventies, when the next income tax was levied, which was in 1894, in deference to Collector against Day, the salaries of judges were expressly excepted; but the 1894 act—which, as the Senator said, was the basis of the Pollock case, which will be the subject of considerable discussion—specifically laid a tax upon income of all kinds, with the one exception I have mentioned, including a tax upon the bonds of municipalities. There was no question in the mind of anyone who had anything to do with the enactment of the act of 1894 that a tax was to be levied upon the income from bonds. That was the subject of extended discussion which resulted in the decision in the Pollock case. I may say that the CONGRESSIONAL RECORD shows that when the 1894 act came before the Senate, Senator Hill, of New York, offered an amendment expressly exempting municipal bonds from the provisions of the 1894 act, and the Senate rejected that amendment. So there can be no question about the fact that in 1894 the Senate knew that it was levying a tax upon bonds, although it was not expressly so stated in the statute.

We come back to the proposition that that tax was levied in the same language to which I have repeatedly referred. It was levied under authority of the language "or from any source whatever." I cannot overemphasize the fact that in the six statutes, every one of which contained the phrase "or from any source whatever," a tax upon the income or interest from municipal bonds was levied by the Treasury Department, was paid by the people of the United States, and was recognized by the Senate, in view of the Hill amendment and its defeat, to which I have referred, as the basis for the tax upon municipal bonds. The importance of that phrase will appear very shortly.

Mr. Pollock was a stockholder in the Farmers' Loan & Trust Co., of the city of New York. The Bureau of Internal Revenue proposed to levy an income tax on the income earned by that bank. Mr. Pollock attacked the tax. He brought a suit for

the purpose of preventing the corporation from paying the tax on the ground that it was illegal under the so-called immunity rule, also upon the ground that an income tax violated the provision in the Constitution which required that the tax, being a direct tax, be apportioned on a per capita basis.

There can be no question that the Pollock case had in it these two issues, among others: First, could the United States Government levy a tax upon the income from a municipal bond? Second, could the United States levy a tax which was not apportioned on a per capita basis according to population throughout the United States, as the Constitution provided?

The Pollock case was decided upon both propositions. It was before the Supreme Court twice, the second time upon rehearing, because on some of the issues in the first case the Court divided 4 to 4.

Mr. President, I wish to demonstrate to Senators who do me the honor of listening to me that the Pollock case was decided expressly upon the proposition that no constitutional power existed in the Congress to tax the income from a municipal bond, because such a tax was in violation of the immunity rule which stemmed from McCulloch against Maryland. All students of the Pollock case down to very recent times—and it was one of the most important cases decided in the history of the United States—have laid great emphasis upon the other side of the question, the apportionment issue, and the Court itself laid great emphasis upon that proposition; but in the majority opinion Mr. Justice Fuller said—and I am quoting his exact language—

> While as to the income from municipal bonds, that could not be taxed because of want of power to tax the source.

I wish to make it plain, and I repeat, that the Pollock case was not decided, as many Senators in subsequent debate in the Senate stated, upon the apportionment question alone. It was decided upon the proposition that the Federal Government had no power to tax the income from a municipal bond, because such a tax was a tax upon the bond itself and was thereby in violation of the immunity rule, which, stated briefly, is that one sovereignty shall not lay a tax upon the other.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. ADAMS. Upon that point the Court was unanimous. There was no difference of opinion on that question.

Mr. BROWN. I am not sure as to that detail.

Mr. ADAMS. I am quite sure.

Mr. BROWN. Mr. Chief Justice Fuller decided that question.

Mr. ADAMS. One of the judges in his opinion referred to the fact that the opinion was unanimous on that point.

Mr. BROWN. I am very happy to concede that point, if I may do so, because it strengthens the position I am about to take.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. BROWN. I yield.

Mr. AUSTIN. I wish to ask the Senator's view about the Pollock case in this respect: Does the Senator hold the view that the Pollock case allowed the Federal Government to tax certain things without apportionment, and did not allow the Federal Government to tax certain things at all, and that it was the element of the Pollock case which provoked the subsequent action on the sixteenth amendment? That is to say, did the Pollock case allow the Federal Government to tax without apportionment income from the source of salaries or offices, but not from the source of real or personal property; and are the words "from whatever source derived" intended to eliminate the need for apportionment as between the two types of tax?

Mr. BROWN. I will answer the Senator by asking him a question. Has he read the briefs in the Pollock case?

Mr. AUSTIN. No.

Mr. BROWN. I have read the briefs in the Pollock case. They are set forth in outline manner in the Supreme Court report itself. There were two principal grounds of attack: First, that the income-tax law of 1894 violated the rule of apportionment, the necessity of basing the tax on a per capita basis; second, that it violated the immunity rule by taxing the interest on bond issues of another sovereign in our form of government.

In direct answer to the Senator from Vermont, I say that the Court held, first, that the tax was not valid because it was not apportioned on a per capita basis. It also held that the tax was not valid because, insofar as the municipal bonds were concerned, it was a tax upon the source. On that proposition, if that is the answer the Senator desires from me, of course, the tax on municipal bonds was unconstitutional, in the opinion of the Court, on both bases, first, because of the immunity rule and, second, because the tax was not apportioned.

Does that give the Senator the answer he desires?

Mr. AUSTIN. I do not think so. I understand that there were five principal issues before the Supreme Court in that case, and that the Supreme Court passed upon only two of those issues. One of the issues was passed upon directly, and that was the subject of the taxation of the interest on bonds of municipalities and States.

Mr. BROWN. The Senator is correct about that. It directly passed upon the question of the immunity rule, and stated that municipal bonds could not be taxed because such taxation was in violation of the rule laid down in McCulloch against Maryland, in violation of the immunity rule.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the pending resolution, Senate Resolution 293, under the precedents, will be placed on the calendar, and the Chair lays before the Senate the unfinished business.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Michigan [Mr. BROWN].

Mr. CAPPER. Mr. President, I desire to state briefly my position in support of the amendment offered by the Senator from Michigan [Mr. BROWN]. I have been urging for many years that the issuance of tax-exempt bonds be stopped. I have introduced measures to that effect, session after session. I do not believe there is any substantial question as to the basic soundness of the proposal. The objections come from those who want to use tax-exempt bonds to escape paying income taxes and from those who believe that the immediate result would be, as it would be, to increase the rate of interest the Government, and also State and municipalities, will have to pay. Personally, I am not certain that would be an unmixed evil. I think entirely too much of the capital of the country is being invested in tax-exempt bonds, not enough in private industry.

To those who object to Government in business, I think the Senator from Michigan gave an excellent reason Saturday why they should support this amendment. He pointed out, on page 12189 of the RECORD, that to a man with $500,000 income, a 3-percent tax-exempt Government bond yields the same income as a corporation bond bearing 10.7 percent. In other words, tax-exempt bonds stand in the way of private investments in industry.

Let me remind the Senate that this measure certainly is not partisan in character. In January 1939, President Roosevelt sent a message to Congress urging this action. He stated the case very clearly, I thought, when he said:

> A fair and effective progressive income tax and a huge perpetual reserve of tax-exempt bonds could not exist side by side.

I call attention also to the fact that the No. 1 tax recommendation of the Republican program committee headed by the late Dr. Glenn Frank was this:

> Elimination of all tax exemptions of future issues of Federal, State, and municipal securities.

I believe it to be true that every President since Woodrow Wilson, and every Secretary of the Treasury since CARTER GLASS, of Virginia, have pointed out the inconsistency, the

injustice, and the futility of levying a steeply graduated income tax and at the same time continuing to sell tax-exempt bonds to wealthy investors who want to escape the high taxes. Secretaries Glass, Houston, and Morgenthau, Democrats, took this position. So did Secretaries Andrew W. Mellon and Ogden Mills, Republicans.

I shall support the pending amendment. It should have been made the law of the land long ago. I sincerely trust the Senate will adopt it, and that the conference committee will keep it in the bill.

Mr. GEORGE. Mr. President, I inquire if the Senator from Michigan desires to proceed further at this time?

Mr. BROWN. I do not. I feel I am getting to the real meat of my discussion, and I should very much prefer to yield the floor, if I have it, and make the remainder of my argument later in the day, after the Senator from Vermont shall have discussed the question.

Mr. HARRISON. I understand the Senator from Georgia desires to speak for a few minutes.

Mr. BROWN. I do not understand that I have the floor.

Mr. GEORGE. I know the Senator does not have it, but I asked if he desired to continue his discussion at this time. I wish to say a few words generally on the pending bill, and on the contrary theory which has been presented as the method of computing excess profits, namely, the Excess Profits Tax Act of 1921.

There is no opposition to a true excess-profits tax. All of us who have the welfare of our country and the success of the national-defense program at heart recognize that such a tax must be made a temporary part of our revenue system. However, we also recognize that an excess-profits tax is an extremely delicate device. It can have consequences diametrically opposed to those desired and intended. The utmost care is necessary if it is to serve its true function, if contrary consequences are to be avoided.

For over 10 weeks the Committee on Ways and Means of the House of Representatives and the Senate Committee on Finance have been engaged in an effort to frame a true excess-profits tax. This effort has been directed in large part to a correction of the innumerable defects of the excess-profits tax which was previously a part of our revenue system.

The foremost indefensible feature of the invested-capital method of computing excess profits alone, such as was carried in the acts of 1917, 1918, 1919, and 1921, is that it rejects all past experience as an alternative measure of normal profits and offers a flat 8-percent return on invested capital as the sole standard.

The difference of opinion lies not in any disagreement as to the inadequacy of the invested-capital method as a sole measure of normal earnings. It is quite frankly conceded that the result of the single invested-capital method will be to apply the extraordinary excess-profits rates in many cases to corporate profits arising from normal business in no way attributable, either directly or indirectly, to the national-defense program. Indeed, the application of the tax on such profits is openly advocated upon the ground that thereby competitive conditions in the field of corporate activity will be more nearly equalized.

This principle, Mr. President, from whatever source it may arise, carried to its logical conclusion, leads inevitably to the assertion of the doctrine of which we have sometimes heard, of the division of wealth in America.

The purpose of the excess profits tax provision of this bill, as I understand it and as I firmly believe it should be, is to prevent the creation of "war millionaires," or better, "national-defense millionaires," to prevent profiteering and runaway prices, and to make our national-defense program pay for itself, insofar as possible, out of the increase in profits which it will bring about without stifling normal business activity, from which the bulk of our revenues must be raised through the normal taxing procedure. The excessive spending due to the national-defense program should be the means of restoring prosperity in this country, and it may be the avenue through which we can take up unemployment in the country. But that can be true only if we meet the situation wisely so far as our tax measures are concerned.

Mr. President, the proposed excess-profits tax must be limited to this purpose and normal corporate profits must be exempted therefrom. Unless this be accomplished we will not discourage price increases and profiteering, but will invite them; we will not stimulate private investment, but will destroy it; we will not foster normal business activities, but will depress them; we will not hold out opportunity to our young people, but will only offer them more years of depression; we will not facilitate the defense program, but will jeopardize it.

No matter how heavily we may tax the profits derived from the defense program we know full well that it cannot pay for itself nor can the taxes on defense profits be made to pay the ordinary expenses of our Government. We cannot permanently solve the problem by borrowing, even by forced borrowing. The limit would inevitably be reached, with inflation or repudiation the consequences. If we are to close the gap between our expenditures and receipts, as we must, the national income from normal activities must be increased and we must adopt tax policies which will produce this result.

The extensive hearings before the two committees of Congress stand as conclusive proof of the fact that adoption of the single test of return on invested capital would fail in innumerable cases as a measure of normal profits and would result in serious inequities and hardships.

The profits earned by American business do not depend solely on capital, solely on the investment of money or property in enterprise, nor do they increase or decrease in proportion to increase or decrease in such investment. They depend in large measure on the energy, the imagination, the ingenuity, the courage, the perseverance, the skill, the unremitting effort, and hard work, and the honestly attained reputation of individuals.

This is particularly true in the case of small or relatively new concerns; of 75 percent, perhaps, of all American corporations.

In the opinion of both the House and Senate committees, the invested-capital method does not represent an adequate measure of normal profits when these important earning factors predominate over invested capital. They have, therefore, recommended the alternative average-earnings test as the most effective solution of this problem. It is their opinion that the American citizen should at least be entitled to earnings equal to his average earnings during a period antedating the inauguration of the defense program before the drastic excess profits tax rates apply. Thus, the average-earnings and invested-capital methods do not represent two opposing theories of excess-profits taxation. On the contrary, they are component parts of a fundamental policy, and a policy, I may say, which must be still further relieved by general exception or general relief provisions if we are not to work intolerable hardship, if not destruction, upon many types of business in our country. That policy is to impose a true excess-profits tax, to prevent excess profits, and concurrently to permit normal profits. This policy demands realistic measures of normal profits which will apply equally and fairly to all.

It is said that the alternative method of the bill will perpetuate monopolistic corporations in their monopolies. Exactly the contrary is true. By eliminating the average-earnings method, we would impose on the little-business man, trying to match his energies and abilities against the large capital of his old-established rival, a burden which would make it impossible for him to gain ground on that rival, to compete successfully with him, or to grow and become likewise an established business. The invested capital of the old-established business usually represents the accumulated earnings of the past. If a heavy burden is to be placed on new businesses so that they cannot accumulate capital themselves, how can they ever compete successfully with the old? This means the perpetuation of monopoly.

It is insisted that the invested-capital method only—that is, used as a single method of computing the excess-profits tax—recognizes the sound principle of ability to pay. On the contrary, the single method advanced is a complete departure from that principle. It would impose taxes upon a basis which has no relation whatever to ability to pay, except a possible political relation, easily stated, but not at all understandable when one is seeking the truth.

The burden of a tax measured by invested capital would be relatively easy for the large corporation to bear. The smaller corporation, however, would find itself shackled by the imposition of burdens out of all proportion to its ability to bear them.

I quite agree with the testimony of the members of the Advisory Commission to the Council of National Defense. It is of utmost importance to prevent improper price increases. Uncontrolled spiraling prices were one of the consequences of the last war. It must be admitted that our old excess-profits taxes contributed during the World War to inflationary price increases. A true excess-profits tax will assist in controlling, and will be designed to discourage improper price increases.

We believe that increased prices to consumers will create more damage, more loss of purchasing power, more suffering to the people of this country than can be or should be compensated for by whatever additional revenues, if any, will flow into the Treasury from unsound tax policies.

Perfection is not claimed for the amendments recommended by the committee. No one would have hoped to produce a perfect bill in the time available, assuming that a perfect excess-profits tax can ever be drafted. I do claim, however, that the bill, as reported by the Committee on Finance, with certain exceptions, is immeasurably better than a reenactment of the thoroughly discredited excess-profits laws of 1917 to 1922.

Mr. AUSTIN. Mr. President, will the Senator yield? I thought the Senator was about through. In the Senator's time, before he takes his seat, I desire to put something in the RECORD.

Mr. GEORGE. I shall be happy to have the Senator do so.

In the most generally accepted sense, the taxes which will result from the House bill and from the Senate bill, as it now stands, must be said to arise not from excess profits but from normal profits, since those taxes, which are in most instances material, result from net profit—after normal taxes—of no more than the particular corporation has already enjoyed during the base or normal period. As corporations begin to earn real excess profits, in excess of what they have enjoyed in the past, the taxes payable under either bill will greatly increase. In fact, 51.55 percent of every dollar of increased income after normal taxes would be taken away under the Senate bill as it now stands, and from 45 to 54.1 percent would be taken away under the House bill as it originally stood. I believe those figures to be approximately correct only.

Two of the principal discriminations eliminated from the bill, as it passed the House and came to the Senate, are the 4.1 percent of normal-tax income imposed by the House bill upon prior-earnings corporations, and the variable rate between the two elective bases. These two discriminations alone would have placed upon the prior-earnings corporations—that is to say, corporations taking their prior earnings as the base for computing the excess-profits tax—a disadvantage of at least 10 percent. Even though these two glaring discriminations have been eliminated, the ratio of taxes to earnings is still materially higher in the case of past-earnings companies than in the case of invested-capital companies.

It has been said by some that invested capital alone should be used as a base in order to place a floor upon all profits, whether normal or abnormal. Brushing aside the pregnant question as to whether or not this is a proper American objective, brief consideration will show that the method proposed is viciously unfair, even if the objective were desirable. The proposal entirely loses sight of the simple fact that the concept of invested capital, particularly when it does not provide for a fair present valuation of intangible assets, is completely at variance with the facts as we find them.

With the possible exception of comparatively new corporations, the individuals who today own our American corporations are of quite different identity from those who originally organized them. In almost every instance the present owners paid quite a different sum, either more or less, for their interest than their predecessors originally put up. A mere glance at the facts shows that the stock of many corporations is today worth many times their invested capital, and vice versa. Therefore a tax rested solely on invested capital would permit one individual owner of stock to earn a high percentage of the price he paid for his stock, whereas another could earn but a pittance on his actual investment.

To cite just two examples out of many—and I use these examples not for the purpose of raising an invidious comparison—the invested capital of the Youngstown Sheet & Tube Co. on December 31, 1939, was approximately $177,000,000, and the market value of its stock on the same date was only approximately $90,000,000, whereas on the same date the invested capital of the Air Reduction Co. was about $40,000,000 and the market value of its stock was about $146,000,000.

Therefore, if only invested capital were used, and an 8-percent return permitted, as in the Senate bill, a stockholder in Youngstown Steel & Tube could earn almost 16 percent on his actual money investment, whereas a stockholder in Air Reduction could earn only slightly more than 2 percent on his investment. Bear in mind that these examples are typical, are taken at random, and by no means represent abnormal situations. It must, therefore, appear to every reasonable man favorable to the American system of free enterprise that the elective base is vitally necessary.

Mr. President, if I may add a word, under the invested-capital method or rule the largest corporations in the United States, which will profit most directly from the national-defense program, will pay no excess-profits taxes whatever during this year and during next year. The railroads of the country, which will profit, will not, by virtue of their large invested capital, pay any excess-profits tax. The United States Steel Corporation will pay no excess-profits taxes, and so on. But the little corporations, in which men with limited capital have matched their energy and their courage against vast concentrations of wealth and have proposed to fight it out in the struggle to live, will pay tremendously high excess-profits taxes.

There appeared before the committee the Honorable William S. Knudsen, not to give the views of the National Defense Council upon the question of excess-profits taxes, but to give his own personal views, and they are stated so simply, out of the abundant experience of a businessman, so directly, so clearly, that I think I should conclude with a quotation from his testimony. He said:

> I assume that you intend this to be an excess profits tax law, as its name implies. That seems to me to mean a tax on the excess profits which may flow to various companies directly or indirectly as a result of the defense program. Consequently it seems fair that this should be a tax on earnings above their normal past record and not a tax based solely or largely on earnings above some arbitrary percent or standard. I do not think a penalty tax should be imposed on normal earnings.

Mr. President, in that brief statement Mr. Knudsen, out of the abundance of his rich experience as a man of action, has summed up the whole case for the basic theory upon which the pending bill is written.

Mr. AUSTIN. Mr. President, will the Senator from Georgia yield?

Mr. GEORGE. I yield to the Senator from Vermont.

Mr. AUSTIN. I thank the Senator from Georgia for his generosity in giving me a few moments of his time.

I wish to have the RECORD contain a computation and opinion which I received this morning from a man whose judgment I consider worthy of reliance, and who has been named here under what I think are misleading circumstances. I refer to Harley L. Lutz, professor of public finance of Princeton University, who made a report for the comptroller of the State of New York, Hon. Morris S. Tremaine, on the fiscal and economic aspects of the taxation of public securities. This report I have in my hand, and Senators can observe that it is

a substantial volume. It was submitted to the Congress of the United States by the comptroller of the State of New York through our special committee, and I assume that no one in the Senate except the members of the committee has read it.

The subject of financing national defense, of course, is of the greatest importance at the present time. Therefore I desired to ascertain the view of this expert on the effect of the pending amendment on the financing of national defense. This morning I received from him a memorandum from which I read the following:

The effect of subjecting national-defense bonds to Federal taxation will be to increase the effective interest cost of such borrowing by approximately $6 to $7 per $1,000 annually. An increase of $6 per $1,000 for interest means $6,000,000 annually per billion dollars. The total defense borrowing cannot now be predicted, but if it should be $20,000,000,000, the total annual increase in interest cost would be $120,000,000.

I ask unanimous consent that the memorandum be printed at this point in full.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The effect of subjecting national-defense bonds to Federal taxation will be to increase the effective interest cost of such borrowing by approximately $6 to $7 per $1,000 annually. An increase of $6 per $1,000 for interest means $6,000,000 annually per billion dollars. The total defense borrowing cannot now be predicted, but if it should be $20,000,000,000, the total annual increase in interest cost would be $120,000,000.

The taxation of the interest paid on these bonds will produce less in revenue than is paid in added cost. No precise estimate is made of the excess of cost over revenue.

The process of arriving at these conclusions is as follows:

(1) The average yield of long-term Treasury bonds, January–July 1940, equals 2.30 percent.

(2) Considering simply the corporate investors, since they hold the major portion of the Federal paper, we assume that they would want to buy the new taxable issues on a basis that would yield about the same net return as they now get on outstanding issues. The large supply of nontaxable bonds available will meet their needs and render the more likely a price differential against the defense bonds which reflects the tax.

(3) The rate of ordinary corporation tax, as proposed by the Senate Finance Committee, is to be 24 percent. In order to obtain a yield of 2.30 percent after a Federal tax of 24 percent, corporate investors would need to figure on a yield basis, before taxes, of approximately 3 percent.

(4) This is equal to a rise of 70 points in the yield rate as a result of the tax. It means added interest cost, in the case of long-term bonds of $7 per $1,000.

(5) To be conservative in this estimate, let us take added interest cost of $6 per $1,000. This equals an added cost of $6,000,000 per billion of debt. If the defense program results in total new taxable debt of $20,000,000,000, the added interest cost resulting from the tax will be $120,000,000 annually.

(6) The added Federal revenue will not equal this cost for these reasons:

(a) In any year many corporations will have no net income. In 1937, there were 192,028 corporations reporting net income, and 285,810 corporations reporting no net income. Those with no net income had 22 percent of the total Federal interest reported as subject to excess-profits tax. Had this plan been in effect in 1937, about one-fifth of the interest paid would not have been taxable because of corporate deficits.

(b) Some classes of corporate investors are exempt from Federal-income tax, notably mutual savings banks.

(c) Some of the defense bonds will be acquired by Federal agencies paying no taxes.

(7) None of the cases cited above (i. e., corporations incurring deficits, exempt institutions or Federal agencies) can afford, however, to buy the taxable bonds except at a price which will protect them against the tax. Any given corporation may be in the red this year, but it may have a taxable profit next year. The exempt institutions know that their exemption can be withdrawn at any time. Even the Federal agencies dare not disregard the market, for they may need to realize cash by selling their holdings, and if they should disregard the market situation in buying the bonds, they are likely to take a loss in selling them.

(8) The conclusion is that Federal interest cost will rise by more than the amount of the revenue gain to be expected. No estimate is given of this difference, but it will be enough to be worth thinking about.

(9) It would be possible, assuming that the market would go along, to save somewhat on interest costs by issuing large amounts of Treasury notes, which, because of their short maturity, are on a lower-yield basis than the long-term bonds.

This would be very dangerous. The buyer of Treasury notes accepts a lower yield because the short maturity keeps him closer to a liquid basis. By the same reasoning, the Treasury bill yields almost nothing at all, but its holders are never more than 90 days away from complete liquidity.

If the Treasury were to try to float the entire defense loans on a Treasury-note basis, the preferred position which the notes now enjoy would disappear. Higher coupon rates would be inevitable, for the great increase in short-term maturities would present serious refunding problems before the emergency had passed. Hence, while the Treasury notes may be increased somewhat, no material saving in interest cost is likely to occur by this means.

(10) The maturity schedule of the Federal debt should be considered by those who want to make Federal borrowing more difficult at this time.

As of July 31, 1940, there were fixed maturities, exclusive of Treasury bills, as follows:

1940 Treasury notes	$737,000,000
1941 Treasury notes	1,385,000,000
1941 Treasury bonds	834,000,000
Total fixed maturities to Dec. 31, 1941	2,956,000,000

The market must absorb the refinancing of this total by the end of 1941, in addition to the defense issues. To the end of 1943 this total of fixed maturities will be increased by $2,329,000,000, making a grand total of $5,285,000,000. (See Bulletin of the Treasury Department, August 1940, p. 21.)

The refinancing of $5,285,000,000 of tax-exempt bonds, in a period when the Treasury must put out many billions of taxable bonds, will produce a complicated, if not a chaotic, situation in the market. The result will be, possibly, even worse from the standpoint of the effect on the coupon rates and yield basis of the taxable bonds that has been suggested above.

Mr. HARRISON. Mr. President, a few days ago, following the President's message, taking into consideration the necessity of legislation on the social-security features of the tax law in reference to the war, and also with reference to legislation affecting the action of the Railroad Retirement Board and legislation affecting veterans, the Senator from Michigan [Mr. VANDENBERG] offered an amendment which he intended to make so broad as to get the matter in conference, where we could call in the representatives of the departments and have adequate legislation written. We adopted the amendment offered by the Senator from Michigan, but we find that it is not quite broad enough to cover the matter. Therefore, the draftsmen have drafted an amendment, which I shall offer on behalf of the Senator from Michigan as a substitute for his amendment, which would broaden the provisions of the bill and enable us to look into the whole subject. I ask unanimous consent that the vote by which the Senator's amendment was agreed to be reconsidered.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, the vote is reconsidered, and the clerk will state the amendment offered by the Senator from Mississippi on behalf of the Senator from Michigan [Mr. VANDENBERG] in the nature of a substitute for the amendment previously adopted.

The CHIEF CLERK. It is proposed to add at the end of the bill the following:

The President is hereby authorized to establish a system of allotments and allowances for the dependents of persons serving in the land or naval forces of the United States, to provide a modified system of insurance for persons serving in such land or naval forces, to provide unemployment allowances for such persons upon termination of their service, to preserve and modify benefit rights of such persons under the Social Security Act, as amended, and the Railroad Retirement Act, as amended. The President is authorized to call upon such agencies of the Federal, State, or local government as may be necessary to carry out the administration of such programs. There is hereby authorized to be appropriated such sums as may be necessary to carry out such program. Any law or laws in conflict with Executive orders issued under the authority of this section shall be repealed or modified to the extent of such conflict.

Mr. TOWNSEND. The Senator from Michigan is not present. Is he familiar with the proposed amendment?

Mr. HARRISON. I am sure he is, because I discussed the matter with him. If he shall have any objection in the world, I shall ask for reconsideration of the vote.

Mr. TOWNSEND. Very well.

The ACTING PRESIDENT pro tempore. The Chair would like to propound an inquiry for his own information. Does the proposed amendment supplement existing law dealing with social security?

Mr. HARRISON. It carries out the suggestion made in the President's message a few days ago that Congress take such steps that while the boys are off in war, if war should come, they can be provided for through the appropriate legislative enactments.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Mississippi in the nature of a substitute for the amendment heretofore presented by the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

Mr. HARRISON. Mr. President, I wish to offer two other amendments, so that they may go to conference. They are merely offered for clarification, and also in order that the conferees may have the whole subject before them.

The ACTING PRESIDENT pro tempore. The clerk will state the amendments.

The CHIEF CLERK. On page 88, after line 11, and before line 12, it is proposed to insert:

(F) Recoveries of bad debts: There shall be excluded income attributable to the recovery of a bad debt if a deduction with reference to such debt was allowable from gross income for any taxable year prior to January 1, 1940.

On page 91, after line 4, and before line 5, it is proposed to insert:

(I) Recoveries of bad debts: There shall be excluded income attributable to the recovery of a bad debt if a deduction with reference to such debt was allowable from gross income for any taxable year prior to January 1, 1940.

The ACTING PRESIDENT pro tempore. Does the Senator desire to have the amendments acted on together?

Mr. HARRISON. Yes. I first ask unanimous consent that the vote by which the amendment of the committee was agreed to be reconsidered.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendments offered by the Senator from Mississippi.

The amendments to the amendment were agreed to.

Mr. HARRISON. I send another amendment to the desk which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. After the period in line 8, on page 102, in the amendment of the committee, it is proposed to insert the following:

The Commissioner may, under regulations prescribed by him with the approval of the Secretary, permit in the computation of invested capital, the use of averages or ratios on a monthly, annual, or other appropriate basis, where in his opinion the circumstances do not require daily computations.

The amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, the Senator from Iowa [Mr. HERRING] has an amendment which he wishes to offer.

Mr. HERRING. Mr. President, I send to the desk an amendment which I ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 106, before the period in line 16, it is proposed to insert a comma and the following:

Plus, in the case of a taxpayer having a contract (made before the expiration of 30 days after the date of the enactment of the Second Revenue Act of 1940) with a foreign government to furnish articles, materials, or supplies to such foreign government, if such contract provides for advance payment and for repayment by the vendor of any part of such advance payment upon cancelation of the contract by such foreign government, the amount which would be required to be so repaid if cancelation occurred at the beginning of such day.

The ACTING PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to is reconsidered for the purpose of permitting the Senator from Iowa to offer the amendment.

Without objection, the amendment of the Senator from Iowa to the committee amendment is agreed to.

Without objection, the committee amendment as amended is agreed to.

Mr. GEORGE. Mr. President, if the Senator from Mississippi [Mr. HARRISON] has no further clarifying amendments to offer, I should like to offer the amendment, which I send to the desk.

The ACTING PRESIDENT pro tempore. Let the Chair inquire whether that relates to the committee amendment?

Mr. GEORGE. Yes; it does. I ask unanimous consent that the vote by which the committee amendment was agreed to be reconsidered for the purpose of offering this amendment. But there is another amendment which I wish to offer to the same title.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 88, line 11, it is proposed to strike out the period and to insert in lieu thereof a semicolon and the word "and", and the following new paragraph:

(F) Awards of the Mixed Claims Commission, United States and Germany: There shall be excluded amounts received pursuant to an award of a Mixed Claims Commission, United States and Germany, in respect of claims for loss or damage to persons or property sustained prior to November 11, 1918.

The ACTING PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to is reconsidered for the purpose of permitting the Senator from Georgia to offer the amendment to the committee amendment.

Mr. GEORGE. While this is covered in the general relief provision found on page 109 of the bill, section 721, I believe it is, nevertheless certain Senators, especially the distinguished senior Senator from Alabama [Mr. BANKHEAD], now absent on account of the death of the late Speaker of the House of Representatives, the Honorable William B. Bankhead, desire to have this amendment inserted in the bill. Since we have inserted one other specific amendment or relief provision very similar to it, there would seem to be no objection to the amendment.

Mr. HARRISON. I may say that it was my belief that the matter referred to by the Senator from Georgia [Mr. GEORGE] was amply covered by the relief section of the bill. If it is felt that a specific provision should be written in, as desired by the Senator from Alabama [Mr. BANKHEAD], then I feel that the amendment suggested by the Senator from Georgia [Mr. GEORGE] should be adopted.

The ACTING PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Georgia to the committee amendment is agreed to.

Mr. GEORGE. I offer one other amendment, which I should like to explain.

Both the House bill and the committee amendment provide that taxpayers who choose the invested-capital method of computing their tax will not be taxed on any part of the dividends they receive from other corporations.

This provision seems eminently fair, since dividends from domestic corporations represent earnings which have been subjected to tax in the hands of the paying corporation, and dividends from foreign corporations represent earnings which have been subjected to tax in the country in which they are earned.

However, both the House bill and the committee amendment impose the excess-profits tax on 15 percent of domestic dividends and 100 percent of foreign dividends received by taxpayers who choose the average-earnings method. This is obviously an unfair discrimination, for which there is no justification whatever.

The proposed amendment, while it is in three parts, and should be inserted in three separate sections of the bill, excludes all dividends from the computation of income, both in the base period and in the taxable year, in cases where the average-earning method is selected.

Mr. President, I ask that the amendment be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 88, after line 11, it is proposed to insert the following:

"(F) Dividends received: The credit for dividends received shall apply, without limitation, to dividends on stock of all corporations, except dividends (actual or constructive) on stock of foreign personal-holding companies."

The ACTING PRESIDENT pro tempore. Without objection, the amendment to the committee amendment is agreed to.

Mr. GEORGE. I offer a further amendment, which I ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 94, after line 24, it is proposed to insert:

(H) Dividends received: The credit for dividends received shall apply, without limitation, to dividends on stock of all corporations, except dividends (actual or constructive) on stock of foreign personal holding companies.

The ACTING PRESIDENT pro tempore. Without objection, the amendment to the committee amendment is agreed to.

Mr. GEORGE. I offer another amendment, which I ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 101 it is proposed to substitute for paragraph (B), being lines 8 to 13, inclusive, the following:

(B) The aggregate of the adjusted basis (for determining loss upon sale or exchange) as of the beginning of such day, of stock of all corporations held by the taxpayer at the beginning of such day, except stock of foreign personal holding companies.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. SHEPPARD. Mr. President, I offer an amendment, which I ask to have stated.

The ACTING PRESIDENT pro tempore. Without objection, the amendment offered by the Senator from Michigan [Mr. BROWN] will be laid aside temporarily in view of the understanding that has been reached by reason of the absence of certain Senators.

The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following amendment:

Subchapter C supplement A of the Internal Revenue Act, is amended by adding at the end thereof the following new section:

"SEC. —. In the case of compensation paid by the United States for the use or infringement of patent rights for national-defense purposes, which has remained unpaid for a period of 15 years or more from the time of use or infringement of said patent rights, the tax attributable to such compensation assessed against any individual receiving the same in any taxable year beginning after December 31, 1939, shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years during which the invention or inventions covered by such patent or patent rights had been under development and test prior to the issuance of the patents therefor."

Mr. HARRISON. Mr. President, of course, the bill deals with corporations and not with individuals. The amendment offered by the Senator from Texas pertains to the case of Mr. Barlow, I understand—the gentleman who has appeared with the distinguished chairman of the Committee on Military Affairs in the newspapers a good deal of late. Mr. Barlow has been conducting experiments, in connection with which he has tried to kill goats and so on. After he shall collect the money which the Government, as I understand, owed him under a contract with the Government, the Government will take most of it back into the Treasury of the United States by way of taxes. I think the amendment is a meritorious one. Ordinarily I could not accept it because it pertains to an individual, but I think the matter should go to conference.

The ACTING PRESIDENT pro tempore. May the Chair inquire of the Senator from Texas—perhaps it is improper—whether the amendment is intended to repeal the statute of limitations with respect to any other cases than the one mentioned by the Senator from Mississippi?

Mr. SHEPPARD. It applies only to this one case.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Texas [Mr. SHEPPARD].

The amendment was agreed to.

Mr. HARRISON. Mr. President, I do not know how far we may proceed in connection with the pending amendment until the train bearing absent Senators arrives. I understand the train is a little late. Perhaps the Senator from Vermont [Mr. AUSTIN] desires to speak further on the pending matter, unless his time has expired. Does the Senator desire to go ahead now?

Mr. AUSTIN. I prefer not to go ahead until other Senators are present.

The ACTING PRESIDENT pro tempore. Does the Senator from Mississippi suggest a recess for a few minutes?

Mr. HARRISON. I ask that the bill be laid aside temporarily. I understand a conference report could be acted upon.

Mr. McNARY. What is the conference report about? When this matter was first called to the attention of the Senate a week ago in the present form of the report, someone requested that the matter go over until other Senators were present. It probably was the able Senator from Minnesota [Mr. SHIPSTEAD]. May I inquire if it was the Senator from Minnesota?

Mr. SHIPSTEAD. There are so few Senators present, and so many absent, that I do not believe action should be taken on the conference report at this time. There is considerable interest in the matter.

Mr. BROWN. Mr. President, will the Senator yield to me for a moment?

Mr. McNARY. I yield.

Mr. BROWN. On that point I may say that the Senator from Missouri [Mr. CLARK] stated to me before he left with the funeral party that he was very anxious to be present when the conference report was taken up. I think he takes the opposite view from that taken by the Senator from Minnesota, and I think it might be somewhat unfair to him to take it up at this ime.

Mr. McNARY. I recall now that the able Senator from Missouri [Mr. CLARK] also stated that he desired to be present when the report was acted on. I object to proceeding with it at this time.

The ACTING PRESIDENT pro tempore. Objection is heard.

Does the Senator from Mississippi desire recognition to move a recess?

Mr. HARRISON. I should like to suggest that a recess be taken.

The ACTING PRESIDENT pro tempore. Subject to the call of the Chair?

Mr. McNARY. Does the Senator desire to move that a recess be taken until tomorrow?

Mr. HARRISON. No; I do not. I wish to continue further discussion of the pending bill after the return of the absent Senators. I gave them the assurance, however, that we would not have a vote until they returned. I think they will be here in 15 minutes. We cannot continue further with the bill now because we have about reached the end of our rope. So unless some Senator desires to discuss the matter——

Mr. DAVIS rose.

Mr. HARRISON. Does the Senator from Pennsylvania desire to discuss the pending amendment offered by the Senator from Michigan [Mr. BROWN]?

Mr. DAVIS. I desire to place in the RECORD a few telegrams in opposition to the Brown amendment. One telegram is from the president of the State Association of Boroughs of Pennsylvania. Another telegram is from the mayor of McKeesport, Pa. Still another telegram is from Walter E. Greenwood, president, League of Cities of the Third Class in Pennsylvania. Another telegram is from William Burgess, chief burgess of Morrisville, Pa., and another telegram is from L. M. Shear, commissioner of finance, city of Lancaster, Pa. Those telegrams all voice their opposition to the Brown amendment.

The ACTING PRESIDENT pro tempore. Does the Senator desire that each telegram be set out in haec verba?

Mr. DAVIS. Yes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The telegrams are as follows:

HANOVER, PA., *September 16, 1940.*

Hon. JAMES DAVIS,
Member of the Senate:

The boroughs of Pennsylvania oppose Federal taxation of municipal securities.

T. F. CHROSTWAITE,
President, State Association of Boroughs.

McKEESPORT, PA., *September 16, 1940.*

Hon. JAMES J. DAVIS,
United States Senator:

City council unanimously decided to ask you to oppose the Brown amendment which proposes a Federal tax on municipal securities. Council feels that it would increase future rates on sales of municipal bonds. Major improvements are as a rule financed by bond issues. This increased taxation would retard such major improvements.

GEORGE H. LYSLE, *Mayor.*

COATESVILLE, PA., *September 16, 1940.*

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D. C.:

Respectfully urging on behalf of the 46 third-class cities of Pennsylvania that you use your influence and vote against the Brown amendment intended to impose a Federal tax on municipal securities. This tax will add largely to the expense of financing local municipal government and in our judgment in the long run will not add anything of value to the National Treasury. The effect of this bill is to place a tax on a taxing authority. Your support and influence against this bill will be greatly appreciated.

WALTER E. GREENWOOD,
President, League of Cities of the Third Class in Pennsylvania.

MORRISVILLE, PA., *September 18, 1940.*

Hon. JAMES DAVIS,
Senator from Pennsylvania, Washington, D. C.:

Brown amendment to excess-profits tax bill providing for taxation of Federal and municipal bonds will greatly increase interest rates which will have to be paid by any municipal subdivision which finds it necessary to issue bonds in the future. This increase in cost of financing will be burdensome to the taxpayers all over the country and also it will increase the interest cost of Federal refunding of present indebtedness and be a burden on the taxpayers. We trust that you will do everything possible to kill this measure.

WILLIAM BURGESS,
Chief Burgess of Morrisville, Pa.

LANCASTER, PA., *September 16, 1940.*

Senator JAMES J. DAVIS:

We urge and request you to vote against the Brown amendment to tax municipal securities.

CITY OF LANCASTER, PA.,
L. M. SHEAR,
Commissioner of Finance.

RECESS

Mr. HARRISON. Mr. President, I move that the Senate take a recess until 3:15 p. m.

The motion was agreed to; and (at 2 o'clock and 49 minutes p. m.) the Senate took a recess until 3:15 o'clock p. m., when it reassembled and Mr. KING resumed the chair.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. GILLETTE. Mr. President, I have been conferring with the Senator from Mississippi [Mr. HARRISON] and some other Senators. I ask unanimous consent that the pending business be temporarily laid aside for the consideration of a noncontroversial matter which will take only 2 or 3 minutes.

Mr. HARRISON. Mr. President, I understand that the Senator from Iowa thinks he will get through in 5 minutes.

Mr. GILLETTE. I am sure the matter will take less time than that.

Mr. HARRISON. And if the Senator cannot get through in that time he is, of course, willing to withdraw the matter.

Mr. GILLETTE. I am perfectly willing to do so.

The ACTING PRESIDENT pro tempore. Without objection, the unfinished business will be temporarily laid aside.

Mr. GILLETTE. I ask unanimous consent that the Senate proceed to the consideration of Senate bill 3426, calendar No. 1800.

The ACTING PRESIDENT pro tempore. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3426) to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, I am much in accord with the request of the Senator from Iowa. I understand that he will eliminate two sections of the bill. Has the Senator made that statement?

Mr. GILLETTE. That is correct. I will say to the distinguished minority leader that I am about to offer an amendment to that effect.

Mr. McNARY. Very well. I did not know whether or not the Senator had made that statement. I shall retire from the floor for the present.

There being no objection, the Senate proceeded to consider the bill (S. 3426), which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause and to insert:

That section 2 (1) of the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended, is amended by striking out the last two sentences thereof and inserting in lieu thereof the following: "The base period shall be the pre-war period, August 1909–July 1914, except that for those agricultural commodities and products thereof which are subject to the provisions of section 8c, the base period shall be the post-war period, August 1919–July 1929, or such part thereof as is determined pursuant to the provisions of section 8e."

SEC. 2. Section 8c (5) (A) is amended by inserting after the comma following the word "fixing", the words "either specifically or by formula," so that it will read: "* * * and fixing, either specifically or by formula, or providing a method for fixing * * *".

SEC. 3. Section 8c (5) (B) (i) is amended by striking out all of the provisions thereof and inserting in lieu thereof the following:

"(i) for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them: *Provided*, That, except in the case of orders regulating the handling of milk products only, orders containing such provision shall not become effective unless the Secretary of Agriculture determines from a referendum that such provision is approved or favored by at least three-fourths of the producers who participated in the referendum and who, during a representative period determined by the Secretary, have been engaged in the production of milk for sale in the marketing area specified in such order, or by producers who participated in the referendum and who, during such representative period, have produced at least three-fourths of the volume of milk produced for sale within the marketing area specified in such order; the approval required hereunder shall be separate and apart from any other approval or disapproval provided for by this section; or"

SEC. 4. Section 8c (5) (C) is amended by adding thereto the following paragraph:

"Providing further (i) reasonable compensation (to be paid out of any pool or fund established under this paragraph (C) of subsection (5)), as determined by the Secretary, to bona fide cooperative marketing associations, all of whose operations are under the full control of milk producers, for services rendered to producers of milk or its products covered by the order by performing such marketing functions specified therein as the Secretary determines will tend to effectuate the declared policy of this act, including, but not by any way of limitation, handling of surplus milk or making available to the market a sufficient supply of milk at all times: *Provided, however*, That no such compensation shall be paid to any cooperative association which does not comply with the applicable provisions of the order; or (ii) reasonable compensation (to be paid out of any such pool or fund), as determined by the Secretary, to operators of plants where milk is received from producers and which are not equipped for manufacturing, for services rendered to the market in diverting and disposing of surplus fluid milk during periods of excess supply, and to operators of condensing, evaporating, or drying plants for services in furnishing fluid milk to the market during periods of insufficient supply: *Provided, however*, That no such compensation shall be paid to any such operator who does not comply with the applicable provisions of the order."

SEC. 5. Section 8c (7) (D) is amended by striking therefrom the letter "(D)" and inserting in lieu thereof the letter "(G)".

SEC. 6 (a) Section 8c (7) (C) is amended by adding thereto the following subparagraph:

"(v) To make recommendations to the Secretary of Agriculture in respect to surplus removal programs, and to advise and assist the Secretary in the development and operation of such programs."

(b) Section 8c (7) is amended by adding thereto after paragraph "(C)" thereof the following paragraphs:

"(D) Providing that handlers subject to the order shall submit to the agency or agencies established therein reports containing information necessary for proper administration of the order: *Provided*, That all information furnished to or acquired by the

agency or agencies shall be kept strictly confidential by such agency or agencies, except that it may be used without identification of the person from whom it was received or acquired and that it may be submitted to the Secretary.

"(E) Providing that handlers subject to the order shall keep such adequate books and records as will enable the filing and verification of reports as required by such order.

"(F) The provisions required by section 10 (b) (2)."

SEC. 7. Sections 8c (8) (B), 8c (9) (B) (ii), and 8c (16) (B) are amended by striking out the word "sold" wherever appearing therein and inserting in lieu thereof the words "produced for sale."

SEC. 8. Section 8c (12) is amended by striking out all of the provisions thereof and inserting in lieu thereof the following:

"(12) Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary shall consider the approval or disapproval by any bona fide producer-owned and producer-controlled cooperative association of producers, operated for the mutual benefit of the members thereof and conforming to the requirements of the act of Congress of February 18, 1922, as amended, known as the 'Capper-Volstead Act,' as to voting, dividends, and dealing in products of nonmembers, and bona fide engaged in marketing the commodity or product thereof covered by such order, as the approval or disapproval of the producers who are members of, or stockholders in, and under contract with, such cooperative association of producers. For the purpose of determining the status of any cooperative association of producers under this paragraph, the Secretary may require such cooperative association to furnish such information as he may consider necessary or desirable."

SEC. 9. Section 8c (16) (A) is amended by striking out the words "or suspend the operation of" and by adding thereto, after the word "thereof", the following: "or suspend such order or such provision thereof until such time as he finds that the reinstatement of such suspended order or suspended provision thereof will tend to effectuate such declared policy."

SEC. 10. Section 8c (16) (C) is amended by striking out the words "The termination or suspension" and inserting in lieu thereof the following: "The termination, suspension, or reinstatement."

SEC. 11. Section 8c (16) is amended by adding at the end thereof the following paragraph:

"(D) Any order issued in accordance with section 8c shall not be affected by the withdrawal from the marketing agreement by any or all signers thereof in accordance with the provisions of such marketing agreement or by the termination or suspension of the marketing agreement by the Secretary with respect to any or all signers."

SEC. 12. Section 8e is amended by striking out all of the provisions thereof and inserting in lieu thereof the following:

"SEC. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any agricultural commodity or product thereof specified in such marketing agreement or order, the purchasing power during the entire base period specified in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purpose of such marketing agreement or order, shall be all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such agricultural commodity or product thereof can be satisfactorily determined from available statistics of the Department of Agriculture. Such proclamation shall remain in full force and effect until amended or revoked by the Secretary."

SEC. 13. Section 10 (b) is amended by adding thereto the following paragraph:

"(3) The Secretary, in the administration of this title, shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing acts of Congress, and as will tend to promote efficient methods of marketing and distribution. The Secretary of Agriculture is authorized to make available to producers of agricultural, dairy, or horticultural commodities or the products thereof, where such service is requested by a cooperative association which is in good faith owned or controlled by producers or associations of producers of any such commodities or the products thereof, the facilities of the Department in helping such cooperative associations to establish stable market conditions."

SEC. 14. Nothing in this act shall be construed as invalidating any marketing agreement or order, or any regulation relating thereto, or any provision thereof, or any act of the Secretary of Agriculture in connection with any such agreement or order which has been executed, issued, approved, or done under the Agricultural Marketing Agreement Act of 1937, or any amendment thereof, or under the Agricultural Adjustment Act, or any amendment thereof, but such marketing agreements, orders, regulations, provisions, and act, or any amendments thereto, are hereby expressly ratified, legalized, and confirmed.

SEC. 15. Subsections (8) and (9) of section 8c are amended by striking out the following wherever appearing therein:

(1) ", except that as to citrus fruits produced in any area producing what is known as California citrus fruits no order issued pursuant to this subsection (8) shall become effective until the handlers of not less than 80 percent of the volume of such commodity or product thereof covered by such order have signed such a marketing agreement";

(2) "(except that as to citrus fruits produced in any area producing what is known as California citrus fruits said percent shall be 80 percent)"; and

(3) "except that as to citrus fruits produced in any area producing what is known as California citrus fruits said order must be approved or favored by three-fourths of the producers)."

SEC. 16. (a) Section 8c (2) is amended by striking out all of the provisions thereof and inserting in lieu thereof the following:

"SEC. 8c (2). Orders issued pursuant to this section may be applicable to any agricultural, dairy, or horticultural commodity or product thereof, or to any regional or market classification of any such commodity or product: *Provided,* That in no event shall such orders apply to apples except apples produced in the States of Washington, Oregon, and Idaho."

(b) Section 8c (6) is amended by striking from the beginning of the first sentence thereof to the word "orders" and inserting in lieu thereof the following: "In the case of agricultural or horticultural commodities and the products thereof, other than milk and its products."

Mr. GILLETTE. Mr. President, there are 16 sections in this committee amendment. Fourteen of them, so far as I know, have aroused no objection whatever. No objection was made to them in the extended hearings. Two of them, sections 15 and 16, meet with opposition. I move that sections 15 and 16 be stricken from the committee amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Iowa to strike out sections 15 and 16 in the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. GILLETTE. Certainly.

Mr. SCHWELLENBACH. In order that the record may be complete—and I feel that a bill of this importance should not be passed without a completion of the record—I should like to say for the benefit of the Senate that I was assigned to hold the hearings upon this bill. Very complete hearings were held, and I took particular care that notice should be given to every interest in the country which might have some concern with the proposed legislation. Ten days' full notice was given. We had many witnesses before us. There were objections, as the Senator has said, to sections 15 and 16, but there was complete unanimity of opinion concerning the first 14 sections. They were carefully studied by all the interests involved, and by the representatives of the Department, and were approved by everyone who contacted the committee in reference to the bill.

In order to complete the record, I should like to have printed in the RECORD an explanation of the first 14 sections.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

COMPARISON OF AGRICULTURAL MARKETING AGREEMENT ACT OF 1937 BEFORE AND AFTER AMENDMENT AS PROPOSED BY S. 3426 TOGETHER WITH EXPLANATORY REMARKS

PRESENT LAW	PRESENT LAW WITH PROPOSED AMENDMENT—SEC. 1 OF S. 3426 (New language italicized; language stricken in brackets)
SEC. 2. It is hereby declared to be the policy of Congress—	SEC. 2. It is hereby declared to be the policy of Congress—
(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre	(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to, the purchasing power of agricultural commodities in the base period; and in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm

PRESENT LAW—continued

on farm real estate, as contrasted with such interest payments and tax payments during the base period. The base period in the case of all agricultural commodities except tobacco and potatoes shall be the pre-war period, August 1909–July 1914. In the case of tobacco and potatoes, the base period shall be the post-war period, August 1919–July 1929.

PRESENT LAW WITH PROPOSED AMENDMENT, ETC.—con.

real estate, as contrasted with such interest payments and tax payments during the base period. [The base period in the case of all agricultural commodities except tobacco and potatoes shall be the pre-war period, August 1909–July 1914. In the case of tobacco and potatoes, the base period shall be the post-war period, August 1919–July 1929.] *The base period shall be the pre-war period, August 1909–July 1914, except that for those agricultural commodities and products thereof which are subject to the provisions of section 8c, the base period shall be the post-war period, August 1919–July 1929, or such part thereof as is determined pursuant to the provisions of section 8e.*

Section 1 of S. 3426 proposes a change in the base period that the Secretary may employ. Whereas the post-war—August 1919 to July 1929—period now applies only to tobacco and potatoes, the amendment would change this so that all commodities subject to marketing agreements and orders will have as their base period the post-war period, August 1919 to July 1929.

Reason: As a matter of actual practice, in the case of milk and its products, in the issuance of milk orders and amendments thereto under the law, the post-war period or a portion thereof has been used in every instance. This the Secretary is authorized to do under present section 8e of the law. There are three main reasons for this administrative practice:

1. The fundamental changes that have taken place in the fluid-milk industry since the pre-war period as the result of health and sanitary regulations;

2. The changes in the mechanics and methods of marketing fluid milk; and

3. Price-data-collection agencies for fluid milk have been principally of post-war origin.

As a result of the first enumerated reason, the quality and kind of product to which pre-war price data would apply is substantially different than that to which current data apply and necessitates correction or adjustment to account for these changes. Such corrections or adjustments to reflect this change are at best of questionable reliability.

As to the second stated reason, the price data available are largely in the form of flat prices without the related information concerning classified use of fluid milk. This latter information is necessary in order to translate such flat prices into comparable prices for various classes of milk based upon the use to which it is put. It is most difficult, if not impossible, to translate such data in terms comparable to present methods of pricing and marketing fluid milk.

With respect to the third assigned reason, it is a fact that price data for the pre-war period are fragmentary. This fact is even true in the case of the post-war period in some markets. Where the post-war period is involved, however, increased reliability can be found by taking a portion of the period (as section 8e of the law provides) and thus develop a reasonably good comparative price series.

Some of the foregoing assigned reasons, particularly the difficulty in adjusting pre-war prices, are no less true in the case of other commodities. Therefore, it is regarded as desirable that the post-war period be established as a base period by Congress.

PRESENT LAW

SEC. 8c. (5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

(A) Classifying milk in accordance with the form in which or the purpose for which it is used, and fixing, or providing a method for fixing, minimum prices for each such use classification which all handlers shall pay, and the time when payments shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such order, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk, or any use classification thereof, is made to such handlers.

(B) Providing—

(i) for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them: *Provided*, That, except in the case of orders covering milk products only, such provision is approved or favored by at least three-fourths of the producers who, during a representative period determined by the Secretary of Agriculture, have been engaged in the production for market of milk covered in such order or by producers who, during such representative period, have produced at least three-fourths of the volume of such milk produced for market during such period; the approval required hereunder shall be separate and apart from any other approval or disapproval provided for by this section; or

(ii) for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered;

subject, in either case, only to adjustments for (a) volume, market, and production differentials, customarily applied by the handlers subject to such order, (b) the grade or quality of the milk delivered, (c) the locations at which delivery of such milk is made, and (d) a further adjustment, equitably to apportion the total value of the milk purchased by any handler, or by all handlers, among producers and associations of producers, on the basis of their marketings of milk during a representative period of time.

(C) In order to accomplish the purposes set forth in paragraphs (A) and (B) of this subsection (5), providing a method for making adjustments in payments, as among handlers (including producers who are also handlers), to the end that the total sums paid by each handler shall equal the value of the milk purchased by him at the prices fixed in accordance with paragraph (A) hereof.

PRESENT LAW WITH PROPOSED AMENDMENTS—SECS. 2, 3, 4 OF S. 3426

(New language italicized; language stricken in brackets)

SEC. 8c. (5) In the case of milk and its products, orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:

(A) Classifying milk in accordance with the form in which or the purpose for which it is used, and fixing, *either specifically or by formula,* or providing a method for fixing minimum prices for each such use classification which all handlers shall pay, and the time when payments shall be made, for milk purchased from producers or associations of producers. Such prices shall be uniform as to all handlers, subject only to adjustments for (1) volume, market, and production differentials customarily applied by the handlers subject to such order, (2) the grade or quality of the milk purchased, and (3) the locations at which delivery of such milk, or any use classification thereof, is made to such handlers.

(B) Providing—

(i) for the payment to all producers and associations of producers delivering milk to the same handler of uniform prices for all milk delivered by them: *Provided,* That, except in the case of orders covering milk products only, *the Secretary determines from a referendum that* such provision is approved or favored by at least three-fourths of the producers who, during a representative period determined by the Secretary of Agriculture, have been engaged in the production for market of milk covered in such order or by producers who, during such representative period, have produced at least three-fourths of the volume of such milk produced for market during such period; the approval required hereunder shall be separate and apart from any other approval or disapproval provided for by this section; or

(ii) for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered;

subject, in either case, only to adjustments for (a) volume, market, and production differentials customarily applied by the handlers subject to such order, (b) the grade or quality of the milk delivered, (c) the locations at which delivery of such milk is made, and (d) a further adjustment, equitably to apportion the total value of the milk purchased by any handler, or by all handlers, among producers and associations of producers on the basis of their marketings of milk during a representative period of time.

(C) In order to accomplish the purposes set forth in paragraphs (A) and (B) of this subsection (5), providing a method for making adjustments in payments, as among handlers (including producers who are also handlers), to the end that the total sums paid by each handler shall equal the value of the milk purchased by him at the prices fixed in accordance with paragraph (A) hereof. *Providing further (i) reasonable compensation (to be paid out of any pool or fund established under this paragraph (C) of subsection (5)), as determined by the Secretary, to bona fide cooperative marketing associations, all of whose operations are under the full control of milk producers, for services rendered to producers of milk or its products covered by the order by performing such marketing functions specified therein as the Secretary determines will tend to effectuate the declared policy of this act, including, but not by way of limitation, handling of surplus milk*

PRESENT LAW WITH PROPOSED AMENDMENTS, ETC.—CON.

or making available to the market a sufficient supply of milk at all times: Provided, however, That no such compensation shall be paid to any cooperative association which does not comply with the applicable provisions of the order; or (ii) reasonable compensation (to be paid out of any such pool or fund), as determined by the Secretary, to operators of plants where milk is received from producers and which are not equipped for manufacturing, for services rendered to the market in diverting and disposing of surplus fluid milk during periods of excess supply, and to operators of condensing, evaporating, or drying plants for services in furnishing fluid milk to the market during periods of insufficient supply.

EXPLANATION OF FOREGOING AMENDMENTS CONTAINED IN SECTIONS 2, 3, AND 4 OF S. 3426

The Agricultural Marketing Agreement Act of 1937 provides at section 8c (5) for certain terms and conditions which the Secretary of Agriculture is required to incorporate in Federal orders regulating milk and its products. These terms and conditions are set forth in subparagraphs (A) to (E), inclusive. The remaining two paragraphs of this section of the statute, namely, paragraphs (F) and (G) are limiting provisos only and not terms and conditions which may be incorporated into an order.

The statute requires that one or more of these enumerated terms and conditions be placed in an order by the Secretary.

It is with respect to clarifying the language of these enumerated terms and conditions that sections 2, 3, and 4 of S. 3426 are proposed.

Section 2 of S. 3426

The first of these, section 2, provides for the insertion of the words "either specifically or by formula" following the word "fixing" in paragraph (A) of section 8c (5), which paragraph authorizes a term or condition in an order prescribing minimum prices distributors shall pay producers for milk purchased.

Reason: This change in language is designed to give a more precise meaning to the term "fixing" as the term is applied to practices prevailing in the dairy industry. For instance, the Secretary, in issuing an order regulating milk, classifies milk according to the form or purpose for which it is used and then prescribes the minimum price for each such designated classification. In the case of class I milk, for example, which in the industry is usually known in the market as all milk disposed of in the form of fluid milk, the Secretary has usually named an exact or specific minimum price that distributors (called handlers in the act), shall pay producers. For other use classifications, the Secretary oftentimes names a price which is specified in terms of a mathematical relationship to the price of butter on recognized markets and other associated commodities or factors.

This method of price fixing would, of course, be by formula method in contradistinction to the fixing of a specific price.

By way of specific example, the original order for the metropolitan New York market may be cited. The Class I price was specifically fixed. The class III–A price (class III–A being all milk supplying butterfat for evaporated milk, sweetened condensed milk, milk chocolate, etc.), on the other hand, was fixed at a level 10 cents higher than the average of prices paid at 18 evaporated-milk plants in Ohio, Michigan, and Wisconsin. However, in order to place a bottom on the minimum price for class III–A, the Secretary additionally provided in the order that in no event should the price be less than that arrived at by application of a formula related to the average price of 92-score butter at wholesale in the Chicago market. Such formula methods of pricing have developed over a period of years and are recognized within the industry itself.

It might well be contended that the language of paragraph (A) in its present form wherein it states "fixing, or providing a method for fixing, minimum prices" will suffice the purpose. On the other hand, it might logically be contended that this language is not sufficiently inclusive to embrace the authority to fix prices by formula method. Hence, the need for the amendment.

Not only will the amendment assure this authority and consequently provide a better basis on which to accommodate administrative practice to well-established industry usages, but will also avoid certain difficulties of interpretation encountered by the Secretary in endeavoring to adhere closely to the statute.

Section 3 of S. 3426

The second proposed amendment to section 8c (5) of the act being section 3 of S. 3426, calls for the insertion of new language in paragraph (B), subparagraph (i).

Some preliminary explanation as to the meaning of this subparagraph is apropos before dealing with the specific amendment. This subparagraph is the Secretary's authority to include in an order regulating milk and its products, a term or condition known as the "individual handler pool."

One of the major objectives of milk marketing agreements and orders is the proper proration among producers of the proceeds from sales of their milk to distributors. This, under the authority of the act, is accomplished by pooling producers' sales, either through the individual handler pool arrangement (authorized by par. (B) (i) or the market-wide pool (authorized by par. (B) (ii)).

In the amendment proposed by section 3 of S. 3426 we are concerned only with the former, viz, the individual handler pool arrangement of pooling producers' sales. Such type of pool simply means that the total volume of milk sold to an individual distributor by producers is pooled and all producers supplying milk to that particular distributor are paid the pool price by such distributor. The pool price would be the composite price of all use classifications of milk supplied to the particular distributor, as computed by the market administrator from reports of receipts and sales by the distributor. A particular distributor may, however, pay producers a lower pool price than that paid by another distributor, depending upon the uses of the milk handled by him.

For example, under the individual handler pool arrangement, suppose there are two distributors supplying a given market. Distributor A maintains class I (fluid milk) sales of 70 percent and class II sales of 30 percent. Distributor B maintains 50 percent class I sales, 30 percent class II sales, and 20 percent class III sales. The pool price of distributor A payable to producers supplying him with milk would represent 70 percent based on the minimum price prescribed in the marketing order for class I milk and 30 percent based on the minimum price prescribed for class II milk. Obviously his composite pool price will be higher than distributor B whose price will be the composite of 50 percent based on the minimum price prescribed for class I, 30 percent for class II, and 20 percent for class III. If the minimum price for class I in the market is $3 per hundredweight, for class II, $2 per hundredweight, and $1.50 for class III, then on the basis of 100 pounds of milk delivered to distributor A the pool price for distributor A would be $2.70 and that for distributor B, $2.40.

Before the Secretary of Agriculture can include the individual handler pool provision in a marketing order regulating milk and its products, he must ascertain that such provision is approved by either three-fourths of the producers of milk covered by the order or three-fourths of the producers by volume of milk produced for market covered by the order. This likewise is provided for in section 8c (5) (B) (i). However, the existing language of the law is indefinite as to the method whereby the Secretary determines the required producer approval of the individual handler pool. It reads:

"*Provided*, That, except in the case of orders covering milk products only, such provision is approved or favored by at least three-fourths of the producers * * *."

The proposed amendment would change this language to read:

"*Provided*, That, except in the case of orders covering milk products only, the Secretary determines from a referendum that such provision is approved or favored by at least three-fourths of the producers * * *."

With such an amendment the result accomplished would be—

(1) Definite provision for the conduct of a referendum among producers in order to enable the Secretary to ascertain the extent of producers' approval for the inclusion of the individual handler pool provision in the marketing order; and

(2) Definite provision for a basis for the Secretary's determination that the required number of producers have approved this type of pooling arrangement, namely, the result of the referendum, which is conclusive for the purposes of administrative action.

Furthermore, this amendment makes certain that the same procedure and method of determining the results of such a referendum can be followed in this particular instance as that used in connection with the issuance of an order itself as is provided for in section 8c (19) of the act.

Section 4 of S. 3426

The third proposed amendment to section 8c (5) of the act, being section 4 of S. 3426, adds new language to the present law which makes clear and definite the authority to provide in a marketing order regulating milk and its products for the payment of cooperative and market service differentials.

The proposed amendment while embraced in a single paragraph expresses two independent authorizations—one designated (i) and the other designated (ii).

That part designated (i) refers to payments to cooperatives for rendering services to the market. Such payments are authorized in the present law by virtue both of section 8c (5) (B) and section 8c (7), the former being quoted hereinbefore and section 8c (7) providing:

"(7) In the case of the agricultural commodities and the products thereof specified in subsection (2), orders shall contain one or more of the following terms and conditions:

* * * * * * *

"(D) Incidental to, and not inconsistent with, the terms and conditions in subsections (5), (6), and (7) and necessary to effectuate the other provisions of such order."

Reason: In order to make definite and certain the Secretary's authority in this regard and to settle the question that insufficient standards are spelled out in the act to guide the Secretary, it is regarded as essential that the law be amended in the respects contemplated by section 4 of S. 3426.

The market services for which these payments may be made to a qualifying cooperative are clearly set forth in the brief of the United

States Government in the case of *United States* v. *Rock Royal Co-operative, Inc., et al.* (307 U. S. 533, 59 S. Ct. 993, pp. 158 et seq.), which may be paraphrased as follows:

(1) Service performed in supplying class I milk to the marketing area in times of short supply;

(2) Service performed in the utilization of milk in times of long supply in such manner as to insure the greatest possible return to producers;

(3) Service performed by the maintenance throughout the year of facilities for handling the seasonal surplus even though these facilities can be employed only during the flush season;

(4) Service performed for the market by the employment of measures during flush periods of production to secure the utilization in fluid form of milk near to the market, and the utilization in manufactured form of milk produced at the edge of the milkshed, thus reducing transportation charges which must be shared by all producers;

(5) Miscellaneous services performed for the benefit of the entire market with respect to weights, tests, market outlets, etc.

The amendment proposed in section 4 of S. 3426, namely, part (i) thereof, will make it clear and certain that the Secretary of Agriculture in his discretion has full power to fix differentials in favor of cooperative associations which are rendering these or similar services and which services tend to effectuate the public policy of the Marketing Agreement Act. By the amendment the Secretary will have authority to fit such payments appropriately to the value of the service rendered.

It is to be noted further that as a prerequisite to receiving any such payment the cooperative must be bona fide and under the exclusive control of its member-producers. Furthermore, it must be in full compliance with all provisions of the marketing order which govern it.

That part of the amendment contained in section 4 of S. 3426 designated "(ii)" provides for a different type of payment, not limited, however, to cooperative associations. Actually two distinct types of payment are provided, one to meet a situation existing during heavy production seasons and the other to meet the market situation during periods of low production.

Employing the New York order (No. 27) as an example, therein two types of "market service payments" were provided for: (a) Payments to handlers operating fluid-milk shipping plants without manufacturing facilities who, except in periods of low production, divert milk to plants which utilize the milk for manufacturing milk products; and (b) payments to handlers who operate condenseries, or dried-milk factories, who manufacture dairy products in months of heavy production and during low-production periods divert their milk for use in the fluid market, where it is needed because of high consumption demands.

These types of market-service payments are spelled out in part (ii) of section 4 of S. 3426, notwithstanding existing authority in the law to provide for them in a marketing order.

Reason: The importance of these market services should not be minimized. They go to the very crux of one of the most troublesome problems in every milk market, the problem of surplus milk, which, if not properly taken into account, may disrupt the entire marketing program, with resulting detriment to producer, consumer, and distributor.

In order to insure against the dumping of surplus milk in heavy seasons on the market and thereby demoralize the market by the resulting depressed price, compensation for market services which obviate such a practice appears to be the solution. That the service cannot be performed without compensation to the one giving the service is apparent by an illustrative example set forth in the brief of the Government in the *Rock Royal case*, supra. At page 163, wherein these type payments are discussed, a footnoted example is given, as follows:

"Let it be assumed, for example, that during the month of September handler A received large quantities of milk in excess of the amounts necessary to meet his own requirements. Handler B operates a plant equipped for handling milk in class III–D, 10 miles from handler A's plant. The class III–D price for September was $1.01. If handler A sold his milk to handler B at the class price or a few cents over the class price, he has incurred a substantial loss on the operation unless he can be reimbursed for expenses incurred in diverting the milk. The average cost of handling milk at a country plant is 15 to 30 cents per hundredweight. If we assume that handler A operates with average efficiency, his handling cost is 23 cents per hundredweight. The trucking allowances contained in section 6 represent the average cost of trucking milk. Therefore, the net cost of the milk per hundredweight to handler A would be 23 cents for handling, plus 5¼ cents for trucking, plus $1.01, the price at which he must account to the pool for the milk, or a total of $1.29¼. If he sold the milk to handler B at the class price, his net loss would be 28¼ cents. To avoid this loss, he has no alternative but to refuse to accept the milk from producers unless he can obtain reimbursement."

The amendment contemplates that both types of payment will be paid to the qualifying beneficiaries out of a settlement fund prescribed for the marketing area under the provisions of section 8c (5) (C) of the act, which presently provides:

"In order to accomplish the purposes set forth in paragraphs (A) and (B) of this subsection (5), providing a method for making adjustments in payments, as among handlers (including producers who are also handlers), to the end that the total sums paid by each handler shall equal the value of the milk purchased by him at the prices fixed in accordance with paragraph (A) hereof."

PRESENT LAW

(7) In the case of the agricultural commodities and the products thereof specified in subsection (2) orders shall contain one or more of the following terms and conditions:

(A) Prohibiting unfair methods of competition and unfair trade practices in the handling thereof.

(B) Providing that (except for milk and cream to be sold for consumption in fluid form) such commodity or product thereof, or any grade, size, or quality thereof shall be sold by the handlers thereof only at prices filed by such handlers in the manner provided in such order.

(C) Providing for the selection by the Secretary of Agriculture, or a method for the selection, of an agency or agencies and defining their powers and duties, which shall include only the powers:

(i) To administer such order in accordance with its terms and provisions;

(ii) To make rules and regulations to effectuate the terms and provisions of such order;

(iii) To receive, investigate, and report to the Secretary of Agriculture complaints of violations of such order; and

(iv) To recommend to the Secretary of Agriculture amendments to such order.

No person acting as a member of an agency established pursuant to this paragraph (C) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

(D) Incidental to, and not inconsistent with, the terms and conditions specified in subsections (5), (6), and (7) and necessary to effectuate the other provisions of such order.

PRESENT LAW WITH PROPOSED AMENDMENT—SECTIONS 5 AND 6 OF S. 3426

(New language italicized; language stricken in brackets)

(7) In the case of the agricultural commodities and the products thereof specified in subsection (2) orders shall contain one or more of the following terms and conditions:

(A) Prohibiting unfair methods of competition and unfair trade practices in the handling thereof.

(B) Providing that (except for milk and cream to be sold for consumption in fluid form) such commodity or product thereof, or any grade, size, or quality thereof shall be sold by the handlers thereof only at prices filed by such handlers in the manner provided in such order.

(C) Providing for the selection by the Secretary of Agriculture, or a method for the selection, of an agency or agencies and defining their powers and duties, which shall include only the powers:

(i) To administer such order in accordance with its terms and provisions;

(ii) To make rules and regulations to effectuate the terms and provisions of such order;

(iii) To receive, investigate, and report to the Secretary of Agriculture complaints of violations of such order; and

(iv) To recommend to the Secretary of Agriculture amendments to such order.

No person acting as a member of an agency established pursuant to this paragraph (C) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

(D) Providing that handlers subject to the order shall submit to the agency or agencies established therein reports containing information necessary for proper administration of the order: Provided, That all information furnished to or acquired by the agency or agencies shall be kept strictly confidential by such agency or agencies, except that it may be used without identification of the person from whom it was received or acquired and that it may be submitted to the Secretary.

(E) Providing that handlers subject to the order shall keep such adequate books and records as will enable the filing and verification of reports as required by such order.

(F) The provisions required by Section 10 (b) (2).

[D] (G) Incidental to, and not inconsistent with, the terms and conditions specified in subsections (5), (6), and (7) and necessary to effectuate the other provisions of such order.

EXPLANATION OF FOREGOING AMENDMENTS CONTAINED IN SECTIONS 5 AND 6 OF S. 3426

Section 5 of S. 3426

Section 5 of S. 3426 simply changes the lettering of present paragraph "(D)" of section 8c (7) of the act so that it will read paragraph "(G." This is made necessary by reason of the amendments contained in section 6 of S. 3426.

Section 6 of S. 3426

This section of the amendments contained in S. 3426 adds three new paragraphs to section 8c (7) of the statute. In order that they

may properly be incorporated into the context of section 8c (7) of the act these three new paragraphs are labeled "(D)", "(E)", and "(F)".

In considering the proposed amendatory language it should be borne in mind that section 8c (7) of the Marketing Agreement Act specifies certain terms and conditions, one or more of which the Secretary is required to incorporate in an order regulating any agricultural product for which the act authorizes marketing orders. In other words, this section of the law is not confined solely to milk and milk products.

New paragraph "(D)" as proposed in section 6 of S. 3426 adds to these specified terms and conditions a further term and condition which would require that—

"* * * handlers subject to the order shall submit to the agency or agencies established therein reports containing information necessary for proper administration of the order * * *."

By new paragraph "(E)" that—

"* * * handlers subject to the order shall keep such adequate books and records as will enable the filing and verification of reports required by such order."

And by paragraph "(F)" the term and condition that handlers pay their pro rata share of administrative expense in connection with the enforcement of the order as is presently stipulated in section 10 (b) (2) of the law.[1]

Reason: While authority to include the authorizations of new paragraphs "(D)" and "(E)" in a marketing order is regarded as presently existing in the provisions of section 8c (7), paragraph (D), and in section 8d (1) of the Marketing Agreement Act,[2] yet it is deemed essential to amend the law in the manner proposed in order to make definite and clear the Secretary's authority to include these requirements as terms and conditions in an order. That such terms and conditions are essential to the effective administration of the law is apparent on its face, and any uncertainty in the existing law in this respect commands clarification.

Thus new paragraph (D) specifically authorizes the inclusion in orders covering agricultural commodities of a provision requiring handlers to submit to the agency established under such orders reports containing information essential to the proper administration of the order. The paragraph further provides for the confidential treatment of such information in harmony with well-established governmental practices.

New paragraph (E) is a companion to new paragraph (D) in that it authorizes the Secretary to include in orders a provision which would insure that handlers will keep adequate records to facilitate the filing of and enable the verification of reports on the part of the market administrator by the order.

New paragraph (F) is self-explanatory. It is important to point out, however, that this proposed amendment does away with what appears to be a contradiction in the present wording of the Marketing Agreement Act. For instance, at section 8c (5) it is stated that orders for milk and its products "shall contain one or more of the" terms and conditions therein set forth "and except as provided in section 8c (7) no others." Section 10 (b) (2) of the act, on the other hand, states that handlers shall pay their pro rata share of the expense of administration and that an order shall contain a provision requiring them to do so. This possible conflict in language will be remedied by the amendment proposed in new paragraph (F), which incorporates by reference the language of section 10 (b) (2) in section 8c (7).

[1] Section 10 (b) (2) of the Marketing Agreement Act provides:

"Each order issued by the Secretary under this title shall provide that each handler subject thereto shall pay to any authority or agency established under such order such handler's pro rata share (as approved by the Secretary) of such expenses as the Secretary may find will necessarily be incurred by such authority or agency, during any period specified by him, for the maintenance and functioning of such authority or agency, other than expenses incurred in receiving, handling, holding, or disposing of any quantity of a commodity received, handled, held, or disposed of by such authority or agency for the benefit or account of persons other than handlers subject to such order. The pro rata share of the expenses payable by a cooperative association of producers shall be computed on the basis of the quantity of the agricultural commodity or product thereof covered by such order which is distributed, processed, or shipped by such cooperative association of producers. Any such authority or agency may maintain in its own name, or in the names of its members, a suit against any handler subject to an order for the collection of such handler's pro rata share of expenses. The several district courts of the United States are hereby vested with jurisdiction to entertain such suits regardless of the amount in controversy."

[2] SEC. 8d. (1) All parties to any marketing agreement, and all handlers subject to an order, shall severally, from time to time, upon the request of the Secretary, to furnish him with such information as he finds to be necessary to enable him to ascertain and determine the extent to which such agreement or order has been carried out or has effectuated the declared policy of this title, and with such information as he finds to be necessary to determine whether or not there has been any abuse of the privilege of exemptions from the antitrust laws. Such information shall be furnished in accordance with forms of reports to be prescribed by the Secretary. For the purpose of ascertaining the correctness of any report made to the Secretary pursuant to this subsection, or for the purpose of obtaining the information required in any such report, where it has been requested and has not been furnished, the Secretary is hereby authorized to examine such books, papers, records, copies of income-tax reports, accounts, correspondence, contracts, documents, or memoranda, as he deems relevant and which are within the control (1) of any such party to such marketing agreement, or any such handler, from whom such report was requested or (2) of any person having, either directly or indirectly, actual or legal control of or over such party or such handler or (3) of any subsidiary of any such party, handler, or person.

PRESENT LAW

SEC. 8c (8). Except as provided in subsection (9) of this section, no order issued pursuant to this section shall become effective until the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of not less than 50 per centum of the volume of the commodity or product thereof covered by such order which is produced or marketed within the production or marketing area defined in such order have signed a marketing agreement, entered into pursuant to section 8b of this title, which regulates the handling of such commodity or product in the same manner as such order, except that as to citrus fruits produced in any area producing what is known as California citrus fruits no order issued pursuant to this subsection (8) shall become effective until the handlers of not less than 80 per centum of the volume of such commodity or product thereof covered by such order have signed such a marketing agreement: *Provided*, That no order issued pursuant to this subsection shall be effective unless the Secretary of Agriculture determines that the issuance of such order is approved or favored:

(A) By at least two-thirds of the producers who (except that as to citrus fruits produced in any area producing what is known as California citrus fruits said order must be approved or favored by three-fourths of the producers), during a representative period determined by the Secretary, have been engaged, within the production area specified in such marketing agreement or order, in the production for market of the commodity specified therein, or who, during such representative period have been engaged in the production of such commodity for sale in the marketing area specified in such marketing agreement or order, or

(B) By producers who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market within the production area specified in such marketing agreement or order, or who, during such representative period, have produced at least two-thirds of the volume of such commodity sold within the marketing area specified in such marketing agreement or order.

SEC. 8c (9). Any order issued pursuant to this section shall become effective in the event

PRESENT LAW WITH PROPOSED AMENDMENTS—SECS. 7 AND 17, IN PART, OF S. 3426

(New language italicized; language stricken in brackets)

SEC. 8c (8). Except as provided in subsection (9) of this section, no order issued pursuant to this section shall become effective until the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of not less than 50 per centum of the volume of the commodity or product thereof covered by such order which is produced or marketed within the production or marketing area defined in such order have signed a marketing agreement, entered into pursuant to section 8b of this title, which regulates the handling of such commodity or product in the same manner as such order [, except that as to citrus fruits produced in any area producing what is known as California citrus fruits no order issued pursuant to this subsection (8) shall become effective until the handlers of not less than 80 per centum of the volume of such commodity or product thereof covered by such order have signed such a marketing agreement]: *Provided*, That no order issued pursuant to this subsection shall be effective unless the Secretary of Agriculture determines that the issuance of such order is approved or favored:

(A) By at least two-thirds of the producers who [(except that as to citrus fruits produced in any area producing what is known as California citrus fruits said order must be approved or favored by three-fourths of the producers),] during a representative period determined by the Secretary, have been engaged, within the production area specified in such marketing agreement or order, in the production for market of the commodity specified therein, or who, during such representative period, have been engaged in the production of such commodity for sale in the marketing area specified in such marketing agreement, or order, or

(B) By producers, who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market within the production area as specified in such marketing agreement or order, or who, during such representative period, have produced at least two-thirds of the volume of such commodity [sold] *produced for sale* within the marketing area specified in such marketing agreement or order.

SEC. 8c (9). Any order issued pursuant to this section shall become effective in the event

PRESENT LAW—continued

that, notwithstanding the refusal or failure of handlers (excluding cooperative associations or producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 per centum of the volume of the commodity or product thereof (except that as to citrus fruits produced in any area producing what is known as California citrus fruits said per centum shall be 80 per centum) covered by such order which is produced or marketed within the production or marketing area defined in such order to sign a marketing agreement relating to such commodity or product thereof, on which a hearing has been held, the Secretary of Agriculture, with the approval of the President, determines:

(A) That the refusal or failure to sign a marketing agreement (upon which a hearing has been held) by the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 per centum of the volume of the commodity or product thereof (except that as to citrus fruits produced in any area producing what is known as California citrus fruits said per centum shall be 80 per centum) specified therein which is produced or marketed within the production or marketing area specified therein tends to prevent the effectuation of the declared policy of this title with respect to such commodity or product, and

(B) That the issuance of such order is the only practical means of advancing the interests of the producers of such commodity pursuant to the declared policy, and is approved or favored:

(i) By at least two-thirds of the producers (except that as to citrus fruits produced in any area producing what is known as California citrus fruits said order must be approved or favored by three-fourths of the producers) who, during a representative period determined by the Secretary, have been engaged, within the production area specified in such marketing agreement or order, in the production for market of the commodity specified therein, or who, during such representative period, have been engaged in the production of such commodity for sale in the marketing area specified in such marketing agreement, or order, or

(ii) By producers who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market within the production area specified in such marketing agreement or order, or who, during such representative period, have produced at least two-thirds of the volume of such commodity sold within the marketing area specified in such marketing agreement or order.

PRESENT LAW WITH PROPOSED AMENDMENTS, ETC.—con.

that, notwithstanding the refusal or failure of handlers (excluding cooperative associations or producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 per centum of the volume of the commodity or product thereof [(except that as to citrus fruits produced in any area producing what is known as California citrus fruits said per centum shall be 80 per centum)] covered by such order which is produced or marketed within the production or marketing area defined in such order to sign a marketing agreement relating to such commodity or product thereof, on which a hearing has been held, the Secretary of Agriculture, with the approval of the President, determines:

(A) That the refusal or failure to sign a marketing agreement (upon which a hearing has been held) by the handlers (excluding cooperative associations of producers who are not engaged in processing, distributing, or shipping the commodity or product thereof covered by such order) of more than 50 per centum of the volume of the commodity or product thereof [(except that as to citrus fruits produced in any area producing what is known as California citrus fruits said per centum shall be 80 per centum)] specified therein which is produced or marketed within the production or marketing area specified therein tends to prevent the effectuation of the declared policy of this title with respect to such commodity or product, and

(B) That the issuance of such order is the only practical means of advancing the interests of the producers of such commodity pursuant to the declared policy, and is approved or favored:

(i) By at least two-thirds of the producers [except that as to citrus fruits produced in any area producing what is known as California citrus fruits said order must be approved or favored by three-fourths of the producers] who, during a representative period determined by the Secretary, have been engaged, within the production area specified in such marketing agreement or order, in the production for market of the commodity specified therein, or who, during such representative period, have been engaged in the production of such commodity for sale in the marketing area specified in such marketing agreement, or order, or

(ii) By producers who, during such representative period, have produced for market at least two-thirds of the volume of such commodity produced for market within the production area specified in such marketing agreement or order, or who, during such representative period, have produced at least two-thirds of the volume of such commodity [sold] *produced for sale* within the marketing area specified in such marketing agreement or order.

EXPLANATION OF FOREGOING AMENDMENTS CONTAINED IN SECTIONS 7 AND 17 OF S. 3426

Section 7 of S. 3426

Section 7 of S. 3426 amends three separate sections of the Marketing Agreement Act but in the same manner. At this point we consider only the effect of this amendment on section 8c (8) and (9) of the law.

The amendment proposes to strike the word "sold" wherever appearing in section 8c (8) and (9) and inserting in lieu thereof the words "produced for sale."

The particular language to be amended in this manner is that dealing with the approval of a marketing order by producers.

Reason: As the law now reads, the results of a referendum based upon the volume of the commodity produced for market would have to be determined, using milk as an example, on the basis of the volume of milk "sold" in the marketing area. However, by reason of the language in paragraph (B) of section 8c (8) and paragraph (B) (ii) of section 8c (9), the producers who are eligible to vote in such a referendum are those who actually produced milk for sale in the marketing area.

If a literal construction were to be placed upon this provision of the law, it would be impossible to determine the results of a referendum based upon volume because it is not known and can never definitely be determined how much of each producer's milk is actually sold in the marketing area.

Therefore, in order to do away with an administrative difficulty arising by virtue of this impossible situation and yet preserve the alternative method of ascertaining producer approval, viz, producers by number or producers by volume, this particular amendment is regarded as most essential.

PRESENT LAW

SEC. 8c (12). Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary shall consider the approval or disapproval by any cooperative association of producers, bona fide engaged in marketing the commodity or product thereof covered by such order, or in rendering services for or advancing the interests of the producers of such commodity, as the approval or disapproval of the producers who are members of, stockholders in, or under contract with, such cooperative association of producers.

PRESENT LAW WITH PROPOSED AMENDMENTS, ETC.

(New language italicized; language stricken in brackets)

SEC. 8c. [(12). Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary shall consider the approval or disapproval by any cooperative association of producers, bona fide engaged in marketing the commodity or product thereof covered by such order, or in rendering services for or advancing the interests of the producers of such commodity as the approval or disapproval of the producers who are members of, stockholders in, or under contract with, such cooperative association of producers.]

(12) Whenever, pursuant to the provisions of this section, the Secretary is required to determine the approval or disapproval of producers with respect to the issuance of any order, or any term or condition thereof, or the termination thereof, the Secretary shall consider the approval or disapproval by any bona fide producer-owner and producer-controlled cooperative association of producers, operated for the mutual benefit of the members thereof and conforming to the requirements of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act", as to voting, dividends, and dealing in products of nonmembers, and bona fide engaged in marketing the commodity or product thereof covered by such order, as the approval or disapproval of the producers who are members of, or stockholders in, and under contract with, such cooperative association of producers. For the purpose of determining the status of any cooperative association of producers under this paragraph, the Secretary may require such cooperative association to furnish such information as he may consider necessary or desirable.

EXPLANATION OF AMENDMENT

The amendment here proposed is designed to clarify the provisions of the existing law wherein cooperative associations are given the right to vote their members in a referendum conducted by the Secretary, and further is designed to spell out certain standards to which the Secretary must look in determining the qualifications of any such an association for this purpose.

Reason: Pseudo-cooperative associations, complying usually in skeleton form to State cooperative-marketing statutes and the definitive provisions of the Capper-Volstead Act, have sprung up and have held themselves out to represent their members within the contemplation of section 8c (12). In reality their policies have been distributor or handler dictated and their control the antithesis of producer ownership and producer control.

From this fact it is apparent that if sufficient of such pseudo organizations operated in a particular market so that their vote could control or have an important bearing in the control over the issuance of a marketing order the very object of the act would be defeated. Whereas under the act producers determine whether or not a marketing order shall issue for their market, actually distributor or handler determination would be substituted through this subterfuge, the bogus cooperative, which is contrary to the letter and spirit of the law.

The amending language makes definite and clear the type of cooperative association which may vote in the producer referendum as the representative of its producer members. In addition the Secretary of Agriculture is given authority to call upon a cooperative association for information regarding its character and operations to enable him to determine whether or not it is such a cooperative as may voice the approval or disapproval of its producer members.

PRESENT LAW	PRESENT LAW WITH PROPOSED AMENDMENTS, SECTIONS 7, 9, 10, AND 11 OF S. 3426 (New language italicized; language stricken in brackets)
SEC. 8c (16) (A). The Secretary of Agriculture shall, whenever he finds that any order issued under this section, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this title, terminate or suspend the operation of such order or such provision thereof.	SEC. 8c (16) (A). The Secretary of Agriculture shall, whenever he finds that any order issued under this section, or any provision thereof, obstructs or does not tend to effectuate the declared policy of this title terminate [or suspend the operation of] such order or such provision thereof, *or suspend such order or such provision thereof until such time as he finds that the reinstatement of such suspended order or suspended provision thereof will tend to effectuate such declared policy.*
(B) The Secretary shall terminate any marketing agreement entered into under section 8b, or order issued under this section, at the end of the then current marketing period for such commodity, specified in such marketing agreement or order, whenever he finds that such termination is favored by a majority of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, within the production area specified in such marketing agreement or order, or who, during such representative period, have been engaged in the production of such commodity for sale within the marketing area specified in such marketing agreement or order: *Provided*, That such majority have, during such representative period, produced for market more than 50 per centum of the volume of such commodity produced for market within the production area specified in such marketing agreement or order, or have, during such representative period, produced more than 50 per centum of the volume of such commodity sold in the marketing area specified in such marketing agreement or order, but such termination shall be effective only if announced on or before such date (prior to the end of the then current marketing period) as may be specified in such marketing agreement or order.	(B) The Secretary shall terminate any marketing agreement entered into under section 8b, or order issued under this section, at the end of the then current marketing period for such commodity, specified in such marketing agreement or order, whenever he finds that such termination is favored by a majority of the producers who, during a representative period determined by the Secretary, have been engaged in the production for market of the commodity specified in such marketing agreement or order, within the production area specified in such marketing agreement or order, or who, during such representative period, have been engaged in the production of such commodity for sale within the marketing area specified in such marketing agreement or order: *Provided*, That such majority have, during such representative period, produced for market more than 50 per centum of the volume of such commodity produced for market within the production area specified in such marketing agreement or order, or have, during such representative period, produced more than 50 per centum of the volume of such commodity [sold] *produced for sale* in the marketing area specified in such marketing agreement or order, but such termination shall be effective only if announced on or before such date (prior to the end of the then current marketing period) as may be specified in such marketing agreement or order.
(C) The termination or suspension of any order or amendment thereto or provision thereof, shall not be considered an order within the meaning of this section.	(C) [The termination or suspension] *The termination, suspension, or reinstatement* of any order or amendment thereto or provision thereof, shall not be considered an order within the meaning of this section. (*D*) *Any order issued in accordance with section 8c shall not be affected by the withdrawal from the marketing agreement by any or all signers thereof in accordance with the provisions of such marketing agreement or by the termination or suspension of the marketing agreement by the Secretary with respect to any or all signers.*

EXPLANATION OF FOREGOING AMENDMENTS CONTAINED IN SECTIONS 7, 9, 10, AND 11 OF S. 3426

Section 7 of S. 3426

The amendment of section 8c (16) (B) contained in section 7 of S. 3426 is the third instance of the same amendment, namely, the substitution of the words "produced for sale" in lieu of the word "sold" wherein provision is made for a producer referendum by volume. The explanation of this amendment has already been discussed in connection with section 8c (B) of the act, page 22, supra.

Section 9 of S. 3426

The amendment contemplated by this section of S. 3426 specifically authorizes the Secretary of Agriculture to reinstate either a suspended order or provision thereof whenever he finds that such action will tend to effectuate the declared policy of the act. In other words, it is the counterpart of the authorization already appearing in paragraph (A) of section 8c (16) which provides for the termination or suspension of an order or provision of an order when the same does not tend to effectuate the public policy of the act.

Reason: The wording of the law at present simply provides for a termination or suspension of an order or provision thereof where the Secretary determines that the order or a provision thereof obstructs or does not tend to effectuate the declared policy of the law. This power in all probability carries with it the power to reinstate a termination or suspended order or provision. The authority so to do, however, has been contested in some quarters. The flexibility in administration, which an unquestioned authorization of this kind would give, is of sufficient importance in keeping an order properly adjusted to changing marketing conditions to warrant statutory clarification on this point.

Section 10 of S. 3426

The amendment proposed by this section of S. 3426 is a companion amendment to the previous one. It will place the process of reinstatement of a suspended order or provision thereof on the same procedural basis as the termination or suspension of an order or provision thereof.

Reason: In order to have consistency in context as between paragraphs (A) and (C) of section 8c (16), the particular amendment contained in section 10 of S. 3426 is necessary. As in the case of section 9 of S. 3426, this amendment works a clarification of the existing law insofar as the reinstatement of an order or provision of an order is concerned.

Section 11 of S. 3426

The amendment contemplated by section 11 provides for the insertion of a new paragraph in present section 8c (16) of the act which is to be labeled paragraph (D).

It should be borne in mind that a marketing order under the provisions of section 8c (8) of the act can become effective only in the event (1) handlers of the commodity covered by the order to the extent of 50 percent of the volume thereof enter into a marketing agreement with the Secretary of Agriculture, and (2) two-thirds of the producers of such commodity, either by number or volume approve the issuance of an order.

Section 8c (9) on the other hand permits the issuance of an order in event the required number of handlers fail to sign a marketing agreement, provided the approval of the President is procured and also producer approval.

Section 11 of S. 3426 is designed to amend the law in such way as to clarify the relationship between a marketing agreement as contemplated in section 8c (8) and a marketing order. It accomplishes this by providing that a marketing order, once it is properly issued in accordance with the applicable provisions of the act, namely, handler agreement to a marketing agreement and producer approval of the marketing order, shall not be affected by the withdrawal of any handler as a signatory to the marketing agreement or

by the termination or suspension of the marketing agreement by the Secretary of Agriculture as to one or all of the handlers who are parties to the marketing agreement.

Reason: Efforts have been made by handlers in some markets to do by indirection that which the law expressly makes it impossible for them to do directly, namely, withdraw from a marketing agreement so that those who remain or do not withdraw do not constitute the required percentage (50 percent) necessary to the issuance of an order in the first instance. They expect by such procedure to force the termination of the marketing order on the theory that the order is no longer legally operative since one of the requirements of the law under section 8c (8) is not complied with.

While the accomplishment of such an objective appears to be entirely inconsistent with and contrary to the letter as well as the spirit of the Marketing Agreement Act, yet doubt even if by implication should not be left to exist that the act prevents such an accomplishment.

The proposed amendment would definitely preclude an interpretation of the act which renders an order inoperative simply because handlers who are signatories to the marketing agreement withdraw in such number as to leave less than 50 percent of them by volume remaining signatories to the marketing agreement.

It would indeed be an anomalous situation in any market if handlers could sign a marketing agreement and a corresponding order thereafter issue and subsequently a sufficient number of handlers withdraw from the agreement and thereby render the marketing order ineffective because less than 50 percent of the handlers by volume remained in the marketing agreement.

PRESENT LAW

SEC. 8e. In connection with the making of any marketing agreement, or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the post-war period, August 1919–July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture.

PRESENT LAW WITH PROPOSED AMENDMENT, SECTION 13 OF S. 3426

(New language italicized; language stricken in brackets)

[SEC. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the post-war period, August 1919–July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture.]

SEC. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any agricultural commodity or product thereof specified in such marketing agreement or order, the purchasing power during the entire base period specified in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purpose of such marketing agreement or order, shall be all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such agricultural commodity or product thereof can be satisfactorily determined from available statistics of the Department of Agriculture. Such proclamation shall remain in full force and effect until amended or revoked by the Secretary.

EXPLANATION OF AMENDMENT

This section of S. 3426 substitutes an entire new section for existing section 8e of the Marketing Agreement Act.

Reason: The real necessity for this amendment arises by reason of the amendment proposed in section 1 of S. 3426 which changes the base period from the pre-war span of years to the post-war.

As the law presently reads the base period for commodities except tobacco and potatoes is the pre-war period. Under section 8e, however, the Secretary is authorized to employ the whole or a part of the post-war period where satisfactory statistics for the pre-war period are unavailable.

By reason of the change of base period to the post-war span of years, there is no longer need for section 8e in its present form. However, to preserve the authority therein conferred upon the Secretary, it is deemed advisable to amend and reenact the section in the manner proposed.

The section as redrafted will preserve to the Secretary the right now granted to use such portions of the base period for which he finds and proclaims that the purchasing power of the commodity involved can be satisfactorily determined from available statistics of the Department of Agriculture.

The mechanism for using the same remains intact, namely, a finding and proclamation by the Secretary.

Furthermore, the redrafted language provides that such finding and proclamation shall remain in full force and effect until amended or revoked by the Secretary. In this connection it should be pointed out that because of some ambiguity of language, certain litigants have pressed for an interpretation of present section 8e which would impose upon the Secretary repetitious administrative duties, namely, the making of new findings and the issuance of a new proclamation in case of any reinstatement of a suspended order or any amendment of an order. It is essential that this ambiguity be removed and section 13 of S. 3426 accomplishes this purpose.

PRESENT LAW

SEC. 10 (i). The Secretary of Agriculture, upon the request of the duly constituted authorities of any State, is directed, in order to effectuate the declared policy of this title and in order to obtain uniformity in the formulation, administration, and enforcement of Federal and State programs relating to the regulation of the handling of agricultural commodities or products thereof, to confer with and hold joint hearings with the duly constituted authorities of any State, and is authorized to cooperate with such authorities; to accept and utilize, with the consent of the State, such State and local officers and employees as may be necessary; to avail himself of the records and facilities of such authorities; to issue orders (subject to the provisions of section 8c) complementary to orders or other regulations issued by such authorities; and to make available to such State authorities the records and facilities of the Department of Agriculture: *Provided*, That information furnished to the Secretary of Agriculture pursuant to section 8d (1) hereof shall be made available only to the extent that such information is relevant to transactions within the regulatory jurisdiction of such authorities, and then only upon a written agreement by such authorities that the information so furnished shall be kept confidential by them in a manner similar to that required of Federal officers and employees under the provisions of section 8d (2) hereof.

PRESENT LAW WITH PROPOSED AMENDMENT—SEC. 13 OF S. 3426

(New language italicized; language stricken in brackets)

SEC. 10 (i). The Secretary of Agriculture, upon the request of the duly constituted authorities of any State, is directed, in order to effectuate the declared policy of this title and in order to obtain uniformity in the formulation, administration, and enforcement of Federal and State programs relating to the regulation of the handling of agricultural commodities or products thereof, to confer with and hold joint hearings with the duly constituted authorities of any State, and is authorized to cooperate with such authorities; to accept and utilize, with the consent of the State, such State and local officers and employees as may be necessary; to avail himself of the records and facilities of such authorities; to issue orders (subject to the provisions of section 8c) complementary to orders or other regulations issued by such authorities; and to make available to such State authorities the records and facilities of the Department of Agriculture: *Provided*, That information furnished to the Secretary of Agriculture pursuant to section 8d (1) hereof shall be made available only to the extent that such information is relevant to transactions within the regulatory jurisdiction of such authorities, and then only upon a written agreement by such authorities that the information so furnished shall be kept confidential by them in a manner similar to that required of Federal officers and employees under the provisions of section 8d (2) hereof: *And provided further, That for purposes of ascertaining the approval of favor of producers, required by section 8c, all milk to which the State order and the complementary Federal order apply shall be regarded as the milk covered by the order.*

EXPLANATION OF AMENDMENT

Provision is made in the present law at section 10 (i) for uniformity of regulation between Federal and State authorities in those markets which may come under the jurisdiction of both governmental authorities by reason of State control programs authorized under State enabling legislation.

The amendment contemplated by section 15 of S. 3426 would amend this section of the act in such way as to definitely specify

what group of producers may be considered as eligible to express approval or disapproval of a marketing order in a referendum conducted by the Secretary.

The amendment expressly provides that where a complementary Federal marketing order is up for consideration for a particular market producers covered by both the State marketing order and the proposed complementary Federal order may vote on the issuance of the Federal order.

Reason: As the law is presently drafted a real administrative difficulty is presented by reason of the lack in the law of an adequate proviso prescribing the eligibility of producers who may vote in a referendum conducted for the purpose of ascertaining approval of the issuance of the Federal order. No direction whatsoever appears. Yet in those sections of the law which provide for producer approval, viz, sections 8c (8) and (9), the producers referred to are those who have been engaged in producing the particular commodity covered by the order within the production area covered by the order, or who have been engaged in the production of such commodity for sale in the marketing area. This conceivably embraces producers who are subject to the State marketing order. Therefore, in order to correlate activities and to make for uniformity in the formulation, administration, and enforcement of complementary Federal and State programs, it is deemed essential to incorporate a provision in the law such as the proposed amendment.

PRESENT LAW

SEC. 4. Nothing in this act shall be construed as invalidating any marketing agreement, license, or order, or any regulation relating to, or any provision of, or any act of the Secretary of Agriculture in connection with, any such agreement, license, or order which has been executed, issued, approved, or done under the Agricultural Adjustment Act, or any amendment thereof, but such marketing agreements, licenses, orders, regulations, provisions, and acts are hereby expressly ratified, legalized, and confirmed.

PRESENT LAW WITH PROPOSED AMENDMENT—SEC. 16 OF S. 3426

(New language italicized)

SEC. — *Nothing in this act shall be construed as invalidating any marketing agreement or order, or any regulation relating thereto, or any provision thereof, or any act of the Secretary of Agriculture in connection with any such agreement or order which has been executed, issued, approved, or done under the Agricultural Marketing Agreement Act of 1937, or any amendment thereof, or under the Agricultural Adjustment Act, or any amendment thereof, but such marketing agreements, orders, regulations, provisions, and act or any amendments thereto are hereby expressly ratified, legalized, and confirmed.*

EXPLANATION OF AMENDMENT

Section 16 of S. 3426 incorporates into this amendatory bill a section similar in most respects to section 4 of the Agricultural Marketing Agreement Act of 1937.

Reason: This section is incorporated for the same reason that section 4 of the 1937 act was enacted, that is, to negative any implication that the effect of S. 3426, if enacted into law, invalidates or casts doubt on any action heretofore taken under the marketing agreements and orders provisions of the 1937 act.

This section, as was the case of section 4 of the 1937 act, expressly ratifies, legalizes, and confirms action taken under the 1937 law. Judicial sanction for such a provision is to be found in the following, among other judicial decisions: *Mattingly* v. *District of Columbia* ((1878), 97 U. S. 687, 690); *United States* v. *Heinzen* (206 U. S. 370, 382); *Rafferty* v. *Smith, Bell & Co.* ((1921), 257 U. S. 226, 232); *Isbrandtsen-Moller Company, Inc.*, v. *United States et al.* (No. 307, October term, 1936, U. S. Supreme Court, decided Feb. 1, 1937); and *Swayne & Hoyt, Ltd., et al. v. United States* (No. 494, October term, 1936, U. S. Supreme Court, decided Mar. 1, 1937).

PRESENT LAW

SEC. 8c (2). Orders issued pursuant to this section shall be applicable only to the following agricultural commodities and the products thereof (except products of naval stores), or to any regional, or market classification of any such commodity or product: Milk, fruits (including pecans and walnuts but not including apples, other than apples produced in the States of Washington, Oregon, and Idaho, and not including fruits, other than olives, for canning), tobacco, vegetables (not including vegetables, other than asparagus, for canning) soybeans and naval stores as included in the Naval Stores Act and standards established thereunder (including refined or partially refined oleoresin).

PRESENT LAW WITH PROPOSED AMENDMENT—SEC. 18, PAR. (A) OF S. 3426

(New language italicized; language stricken in brackets)

[SEC. 8c (2). Orders issued pursuant to this section shall be applicable only to the following agricultural commodities and the products thereof (except products of naval stores), or to any regional, or market classification of any such commodity or product: Milk, fruits (including pecans and walnuts but not including apples, other than apples produced in the States of Washington, Oregon, and Idaho, and not including fruits, other than olives, for canning), tobacco, vegetables (not including vegetables, other than asparagus, for canning) soybeans and naval stores as included in the Naval Stores Act and standards established thereunder (including refined or partially refined oleoresin.)]

PRESENT LAW WITH PROPOSED AMENDMENT, ETC.—CON.

Sec. 8c (2). Orders issued pursuant to this section may be applicable to any agricultural, dairy, or horticultural commodity or product thereof, or to any regional, or market classification of any such commodity or product: Provided, That in no event shall such orders apply to apples except apples produced in the States of Washington, Oregon, and Idaho.

EXPLANATION OF AMENDMENT

Section 18, paragraph (a), of S. 3426 amends section 8c (2) of the Marketing Agreement Act of 1937 by striking all of the section which limits the issuance of marketing orders to certain specified agricultural commodities and the products thereof. It would substitute therefor new language giving permissive authority to issue marketing orders for any agricultural, dairy, or horticultural commodity, or products thereof.

The amendatory language is intended to cover all of the commodities covered by existing law and to add to such coverage all other agricultural commodities, including dairy and horticultural commodities. It, therefore, enlarges upon existing law by making it possible for producers and growers of all agricultural commodities to utilize the order provisions of the Marketing Agreement Act. In the case of fruits and vegetables, for example, such amendment extends the existing law to these commodities whether they be marketed in their fresh or canned forms.

Reason: The Marketing Agreement Act is designed to enable producers and handlers of agricultural commodities to work out by agreement advantageous working rules to facilitate orderly marketing. The act is permissive in form and character. The enactment of this amendment making possible the extension of order provisions of the act to additional commodities does not of itself extend the Department of Agriculture into the broad field of regulation of all agricultural commodities. It does make possible, if a sufficient number of growers and producers demand the utilization of the powers provided in the act, that the Secretary use such powers under the standards provided therein. Thus, the amendment merely gives to growers and producers at present excluded by the specific language of the act this privilege of utilizing its provisions when found desirable under its terms.

Many growers and producers have indicated their desire for this legislation in conferences, meetings, and numerous expressions of farm-organization witnesses before the Agricultural Committees of Congress.

The proviso contained in the proposed amendment is a typographical error which should be deleted from the proposed amendment. It so happens that this language did not take into account the bill enacted by the first session of the Seventy-sixth Congress, Public, No. 98, chapter 157, approved May 31, 1939, which amended the law to provide that orders may be issued for apples produced in the States of Washington, Oregon, and Idaho.

Section 17 of S. 3426

Sections 8c (8) and (9) of the Marketing Agreement Act are additionally amended by section 17 of S. 3426. This amendment proposes to amend the existing law by eliminating the clauses which require a greater percentage of handler signatures to the marketing agreement and of grower approval to the issuance of an order in the case of California citrus fruit than in the case of any other commodity. These provisions were inserted in the present law by amendments offered by Senator McAdoo at the time the amendments of 1935 were enacted. The reason given for the McAdoo amendment was that in California one organization controlled about 70 percent of the citrus production of the State (CONGRESSIONAL RECORD, 74th Cong., 1st sess., vol. 79, line 11, p. 11655). The minority were unwilling to rely upon the discretion of the Secretary of Agriculture but desired that a veto power be given to 20 percent of the handlers (i. e., shippers as distinguished from growers) or to 25 percent of the growers. The McAdoo amendments were unopposed at the time in the hope that if the minority were given this veto money they would feel a greater responsibility for a successful operation of any citrus-marketing-control program that might thereafter be adopted.

In the case of all other commodities, the requirement is that 50 percent of the handlers sign the marketing agreement and that two-thirds of the growers approve the issuance of an order. The effect of the proposed amendment contained in section 12 of the pending bill will be to make California citrus fruit subject to the same provisions as citrus fruit from other producing areas and as all other commodities on which marketing orders may be issued. It will eliminate the discriminatory provisions of the present law, which are applicable alone to California citrus fruit.

Under the provisions of the act as now written, the desire of a large majority of the citrus industry for effective regulation of marketing may be frustrated by a small minority of handlers. By reason of their veto power through refusal to sign the marketing agreement, such a minority can dictate the terms of the marketing agreement and order. This is true, because unless the signature of at least 80 percent of the handlers can be obtained no marketing agreement or order can be put into effect. This results in a most undemocratic situation.

The elimination of these discriminatory provisions relating to California citrus fruit will simply mean that two-thirds of the industry will make recommendations to the Secretary of Agriculture. The authority to decide and determine what provisions the marketing agreement or order relating to California citrus fruit should contain will be vested entirely in the Secretary of Agriculture. The Secretary will afford the minority group or groups the opportunity for hearing before him so that all matters recommended by the majority of the producers will be reviewed, and, if necessary, changed for the general good of the industry. It must be clearly apparent that even with the change in the law proposed the Secretary is not in any way required to issue any particular agreement or order that the majority of the producers may desire. The Secretary has complete discretion, within the limits of the law, as to what provisions shall be placed in any marketing agreement or order. The two-thirds of the producers merely have a veto against a proposed regulation becoming effective; they do not have dictatorial powers as to what such a regulation shall provide.

The California Fruit Growers' Exchange is a federation of 198 local associations. Each of the local associations is considered an individual shipper for the purposes of signing a marketing agreement and in the operation of a marketing order. The local association acts on its own initiative in determining whether or not to sign a marketing agreement and may so act in determining whether or not to approve a proposed marketing order. The grower members of the local associations will by their actions finally determine the approval or disapproval of an agreement and order.

Because the citrus industry in California and Arizona is fortunate in having a large cooperative association to handle the marketing problems of producers, it should not be discriminated against in connection with the issuance of Federal programs. Like all true cooperative organizations, grower membership is on a voluntary basis. Each grower and each association has a withdrawal privilege which may be exercised annually. Authority is delegated only upon authorization by the growers.

For the foregoing reasons, the existing provisions of the statute which discriminate against California citrus fruit are unjust. They should be eliminated in the manner proposed.

PRESENT LAW	PRESENT LAW WITH PROPOSED AMENDMENT—SEC. 16, PARA. (B) OF S. 3426 (New language italicized; language stricken in brackets)
SEC. 8c (6). In the case of fruits (including pecans and walnuts but not including apples, other than apples produced in the States of Washington, Oregon, and Idaho, and not including fruits, other than olives, for canning) and their products, tobacco and its products, vegetables (not including vegetables, other than asparagus, for canning) and their products, soybeans and their products, and naval stores as included in the Naval Stores Act and standards established thereunder (including refined or partially refined oleoresin), orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:	SEC. 8c (6). [In the case of fruits (including pecans and walnuts but not including apples, other than apples produced in the States of Washington, Oregon, and Idaho, and not including fruits, other than olives, for canning) and their products, tobacco and its products, vegetables (not including vegetables, other than asparagus for canning) and their products, soybeans and their products, and naval stores as included in the Naval Stores Act and standards established thereunder (including refined or partially refined oleoresin)], *In the case of agricultural or horticultural commodities and the products thereof, other than milk and its products,* orders issued pursuant to this section shall contain one or more of the following terms and conditions, and (except as provided in subsection (7)) no others:
(Hereafter in section 8c (6) is enumerated the terms and conditions.)	(Hereafter in section 8c (6) is enumerated the terms and conditions.)

EXPLANATION OF AMENDMENT

The amendment contemplated by section 18, paragraph (b), of S. 3426 is simply to harmonize the context of the law as it will read after amendment.

Reason: Section 8c (6) of the law, at paragraph 1, repeats the language of section 8c (2) of the law which specifies the agricultural commodities for which marketing orders may be issued. By reason of the amendment of section 8c (2) in the manner proposed by paragraph (a) of section 18 of S. 3426, namely, to embrace all commodities rather than the limited few in the present law, present section 8c (6) at paragraph 1 would be thrown out of balance. This is necessarily so for the reason that section 8c (6) pertains to terms and conditions which may be incorporated into marketing orders for products other than milk and its products. If left to read as it presently does, then section 8c (6) becomes applicable to milk and its products which is not the sense of the present law. Hence, it is necessary to revise paragraph 1 of section 8c (6) to exclude specifically milk and its products from the operation thereof and thereby preserve the present intent of the law.

Respectfully submitted.

NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION.
AMERICAN FARM BUREAU FEDERATION.
NATIONAL COUNCIL OF FARMER COOPERATIVES.

Mr. GILLETTE. Mr. President, in that connection I desire to state that the Senator from Washington [Mr. SCHWELLENBACH], who has just spoken, worked long and faithfully, day after day, as chairman of the subcommittee, giving everyone interested in this measure ample opportunity to be heard. Five farm organizations were particularly interested in the proposed legislation. They are still interested in the enactment of the two sections which I have asked to have eliminated from the bill. They have prepared a statement in which they join in the request that these two sections be dropped from the bill, and have requested me to reintroduce them as a separate measure, which I have now done.

I ask unanimous consent that the statement of these organizations—the American Farm Bureau Federation, the National Council of Farmer Cooperatives, the National Grange, the National Cooperative Milk Producers' Federation, and the California Fruit Growers' Exchange—be included in the RECORD at this point as part of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

WASHINGTON, D. C., *September 17, 1940.*

Hon. GUY M. GILLETTE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GILLETTE: In view of the anticipated adjournment of Congress and the extreme necessity of securing the early passage of certain perfecting amendments to the Agricultural Marketing Agreement Act of 1937 contained in the bill S. 3426, the major farm groups supporting this legislation now recommend that the first 14 sections of the bill be segregated from sections 15 and 16 thereof and acted upon immediately.

The first 14 sections of the bill relate either to marketing agreements and orders for milk or to general administrative procedure. They are urgently needed to perfect the law against further costly and extended litigation. No objection was made to these amendments in committee hearing.

Our recommendation is made with the sincere hope that these sections of the bill may receive the immediate consideration of the Senate. We consider favorable action on these amendments to be vitally essential to insure the continued effective operation of the law with respect to milk and specialty crops now marketed under agreement and order programs.

With respect to sections 15 and 16 of the bill, we desire to again urge that these amending provisions be enacted into law by Congress at an early subsequent date. These sections provide as follows: Section 15 deals with the elimination of that proviso in the law which requires 80 percent handler approval of marketing agreements and 75 percent producer approval of marketing orders in the case of California citrus fruits. Section 16 provides for the extension of the orderly marketing provisions of the law to all agricultural commodities.

In other words, while we recommend that the first 14 sections of the bill be acted upon at once in order to insure the passage of amendments needed to perfect the machinery of the law against legal attack and unfortunate administrative delays, we wish to stress the fact that the other proposed amendments should be adopted at the earliest possible date in order to give the benefits of the legislation to many producers who cannot now take advantage of the legislation, as well as to remove the discrimination existing in the case of California citrus fruits. The committee hearing record is replete with illustrations of the need for orderly marketing programs in the field of many agricultural commodities not now covered by the law. We believe that the marketing problems confronting such farmers should receive timely consideration by Congress.

Respectfully yours,

EDW. A. O'NEAL.
Representing American Farm Bureau Federation.
EZRA T. BENSON,
Representing National Council of Farmer Cooperatives.
FRED BRENCKMAN,
Representing the National Grange, Patrons of Husbandry.
CHAS. W. HOLMAN,
Representing the National Cooperative Milk Producers Federation.
KARL LOOS,
Representing California Fruit Growers Exchange.

Mr. ADAMS. Mr. President, will the Senator give a brief statement of what is in the bill?

Mr. GILLETTE. I shall be very glad to do so.

The 14 sections which remain in the bill deal entirely with the marketing of milk or with changes in administrative procedure which have been made necessary because of litigation. Their only purpose is to avoid the expense of litigation and the expense of administration. As to the two sections which have been dropped, which are controversial, section 15 deals entirely with the marketing of citrus fruits

in the State of California, and applies to no other section of the country. Section 16, which deals with an extension of the right to make marketing agreements and orders with reference to all agricultural commodities, met with considerable opposition, and is one of the sections which on my motion has just been stricken from the bill. To the 14 sections which remain, there is no objection whatever. They all deal with technical matters of administration in the marketing of milk.

The ACTING PRESIDENT pro tempore. May the Chair be pardoned for asking a question of the Senator? Does the bill interfere with any reasonable regulation which is put into effect by municipalities for the marketing of milk?

Mr. GILLETTE. By municipalities?

The ACTING PRESIDENT pro tempore. Yes.

Mr. GILLETTE. I am convinced that it does not, Mr. President.

The ACTING PRESIDENT pro tempore. The question is upon agreeing to the amendment reported by the committee, as amended.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INVITATION TO SENATOR SCHWARTZ TO ATTEND WILLKIE MEETING

Mr. SCHWARTZ. Mr. President, I am in receipt of a communication from the Minnehaha County Republican Committee, Sioux Falls, S. Dak., dated September 14, 1940, reading as follows:

DEAR MR. SCHWARTZ: I am taking it for granted that you will be with us here in Sioux Falls on September 26 when Wendell Willkie will be our honored guest. It is bound to be a red-letter day for Sioux Falls and South Dakota and we want you to participate with us in this event.

Present arrangements call for Mr. Willkie's appearance and talk at the Howard Wood Field between 11 and 11:30 a. m. Since this hour is the most convenient of any of his stops in our State, we are anticipating an overflow crowd.

I will look forward to seeing you personally here in Sioux Falls on the 26th.

Sincerely yours,

CLAUDE A. HAMILTON,
County Chairman.

Mr. President, the energetic Republican county chairman of Minnehaha County is coursing far afield, geographically and politically, in mailing me, postage paid, an invitation to attend the Willkie séance at Sioux Falls, S. Dak. All my recollections of Sioux Falls are pleasant, and I assume the invitation is but one expression of the boundless hospitality of that fine city.

However, Mr. President, none could profit by my listening to the seductive voice of Mr. Willkie. I am confirmed in my belief that the reelection of President Roosevelt is best for our country. If I were wavering in that belief, listening to Mr. Willkie would only resolve my doubt and confirm anew my allegiance to the President, and that would not please Republican County Chairman Hamilton.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. HARRISON. Mr. President, I have a clerical amendment to offer. On page 151, line 9, after the word "any", I move to insert "facility." It is a clarifying amendment. The amendment is proposed so as to include, for the purposes of amortization, drydocks, channels, airports, and similar facilities which are not strictly buildings, or do not constitute the installation of equipment.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Mississippi will be stated.

The CHIEF CLERK. On page 151, line 9, after the word "any", it is proposed to insert the word "facility."

The amendment was agreed to.

Mr. HARRISON. I have another technical, clerical amendment, which I send to the desk and ask to have stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 134, line 10, in the committee amendment, after the word "exchange", it is proposed to insert "multiplied by the number of days in the taxable year remaining after the day of the exchange."

The ACTING PRESIDENT pro tempore. Without objection, the vote by which the committee amendment was agreed to will be reconsidered for the purpose of passing upon the amendment offered by the Senator from Mississippi.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. HARRISON. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwartz
Andrews	Ellender	King	Schwellenbach
Ashurst	Frazier	La Follette	Sheppard
Austin	George	Lee	Shipstead
Bailey	Gerry	McKellar	Smathers
Barkley	Gillette	McNary	Stewart
Bilbo	Glass	Maloney	Thomas, Idaho
Bridges	Green	Mead	Thomas, Okla.
Brown	Guffey	Minton	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Townsend
Byrd	Harrison	Nye	Tydings
Byrnes	Hatch	O'Mahoney	Vandenberg
Capper	Hayden	Overton	Van Nuys
Clark, Idaho	Herring	Pepper	Wagner
Clark, Mo.	Hill	Pittman	Walsh
Connally	Holt	Radcliffe	Wheeler
Danaher	Hughes	Reed	White
Davis	Johnson, Calif.	Russell	Wiley

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from Vermont [Mr. GIBSON], the Senator from Oregon [Mr. HOLMAN], the Senator from Massachusetts [Mr. LODGE], and the Senator from Ohio [Mr. TAFT], are necessarily absent.

Mr. MINTON. Mr. President, the senior Senator from Washington [Mr. BONE] is absent on account of sickness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MILLER], the Senator from Montana [Mr. MURRAY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN], are necessarily absent.

The ACTING PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present.

Mr. AUSTIN. Mr. President, the barriers between the State and the Federal Governments are reciprocal. The one is equally binding as the other upon its proper government. I think the distinction and the description of the field in which each government is supreme are very tersely and exactly stated by Attorney General Staples, of Virginia, when testifying before the special committee. He said:

The supremacy of the Federal Government in its own proper sphere and field is delineated in the Constitution, we most cheerfully concede, but just as earnestly do we insist upon the supremacy of the government of our State in its proper field as established by that instrument.

The necessity of keeping that distinction is very well illustrated in some testimony which appeared in the hearings before the House Committee on Ways and Means in 1939, dealing with the subject of tax-exempt securities. On page 109 thereof appears the statement of Frederick Hollowell, secretary to Morris S. Tremaine, comptroller of the State of New York, whose experience and special study qualified him as an authority on the subject. From the statement I quote the following:

There are, for example, more than 900 townships in New York State, as well as over 500 villages and several thousand school districts, all of them potential issuers of bonds.

But even the names of these units, many of them with only a few hundred inhabitants, are unfamiliar in the financial markets. What investor, for example, could be expected to know anything about the capacity or willingness of such towns as Niskayuna, Horicon, or Coeymans, N. Y., to pay their debts? For this reason,

tax exemption is virtually the only trade-mark that gives such bonds any market at all. Therefore, if the tax-exempt feature is removed many of them may be unable to do any public financing, even though intrinsically they may be just as much entitled to credit as some of our big cities.

Take the large cities. I read from the testimony of Mayor LaGuardia, a short extract appearing on page 309:

I have not changed my views on this subject. You gentlemen will recall—and most of you were here—that in February 1924 this matter was up before the House. I at that time had had an experience of 2 years as a municipal official, having left the Sixty-sixth Congress to serve an unexpired term as president of the Board of Aldermen of the City of New York.

With that brief experience I could readily see how impracticable and destructive any plan would be to suddenly tax these securities, and I opposed the resolution.

In that opposition I was not alone. I followed the great men of the House in that instance. I followed the distinguished chairman of the Committee on Ways and Means, Mr. DOUGHTON, who voted against the resolution. The present Speaker of the House, Mr. Bankhead, voted against the resolution. The present majority leader, Mr. RAYBURN, voted against the resolution. Mr. STEAGALL, the chairman of the Committee on Banking and Currency, voted against the resolution. HATTON SUMNERS, now the chairman of the Committee on the Judiciary, voted against the resolution. LEA, of California, now the chairman of the Committee on Interstate and Foreign Commerce, voted against the resolution. VINSON of Georgia, now the chairman of the Committee on Naval Affairs, voted against it. MARVIN JONES, now the chairman of the Committee on Agriculture, voted against the resolution. OTIS BLAND, of Virginia, now chairman of the Committee on Merchant Marine and Fisheries, voted against it. Mr. MANSFIELD, now chairman of the Committee on Rivers and Harbors, voted against it. JOHN RANKIN, now chairman of the Committee on World War Veterans' Legislation, voted against it. FRITZ LANHAM, of Texas, now chairman of the Committee on Public Buildings and Grounds, also voted against it. They and other outstanding Members of the House, such as DREWRY, CROSSER, COLLINS, JOHNSON of Texas, SULLIVAN, WEAVER, CANNON, and WOODRUM of Virginia all voted against it.

Among our colleagues at the time who also voted against this, and who are now Members of the Senate, are such men as BARKLEY, of Kentucky; HAYDEN, of Arizona; HILL, of Alabama; BYRNES, of South Carolina; CONNALLY, of Texas; THOMAS of Oklahoma; and TYDINGS, of Maryland.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. CONNALLY. The Senator from Texas intends to vote now as he did then.

Mr. AUSTIN. I thank the Senator.

Mr. CONNALLY. He has had no other intention at any time.

Mr. AUSTIN. I have no doubt at all that the Senator from Texas will vote that way.

Mr. BARKLEY. Mr. President, if this is to be turned into an experience meeting, I desire to say that I shall vote the same way I voted at that time.

Mr. AUSTIN. I am glad to hear the Senator say that.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. TYDINGS. We might as well make it unanimous. I wish to say that I intend to vote now as I did then.

Mr. AUSTIN. I thank the Senator from Maryland. I continue to read:

I recall the debate very distinctly. That was a sort of soak-the-rich movement headed by Andrew Mellon. But we all remember what was the real purpose.

This is what happened, gentlemen; this is how the whole thing started.

Just prior to the World War, I mean in 1914, just about that time, or before that time, municipalities were in good financial condition. The science of municipal government had developed, and new types of administrators were taking office here and there in the United States. Many cities that were being exploited by private water companies, by private utilities, power and transit companies, were seeing the light and were taking over these utilities.

Just about that time there was an epidemic of the taking over of waterworks, followed by the Ohio cities taking over their trolley systems.

Then the war came along and sort of interrupted this movement. We came back after the war, and got back into civil activities, and we are taking it up again. There was a movement in my city at the time to take over the rapid transit, and the utilities conceived the idea that they would block the market for the municipal securities. That was the origin of the resolution which we considered on February 7 and 8, 1924, and this talk at the time of soaking the rich was just plain, absolute "bunk."

Mr. President, necessity is the mother of the rule. The immunity of each of these governments from taxation by the other is the result of dire necessity that an essential function of government shall not be under the control of a distinct and separate and different government. It is of the very essence of sovereignty, that a government be able to control its own financing and be not subject to interference by some other government in performing that particular function.

The Court has recognized continually this equality of supremacy between the States, each being supreme in its own political field.

In Education Films Corporation against Ward, Mr. Justice Stone explained:

The necessity for marking those boundaries occurs out of our constitutional system under which both the Federal and the State Governments exercise their authority over one people within the territorial limits of the same State. The purpose is the preservation to each government within its own sphere of the freedom to carry on those affairs committed to it by the Constitution without undue interference by the other. As a matter of fact, in *McCulloch* v. *Maryland*, in which Chief Justice Marshall has announced the immunity of the Federal Government, he also recognizes the possibility of the reciprocal constitutional barrier to Federal taxation of the State immunity.

The Pittman case is the last word. It is known as the case of Pittman against Home Owners' Loan Corporation, a very suggestive name. It brings to mind at once the question what the effect of the taxation of governmental securities would be upon the social activities of the Government. How will these agencies of government carry on if their burden is to be increased by taxation of all their borrowing power? In the case to which I refer, Mr. Justice Hughes speaks of the protection of the law over the different governments and governmental agencies in this manner:

In the exercise of this power to protect the lawful activities of its agencies, Congress has the dominant authority—

Notice that word "dominant"—

which necessarily inheres—

In what, Mr. President?—

in its action within the national field. (Citing cases.) The exercise of this protective power in relation to State taxation has many illustrations. (Citing cases.) In this instance—

That is, in the case of Pittman against Home Owners' Loan Corporation—

Congress has undertaken to safeguard the operations of the Home Owners' Loan Corporation by providing the described immunity. As we have said, we construe this provision as embracing and prohibiting the tax in question.

That decision was rendered November 6, 1939, and is a reapplication of the principle which was first enunciated in McCulloch against Maryland, and which has been subsequently enunciated many times.

I comment upon the peculiar condition in which a State or municipality would be if we should treat the sixteenth amendment as extending the power to tax to something which was not taxable before that amendment was adopted, namely, the securities or loans of States and municipalities. What kind of security would there be if that immunity were only permissive, or if it existed solely by the grace of Congress? What possible plans could there be for long-term bonds, or for the continued existence of a municipality or any other political subdivision, such as a school district, if it always had to make its sales of bonds and other securities with the possibility that tomorrow Congress might levy a tax—first, the original tax, the first one ever to be levied, and then such taxes as it might see fit to levy in the future? Once the camel's nose is under the tent, his whole body can get in. If we now say by our vote on this amendment that Congress, by a mere majority, may so far amend the Constitution as to permit such taxation at all, we admit a principle which would enable Congress to tax all such securities—not only future securities, but also securities of the past.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. CONNALLY. Is the Senator aware that many Senators are now contending that we have the power to tax, and ought to tax, outstanding issues of securities?

Mr. AUSTIN. I was not aware of that fact.

Mr. CONNALLY. As I recall, I have heard Senators express such views.

Mr. AUSTIN. I thank the Senator for suggesting it. The state of mind which can accept the idea of an act of Congress imposing a burden upon a promise to pay money which was issued in the form of a bond some years ago is utterly intolerable to me. It seems to me that the absurdity of the position that the sixteenth amendment added any new taxing power is still further emphasized when we see it through to its logical effect. If the contention be sound that it added the power to tax what was not before taxable, merely because it added the words "from whatever source derived," then, of course, it is an admission that the Federal Government may tax the revenue of a State. It may tax the taxes of a State. It may tax the revenue of a municipality.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. BROWN. I make this remark because several Senators have recently come into the Chamber who were not here earlier in the day. Of course, the Senator does not wish to leave the impression that the pending amendment in any way proposes a tax on presently outstanding issues of States or municipal governments, or of the Federal Government. I think the Senator will readily agree with me when I say that the special committee unanimously reported against any tax of that kind.

Mr. AUSTIN. I am glad to have that statement by the distinguished Senator. I do not think my remarks would quite bear that interpretation.

What we do here today will not bind the Congress of tomorrow. If we once break through the barrier which for 150 years has been supposed to exist, the Congress of tomorrow may tax bonds and securities which were issued in the past. I interpret the amendment as taxing an existing obligation in this way: I refer to an obligation which is not yet due. Perhaps it is to become due in 5 years. A municipality sees fit to refund it for 50 years, and thus gain the advantages of refunding. The amendment would tax the old debt after the maturity of the old bond. That is, the old bond would be exempt from taxation up to the date of maturity; but after that time the same debt would have to bear this burden.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Maine.

Mr. WHITE. It would tax the same debt in its refunded form.

Mr. AUSTIN. That is correct. I thank the Senator from Maine.

My time is passing, and I wish to try to cover the point that the sixteenth amendment does not add a new power of taxation. That amendment reads:

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Never has it been allowed to be interpreted as now claimed. In all the cases which have gone up to the Supreme Court, not one single judgment has given it that interpretation. Those who have discussed it have made it perfectly clear that the words "from whatever source derived" modify the phrase "without apportionment."

Let me hastily list the cases which have been decided on this subject since the sixteenth amendment was adopted.

Evans v. *Gore* (253 U. S. 245 (1920)), opinion by Mr. Justice Van Devanter. Income tax on salary of Federal judge held an unconstitutional diminution of his salary.

Of course, that part of it has been overruled since; but the point is that as to the sixteenth amendment it held: Sixteenth amendment carefully examined and held not to remedy this defect despite words "from whatever source derived." No new power conferred by amendment.

The next case is that of *Metcalf and Eddy* v. *Mitchell* (269 U. S. 514 (1926)). The opinion was written by Mr. Justice Stone. It held: Federal taxation of income of independent contractors derived from contracts from State government held unconstitutional; burden on State held too indirect.

The next case is that of *National Life Insurance Co.* v. *United States* (277 U. S. 508 (1928)). I am taking the cases in chronological order. Held unconstitutional to deny deduction from gross income to the extent that taxpayer received income from exempt securities; refers to immunity of State bonds as a "settled doctrine." Mr. Justice Brandeis said:

> The tax-exempt privilege is a feature always reflected in the market price of bonds. The investor pays for it.

I am told that it was recently so reflected in St. Louis, Mo., where a bond issue, on the basis of bids submitted to the city, cost that municipality $48,000 more than it would have cost had not this amendment been pending. The uncertainty created by the pendency of the amendment caused the owner of a little home in St. Louis, in addition to taxes, to contribute to the $48,000 burden on this one transaction.

That was in 1928. In 1931 *Willcutts* v. *Bunn* (282 U. S. 216), Hughes, Chief Justice; constitutional to tax profit on sale of exempt municipal bonds, distinguished taxation of income.

New York ex rel. Cohn v. *Graves* (200 U. S. 308 (1937)), opinion by Justice Stone—Justice Hughes, Brandeis, and Roberts concurring—State tax on income of resident for realty located in another State held unconstitutional. Pollock case distinguished and reaffirmed.

Hale v. *Iowa State Board* (302 U. S. 95 (1937)), Cardozo, J.—Hughes, Stone, Brandeis, Roberts, Black concurring—State tax on income from its own bonds held constitutional, though bonds were issued as exempt. Decision based on point that exemption was intended only from property taxes and not income taxes. Pollock case distinguished and reaffirmed.

James v. *Dravo Contracting Co.* (302 U. S. 134 (1937)), Hughes, Chief Justice—Stone, Brandeis, Cardozo, Black concurring—Federal tax on gross income of one company contracting independently with State government held constitutional. Bond immunity very clearly reaffirmed.

> Vital considerations are * * * involved respecting the permanent relation of a government to investors in its securities and its ability to maintain its credit.

Now we come to *Helvering* v. *Mountain Producers' Corporation* (303 U. S. 376), decided in 1938. We are getting down pretty near to the present time, and, certainly since 1913 when the sixteenth amendment was adopted, every case I have read denies the interpretation that the words "from whatever source derived" added to the taxing power.

Helvering against Mountain Producers' Co. holds, in effect, that Federal tax on income from a lease with a State government is constitutional.

Helvering v. *Gerhardt* (304 U. S. 405 (1938)), Stone, J.—State employees held subject to Federal income tax. Burden indirect and conjectural. Bond immunity distinguished.

> To tax income received by a private investor from State bonds, and thus threaten impairment of the borrowing power of the State.

Graves v. *New York ex rel. O'Keefe* (306 U. S. 466) (1939), Stone, judge, rendering opinion of the court—State tax on salary of Federal employee held constitutional. Burden indirect and conjectual.

O'Malley v. *Woodrough* (307 U. S. 277) (1939), Frankfurter, judge, overruling; Evans against Gore insofar as that case held that an income tax on a judge's salary is an unconstitutional diminution. Not on ground of sixteenth amendment.

And finally *Pittmann* v. *H. O. L. C.* (308 U. S. 21 (1939), Hughes, Chief Justice—State recording tax on H. O. L. C. mortgage held unconstitutional. Federal statute included express exemption.

> A power to create implies a power to preserve (and) the power to protect.

That is what the immunity is for.

I wish to refer again to the Helvering-Gerhardt case for a more complete statement of the principle enunciated by

Mr. Justice Stone. It is as follows, and appears on page 8 of this advance opinion of May 16, 1938:

In tacit recognition of the limitation which the very nature of our Federal system imposes on State immunity from taxation in order to avoid an ever-expanding encroaching upon the Federal taxing power, this court has refused to enlarge the immunity substantially beyond those limits marked out in *Collector v. Day, supra.*

Note this—

It has been sustained—

What has been sustained? This immunity, this protective power.

It has been sustained where, as in Collector against Day, the function involved was one thought to be essential to the maintenance of a State government, as where the attempt was to tax income received from the investments of a municipal subdivision of a State, *United States* v. *Railroad Corporation* (17 Wall. 322)—

Which I have cited—

to tax income received by a private investor from State bonds and thus threaten impairment of the borrowing power of the State, *Pollock* v. *Farmer's Loan and Trust Co.* (157 U. S. 429); cf. *Weston* v. *Charleston, supra* (465–466); or to tax the manufacture and sale to a municipal corporation of equipment for its police force, *Indian Motocycle Co.* v. *United States* (283 U. S. 570).

That is an excellent exposition of the principle involved here. What is the immunity?

In *James* v. *Dravo Contracting Co.* (302 U. S. 134, 152–153), by Chief Justice Hughes, with Justices Stone, Brandeis, Cardozo, and Black concurring, there is a statement to similar effect:

There is no ineluctable logic which makes the doctrine of immunity with respect to Government bonds applicable to the earnings of an independent contractor rendering services to the Government. That doctrine recognizes the direct effect of a tax which "would operate on the power to borrow before it is exercised" (*Pollock* v. *Farmers' Loan & Trust Co., supra*) and which would directly affect the Government's obligation as a continuing security. Vital considerations are there involved respecting the permanent relations of the Government to investors in its securities and its ability to maintain its credit—considerations which are not found in connection with contracts made from time to time for the services of independent contractors.

To what does the immunity extend? It extends to that function or activity of government that is essential to its existence as a State, and, when it substantially burdens that function or activity, it is a violation of the immunity. All have conceded without exception, witnesses supporting the views of the majority as well as those holding the views of the minority, that taxation of future issues of States and municipalities and their political subdivisions is a burden upon the essential function of government. Now, I should like to take a short time——

The ACTING PRESIDENT pro tempore. The Senator's time on the amendment has expired. The Senator has 30 minutes more on the bill.

Mr. AUSTIN. I thank the Chair.

Now I should like to spend a little time on a familiar practice, which many times I have heard being employed; and that is when we want to find out what a Congress that preceded us had some time meant by its words, to go into the record of what took place and try to get a current and practical interpretation of it by those who were its sponsors.

The first question that was raised respecting the meaning of the sixteenth amendment was raised by the then Governor of the State of New York, Mr. Hughes, our present Chief Justice, whom we all respect and for whose judgment we have the greatest reverence. Governor Hughes, in a message to the New York Legislature, voiced certain fears regarding the possible future interpretation of the amendment. He pointed out that if the words "from whatever source derived" were read in cold literality, and stripped from the context and constitutional framework, they might be interpreted so broadly as to indicate an intention to tax State and municipal bonds. What he voiced was a fear that a very careful and prudent lawyer acting as the chief executive of the State of New York might very well express. They were considering then the ratification of the sixteenth amendment. Today, 30 years later, we find that the fears then expressed by the Governor have become real. We see Congress considering to a tax bill an amendment advanced by those who support the very theory that the sixteenth amendment added new power to tax and enabled the Congress to tax the securities of States and municipalities. But also today we are witnesses of the fact that the fears voiced by Governor Hughes are not regarded by him as well founded. The Chief Justice of the Supreme Court of the United States now makes it certain to us that his fears were unfounded, and that the principle of immunity of the two governments from interference by each other in this essential field of their respective operations still lives; it has been respected by each of them through all these years and sustained by the Supreme Court which has passed on this question.

I will later refer to some of the very distinct language of the Chief Justice covering that very point, but I wish to deal with the utterances provoked in Congress by those fears which were expressed by the Governor of New York. Immediately afterward, Senator Borah rose on the floor of the Senate and challenged and controverted the fears voiced by Governor Hughes. In a speech which is famous, made on February 10, 1910, found in volume 44 of the CONGRESSIONAL RECORD, at pages 1694–1695, Senator Borah stated, among other things, as follows:

The words upon which the Governor lays stress are "from whatever source derived," he believing them to include incomes from the sources I have suggested.

I submit for the consideration of the Senate, first, that this amendment, if adopted, will add nothing to the power of the National Government to lay and collect taxes in the way of power; that the power of the National Government at the present time, as I have said, is full, complete, unlimited, and unfettered, save as to exports from the States, which has nothing to do with the argument here.

It is true that there are two rules with reference to the manner in which the Congress will exercise the power—that of uniformity and that of apportionment—but as to the power itself, putting aside for the moment the manner of its exercise, I submit that the power is at the present time vested in Congress without any limitation, unfettered in every sense of the term.

The Senator specifically denied that the amendment dealt with a grant of new power, in the following language:

The amendment did not deal, does not purport to deal, and was not intended to deal with the question of power. It intended to deal, and does deal, alone with the manner of exercising that power which is already complete, that which is already without any limit. The sole obstacle to be removed by those who sought to change the Constitution was that of apportionment. No one has ever contended that it was not within the power of Congress to lay a tax upon incomes. That power has belonged to Congress from its organization, under the original taxing power of Congress. Whether apportioned or unapportioned was a matter of discussion, and concerning which courts and lawyers differed; but the power to impose an income tax upon all property, "from whatever source derived," was never doubted, so far as I know, by either court or lawyers in this country.

In summing up, Senator Borah said:

That the proposed amendment adds nothing to the taxing power of the National Government. This power was complete, unfettered, plenary before. It can be no more than that should this proposed amendment be adopted.

This is directly contrary to what the Department of Justice now argues.

Continuing, Senator Borah said:

The words "from whatever source" add nothing to the force of the amendment. It would, in constitutional parlance, be just the same if it said "to lay and collect taxes on incomes without apportionment," for who could then say that you would not have the right to lay taxes upon all incomes? The present taxing power would not be a particle stronger if it stated "to lay and collect taxes upon all property from whatever source."

To construe the proposed amendment—

Mr. President, I want to have this statement gain all the probative force that it can have. This is the meat of the thing. Senator Borah said:

To construe the proposed amendment so as to enable us to tax the instrumentalities of the State would do violence to the rules laid down by the Supreme Court for a hundred years, wrench the whole Constitution from its harmonious proportions, and destroy the object and purpose for which the whole instrument was framed.

That is a true Borahesque description of the probable consequence of this breaking down of the barrier which maintains

a Federal system here, and helps to maintain an indestructible union of indestructible states.

I shall not weary the Senate by reading further from that memorable address. I merely wish to comment, in passing, that this was a current interpretation, made at the time the instrument was being considered by the several States.

Lately, on October 17, 1938, we have from Senator Borah, not long before his unfortunate passing, a letter to the attorney general of Connecticut, as follows:

DEAR GENERAL MCLAUGHLIN: I understand from the press that you are greatly interested in a matter which will come before the next Congress, to wit, the taxing of State securities and the instrumentalities of the States. I also understand that some 39 attorneys general have formed an organization in the way of opposing this proposition.

I am very much interested in the subject and have been for years.

Can you advise me as to this organization and who its president, or chairman, may be? I should like to cooperate with any organization, or movement, of that kind.

In the first place, I do not think Congress would have the power to tax these securities and instrumentalities of the States without a constitutional amendment. In the second place, as a matter of policy, aside from the constitutional question, it is unsound and would be a disaster to the States and, I am quite sure also, a disappointment to the National Government.

Will you advise me whether there is an organization seeking to deal with this matter; and if so, who its chairman, or president, may be?

Thanking you in advance, I am,

Very respectfully,

WILLIAM E. BORAH.

Mr. President, the evidence, fairly considered, relating to the economic effect—to say nothing about the political effect—and the social effect of this amendment, if carried into operation, shows that it would indeed be disappointing to the Federal Government. The evidence shows that it would cost immense sums of additional operating expense to the Federal Government for many years. It is, of course, theoretically possible that in a long period of time we should work ourselves into a position in which the added cost would be less than the income from interest.

There were others. What did the author of the bill, Mr. Norris Brown, the Senator who introduced the resolution leading to the sixteenth amendment, say about his own resolution? Having been excited to say something about it for the first time by this query raised by the Governor of New York—mind you, nobody theretofore had had any thought that the interpretation could be put upon it that it added any power to tax—he said, after quoting the message of Governor Hughes:

Before entering upon a discussion of the question it is encouraging to recall that, so far, of all the Governors of the States who have up to this time addressed their legislatures—

And that time was February 23, 1910—

on the subject, Governor Hughes stands alone in his fight against the amendment. Alabama, Ohio, Virginia, New Jersey, and other States have Governors who not only favor conferring the power but favor the proposed amendment which, if adopted, confers the power.

Like Senator Borah, Senator Norris Brown suggested that Governor Hughes' fears were ill-founded, saying:

It is a very significant fact that this amendment which was pending in Congress for days and was the subject of discussion by Congress and the press should never have met this criticism while it was pending. In its present form it had the support of a unanimous Senate and a practically unanimous House of Representatives, who were all, judged by their votes, in favor of conferring this power on Congress, and yet no one in Congress ever suggested any change in the language of the resolution or proposed an amendment thereto to cover the objection now made.

Nor did any distinguished Governor from any of the 46 States, all of whom are now very loud in their protestations that the Government should have the power to tax incomes without apportionment, ever suggest that the amendment should have been modified in form in any respect. In this body the State of New York enjoys representation of the very highest character and most eminent ability, and yet New York on the roll call, as shown in the CONGRESSIONAL RECORD, was in favor of this amendment as it passed Congress, and was silent as to any suggestion that the language was faulty. I would say in passing that I have greater regard for New York in the Senate than I have for New York out of the Senate on this question.

And then the introducer of the amendment made this statement:

The legal effect of the amendment as to whether or not it will allow, if adopted, incomes arising from State and municipal securities to be taxed was argued in the Senate the other day with great force by the distinguished Senator from Idaho [Mr. Borah]. I will not reopen that phase of the subject at this time further than to say that his conclusion, in the judgment of many able lawyers, is sustained by a fair interpretation of the Constitution construed as a whole. * * *

The amendment does not alter or modify the relation today existing between the States and the Federal Government. That relation will remain the same under the amendment as it is today without the amendment.

It is conceded by all that the Government cannot, under the present Constitution, tax State securities or State instrumentalities.

That is very definite

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. AUSTIN. I yield.

Mr. BROWN. I think the Senator from Idaho made the principal argument at the time of the consideration of the Senate joint resolution, along the lines the Senator from Vermont now takes, but it is rather strange and singular that in 1933, when the Clark amendment to the National Recovery Act was before the Senate, the Clark amendment being one which imposed a tax not only on State and Federal bonds, to be issued in the future, but also on then outstanding bonds, the amendment received the affirmative vote of the senior Senator from Idaho, Mr. Borah.

Mr. AUSTIN. Mr. President, the Senator from Vermont is not able to respond to what appears like a claim of inconsistency, and, of course, I am not going to undertake to account for that vote. It may be that the Senator from Idaho was fully aware of the import of his act at that time, and it is of course possible that his vote was cast at such a juncture in the parliamentary proceedings that the significance given to it may not have been what he intended.

Mr. President, I have only a few moments, and I desire to call attention to others who currently interpreted the amendment in the same way. Senator Elihu Root said:

Much as I respect the opinion of the Governor of the State, I cannot agree with the view expressed in his special message of January 5, and as I advocated in the Senate the resolution to submit the proposed amendment, it seems appropriate that I should state my view of its effect.

Then he read the amendment, and further on stated:

The objection made to the amendment is that this will confer upon the National Government the power to tax incomes derived from bonds issued by the States or under the authority of the States and will place the borrowing capacity of the State and its governmental agencies at the mercy of the federal taxing power.

I do not find in the amendment any such meaning or effect. I do not consider that the amendment in any degree whatever will enlarge the taxing power of the National Government or will have any effect except to relieve the exercise of that taxing power from the requirement that the tax shall be apportioned among the several States. The effect of the amendment will be, in my view, the same as if it said, "The United States may lay a tax on incomes without apportioning the tax, and this shall be applicable whatever the source of the income subjected to the tax," leaving the question "What incomes are subject to national taxation?" to be determined by the same principles and rules which are now applicable to the determination of that question.

There is more of what Senator Root said, but I must omit it. I think I have about 3 minutes left. How much time have I left, Mr. President?

The PRESIDENT pro tempore. The Senator has 9 minutes left.

Mr. AUSTIN. In a message to the New Jersey Legislature, dated February 7, 1910, John Franklin Fort, Governor of New Jersey, said:

Nor am I inclined to accept the statement that the Supreme Court of the United States might construe the words "from whatever source derived," as found in the pending amendment, as justifying the taxing of the securities of any other taxing power.

On February 10 Senator Brown, referring to the message of Governor Fort of New Jersey, said:

It cheers our hearts to read in the press that President Taft agrees with the Governor of New Jersey (Fort), who, in a message to his legislature February 7, and since the New York message was transmitted, took immediate and direct issue with the Governor of New York.

Mr. President, in my own opinion, if I had doubts about this matter, I would give considerable weight to the current and practical interpretation made by the men who were engaged in enacting the legislation, and I feel I must consider the distinguished character of these men. They were statesmen of the highest quality; these men are famous in our history; their word has attached to it that thing in logic which we call the "illusion of a great name"; but, better than anything else, their reasoning is probative. This did not increase the power of the Federal Government in any way at all; it merely determined the question about apportionment and settled a question which was raised by some of the Court decisions.

In the Pollock case the Court said:

The evil to be remedied was avowedly and manifestly the incapacity of the National Government resulting from the decision that income practically could not be taxed when derived either from real estate or from personal property, although it could be taxed when derived from business or occupation.

The terms of the amendment are apt to cure the evil and to take away from the different classes of income considered by the Court a practical immunity from taxation based upon the source from which they were derived.

Thus we see that Senators Borah and Root, both exceedingly able constitutional lawyers and ardent proponents of the amendment, challenged and controverted the fears expressed by Governor Hughes. Moreover, we find that Senators Borah and Root were joined by Senator Brown, who introduced the amendment, and even Professor Seligman of Columbia University, who ardently urged Congress to enact the income-tax amendment, joined in explaining that the interpretation of the amendment feared by Governor Hughes was ill founded.

The Court has already interpreted the sixteenth amendment. Let no man doubt that. All one has to do is to read the case of Brushaber against Union Pacific Railroad Co., Stanton against Baltic Mining Co., Peck & Co. against Lowe, Willcutts against Bunn, Eisner against Macomber, Metcalf against Mitchell, Evans against Gore, and National Life Insurance Co. against United States.

As recently as 1937 Roswell Magill, former Under Secretary of the Treasury, said of these precedents:

The Court has many times indicated, however, that in its opinion the sixteenth amendment did not extend the taxing power to new subjects, but simply put at rest the contention that an income tax, being a direct tax on property, must be apportioned.

In an article in the Yale Law Journal, Professor Magill said:

Whether its expressions (i. e., the Supreme Court's in Brushaber, Evans against Gore, etc.), are dicta or decisions, the Court has come to the conclusion, thoughtfully considered, that if these items were not taxable by the Federal Government before 1913, they were not taxable after.

In the Stanton case, the court said:

The provisions of the sixteenth amendment conferred no new power of taxation.

In the Peck case, a unanimous Court said:

As pointed out in recent decisions, it—the sixteenth amendment—does not extend the taxing power to new or excepted subjects, but merely removes all occasion, which otherwise might exist, for an apportionment among the States of taxes laid on income, whether it be derived from one source or another.

Citing the Brushaber and Stanton cases.

Even more pertinent language appears in the Willcutts case, Chief Justice Hughes stating:

In the case of the obligations of a State or its political subdivisions, the subject held to be exempt from Federal taxation is the principal and interest of the obligations.

He cited the case of Pollock against Farmers' Loan & Trust Co. He continued:

These obligations constitute the contract made by the State, or by its political agency pursuant to its authority, and a tax upon the amounts payable by the terms of the contract have therefore been regarded as bearing directly upon the exercise of the borrowing power of the Government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. CONNALLY. Is it the Senator's contention that the sixteenth amendment did not confer on the Federal Government power to levy an income tax; that it already possessed that power——

Mr. AUSTIN. It already possessed that power.

Mr. CONNALLY. But merely removed the ban against apportionment?

Mr. AUSTIN. Apportionment was the whole point.

Mr. CONNALLY. That is, it did not spread the field of taxation——

Mr. AUSTIN. No; it merely dealt with the method.

Mr. CONNALLY. It merely removed the bar?

Mr. AUSTIN. Yes. The Court held in the Eisner case:

As repeatedly held, this did not extend the taxing power to new subjects but merely removed the necessity which otherwise might exist for an apportionment among the States of taxes laid on income.

In the Metcalf case, Mr. Justice Stone said:

The sixteenth amendment did not extend the taxing to any new class of subjects.

In Evans against Gore, a majority of the Court, in an opinion by Mr. Justice Van Devanter, said, after discussing the Pollock case and the nature of direct taxes:

The purpose of the amendment was to eliminate all occasion for such an apportionment because of the source from which the income came—a change in no wise affecting the power to tax but only the mode of exercising it.

In the National Life case, the Court said:

The United States may not tax State or municipal securities.

Mr. President, can there be any doubt whatever that the immunity which constitutes the most essential barrier between the Federal Government and the State governments, and which was declared in McCulloch against Maryland, and in all that line of cases, including the Pollock case, and finally down to the Pittman case, has been maintained without deviation? Here we have no question of fact. Every one, including, I believe, every Senator who speaks upon this subject, will testify that taxation of the issues of a municipality is a burden upon an essential function of the municipality. Once that is admitted, then this reciprocal barrier between the governments of the States and the Government of the United States protects the independence, security, and the very life of those governments.

The PRESIDENT pro tempore. The Senator's time has expired. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN].

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwartz
Andrews	Ellender	King	Schwellenbach
Ashurst	Frazier	La Follette	Sheppard
Austin	George	Lee	Shipstead
Bailey	Gerry	McKellar	Smathers
Barkley	Gillette	McNary	Stewart
Bilbo	Glass	Maloney	Thomas, Idaho
Bridges	Green	Mead	Thomas, Okla.
Brown	Guffey	Minton	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Townsend
Byrd	Harrison	Nye	Tydings
Byrnes	Hatch	O'Mahoney	Vandenberg
Capper	Hayden	Overton	Van Nuys
Clark, Idaho	Herring	Pepper	Wagner
Clark, Mo.	Hill	Pittman	Walsh
Connally	Holt	Radcliffe	Wheeler
Danaher	Hughes	Reed	White
Davis	Johnson, Calif.	Russell	Wiley

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Michigan [Mr. BROWN].

Mr. ADAMS. Mr. President, I have some suggestions to offer with respect to the amendment. I wish to inquire of the Senator from Kentucky [Mr. BARKLEY] or the Senator from Mississippi [Mr. HARRISON] as to what the disposition is with respect to how much longer it is desired to remain in session today.

Mr. BARKLEY. The Senator from Mississippi suggested we ought to continue until 5:30, and try to complete, as nearly as possible, consideration of the bill so we can vote on it finally tomorrow. If the Senator from Colorado is willing to go ahead, I should be glad if he would do so.

Mr. ADAMS. Mr. President, the problem presented by the amendment is to me one of very great importance, both as a matter of financing and as a matter of governmental policy. It has been recognized throughout practically the history of the United States that there was a basic immunity which forbids the Congress of the United States from taxing the securities of the States and forbids the States from taxing the securities of the Federal Government, these immunities not being contained in the Constitution itself, but being necessarily implied in the dual system of Government. They have been recognized in the courts repeatedly. Originally this immunity extended not only to the taxation of securities, interest, and property, but to the taxation of salaries. The Supreme Court of the United States has modified this immunity. The Supreme Court said that it felt that the salary of a public official—except, perhaps, in certain exceptional cases—could be taxed without imposing a burden upon the other government. The Court drew that line very clearly in the O'Keefe case, in Three Hundred and Sixth United States Reports; and in the discussion the Court as now constituted lays down the doctrine which I think very clearly reenforces the immunity of State securities from taxation, because there is no question that if we tax the interest upon the bonds of a State, we do affect the borrowing capacity of the State. That is conceded by the proponents of the amendment. The only argument is as to the extent. It is conceded that if the amendment is adopted, we may expect an inevitable increase in interest rates upon State bonds, municipal bonds, and the bonds of local communities. The argument is as to the extent of the increase. It is not denied that the value of the bonds of local communities of States will be lessened.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BROWN. I always try to be very frank in any legal or constitutional argument I may make. I will say that the evidence is overwhelming that there will be an increase in the interest which will have to be paid by State and municipal governments in the event the amendment we are now discussing becomes law; but I do not agree, and I do not want my failure to speak to be construed as an agreement, that such a slight increase in the interest charges which the States and municipalities may have to pay constitutes an interference on the part of the Federal Government with the sovereignty of the States.

Mr. ADAMS. I can assure the Senator that no question of estoppel will be raised against him.

Mr. BROWN. That is the test which is laid down by the immunity rule.

Mr. ADAMS. It is very difficult to draw the line. The test which the Supreme Court laid down was the question whether or not there was the imposition of a tangible economic burden. The words are "a tangible economic burden." If we increase the interest cost one-half of 1 percent, or one-quarter of 1 percent, it is obviously a tangible economic burden, and the percentage of increase is much greater than seems to be implied. If we increase a 2-percent interest rate by one-half of 1 percent, we increase it very perceptibly. The lowest estimate is one-quarter of 1 percent, and the estimates have run as high as three-quarters of 1 percent, or even 1 percent.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BROWN. I deny that the test which the Senator now states is the true test on that question. Many taxes have been laid upon contracts between a State and a corporation which burden the State by requiring a larger amount to be paid in contracts between the State and contractors than would be the case if there were no tax. In my judgment, the question is whether or not there is an interference with the sovereignty of the State by the Federal Government, and not the mere imposition of the burden. Certainly the tax on the salary of an official is a slight burden. It is not serious.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HARRISON. I wonder if it would be agreeable to the Senator for me to submit a unanimous-consent request.

Mr. ADAMS. It would.

Mr. HARRISON. We have had a long day. Some Senators have been riding on the train, while others have been sitting here listening to speeches.

I ask unanimous consent that not later than 4 o'clock tomorrow afternoon the Senate proceed to vote on the pending amendment and all amendments thereto or substitutes therefor.

Mr. AUSTIN. Mr. President, what is the request?

The PRESIDENT pro tempore. The Senator from Mississippi asks unanimous consent that not later than 4 o'clock tomorrow afternoon the Senate proceed to vote on the pending amendment and all amendments thereto or substitutes therefor.

Mr. HARRISON. That agreement contemplates that the Senator may proceed with his speech when the Senate reconvenes.

Mr. AUSTIN. Does the Senator contemplate the reconvening of the Senate at 11 o'clock tomorrow morning?

Mr. HARRISON. Yes.

Mr. AUSTIN. I have no objection.

Mr. BROWN. I have no objection.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and it is so ordered.

REPORT OF SPECIAL COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES (REPT. NO. 2140)

Mr. BROWN. Mr. President, I now submit the report of the special committee of the Senate on the question of reciprocal taxation of governmental bonds. It contains the views of the majority of the Special Committee on Taxation of Governmental Securities and Salaries, created pursuant to Senate Resolution 303, Seventy-fifth Congress, and a digest of the cases which pertain to the question. It also embodies the minority views presented earlier today by the Senator from Vermont [Mr. AUSTIN].

I may say, Mr. President, that your committee was authorized to spend $5,000 in this work. I do not know whether or not it is according to the rules, but we are returning $2,250 to the Treasury.

The PRESIDENT pro tempore. Does the Senator desire to have the report printed?

Mr. BROWN. Yes.

The PRESIDENT pro tempore. It will be printed, under the rules.

TRADE-AGREEMENT BENEFITS TO AMERICAN FARMERS—STATEMENT BY SENATOR BARKLEY

Mr. BARKLEY. Mr. President, in view of the circulation of pamphlets distorting the facts as to what transpired under the trade-agreement pacts, I ask unanimous consent that there be printed in the body of the RECORD, as part of my remarks, a statement which has been prepared at my request, definitely setting forth the advantages to American agriculture and the farmers under the trade-agreement pacts.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TRADE-AGREEMENT BENEFITS TO AMERICAN FARMERS CANNOT BE DENIED BY DISTORTING THE FACTS

In the 7 years of this Democratic administration with its economic-recovery programs, including the reciprocal trade agreements program, American agriculture has risen far from the depths of bankruptcy and ruin where the Republican administration left it in 1932. The following table shows for itself how farm prices, income, and buying power have risen since 1932 and how false are

the assertions of partisan opponents that these programs have hurt American farmers:

	Calendar year—		Percent increase
	1932	1939	
United States farm cash income from marketings, excluding Government payments	$4,682,000,000	$7,733,000,000	65.2
United States average farm price for all products, index (1909-14=100)	65	93	43.1
Ratio of prices farmers receive to prices they pay	61	77	26.2
United States average farm prices received by farmers for—			
Wheat, cents per bushel	38.8	63.6	63.9
Corn, do	28.1	47.6	69.4
Beef cattle, dollars per hundredweight	4.25	7.03	65.4
Hogs, do	3.34	6.23	86.5
Butterfat, cents per pound	17.9	23.9	33.5
Wool, do	8.6	22.3	159.3
Cotton, do	5.82	8.66	48.8
Tobacco, do	9.3	15.6	67.7

Not only have farmers' prices and incomes risen, but their average per-acre taxes on farm land have been reduced by nearly one-sixth since 1932.

CONDITIONS IN 1932 NOT BASED ON AVERAGES

Opponents of this administration try desperately to avoid comparisons between 1932 and 1939. A favorite trick is to scramble up some artificial boom years of the late twenties with the terrible years following the collapse of 1929, and thus seek to divert attention from the disastrous conditions in 1932, that were the results of false tariff and other policies. But in 1933 the Roosevelt administration found on its doorstep awful conditions that had to be remedied, not some vague averages with conditions in the booming twenties.

These opponents unhesitatingly resort to distortion and misleading use of facts and figures in attacking the trade-agreements program. The spearhead of a recent and typical attack inserted in the CONGRESSIONAL RECORD is a table purporting to show total imports of certain selected agricultural commodities into the United States during the 7 New Deal years 1933–39.

The primary and wholly false foundation of this argument is that the American farmer is hurt by any and all agricultural imports except of products such as rubber and coffee which cannot be grown in this country. That is not true.

EMBARGO TARIFFS WRECK FARM PROSPERITY

When the United States, on this false theory, tried under the Hawley-Smoot Tariff Act of 1930 to shut out every trace of such imports, American farmers were severely injured. They found that they could not get embargo tariffs on farm products without accepting such tariffs on industrial goods as well. The inevitable result was embargo tariffs all around; collapse of foreign purchasing power for our exportable farm and other surpluses; foreign tariff retaliation against our exports; and, finally, shrunken markets, ruinously low prices, and severe losses to farmers.

The facts are, as Secretary of Agriculture Wallace has pointed out, that if we excluded from this country all the agricultural commodities that we might possibly produce here, we should sacrifice much greater foreign markets for our own crops and leave 4 American acres idle for every 1 we put to work.

OPPONENTS JUGGLE FIGURES

Furthermore, honest examination of the figures themselves as they appear in the RECORD discloses that barely one-twentieth of the total imports there listed have actually entered the United States at tariffs reduced under trade agreements. The makers of the table lumped all forms, types, grades, and classes of agricultural products together in a total which, it is deliberately implied, was imported at tariffs reduced under trade agreements. That implication is 95 percent untruthful.

Sixty percent of the imports on the list in question consist of beef, wool and mohair, hides and skins, barley malt, and flaxseed. No tariff on any of these products has been lowered in any trade agreement.

Again, the list includes all imports of live cattle for 7 years, although in 3 of those years there were no tariff reductions in live cattle and in the remaining 4 years less than half the imports have come in at reduced duties, while prices and incomes to American cattle producers have been rising steadily.

Likewise, all dairy imports for 7 years are added in, although little more than one-fourth of them have entered at trade-agreement rates, none of which were in effect in 3 of the 7 years.

Even the total 7-year imports of corn go to swell the total although these imports, except for a few bushels from Cuba alone, paid the full 1930 tariff rate. The American corn-hog industry is and always has been normally on a heavy export basis so that tariffs on corn and on pork products ordinarily mean nothing.

Such tactics of distortion cannot change the fact that the American farmer is better off under the programs of the democratic New Deal than he was under the indifference and incompetence of the Republican old deal.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HATCH, from the Committee on the Judiciary, reported favorably the nomination of James F. T. O'Connor, of California, to be district judge for the southern district of California, vice William P. James, deceased.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several general officers of the National Guard of the States to be brigadiers general in the National Guard of the United States.

He also, from the same committee, reported favorably the nominations of sundry officers for promotion in the Regular Army.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment, by transfer, in the Regular Army.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for appointment or promotion in the Navy.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Marion Speed Boyd to be United States district judge for the western district of Tennessee.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until tomorrow, Thursday, September 19, 1940, at 11 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate September 18, 1940

UNITED STATES DISTRICT JUDGE

Marion Speed Boyd to be United States district judge for the western district of Tennessee.

SENATE

THURSDAY, SEPTEMBER 19, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Rev. Bernard Braskamp, D. D., pastor of Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

Most merciful and gracious God, who art the comrade of our pilgrim way, we desire to begin, to continue, and end this day with Thee. May we enter upon its duties and responsibilities serenely and courageously, for the Lord of hosts is with us and the God of righteousness is our refuge.

Grant that Thy divine spirit may so illumine and clarify our minds that we shall come to know the truth and follow it without fear. Open our eyes that we may see that faith, hope, and love are the mightiest weapons in the shaping of our human world. May these virtues be the guiding light of our lives.

Give us a more kindly understanding of each other and a spirit of good will toward men everywhere. Wilt Thou so warm our hearts that we shall gladly respond to the call of human need? May our sympathy be as wide as the world's horizon and our longing for universal brotherhood as deeply rooted as the passion for life itself. We pray that at eventide, when the shadows fall, we may have Thy benediction of peace. In Christ's name. Amen.

THE JOURNAL

On request of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Wednesday, September 18, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. HARRISON. I make the point that there is not a quorum present.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Frazier	La Follette	Sheppard
Andrews	George	Lee	Shipstead
Ashurst	Gerry	McKellar	Smathers
Austin	Gibson	McNary	Stewart
Bailey	Gillette	Maloney	Taft
Barkley	Glass	Miller	Thomas, Idaho
Bilbo	Green	Minton	Thomas, Okla.
Brown	Guffey	Murray	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Townsend
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Walsh
Clark, Mo.	Hill	Pittman	Wheeler
Connally	Holt	Radcliffe	White
Danaher	Hughes	Reed	Wiley
Davis	Johnson, Calif.	Russell	
Downey	Johnson, Colo.	Schwartz	
Ellender	King	Schwellenbach	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from New York [Mr. MEAD], the Senator from Arkansas [Mr. MILLER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. HOLMAN], and the Senator from Massachusetts [Mr. LODGE] are necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. A quorum is present.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 4167) to amend an act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), and an act entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (50 Stat. 869), reported it with amendments and submitted a report (No. 2141) thereon.

He also, from the same committee, to which was referred the bill (H. R. 9734) authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes, reported it without amendment and submitted a report (No. 2142) thereon.

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (S. 4299) to authorize the United States Maritime Commission to furnish suitable vessels for the benefit of certain State nautical schools, and for other purposes, reported it with amendments and submitted a report (No. 2143) thereon.

Mr. MINTON, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3610) to authorize the use of Tennessee Valley Authority funds for alteration, reconstruction, or relocation of certain highway and railroad bridges, reported it with amendments and submitted a report (No. 2144) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

S. 4359. A bill to change the base period in case of burley and flue-cured tobacco from the period August 1919–July 1929 to the period August 1934–July 1939; to the Committee on Agriculture and Forestry.

S. 4360. A bill to confer jurisdiction upon the United States District Court for the Western District of Kentucky to hear, determine, and render judgment upon the claim of Theodore R. Troendle, sole stockholder of the Dawson Springs Construction Co.; to the Committee on Claims.

By Mr. WALSH:

S. 4361. A bill to establish the minimum permanent authorized enlisted strength of the active list of the Marine Corps; to the Committee on Naval Affairs.

By Mr. MALONEY:

S. 4362. A bill to provide for the completion of certain local protection works at East Hartford, Conn.; to the Committee on Commerce.

By Mr. SHIPSTEAD:

S. 4363. A bill granting the consent of Congress to the department of highways and the county of Big Stone, State of Minnesota, to construct, maintain, and operate a free highway bridge across the Whetstone Diversion Channel at or near Ortonville, Minn.; to the Committee on Commerce.

By Mr. CLARK of Missouri:

S. 4364. A bill to provide for necessary facilities for the District of Columbia National Guard Air Corps Squadron; to the Committee on Commerce.

By Mr. SHEPPARD:

S. 4365. A bill to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances therefor, and for other purposes; and

S. 4366. A bill to provide for an extension of the conditions under which a money allowance for quarters may be paid to certain noncommissioned officers of the Army of the United States; to the Committee on Military Affairs.

RECOMMITTAL OF A BILL

On motion by Mr. SHEPPARD, the bill (S. 4175) to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes, was ordered to be recommitted to the Committee on Military Affairs.

PROVISION FOR NATIONAL-DEFENSE HOUSING—AMENDMENT

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO RIVER AND HARBOR DEFENSE IMPROVEMENT BILL—EAST HARTFORD, CONN.

Mr. MALONEY submitted an amendment intended to be proposed by him to the bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes, which was ordered to lie on the table and to be printed.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION—AMENDMENT PERTAINING TO CREDITS AGAINST UNEMPLOYMENT-COMPENSATION TAXES

Mr. TOWNSEND (for Mr. BARBOUR) submitted an amendment intended to be proposed by Mr. BARBOUR to the bill (H. R. 10413) to provide revenue, and for other purposes, which was ordered to lie on the table and to be printed.

PRINTING OF PRAYERS OFFERED BY CHAPLAIN OF THE SENATE

Mr. NEELY submitted the following resolution (S. Res. 315), which was referred to the Committee on Printing:

Resolved, That 2,500 copies of the prayers offered by the Reverend ZeBarney T. Phillips, D. D., Chaplain of the Senate, at the opening of the daily sessions of the Senate during the Seventieth to the Seventy-sixth Congress, inclusive, be printed and bound for the use of the Senate.

PROGRAM FOR THE CONSTRUCTION OF PUBLIC, UNDERGROUND, BOMB-PROOF SHELTERS

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to submit a simple Senate resolution. I ask that the resolution be printed in the RECORD and then be printed and lie upon the table.

There being no objection, the resolution (S. Res. 316) was received, and ordered to lie on the table and to be printed, as follows:

Whereas the United States is taking steps to increase and strengthen our several military defense units, and

Whereas in the prosecution of this program it is deemed advisable to give major consideration to defenses against airplanes and airplane warfare, and

Whereas the European war discloses that the major part of the military activities are conducted in the air and take the form of airplane attacks against cities, railways, water supplies, and such military establishments as airplane factories and factories engaged in the production of ammunition and military supplies, and

Whereas in the present attack upon England, planes of a bomber type are used to transport bombs to be released over vital points, and

Whereas in this kind of warfare it is necessary to protect the civilian population against bomb attacks by the construction of bomb retreats consisting of underground rooms and spaces, and

Whereas in order to perfect our military defense program it is deemed advisable to give consideration to the construction of rooms and spaces underground, so that in case of an air attack the civilian population may find places of comparative safety against such attacks: Therefore, be it

Resolved, That it is the sense of the United States Senate that our military authorities and those in charge of developing our defense program should give consideration to the location and construction of adequate public retreats and shelters to accommodate the people: Be it further

Resolved, That our military authorities and those in charge of our military defense program be requested to consult and confer with the constituted legal authorities of the States and cities located along the border of the United States to the end that they may be advised and induced to take proper steps in cooperation with the Government in the establishment of such retreats and shelters: Be it further

Resolved, That in the event legislation and funds are found to be necessary in carrying out this program, the said War Department and those in charge of our defense program be and are hereby requested to prepare and submit to the Congress appropriate recommendations on this subject.

Mr. THOMAS of Oklahoma. Following the printing of the resolution, I ask permission to insert in the RECORD copy of a telegram which I am sending to the mayors of the largest cities on the seaboard. I am asking the mayors a question, and for the information of the Senate I ask that the telegram be read.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

The telegram was read, as follows:

The MAYOR, *New York City:*

The Congress and administration are developing and strengthening our military defense units. It is obvious that in addition to developing military defense units we should provide air-raid shelters for the public. Please advise if any steps looking toward the construction of such shelters have been taken or are contemplated in your city.

ELMER THOMAS,
United States Senator, Oklahoma.

ADDRESS BY SENATOR MILLER BEFORE ARKANSAS DEMOCRATIC STATE CONVENTION

[Mr. BROWN asked and obtained leave to have printed in the RECORD the address delivered by Senator MILLER before the Arkansas Democratic State Convention at Little Rock, Ark., on September 17, 1940, which appears in the Appendix.]

ADDRESS BY SENATOR HOLT ON PROFITS AND "PAYTRIOTISM"

[Mr. HOLT asked and obtained leave to have printed in the RECORD a radio address delivered by him on September 16, 1940, on the subject Profits and "Paytriotism," which appears in the Appendix.]

STATEMENT BY SENATOR GUFFEY ON WHY I AM FOR ROOSEVELT

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD a statement issued by him under the heading "Why I Am for Roosevelt," which appears in the Appendix.]

ADDRESS BY SECRETARY ICKES ON THE NEW DEAL AND NATIONAL DEFENSE

[Mr. MINTON asked and obtained leave to have printed in the RECORD a radio address on the subject The New Deal and National Defense, delivered on September 15, 1940, by Hon. Harold L. Ickes, Secretary of the Interior, which appears in the Appendix.]

ADDRESS BY CHIEF OF STAFF ON SELECTIVE SERVICE ACT

[Mr. SHEPPARD asked and obtained leave to have printed in the RECORD a radio address delivered by Gen. George C. Marshall, Chief of Staff, on September 16, 1940, with reference to the Selective Service Act, which appears in the Appendix.]

ADDRESS BY GOVERNOR BALDWIN, OF CONNECTICUT, BEFORE NATIONAL TAX ASSOCIATION

[Mr. DANAHER asked and obtained leave to have printed in the RECORD an address delivered by Hon. Raymond E. Baldwin, Governor of Connecticut, at the Governor's dinner of the thirty-third annual conference on taxation of the National Tax Association, held in New York City, September 10, 1940, which appears in the Appendix.]

TERMS OF THE PRESIDENCY—STATEMENT BY JOHN W. DAVIS

[Mr. BURKE asked and obtained leave to have printed in the RECORD a statement by John W. Davis on the issue of a third term for the Presidency, made before the United States Senate Judiciary Committee, which appears in the Appendix.]

ADDRESS BY HON. HENRY T. WICKHAM TO VIRGINIA LEGISLATURE

[Mr. BYRD asked and obtained leave to have printed in the RECORD, an address delivered to the joint assembly of the State Senate and House of Delegates of Virginia, on February 23, 1940, by Hon. Henry T. Wickham, President pro tempore of the Senate of Virginia, which appears in the Appendix.]

TRIBUTE TO THE LATE LILLIAN D. WALD

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an editorial from the East Side News of New York paying tribute to the late Lillian D. Wald, which appears in the Appendix.]

EDITORIAL FROM NEW YORK TIMES ON CHOICE OF A CANDIDATE

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial under the heading "The Choice of a Candidate," published in the New York Times of this date, which appears in the Appendix.]

MEMBERSHIP OF COMMITTEE TO DEFEND AMERICA BY AIDING THE ALLIES

[Mr. HOLT asked and obtained leave to have printed in the RECORD a survey of the membership of the Committee to Defend America by Aiding the Allies.]

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4088) to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FULMER, Mr. BEAM, Mr. PACE, Mr. HOPE, and Mr. KINZER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a joint resolution (H. J. Res. 607) making additional appropriations for the Military Establishments for the fiscal year ending June 30, 1941, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 88), in which it requested the concurrence of the Senate, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 60,000 additional copies of Public Law No. 785, current Congress, entitled "Transportation Act of 1940," of which 10,000 copies shall be for the use of the Senate document room and 50,000 copies shall be for the use of the House document room.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

S. 2991. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain lands in the city of National City, Calif.;

H. R. 4031. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio;

H. R. 8551. An act for the relief of Xenophon George Panos;

H. R. 10026. An act to provide for the disposition of certain photographed records of the United States Government, and for other purposes;

H. R. 10176. An act authorizing the Secretary of the Interior to issue patents for lands held under color of title;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy;

H. J. Res. 445. Joint resolution to establish a Commission for the Celebration of the Two Hundredth Anniversary of the Birth of Thomas Jefferson; and

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 607) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941, was read twice by its title and referred to the Committee on Appropriations.

PRINTING ADDITIONAL COPIES OF TRANSPORTATION ACT OF 1940

The PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 88, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 60,000 additional copies of Public Law No. 785, current Congress, entitled "Transportation Act of 1940," of which 10,000 copies shall be for the use of the Senate document room, and 50,000 copies shall be for the use of the House document room.

Mr. HAYDEN. I move that the Senate concur in the House resolution.

The motion was agreed to.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. ADAMS. Mr. President, at the time of the recess yesterday I was starting a discussion of the pending amendment of the Senator from Michigan [Mr. BROWN]. Today, without going back to the subject of municipal and State bonds, I desire first to make a suggestion or two in reference to the Federal phase of the matter.

Of course no legal or constitutional question is involved in the taxation of Federal bond interest. Only one question is involved, as to whether or not it is an advisable thing to do. I very seriously doubt its advisability. The argument which has been made in favor of the taxation of Federal bond interest has largely been based upon a claim that certain economic injustices are being done; that certain very wealthy men are taking advantage of the immunity afforded by the exemptions to evade the payment of their fair share of taxes—a thing which obviously ought to be stopped if the remedy is not worse than the disease. I am inclined to think that in the effort to reach that evil we may perpetrate a more serious evil on the country.

The determination of the question should be upon the basis of the welfare of the country as a whole. The fact that some individual is deriving a benefit from a particular provision of law does not justify us in taking action which would injure the country as a whole. We had better tolerate the present evil than inflict a greater evil upon the country.

As a matter of fact, the men who have been the basis of the argument are very few in number. They are rather insignificant in their financial consequences. Individuals in the United States, including the wealthy, hold less than 4 percent of the Federal bonds.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. BROWN. The principal cause of this unjust situation is not the Federal bonds; it is the State bonds. The State bonds are totally tax-exempt.

Mr. ADAMS. I am speaking of the Federal bonds at this time.

Mr. BROWN. Municipal bonds are totally exempt, and of those, $20,000,000,000 worth are in the hands of individual investors, who take advantage of the tax exemption.

Mr. ADAMS. I am speaking of the Federal bonds. Individuals in the country hold less than 4 percent of the outstanding Federal bonds. Of that 4 percent, a relatively limited number are held by those who derive great advantage from the exemption features. Men with incomes of over $500,000 receive one-half of 1 percent of the national income. Loose statements have been made from time to time at variance with that, but the statistics furnished me show that men with incomes of over $500,000 receive one-half of 1 percent of the national income. Therefore we should be a little careful in laying down a rule to apply to 99½ percent of the national income in order to cure an evil limited to one-half of 1 percent.

I am entirely in accord with any method which will obviate the unfairness and the injustice now existent; but what is our practical problem? We have today $45,000,000,000 of national indebtedness. At this session Congress has authorized expenditures which will bring the national indebtedness up to at least $65,000,000,000. We will have to sell $20,000,000,000 worth of bonds. We are entering upon a course of procedure which will still further increase our need for purchasers of our bonds. If we increase by one-half of 1 percent the interest which the country must pay on $65,000,000,000 of bonds, the additional cost to the Government on the bonds by way of interest will be between three and four hundred million dollars a year.

It does not sound formidable to say that the interest will be increased only one-half of 1 percent, but that means a 25-percent increase in interest costs. The bonds at the present time are paying about 2 percent. We will increase that certainly to 2½ percent, some experts say to 2.65, some to 2.75, but we will have to assume the increased interest charge, and the interest charge today is eleven hundred million dollars. In other words, of the Nation's income, which today is about $6,000,000,000, we are spending on interest alone $1,100,000,000. If we add a 25-percent increase in the interest rate and figure the inevitable increase in outstanding bonds, we will run the interest charges to $1,400,000,000 a year. I do not believe we would get back from taxes on present tax-exempt bonds enough to counterbalance the increased cost. It is a pure matter of dollars and cents at that point.

Of course, we have to project the whole picture into the future, because we have existing tax-exemption provisions which cannot be taken away. It is rather difficult to carry on the discussion with two things in mind—the immediate situation and the situation when all the tax-exempt features will have been taken away. But I am uneasy about the future financing of the country. As I have said on the floor of the Senate heretofore, I am more apprehensive of danger to our country from internal financial catastrophe than from foreign foes. I think we are in far greater danger from ex-

penditures we have already made and from those we are making.

We will have $20,000,000,000 of bonds to put on the market as a result of authorizations made at this session, we will have other billions to put on the market, and we must have purchasers. The catastrophe comes the day when the bonds of the United States are put on the market and do not sell. Today the credit of the United States is at the peak of all credit in the world, public and private.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. HATCH. When the time comes, if it ever shall come, when the bonds of the United States will not sell, what will be the only course left open to the Government?

Mr. ADAMS. I have a very definite idea as to that, but I do not care to put it in the RECORD.

Mr. HATCH. I withdraw the question. I think I know what the Senator's idea is, and I really thought it would be helpful to have it explained. But I withdraw the question.

Mr. ADAMS. My apprehension is very great. I think the problem which confronts us is tremendously serious. There are in the banks of the United States $18,000,000,000 of bonds of the United States. Insurance companies hold large amounts. If we impose a tax on the interest on Government bonds, we decrease the value of the bonds. In other words, they produce less of a money return, and therefore they have less value. They will be less attractive to the banks, to the insurance companies, and to other investors.

I know the great Senator to whom we all look in banking matters and finance matters, the senior Senator from Virginia [Mr. GLASS], shares the apprehensions I have as to the bond situation. He knows the extent to which the banks have invested their funds in Government securities, $18,000,000,000 today, almost as much money as the banks have out on loans. A decline of a very few points in the market value of the bonds would mean disaster to many banks. I do not go as far as does the Senator from Virginia as to what would come about, but there is the possibility of disaster, and I think the Congress should hesitate to do anything which might jeopardize the safety of the banks, which might jeopardize the securities of the insurance companies, all because approximately 2 percent, or less than 2 percent, of the taxpayers are getting an individual advantage because some man with a large income buys tax-exempt bonds.

We have observed on the floor of the Senate a thing which we all rather enjoy—the shining rapier sunk into the body of the rich man and brought out dripping with his blood. That is a very popular picture, but it is a picture which underlies and supports much of the argument to remove the tax exemption from Government bonds, to make the United States pay more for its money than it now pays, and to make the States pay more for their money than they now pay.

I am not concerned one way or the other with single individuals or groups. I am concerned with 130,000,000 individuals, and it is in the light of their welfare that this matter should be determined.

There are 40,000,000 individual depositors in the banks of the Nation. They are all concerned in the value of the bonds of the United States. The bonds of the United States are worth more with the tax-exempt feature than without it. There is a market for the bonds today. Remove the tax-exempt feature and the bonds must compete with corporate bonds. There have been times in history when the bonds of a nation went down while corporate bonds stood up. Sometimes the industrial, the economic, and the financial structure stands when the national structure falls, and we will find banks and investors choosing between the returns on corporate bonds and Federal bonds, inasmuch as there will be no advantage with respect to the tax feature. I know that many banks and insurance companies are concerned because of the situation.

Let us consider the rich man. In my section of the country a man who has an income of $100,000 is a rich man. In other sections people talk in figures I do not understand, but any man in my State who has an income of $100,000 is rich. If such a rich man in my State invested his money so as to have $100,000 income from Government bonds, what would be the fabulous income from those bonds which would be exempt from taxation? He would get an exemption of $2,000 a year. That is the terrible picture before us—$2,000 of his income of $100,000 would be exempt.

The investor, be he rich or poor, is allowed only 2-percent exemption on income from Government bonds. The outrage of which we hear so much is that 2 percent is exempt, and Senators are told that the 2-percent exempted interest is the equivalent of 10 percent on a taxed bond in the hands of some people. Whether that be true or not is immaterial. The fact is that the investor gets an exemption of about 2 percent. Furthermore, Mr. President, the Government has outstanding a large amount of Treasury notes and Treasury bills, running up toward $10,000,000,000, and what interest does the investor receive upon those securities? He receives upon some of them as much as three-tenths of 1-percent interest. Upon the better of them he receives six-tenths of 1-percent interest. There are from eight to ten billion dollars worth of this kind of short-term Government securities, upon which the interest yield will average less than one-half of 1 percent, and we are desperately worried lest some person receives an exemption of this one-half of 1 percent.

Mr. BROWN. Mr. President, I ask the Senator to yield at this point?

Mr. ADAMS. Certainly. I merely wish to say to the Senator that I have not a great deal of time, and I use it rather recklessly.

Mr. BROWN. The opposition to this measure which appeared before the committee was very intense, very well financed, and I think that it may be safely said that those opposed to it drummed the country to get people to come here and testify against the measure. The Senator seems to be disturbed about the insurance companies and the banks. The American Bankers' Association has a representative in Washington who appears continually before various committees of Congress, and the insurance companies are well represented in Washington. Not one representative of the American Bankers' Association appeared before our committee, the hearings of which were well publicized. Not one representative of the insurance companies appeared before our committee, and its hearings were well publicized and printed in the financial stories of the committee's actions and hearings in the city of New York and Philadelphia. Only two men representing the banking fraternity appeared before the committee. Both of them represented that particular branch of the banking fraternity known as the investment bankers, who are interested in the sale of municipal bonds.

I now ask the Senator, if the insurance companies would be hurt by this measure—and they would not be—and if the banks would be hurt by this measure—and they would not be—will he point out to me or tell me why no representations were made by these two large sectors in our financial picture?

Mr. ADAMS. Mr. President, I could not tell the Senator that any more than I could tell why the Senator from Michigan, able and brilliant as he is, has reached the unsound conclusion he has reached with respect to parts of this measure. I have no contact with those people, and I do not know why they did not appear before the committee, and I would not attempt to hazard a guess. I know that the fact is that if we strike down the tax exemption of Federal bonds we do some damage to the banks, but I am not so much concerned about that. What I am concerned about is the damage it will inflict on the United States. I am only concerned about the fact that the banks may not be as ready purchasers as they now are. I do not care so much about the banks and the insurance companies, but there are 130,000,000 people whose welfare is involved in this question.

Mr. BROWN. Of course, the point is that none of the present investments of large banks and insurance companies at the present time will be affected adversely. It is very easy to argue that they will be affected the other way—that the remaining bonds, which are gradually getting fewer in number as the full effect of this amendment comes closer and closer,

will be more valuable, rather than less valuable, and that a gain will be made rather than a loss.

Mr. ADAMS. As I said to the Senator, we have had the difficulty of discussing at the same time the immediate picture and the ultimate picture, and we cannot help confusing them. We are trying to think of what will happen if the tax-exempt feature of Government bonds disappears. We cannot help considering that. The Senator is quite right in saying that today there are available all the tax-exempt securities the rich men of the country could possibly want. There is no lack of them; we are not depriving them of anything today. But there comes a new issue of bonds, and the question is what will the Government get for them? Those bonds will go onto a market where they are at a disadvantage. In other words, they are less valuable than the bonds that are now outstanding. What we are concerned with is the price at which we shall be able to sell the bonds which will be issued tomorrow and the next day and the next year and the year after that. When those bonds cease to find a ready market, down goes the defense program as well as the economic structure of the country. That is the apprehension I have.

Mr. BROWN. Mr. President, will the Senator again yield on that point?

Mr. ADAMS. I yield.

Mr. BROWN. I assure the Senator I will be as generous in yielding to him later on as he is now to me. Evidently the Treasury Department of the United States does not share the apprehension expressed by the Senator from Colorado. Many times I have taken his opinion in preference to that of the Treasury Department; but I think in this particular instance the Treasury Department has made a more thorough and exhaustive examination into the facts, and the Secretary of the Treasury told the Finance Committee that he was going to finance the defense program with bonds which are fully taxable. He will not issue tax-exempt bonds for that purpose.

Mr. ADAMS. Mr. President, normally, of course, I submerge my individual judgments to those of public officials, provided they are looking at the same thing I am. I am afraid the Treasury officials are looking into a much narrower field than I am trying to look into, and in this matter I am forced to follow what is my own conviction, after such study as I have made, and after reading the testimony adduced before the Senator's committee. It is not the first time I have failed to follow——

Mr. BROWN. The Senator always follows his own conviction.

Mr. ADAMS. I try to.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. KING. The views expressed by the Senator from Michigan with respect to the attitude of the Secretary of the Treasury do not greatly impress me. I am receiving many communications from small bondholders, widows and orphans, who have small holdings in bonds, representing perhaps all that was left in the estate of the husband or father, and they are very much concerned, as evidenced by the communications I have received, as to the decline in the price of bonds, which would, of course, materially interfere with and imperil their holdings. They are afraid if the Government issues more bonds the price of their present bonds will go down until finally we have a deluge of bonds, as they had in Germany and Russia.

The PRESIDENT pro tempore. The time of the Senator from Colorado on the amendment has expired.

Mr. ADAMS. I shall take my time on the bill.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. GLASS. The Senator from Colorado has stated that we are to sell $20,000,000,000 of bonds. Does not the Senator know that we are not going to sell them at all? We have not been selling them for years. We have been allocating them to the banks, and we have maneuvered the banks into such a position that they are afraid not to take the bonds when they are allocated to them. It has been stated by competent authority that a depreciation of the bonds 10 percent below par would ruin 90 percent of the banks of the country, and that is true.

Mr. ADAMS. I thank the Senator from Virginia. Of course, I know that the oversubscriptions which are reported in the newspapers are slightly——

Mr. GLASS. Oh, it is mere humbug. It is misleading. There is no oversubscription at all. The Senator himself has already indicated that a small percentage of individuals in this country own United States bonds.

Mr. ADAMS. Whenever there is an active market for bonds or securities and there is an oversubscription, this is what happens: A bank decides it wants to get $10,000 of a new issue. It is told that the issue of bonds will probably be oversubscribed 10 to 1, "so you had better apply for $100,000 worth." That is the common thing. The figures are exaggerated, but they all show that the credit of the United States today is most excellent. I am concerned with keeping it in that condition and preserving a market. I am inclined to think that the tax-exempt feature will stimulate the market for our bonds at a time when it will be absolutely needed. That market, in terms of dollars, is far greater than the small amount we could collect by taxing certain individuals.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. AUSTIN. I observed the colloquy between the Senator from Michigan [Mr. BROWN] and the Senator from Colorado [Mr. ADAMS], which obviously had for its aim to give the impression that in the study of this matter we have not heard any apprehension expressed by the banks themselves. I call attention to the contrary fact. Representatives of banks which are especially interested in the purchase and sale of securities from municipalities and States did appear and did register their protest. One witness who appeared was Mr. John S. Linen, a vice president of the Chase National Bank. That particular vice president had dealt with municipal bonds for the bank for 18 years. The bank was greatly concerned that the Congress should not undertake to make this change in Government policy without an amendment of the Constitution. If it were to be made at all, the bank insisted that it be made by means of an amendment to the Constitution in order to safeguard against the possibility of Congress, having taken this step, afterward taxing already existing obligations. I call attention to page 159 of the hearings before the Committee on Ways and Means of the House of Representatives, where such testimony appears.

Mr. ADAMS. Mr. President, I wish to discuss what to me is a more vital matter, involving a fundamental principle of our Government. I refer to the proposal in the Brown amendment to tax the securities of the States and their subdivisions.

During the life of our Government a basic immunity has been conceded, namely, that the Federal Government may not tax the instrumentalities of the States, and that the States may not tax the instrumentalities of the Federal Government. That immunity has been reduced by the decision as to salaries, but it has not been changed as to the taxation of the interest on State securities. The argument of the Court in the Helvering case and the O'Keefe case clearly points out that the Court recognizes, and will continue to recognize, the existence of the basic immunity of the borrowing capacity of the States from the imposition of taxes by the Federal Government. It is conceded that if we tax State securities we force the States to pay more in order to obtain their money, a most tangible and obvious interference with the States' basic necessities in obtaining money to do the things which they must do.

Next, we are confronted with the literal interpretation of the sixteenth amendment, to the effect that we may tax income "from whatever source derived." It is said that the words "from whatever source derived" must mean what they say. The Supreme Court of the United States has repeatedly said that that language is to be read in connection with the history of the amendment and the language of the amend-

ment as a whole, saying that there is no longer the requirement of apportionment among the States of income taxes, no matter from what source derived.

The Supreme Court of the United States has definitely taken that position. So, we are confronted with the situation that a law of the Congress which seeks to tax the interest on State bonds defies the present rulings of the Supreme Court of the United States. If we think such a law is valid, we must be placing our confidence in the hope that the Supreme Court will change its rulings. I question whether the Congress should base essential legislation upon the belief that the Supreme Court will reverse a series of cases—not old cases, not obsolete cases, but modern cases. We have a very able committee. I have not read the report of the committee, but I assume that two members take the position that the proposed tax would be unconstitutional. So, we have the Supreme Court and two members of the committee on one side, with three members of the committee against the Court. I have rather felt that notwithstanding my great admiration and respect for the three members of the committee, I should go along with the Supreme Court and the very able minority of the committee.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. Does the Senator take the position that there is a tie vote as between the three Senators on the one hand, and the Supreme Court and two Senators on the other? Does that constitute a tie vote? [Laughter.]

Mr. ADAMS. I leave that question to the judgment of the Senate.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BROWN. I do not think the Senator from Kentucky was present when the earlier part of the constitutional argument took place. The Supreme Court has never passed upon the question raised by this amendment. Certain statements in the opinions of the Court point in one direction, and other statements point in another direction; but any fair examination of all the opinions—and I have them all here; they are printed in the report—will show a great diversity of opinion, but never an instance in which the question raised by this amendment has been presented to the Court. That is obvious from the fact that since the sixteenth amendment was adopted we have never passed an income tax effective on income from municipal bonds.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield. I will say to the Senator that my time is running, and I hope he will be lenient with me.

Mr. LEE. I shall be very brief.

The nearest the Supreme Court has come to passing judgment on that point is in the decision with reference to the income of an employee of the Home Owners' Loan Corporation. Judge Stone, speaking for the Supreme Court, said:

> The present tax is a nondiscriminatory tax on income applied to salaries at a specified rate. It is not in form or substance a tax upon the Home Owners' Loan Corporation or its property or income, nor is it paid by the corporation or the Government from their funds. It is laid upon income which becomes the property of the taxpayer when received as compensation for his services; and the tax laid upon the privilege of receiving it is paid from his private funds and not from the funds of the Government, either directly or indirectly. The theory, which once won a qualified approval, that a tax on income is legally or economically a tax on its source is no longer tenable.

Mr. ADAMS. There is no question about that.

Mr. President, how much time have I left?

The PRESIDENT pro tempore. The Chair is informed that the Senator has 15 minutes left.

Mr. ADAMS. I do not mind being interrupted, but I have only 15 minutes left, and I have some additional things to say.

The decisions which have been referred to by the Senator from Oklahoma have to do with the salary situation; and that question has been definitely settled in several cases. The reciprocal immunities which may have existed have been wiped out as to salaries. The reciprocal immunities as to the taxation of securities have not been wiped out. My position goes to this point: If we concede that the sixteenth amendment gives to the Congress power to tax the securities of the States, I think the exercise of that power would be most unwise, most disastrous, and in violation of the fundamentals of this Government. I do not want to rest my views merely upon legal questions or upon legal decisions; but in this land we have two coexisting forms of government—the Federal Government and the governments of the States. It is vital to us to maintain them. The State governments have been tremendously weakened. Conferring upon the Federal Government power to tax State securities and State revenues means breaking down one of the vital essentials which must be maintained if the States are to exist as something more than mere Federal counties.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. HILL. I hope the Senator from Colorado will offer an amendment to the amendment of the Senator from Michigan which will take out from under the amendment of the Senator from Michigan and exempt from its operation State securities and securities of subdivisions of the States.

Mr. ADAMS. I thank the Senator.

Mr. President, if the sixteenth amendment is to be used as a basis of this tax, and if under that amendment the interest on State bonds and city bonds can be taxed, it is necessary to give a literal interpretation to the words "from whatever source derived," and when that is done there is given to the Federal Government not only the power to tax the interest on the bonds but to lexy a tax upon the taxes levied by the States for their support; to levy a tax upon license fees and upon every bit of revenue upon which the State depends. In other words, if a literal interpretation is to be given to the sixteenth amendment, not merely individuals and corporate holders but the States, the cities, and the counties themselves become subject to taxation, and the Federal Government is left unrestricted as to the rate. The Federal Government may proceed to enact a statute levying 10 or 20 percent upon the revenues derived by the State from gasoline sales, from taxes upon real and personal property. So and if the sixteenth amendment is to be given its literal meaning, which some seem to desire to give to it, the States and their subdivisions will be placed absolutely at the mercy of the Federal Government.

Mr. BAILEY. Mr. President, what the Senator says suggests to me that it might be timely to remark that there are no limitations with respect to taxation under the sixteenth amendment. In the taxing section of the Constitution proper the taxing power of Congress is specifically limited to purposes set forth, such as the national defense, the public debt, and the general welfare. But in the sixteenth amendment there is not only no limitation as to the rates but there is no limitation as to the application; that is to say, under the broad construction of the sixteenth amendment Congress can tax income from whatever sources derived for whatever purposes the Congress may choose. I do not know that attention has been called to that.

While I am on my feet I should like to make a further remark. None of us ever knows what the present Supreme Court will decide on any subject. That is said respectfully. The Court has abandoned the great historic standards which guided it for 150 years, and it has tied itself to the principle of construing acts of Congress liberally, with a view to enlarging the powers of Congress. I think that is a statement which will not be denied. That being so, it is all the more incumbent upon Members of the Senate of the United States to maintain a very deep and abiding regard for the Constitution itself. The Court seems to be disposed to leave it to us, and the responsibility to maintain the Constitution falls upon us now in greater measure than at any time in the whole history of this Government. If it is not maintained in the Senate, I can give no guaranty that it will be maintained elsewhere.

Mr. ADAMS. Mr. President, I appreciate the very apt suggestion of the Senator from North Carolina.

It is said that there is reciprocity in this provision, that the Federal Government can tax State securities and the

States can tax Federal securities. What is the reciprocity? The Federal Government claims unlimited power both as to time and amount, and the authority of the States is what the Congress sees fit to give them. In other words, the Congress may give them the power today and withdraw it tomorrow. There is no reciprocity.

Let me point out another thing as to reciprocity applied to my own community. I live in a community of workingmen, steel workers, railroad workers, and farmers. There are no accumulations of great wealth in my community. What would be the effect of the adoption of the amendment on that community? We have to borrow money in our community to build our schools and our courthouses; we have to protect our cities from flood. A number of years ago we had a disastrous flood, and we borrowed the money ourselves and expended many million dollars for flood protection. That was before the day when the Federal Government undertook such obligations. As a result the community has a bonded indebtedness. Now if a Federal tax be imposed upon the interest upon the bonds issued in our community, it means we will get less for our bonds. The interest money is raised by taxation. In my community there are 12,000 homes which furnish the larger part of the taxation. They are the homes of steel workers, railroad workers, and clerks. This extra tax would not fall upon the Federal Government; it would fall upon the moderate-circumstanced people in my community, which is now a highly taxed community. There is no reciprocity there. The tax would not fall upon anybody but the local people. As a matter of fact, taxes for local purposes are paid, not by the rich but by the relatively poor. So my community would have to pay a penalty if this amendment were adopted; we would have to pay to the Federal Government doubly. As taxpayers, we would have to pay more money to the Federal Government because the tax rates would go up, and we would have to pay more money to the city, the county, the State, and the school district because the interest on their bonds would go up. I say it will be the homes, it will be the farmers, it will be the little local business that would pay that penalty.

It is not fair; it is not just; and I do not think the Congress, whether it has the authority or not, should exercise the authority.

Why is this tax proposed? It is argued that somewhere there are men or groups of men who are buying these securities in order to avoid taxation. Therefore it is proposed to put more taxes on the home owners in my community because someone, a rich man in New York or Boston or Chicago, is escaping his fair share of taxes. Is it not a fine way to make him pay his share of taxes by making my neighbors pay more than their share? That, it seems to me, is not equitable; it is destructive of the independence of the States.

I think this is not the time nor this bill the place to attempt this form of taxation, which, at best, is of doubtful constitutionality. To give an illustration of the effect on the States, there are, roughly, $20,000,000,000 of outstanding bonds of States and their subdivisions. It is proposed to increase their interest rate. They are now paying on an average 2½ percent interest. Smaller communities, such as the one in which I live, pay more than that but the strong communities are paying 2½ percent, while the Federal Government is paying 2 percent. By this amendment the interest rate would be increased one-half of 1 percent, which is equivalent to an increase of 20 percent, which means States and their subdivisions which are now paying $500,000,000 in interest will have to pay $600,000,000. That is a minimum according to the testimony before the committee. The increase was figured higher than that, but taking the minimum figure a burden of at least $100,000,000 would be imposed upon the States and communities. It is said, "Well, that should not matter, because the Federal Government would get the money." The advocates of the proposal want to balance the income which the Federal Government receives against the increased cost to the States, the cities, and the counties. We have heard generalized statements of that kind, but the fact that they would have to pay more taxes and that somebody else, some place perhaps, would pay less would not afford much comfort to the people of my community.

The PRESIDENT pro tempore. The time of the Senator from Colorado has expired. The question is on the amendment offered by the Senator from Michigan [Mr. BROWN].

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a number of telegrams I have received from State officials, mayors of cities in the State of New York, and others, opposing the amendment offered by the Senator from Michigan which is now pending.

The PRESIDING OFFICER. Is there objection?

There being no objection, the telegrams were ordered to lie on the table and to be printed in the RECORD, as follows:

ALBANY, N. Y., *September 16, 1940.*

Hon. ROBERT F. WAGNER,
United States Senate:

Respectfully call your attention to my testimony before the Brown Senate Finance Committee opposing taxation of State and municipal bonds on the ground that it would increase State and local financing costs without producing any appreciable revenue to the Federal Government for years to come.

MORRIS S. TREMAINE.

ALBANY, N. Y., *September 16, 1940.*

Hon. ROBERT F. WAGNER,
The Senate:

As 1 of more than 40 attorneys general in the conference on State defense I urge that no action be taken on proposal to tax State and municipal securities this session. Report of special committee of Senate cannot show any immediate need by amending excess-profits tax bill. This important issue should be separately considered and thoroughly debated. Its consequences to New York State and New York City will be serious.

JOHN J. BENNETT, Jr.,
Attorney General, New York State.

POUGHKEEPSIE, N. Y., *September 16, 1940.*

Senator ROBERT F. WAGNER:

The Senate debate on Brown amendment to impose a Federal tax on municipal securities is now before the Senate. I urge that you aggressively oppose any such action. Such a tax will affect the value, interest rates, and ready salability of municipal bonds. Our cities are already heavily burdened, and with the defense program requiring our sharing a larger burden of the general tax burden we must do everything to keep our municipal financing structure liquid. You will be doing your State and its municipalities a great service if you oppose and defeat this class of legislation.

WILLIAM H. SCHRAUTH,
Mayor of City of Poughkeepsie.

ALBANY, N. Y., *September 16, 1940.*

Hon. ROBERT F. WAGNER,
United States Senate:

On behalf of conference on State defense urge that no ill-considered action be taken on precipitate proposal of Senator BROWN for taxation of State and municipal securities. Effect on New York State and New York City would be most harmful. Mayor LaGuardia testimony before Senate confirms this. Urge that you oppose action now pending.

HENRY EPSTEIN, *Chairman.*

ALBANY, N. Y., *September 13, 1940.*

Hon. ROBERT F. WAGNER,
Senate Office Building:

Municipalities of New York State are decidedly opposed to proposed amendment to excess profits tax bill taxing State and municipal securities.

NEW YORK STATE CONFERENCE OF MAYORS,
WILLIAM P. CAPES, *Executive Secretary.*

YONKERS, N. Y., *September 16, 1940.*

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.:

Strongly urge you vote against Brown amendment imposing tax on municipal securities. Such tax would greatly increase interest rate on city bonds and consequence burden on taxpayers and tend to disastrously reduce real-estate value. Yonkers would undoubtedly suffer greatly. Please show your friendship for Yonkers by voting against measure.

JOHN J. CONDON,
Mayor of Yonkers.

ALBANY, N. Y., *September 18, 1940.*

Hon. ROBERT F. WAGNER,
Washington, D. C.:

Albany port district commission protests the amendment to excess tax bill proposed by Senator BROWN, of Michigan. Taxing bonds of the Albany port district would impose unjust burden upon this State agency and the taxpayers supporting it. Imposition of tax on new bonds of the commission would undoubtedly raise interest rates

and render bonds less attractive. Added costs would increase the net deficiency of the commission each year in the cities of Albany and Rensselaer would be called upon to raise the money. We respectfully ask your voting against the Brown amendment.

DWIGHT BLADU.

Mr. LEE. Mr. President, I rise to speak in favor of this amendment.

I was a little surprised—not much, either—to hear the old "widows and orphans" argument dusted off and brought out in opposition to this effort to place taxation on a fair and equitable basis. The "poor widows and orphans" are certainly used for arguments in legislative matters of this kind, particularly if there is a question of placing a fair and equitable tax on the income of somebody who has enough money to buy bonds and have an income from those bonds.

Let us suppose the case of a man working for the Home Owners' Loan Corporation. He has an income of $1,800 from his salary, and has an income of $1,800 from tax-exempt bonds which he perhaps inherited or purchased in some way or other. When he gets that income he has a total income of $3,600. He puts it in the bank. Which part of that income comes from the salary, and which part comes from other sources? What is the earmarking which separates the $1,800 he receives from tax-exempt bonds so that it is in a sacred trust, so to speak, and cannot be taxed? That man has an income of $3,600. He ought to pay an income tax on the basis of an income of $3,600; and yet, as matters stand, he pays an income tax on $1,800. What is right or fair about that?

A man ought to be able to see that. No one would say that man's income was not $3,600; and yet we are going to place a tax on the basis of ability to pay. His ability to pay is in the $3,600 bracket, and yet we place on him an income tax which we say is levied on the basis of ability to pay, and we place it on the basis of $1,800 instead of $3,600.

Take even a better example: Here is a man who is one of these "lily" businessmen. You know what "lily" businessmen are. They toil not, neither do they spin, and yet Solomon in all his glory was not arrayed like one of these. Well, this one has an income of $50,000 from tax-exempt securities. Senators talk about widows. Let us take the example of a poor widow who has a job clerking in a store, supporting a family. She has an income of $2,400. She has to pay an income tax on $2,400; but this "lily" businessman with an income of $50,000 from tax-exempt securities does not pay a thin dime of income tax on it. I may not be able to split and resplit all of the fine hairs that some of these persons who choloform themselves with a constitutional argument can, but I can see the plain, simple fact that that is not fair.

Ever since I was old enough to read I have read that when a man could not argue anything else in the House or in the Senate he uncorked the old chloroform, "It is unconstitutional." Let me read what the Supreme Court has said on that subject:

> The theory which once won a qualified approval that a tax on income is legally or economically a tax on its source is no longer tenable.

Then a tax on the income of this Home Owners' Loan Corporation employee is not a tax on the Home Owners' Loan Corporation. If the other $1,800 of the employee's income comes from tax-exempt securities, after the Supreme Court has said that a tax on the $1,800 which he gets from the Home Owners' Loan Corporation is not a tax on the source, how can it be argued that a tax on the other $1,800 would be a tax on the source?

To me, this is a case of plain fairness and justice. Taxation according to ability to pay is one of the fairest and safest bases of taxation. Taxation according to benefit received is a fair and just basis of taxation. There is one tax that I never have been able to justify in my own mind, and that is the ad valorem tax on property. I do not say that I am ready to remove it entirely because I do not know how to replace it. Many States have removed it to some extent on the home. Oklahoma has a law which exempts homesteads from taxation up to $1,000. Wisconsin has an exemption of homesteads from taxation up to $3,000. Texas has an exemption of homesteads from State tax up to $3,000.

A man has a piece of property. Perhaps it is a vacant lot and it does not earn a thing. Every year he has a tax on that vacant lot of $18. If he does not pay the tax, the tax soon takes the property. In a sense that is a capital levy. It has the same effect as a capital levy because it actually takes part of the capital. If the owner improves the lot and builds a fine building on it, instead of being rewarded for improving the community a heavier tax than ever is laid on it. That is a property tax. Henry George, with his single-tax theory, tried to answer that objection. He never did answer it very satisfactorily, so we will still have that tax, but I know a farmer whose tax on his farm is $114 every year. I know 3 years when he did not make $114 on the farm, and yet he either had to borrow the money and pay the tax or lose the farm. On the other hand, here is another man with an income of $50,000 from tax-exempt securities who goes scot free. I do not see how anybody can say that is fair.

The argument is made that the community loses by taxing bonds of this kind. On the contrary, the community gains by it. I gave an example here the other day showing that the difference between the revenue the Government loses on a tax-exempt bond and the increased interest rate that the Government would have to pay in order to sell the bond if it were wholly taxable is over $385,955.40 on a $1,000,000 bond running for 20 years. Let that be a school bond: Many school bells could be kept ringing for $385,955.40. The school doors could be kept swinging in and out for $385,955.40; and yet that is what the Government loses.

Mr. Hanes, a tax expert who has given his life to studying these problems, came before the committee and testified that it would cost only from one-fourth to one-half of 1 percent more in interest if the bonds were wholly taxable than if they were tax-exempt. It would be necessary to raise the interest rate from one-fourth to one-half of 1 percent in order to make up for the abolition of the tax-exemption privilege.

The tax-exemption privilege means so much more to a rich man than it does to a poor man that we are selling bonds on a two-price basis. To a man with an income of $5,000 the tax-exemption privilege is worth one-tenth of 1 percent. To a man with an income of $500,000 the tax-exemption privilege is worth over 7 percent—7.1 per cent to be exact—because his income is in the higher brackets where the surtax is quite heavy. Therefore the exemption saves him from paying surtaxes whereon the poor man does not have to pay surtaxes. In other words, we have a special privilege for a special class, and the class we are exempting is the class which is best able to pay the tax.

Here we are worrying our heads about getting revenue, while sixty to sixty-six billion dollars of wealth in this country is in a storm cellar of tax exemption which we cannot reach. That imposes all the more burden on those we can tax, and they are the poor people.

Whoever heard of a man with a $5,000 income being able to own any bonds, in the first place? And if he is able to own a few, the tax-exemption privilege is worth nothing to him. Therefore it is a special privilege to a special class, and I say it is wrong.

This is not a tax upon the States or the communities. The Supreme Court has held that. When a man receives his income, it then is separated from the source from which it came. It has lost the identity of the source from which it springs. Take the case of a glass of water: We do not know whether it came from a spring or whether it came from a fountain. Perhaps half of it came from a spring and half from a fountain but it is mixed; it is mingled with itself; it is liquid; it has lost its original identity, and has no more connection with its source than has a man's bank account that he has placed in the bank as a result of his income, no matter whether it is from a bond or from a salary.

Mr. President, until we pass legislation along the line of the pending amendment, which would remove the tax-exemption privilege, we will not have a firm foundation or a

good basis for a taxing program that is fair and equitable and just. I have not heard anyone argue that it is fair, that it is moral, that it is just, to permit a man to escape paying his taxes merely because his income is derived from a certain source. By voting against this amendment it seems to me we would be putting a premium on tax dodging. I hope the amendment will be agreed to.

Mr. NORRIS. Mr. President, I desire to say a few words on the amendment. First without referring to any arguments made pro or con, I wish to consider it in the light of the very language of the sixteenth amendment itself. The amendment to the Constitution reads as follows:

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

As I understand the English language, I do not know how language could be made more emphatic, how any language could be used which would come nearer expressing the opinion that Congress has power to levy taxes on all incomes. That is what the amendment provides. The amendment makes no exception. It leaves the matter entirely in the hands of Congress.

When the amendment was adopted, we were starting out on a program which would permit Congress to levy taxes on incomes from the bonds of States and counties. What language could we use which would be more expressive than the language that was employed in the amendment, namely, that "Congress shall have power to lay and collect taxes on incomes, from whatever source derived." Does that include income derived from what we now know as a tax-exempt bond? Can anyone construe the language employed in any way so as to exclude such bonds, when such power is given?

Mr. LEE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LEE. That is the language which the States passed on when they ratified the sixteenth amendment, is it not?

Mr. NORRIS. Of course it is.

Mr. LEE. Then how can it be argued that we should not tax such income because the States would not like it, and that it would be infringing on them, when they themselves have given us the power in the sixteenth amendment? I doubt whether the Senator thinks that any of those States believed that the language meant anything except what it says.

Mr. NORRIS. It certainly does not mean anything else. I do not understand how anyone can put any other construction on it. It does not require a lawyer or a court to tell us that the sun is shining when we go out and see it. It does not require an educated man to tell a man who is not so well educated that a big oak tree is standing in front of him, when he is looking at it. As in the case of Galileo, we may compel a man to say the earth does not move, but he knows it does move, no matter how many times he may say it does not. I do not know how we could make language any plainer.

Mr. BROWN. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. BROWN. I wish to call the attention of the Senator at this point to the fact that six previous revenue acts, commencing with the Revenue Act of 1861 and continuing down to 1894, contained language almost identical in structure and meaning with that contained in the sixteenth amendment. The language was that incomes from any source whatever should be taxed. That has been construed by the Treasury, it has been construed by the Supreme Court in the Pollock case, and it has been construed by the general public, because they paid that kind of a tax, to include the income from State and municipal bonds. Therefore, under any rule of statutory or constitutional construction, the people must have given to that language the same meaning they had given to almost identical language in the six previous revenue acts which had been in effect since 1861.

Mr. NORRIS. I thank the Senator. I think what he has said is absolutely accurate. I do not know how anyone can by any possible construction put a different meaning on the language.

It was argued very ably yesterday that when the sixteenth amendment was before the Senate for consideration, just prior to its submission, Senator Borah contended that it did not give any new power. Senator Root, of New York, another constitutional lawyer, argued along the same line. They believed that the power existed in Congress before, and that the reason why the law had been held unconstitutional was because of the apportionment feature. I think the general belief was that Congress had the power to levy an income tax before the amendment was adopted.

To demonstrate what these very able constitutional lawyers believed, I have before me on my desk the roll call on the adoption of the joint resolution providing for the submission of the sixteenth amendment, which was passed by the Senate on the 5th day of July 1909. I find among the Senators voting for it Senator Borah, of Idaho, and Senator Root, of New York.

Mr. LEE. Was this the sixteenth amendment?

Mr. NORRIS. The sixteenth amendment, which is now a part of the Constitution, the very amendment we have been discussing. The vote was unanimous. There was not a single dissenting voice raised in this Chamber when the roll was called.

After the joint resolution passed the Senate on the 5th of July, the amendment was submitted to the States under the provision of our Constitution providing for its amendment, and it was approved by the States themselves and became a part of the Constitution.

Everyone thought at that time, as I understand, at least, that the question was settled. We had used language so plain that an eighth-grade student in a country school would be able to see clearly just what the amendment meant.

Very ingenious arguments have been made, by very able men, and by some courts and judges, that we did not mean what we said, and that the States did not mean what the amendment said. It was argued that, after all, while the amendment said in so many words what the power of Congress should be, notwithstanding that delegation of power, the power did not exist.

Mr. BROWN. Mr. President, would the Senator mind a short interruption upon that very point, as to what occurred in the New York State Legislature when the amendment was submitted?

Mr. NORRIS. I yield.

Mr. BROWN. Governor Hughes, of New York, sent a message to the New York State Legislature in which he said that undoubtedly the language, quoting from the constitutional amendment, "income from whatever source derived," would permit the taxing of State and municipal bonds by the Federal Government. Governor Hughes used that as an argument against ratification of the amendment by the New York State Legislature. The three most prominent lawyers, perhaps, of the New York bar, Mr. Choate, Mr. Guthrie, and another whose name I do not recall, were the attorneys who tried the Pollock case, in which the Supreme Court held in 1895, I think it was, that a municipal bond could not be taxed by the Federal Government because of the constitutional provisions.

Those three attorneys went before the New York State Legislature. They were the men who had struck down the power of the Federal Government, through the agency of the Pollock case, to tax municipal and State bonds. They went before the New York State Legislature and said, "If you adopt the sixteenth amendment there is no doubt it will mean that the Federal Government has the power to tax State and municipal bonds."

The result was that the New York State Legislature, under the leadership of Governor Hughes, and basing its opposition upon its desire to prevent ratification of the amendment, struck it down and refused to ratify it.

Immediately thereafter an election occurred. The Democratic platform contained a provision favoring the ratification of the sixteenth amendment. The Republican platform was

silent upon that subject. The matter of ratifying the sixteenth amendment became an issue in that campaign. Governor Dix was elected over the Republican candidate. The legislature met and ratified the sixteenth amendment.

I thought the argument of the Senator from Nebraska would be helped by that bit of legislative history in connection with the ratification of the sixteenth amendment by the largest State in the Union.

Mr. NORRIS. Again I thank the Senator for his contribution.

Mr. President, the illustration given by the Senator from Michigan demonstrates, I think, that the States agreed to and ratified the sixteenth amendment without any misunderstanding. They agreed to it believing it would give the Federal Government the power to tax municipal, county, and State bonds, and they believe it yet, in my judgment, because it is fair, because it is just.

By reason of the fact that Congress has not taken action along that line, much dissatisfaction has arisen, some of it exaggerated probably. The idea that some bonds shall be subject to an income-tax levy and some shall not is to my mind obnoxious. I can conceive of a time when the life of the Nation might be hanging by a thread, when it would be necessary for the Government of the United States to exhaust every avenue of taxation in order to support its own life, in order to continue the existence of the Republic. If we take the view that we cannot levy a tax on the income derived from this sort of securities, it seems to me we are to a great extent interfering with the power of Congress to preserve the life of the Nation itself.

If I receive an income large enough to pay an income tax, why should I be permitted to say that the income I receive from a certain county bond shall be free from taxation, whereas the income derived from this business or that institution shall be taxed? Why would that not be the same as saying that a man engaged in a certain kind of manufacturing business should be free from all taxes, while his neighbor across the street should pay taxes? The income which the individual receives as interest from a county bond is no more sacred than the income he receives from any other kind of property.

It is sometimes argued, probably with a great deal of truthfulness, that if the interest on municipal bonds is taxed it will result in increasing the rate of interest the people of the community will have to pay when they borrow money. If that were always the effect, it would, in my judgment, make no difference whether the bonds were taxed or not. But there is no doubt that the people at large believe that some men of great wealth are making money out of this tax exemption, while others are not able to do so. The evil psychology resulting therefrom was pointed out very clearly by the Senator from Oklahoma [Mr. LEE] just before I took the floor. Such tax exemption does mean something. It means that there is something in favor of the taxpayers who are the best able to pay the tax. If we are levying taxes based upon ability to pay, then certainly it seems to me we should adopt the pending amendment. It would result in removing the evil psychology that exists, whether rightly or wrongly, in the breasts of most American citizens. If there is no favored class, the way to prove it is to levy taxes on all incomes alike.

Mr. BROWN. Mr. President, will the Senator yield for a moment?

Mr. NORRIS. I yield.

Mr. BROWN. How extensive is the evil to which the Senator now is pointing, is well exemplified by the records of the Treasury Department for the last available year, 1938, of estates upon which the Federal Government levies an estate tax. As appears from the returns of the Treasury Department for 1938, 45 percent of the total amount of property held by estates of $5,100,000 and upward is in the form of tax-exempt bonds. I think that is a remarkable figure.

Mr. NORRIS. It is remarkable.

Mr. BROWN. Forty-five percent of the property of estates having a gross total of $5,100,000 and over is in the form of tax-exempt bonds.

Mr. NORRIS. Mr. President, I find no fault with the man who invests his money in tax-exempt bonds. The man who has money to invest in bonds, thinking only of the return he will get from the investment of his money, will do well, I think, to look and see what securities are attractive. He has a right to do that. It is honest to do that. If he finds a certain security that is tax-exempt he will invest his money in it. I do not join in the condemnation sometimes hurled against men who have their money so invested.

I have in mind a Senator for whom I have great respect, who sat in this Chamber for many years, a very wealthy man, whose money was to a great extent invested in municipal securities. I did not think that was any indication that he was not patriotic or honest. I have talked with him many times, and I know that in his home city, when bonds were issued for a public purpose and there was difficulty in selling them, he took the whole issue. He did a remarkably fine, patriotic thing for his immediate vicinity—a perfectly honorable, fair, and open transaction.

So, I am not joining with those who cry out against a man simply because he is rich and has invested his riches in tax-exempt bonds. It is the law that is to blame. It is the law that gives him that opportunity; and the law ought to be amended so that he could not do so. Referring to the Senator about whom I have been speaking, he was always in favor of removing the tax exemption and putting all bonds on the same basis, even though it would mean less income for himself, because his taxes would be increased. He worked and voted in favor of eliminating the tax exemption.

Mr. President, the amendment applies only to bonds which are issued subsequent to its adoption. It cannot be argued under any circumstances that it points in any degree to the nature of an ex post facto law. Investments now made, which are not subject to the income tax, will not be made subject to the income tax if the amendment shall be agreed to. I think the American people almost unanimously believe in such a law. It would not only put a quietus upon many complaints which are made—some of them, I think, unjustly; but it would be satisfactory to the States which adopted the constitutional amendment. This is the result they wanted when they adopted the constitutional amendment.

Mr. LEE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield.

Mr. LEE. In other words, the people of the United States have asked for a law which will tax income "from whatever source derived." The President of the United States has asked us to pass a law which will carry out that purpose and stop the exemption privilege. The present Secretary of the Treasury, as well as his predecessor, asked Congress for legislation to end the tax-exemption privilege. It seems that everyone concerned with the question so far has passed it on and said, "Do it." The next move is up to Congress.

Mr. NORRIS. I think so. It is up to us.

Mr. LEE. Starting with the people, everyone concerned has given it the "green light." Now it is up to us.

Mr. NORRIS. The Senate passed the constitutional amendment, as required by the Constitution. The House did the same, and it was submitted to the legislatures, which agreed to it. A constitutional amendment without a law to support it means nothing. It is up to us to pass a law to make effective the very constitutional amendment which the Congress agreed to and which the States have approved. I think such a law would meet the approval of 90 percent of our people. It would be fair and just. It would relieve us and our successors in the Senate, as well as succeeding administrations, of the criticism that we are acting unjustly. It would relieve even the men who are the most wealthy, and who receive the greatest benefit from tax exemption, of criticism which is sometimes unjust; and it would give effect to a constitutional amendment which, after years of agitation and argument, was practically unanimously adopted. It would put a

construction upon language which is now so plain that it does not need anybody to construe it.

Mr. LEE. Mr. President, will the Senator further yield?

Mr. NORRIS. I yield.

Mr. LEE. Does the Senator think that a single one of the States which approved the constitutional amendment did not believe when it did so that it was thereby putting its approval on the authority of Congress to tax a man's income, from whatever source derived?

Mr. NORRIS. Of course, the States thought so. I do not see how any intelligent man could think otherwise, because that is just what the language says.

Mr. LEE. No matter whether the income comes from interest on a State bond or municipal bond. Does the Senator still think that the States, when they approved the constitutional amendment, believed they were giving Congress the power to tax such incomes?

Mr. NORRIS. Of course, they thought so.

Mr. LEE. So did I; and, in my opinion, so did everybody else in the United States.

Mr. NORRIS. So did every Senator who passed upon the question. So did the Members of the House of Representatives; and, in my opinion, the people of the United States think so now. I think we made a mistake in not passing a law similar to this years ago. We ought to have given effect to the constitutional amendment immediately upon its adoption. I think it is extremely important that we adopt the pending amendment and bring delayed justice to the people of the United States.

Mr. BURKE. Mr. President, in a dozen sentences or so I can summarize my position in reference to the pending proposal. Let me first state my conclusion, and then the reasons upon which that conclusion rests.

I am unalterably opposed to the exercise of the alleged power of the Federal Government to tax income from State and municipal securities. So strongly do I feel on this question that should this amendment be adopted I should unhesitatingly vote against the passage of the bill. My reasons follow.

We have just listened to a very able discussion of the constitutional question involved. However, I think the conclusions drawn by my colleague [Mr. NORRIS], the Senator from Oklahoma [Mr. LEE], the Senator from Michigan [Mr. BROWN], and others are entirely erroneous in this respect: Of course, taking by itself the language "from whatever source derived," it would appear to indicate that by the constitutional amendment the people were vesting in the Federal Government authority to tax the income from State securities. But what was the reason why an amendment to the Constitution was necessary? Was it because there was a great demand from one end of the country to the other that the Federal Government be given the power to reach out and tax income from State and municipal bonds? Certainly not. Nowhere in the country, so far as I have been able to find—and I have made a careful study—did any public man rise and say, "We must amend the Constitution of the United States in order that the Federal Government may do that which it has heretofore been denied the right to do, and which everyone had held it may not do, and that is to reach out into the States and tax the securities of the States."

What was the reason why it was necessary to amend the Constitution? We all know the answer. It was not feasible for the Federal Government to levy an income tax and apportion it among the States according to population. I say, without any fear of successful contradiction, that that was the sole and only reason why the agitation came about for an amendment to the Constitution, and that that was the only reason in the minds of the members of the State legislatures, of the overwhelmingly majority of the Members of this body and of the House, and of the people of the country.

It is true, as was pointed out, that the Governor of one of the great States, Governor Hughes, of New York, when he read this language, said, "This may go beyond what the proponents of a constitutional amendment want to do. This language says 'from whatever source derived'." The Federal Government was being given authority to tax income; and Mr. Hughes, being meticulous in matters of language, said, "That language might give to the Federal Government the power to go into the States and tax the securities of New York and other States."

What answer was made whenever that point was raised? Not that it was desirable to give the Federal Government that authority, but that Mr. Hughes was being overtechnical; that that result would not follow, and that such power would not exist. I do not believe that when Senator Borah and Senator Root took the position on the floor of the Senate that the proposed constitutional amendment would not give such power to the Federal Government, they did so on the ground that they thought the power had always been present in the Federal Government to do this thing, and therefore that this very broad language would not enlarge it. One reason why I do not think that was in Senator Borah's mind was that I find that even as late as last year, within 4 or 5 months of his death, Senator Borah wrote to the Conference on State Defense, and in the course of his letter said:

> In the first place, I do not think Congress would have the power to tax these securities and instrumentalities of the State without a constitutional amendment.

As I understand, that was the opinion of Senator Borah at the time of his death, and I believe that it was his opinion when he said that it was unnecessary for anyone to oppose the amendment on the theory that it would give the Federal Government the power to reach out and tax the instrumentalities of the States.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BURKE. I am very glad to yield to my colleague.

Mr. NORRIS. Will the Senator tell us, if his theory is correct as to the meaning of the words "from whatever source derived," why they were put in the amendment?

Mr. BURKE. No, I cannot explain that; I do not know why that particular language was used.

Mr. NORRIS. If the only reason for the amendment was to change the apportionment provision of the Constitution so as to avoid that difficulty—if those who adopted the amendment merely wanted to do that which could be done by inserting the words "without apportionment among the several States," why did they use the other language?

Mr. BURKE. It seemed to Governor Hughes at the time if that was all that Congress intended to do, those who framed the amendment would not have used that language. I have no explanation of it; but I ask the Senator: Does he recall from his own experience or through refreshing his memory by going back over the occasion that he or any of his colleagues in Congress or any considerable body of sentiment in the country at that time favored specifically granting the authority to the Federal Government to tax securities of the States?

Mr. NORRIS. Of course, I cannot give the Senator a definite answer, because that was a great many years ago, and I do not remember; but I have always entertained the idea, and entertain it now, that the principal reason for this amendment was to tax the very securities the Senator has mentioned.

Mr. BROWN. Mr. President, will the Senator yield on that point?

Mr. BURKE. I yield.

Mr. BROWN. A very interesting article on the precise point the junior Senator from Nebraska is now discussing was brought out in an article in the Journal of the American Bar Association for December 1920, written by Mr. Harry Hubbard, who was, as I recall, connected with Yale University. It will be recalled that the Supreme Court in the case of Evans against Gore had just decided that the words to which we are referring, "incomes from whatever source derived," had no particular meaning and did not add anything to the power of Congress to tax incomes. Mr. Hubbard had written an article previously upon that subject, which was seen by Senator Knute Nelson, who was then, in 1920 or about that time, the chairman of the Judiciary Committee of the Senate.

Senator Nelson wrote, on May 7, 1920, this letter to Mr. Hubbard:

I thank you very much for sending me a copy of the Harvard Law Review containing your article on the sixteenth amendment, which I have read with much interest. I am glad to see that you concur in my views. The words "from whatever source derived" were inserted in the amendment in the Senate at my instance and on my insistence. I have been very sorry to see that the Supreme Court in its decision—

Referring to the case of Evans against Gore—

has utterly ignored the phrase; in fact, treated the amendment as though this phrase were not a part of it.

In a subsequent letter, dated September 10, 1920, Senator Nelson, referring to the statement in the previous letter:

You have the liberty to use my statement quoted in your letter. The RECORD may not show it, but I introduced the amendment, and the facts are that at the time Mr. Aldrich was chairman of the Finance Committee, and I discussed the matter with him, and insisted on the amendment being inserted, and he concurred with me and reported the bill with the phrase "from whatever source derived" added.

That is the phrase, of course, which is in the constitutional amendment.

Mr. Hubbard then says in his article:

Senator Aldrich was, as everyone knows, the real leader of the Senate, especially in financial matters. He knew what he was doing.

Mr. Hubbard goes on to say:

Here, then, is the history of these words of the amendment. The word "direct" was taken out in order not to limit income taxes to those which were "direct" (and which were held invalid in the Pollock case), and the words "from whatever source derived" were inserted in order to make the power to tax incomes as broad as the incomes themselves could be. Thus the amendment was changed and reported by the Finance Committee, passed by the Senate and House, and ratified by the legislatures in more than three-fourths of the States.

That is the letter in which Senator Nelson, of Minnesota, explained how those words got into the amendment. They were put in there for the purpose of being certain that all income would be taxable.

Mr. BURKE. I am fairly familiar with the Nelson letter, but let me suggest to the Senator from Michigan that he has overlooked the fact that on the day when this matter was under discussion on the floor of the Senate and when Senator Borah arose in his place and said he did not believe that the inclusion of that language would do the thing which was being objected to, namely, give to the Federal Government the power to tax the instrumentalities of the State, and when on that same day or during that same discussion Senator Elihu Root and others arose and took the same position, the RECORD shows that Senator Nelson, who was not only a Member of the Senate but was on the floor of the Senate at the time, said not a word carrying out the idea which some years later he expressed in his letter. So I am forced to the conclusion that Senator Nelson later on, after the argument had arisen and the Supreme Court had rendered a decision, or something else had happened, read back into his original position a great many things that were not there, because, knowing something of Senator Nelson, for I happened, when a young man, to live in his State and had a very slight acquaintance with him, I know that he was frank enough, so that if, when Senator Borah and Senator Root were making their positions clear, Senator Nelson had then in mind the thought he expressed in his letter later on, he would have risen and said, "No, my friends; no; this language is all inclusive. It means that if we submit this amendment to the States and they ratify it, the Federal Government may tax the instrumentalities of the States;" and, in fact, probably he would have said, "That is the very reason why I suggested that the language be used." But he did nothing of the kind. He sat in his seat in complete silence.

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. BURKE. I yield.

Mr. BROWN. A very long and, I think, instructive speech could be made upon that incident on the floor of the Senate. After the Hughes message was received, given wide publicity, and reached the ears of Senators, a resolution was introduced in the Senate of the United States to determine what was meant by this language. Senator Borah made a speech, Senator Root made a speech, and Senator Norris Brown, of Nebraska, who was a predecessor of the junior Senator from Nebraska, I presume, and who was the author of the amendment, also made a speech. One cannot read the speeches made by Senator Norris Brown without coming to the conclusion that he did not definitely take one side or the other of this question. Senator Borah and Senator Root took definite positions. The resolution was laid on the table for further discussion, to be taken up at a later time. It was undoubtedly assumed by Senator Nelson and all other Members of the Senate at that time, the matter having been brought to their attention by the speeches of Senators Root and Borah, that opportunity would again be given to consider the resolution when it was brought before the Senate. It was never again brought before the Senate; it died with the session of the Senate, remaining upon the calendar, and was never further discussed.

I may say to the Senator that I do not want to take his time but, in my own time, I will show what were the views of many Members of the Senate, many members of the Ways and Means Committee of the other House, and not of just one Governor, as the Senator from Nebraska has said, but of 15 Governors in connection with the submission of the question of ratification to the various States of the Union. I shall not now further take the Senator's time.

Mr. BURKE. Will the Senator, in his own time, when he is discussing that matter, offer proof to support the statements of the junior Senator from Oklahoma in his colloquy with my colleague a short time ago, in which he drew the conclusion that the legislatures of all the States then in the Union that voted in favor of the adoption of the sixteenth amendment understood that they were voting to give the Federal Government the power to tax State and municipal obligations, and that every one of the legislatures that so voted did so willingly and gladly, as I believe he said, and certainly in such a way as now to estop every one of those States raising any objection.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. LEE. The Senator made my statement somewhat stronger than I did, but I think I can prove the statement. However, since the power of the Federal Government to tax its own securities was not in question, will the Senator from Nebraska tell us what other reason there could be for adopting the sixteenth amendment?

Mr. BURKE. Certainly; I have already explained that. The one reason, the sole reason, in the minds of those who agitated for the adoption of the sixteenth amendment, was that a Federal income tax was not feasible so long as it had to be apportioned among the States according to population. That was the thing which knocked out the income tax when it was previously enacted, or at least that was the consideration which made it absolutely impossible to have a Federal income tax which would rest with any justice upon the people of the country, if it had to be apportioned according to population. So, from all the study I have made of this question, I have never had any doubt in my mind that practically everyone who favored the passage of the sixteenth amendment wanted to get rid of the necessity of apportioning the tax among the States according to population, and that practically none of them, if any, desired to give to the Federal Government power to tax the instrumentalities of the States.

Mr. NORRIS. Mr. President, will my colleague yield to me?

Mr. BURKE. Yes; I yield to the Senator.

Mr. NORRIS. If that be true, if the Senator's analysis is correct that the only thing the proponents of the amendment wanted to do was to do away with the necessity of apportionment among the States according to population, and they had no idea of extending that authority any further, does not my colleague agree that they did not do in the amendment what they wanted to do, and that they did just what they did not want to do?

Mr. BURKE. No; I would not quite agree to that. They did fully what they wanted to do. They did away with the necessity of apportionment; but if I am correct in thinking that that was all they wanted to do, I have no explanation to offer as to why they put in the words "from whatever source derived." I do not know why that language was put in; but I imagine that in practically every piece of legislation we pass in this body some language is used which goes beyond the particular purpose desired. I know that in the bill which we have just passed, the Selective Training and Service Act, after I had studied it over, even now I can see in it some language which at some future time may cause a great deal of discussion, and it may be said, "What did the Senate mean when they put in this language? If they wanted to accomplish a certain purpose, they did not need to use this general language"; and I suppose that is true of practically every piece of legislation passed.

Mr. NORRIS. Does not the attitude the Senator is taking here in effect mean that the Senator wants to take out of the amendment the words "from whatever source derived"? Is not that the effect of the Senator's position?

Mr. BURKE. No; I will explain my own position on that subject. As I say, I do not know why the language was put in.

Mr. NORRIS. Does the Senator want to take it out?

Mr. BURKE. No.

Mr. NORRIS. Does not the Senator think we ought to give it construction if we can? We ought not to obliterate it unless it becomes absolutely necessary on the record, and not from what somebody thinks.

Mr. BURKE. I will say that I not only think it ought to be taken out but I think it will be taken out if the Brown amendment is enacted into the law and the Supreme Court upholds it. I think there will then start in this country such a movement for repeal of that part of the sixteenth amendment that it will very promptly be taken out, and ought to be taken out.

Mr. NORRIS. I concede that if it is taken out in that way that will be a perfectly legitimate procedure. That will be all right.

Mr. BURKE. I was going on to say that while I cannot give any logical reason why the language was put in, and I am not at all satisfied with this explanation, it is the only thing that is in my mind. I think it was just one of those casual things that happen; but there may be some merit in the contention—I do not know whether there is or not—that having in mind only, as I insist, doing away with the necessity of apportionment among the States according to population, some technician or person with other qualities inserted this language, that it might have been construed to mean that within the broad limits of the powers recognized as belonging to the Federal Government for the taxation of income it should be taxed regardless of the source from which it came; but it having been taken so fully for granted that it was fundamental in our system that the Federal Government should not have the power of striking down the States by taxing their instrumentalities, they did not, or at least enough of them did not, see how dangerous it would be to leave that language in the statute. Governor Hughes saw it, and others saw it.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. BROWN. How does the Senator account for the fact that there was a Pollock case, in which the question arose of the right of the Federal Government to impose a tax on the interest received by the owner of a municipal bond, unless at some time in our history we taxed municipal bonds? We taxed them in 1861; we taxed them in 1863; we taxed them in 1870; and in six different statutes, ending with 1894, we imposed a tax on municipal bonds. The Pollock case arose because of that situation; and the decision in the Pollock case was based in part upon the argument that the bonds of a municipality were not taxable because of lack of power to attack the source.

The Senator asked me a question, and I want to answer it.

Mr. BURKE. I suggest that the Senator answer it in his own time; but go ahead. I have plenty of time.

Mr. BROWN. The Senator asked me why the Senator from Oklahoma [Mr. LEE] said that the members of the State legislatures who ratified this amendment acted as they did. I think there is no better reason than is contained in the brief which was filed by the representatives of the State attorneys general, which we knew in our committee as "the yellow book." On page 334 of their brief they say—and I should like to have the attention of the Senator from Oklahoma [Mr. LEE] to this—

> It may be true that a man from Mars, or an average uninformed citizen, knowing nothing about the constitutional history of the country, or about the other provisions of the Constitution, upon being handed a slip of paper containing only the sixteenth amendment, would probably say that it constituted a grant of power to tax incomes, and that the words "from whatever source derived" would seem to authorize the taxation of all sorts of incomes, including an income from municipal bonds.

I say that the members of the State legislatures and the common citizenry of the country were just the "uninformed citizens" that the brief speaks about.

What rule should be applied in the construction of a constitutional provision? I have here the language of Mr. Justice Roberts:

> The Constitution was written to be understood by the voters. Its words and phrases were used in their normal and ordinary, as distinguished from technical, meaning. Where the intention is clear, there is no room for construction and no excuse for interpolation or addition.

Again, Chief Justice Marshall said:

> As men, whose intentions require no concealment, generally employ the words which most directly and aptly express the ideas they intend to convey, the enlightened patriots who framed our Constitution and the people who adopted it must be understood to have employed words in their natural sense and to have intended what they said.

So I think the complete answer to the Senator is that the members of the State legislatures read the sixteenth amendment when they ratified it, they knew what it meant, and they adopted it, and the American people today know what it means; and we ought to follow the common, ordinary construction that is put on it by the average citizen of the country.

Mr. BURKE. Mr. President, so far from the quotation given by the Senator from Michigan from the attorneys general being an answer to anything I have said, I think it offers a very complete answer to the argument presented by the Senator from Oklahoma and to the argument of my colleague the senior Senator from Nebraska [Mr. NORRIS], because they are arguing, "Why, just take these words 'from whatever source derived': How can they mean anything else than that the Federal Government may go out and, if it sees fit, tax the States out of existence by taxing their securities?" The attorneys general say, "It might be that a man from Mars, or an uninformed person knowing nothing about the constitutional history of the country or about other provisions of the Constitution," having before him merely the words "from whatever source derived," would think that that is what was meant; but that was not the situation in the State legislatures when they passed on this constitutional amendment. Here was a great question argued all over the country first, then coming to the Senate and the House, considered there in committees and argued on the floor of these bodies, and then going out into the State legislatures—I assume this amendment was adopted by State legislatures and not in the conventions—and argued there and discussed in the newspapers; and no one at that time was in the condition of the man from Mars and was confining himself just to that language, as I see it. But, really, the question which I asked the Senator from Michigan was that I hoped he would, in the time allotted to him, show definitely from the statements of Governors of the other States, or the legislatures of those States, or prominent people at that time, that it was the desire of anyone to invest in the Federal Government authority to tax the instrumentalities of the States, and that that was the controlling reason, or even any part of the reason, why the amendment was adopted.

Mr. LEE. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. BURKE. I yield.

Mr. LEE. Usually in debate and law the burden of proof is on the opposite side from the presumption. Therefore I think the Senator from Nebraska has the burden of proof to demonstrate that they did not believe that this language said that Congress could tax income from whatsoever source derived, because that was in the document, and the document is its own best evidence.

Mr. BURKE. I will sustain that burden of proof by calling as a witness, as to the necessity of a constitutional amendment before this power can be given, a man whose word on constitutional matters will carry more weight, to me at least, than will the judgment of my good friend, the Senator from Oklahoma. I will call again and refer again to the greatest constitutional lawyer we have had in this body in the last generation or two, our late colleague, Senator Borah, who said, within 4 months of the time of his death, in a letter to the Conference on State Defense:

> In the first place, I do not think Congress would have the power to tax these securities and instrumentalities of the State without a constitutional amendment.

That was what this great student of the Constitution, as well as great student of the English language, said, when he was right here, and went through this whole controversy. He did not believe then, and never believed, that he was voting to give the Federal Government power to tax the instrumentalities of a State. That was his judgment, and if I must sustain the burden of proof in order to overcome some presumption, I will offer the words of this witness, Senator Borah.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. BURKE. I will take my time on the bill.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. LEE. Let me offer a witness on constitutional law who, I believe, will stand up with the witness offered by the Senator from Nebraska. Was it not true that soon after the ratification of the sixteenth amendment, or about that time, the then Governor of New York, now Chief Justice of the United States, had a debate with Senator Borah on this question, and did not Governor Hughes at that time take the position that this language did mean that the Government could tax the income from State securities?

Mr. BURKE. I do not recall the debate, but the Senator from Oklahoma is entirely correct in saying that prior to the adoption of the amendment the then Governor of New York, Mr. Hughes, had taken the position that the language used might give to the Federal Government the power to do what is now being attempted.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. AUSTIN. As to the question of a debate, I think that at no time did Governor Hughes definitely express the opinion that that would be the effect of the amendment. He expressed the fear that that claim might be made, nothing more. Since then, as Chief Justice, of course, he has several times held just the opposite view.

Mr. LEE. Mr. President, if the Senator will yield——

Mr. BURKE. I yield.

Mr. LEE. I remember that Senator Borah told me on one occasion, in a conversation, about the debate with the present Chief Justice Hughes. I cannot see how there could be much debate unless one took one position and the other the opposite.

Mr. BURKE. I have no doubt that the RECORD shows that Governor Hughes felt that it was dangerous to adopt the amendment in the way it was worded, because it might place in the hands of the Federal Government the power to do what the Brown amendment would authorize to be done. As I recall it, he was pooh-poohed. People said, "That is like the erudite man Governor Hughes is. He is carried away by the meaning of words. There is no truth or substance in it."

I am very anxious to have the Senator from Michigan, when his time comes, call as witnesses one after another members of the State legislatures, the Governors, and the other prominent people, who, not in some letter they might have written years later when they wanted to put a little different complexion on their attitude, but who at that very time said, "Yes; this amendment will not only do away with the apportionment roll but will enlarge the taxing field of the Federal Government, and specifically will include the power to the Federal Government to tax the interest on securities of States and municipalities. That is what we want and that is the reason why we are ratifying this amendment." I shall listen for that with a great deal of interest. If the Senator from Michigan could present such evidence, I would admit that a good deal of the argument I am making on this point would not be conclusive. I would submit it, then, for what it was worth, if that kind of evidence could be presented.

But, as I started to say, I had intended only to mention the matter of unconstitutionality and quote Senator Borah's opinion on that point, and then proceed to what appears to me to be the more serious aspects of this problem.

Mr. HILL. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. HILL. I have heard the view advanced that when Congress submitted the so-called income-tax amendment it then felt that the amendment would give it the power to tax State securities through a statute.

Mr. BURKE. The Senator has not heard me venture any opinion of that kind.

Mr. HILL. No; but I say that view has been advanced.

Mr. BURKE. Yes.

Mr. HILL. I recall that one of the first votes I cast when I became a Member of the House of Representatives, some years ago—as I recall, the vote was taken about 1925—was on a proposed constitutional amendment to permit the Federal Government to tax State securities. A majority of the House of Representatives voted to submit the amendment, but it did not receive the necessary two-thirds, therefore the amendment was not submitted. But if the House of Representatives felt that it had the power to pass a statute affecting State securities, why should the House of Representatives have taken the time and trouble and have gone through the unnecessary procedure of discussing and considering the submission of a constitutional amendment to give the Congress power to tax State securities?

Mr. BROWN. Mr. President——

Mr. BURKE. I yield to the Senator from Michigan, who desires to make some comment on the statement just made.

Mr. BROWN. I may say to the Senator from Alabama that in 1918, if I recall the year correctly, at least it was about that time, the House of Representatives did pass a revenue act which levied a tax on municipal bonds. The argument was made then that it was unconstitutional to do so. The bill failed of passage when it went into conference between the Senate and the House.

Shortly thereafter the case of Evans against Gore was decided, in which the author of the majority opinion, Judge Van Devanter, took the position that the sixteenth amendment did not change the power of Congress to tax, that all it did was to remove the necessity for apportionment, just as the Senator from Nebraska has said.

Mr. BURKE. Who was that able judge?

Mr. BROWN. Judge Van Devanter.

Mr. BURKE. I always had a great respect for his opinions.

Mr. BROWN. Justice Holmes and one other Justice dissented from that view. The case was decided upon an argument made by the Attorney General of the United States, in which the Attorney General conceded that the sixteenth amendment did not give the right to the Federal Government to tax the securities of States.

Mr. BURKE. Who was that very able Attorney General? We should have his name in the RECORD also.

Mr. BROWN. I cannot recall the name. We may be able to put it in, if the Senator desires.

Mr. BURKE. I should certainly like to have it in the RECORD.

Mr. BROWN. It was not until a more liberal attitude toward the construction of the amendment began to take hold of the people of the United States that we undertook to examine into the history of the adoption of the sixteenth amendment, and when we did so, many of us felt that there could be little doubt as to what the attitude of the Court would be now if this proposition were presented to it.

Mr. BURKE. When the Senator called attention to the fact that just a few years ago, an Attorney General of the United States gave a reasoned opinion on an important matter of this kind contrary to the position which the Senator is now taking, I hoped he was not holding up to contrast some decisions of later Attorneys General, against whom it is freely charged that they render whatever kind of an opinion the Chief Executive may happen to desire in a particular case, whether it be as to a transfer of destroyers, or on any other subject which may be involved.

Mr. BROWN. I am trying to keep the debate on the plane of legal argument, and I do not care to go into politics, which seems to be the direction in which the Senator is now heading.

Mr. BURKE. Then I will turn around and go the other way.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. LEE. In order that the Senator may go the other way, let me ask him a question. I am sure the Senator believes in the principle of a graduated income tax, that is, the income being a certain amount, that all people should pay a certain tax, but if the income goes to a level above that, then the rate paid should be increased, on the theory that the first bracket gives them a living, and the next bracket above that is not so necessary for living, and therefore the rate shall be increased; and in the third bracket ahead of that the rate is still further increased.

Mr. BURKE. Let me say that I subscribe heartily to the theory of the graduated income tax.

Mr. LEE. Does not the Senator feel that the tax-exemption privilege nullifies the effect of the progressive or graduated income tax by allowing persons with large incomes to escape paying the higher rate which they would have to pay in the upper brackets?

Mr. BURKE. I will answer the question in this way: I base my opposition to the Brown amendment solely on the ground that I am opposed to the Federal Government attempting to exercise the power to tax the instrumentalities of the States. I know that others have argued against the imposition of a tax upon Federal securities also, and I can see danger in doing that. Of course, it is simply a matter for Congress to decide whether that danger is as great as the interference, we will say, with the operation of the graduated income tax. I can see that it might have rather a serious effect upon the banks of the country which have been inveigled, or I might use the stronger language which the senior Senator from Virginia [Mr. GLASS] used earlier in the day in describing the condition under which the banks have become loaded up with Federal bonds, but that would be a question for Congress to decide.

If we confine the question to the part of the amendment to which I am objecting—of Federal taxation of State and local securities—I do not think there is any such substantial interference with the free working of the doctrine of the graduated income tax as to make it necessary for us to run full front into the very great dangers that would come from the adoption of the amendment.

While I am on that point, let me say that a short time ago the Senator from Michigan, in a colloquy with my colleague the senior Senator from Nebraska, referred to the fact that in all estates above a certain amount, during a certain period, as I recall——

Mr. BROWN. In 1938.

Mr. BURKE. In the one year 1938—that 45 percent of the assets of those estates consisted of tax-exempt securities. But the Senator did not point out—and I hope in his own time, if he has the figures, he will do so—what portion of those tax-exempt securities were obligations of States and municipalities. I think he would find that over a period of years—as I recall, during the last 10 years—in much smaller estates even than the minimum figure expressed by the Senator from Michigan, less than 5 percent of the assets of those estates consisted of tax-exempt securities issued by States and municipalities.

If there is any real interference with the working of the graduated income tax, if there is any real haven for those who desire to do away with the necessity of paying taxes, it is afforded largely, I think, by the practice we have in Congress of permitting the issuance of tax-exempt Federal securities, and, so far as I am concerned, if Congress wants to provide that never again shall Federal tax-exempt securities be issued, I will make no objection, although I realize, as I said, that even that might be a debatable question. However, what I am objecting to, and objecting to strenuously, is that the amendment would repose in the Federal Government the power to reach out into the State of Nebraska or any other State and tax all the instrumentalities of our State governments and their subdivisions.

I desire to discuss for a few moments that aspect of the case. In the same letter from Senator Borah, written in the fall of 1939 to the Conference on State Defense, after he had used that first sentence giving his view on the question of constitutionality, he went on to discuss the other phase of the matter. I will repeat the first sentence as well. Senator Borah said:

> In the first place, I do not think Congress would have the power to tax these securities and instrumentalities of the State without a constitutional amendment.
>
> In the second place—

I am still quoting from Senator Borah's letter—

> aside from the constitutional question, it is unsound and would be a disaster to the States, and I am quite sure also a disappointment to the National Government.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. LEE. Let us suppose the case of a man who has an income from his salary or his wages as a worker on a State highway and who also has an income from the interest on State bonds. Let us say he receives $2,000 a year from the State as wages and $2,000 a year in interest on State bonds. As the law now stands the Federal Government can tax the $2,000 income he receives from the State pay roll, but the Senator from Nebraska is now arguing that the same Federal Government ought not to have the power to tax the $2,000 income which he receives as interest on bonds, simply because they are State bonds. How does the Senator justify that fine shade of difference?

Mr. BURKE. I am not going to be led off into that discussion, as it has already been elaborated upon here at some length in the last few days, but I think there is a real distinction between taxing the salaries of officials and taxing the instrumentalities issued by the State to provide the revenue by which its existence may be perpetuated.

I realize it may be said that, of course, if the Federal Government were permitted to single out the salaries of State officials, or certain State officials, and tax them exorbitantly, that might accomplish the unfortunate end of taxing the State out of existence. But it cannot do that. The tax must be general on all properties, and so I am reconciled to the doctrine of taxing salaries. But I think there is a very clear distinction between that and the taxing of the instrumentalities of the State.

Mr. KING. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. KING. I wonder if there has been placed in the RECORD the statement by Senator Norris Brown, who was the father of the sixteenth amendment to the Constitution? A very clear statement was made by him, which indicates that he interpreted and all others interpreted the sixteenth amendment not to impinge upon the rights of the States.

Mr. BURKE. So far as I know, that statement has not been placed in the RECORD. The Senator from Michigan [Mr. BROWN] referred to the position of Senator Norris Brown, of Nebraska. I should be very glad to have the statement inserted in the RECORD.

Mr. KING. I will hand it to the Senator from Nebraska. I am sure he would be very glad to avail himself of it and have it inserted in the RECORD.

Mr. BURKE. I think I shall take occasion, Mr. President, at this point to read a part of the statement made by Senator Norris Brown, of Nebraska. In April 1910, in the Editorial Review, Senator Brown, of Nebraska, made the following comment with regard to the words "from whatever source derived." This is the language of Senator Brown:

> The sole question, therefore, presented by the amendment, and the sole consideration involved in its ratification or rejection, is whether or not the United States, the foremost nation of the world, shall be clothed with this prerogative of national sovereignty—the power to tax incomes according to their value and without regard to apportionment among the several States according to population.

I have insisted earlier—and my colleague the Senator from Nebraska and the Senator from Oklahoma [Mr. LEE] and the Senator from Michigan [Mr. BROWN] to some extent were questioning my statement—that when the income-tax amendment was submitted by Congress and adopted by the legislatures, the one idea that the people of this country, and Members of the Senate and the House, and members of the State legislatures, and everyone else who favored the amendment had, was that they were going to make a Federal income tax workable by doing away with the court-construed necessity of apportioning such a tax among the States according to population, and I have said that not from my memory or from any research I have been able to make have I found that any of those—there might be some in considerable number, but I do not recall any—that any of those who were urging the sixteenth amendment did so on the ground that they wanted to vest in the Federal Government the authority to reach out and tax the income from all securities issued by States and municipalities and other subdivisions.

My statement on that point was questioned by other Senators, and I have challenged the Senator from Michigan, if he will in his own time, to offer some proof in support of the contention that those who favored the sixteenth amendment did so because they wanted to vest this power in Congress.

I am glad to have the statement of the author of the sixteenth amendment, Senator Norris Brown, who says that the sole purpose was to give—

> The power to tax incomes according to their value and without regard to apportionment among the several States according to population.

He goes on to say:

> Recently the question has been raised by those who are opposed to the ratification of the amendment that with the amendment ratified the powers of the States will in some way be impaired and their strength and vitality, in some way not specified, destroyed.
>
> The objection is not sound. The amendment in no way changes the existing relation between the State and the Federal Government. Whether the amendment is ratified or not, the rights of the State as a State and those of the Federal Government in their relation to each other will remain the same. Each sovereignty is now wholly independent of the other in the exercise of certain governmental functions and the proposed amendment neither adds to nor takes away from the independence now enjoyed by each. But it is the argument of some who oppose its adoption that the amendment will alter that relation by conferring upon the Federal Government the power to tax the incomes arising from investments in State and municipal securities.

It will be remembered that it was in 1910 that the author of the sixteenth amendment was giving this interpretation of it.

> I do not agree with that argument, because the language of the amendment and the occasion for its submission to Congress and the Constitution itself do not warrant that interpretation. Under the existing Constitution, the Federal Government is without the power to tax State or municipal securities. And the State is without the power to tax Federal securities. Each may tax its own securities but neither is subject to the jurisdiction of the other in taxation matters. The proposed amendment in not the remotest degree suggests any change in that regard. Each sovereignty is left the independent and exclusive privilege of taxing its own securities without interference by the other.

I shall now have to rise in defense of the former Senator from my State against what I am sure must have been the unwitting aspersion cast upon him by the author of the pending amendment, because, as I recall, within the past half hour the Senator from Michigan [Mr. BROWN], after reading the Senator Knute Nelson letter, in the colloquy said that he had studied those proceedings, and that he thought Senator Norris Brown, of Nebraska, did not have any very definite opinion one way or the other on the effect of the amendment.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. BROWN. If we may paraphrase the famous saying by the philosopher Emerson, and also by the distinguished senior Senator from Arizona [Mr. ASHURST], and say, "Inconsistency, thou art a jewel," I should say that Senator Norris Brown, of Nebraska, was a jewel.

Immediately following the remarks which the Senator has read, and in the same speech, Senator Brown said this:

> There is also a somewhat enthusiastic sentiment abroad in our land that the burdens should be borne by everybody in proportion to their ability to bear them, without regard to whether these abilities accrue from investments in farm lands or railroad stocks or State bonds. As a matter of common equity and even-handed justice to the entire citizenship of the country, to exempt one class of incomes and tax another is abhorrent. Under the New York argument—

That is, the Root argument—

> the man who earns an income by his labor is properly taxable; the man who collects dividends from stocks in individual enterprises—railroad, mercantile, and manufacturing—is properly taxable; but the man whose income arises from investments in State or municipal bonds should be exempt from the income tax.

That is what he said Senator Root was saying.

> On its face the proposition does not commend itself. It does not square with the doctrine of equal rights. It is hateful to every sense of justice. It cannot be defended in principle, nor can it be used successfully, in my judgment, to defeat this amendment.

The Senator continued with an argument that if a general income tax were applied to interest derived from State and municipal bonds, the credit of the States would not be impaired.

Mr. BURKE. Does the Senator seriously mean to offer that as being in any way contradictory to what Senator Brown said in the part which I read?

Mr. BROWN. Absolutely. I have read the debates very thoroughly, and I cannot determine from them what Senator Brown believed his amendment meant.

Mr. BURKE. Even from the reading which has been given, it is as clear as the hands on the clock before our eyes. Senator Brown made it indisputably clear that, in his judgment, there was nothing in the amendment, or in the wording used, "from whatever source derived," which would change the power of the Federal Government and give it the power to tax the instrumentalities of the State, or give the States the power to tax the instrumentalities of the Federal Government.

He goes on to say that if we were devising a wholly equitable system of taxation we should do away with all discriminations of this kind. How? By amending the Constitution of the United States in a way specifically to authorize one government to tax the instrumentalities of another. But it was Senator Brown's position, I am sure, as it was that of Senator Borah and others, that it is inherent and implicit in our Constitution that neither of the separate governmental agencies shall have any power to tax the instrumentalities of the other, and that to confer such authority would require not merely the language "from whatever source derived" but specific language covering the matter

before the Federal Government could tax the instrumentalities of the States.

I am sure that was the position of Senator Norris Brown, as it is that of many others who take the same position. We are not arguing about the desirability of having the securities of the State exempt from taxation. I should wholly disagree with Senator Brown in that respect, in saying that we should amend the Constitution to give the Federal Government that power.

Mr. BROWN. He did not say anything like that. The Senator is reading into his speech language which is not there.

Mr. BURKE. Let the Senator put his whole speech in the RECORD at this point if he so desires. The language of Senator Norris Brown is clear in connection with what I have read. He said—and it cannot be disputed—that the adoption of the amendment would not change in any respect the power of the Federal Government to tax the bonds of the States, or of the States to tax the bonds of the Federal Government. Then he said, in effect, "But as for myself, I do not see why the man who holds railroad bonds should be taxed and the man who holds State or municipal bonds of any kind should not be taxed."

Mr. BROWN. He said that any man who takes a contrary position is not squaring with the doctrine of equal rights. He said that such a proposition was hateful to every sense of justice, and that it could not be defended in principle or used to defeat the amendment.

Mr. BURKE. But did he say that such a result would be brought about by the constitutional amendment he was favoring? No. He said exactly the opposite.

Mr. BROWN. I should say that he was gloriously inconsistent.

Mr. BURKE. Considering next the question of policy, it seems to me that the conclusion of Senator Borah is well founded. The most reliable evidence offered to the committee indicates an annual additional burden upon the States and municipalities in the enormous sum of $113,000,000. In a State such as my own, where we have no State income tax and do not intend to have one, our complete share of that loss would have to be borne almost exclusively by an increase in the tax on real property. The small-home owner and the small businessman, struggling to keep their heads above the water, would have tied to them an additional weight.

Even if Congress had the constitutional authority to impose the proposed tax, it is a power which, as a matter of policy, ought not to be exercised. Certainly it would go far in the further weakening of the States. Now is the time when every effort should be made to strengthen the States, throw additional responsibilities upon them, and take governing power away from Washington and give it back to the people. The adoption of the pending amendment would be a long move in the opposite direction.

Mr. President, this is a question of such far-reaching importance that it ought to be settled on its own merits, and not as a rider attached to a bill by amendment on the floor of the Senate. Let it come before Congress with the recommendation of the Ways and Means Committee of the House and of the Senate Committee on Finance. Let it be considered apart from all other questions, and voted up or down on its own merits, if it be determined that Congress has the power without going to the people with a proposed amendment to the Constitution.

In conclusion, I submit the following excerpt from an address delivered last year by the distinguished chairman of the Finance Committee, the Senator from Mississippi [Mr. HARRISON]. He said:

> The effect of taxing the income from Federal, State, or local issues will inevitably make them less attractive to the investor, and therefore make it more difficult for the respective governments to market their obligations. So, while it is difficult to prophesy what the Congress will do, it is my opinion that in the end an opportunity may be afforded the States and the people to pass on this question by constitutional amendment.

That is the request of the attorneys general of almost every State. They are joined by the Governors of many States, by the mayors of most of the cities of the country, by the boards of education of school districts, and by the directors of self-liquidating projects in every section of the Nation. It seems to me to be a reasonable request. I shall support it by voting against the Brown amendment.

The PRESIDING OFFICER. The time of the Senator has expired, both on the amendment and on the bill.

Mr. LEE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Frazier	La Follette	Sheppard
Andrews	George	Lee	Shipstead
Ashurst	Gerry	McKellar	Smathers
Austin	Gibson	McNary	Stewart
Bailey	Gillette	Maloney	Taft
Barkley	Glass	Miller	Thomas, Idaho
Bilbo	Green	Minton	Thomas, Okla.
Brown	Guffey	Murray	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Townsend
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Walsh
Clark, Mo.	Hill	Pittman	Wheeler
Connally	Holt	Radcliffe	White
Danaher	Hughes	Reed	Wiley
Davis	Johnson, Calif.	Russell	
Downey	Johnson, Colo.	Schwartz	
Ellender	King	Schwellenbach	

The PRESIDING OFFICER (Mr. BILBO in the chair). Seventy-seven Senators having answered to their names, a quorum is present.

AMENDMENT OF THE COMMODITY EXCHANGE ACT

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 4088) to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. THOMAS of Oklahoma. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. THOMAS of Oklahoma, Mr. BULOW, Mr. HATCH, Mr. NORRIS, and Mr. CAPPER conferees on the part of the Senate.

ADDITIONAL MILITARY APPROPRIATIONS—REPORT OF COMMITTEE ON APPROPRIATIONS

Mr. GLASS, from the Committee on Appropriations, to whom was referred the joint resolution (H. J. Res. 607), making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941, reported it without amendment.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On September 16, 1940:

S. 4008. An act to authorize the Reconstruction Finance Corporation to make loans for the development of deposits of strategic and critical minerals which in the opinion of the Corporation would be of value to the United States in time of war, and to authorize the Reconstruction Finance Corporation to make more adequate loans for mineral developmental purposes; and

S. 4164. An act to provide for the common defense by increasing the personnel of the armed forces of the United States and providing for its training.

On September 18, 1940:

S. 2009. An act to amend the act to regulate commerce, approved February 4, 1887, as amended, so as to provide for unified regulation of carriers by railroad, motor vehicle, and water, and for other purposes; and

S. 4165. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. BROWN].

Mr. BROWN. Mr. President, the time I may take upon the pending amendment will be devoted to three general propositions: First, the question of what sort of a burden the amendment would impose, with some incidental discussion of the so-called immunity rule; second, a discussion of the application of the sixteenth amendment to this controversy; and, finally, a discussion, which I hope will be short, of the merits of the general proposition.

Mr. President, I think I ought to answer the question as to why I am pressing this amendment at this time. I am pressing it because I think there is a widespread public sentiment in favor of it. We have endeavored to bring the subject of the elimination of tax-exempt bonds before the Senate on several occasions. As I said the other day, I assisted in preventing its consideration on earlier occasions because the leaders of the Democratic side agreed at that time that it would be unwise to attempt to press it inasmuch as my committee was studying the subject and a full report should be available before taking up the measure. I felt, since the Senate directed the special committee to report before the close of the present session, it was our duty now to report; and we have done so. I consider that the time has come when we must bring this subject to the attention of the Senate, and that is why it is here today.

Mr. President, the great majority of the people of this country, if we are to believe the Gallup poll, are strongly in favor of this measure. The leader of my party, the President of the United States, 2 years ago asked us in a message addressed to that subject, and to that subject solely, to enact this kind of legislation. The last four Presidents of the United States have urged that we adopt this character of legislation. Many of the latest Secretaries of the Treasury, including the present one, have asked that we do so. Of some 700 newspaper editorials upon the subject, which came very largely at the time our committee was first designated in 1938 by the Senate, over 600 editorials were in favor of a measure of this kind, about 40 newspapers opposed it, and most of those on the ground that there ought to be a constitutional amendment relative to the subject submitted rather than a statute enacted.

Finally, I believe that it should be urged upon the Congress at the present time because the platform of my party contains a plank urging the complete elimination of all tax-exempt bonds hereafter issued, be they State bonds or Federal bonds.

Mr. BURKE. Mr. President, will the Senator yield there?

Mr. BROWN. I yield.

Mr. BURKE. Does the plank refer to the method by which it should be done—whether by constitutional amendment or not?

Mr. BROWN. I have the plank before me, and in a short time will present it.

Mr. BURKE. Very well.

Mr. BROWN. The Frank report, which was prepared by the late Glen Frank, and which was the basis for the Republican platform, urged the immediate elimination of all tax-exempt bonds.

Therefore, Mr. President, I do not hesitate to take the time of the Senate in these late days of the session to bring this proposition before us, even if it has caused a few days' delay in the consideration of this tax measure. Those of us who favor this proposition have been put off from time to time, and I think the time has come when we ought to bring it prominently before the highest legislative body in the Nation.

Mr. CLARK of Missouri. Mr. President——

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Does the Senator from Michigan yield to the Senator from Missouri?

Mr. BROWN. I yield to the Senator.

Mr. CLARK of Missouri. The Senator will recall that 2 years ago, when a tax bill was before the Senate following a declaration of the President of the United States in favor of legislation of this type, I had prepared, and in fact had offered in the Senate, an amendment substantially along the lines of the present amendment. At that time we received assurances—there was no secret about it; the statement was made on the floor of the Senate both by the Senator from Mississippi [Mr. HARRISON] and by myself—from the responsible head of the appropriate committee in the House that a study of the subject would be immediately instituted in the House with a view to reporting a bill on the subject before the expiration of that year.

So far as I know, nothing has ever been done about that; and it is an astonishing thing to find the same objection being made to this amendment now that was made then, that it ought to be postponed until somebody else has a chance to study it some more. The matter has been before the country for many years; and, in view of the argument which has been made before, resulting in postponing it, it seems to me the supporters of this type of legislation cannot afford to do anything except take the present opportunity to put the matter back into conference on this bill.

Mr. BROWN. I agree with the Senator. It is the only method we have, and we are endeavoring to use it at the present time.

I now pass on, Mr. President, to the subject raised by the distinguished Senator from Colorado [Mr. ADAMS], who does me the honor of listening to me at this time. I think more than anyone else in the Senate he has urged that this amendment will be a tax upon the States. He is the protagonist in the Senate of the argument that this amendment violates the so-called immunity rule. As is usual, the question of fact and the question of law are closely intermingled; and I desire to address myself to that subject for a short time.

This is not a tax upon the State governments. It cannot in any way be construed to be a tax upon the State governments unless we take the absurd assumption that because everything a State buys and is taxed by the Federal Government, is a tax upon the State and in violation of the immunity rule.

Mr. President, it must be conceded at the outset of this argument that somewhere between one-fourth and one-half percent additional cost will be laid on the States by reason of the adoption of this amendment. That is the estimate of the Treasury Department. There will be some slight additional burden upon the States. I believe it will not be nearly so great as the income which the States may obtain by the imposition of State income taxes on $50,000,000,000 of Federal bonds which either are outstanding or presently will be outstanding; but I want to get down to the factual and legal situation.

Mr. BURKE. Mr. President, will the Senator yield at that point for just a moment, because I do not know that he will come back to the subject?

Mr. BROWN. I yield.

Mr. BURKE. The Senator believes that the income which the States may receive would offset and leave a balance over the burdens they would have to bear under this amendment?

Mr. BROWN. I do.

Mr. BURKE. What does the Senator say about a State like Nebraska, which never has had a State income tax, does not want one, and has no intention of adopting one? Does the Senator think it is entirely fair and proper to adopt now a Federal system of taxation which will force Nebraska to adopt a kind of taxation which it does not want, in a field which it is willing to leave entirely to the Federal Government?

Mr. BROWN. One cannot cover, in an argument of this kind, the situation in every State of the Union. Thirty-two

States now have State income taxes. Michigan does not have one, and Nebraska does not have one. My State will not be a gainer in that respect; but if this amendment should be adopted, I certainly would urge the people of my State to adopt an income tax because of this very situation and for many other reasons.

Mr. STEWART. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. BROWN. I yield.

Mr. STEWART. What effect does the Senator think the adoption of this amendment would have in respect to States like my State of Tennessee, which, by reason of constitutional provisions, are unable to enact laws requiring the payment of an income tax?

Mr. BROWN. I think it is very possible that some kind of tax can be devised, to which the consent of the Federal Government may be given, by which the income on Federal bonds may be reached. The Senator from Virginia [Mr. BYRD] has had that problem before our committee and, while it is not contained in this amendment, I think such legislation can be devised. It will take time to perfect this legislation, as is the case with all comprehensive reforms.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Washington?

Mr. BROWN. I yield to the Senator.

Mr. SCHWELLENBACH. The Senator probably does not remember, but when this matter came up and the committee was first appointed we had a conversation in which I indicated my feeling that there should be a cooperative effort upon the part of the Federal Government and the State governments to try to work out a taxing program. I said at that time that I feared that the Federal Government would simply place taxes upon State bonds, and then the States would come back and offset those taxes by more taxes upon Federal bonds, and then the Federal Government would come back and raise the taxes on State bonds. I felt that before we took action there should be some cooperative effort as between the State governments and the Federal Government to work out what would not be a binding agreement, but at least an agreement, so that that situation would not be brought about. I should like to inquire whether any effort along that line has been made in the past few years.

Mr. BROWN. I should have to say frankly to the Senator, no; no such effort has been made. There has been, in my judgment, too little cooperation between the State and the Federal taxing authorities in that respect; but I say to the Senator, as a practical matter, that it is my judgment that the only way in which this matter can be dealt with is for the one authority which, in my judgment, has power to enact this type of legislation to do so.

Mr. ADAMS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. BROWN. Yes.

Mr. ADAMS. As I understand the present legal situation, the States have a right to tax the salaries of Federal officials?

Mr. BROWN. That is correct.

Mr. ADAMS. That is not a right granted by the Congress, but is a right which the Supreme Court has recognized. In the Senator's judgment, do the States have a right to tax the income on State or municipal bonds without the consent of the Congress?

Mr. BROWN. I must ask the Senator, in the interest of conservation of time, not to compel me to go extensively into that question. I will say that there is great difference of opinion upon it. If the view of the noted and famous Chief Justice Marshall is taken, that authority does not now exist, because he believed in the complete supremacy of the Federal sovereignty over the States. If we adopt the rule which was indicated in the salary-tax cases, such as the O'Keefe case and the Gerhardt case, probably the other conclusion might be reached. That has not been definitely decided.

Mr. ADAMS. I gathered from my discussion the other day with the Senator that he felt that the line which I thought I saw in the O'Keefe case between the right to tax salaries and the right to tax bonds——

Mr. BROWN. I am right up to that question now.

Mr. ADAMS. All right. Then I will indicate to the Senator what I had in mind—that if the view was correct which the Senator indicated he had, that that line was an obscure line and perhaps an unsound line, but that the State might have, regardless of the consent of Congress, the right to tax the interest on Federal bonds, it would follow, then, that the States had the right to tax the bonds themselves.

Mr. BROWN. The Senator comes right to the heart of my present discussion. It must be conceded that a tax of this kind will lay some additional burdens upon the States. Likewise, it must be conceded that a tax of this kind will lay a State burden upon the Federal Government. In other words, there will be some increase in the interest rates. That is not a new or novel proposition. The incidence of taxes on those who deal with a State is not a new or novel proposition for the Court across the way to decide. It has been before them, not on a bond tax but on other intergovernmental relationships.

First, let me say—and that matter has not been discussed here at all—if we are to take at their full force and effect the decisions of the Supreme Court of the United States, the State of Louisiana, if it has an income tax, may tax the income from the bonds of the State of Colorado. I mean by that Louisiana has a right to lay an income tax on the interest obtained by a Louisiana taxpayer from bonds issued by the State of Colorado. That has been definitely decided, and has not been challenged. It is the case of *Bonaparte* v. *Tax Court* (104 U. S. 592 (1881)).

Does the Government of the United States impose burdens upon the State governments through the exercise of its taxing power? It certainly does. There is only one answer to that question.

When the State of Michigan buys a thousand tons of coal, the price of that coal contains in it taxes which have been paid out by the corporation which sold the coal in a multitudinous number of ways—tonnage taxes, gas taxes, even sales taxes, income taxes, and the consumption taxes which are imposed. As Senators can well see, in many forms the price of that coal has been increased by reason of the imposition of various forms of Federal taxes.

Mr. President, that matter has been decided by the Supreme Court of the United States in a much more direct way. In the *Dravo case* (302 U. S. 134), 1937, which is well known in this discussion, the United States imposed a tax upon the profits made by a contractor in constructing a dam for the State of West Virginia. The tax was resisted on the ground that it was an interference with the sovereignty of the State of West Virginia. The tax raised the contract price paid by the State. The Supreme Court of the United States held that the tax was legal and could be collected.

This immunity rule has been used to do great injustice in the United States. Its application should be very limited. It should be limited to cover the case of which the Senator from Colorado spoke this morning; that is, that the Federal Government should not, and I affirm has no right whatsoever, to lay a tax upon the State of Colorado, or upon the municipalities in the State, or upon the incomes from the taxes of those municipalities. But that does not mean that the income tax proposed will not increase taxes.

What have we done with this immunity rule? The Senator from Oklahoma is listening to me. He will remember the Coronado Oil case. The Coronado Oil Co. contended that, under a lease in which they got seven-eighths of the total yield of certain oil wells, which were located upon the primary school lands of the State of Oklahoma, they were entirely exempt from the Federal income tax. The State

under the lease got one-eighth, and no attempt was made to tax the income of the State. The Coronado Oil Co. got seven-eighths of the income, and they resisted the tax.

In 1932 the Supreme Court of the United States in Two hundred and Eighty-fifth United States Reports, page 393, upheld the contention of the Coronado Oil Co. and permitted them complete exemption from Federal taxes, by reason of the imposition of this immunity rule, which I say was carried in that case to great extremities. Four judges dissented from that opinion. The views of those four judges have become the majority views of the Supreme Court of the United States today, and in 1938, in the Mountain States Producing Co. case, the Coronado rule was completely overturned—Three Hundred and Third United States Reports, page 376.

Mr. President, that is what was done with the immunity rule. That was the attitude the Court had taken for many years, and it was the same attitude which permitted the wealthy taxpayer to escape taxation entirely upon the interest on bonds, not bonds which the State held but bonds which he held, his income, not the State income but his income. I say that was the rule which prevented the imposition of a just tax upon that individual. That my measure will raise the State's expenses a slight bit, I readily admit, but so did it raise the State's expenses in the West Virginia dam case, of which I spoke.

The immunity rule must stand. I am for it. I think it is right and proper. But it should not be used as a cloak to enable millions of dollars of tax money which should go into the Treasury of the United States to remain in the hands of the wealthy taxpayers who, by reason of this judicial construction, are enabled to entirely escape that taxation.

Mr. President, I wish to devote the major part of my time to the argument made by the junior Senator from Nebraska [Mr. BURKE] and the senior Senator from Vermont [Mr. AUSTIN] upon the sixteenth amendment and its effect. For some 15 minutes I discussed it a few days ago, and the Senators who were listening then will, I know, pardon me for briefly reviewing the facts which were presented at that time.

In 1861, and on six other occasions, down to as late as 1894, our Federal Government imposed an income tax upon the income from municipal and State bonds. They did so under language in statutes which provided that a tax might be levied upon income from any source whatever.

In 1894 some question arose as to whether or not such a tax was constitutional, particularly in view of the decision in the famous cases of *Collector* v. *Day* (11 Wall. 113) 1870, *McCulloch* v. *Maryland* (4 Wheat. 316) 1819, and other cases.

The matter was brought before the Supreme Court of the United States in what is perhaps the case which has caused the most discussion in the Senate, the *Pollock case* (157 U. S. 429, 158 U. S. 601) 1895. Contrary to what the Senator from Nebraska says the Pollock case involved both propositions which were later covered by the sixteenth amendment, that is, did the tax violate the rule of apportionment of taxes on a per capita basis throughout the country? Second—and this appears in the brief, it appears in the opinion, and it appears in the decision of the case, which, after all, is the important thing——

Mr. BURKE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BURKE. I think the Senator is in error in his statement that I argued anything about what the Pollock case held in that respect. It was my contention that the entire demand over the country for the adoption of the sixteenth amendment arose from a desire to get rid of the apportionment rule.

Mr. BROWN. I am coming to that.

Mr. BURKE. But the Senator is now saying that it was my contention that the Court did not deal with the other phase of the matter, and I am correcting him in that respect.

Mr. BROWN. I beg the Senator's pardon. I made a note at the time, and I opened my digest of cases at that particular point because I thought the Senator made the statement which I said he made. Nevertheless, it is in point, just the same.

Not only did the Supreme Court strike down the tax because of the lack of apportionment in the law, but in the opinion of Chief Justice Fuller it also struck down the tax on municipal bonds because it was a tax upon the source of the income. I quote the exact language:

> As to income from municipal bonds, they could not be taxed because of want of power to tax the source, and no reference was made to the nature of the tax as being direct or indirect.

Mr. President, the Pollack case created furor in the United States. A tax which had been imposed from the days of 1861 down to the time when the case was decided was overturned by the Pollock case. Naturally, it aroused resentment and a great deal of discussion, and, as I shall show in a few moments if I have the time, the discussion revolved not alone about apportionment but also touched on the proposition of whether or not the immunity rule was properly applied in a prohibition against income taxation on municipal bonds.

By 1910 the agitation had reached the point where a constitutional amendment was proposed. The amendment was read by the senior Senator from Nebraska. I shall read it again, as it is very short:

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

The senior Senator from Nebraska [Mr. NORRIS] has pointed out that there was absolutely no necessity for the words "from whatever source derived" if the object which the junior Senator from Nebraska [Mr. BURKE] and the Senator from Vermont [Mr. AUSTIN] say was the sole object of the submission of the amendment, was desired. The words "from whatever source derived" must have been intended to mean something.

The first person who raised the question was the then Governor of New York. He did not raise it merely as a bugaboo, as the Senator from Texas told me in the Finance Committee when we discussed the question. He did not raise it merely as a means of defeating the proposition. He did not say, as the junior Senator from Nebraska said in his speech, if I recall correctly, that he feared that municipal bonds might be taxed if the amendment were adopted. He positively said that they would be taxed. I read his exact language. This is from an official message from the Governor of the State to the legislature which had before it the proposition of the ratification of the sixteenth amendment:

> It is certainly significant—
>
> Governor Hughes said—
>
> that the words "from whatever source derived" have been introduced into the proposed amendment as if it were the intention to make it impossible for the claim to be urged that the income from any property, even though it consists of the bonds of the State or of a municipality organized by it, will be removed from the reach of the taxing power of the Federal Government.
>
> The immunity from Federal taxation that the State and its instrumentalities of government now enjoy is derived not from any express provision of the Federal Constitution but from what has been deemed to be necessary implication. Who can say that such implication with respect to the proposed tax will survive the adoption of this explicit and comprehensive amendment?
>
> It is to be borne in mind that this is not a mere statute to be construed in the light of constitutional restrictions, express or implied, but a proposed amendment to the Constitution itself, which, if ratified, will be in effect a grant to the Federal Government of the power which it defines.
>
> The comprehensive words "from whatever source derived," if taken in their natural sense, would include not only incomes from ordinary real or personal property, but also incomes derived from State and municipal securities.

The message of Governor Hughes caused the most widespread comment and editorials in the New York newspapers, and also an editorial in the Chicago Tribune, which I will put in the RECORD.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. BROWN. I will take time on the bill.

Newspapers throughout the country picked up the question, and the Governors of the various States, contrary to what the Senator from Nebraska evidently thought, discussed the question. The message of Governor Swanson of Virginia is as follows:

No substantial reason exists why our Government should be deprived of the power of imposing a tax so just and fair. It must be presumed that the Federal Government in the exercise of this power will be reasonable and have the utmost regard for the rights and best interests of the States.

It is an unwarranted fright to imagine that Congress (one House of which consists of Representatives elected from districts fixed by the legislatures of the States, and the other consisting of Senators elected directly to represent their respective States, would, in the imposition of taxes under this proposed amendment, permit any burdens or legislation which would be destructive of either the rights or best interests of the States.

He called attention to what Justice Marshall called attention to many years before, that the States are here represented.

Governor Kitchin of North Carolina said:

We should assume that the State bonds and their interest are as safe from burdens in the hands of Congress as are national bonds and their interest.

Which brings me to the point that the Governor of the State of Vermont, who will be here in the United States Senate if the Republican Party is successful in that State, sent a telegram to the committee in which he said:

I am opposed to Federal taxation of income from State bonds unless the States are given the right to tax the income from Federal bonds.

That is the attitude of the present Governor of Vermont in a telegram sent to the committee, which is found in the record.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AUSTIN. Was the Senator referring to the construction placed upon the words of the amendment before he went into Vermont and called the present Governor of Vermont as a witness?

Mr. BROWN. No; the Governor was not a witness. He sent me a telegram.

Mr. AUSTIN. Yes; I understand, but the Senator is making him a witness here.

I wish to observe that the then Governor of Vermont was Carroll S. Page, a man who afterward became a Senator of the United States, a distinguished gentleman, who was one of the very few Governors who followed the fears of the Governor of New York at that time, and he told the Legislature of Vermont at that time:

Those who have kept in touch with the recent discussions upon this question in our neighboring State, New York, must have noticed the very pronounced views of ex-Governor (now Justice) Hughes with reference to the proposed amendment. He fully believes that the State should not concede additional power of taxation to the Federal Government, and I most heartily concur in what I believe to be the wise conclusions which he has reached * * *.

That attitude was diametrically opposite to the theory of reciprocal taxation.

Mr. BROWN. Let me say to the Senator that he evidently misunderstood me. I am talking about a telegram from George D. Aiken, who is the present Governor of Vermont, in which he said:

I am opposed to Federal taxation of income from State bonds unless the States are given the right to tax the income from Federal bonds.

That is exactly what this bill does. In other words, we do what the Governor of Vermont wants us to do. But I add that the Legislature of Vermont ratified the amendment on the Hughes construction as stated by Governor Page.

Mr. President, I now proceed. The statement of Governor Kitchen, of North Carolina, in submitting the amendment to his legislature was:

A 2-percent income tax would reduce the net income from a thousand dollars of North Carolina bonds 80 cents a year, this being an interest-rate reduction from 4 percent to 3.92 percent, even if the income from nontaxable bonds, National and State, should by Congress be taxed, which is against the probabilities, it could not reasonably be considered a hardship on those on whom it would be imposed, nor would it seriously impair the market value of these securities.

That was the message to the Legislature of North Carolina, which was determining this question.

Likewise, the message of Governor Baldwin, of Connecticut, which I ask unanimous consent to have printed in the RECORD, called attention to the construction of Judge Hughes, in which he said he inclined to share the opinion of Judge Hughes.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

It is unfortunate that the wording of the proposed amendment is such as to raise upon its face a doubt as to its meaning in respect to a material point. In the view of some lawyers it would authorize Congress to tax the holders of State securities upon the income derived therefrom. If so, it would be possible for Congress thus to impair greatly, and practically to destroy, the power of a State to market its bonds on favorable terms. In the view of other lawyers the amendment would not affect the existing rule, which is that the United States cannot tax State bonds or the income derived from them.

I am inclined to share the opinion of the former. If that be correct, the amendment would also give the United States power to tax the income from salaries or fees of every State official.

Mr. BROWN. The message of Governor Gilchrist, of Florida, took substantially the same position. He was, like Governor Hughes, opposing the ratification of the amendment, and indicated that it clearly would permit a tax upon the income from State and municipal bonds.

Governor Marshall, of Indiana, took the same attitude.

Representative Pattangall, a very noted Democrat from the State of Maine, on the floor of the house of representatives, of which he was then a member, said to the Legislature of Maine before they took up the question of ratification that, in his judgment, Governor Hughes was correct in his interpretation.

To summarize, Mr. President, on the question of ratification, 15 of the messages of Governors of States to their legislatures took cognizance of the views expressed by Governor Hughes. Eight of those messages said that Governor Hughes was correct in his interpretation. In five of the messages the Governors took no position. In only three did they take a position opposite to that taken by the Governor of New York.

Mr. AUSTIN. Mr. President, will the Senator again yield?

Mr. BROWN. I yield.

Mr. AUSTIN. I shall detain the Senator but a moment, and I think in view of the rule we are operating under, that it is generous of the Senator to permit me to put in the RECORD, at this point, our claim on that point. It is very brief:

We claim that the weight of gubernatorial opinion at that time did not follow the Hughes construction.

As indicated before, the Department of Justice, whether intentionally or not, creates the inference that the preponderance of the Governors who sent messages to their States in connection with the sixteenth amendment accepted the fears voiced by Governor Hughes, but nevertheless urged ratification. A careful examination of the record, however, shows this inference is not warranted. The Department of Justice found 52 State messages from Governors in which the question of ratification of the sixteenth amendment was mentioned. Of these, 39 of the messages made no reference to Governor Hughes' message, inferentially or otherwise. Thirteen messages did refer to Governor Hughes' fears, but of these only 3 seemed to have agreed, whereas 7 disagreed, and 2 stated both sides of the question without recommending either view. Among those who disagreed with the fears voiced by Governor Hughes were Governor Plaisted, of Maine; Governor Hadley, of Missouri; Governor Fort, of New Jersey; Governor Harmon, of Ohio, and Governor Noel, of Mississippi.

Mr. President, I ask unanimous consent that at some place which suits the convenience of the Senator from Michigan there be inserted in the RECORD, statements taken from other messages from Governors, as set forth in the yellow book on pages 323 to 329. I do not mind if the statements appear at the end of the Senator's remarks.

Mr. BROWN. I hope they will appear somewhere in the RECORD, but not in the body of my speech.

Mr. AUSTIN. No; but I should like to have them in the RECORD.

The PRESIDING OFFICER. Without objection, the statements referred to may be printed in the RECORD.

(See exhibit A.)

Mr. BROWN. Mr. President, I have before me a statement concerning the presentation which was made to the Legislature of the State of New York by the attorneys in the Pollock case, to which I have referred. I ask that the statement be printed in the RECORD as part of my remarks at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

On the question of the construction of the words "from whatever source derived," we have the view of three of the attorneys who fought and won the Pollock Loan & Trust Co. case, Messrs. Joseph F. Choate, William D. Guthrie, and Victor Morowitz. They, with Austin G. Fox and John G. Milbourne submitted the following memorandum to the New York Legislature in opposing ratification. They said:

"The people of the United States are now urged to adopt a constitutional amendment specifically vesting in Congress 'power to lay and collect taxes on incomes, from whatever source derived,' and to take this step after repeated attempts on the part of Congress to tax State and municipal bonds and salaries of State and municipal officials under claim of power to do so, after repeated contentions on the part of the Executive through the Department of Justice that Congress has power to impose such taxes, and after repeated decisions by the Supreme Court that no such power exists under the language of the Constitution as it now stands. If, in the face of these contentions on the part of the legislative and executive branches and of these adjudications by the Supreme Court, the people, who are sovereign, adopt an amendment expressly conferring the power to tax incomes in the broadest terms in our language, namely, 'from whatever source derived,' the courts, under settled rules of construction would, as it seems to us, be constrained to hold that the words 'from whatever source derived' excluded any implied limitation theretofore existing, because otherwise the whole clause would have no meaning or force. We know of no rule that would warrant the courts in holding that the words 'from whatever source derived,' adopted under these circumstances, were wholly meaningless and ineffective."

Choate, Guthrie, and Milbourne were three of the most prominent lawyers in the United States at that time.

Mr. BROWN. Mr. President, in addition to the statements of Governors, which I think were pretty well covered by the statements heretofore made, and which will be inserted in the RECORD, various members of the Ways and Means Committee of the House of Representatives made statements. Representative Payne, chairman of the committee; Representative Shirley, of Kentucky; and Representative Underwood, of Alabama, all made statements indicating plainly that it was intended by the sixteenth amendment to cover the subject matter of the proposition which I am now advocating. I ask that their statements, which I have before me, be printed in the RECORD at this point.

Without objection, the statements were ordered to be printed in the RECORD, as follows:

The views of the members of the Ways and Means Committee of the House who had charge of the legislation show clearly that they accepted the Hughes interpretation:

"The ranking members of the Committee on Ways and Means of the House, in statements to the press, agreed with Governor Hughes' construction but favored the ratification of the amendment.

"Representative Sereno E. Payne, who as chairman of the Ways and Means Committee introduced the amendment into the House, declared:

" 'Personally, I am inclined to the opinion that the Governor is right in taking the position that the amendment should have specified that the portions of incomes derived from State, municipal, and Government bonds should be exempt from the income tax. Nevertheless, it might be better to let Congress be the judge of how the tax is to be applied.'

"Representative Shirley, of Kentucky, likewise stated that he agreed with the construction of Governor Hughes, but thought that the amendment should be ratified. Representative Smith of Iowa, in a statement to the press on the message of the New York Governor, declared:

" 'I believe that the Central Government should have the power to levy any form of tax that it deemed necessary when the emergency required. * * * Congress ought to have the power to pass [an income tax] without interference whenever real emergencies arise.'

"Representative Oscar W. Underwood, of Alabama, a Democratic member of the Ways and Means Committee, stated that he did not agree with Governor Hughes 'that the power to levy an income tax on incomes derived from any source whatsoever should not be given to Congress. These are emergencies which might arise when it would be necessary to resort to a levy on all forms of income.' Representative Sulzer, of New York, and Bartlett, of Georgia expressed similar views."

Mr. BROWN. I have already referred to the statement which was made by Senator Knute Nelson. I ask that that statement be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In the journal of the American Bar Association for December 1920, on pages 202 to 207, inclusive, appears an article by Mr. Harry Hubbard, from which the following is quoted:

"After an article on the sixteenth amendment published in the Harvard Law Review, April 1920, in which the writer set forth reasons for his view that the amendment authorized Congress to levy taxes on all incomes including among others those from bonds and other securities issued by States, cities, and other subdivisions of States, and from salaries and wages paid by them, the writer received a letter from Senator Knute Nelson, who was in 1909 a member of the Judiciary Committee of the Senate, and is now chairman of that committee, dated May 7, 1920, in which Senator Nelson wrote:

" 'I thank you very much for sending me a copy of the Harvard Law Review containing your article on the sixteenth amendment, which I have read with much interest. I am glad to see that you concur in my views. The words "from whatever source derived" were inserted in the amendment in the Senate at my instance and on my insistence. I have been very sorry to see that the Supreme Court in its decision, has utterly ignored the phrase; in fact, treated the amendment as though this phrase were not a part of it.'

"In a later letter, September 10, 1920, Senator Nelson wrote (as to the above-quoted statement):

" 'You have the liberty to use my statement quoted in your letter. The record may not show it but I introduced the amendment and the facts are that at that time Mr. Aldrich was chairman of the Finance Committee and I discussed the matter with him and insisted on the amendment being inserted and he concurred with me and reported the bill with the phrase "from whatever source derived." '

"Senator Aldrich was, as everyone knows, the real leader of the Senate, especially in all financial matters. He knew what he was doing.

"Here, then, is the history of these words of the amendment. The word 'direct' was taken out, in order not to limit income taxes to those which were 'direct,' (and which were held invalid in the Pollock case), and the words 'from whatever source derived' were inserted, in order to make the power to tax incomes as broad as 'incomes' themselves could possibly be. Thus, the amendment was changed and reported by the Finance Committee, passed by the Senate and House, and ratified by the legislatures in more than three-fourths of the States."

Mr. BROWN. The Senator asked me if there was any general discussion of the subject. An editorial on the subject appeared in the New York Times on March 2, 1910. I ask that the editorial be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

The question regarding the constitutional amendment enabling the Federal Government to lay a tax on incomes "from whatever source derived" is not a question regarding the conflict of laws, or for the construction of an obscure statute involving difficult question of principle. It is a question addressed to the man in the street regarding the adoption of a new policy as to which his views should and will prevail. It is a question without roots in the past and looking wholly to the future. The Supreme Court perhaps might listen patiently to such an argument as Senator Root's, but the men in the street will pay no attention to it, and should not.

It is not a question for the Supreme Court. One man is theoretically as competent as another under universal suffrage to say whether the proposed constitutional enablement of the taxation of incomes from all sources means that incomes from some sources are not included, because they were not included when the Constitution was worded differently. The votes and the intelligence of the common people will and should settle this question. Indisputably they think, and have a right to think, that the proposition is that Congress may tax all incomes. The 4 words mean the same after the 4,000 words of Senator Root's argument are digested as before, and cannot be made to mean anything different, except by technicalities which cannot only prevail at the cost of defeating the people's will.

* * * * * * *

It is only necessary to find the meaning of a few easy words, and they are to be understood with the same freedom of natural and spontaneous interpretation as would be used in the case of private and personal interest. Only trouble can be made by substituting other words assumed to be equivalent, and arguing as though they were in the act, or that the meaning is otherwise because it ought to be otherwise. Millions will, through their Representatives, vote on the income tax who will never see Senator Root's argument, and who ought not to be troubled with it, their own interpretation of the language being the very thing in question. To argue that some sources of income will not be taxable

because they ought not to be taxable, or because they have not been taxable before, is beside the point.

Mr. BROWN. The editorial is dated March 2, 1910. Speaking of the question raised by Governor Hughes, the editorial said:

It is a question addressed to the man in the street regarding the adoption of a new policy as to which his views should and will prevail. It is a question without roots in the past, and looks wholly to the future. The Supreme Court perhaps might listen patiently to such an argument as Senator Root's, but the men in the street will pay no attention to it, and should not. * * * To argue that some sources of income will not be taxable because they ought not to be taxable, or because they have not been taxable before, is beside the point.

The burden of the editorial, I will say to the Senator from Nebraska, is that clearly the income from municipal bonds would be taxed.

To the same general purport is an editorial from the Chicago Tribune of January 7, 1910, which I ask to have printed in the RECORD at this point in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

Governor Hughes advises the New York Legislature not to ratify the income-tax amendment. He believes the National Government should have the power it confers, subject to one limitation; that is, it should be stated specifically that Congress could not tax incomes derived from the bonds of a State or of one of its municipalities. Without this qualification the borrowing power of State or its municipalities would, in his opinion, be at the mercy of the Federal Government. It might be impaired. * * *

The threatened dangers he lays so much stress on may influence the Legislature of New York to reject the amendment. They are not likely to affect the legislatures of States less addicted to borrowing.

Mr. BROWN. The editorial from the Chicago Tribune of January 7, 1910, takes the opposite view from that of Governor Hughes. It says:

The threatened dangers he lays so much stress on may influence the Legislature of New York to reject the amendment. They are not likely to affect the legislatures of States less addicted to borrowing.

As the Senator knows, the Chicago Tribune is one of the most prominent newspapers in the Middle West. Like the editorial from the New York Times, the editorial from the Chicago Tribune took the view that clearly the income on municipal and State bonds was covered by the sixteenth amendment.

Mr. President, since my time is drawing to a close, I ask that certain material which I shall send to the desk, setting forth the newspaper controversy of the time, and what was said by various newspapers, be printed at this point in my remarks. It is not very long.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Governor Hughes' construction of the proposed amendment was widely publicized throughout the Nation by the daily newspapers. The opponents of the amendment quite generally accepted Governor Hughes' construction. One paper "supposed" that this message would "set the popular thought in the right direction," while another observed that he "has placed a shot between wind and water." One newspaper observed that "this (the Governor's reasoning) is perfectly sound so far as it goes * * *" but added other reasons why it was opposed to ratification. Some friends of the amendment were dismayed. One editorial observed that the opponents had been furnished "the one thing they have been seeking—a plausible argument from a highly respectable source." In the same editorial it was insisted that the message would be "hailed with delight by all the interests that oppose an income tax," and that "it (the opposition) will turn Governor Hughes' message, his arguments, his influence, and his great reputation to its own account in every State capital" where there was a chance to defeat ratification. From another State came the declaration that "Governor Hughes' annual message is next in public interest to that of President Taft." From the West it was observed that the Governor has "conjured up a new objection to the income tax." From Vermont it was said that "the announcement will naturally attract wide attention." In the South it was thought that Mr. Hughes' reputation as a lawyer and a high-minded public man is widespread; he bases his objections upon legal and broadly constitutional grounds, so the moral effect must prove considerable. An apparently somewhat neutral observer thought that "this contention may not be sufficient to outweigh the arguments in favor of an income tax but it will test the resources of advocates of that measure."

But many of the friends of the amendment thought that the granting of the power to tax the interest from State and municipal bonds was not objectionable. From the Middle West came the observation that, "The threatened dangers * * * are not likely to affect the legislatures of States less addicted to borrowing."

Mr. BROWN. Mr. William Sulzer, who was afterward Governor of the State of New York, and who at the time of the submission of the sixteenth amendment was a member of the Ways and Means Committee of the House of Representatives, said in a letter written to me as chairman of the committee:

The law says—

Meaning the constitutional provision—

"from whatever source derived." Certainly no words can be plainer. The purpose of the Congress in passing it, and the purpose of the States that ratified it, was that there should be no exemption and that every person should pay a tax on his or her income, from whatever source derived.

That letter applies to the precise question, because it was written to me as chairman of the committee which was proposing the bill.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Chair is informed that the Senator has 11 minutes left.

Mr. BROWN. I wish to tie in the revenue statutes of 1861 to 1894, to which I have frequently referred, and the sixteenth amendment. I call attention to the fact that the language under which municipal bonds were taxed was this language:

Income from any source whatever.

I next call attention to the fact that the sixteenth amendment grew out of a controversy over a tax which was levied under a statute which empowered that tax by use of the language "from whatever source derived."

The sixteenth amendment adopted almost the same precise language—"income from whatever source derived." How can there be any reasonable basis for coming to any conclusion other than that the constitutional amendment contained language which must be construed, as was identically the same phrase in the several statutes out of which the controversy arose? That argument has never been presented to the Supreme Court of the United States in any of the tax cases. The Supreme Court has never at any time passed upon the precise question; and when this plain language in the sixteenth amendment is laid down beside the plain language in the Civil War statutes and the 1894 statute, I say that no court can come to any conclusion other than that the language in the sixteenth amendment means exactly what it meant in the statute out of which the controversy arose.

Mr. President, if such a controversy should arise, the Department of Justice, which was of great aid to us, and the Treasury Department, which is familiar with the facts, will adequately present the view of the Government to the Supreme Court of the United States.

Mr. President, I opened my remarks by calling attention to the fact that from all the evidence we can gather the people of the United States want this kind of legislation. They want to eliminate tax-exempt bonds. When the question was presented to the Congress by the message of the President of the United States, the Gallup poll presented that question in the usual manner in which political questions are presented to the people. The question asked was:

Should people who own United States Government bonds or State or municipal bonds have to pay a Federal income tax on the income from these securities?

The answer was: Yes, 75 percent; no, 25 percent. Of 705 newspaper editorials which expressed views upon the subject at that time—1939—77 percent, or 642, of them favored immediate congressional removal of tax immunity. Fourteen percent suggested a constitutional amendment, and only 9 percent were opposed to the ending of tax immunity.

Mr. BURKE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BURKE. Will the Senator complete that statement by showing the vote of the attorneys general of the 48 States and the mayors of the cities of the country?

Mr. BROWN. I am sure the Senator will not ask me to gather up that material in the last 3 minutes of my speech. He has a perfect right to put it in the RECORD.

Mr. BURKE. Will the Senator concede that the attorneys general of 45 of the 48 States vigorously protested against the proposal to authorize the Federal Government to tax the bonds of the States?

Mr. BROWN. If the Senator had done me the honor of listening to the first part of my speech, he would have heard that I so stated.

Mr. BURKE. I was not in the city at that time.

Mr. BROWN. Mr. President, the platform of my political party states:

> To encourage investment in productive enterprise, the tax-exempt privileges of future Federal, State, and local bonds should be removed.

Mr. President, I know that the chairman of the Finance Committee fears that if this amendment should be agreed to it may have some difficulty in being accepted by the conferees who will meet with him next Monday or Tuesday to consider the differences between the two Houses. I have looked over the list of delegates to the Democratic National Convention, and I have noted the members of the subcommittee who drew the platform, of which the Senator from Michigan was one and the Senator from Mississippi, the chairman of my committee, was another.

I have looked over the list of the delegates, and I find, Mr. President, that the four top members of the Ways and Means Committee of the House of Representatives were delegates to that convention. An examination of the proceedings will disclose not a dissenting vote against the Democratic platform which declared for the removal of the tax-exempt privilege from Federal, State, and local bonds.

Mr. President, if this amendment had not been worked over by the experts, if it had not been carefully considered by the Treasury Department, I would say, perhaps, that we ought to take more time to look into it, but the amendment was prepared by the experts of the Joint Committee on Internal Revenue Taxation and by the experts of the Legislative Counsel's office. They were requested by me to draft the amendment so that I might offer it. So it has been carefully considered and studied. Four ranking members of the Ways and Means Committee have indicated as delegates to the Democratic Convention that they are in favor of this principle.

Mr. KING. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Utah.

Mr. KING. I hope the Senator will not include me in the category of those who asked that this amendment be drafted, for I am opposed to it; I always have been opposed to it, and I hope I always will be, because it is an assault upon our form of government, upon the States and upon their political subdivisions, absolutely at variance with our concept of government.

Mr. BROWN. I know that is the Senator's view.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Vermont?

Mr. BROWN. I yield.

Mr. AUSTIN. I should like to ask whether the plank of the democratic platform advocates this fundamental change without a constitutional amendment?

Mr. BROWN. It does not say anything about the method by which the end is to be accomplished, but the gentleman who was nominated for President of the United States at that convention, in a message to the Congress in 1938, urged immediate enactment of such a statute, and argued ably and well that it could be done without a constitutional amendment.

Mr. AUSTIN. We are familiar with his attitude toward the Constitution. [Laughter.]

Mr. BROWN. Mr. President, I hope that, in the consideration of this matter and in determining how they will vote, Senators will not be overpowered by the very effective campaign which has been carried on against this amendment by the attorneys general of the several States. We are the representatives of the people of our States. I think we know how the people of our States feel. I have tried to give a cross section of public opinion upon the subject.

I am not sanguine, Mr. President, of the final adoption of this amendment at the present session of the Congress. I know with what I am confronted. But, Mr. President, I wanted to bring to the Senate of the United States the conclusions of the majority of my committee. I wanted to make a statement upon the floor of the splendid, historical investigation which has been made by the Department of Justice and by the Treasury Department into the legal and economic aspects of this controversy in the hope that those of the other body and those here who are in charge of matters of taxation will bring this subject before the Congress of the United States, so that there may be enacted appropriate legislation to put an end to the tax-exemption privilege.

Mr. President, I had hoped that the majority leader would take this proposition up when the head of his party, the President, requests it. He was the chairman of the convention that adopted the plank favoring this measure. I think the organization in charge of the Senate of the United States, through its appropriate committee, should give most careful consideration not only to what the leader of our party has said but also to what our party in convention assembled said. I cannot urge this course too strongly. There are many Senators who oppose this amendment vigorously. They have done so, and it is their right to do so, but I believe the majority of this Congress is for it, and I hope that the effort we are making here today will result in bringing the measure before the Congress for a vote so that tax special privilege will not longer exist and that tax justice will prevail in this land.

EXHIBIT A

Governor Plaisted said:

"In approving the proposed amendment we are not conferring any new right on the Nation, nor are we taking away any right now reserved to the State."

Governor Hadley said:

"I do not believe that objection therein urged is likely to arise as a result of this power by the National Congress if conferred, and, if it should arise, it is my opinion that under the decisions of the Supreme Court of the United States, it is not well founded in law. And this is the position that has been taken by some of the most prominent representatives in the National Congress in the discussions of this question."

Governor Fort said:

"Nor am I inclined to accept the statement that the Supreme Court * * * might construe the words 'from whatever source derived' * * * as justifying the taxing of the securities of any other power."

* * * * * * *

"I think the principle thus quoted, which is founded upon public policy, would obtain, in construing a constitutional provision, equally as firmly as in the construction of an act of Congress."

Governor Noel said:

"I do not concur in either the view or the recommendation of Governor Hughes in opposition to the income-tax amendment. I do not believe the courts would hold that authority to tax incomes would authorize any action that would impair any instrumentality of the State or municipal governments."

Governor Harmon said:

"I have recommended ratification of the income-tax amendment. Comity between kindred sovereignties should require the amendment to be taken as applying to incomes from private sources only * * *."

Still other Governors showed doubts as to Governor Hughes' views. Thus, for example, Governor Baldwin, of Connecticut, said:

"It is unfortunate that the wording of the proposed amendment is such as to raise upon its face a doubt as to its meaning in respect to a material point. In the view of some lawyers, it would authorize Congress to tax holders of State securities * * *. In the view of other lawyers, the amendment would not affect the existing rule * * *."

Governor Marshall, of Indiana, said:

"* * * It may be conferring upon the General Government a larger power in the nature of taxation than the States have ever intended to confer, * * *."

Governor Norris, of Montana, said:

"Some objections have been made to the adoption of the amendment on the ground that the words 'from whatever source derived' permit the levy of a tax on incomes received from State * * * indebtedness * * *."

Governor Burke, of North Dakota, said:

"Some of the ablest lawyers in the land object to the broad terms in which the language giving the power to tax is couched. * * * While on the other hand just as able lawyers insist that the Constitution contemplates the independent exercise by the Nation and the States of their constitutional powers and the obligations of the State cannot be impaired by this grant of power."

To sum up, the situation with respect to the ratifying States was this: Mr. Hughes, as Governor of the State of New York, voiced fears that the proposed amendment might be interpreted as possibly opening the door to the taxation of the income from State and municipal bonds. This view, however, was officially controverted by Senators Borah, Root, and Brown. Of these three, Senator Borah was the leading spirit behind the amendment. Senator Brown officially introduced it and Senator Root was credited, by at least one authority, with being the actual author of the amendment; and, moreover, he was one of Governor Hughes' two representatives in the Senate. Following their respective interpretations, no one in the Senate or House rose to challenge their views. John Philip Wenchel, chief counsel, Bureau of Internal Revenue, has inadvertently created the impression that the opposition to the Borah-Root-Brown views was voiced on the floor of the Senate. Thus, in the paper entitled "Legal Discussion," which he filed before the Senate Committee on Intergovernmental Taxation, he quoted language from Senator Edmunds, of Vermont, which would indicate that the latter gentleman disagreed with or challenged the Borah-Root-Brown views on the floor of the Senate. What happened is this: Former Senator Edmunds, of Vermont, addressed a letter to a then Senator. In this letter the former Vermont Senator strongly condemned the possible taxation of State and municipal securities, as well as the whole theory of the income tax. The letter was printed in the RECORD, without discussion. Thus the States can reassert the proposition that the Borah-Root-Brown views of the amendment were not challenged in the Senate or House.

The Department of Justice erroneously and fallaciously concludes that when the States ratified the amendment without referring to either of two diverse schools of thought, the States must have accepted the view most favorable to the contentions urged by the Department of Justice. This is, of course, absurd on its face. And moreover if silence may be regarded as acquiescense (in some circumstances) it is absurd to argue that in this case it amounted to an acceptance of Governor Hughes' fears. If silence gives rise to acquiescence, surely it is acquiescence in the latest views expressed in a controversy. After Governor Hughes voiced his fears, others said they were groundless and unjustified under the language and intent of the amendment. The States submit, therefore, that it cannot be argued with force that because of a State's omission to challenge Governor Hughes' fears, it acquiesced in the surrender of its sovereignty.

It is, of course, absurd to suppose that the States intended—in ratifying the sixteenth amendment—to give up their immunity from tax by the Federal Government without the Federal Government in turn giving up its immunity. It is ridiculous to suppose that the States would have intended to ratify the amendment under such circumstances.

The record fails to support any conclusion that the amendment was ratified by the States in acceptance of the view that it was intended to vest Congress with the power to tax State and municipal bonds.

Mr. CONNALLY. Mr. President, the time is rolling along toward the final vote on this measure. I have listened with much interest to the discussion of the Brown amendment. I am strongly opposed to any clause or line in the amendment which would seek to give the Federal Government the power to tax municipal, State, county, or taxing-district bonds within the States.

I shall not undertake to burden the Senate with a constitutional discussion. It seems to me that much of the discussion here has been along the line of establishing the principle that if it is lawful and if it is constitutional, therefore, we ought to do it. There are many things that are lawful that I do not believe a man ought to do. It may be lawful for me to jump from a second-floor window; I know of no law on the statute books that says one cannot jump from a second-story window; but simply because it is not against the law is no reason why I should suddenly take a notion to jump from a second-story window. I do not believe it is constitutional for the Federal Government to tax State, municipal, or city bonds, but a little later I want to assume that it can do so, and then I shall undertake to demonstrate that it would be extremely foolish, uneconomic, unwise, unfair, and unsound for the Federal Government to undertake to do such a thing, even if it should give to the States the so-called reciprocal advantage of taxing Federal issues.

Without going back to the lawbooks, but just talking, as it were, from first impressions, it is absolutely an unsound theory to assume that, under our dual system, one government has the right to tax another government. We have always been taught to believe that the States were supreme within their functions. Whatever those functions are, there is no higher governmental power in the world. As to the Federal jurisdiction and authority within that particular sphere, the Federal Government has no superior. It is the ultima thule of authority. No State, no principality, no kingdom, no empire, no potentate may overrule the action of the Federal Government within its proper sphere, and, by the same token, when the State government operates within its sphere, humble though it may be, whatever its functions may be, the State has no superior governmental authority on this revolving globe. Can a government be supreme, can it be sovereign, when its operations are subject to taxation by some other governmental agency? Is not that very conception repugnant to the thought of sovereignty? How can a State government or a Federal government be a sovereign when another government may come along and say, "I will lay a tax, I will lay a burden upon your operations"?

Mr. TAFT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. TAFT. Does not England remain a sovereignty, although we tax English bonds in this country?

Mr. CONNALLY. England remains sovereign over yonder, but not over here.

Mr. KING. If the Senator will permit me, let me say that England does not attempt to tax the bonds of Canada, Australia, or New Zealand.

Mr. TAFT. I do not see what difference it makes. The taxation of the bonds of a government is not any limitation on its sovereignty in any way that I can see.

Mr. CONNALLY. I am not interpreting the matter for the Senator from Ohio; but I say to him, on the other hand, that when a State government issues its bonds and the Federal Government says to the State government, "We will tell any buyer of those bonds in advance that when he buys them he will not only have to pay the interest which you may exact but he will have to pay to the Federal Government also an income"—we will not call it interest but will call it a tax—when the Federal Government says to a State government, "Before you can issue a bond for a dime we will exact from the man who buys that bond an income to the Federal Government along with the tax which he may pay to the State government," I say that is an infringement of the right and power of the State government. We have no control over Great Britain, have we?

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I will yield in a moment. Let me first answer the Senator from Ohio.

Mr. BROWN. He is not in the Chamber at the moment.

Mr. CONNALLY. The Senator from Ohio must be a sharpshooter, for he fires a blank round and then retires to the woods. [Laughter.] England does not ask our consent and can sell her bonds wherever she pleases on the face of the earth.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. AUSTIN. Of course there is no analogy at all.

Mr. CONNALLY. Certainly not.

Mr. AUSTIN. England does not occupy the same geographical area with the United States, and we have no federalism with England.

Mr. CONNALLY. She is not a part of our governmental system; certainly.

I will say to the Senator from Ohio by remote control—I will speak to him by remote control [laughter]—that I was reminded earlier in the day that somebody said that taxing the income from a State bond is not taxing the State. No; it is not taxing the State by name, but it is taxing the

State in effect. It might be said that you cannot attack me; it is against the law to attack me; but if you let somebody saw off my arm, and then saw off one of my legs, and then saw off another leg, the same result can be obtained without ever attacking me all over at one time. [Laughter.] Whenever the income of State bonds or municipal bonds or taxing-district bonds is taxed, a burden is laid upon the financial operations of the government itself. The courts are full of decisions that no State may lay a burden on interstate commerce. It is so sacred that even little burdens may not be laid on it; and yet these gentlemen say that without an amendment of the Constitution the Federal Government may reach out and grab a State and say, "You will have to pay me tribute. Come up and give to Caesar the things that are Caesar's."

Mr. BROWN. Mr. President——

Mr. CONNALLY. I yield to the Senator from Michigan.

Mr. BROWN. What is the difference in the Senator's contemplation between a tax on the income from a bond issued by the State of Texas and a tax on the income which a contractor makes from constructing a new State house for the State of Texas? Each is a burden on the State. There may be a difference of degree, but they amount to exactly the same thing.

Mr. CONNALLY. I cannot agree with the Senator. I always like to agree with him when I may. My inclination, prompted by affection and things of that kind, frequently tugs mightily at my sense of duty and responsibility; but I cannot agree with the Senator from Michigan at all.

Mr. BROWN. Will not the Senator tell me how he disagrees with me?

Mr. CONNALLY. I can very easily do that.

Mr. AUSTIN. Mr. President, it is evident that the Senator from Michigan is in complete disagreement with the Supreme Court.

Mr. CONNALLY. I was about to say that the Supreme Court held, as I understand, in what is known as the West Virginia case, that this was clearly distinguishable from the bondholder case. The Senators seem to think a great deal of Mr. Chief Justice Hughes when he was Governor, but they do not think much of him when he is Chief Justice. He says:

> There is no ineluctable logic—

Let me commend that word to the Senator from Michigan—

> There is no ineluctable logic which makes the doctrine of immunity with respect to Government bonds applicable to the earnings of an independent contractor rendering services to the Government. That doctrine recognizes the direct effect of a tax which would "operate on the power to borrow before it is exercised" (*Pollock* v. *Farmers' Loan & Trust Co., supra*)—

Although Senators have discredited that decision, let me finish reading from it.

Mr. BROWN. Of course, the tax is not collected until it gets into the hands of the taxpayer.

Mr. CONNALLY. That is true. Let me quote this decision further. That is one of the distinctive points about it—

> and which would directly affect the Government's obligation as a continuing security.

The Supreme Court puts its finger on the question when it says that the exaction of a tax in advance of the borrowing is a limitation on the power of that governmental unit to continue and to have security.

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. CONNALLY. I shall be glad to yield.

Mr. BROWN. When a contract is made between the State of Texas and a contractor for the construction of a statehouse, the money necessary to pay the Federal income tax is exacted before the contract is entered into or at the time the contract is entered into in just exactly the same way that the additional interest on a bond is exacted at the time the bond is sold. It is a distinction without a difference.

Mr. CONNALLY. I do not agree with the Senator. I shall not spend much more time answering him. I want to let him and Mr. Chief Justice Hughes argue out this question at some convenient point.

Mr. Chief Justice Hughes further says:

> Vital considerations are there involved respecting the permanent relations of the Government to investors in its securities and its ability to maintain its credit—considerations which are not found in connection with contracts made from time to time for the services of independent contractors.

There are five or six distinctions that Mr. Chief Justice Hughes has raised, and there are possibly still others. The doctrine invoked by the Senator from Michigan would bring within the scope of income taxation every human transaction. Every time a dollar is spent it dribbles down into somebody else's pocket and becomes the subject, if there is any profit, of income taxation.

Mr. AUSTIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Texas yield to the Senator from Vermont?

Mr. CONNALLY. I yield.

Mr. AUSTIN. The Senator remarked that there might be other distinctions. There are. The Supreme Court has spoken of them; and within the class of contracts which are contracts for labor and service and manufacture, and so on, there are distinctions. If the contract is one which affects a necessary function of the State, it enjoys the same type of immunity as the bond enjoys. That was so decided by Mr. Justice Stone in Helvering against Gerhardt, on page 8, where he says:

> Or to tax the manufacture and sale to a municipal corporation of equipment for its police force (*Indian Motorcycle Co.* v. *United States*, 283 U. S. 570).

Mr. BROWN. Mr. President, how is a State capitol built? It is built with bonds which the State sells, and it is built by a contractor who constructs it. We now tax the contractor's income earned from the job. Under my amendment we will tax the income on the money loaned by the holder. It seems to me the cases are identical in principle.

Mr. CONNALLY. I thank the Senator from Vermont and the Senator from Michigan for their contributions; but, Mr. President, I desire to cite only briefly an old, old decision, and that is the case of McCulloch against Maryland. McCulloch against Maryland points out so clearly the theories of dual jurisdiction of the States and the Federal Government that I feel that a brief reference to that decision ought to be made at this point.

I read only from the headnotes:

> The act of April 10, 1816, chapter 44, to incorporate the subscribers to the Bank of the United States, is a law made in pursuance of the Constitution.
>
> The Bank of the United States has, constitutionally, a right to establish its branches or offices of discount and deposit within any State.
>
> The State within which such branch may be established cannot—

Listen to this; I want all Senators to hear this:

> The State within which such branch may be established cannot, without violating the Constitution, tax that branch.

If Maryland cannot, without an amendment to the Constitution, tax the property of the Bank of the United States located in Baltimore, how can the Congress of the United States, without violating the Constitution, give the State of Maryland the right to tax Federal securities? Because that is what this amendment does. This amendment undertakes to give to the State of Maryland the right to tax the income from Federal securities; but John Marshall says Maryland cannot do that without violating the Constitution. If Maryland cannot do it without violating the Constitution, neither can the Congress of the United States do it without violating the Constitution.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BROWN. I do not see how the Senator or anybody else can get any comfort for their position out of McCulloch against Maryland, because Chief Justice Marshall went on to say in the same opinion, if the Senator will bear with me:

> It has also been insisted that, as the power of taxation in the General and State Governments is acknowledged to be concurrent, every argument which would sustain the right of the General Government to tax banks chartered by the States will equally sustain the right of the States to tax banks chartered by the General Government. But the two cases are not on the same reason. The people of all the States have created the General Government and have conferred upon it the general power of taxation. The people of all the States, and the States themselves, are represented in Congress. * * * When they tax the chartered institutions of the States, they tax their constituents; and these taxes must be uniform. But when a State taxes the operations of the United States, it acts upon institutions created, not by their own constituents, but by people over whom they claim no control. * * * The difference is that which always exists, and always must exist, between the action of the whole on a part and the action of a part on the whole between the laws of a government—

That is, the United States—

> declared to be supreme and those of a government which, when in opposition to those laws, is not supreme.

As I said the other day, I do not necessarily agree with the great Chief Justice; but he never assented to the proposition that the States could tax the instrumentalities of the Federal Government. He took exactly the contrary view.

Mr. CONNALLY. The Senator is, by the amendment, asserting a right to give the States the power to tax Federal instrumentalities, is he not?

Mr. BROWN. We are consenting to it, just as we did in the public salary tax matter.

Mr. CONNALLY. No State has ever tried to assert the power. The Senator is not assenting to it, he is undertaking to confer it.

Mr. President, according to the theory of the Senator from Michigan, the Federal Government can tax the States, but the States cannot tax the Federal Government. In either event he is wrong, because he proposes to do both by the amendment; he proposes to tax the income from State and municipal bonds, and then he proposes to confer upon the States the reciprocal power to tax Federal securities.

The Federal Government is supreme within its activity. It has the war power. This may be a far-drawn comparison, but the Federal Government possesses the war power, and is it consistent to allow one of the States to lay a tax, we will say for the sake of the argument, upon war activities, and slow up and impede and hinder the making of war by the Federal Government, which is purely a Federal function? Of course that would not be argued. That is a strong example, but it illustrates what the States might do if they exerted to the limit the authority sought to be conferred.

Mr. LEE. Mr. President, does the Senator mean to say that if a man had an income resulting from war, that income should not be subject to taxation?

Mr. CONNALLY. Oh, no; the Senator from Texas did not mean that, of course. I have before me a bill which, as soon as the pending amendment gets out of the way, I will present as an amendment to the tax bill to jerk all the war profits out of the manufacturers of things used in war, by legal means, by taxation.

Mr. LEE. I was about to say that the Senator could not mean that because he is the author of a bill to do what he has stated.

Mr. CONNALLY. Certainly. The Senator from Oklahoma wholly misconstrues my attitude. I do not see how the Senator could ever get that sort of an idea.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. CLARK of Missouri. Of course the Senator agrees that a State would have authority to levy either a property tax, or an excise tax, or an income tax, on the income from the actual manufacture of munitions.

Mr. CONNALLY. Certainly.

Mr. CLARK of Missouri. At the same time, that would be taxation of war activities.

Mr. CONNALLY. No; there is no comparison there at all, no analogy there. We discussed that before the Senator came into the Chamber, earlier in the afternoon, as it would apply to a contract. The Senator from Michigan brought that to the attention of the Senate.

Mr. President, let us forget all the constitutional arguments and statesmanlike proposals, and let us suppose the Federal Government can tax local, municipal, and city bond issues; why should it do so? Why should it tax them? Are they not a part of our system of government? Do not these governmental subdivisions have to build schoolhouses, and city halls, and roads, and streets, and irrigation ditches, and all sorts of public improvements? How else can they build them except through taxation and the issuance of bonds, and through the sweat and blood and labor and toil of the people?

Mr. LEE. Is anyone advocating taxing such bonds?

Mr. CONNALLY. Yes; the Senator from Oklahoma is.

Mr. LEE. Indeed, I am not.

Mr. CONNALLY. If the Senator will let me demonstrate, I will show him in a few minutes that he is. He is one of the most gallant and one of the most irresistible and one of the most militant Senators on this floor in favor of the Federal Government taxing school districts, road districts, irrigation districts, and I will leave it to a vote of the Senate, if the Senator wants to submit it to this tribunal.

Mr. LEE. The Senator then is claiming that the tax on the income from such bonds is a tax on the bonds?

Mr. CONNALLY. That is correct.

Mr. LEE. Then the Senator is opposing the statement of the Supreme Court. The Court says that a tax on the income is not a tax on the source.

Mr. CONNALLY. That is not the way I construe the action.

Mr. LEE. The Supreme Court does.

Mr. CONNALLY. I desire to demonstrate to the Senator that when we tax the income from a bond we tax the bond.

Mr. LEE. The Senator from Texas should have argued that to the Supreme Court. They held otherwise.

Mr. CONNALLY. If I had had a case there and had argued it, there probably would have been a different decision from the one about which the Senator is talking. [Laughter.] I did not have a case there, and I did not appear before the Court. I desire to demonstrate the point to the Senator from Oklahoma. The Senator from Michigan in his report admits that if the Federal Government taxes the income from State and municipal securities, those issuing authorities will have to pay from one-fourth to one-half of 1 percent in increased interest each year. Is that correct? That is in the report, is it not?

Mr. BROWN. Unquestionably the States will have to pay a little more.

Mr. CONNALLY. Does not the report say from one-fourth to one-half of 1 percent?

Mr. BROWN. Not the report.

Mr. LEE. I think I can clear that up. Mr. Haynes, the Under Secretary, said that the increased cost would not be more than one-quarter or one-half of 1 percent.

Mr. CONNALLY. That is what I had in mind, probably. A similar bill was pending in the House of Representatives as early as 1924; and who was Secretary of the Treasury at that time? Mr. Andrew W. Mellon was Secretary of the Treasury; and Mr. Mellon was urging, not that it be done by statute, but he was urging the adoption of a constitutional amendment, because it was generally admitted then that we did not have the power to do it by statute. That is where a great deal of the enthusiasm for this kind of a plan arises. Mr. Mellon was advocating that it was not fair to industry and was not fair to the great corporations to have to compete in the financial market with the securities of the governments of the States, municipalities, and the Federal Government, because, he said, so long as they were untaxed the buyers could afford to take the bonds at a lower interest rate. But when Mr.

Mellon went before the Committee on Ways and Means he admitted and testified that if the Federal Government taxed State or municipal securities the increased tax rate would be from one-half to 1 percent annually.

I have before me the record. At that time a man by the name of McCoy, a very able statistician, was the chief statistician for the Treasury Department. The Treasury was advocating this amendment, Mr. Mellon was advocating it. It cannot be said that Mr. Mellon was after the great taxpayers, the men who were hiding their earnings in tax-exempt bonds. He was not motivated by that sort of purpose. But Mr. Mellon thought it would be a good thing to have the Federal Government tax State securities so that the States could not issue so many of them. He believed in the authority of the great, centralized Federal Government laying its strong hand on the taxing districts within a State and saying, "We will put a burden on you, we will make it more difficult for you to issue bonds hereafter because you will have to pay a higher interest rate, and every man who buys your bonds will be told in advance that he must not only pay the interest, but that he must pay tribute to the Federal Government." For what? Did the Federal Government create the States? They were here before the Federal Government was. Why should the State of Colorado, or the State of Texas, or the State of Maine, or the State of Vermont, or the State of Oklahoma, be called up to the taxing counter of the Federal Government and be required to pay tribute? For what? Because it exists? The States existed long before there was any Federal Union.

Mr. President, the States were free from taxation when they achieved their independence at Yorktown. One of the chief causes of their revolt had been their assertion of the right to remain free from taxation by another power. For the first time they became free from taxation, and there is nothing in the Constitution of the United States by which the States conferred upon the Federal Government the power to tax either the States, their subdivisions, or their instrumentalities.

Mr. LEE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LEE. All other securities than governmental securities have to pay a tax on the same basis. If, then, the governmental securities do not have to pay, they are enjoying a special privilege.

Mr. CONNALLY. Exactly.

Mr. LEE. If that special privilege is removed, the Government has not placed an additional burden on them, it has merely removed a privilege which they have enjoyed and which the others do not possess.

Mr. CONNALLY. Call it what one may, the result is the same. They never have been taxed heretofore. Does the Senator think that the operations of private corporations, their power to finance themselves, and their power to issue bonds, should be placed upon the same level with the public securities of the Nation, the bond issues which a nation might issue to save its life in time of war, or to save its life in any other period of great emergency? Does he think that that purpose is no loftier and no higher and no greater than the desire of some corporation to issue bonds in order that it may make more money and obtain greater profits?

Mr. LEE. I believe that a man who earns his money by the sweat of his brow should not have to pay any more taxes than a man whose income is derived from tax-exempt securities.

Mr. CONNALLY. Of course, the Senator may think he answered the question, but he did not answer it. He evaded it—I do not mean intentionally—but with that intellectual celerity and skill which he possesses in a marked degree, he did not touch the question, side, top, or bottom. [Laughter.]

If a government has any sovereign power at all, it is the sovereign power to maintain itself, and one of the powers by which to maintain itself is the power of taxation.

The PRESIDING OFFICER. The time of the Senator from Texas on the amendment has expired.

Mr. CONNALLY. I have 30 minutes on the bill, have I not?

The PRESIDING OFFICER. Except that the vote is to be taken at 4 o'clock.

Mr. CONNALLY. I shall not take all my time, or I hope not. If not interrupted, I promise I shall not.

I previously said, suppose this power is given to the Federal Government, shall it lay this burden on the States and on the municipalities, when they will get nothing in return? Oh, but it is said, "They have the right to tax Federal bonds in return." How many Federal bonds are there in any little country school district which will have to pay perhaps 1 percent additional interest for 40 years? Some may say, "That is fine. Go ahead and pay that increased interest, and then you will get it back if all the Federal bonds in your locality, in your country school district, are taxed."

If the F. B. I. were sent in search of Federal bondholders in that country district they would not find a man who had enough income from Federal bonds to pay a dime of income tax. The Senator from Georgia knows that to be so in his own State, as it is in the State of the Senator from Texas.

In 1924, Mr. McCoy, in testifying, was asked if levying taxes by the Federal Government on school districts and on State bonds would not increase the interest rate. Mr. McCoy replied—and I quote him literally:

> They would have to pay an increased rate of interest, undoubtedly. They always would. It might be a lesser or a greater amount of rate of interest and might not be higher than the rate now prevailing, but it would be somewhat higher if this exemption were not allowed than with the exemption, naturally, and so would all Government issues.

There is the statement of the greatest statistical authority who has been in our Government within the last quarter of a century, Mr. McCoy, a man well known, I am sure, to the Senator from Utah [Mr. KING]. He said that, of course, it would result in raising the interest rates on all Government securities. If the pending amendment shall be adopted, every State bond, every city bond, every county bond, every school-district bond, every road bond, every drainage-district bond hereafter issued will have to bear a higher interest rate than it otherwise would.

This is what Mr. Mellon himself said. He appeared before the committee, and the following discussion took place:

> Mr. FREAR.—

A member of the committee—

> Mr. FREAR. Does not this question arise there, Mr. Secretary, that there is an assumption that the three and one-half tax-free securities of the Government can be put out at par? Is that true?

It will be remembered that at that time we had the 3½-percent absolutely tax-free bonds, which were issued in 1917. Then we had the 4¼-percent, 4½-percent, and 4¾-percent bonds which were subject simply to the surtax, as most of the Federal bonds now are subject only to the surtax. So Mr. Frear asked whether we could sell 3½-percent bonds at par. Mr. Mellon replied—

> Probably.
> Mr. FREAR. That is true today that the Government can issue 3½-percent tax-free securities?
> Secretary MELLON. Perhaps. Now, to sell a security at par that is not tax-free—

This is Mr. Mellon speaking—

> The Government would have to pay a rate of interest today of more than 4 percent, of course.

Three and one-halfs were selling at par or above. Mr. Mellon said that if the exemption were removed the Government would have to pay at least 4 percent, not for 1 year, but for every year during which that bond was outstanding.

> Mr. CRISP. More than what?
> Secretary MELLON. More than 4 percent. I suppose it would depend upon the length of time they would have to run, but it would be somewhere from 4½ to 5 percent, depending on the length of time they would run.

Further on in the hearings we find a statement by Mr. Mills, who was then a Member of the House, and who afterward became Secretary of the Treasury.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. JOHNSON of Colorado. At the time the bonds are purchased the purchaser does not know what is the rate of tax?

Mr. CONNALLY. Exactly.

Mr. JOHNSON of Colorado. He does not know what the rate of tax will be. It may go up. The State tax and the Federal tax may go up. The rate is unknown at the time of purchase. The rate of taxation may become very high in a period of 10 years. So the purchaser, in order to protect himself, must purchase at such a price that he could afford to pay a much higher rate than the present rate.

Mr. CONNALLY. The Senator is exactly correct. If the tax were determinate and certain and fixed and could not exceed a certain sum, the bond buyer then could figure that, and take it into calculation, and make an exact bid on his bond. But so long as the tax is undetermined, so long as it is variable, so long as it may fluctuate up or down according to the will of the Congress, and according to the will of the various State legislatures, how can the bond buyer do anything except add a liberal slice of increased interest to take care of the hazard, of the chance of an increase in the tax rate?

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BROWN. Will the Senator from Texas tell me how that situation differs in the slightest degree from the situation which faces the purchaser of any corporate bond? He is in exactly the same position.

Mr. CONNALLY. That is correct.

Mr. BROWN. The purchaser of bonds of the United States Steel Corporation or of any other corporation that issues bonds would be in exactly the same position as the one who purchased Government or State bonds.

Mr. CONNALLY. That is very true, but I still revert to the point that I regard the matter of Government financing as something more than a mere stock-market operation. I believe the issuance of bonds of the Government with which the sinews are to be obtained with which to operate the Government, by which it shall survive, is the loftiest function the Government can exercise, and I refuse to place it on the same basis as the operations of a utility company or of some gigantic corporation. The corporation may perish tomorrow, or it may go into bankruptcy tomorrow, with very little harm, perhaps, to the country at large, but when the financial operations of the Government of the United States are hindered the operations of a great people are hampered. Whenever the operations of even a little school district in a State are hampered an injury is done to untold generations that are to follow.

Let me quote what Mr. Mills said about increasing the tax rates. This is what Mr. Ogden Mills said in a statement before the committee:

Mr. Fordney asked a question in which I believe he stated that there was 1 percent difference.

One percent difference, mind you, between the interest rate of a taxable bond and a nontaxable bond. Mr. Mills continued:

The 3¾-percent bonds—

I should like to have Senators listen to this, because it is very vital. This is what Mr. Mills said in testifying before the House committee:

The 3¾-percent bonds were selling at 100.5, or did yesterday—

One hundred dollars and fifty cents for a $100 bond.

and the Victory 4¾-percent, which pay taxes, were selling at exactly the same figure.

There is the test, Senators. Here is Mr. Mills, afterward Secretary of the Treasury, stating that the 3¾-percent tax-free bonds were selling on the market that day at $100.50 per bond, and that the 4¾-percent bonds, bearing an entire 1 percent more interest per year, and subject only to the surtax, were costing the Government 1 percent per annum more interest rate than the tax-free bonds.

Do Senators want anything plainer than that? If that will happen to Federal bonds, will it not happen to school bonds? The chances are that it will increase the interest rate on State securities more than it will on Federal securities, because the State bonds as a rule are not so good as those of the Federal Government, and therefore in the case of the municipalities or school districts and the cities and the counties, if they are made subject to a Federal tax, their interest burden will be increased more than will the interest burden on Federal bonds, because they are not as prime, they are not as gilt-edged now.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BROWN. The Senator does not want the Senate to believe that the sole consideration in the price of a bond on the market is the interest rate?

Mr. CONNALLY. Oh, no.

Mr. BROWN. There is the question of whether it is callable or not.

Mr. CONNALLY. Oh, yes.

Mr. BROWN. There is the question of how long it runs; what its maturity is.

Mr. CONNALLY. Yes.

Mr. BROWN. And unless we have all those factors it is unfair to compare them.

Mr. CONNALLY. That is very true. There are other factors, but they do not change the fact that the taxation feature is always there. Whether the bond be callable or not callable, the Federal tax will remain. Whether it be for a 10-year period or a 40-year period, the item of a Federal tax on that bond still remains. So the suggestion of the Senator from Michigan as to the other factors is not in point, because the factor of Federal taxation will always be present.

Mr. President, what did Mr. Mills further say?

And, of course, the Government is getting a full 1-percent benefit here on the reduction in the interest rate. I do not know whether it can be demonstrated mathematically that it is losing more in taxes than it is gaining in the interest rate, but the probabilities are that it is.

Mr. Mills further said:

It has been estimated that the advantage of tax exemption ranges between one-half percent and 1 percent. The present figures of the 4¾-percent bond and the 3¾ Victory notes do not indicate that. They indicate that it amounts to one whole percent.

That is Ogden Mills speaking. No one will dispute the fact that Mr. Mills knew as much about the financial structure of this Nation, even before he became Secretary of the Treasury, as did any other man of his day and generation.

Do we want to add 1 percent in the interest rate to every bond hereafter issued in the State of Nebraska or in the State of Oklahoma or in the State of Missouri, in every city, every county, every taxing district, every road district, and every school district, and turn over the increase in the interest rate mostly to the bond buyer, with only a little dribble to the Federal Government?

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BROWN. Before the Senator leaves the subject of Mr. Mills, I wish to call attention to the fact that when he became Secretary of the Treasury he evidently changed his mind, because he is one of the several Secretaries of the Treasury who have condemned the further issuance of tax-exempt bonds.

Mr. CONNALLY. I am not quoting him against it. He was then testifying in favor of it; but he was an honest man, and when he was cross-examined he had to admit——

Mr. BROWN. He was a Member of the House at that time.

Mr. CONNALLY. He was; but he was voting for it. There is no contradiction between the two statements. He was a Member of the House, but he afterward became Secretary of the Treasury.

Mr. BROWN. Are all the Senator's witnesses in favor of the proposal?

Mr. CONNALLY. No. I am quoting this witness as a fact witness. I am not quoting him on the law. I am quoting him

on the facts. Mr. Mills said the cost would be 1 percent per annum more interest, even on Federal bonds.

Mr. BROWN. I think that is rather helpful to our side, because we believe that the increase is not more than one-quarter of 1 percent; and yet the Senator's witness, despite the tremendous additional cost, still says we ought not to issue any more tax-exempt bonds.

Mr. CONNALLY. That may be. He may have changed his mind. He was then supporting the proposal, as was Mr. Mellon. Mr. Mills and Mr. Mellon were hunting down rich taxpayers who had tax-exempt securities.

Mr. President, if it is sound to tax State bonds, why is it not sound to tax State courthouses and other State property? All through the States the Federal Government has post offices, Federal jails, and Federal instrumentalities of various kinds. They are all exempt from taxation. States do not undertake to tax post offices, Federal prisons, or Army posts. But if we are to tax everybody on the pretext of equality, the Federal Government ought to pay taxes to the States on all its tangible property. However, Mr. President, neither argument is sound. Each of the governments has the right to enjoy its own activities and its own instrumentalities free from taxation by the other.

There is no real evasion or advantage from the principle of exemption except to the States and to the Federal Government. Securities and values are like water; they seek their own level. If one should go to a bank tomorrow to buy a corporate bond, a Federal bond, or a State bond, he might be told, "The yield on this bond is 2½ percent." What does that mean? He would not be told what the bond would cost him, but what the yield would be, considering that one may have to pay a premium on the bond, and considering the interest rate on the bond. The yield, or net income, would be so much.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield, although my time is about to expire. I wish to hurry along.

Mr. BROWN. I merely wish to point out that if the Senator were a $5,000 taxpayer his yield on a 4-percent municipal bond would be only the interest on the bond, but if he were a $5,000,000 taxpayer the yield would be equivalent to 16 percent.

Mr. CONNALLY. No; I do not agree with that doctrine at all.

As I was saying, when one goes to the bank to buy a tax-exempt bond, he is not receiving a special privilege. He is competing with every other man who would like to buy a tax-exempt bond; and the result is that such bonds pay a very low interest rate. Today many of the Treasury certificates pay less than 1 percent interest, and yet it is proposed to levy a tax on the fraction of 1 percent because of the idea that somebody is getting a great advantage through tax exemption. The man who buys a tax-exempt bond pays his tax when he buys the bond. He foregoes the privilege of receiving 5 percent interest on a bond which may be taxable. Instead of buying a 5-percent corporate bond which may be taxable, he says, "I will take a 2-percent bond which is not taxable." The reason why he is willing to take a 2-percent bond instead of a 5-percent bond is that he knows he will never have to pay a cent of tax on it. He does not have to lie awake nights worrying about the tax bill. He knows that it will never be taxed. But if it is to be taxed, and he does not know how much it may be taxed—because the Federal Government may raise its tax, or the State government may raise its tax—the bond buyer will add a sufficient cushion to take care, insofar as he can, of every hazard and every chance of loss. That is why bonds which are taxable bear a higher rate of interest. How can we say that we are giving a man a benefit when everybody admits that the tax-exempt bonds bear the lowest rate of interest?

We hear much said about tax-exempt bonds being held by the great millionaires. That is a misconception. The estimate in the Treasury Department report shows that in the great estates for which estate-tax returns are filed only 5.63 percent is in tax-exempt bonds. Those are not the small estates but the great estates about which we hear so much. Only 5 percent of them is in tax-exempt bonds—Federal, State, county, and municipal. Shall we punish 95 percent of the people to get at 5 percent? Shall we punish all the people in California by requiring tribute from every little school district, every little road district, and every little irrigation district in an effort to catch the 5 percent?

If we should catch the 5 percent, the result would be that they would simply quit buying such bonds. They would let somebody else buy them. What would happen? The people who do not pay any surtax would buy them. Most of the tax-exempt bonds owned by individuals are held by men with incomes of less than $5,000, and they do not pay any tax at all on those bonds. A large percentage of them are held by men with incomes of less than $5,000. The great bulk of tax-free bonds—State, county, and Federal—are owned by insurance companies, banks, and fiduciaries, which do not pay any surtax. They pay simply a flat corporation tax; so adding the surtaxes to them would not bring another dollar into the Treasury. It is a misconception that the amendment would punish great, rich concerns which have their money in tax-exempt securities. In the first place, most rich men keep their money in their business until they are ready to retire, and when they retire they may buy some tax-exempt bonds. However, it is not long before their estates are being administered. That is how it happens that only 5.63 percent of large estates consist of such bonds.

The junior Senator from Maryland [Mr. RADCLIFFE] knows, because he is a great financial authority and comes from a financial district, that most of the tax-exempt bonds are not owned by individuals with large incomes. Surtaxes are paid on Federal bonds. The pending amendment would not further punish the holders of such bonds. Surtaxes are now paid on most Federal bonds. Therefore the great, rich fortunes do not invest in them.

Let us not fool ourselves. This bill is aimed at the States, at the counties, and at the school districts. They are the ones that would pay the added burden, and they would not get anything comparable in return.

The PRESIDENT pro tempore. The hour of 4 o'clock having arrived, the time of the Senator from Texas has expired, and, under the unanimous-consent agreement, the Senate will proceed to vote on the amendment of the Senator from Michigan [Mr. BROWN].

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Frazier	King	Schwartz
Andrews	George	La Follette	Schwellenbach
Austin	Gerry	Lee	Sheppard
Bailey	Gibson	McKellar	Shipstead
Barkley	Gillette	McNary	Smathers
Bilbo	Glass	Maloney	Stewart
Brown	Green	Mead	Taft
Bulow	Guffey	Minton	Thomas, Idaho
Burke	Gurney	Murray	Thomas, Okla.
Byrd	Hale	Neely	Thomas, Utah
Byrnes	Harrison	Norris	Tobey
Capper	Hatch	Nye	Townsend
Clark, Idaho	Hayden	O'Mahoney	Vandenberg
Clark, Mo.	Herring	Overton	Van Nuys
Connally	Hill	Pepper	Wagner
Danaher	Holt	Pittman	Walsh
Davis	Hughes	Radcliffe	Wheeler
Downey	Johnson, Calif.	Reed	White
Ellender	Johnson, Colo.	Russell	Wiley

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Michigan [Mr. BROWN].

Mr. LA FOLLETTE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I am advised that, if present, he would vote as I am about to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. THOMAS of Utah (when his name was called). On this question I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. Therefore I withhold my vote.

Mr. WILEY (when his name was called). On this vote I have a pair with the junior Senator from North Carolina [Mr. REYNOLDS]. Therefore I withhold my vote.

The roll call was concluded.

Mr. DAVIS (after having voted in the negative). I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that, if present, he would vote as I have already voted. Therefore I permit my vote to stand.

Mr. AUSTIN. I announce the following pairs on this question:

The Senator from New Jersey [Mr. BARBOUR], who would vote "nay," with the Senator from Arkansas [Mr. MILLER], who would vote "yea";

The Senator from Massachusetts [Mr. LODGE], who would vote "yea," with the Senator from Nevada [Mr. MCCARRAN], who would vote "nay"; and

The Senator from Oregon [Mr. HOLMAN], who would vote "yea," with the Senator from Kentucky [Mr. CHANDLER], who would vote "nay."

The Senator from New Hampshire [Mr. BRIDGES], if present, would vote "nay."

Mr. MINTON. I announce that the Senator from Maryland [Mr. TYDINGS] is paired with the Senator from Illinois [Mr. LUCAS]. If the Senator from Maryland were present and voting, he would vote "yea," and the Senator from Illinois, if present, would vote "nay."

I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Nevada [Mr. MCCARRAN], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent from the Senate. I am advised that, if present and voting, these Senators would vote "nay."

The Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Arkansas [Mr. MILLER] and the Senator from Maryland [Mr. TYDINGS] are unavoidably detained. I am advised that, if present and voting, these Senators would vote "yea."

The Senator from Arizona [Mr. ASHURST] and the Senator from North Carolina [Mr. REYNOLDS] are necessarily absent.

The result was announced—yeas 30, nays 44, as follows:

YEAS—30

Bilbo	Frazier	Minton	Taft
Brown	Gillette	Murray	Thomas, Idaho
Bulow	Green	Norris	Townsend
Byrd	Holt	Nye	Vandenberg
Capper	LaFollette	Pepper	Walsh
Clark, Idaho	Lee	Reed	Wheeler
Clark, Mo.	Maloney	Russell	
Downey	Mead	Shipstead	

NAYS—44

Adams	George	Hill	Radcliffe
Andrews	Gerry	Hughes	Schwartz
Austin	Gibson	Johnson, Calif.	Schwellenbach
Bailey	Glass	Johnson, Colo.	Sheppard
Barkley	Guffey	King	Smathers
Burke	Gurney	McKellar	Stewart
Byrnes	Hale	McNary	Thomas, Okla.
Connally	Harrison	Neely	Tobey
Danaher	Hatch	O'Mahoney	Van Nuys
Davis	Hayden	Overton	Wagner
Ellender	Herring	Pittman	White

NOT VOTING—21

Ashurst	Chandler	McCarran	Truman
Bankhead	Chavez	Miller	Tydings
Barbour	Donahey	Reynolds	Wiley
Bone	Holman	Slattery	
Bridges	Lodge	Smith	
Caraway	Lucas	Thomas, Utah	

So Mr. BROWN's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Megill, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1379) granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge, or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan.

BRIDGE OR BRIDGES ACROSS THE STRAITS OF MACKINAC—CONFERENCE REPORT

Mr. BROWN (for Mr. BAILEY) submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1379) granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between Saint Ignace, Michigan, and the Lower Peninsula of Michigan, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the House amendments in sections 1 and 2 of the bill and agree thereto.

That the Senate recede from its disagreement to the House amendment of the title and agree thereto.

Both Houses agree to the bill with the amendments adopted by the House as herein cited.

JOSIAH W. BAILEY,
MORRIS SHEPPARD,
A. H. VANDENBERG,
Managers on the part of the Senate.

EDWARD A. KELLY,
PEHR G. HOLMES,
DONALD L. O'TOOLE,
Managers on the part of the House.

Mr. BROWN. Mr. President, on behalf of the Senate conferees, the Senator from North Carolina [Mr. BAILEY], the Senator from Texas [Mr. SHEPPARD], and my colleague [Mr. VANDENBERG], I move the adoption of the conference report.

When the bill passed the Senate, it conferred authority to construct a bridge across the Straits of Mackinac in my State of Michigan upon the Mackinac Straits Bridge Authority, an agency created by the State of Michigan. When my bill went to the House, it was amended to confer the authority on the State of Michigan itself. Some question arose as to whether or not this was done for the purpose of preventing the State from delegating its authority to construct a bridge. Construction by an agency is necessary unless the securities to be issued are to be the securities of the State itself. Having some doubt upon this subject when the bill came back, I decided to ask that the bill be sent to conference. This was done.

At the conference which I was privileged to attend, we were assured by the House conferees, Representative KELLY, of Illinois, and Representative HOLMES, of Massachusetts, who are the members of the Interstate Commerce Committee in charge of the bill as well as conferees, that there was no intention to prevent the State from conferring authority to construct a bridge to any State agency. Inasmuch as this construction of the House measure was entirely satisfactory to me, I requested that we agree to the House bill. I think it best to have the authority conferred upon the State with authority upon the part of the State to delegate the construction to any State agency. That this construction is the construction of the House conferees, is evidenced by the appended letter which was written me by the House conferees. The letter follows:

SEPTEMBER 11, 1940.

Hon. PRENTISS M. BROWN,
United States Senate, Washington, D. C.

DEAR SENATOR BROWN: As a result of the conference participated in by the undersigned and the Senate conferees on S. 1379 on September 11, 1940, we are satisfied that under the terms of the House bill delegating authority to the State of Michigan to construct what is known as the Mackinac Straits Bridge, it will confer upon the State authority to construct the bridge itself or to delegate the authority to construct such bridge to any State agency.

Very truly yours,

EDWARD A. KELLY,
PEHR G. HOLMES,
Conferees on the part of the House.

There can be no question that under these circumstances we have an entirely satisfactory bill which will enable construction of the bridge.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

The report was agreed to.

TRANSPORTATION OF CONVICT-MADE GOODS

Mr. NEELY. Mr. President, last week the Senate by unanimous consent ordered that the conference report on Senate bill 3550, to make unlawful the transportation of convict-made goods in interstate commerce and for other purposes, be disposed of on Tuesday, September 17. But the Senate was not in session on that day and this order of business was automatically annulled.

I now give notice that tomorrow, immediately after the convening of the Senate, I shall renew my efforts in behalf of the adoption of this long-delayed conference report.

Mr. BARKLEY. Mr. President, if the Senator will yield I will say to him that on Monday the Senate, by unanimous consent, agreed to take up the conference report in question immediately following the disposition of the tax bill.

Mr. NEELY. Mr. President, my fear that the debate that is now raging may continue till Christmas and that the tax bill may never be passed will impel me to urge action on the conference report tomorrow.

CORPORATION INCOME AND EXCESS-PROFITS TAXATION

The Senate resumed the consideration of the bill (H. R. 10413) to provide revenue, and for other purposes.

Mr. DOWNEY obtained the floor.

Mr. HARRISON. Mr. President, will the Senator yield so I may offer a clarifying amendment?

Mr. DOWNEY. I yield.

Mr. HARRISON. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 153, lines 4 and 5, it is proposed to strike out "sixtieth" and insert "one hundred and twentieth."

Mr. HARRISON. This amendment is offered because we changed the date under the amortization plan from July 10, 1940, to January 1, 1940, and we thought that the certification to be made by the National Defense Council should be extended for 30 days.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Mississippi.

The amendment was agreed to.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Kentucky?

Mr. DOWNEY. I yield.

Mr. BARKLEY. I send forward a clarifying amendment, to which I think the Senator from Mississippi will have no objection.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 94, after line 24, it is proposed to add a new subparagraph——

Mr. BARKLEY. Mr. President, the amendment would simply permit another category of deductions in normal income to apply to the excess-profits tax, so that where the parent company——

Mr. LA FOLLETTE. Mr. President, I inquire if the clerk read the amendment?

The PRESIDENT pro tempore. No. The Chair may say that he understands that the amendment offered by the Senator from Kentucky is to an amendment which has been adopted. Therefore it will be necessary to reconsider the vote by which the amendment was adopted.

Mr. BARKLEY. I ask unanimous consent that the vote by which the committee amendment was adopted be reconsidered.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the vote is reconsidered.

Mr. BARKLEY. Now I offer the amendment.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 94, after line 24, after the amendments heretofore agreed to, it is proposed to add a new subparagraph reading as follows:

(J) Bad-debt deductions: The deduction under 23 (K) for any taxable year for bad debts shall be decreased by an amount representing unrecovered loans made by a parent corporation to its subsidiary.

Mr. HARRISON. I have no objection to the amendment going to conference.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Kentucky to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. DOWNEY. Mr. President, I shall detain the Senate for a very brief period of time in moving an amendment to the pending measure which in effect would increase the exemption before the computation of excess profits from $10,000 to the sum of $25,000. Specifically, I desire to present an amendment to change the figures "$10,000" on page 86, in line 6, to the figures "$25,000."

Mr. President, in the first place, I desire to state that I do not believe the assertion can be controverted by a single Senator here that by this measure we are laying upon all the small corporations of this Nation a burden of harassment entirely out of proportion to any benefit which may accrue to the American Government in the way of revenue.

During the past decade we have seriously complicated our laws, our governmental bureaus, and particularly our tax system; and by this measure, while we are raising a comparatively small amount of revenue, we are creating large burdens and greater complications for the small corporations.

I am not here speaking for the large corporations. They are well able, by their experts and by their attorneys, to take care of themselves, and this bill to a large measure provides for their relief; but every Senator in this Chamber has in his State literally hundreds, if not thousands, of corporations with comparatively small businesses which will be worried and handicapped by the enactment of this measure.

If the exemption could be increased from $10,000 to $25,000, the amount of revenue which would be lost to the Federal Government would be only $20,000,000. Thus, we are here creating a burdensome tax against thousands of small corporations which will be thereby compelled to employ experts, attorneys, and accountants, and will raise therefrom in this fiscal year the comparatively small sum of $20,000,000, about one-fifth of 1 percent of the amount of money we are appropriating for armament purposes this year. I say to you, Mr. President, that there is absolutely no justification in harassing the small-business men of America by a tax of this kind.

There is a second and more potent reason why this exemption should be allowed. In the first place, I take it all of you will agree with me that any corporation which is making only $25,000 a year is a small corporation. I say to you that this particular tax levied upon the small corporations of America which are expanding and growing will be a burden tending to handicap and prevent their development. You may say to me, "How can any tax levied against excess profits prevent the expansion of a business?"—because necessarily it would appear that if the tax is levied against excess profits, the corporation must be successfully expanding and growing. Let us analyze that for a moment.

In the first place, the normal tax provided in this bill, plus the average State tax on corporation profits, will leave us with about a 30-percent levy against the net profits of corporations. In the case of a small corporation which is profitable and expanding and growing, the excess-profits tax will probably, on an average, take about 20 percent of all of the net profits made by the corporations. Thus, under the bill there will be a total taking of 50 percent of the net profits of small corporations. I should like to point out to the

majority leader of the Senate the fact that if a small corporation is profitable and expanding, a substantial part of its earnings has necessarily to flow into increasing business. If a business is profitable, if it is growing, if it is expanding, there are increasing book accounts; there are increasing inventories; there must be the increasing use of machinery, materials, and factories; and with only 50 percent of the net earnings left, the average small growing corporation, as a matter of fact, probably will not have sufficient earnings left to allow for its expansion, and certainly nothing at all for dividends.

So, Mr. President, what we are doing here is placing such a burden upon small corporations, seizing approximately 50 percent of their total earnings, that they will be unable to carry out the very industrial expansion which we desire to carry on; and I speak now for the small corporations from California, from which I have heard in great number, when I declare that this measure is grossly unfair to them; that it will not only harass and burden them, but will prevent the fair development and growth of their business, the very thing we desire to accomplish in this crisis.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from California yield to the Senator from Kentucky?

Mr. DOWNEY. Yes; I yield.

Mr. BARKLEY. There are in the United States some five-hundred-thousand-odd corporations, as I recall. Under the House bill, which has a $5,000 exemption, only 70,000 of those five-hundred-thousand-odd corporations would pay any excess-profits tax. Under the $10,000 exemption of the Senate bill that number would be reduced to some forty or fifty thousand. Under the Senator's amendment I am informed that there would be only about 10,000 corporations of the five-hundred-thousand-odd that would pay any excess-profits tax at all. Does the fact that there may be 40,000 which can pay a tax out of 500,000 very seriously handicap growing corporations or small corporations in the Senator's view?

Mr. DOWNEY. Let me say to the majority leader that, in my opinion, it certainly does handicap several thousand small corporations which are earning, say, up to and less than $25,000 a year. I think it does.

Mr. BARKLEY. Any tax on a corporation is a handicap of some sort, as it is on all taxpayers. It is a handicap to all of us to pay taxes. But it seems to me that even 40,000 corporations which would pay a tax under the Senate committee bill is a small proportion compared with the over 500,000 which exist in the United States.

Mr. DOWNEY. If the figures stated by the majority leader are correct—and I am willing to assume they are, because the figures I have received are conflicting—if the proposed exemption would decrease from 50,000 to 25,000 the number of corporations which would have to bear the burden of the tax, and if it would reduce the revenue from the proposed law only by $20,000,000, then I say that in my opinion the amendment should immediately be accepted.

Mr. BARKLEY. The $20,000,000 estimated by the Senator is only for 1940, which is nearly gone. His amendment would reduce the income received by the Government next year and during all succeeding years anywhere from $50,000,000 up, depending on the amount of profits.

Mr. DOWNEY. I realize that in the next fiscal year there would be a greater loss, but I would say that certainly so far as small, growing, and expanding corporations are concerned, corporations which will vitally need a substantial amount of their earnings for their own development, the Government could well afford to forego $20,000,000 this year and whatever increasing sums which would occur hereafter.

A word or two more, and I shall have concluded. There are many other arguments which could be offered against the pending measure, which in my opinion is a totally unsatisfactory, complicated, unfair, insufficient, and futile measure, but extensive and exhaustive arguments were made by the distinguished Senators from Michigan and from Wisconsin [Mr. VANDENBERG and Mr. LA FOLLETTE]. I can add nothing to the very imperative reasons they urged why this measure should be defeated. I myself desire to commit myself to their arguments and to the position of those Senators against the bill in its entirety.

Mr. President, I should like to have printed in the RECORD as a part of my remarks the very able statement made by Mr. Leonard E. Read, general manager of the Los Angeles Chamber of Commerce, before the joint committee considering this subject. Mr. Read is an economist of note and highly talented in tax matters.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE EXCESS-PROFITS TAX

(By Leonard E. Read, general manager, Los Angeles Chamber of Commerce)

FOREWORD

The so-called excess profits tax proposal now before Congress should be considered first and last from the standpoint of its effects on the public welfare. How will it affect the execution and financing of the defense program? How will it affect employment and wage levels? How will it affect the system of free enterprise and our representative form of government? These are the questions to be answered in discussing legislative policies today.

At the outset, however, there should be noted certain principles which must be accepted as basic for any discussion of increased profits taxation.

(1) The public credit should not be further jeopardized by large-scale borrowings to finance the defense program. Either by economies in other governmental expenditures or by increased taxation, or both, public revenues and expenditures should be speedily brought into balance.

(2) Private enterprise should continue to be our main reliance, at least in the absence of a declared state of war, both because of its proven superior efficiency in production and because it is the only economic basis for democratic institutions whose present continuance we believe is desired by an overwhelming majority of United States citizens.

(3) A marked expansion of employment in private industry is a goal of primary importance for the United States at the present time both for political and economic reasons.

(4) The financial and other burdens of the defense program should be equitably distributed. Perfect justice is never attainable, but every precaution must be taken to prevent any class of citizens profiting at the expense of the community. Specifically, it is repugnant to every sense of justice that producers behind the lines should grow wealthy while their fellows on the fighting lines risk life and all that makes life worth while.

ARGUMENTS ON BEHALF OF AN EXCESS-PROFITS TAX

(1) The excess-profits tax is proposed at this time as a substitute for the 7 to 8 percent profits limitations imposed by the Vinson-Trammell Act on Government contracts in connection with the defense program. This act was found to prevent the placing of contracts (a) because existing amortization allowances appeared inadequate, (b) because certain necessary expenses could not be included in costs, and (c) because unforeseeable expenses and losses were not sufficiently compensated by the 7 to 8 percent maximum profit set by law. The excess profits tax bill therefore greatly liberalizes the amortization provisions of the income-tax laws for investments certified to be necessary for the defense program and repeals the limitation on the rate of profits.

(2) Some form of limitations on profits from armament making, however, is felt to be necessary to protect the public against profiteering.

(3) Provisions against war profiteering are politically expedient or necessary as an accompaniment to conscription of men. They are a part of the program for maintaining morale.

(4) To finance the defense program increased taxation is necessary. Part of this increased tax burden should fall on corporation profits. This seems especially reasonable in view of the financial benefits accruing to business from the Government's increased expenditures.

ARGUMENTS AGAINST AN EXCESS-PROFITS TAX

(1) The immediate pressing need is for liberalizing amortization provisions of income-tax laws relating to Government contracts. This, however, bears no necessary relation to the Vinson-Trammell limitation on rate of profits or to an excess-profits tax. The new bill proposes that the amortization period on investments necessary for the defense program be made 5 years, or less than 5 years if the President declares the state of emergency ended before that time; that is, in industries essential to the defense program, producers may, for income-tax purposes, set at a higher figure than formerly their annual depreciation charges. This will raise their cost figures and reduce their net earnings subject to corporation income taxes.

Fears have been expressed that, under the new amortization provisions, businessmen may amortize their investments more quickly than the assets lose their economic value. In other words, it is feared that businessmen will charge high prices to cover costs of their investment in a short time, at the same time reducing

their tax assessments by artificially high depreciation charges. Then they would have received back from sale of their products the entire amount of their original investment and yet their equipment would still possess considerable earning power. Excess profits, it is assumed, would then be the result. Therefore, according to this view, an excess-profits tax must accompany any provisions to liberalize the amortization provisions of our income-tax laws.

The above view, however, fails to take into account the position of the enterpriser with regard to taxes and negotiation of Government contracts in case he has amortized his investment during a period shorter than the economic life of his assets. If he maintains his prices and volume of business, income-tax assessments will rise by the amount formerly charged for depreciation. The Treasury would then collect from him as much in total taxes as if he had amortized his investment more slowly. Moreover, future rates of taxation are likely to be higher than those existing now. Therefore, the total taxes paid by such an enterpriser would be higher than if he had charged off his investment more slowly.

It is unlikely, however, that he will be able to maintain his prices in view of the Government's power to modify the terms of his contracts. Army and Navy engineers make their own estimates of reasonable costs for the materials ordered from private business. They are not accustomed to favor business with overgenerous estimates of cost. If they find that business has written off the costs of investments, they can and doubtless will reduce the price offered in Government contracts.

Under conditions of liberal amortization privileges, moreover, competition for Government business will be keener and will act as a further influence to prevent profiteering.

It cannot be too strongly emphasized, however, that the enterpriser cannot escape his fair share of taxes or make increased profits by charging off his investment at abnormally high rates. At most he can merely postpone payment and protect himself against taxes on profits he has never earned. Such excessive taxes are now frequently levied to the detriment of both business and the public when actual obsolescence and depreciation occur at a more rapid rate than recognized by the Treasury Department. Liberalizing amortization provisions of the tax laws in this case only protects against losses from taxation of nonexistent profits. It does not permit excess profits or call for an excess-profits tax.

(2) The chief objections to the excess-profits tax, however, are that it penalizes efficiency, discourages enterprise, and checks needed business expansion.

The firm which uses its capital and labor most efficiently, getting highest output at lowest cost, will earn highest profits on a given capital base. The firm which shows most enterprise in reducing costs, increasing service, and extending its markets will show greatest increases in earnings over the base years. Therefore under an excess-profits tax such firms will pay taxes graduated upward according to their efficiency and enterprise.

Said Prof. E. R. A. Seligman, outstanding tax authority, concerning the principle of excess-profits tax:

"Something can be said for a graduated tax on income; something can even be said for a graduated tax on capital; but it is difficult to say anything in defense of a tax which is graduated on the varying percentage which income bears to capital. To penalize enterprise and ingenuity in a way that is not accomplished by a tax on either capital or income—this is the unique distinction of the law. * * * While it is entirely proper that a share of the profits should go to the community, it is not at all clear that the tax should be graduated according to the degree of inventiveness displayed." (Political Science Quarterly XXXIII, p. 17 ff.)

(3) The burden of the excess-profits tax is especially heavy on new and growing businesses and on small or moderate-sized firms. These are likely to have the highest rate of return on invested capital; they find it most difficult to raise capital unless they can invest sizable amounts of earnings, and it is from the growth of such firms that there is most hope of future industrial progress.

Professor Seligman continues on this point:

"Almost all large businesses have grown from humble beginnings, and it is precisely in these humble beginnings that the percentage of the profits to the capital invested is apt to be the greatest. The criterion selected, therefore, is the one best calculated to repress industry, to check enterprise in its inception, and to confer artificial advantages on large and well-established concerns. Nothing could be devised which would more effectively run counter to the long-established policy of the American Government toward the maintenance of competition."

A good case in point is a Los Angeles firm which has shown unusual courage and public spirit in accepting the so-called educational orders of the War Department. This firm accepted contracts and put in new equipment under conditions of great uncertainty. It could not know in advance what its costs were to be on the new products it was to turn out. It had no guaranty that it would ever receive more than the first order. Yet it went ahead, did a high-quality job of production, and put back its earnings year after year in improved equipment and methods. Today that firm is able to produce in volume and at low cost. Its prices to the Government are continually being reduced on successive orders and standards of specifications being raised. It can meet these new terms because it has never paid a dividend but put back every cent of earnings, beyond the owner's modest salary, in raising its ability to produce large volume at low cost. This thrifty and self-sacrificing policy of reinvesting earnings was the only way this firm could have expanded, for at the outset it could not have borrowed the necessary funds, or could only have borrowed by sacrificing the owner's initiative and introducing more conservative methods which would have prevented acceptance of the risky War Department contracts.

This firm is showing the way to other firms in reducing costs and is having a noticeable effect in getting reduced prices to the Government on current armament contracts. Such a firm of proven enterprise and ability should be encouraged to continue its development. It is still a comparatively small firm, but if permitted can become a leader in its field. We need such industrial leaders as never before, but this particular firm would find its growth seriously checked by an excess-profits tax.

The importance of this point at the present time cannot be too strongly emphasized. The greatest advantage which private enterprise possesses over Fascist or Communist forms of economic organization is its ability to make rapid progress. When it is easy for men with new ideas to expand their operations rapidly, industrial progress is rapid. And this rapid expansion of operations by a new firm can take place only insofar as opportunities for good profits exist and insofar as these profits can be put back into development of the business. It is doubtful if private enterprise has any important advantage in competition between nations except this one of superior capacity for progress. If we are to penalize and prevent progress by the new, small, and growing firms, we might as well at once switch over to a Fascist form of society.

(4) Serious administrative difficulties exist in an excess-profits tax which do not exist in the income tax. Added to the difficulty of measuring income is the much greater difficulty of measuring capital worth. Prof. William Shultz, New York tax authority, says this puts "an impossible auditing task" on the tax administration. The situation with respect to the World War excess-profits tax he terms "a hopeless administrative muddle" (American Public Finance 1939, p. 454). The persistence 20 years later of lawsuits growing out of this tax is supporting evidence of Professor Shultz's opinion.

The difficulty of measuring capital worth puts tremendous power and responsibility in the hands of Treasury officials and adds a most serious factor of uncertainty to every business, whether it is making profits or not.

When rates are moderate, this uncertainty is not serious and the consequences of arbitrary and unfair decisions are not fatal. But when the rates are set at the levels contemplated in the present proposal, and when they are added to taxes which already take over half the profits of the best years and an estimated 65 to 70 percent of profits in a year like 1938, the danger to private business is very great. If business cannot earn enough to build reserves in good years, it cannot survive poor years.

(5) Personal gains from armament making are likely to be moderate in view of existing income-tax rates. Tax rates on the higher income brackets are now higher than in 1918. As recognized by men like Senator LA FOLLETTE, noted for support of the ability principle of taxation, taxes on higher incomes are at or near their limit of peacetime productivity. Federal, State, and local taxes on business, furthermore, in 1937, the year of greatest profits since 1929, took 56 percent of corporation net income, as against 48 percent in 1918, the year of highest war taxes. Corporation dividend policies are now more liberal and taxes on dividends higher than in 1918. State income taxes, moreover, have been added to the load borne by personal incomes.

Profits are not personal income but productive capital until paid out as salaries or dividends. They can only be converted into personal income or tax payments by liquidating productive assets or by reducing purchases of productive equipment. Therefore, as further control of war gains is needed, it should be secured by increased personal income taxes, especially in the middle brackets.

The whole subject of war profits, however, should be reexamined in the light of present conditions. Inflationary policies adopted in the World War caused a rapid rise in price levels and consequent appearance of exceptional profits and wages in certain war industries and losses in other lines. Most of the gains to these war industries, however, were offset by rising taxes and by the deflation which followed the end of the war. In fact, the purchasing power of all persons receiving more than $25,000 a year was decreased by 70 percent or more, according to the figures of Wilford I. King (The National Income and Its Purchasing Power, p. 171), and total net property income and profits in terms of purchasing power actually declined each year from 1917 to 1921, inclusive (W. I. King, p. 112).

Today, in the absence of inflationary policies, there is little or no reason for expecting any important increase in profit levels from the defense program. In fact, the opposite is more likely to be the case. Costs will rise and volume of business decline in the nonessential industries as consumers' purchasing power is reduced by taxation and as labor is taken for the Army and war industries. Even in the war industries, high costs of labor and increased taxation will reduce profit opportunities.

It is true that inflation may occur. But is this the reasoning back of the excess-profits tax? The bill is an administration measure. Is the administration willing to come out openly and say that it is necessitated by the danger of inflation resulting from its own financial policies?

One more point should be noted in connection with the possibilities of "excess profits" resulting from the defense program. Profiteering implies the existence of a degree of monopoly. It is true that in nonnegotiated contracts an element of monopoly exists, but in these cases the degree of monopoly is greater on the side of the

Government than on the side of the businessman. The Government is the sole buyer, or by all odds the biggest customer, whereas the businessman is not likely to have a complete monopoly of the source of supply. As mentioned above, the Government has its own experts for making cost estimates to check the figures presented by businessmen in their bids to Government contracts. The businessman, once he has made his investment in specialized equipment, is at the mercy of his customer—the Government. This is a further check to profiteering.

In any case where monopoly does exist, moreover, the excess-profits tax would not stop profiteering. It would only return a part of the profits to the Government. The best way, therefore, to guard against profiteering is to prevent it by stimulating competition. And the opportunity for high profits to the exceptionally efficient producer is one of the best means of stimulating competition and reducing prices. An occasional high prize is much more effective in getting a large number of competitors to enter the lists than a large number of small prizes even when the total amount of the small prizes is greater than the single prize. Accordingly the Government will find it cheaper to permit a few firms to earn good profits, especially if they are largely reinvested in expanding production than in operating on any cost-plus basis or its equivalent through profits limitations or excess-profits taxation. Under competitive conditions most firms make small profits or actually lose money. They are kept going largely by hopes, never to be realized, of gaining the large profits earned by a few leaders. In this way high profits to the most efficient and successful has proven to be the most effective way of getting increased output at low cost. Any firm which is to stay in business, moreover, must make good profits occasionally to compensate for losses.

(6) In any case the yield of the excess-profits tax will not be significant in comparison with the total Budget. The Treasury estimates lie between $190,000,000 and $400,000,000. But from this should be deducted losses in income-tax yields since dividend payments will be reduced by the excess-profits tax.

CONCLUSION

Wanted: Machines

Men can't build guns, tanks, airplanes, and battleships with their bare hands. If they could, China would be the world's greatest military power.

Only with the help of machines—thousands of them; big, powerful, and complicated—can we produce the great quantities of munitions and huge weapons needed for our military defenses.

Machines are also needed to create jobs at which workers can earn high wages. In other words, machines are needed to turn out the great quantities of cars, radios, electric refrigerators, as well as low-cost food, shoes, and clothing which go to make up a high standard of living and peacetime prosperity for our people.

Until recently we have been losing sight of these facts. Now, however, we see what men with machines can do in crunching along over the bodies and lands of other people less well equipped. This should remind us that mechanical power is the material basis for national strength, security, and prosperity.

How can we best get the machines we need?

Whether in Russia, Germany, or the United States, machines can be secured only by self-denial and thrift. They are bought out of someone's savings. What is spent on machinery by way of money or labor cannot for the time being go to buying or producing goods for immediate enjoyment of consumers.

In Soviet Russia and Nazi Germany these savings have been taken from people chiefly by force; that is, by taxes, rationing of consumers, and forced wage reductions. Whereas under private enterprise we have relied mainly on voluntary saving and investment.

The sources of savings on which private enterprise chiefly relied in the past, however, are being dried up by taxes or closed by bureaucratic control. These sources are the savings of the well-to-do, and profits reinvested (saved) by business firms.

Taxes on the higher incomes seem to have reached nearly their limit. But taxes on profits are likely to be increased considerably in the near future. What effect will this have in checking the modernizing and expansion of plant and equipment, machinery and tools, so sorely needed by America today? What effect will increased-profits taxation have on reducing costs and securing for the taxpayer the most for his money spent on armament building?

Proponents of the excess-profits tax argue that expansion and modernizing of equipment can come out of borrowings. They point to huge excess bank reserves and low interest rates to prove that credit is abundant and cheap.

But can or will business borrow to expand if our tax policies prevent growth from within by reinvestment of earnings?

Reinvested profits—the growth-bud of industry

Reinvestment of profits is a most important factor in industrial growth.

When a firm expands by borrowed funds it must go to the trouble and expense of persuading outsiders that the new investment will be profitable. If it has earnings to reinvest, however, it need persuade only its own management—a much simpler and less expensive task, especially for new firms and for small or medium-sized concerns.

Since 1933, moreover, under the securities acts and new banking regulations, the ambitious firm has also been required to persuade various Government officials before it could borrow for expansion. This persuasion has often involved great expense and trouble even when the company's credit and honesty were of the highest order.

True, the income-tax authorities are now looking more and more suspiciously on the firm which puts back earnings into its business. But it has usually been easier and cheaper to persuade the Treasury Department than the Federal Securities Commission.

Reinvestment of profits improves credit and preserves initiative

New investors, especially purchasers of bonds, prefer to invest in companies which are building up surplus out of earnings. This surplus provides additional security to the creditors and therefore reduces interest charges on new funds.

Furthermore, good financial managers themselves want to provide this security to their creditors. Without such a backlog the creditors will take over control more quickly when earnings temporarily decline or disappear—as earnings frequently do for many firms.

In fact, all businessmen prefer to finance expansion entirely out of earnings if possible. Borrowing or selling of stock to outsiders always means turning over some of the control to the creditors or new stockholders. It means sacrificing a certain amount of initiative and freedom of action.

Therefore many excellent businessmen refuse to borrow funds unless occasionally for short-term purposes. Henry Ford is a well-known example. And no careful businessmen will expand as far or as rapidly on borrowed funds as on reinvested earnings, if the latter are available.

Reinvestment of profits is, therefore, the growth bud of industry. When this reinvestment is made difficult through declining profits, or through taxation and legal obstacles, business expansion is correspondingly checked.

During the past 10 years business as a whole has paid out in taxes and dividends about $30,000,000,000 more than it has earned. During the first part of the depression this was due to reduced earnings. Since 1936 it has been due to rapidly mounting taxes and political pressure. And the drain still continues!

This may explain why private business does not take up the slack in employment and why investment funds stagnate in our banks.

Probable results of the proposed excess-profits tax

If the expansion of private business at the present juncture is stopped or seriously checked by increased profits taxation Government is likely to attempt to supply the deficiency. Either the urgency of the defense program or the employment and wages problems, or both, will drive any administration in this direction.

Experience has shown, however, that Government management is in general uneconomic and inefficient. Aside from the political consequences of a further advance toward socialism there would be a reduction in standards of living and a failure to achieve the defense program of which this Nation is capable.

Alternative proposals

Insofar as increased taxes are necessary to balance the Federal Budget, it is our opinion that they should fall on personal incomes—dividends, interest, salaries, and wages—and on luxury goods. It is by this means that maximum fiscal revenue can be obtained with the least discouragement to necessary industries.

Efficient, low-cost firms should be given greater encouragement and opportunity to expand, not further penalized by new and discriminatory taxation. Even in the production of nonessentials, insofar as consumers are to be left enough income to enjoy them, it is important that the efficient, low-cost firms shall replace those which use more labor and capital to turn out a given product. Existing provisions against tax avoidance through unproductive reinvestment of earnings should be reexamined in the light of the present situation with a view to strengthening them where necessary.

In any modification of existing taxes on business, however, reinvestment of earnings in plant and equipment for essential industries should be given special encouragement by tax exemptions or reduced rates of taxation. Not only will such a policy increase the ability of private enterprise to produce more goods at less cost, but it will also improve business credit. Not only will it stimulate competition and reduce prices, but it will also stimulate the circulation and expansion of credit and buying power. Not only will it give the public more for its money in building our defenses, but it will also increase personal incomes and taxpaying ability. In short, it will stimulate business, not only to produce more goods but to expand and circulate the purchasing medium necessary for taking the goods off the market.

Such stimulation to private enterprise is needed to expand employment, to rebuild confidence in free enterprise, and to restore mutual trust and cooperation between employers and employees, creditors and debtors, political leaders and citizens. This rebuilding of our morale is a vital part of the program for rebuilding the defenses of our Nation and safeguarding our free institutions. It deserves the courageous support of every citizen and every statesman.

Mr. HARRISON and Mr. LEE addressed the Chair.

Mr. HARRISON. Does the Senator from Oklahoma desire to speak on the pending amendment?

Mr. LEE. No; I wish to offer an amendment, when the Senator yields the floor.

Mr. HARRISON. I desire to occupy the floor for a moment.

The PRESIDING OFFICER. An amendment would not be in order until the pending amendment shall be disposed of.

Mr. DOWNEY. I should like to have a vote on the pending amendment.

Mr. HARRISON. Mr. President, the Committee on Finance gave long consideration to the question now presented. When the bill came over from the House, an exemption of $5,000 was given to corporations, and that applied to those which elected either method. The committee on Finance increased the exemption in the bill from $5,000 to $10,000. That would cost the Government some $19,000,000. The pending amendment would cost about $20,000,000 or $25,000,000 more, and there would be only about 10,000 corporations which would have to pay any tax, if the amendment should be agreed to. We feel we have been as fair as possible under the circumstances, and I hope the amendment will be voted down.

The PRESIDING OFFICER. Is there objection to a reconsideration of the vote by which the committee amendment was agreed to? The Chair hears none, and the vote is reconsidered.

The question is on agreeing to the amendment offered by the Senator from California [Mr. DOWNEY] to the amendment of the committee.

The amendment to the amendment was rejected.

The amendment as amended was agreed to.

Mr. LEE. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed to add at the end of the bill the following new title:

TITLE V—DRAFT OF WEALTH

SEC. 501. Whenever Congress shall declare war, or shall declare that the imminence of war has created an emergency which in the judgment of the President is sufficiently serious to necessitate an increase in the Military Establishment by the drafting of manpower, the President is authorized and requested to cause to be taken a census of the net wealth of the Nation. Such census shall be taken in such manner as the President shall by regulations prescribe and by such agency or agencies of the Government as he may designate or establish for such purpose. Such regulations shall require every citizen of the United States, every resident alien, and every nonresident alien having any wealth in the United States to file with such person or agency as the President may designate a sworn declaration in such form as the President may prescribe with respect to his gross wealth and financial obligations: *Provided*, That such declaration in the case of a nonresident alien shall be only with respect to his gross wealth in the United States and financial obligations therein. For the purposes of this title, an individual shall be deemed to own any property held in trust for him or his benefit. Upon the completion of such census the President shall cause to be computed, and shall prepare a list setting forth, the net wealth of each person covered by such census which is subject to section 502 of this title and the portion of the net wealth of each such person which is subject to the borrowing power of the United States under this title.

SEC. 502. The following portions of the net wealth of every citizen of the United States and of every resident alien, and of that part of the net wealth of every nonresident alien which is located in the United States, shall be subject to the borrowing power of the United States under this title:

In the case of net wealth not in excess of $1,000, none.

In the case of net wealth in excess og $1,000 and not in excess of $10,000, 5 percent of such excess.

$450 in the case of net wealth of $10,000; and in the case of net wealth in excess of $10,000 but not in excess of $100,000, 10 percent in addition of such excess.

$9,450 in the case of net wealth of $100,000; and in the case of net wealth in excess of $100,000 and not in excess of $250,000, 15 percent in addition of such excess.

$31,950 in the case of net wealth of $250,000; and in the case of net wealth in excess of $250,000 and not in excess of $500,000, 20 percent in addition of such excess.

$81,950 in the case of net wealth of $500,000; and in the case of net wealth in excess of $500,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

$206,950 in the case of net wealth of $1,000,000; and in the case of net wealth in excess of $1,000,000 and not in excess of $2,000,000, 30 percent in addition of such excess.

$506,950 in the case of net wealth of $2,000,000; and in the case of net wealth in excess of $2,000,000 and not in excess of $3,000,000, 35 percent in addition of such excess.

$856,950 in the case of net wealth of $3,000,000; and in the case of net wealth in excess of $3,000,000 and not in excess of $4,000,000, 40 percent in addition of such excess.

$1,256,950 in the case of net wealth of $4,000,000; and in the case of net wealth in excess of $4,000,000 and not in excess of $5,000,000, 45 percent in addition of such excess.

$1,706,950 in the case of net wealth of $5,000,000; and in the case of net wealth in excess of $5,000,000 and not in excess of $7,500,000, 50 percent in addition of such excess.

$2,956,950 in the case of net wealth of $7,500,000; and in the case of net wealth in excess of $7,500,000 and not in excess of $10,000,000, 55 percent in addition of such excess.

$4,331,950 in the case of net wealth of $10,000,000; and in the case of net wealth in excess of $10,000,000 and not in excess of $25,000,000, 60 percent in addition of such excess.

$13,331,950 in the case of net wealth of $25,000,000; and in the case of net wealth in excess of $25,000,000 and not in excess of $50,000,000, 65 percent in addition of such excess.

$29,581,950 in the case of net wealth of $50,000,000; and in the case of net wealth in excess of $50,000,000 and not in excess of $100,000,000, 70 percent in addition of such excess.

$64,581,950 in the case of net wealth of $100,000,000; and in the case of net wealth in excess of $100,000,000, 75 percent in addition of such excess.

SEC. 503. (a) The Secretary of the Treasury shall from time to time determine the sums that will be necessary to prosecute to a successful conclusion any war declared by Congress or to provide for such expenditures for the national defense as may be necessary to meet any emergency declared by Congress which in the judgment of the President necessitates an increase in the Military Establishment by the drafting of manpower, and shall issue bonds for such sums. Such bonds shall be issued in convenient sizes and denominations, shall not be transferable, shall bear interest at a rate not in excess of 1 percent per annum, and shall not be tax-exempt either as to principal or interest. The President shall prorate among the persons covered by any census taken pursuant to this title the sums which such persons are required to invest in each separate issue of such bonds so that so far as practicable the percentage of the net wealth subject to the borrowing power of the United States (computed on the basis of the graduated scale set forth in section 502 of this title) which any such person is required to invest will not be larger than the percentage which any other such person is required to invest, and the President shall proclaim the time limit within which such persons are required to purchase such bonds and shall notify each person the amount of such bonds he is required to purchase. Each person shall then purchase such bonds in the amounts so allotted and within the time so prescribed. If the aggregate amount which any such person shall have been required to invest in all the bonds so issued during any one such war or to meet any one such emergency shall have equaled that part of his net wealth which is subject to the borrowing power of the United States under section 502 of this title, such person shall remain subject to the borrowing power of the United States under this title but in computing that part of his net wealth which he may be required to invest there shall be deducted from his total wealth the amount of such bonds previously purchased by him.

(b) The borrowing power of the United States under this title shall not be exercised after the President proclaims the termination of the war or the emergency which has brought such power into existence.

(c) It is hereby declared to be the policy of Congress that, whenever bonds are issued pursuant to the provisions of this title, the proceeds resulting from the levy of any additional taxes or increased rates of taxation imposed by reason of the war or emergency as a result of which such bonds are issued shall, except insofar as they are needed in the immediate interests of national defense, be applied to the retirement of such bonds.

SEC. 504. (a) The President is authorized to establish, in the several States, Territories, and possessions, such number of local boards of wealth appraisers as may be necessary for the purpose of accurately determining the net wealth of the Nation. Each such local board shall be appointed by the President and shall consist of three or more members, none of whom shall be connected with the Military Establishment, to be chosen from citizens residing in the area within the jurisdiction of such board as determined in accordance with rules and regulations prescribed by the President. Such boards shall have power within their respective jurisdictions to hear and determine, subject to review as provided in subsection (b) of this section, all questions arising under this title with respect to the ownership and valuation of wealth.

(b) The President is further authorized to establish in each Federal judicial district of the United States such number of district boards of appraisers as he may find necessary, and each such district board shall consist of such number of citizens of the United States, none of whom shall be connected with the Military Establishment, as the President may determine. The respective jurisdictions of such district boards shall be determined in accordance with rules and regulations prescribed by the President, and each such district board shall have power, under rules and regulations prescribed by the President, to review on appeal, and to affirm, modify, or reverse, any decision of any local board of appraisers having jurisdiction in any area within the jurisdiction of such district board. The decisions of such district boards shall be final except that, in accordance with such rules

and regulations as the President may prescribe, he may affirm, modify, or reverse any such decision.

(c) The district courts of the United States, the United States courts of any Territory, and the District Court of the United States for the District of Columbia shall have jurisdiction of offenses and violations under this title and the rules and regulations prescribed thereunder, and, concurrent with State and Territorial courts, of all suits in equity and actions at law to enforce any liability or duty created by this title; but no question within the jurisdiction of any local board of appraisers shall be litigated in any such court unless the person litigating such question has invested in bonds as provided for by section 503 of this title and until a final decision with respect to such question has been rendered pursuant to subsection (b) of this section. Any such suit or action may be brought in the district wherein the defendant is found, or is an inhabitant, or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant, or wherever the defendant may be found. No judgment or decree rendered by any such court in any proceeding instituted by any such person shall require the United States or any of its agents to make reparation to the plaintiff, other than to repurchase from him such bonds as he was not rightfully compelled to purchase. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, secs. 225 and 347). No case arising under this title and brought in any State court of competent jurisdiction shall be removed to any court of the United States.

SEC. 505. (a) The President is authorized, in his discretion, to provide, under such rules and regulations as he may prescribe, for the acceptance by the United States of property or services which are valuable for the prosecution of war or the improvement of the national defense in payment for the bonds provided for by section 503 of this title. Such rules and regulations shall provide for the method of valuation of any such property or services.

(b) The President is further authorized to provide, under such rules and regulations as he may prescribe, for the acceptance from any person, in payment for the bonds authorized by section 503 of this title, of notes or other obligations of such person, bearing interest at the rate of 6 percent per annum and adequately secured by liens upon specified property.

(c) The President is authorized to issue currency, notes, or other obligations of the United States upon the security of property, notes, or other obligations accepted under subsections (a) or (b) of this section; but the amount of the currency, notes, or other obligations so issued shall not exceed the value of the security held against them and the security so held shall be used or disposed of solely for the purpose of discharging or retiring such currency, notes, or other obligations.

(d) The President is authorized to take such action as may be necessary to enforce any lien accepted under this section and to sell or otherwise dispose of any property acquired under this section. In the event that any person fails to pay the amount of any note or other obligation made by him and accepted under subsection (b), and the property securing such note or obligation is insufficient to discharge the indebtedness in full, a sum sufficient to discharge the balance of such indebtedness shall be withheld in redeeming the bonds issued under this title to such person.

SEC. 506. The President is authorized to make such rules and regulations, in addition to those specifically provided for herein, as may be necessary to carry out the provisions of this title.

SEC. 507. (a) Whoever shall make any false statement in any sworn declaration required to be filed by the first section of this title, and whoever shall violate any provision of any rule or regulation made by the President under this title, shall upon conviction thereof be fined not more than $10,000 or imprisoned not more than 2 years, or both.

(b) Whoever shall fail to purchase the amount of bonds which he is required to purchase under the provisions of this title or shall fail to purchase such bonds within the time prescribed under the provisions of this title shall upon conviction thereof be fined not more than $100,000 or imprisoned not more than 5 years, or both: *Provided*, That the maximum penalties which may be imposed upon any person convicted of failing to purchase the required amount of such bonds shall be reduced in proportion to the extent of his compliance.

SEC. 508. The powers conferred upon the President and the duties and liabilities to which owners of wealth are subjected by this title are declared to be supplementary to and not in limitation of or in substitution for any powers, duties, and liabilities with respect to the national defense under any other title.

SEC. 509. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

Mr. LEE. Mr. President, if I can have the attention of the Senate, I give my colleagues my word as a Senator that I will not delay the Senate long on the amendment.

This matter has been before the Senate on a point of order. The bill provides for the compulsory sale of bonds in an emergency which is of sufficient moment to call for drafting of men and when the Government needs to raise money.

The amendment is not a tax bill. It provides for forced loans. We are facing a situation which will require the Government to borrow fourteen or more billion dollars through the issuance of bonds. The first few billions of those bonds might sell easily. After that, how are we to sell the bonds unless we have a method of borrowing according to ability to lend just as we tax according to ability to pay?

The amendment does not provide for a capital levy. Under a capital levy nothing is repaid. Under the amendment the bonds would be repaid. The amendment merely provides a method of Government borrowing the credit of a man and using it as a backlog for financing national defense.

The amendment provides the same method of financing as was used in the World War, with four major changes. In the first place, instead of the sale being voluntary, it would be mandatory. Second, instead of the amount purchased by each individual being determined by his patriotism, or pressure put on him, or the desire for profit from tax-exempt, high-interest-bearing bonds, the amount would be determined by a schedule based on his net wealth. Third, the bonds would not be profitable from an investment standpoint. They would bear 1-percent interest. Fourth, they would not be transferable. That is an important point, because we would prohibit much profit that is made by virtue of a poor man buying a bond when he is not able to buy the bond, and then not being able to hold it, discounting it, and selling it to someone else, and letting the other person make the profit.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. BAILEY. The Senator gave four characteristics of the bonds. I think there is a fifth. They would be worthless.

Mr. LEE. No; the Government's obligations are not worthless. The bonds would not be sold on the market, if that is what the Senator means, because they would be nontransferable.

Mr. BAILEY. One could not transfer them, he would get only 1-percent interest, and under the Senator's doctrine announced today, we would tax them, and I think we could say they would be absolutely worthless. I could not put them up, I could not sell them, I could not do anything with them.

Mr. LEE. No; the Government promises to pay the bond at the maturity of the bond, and that is a very important point, because during the World War, when money was borrowed at the forks of the creek, the buyer could not hold the bonds; so he sold them, and they went to New York, and at maturity the money went to New York instead of to Oklahoma, and Florida, and Colorado, and North Carolina, and other sections of the country. Instead of expanding buying power, it added to the concentration of wealth, and caused a worse after-the-war slump than would have occurred if the bonds had been nontransferable, and, when they matured and were paid off, the money had gone out to the forks of the creek and to the grass roots, to the original purchasers.

Mr. President, three things are necessary to prosecute a war—men, money, and material. We have provided for the drafting of men and material but we have not provided for the compulsory method of financing war. Unless we turn to some plan of this kind, we will reach the point—mark my words—where we will have to fight a war here at home, as we did in the World War, in order to sell the bonds. The first few will sell easily because the banks are full of money, and then the defense program will swing into action and money will receive attractive offers, and it will be profitable to invest it; but, if the war crisis comes closer to us, money will hide, as it always does, and we shall reach such a point that it will be increasingly more difficult to sell those bonds. Then we will turn to Liberty Loan committees and strong-arm squads, and we will resort to kangaroo-court methods and methods of bludgeoning people into buying bonds beyond their ability to buy.

The method provided by my amendment is a sane and sensible method of doing the same thing in the field of finance that we have already done in the field of industry and insofar as drafting manpower is concerned.

The important thing, if we enter a war, is to win the war. Everything else must be of secondary importance. It is desirable to take the profits out of war. It is desirable to equalize the burdens of war as much as possible, but even those high ideals must take second place to the one prime motive, and that is to win the war.

Money has been called the sinews of war. Every government that has ever depended upon the voluntary method of raising money in time of war, in a major war, has reached the point where the voluntary method broke down, and the Government was forced to turn to the printing presses and issue fiat money, whereby it destroyed itself, when it still had wealth, but had no method of reaching it.

When we think of wealth in this country we must think of land, buildings, plants, physical properties. There is not enough cash in the country to carry forward our defense program, much less to fight a war. We must have some method of translating the country's nonliquid property into liquid cash so the Government may borrow it. My plan provides the machinery.

During the Civil War the South had property, but had no means of translating it into cash, so they turned to the printing press. The North had property, but it had no method for turning it into cash, and Lincoln issued greenbacks. Those greenbacks depreciated. They did not become entirely worthless, but they depreciated in value, and if the war had gone on longer who can say that they would not have become worthless. Yet here were two sections of a great country which had wealth, but no way of reaching it. A nation cannot pay as it fights. That has been proven. Therefore it must have some method, either of borrowing on the future or of using some accumulated savings. My amendment provides the machinery for doing that. It is fair and just that we be able to finance a war if we ask men to serve where they are subject to danger.

We were not in the World War very long. The outcome was never doubted. We knew we would be successful, and yet it became increasingly more difficult to raise the necessary money. I pay tribute to one of our colleagues, the senior Senator from Virginia [Mr. GLASS]. Due to his courage and the courage of those around him the Government was able to raise the necessary money. They went before the people and said, "We must have it." But what a battle it was to raise the money. Four-minute speakers were provided. There were pretty girl revues; there were Boy Scout solicitors; there were Girl Scout solicitors. Captured war material was brought to the United States, and trainloads of it were sent throughout the country in order to excite the people so they would buy Government bonds. Wounded soldiers were called out of hospitals, and they traveled around throughout the country exposing their broken bodies in order to get people to buy war bonds. Posters were made depicting little babies with tiny, chubby hands lifted up begging people to buy Liberty bonds. The Statue of Liberty, with flaming eyes, from posters everywhere shouted, "Buy Liberty Bonds!" It cost the Government $48,000,000 to beg the people to buy the bonds with which to finance the war. Yet here we are faced with the need of having to borrow no telling how many billion dollars, when we had the experience in the World War that it was almost impossible to do it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. ADAMS. I am somewhat amazed at the statement of cost. I wonder if the Senator knows what the items of cost were? The Senator said $48,000,000 was required for that purpose.

Mr. LEE. Yes. That statement is already in the RECORD. It is in the report of the Secretary of the Treasury. It cost $48,000,000-plus to conduct the campaign to sell the bonds The items of cost were listed. The cost increased with every successive bond issue. The advertising cost alone doubled with every successive bond campaign, and there were five of them.

I will say further, to show that it was increasingly more difficult to sell the bonds as the war proceeded, that it was necessary to increase the interest rates—to step the interest rates up. The first bonds bore 3½-percent interest. The next bonds bore 4-percent interest. The next bonds bore 4¼-percent interest. The last bonds bore 4¾-percent interest. Had we been in a war, as England is today with her back to the wall, there is no telling—perhaps we would have reached such a point that we could not have borrowed money at any rate of interest.

It has been said that each issue of bonds was oversubscribed, but that is very misleading. When one thinks of a bond issue being oversubscribed he thinks of a crowd rushing up to the Treasury waving check-books and money, trying to buy bonds, and the Secretary finally closing the gate in the faces of the prospective buyers, and saying, "The bond issue has been oversubscribed. We do not need any more money."

Instead advertisements were placed in every nook and corner of the country putting the pressure on the people to buy, and when the results were totaled up it was found that there was oversubscription. The rate of oversubscription tells the story. The first bonds were oversubscribed 52 percent. The second bonds were oversubscribed 54 percent. The next bond issue plummeted down to 39 percent. The next bond issue was oversubscribed 16½ percent. The last one was oversubscribed 16⅔ percent. In other words, with all the pressure that could be put on the people by the most flamboyant selling campaign that has ever been staged in the world, the oversubscription slumped from a high of 54 percent to a low of 16½ percent, and all the time the interest rate was going up. So we ought to have a plan of financing. We have provided for drafting men and material. Why not provide for the other requirement, which is money?

Men and money are necessary to win a war. If we have one and do not have the other we shall be defeated.

Mr. President, I shall not longer detain the Senate on the pending question. I appreciate the opportunity to explain this important measure—I think it is important—to the extent I have explained it. Of course, any money question is usually involved, and I could speak a long time on this question because I have made a special study of it. I am very much of the opinion that the amendment ought to be adopted at this time, but I shall not further detain the Senate.

Mr. HARRISON. Mr. President, the Senate is familiar with the question under consideration. It has been before the Senate previously and voted down. I hope the proposal will be voted down at this time also.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. LEE].

The amendment was rejected.

Mr. CONNALLY. I offer an amendment which I send to the desk.

The PRESIDING OFFICER. Is the Senator's amendment an amendment to the committee amendment?

Mr. CONNALLY. No. It is an amendment to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 173, after line 12, it is proposed to insert a new title: "Title V," the War Emergency Act.

Mr. HARRISON. As I understand, this is the war profits tax bill.

Mr. CONNALLY. That is correct.

Mr. HARRISON. I have no objection to the Senate adopting the amendment and letting it go to conference.

Mr. CONNALLY. I thank the Senator from Mississippi very much for his agreement to accept the amendment and have it go to conference. I do not like to have him put an accent on its going to conference, however. I should like to have him accept it. [Laughter.]

Mr. HARRISON. The Senator's hearing must be bad. I did not put any emphasis on its going to conference. For the information of the Senator, I will state that when the amendment goes to conference I shall fight diligently for it. I do not know whether or not I can persuade the House conferees, but I accept the amendment in good faith.

Mr. CONNALLY. I thank the Senator. I should prefer not to have the Senator express any doubt, before going to conference, as to his ability to convince the conferees.

Mr. President, this is a war-profits tax amendment which the Senate adopted in June, I think, by a yea-and-nay vote of 51 yeas and 28 nays. It is a bill which was prepared after many months of diligent work by a subcommittee of the Finance Committee appointed by the senior Senator from Mississippi [Mr. HARRISON]. The bill is the result of the labors of that subcommittee. Afterward it was in substance approved by the full Finance Committee, and it represents a scientific and well-prepared measure. I want it to go to conference, and I want the conferees to fight for it. The House conferees ought to accept it. In view of the fact that the Senate has heretofore voted on it by a yea-and-nay vote of 51 yeas and 28 nays, I shall not insist on a yea-and-nay vote at this time.

I wish to put in the RECORD a brief statement about the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CONNALLY WAR PROFITS TAX AMENDMENT

WASHINGTON, D. C., September 19.—Senator TOM CONNALLY offered as an amendment to the excess-profits tax the taxation provision of H. R. 4141, known as the Connally war-profits bill.

The amendment is operative only during a state of war declared by Congress. Upon such declaration of a state of war with a foreign government and the declaration by Congress that the existence of such state of war creates a grave national emergency, the terms of the war-tax amendment automatically come into force.

The amendment deals only with individual income taxes and corporation income taxes.

TAX RATES AND EXEMPTIONS—INDIVIDUALS

Exemption

The personal exemptions have been set at $800 and $1,600 in the case of single and married persons, respectively. In the case of dependents the credit is fixed at $250. The subcommittee fully recognizes that during a war period the cost of living may be substantially increased over peacetime. The urgent need for revenue, however, makes it advisable to place the exemption at such a point as will leave free of tax an amount that approximates the cost of the necessities of life.

Rates of tax

The proposed amendment provides for a normal tax of 10 percent and includes a schedule of surtax rates beginning with 6 percent on the first thousand dollars in excess of the exemption and $1,000, and reaching a maximum of 80 percent on surtax net income in excess of $50,000.

Individual income-tax rates vary from $40 on a $2,000 income on a married person with no dependents to $880,510 on an income of $1,000,000 on a married person with no dependents. The rates are graduated from 2 percent on a net income of $2,000 to 88.05 percent on a net income of $1,000,000.

CORPORATION TAXES

In the case of corporation taxes, the flat rate is 35 percent normal tax. The amendment also provides for an excess-profits tax in the case of corporations in which taxable income is in excess of 5 percent of the invested capital for the taxable year. A specific exemption of $3,000 to all corporations is allowed. The excess-profit rates are graduated to 60 percent of the amount of the net income in excess of 25 percent of such invested capital.

The rates carried in the amendment are designed to take the profits out of war by taxing all of the increased income created by a state of war.

Senator CONNALLY in discussing the objectives of the amendment said:

"The Senate Finance Committee, in 1936, appointed a subcommittee, of which I had the honor to be chairman, to study and report on wartime profits legislation pending before the Senate. After months of hard and exhaustive research and hearings, the amendment which I now offer was drafted.

"In its labors, the Finance Committee had the assistance of its own staff of expert tax authorities, and also consulted with and had the advice and counsel of tax experts of the Treasury.

"It is true that the amendment carries heavy rates of taxation both on incomes of individuals and on corporations. However, I believe that in time of war, when millions of our countrymen may be required to render service to the Government at trifling compensation and under circumstances involving sacrifice and personal danger, those citizens who remain at home should likewise bear heavy burdens in the form of taxation to provide the equipment, the supplies, the arms, munitions, artillery, warships, and all of the machinery to enable our armed forces to successfully wage war.

"It is my belief that the people of the United States are willing to bear heavy burdens in the national defense and for the protection of our country and its institutions.

"The public debt of the United States has been substantially increased in recent years. The present session of Congress has authorized the expenditure of about $15,000,000,000 for armaments, navies, airplanes, artillery, tanks, and all of the equipment and mechanism for equipping and arming the Nation for defense. These staggering sums must be met. The Government has no other means than taxation. It is the purpose of the bill, as nearly as possible, to provide for, during the existence of a state of war, a large part of the cost of war through current taxation.

"The Treasury Department in 1936, at the time the original amendment was prepared, estimated that the individual income-tax rate carried in the bill on the basis of income for 1928 would produce annually $7,800,000,000. No estimate at that time was available for the amount to be derived from corporation taxes.

"In short, the amendment which I offered is a real war-profits bill, operative only during a state of war, carrying heavy and high rates with a view to exacting from every citizen and every industry its contribution toward the prosecution of the war, as nearly comparable to the sacrifices to be made by those in the naval and military service as is possible under their different circumstances. The amendment has been carefully and painstakingly drawn to effectuate its purpose."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. CONNALLY].

The amendment was agreed to, as follows: On page 173, after line 12, to insert:

TITLE VIII

SEC. 801. References in this part to this act shall not be construed to include references to part I; references in part I to this act shall not be construed to include references to this part; and cross references in part I and part II shall be construed to refer to material contained in such parts, respectively.

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TITLE I—INCOME TAX

SUBTITLE A—INTRODUCTORY PROVISIONS

SEC. 1. Application of title.

The provisions of this title shall apply to any taxable year or portion of taxable year subsequent to its effective date. Income, war-profits, and excess-profits taxes in effect prior to the effective date of this title shall not be affected by the provisions of this title, but shall remain subject to applicable provisions of revenue acts in effect prior to such effective date.

SEC. 2. Cross references.

The cross references in this title to other portions of the title, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

SEC. 3. Classification of provisions.

The provisions of this title are herein classified and designated as—

Subtitle A—Introductory provisions,

Subtitle B—General provisions, divided into parts and sections,

Subtitle C—Supplemental provisions, divided into supplements and sections.

SEC. 4. Special classes of taxpayers.

The application of the general provisions and of Supplements A to D, inclusive, to each of the following special classes of taxpayers, shall be subject to the exceptions and additional provisions found in the supplement applicable to such class, as follows:

(a) Estates and trusts and the beneficiaries thereof—Supplement E.

(b) Members of partnerships—Supplement F.

(c) Insurance companies—Suppement G.

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SUBTITLE B—GENERAL PROVISIONS

PART I—RATES OF TAX

SEC. 11. Normal tax on individuals.

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 10 percent of the amount of the net income in excess of the credits against net income provided in section 25.

SEC. 12. Surtax on individuals.

(a) Definitions of "Surtax Net Income": As used in this section the term "surtax net income" means the amount of the net income in excess of the credits against net income provided in section 25 (b).

(b) Rates of surtax: There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

Upon a surtax net income of $1,000 there shall be no surtax; upon surtax net incomes in excess of $1,000 and not in excess of $2,000, 6 percent of such excess.

$60 upon surtax net incomes of $2,000; and upon surtax net incomes in excess of $2,000 and not in excess of $3,000, 9 percent in addition of such excess.

$150 upon surtax net incomes of $3,000; and upon surtax net incomes in excess of $3,000 and not in excess of $4,000, 12 percent in addition of such excess.

$270 upon surtax net incomes of $4,000; and upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 15 percent in addition of such excess.

$570 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 18 percent in addition of such excess.

$930 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 21 percent in addition of such excess.

$1,350 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $14,000, 25 percent in addition of such excess.

$2,350 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $18,000, 30 percent in addition of such excess.

$3,550 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $24,000, 40 percent in addition of such excess.

$5,950 upon surtax net incomes of $24,000; and upon surtax net incomes in excess of $24,000 and not in excess of $30,000, 50 percent in addition of such excess.

$8,950 upon surtax net incomes of $30,000; and upon surtax net incomes in excess of $30,000 and not in excess of $40,000, 60 percent in addition of such excess.

$14,950 upon surtax net incomes of $40,000; and upon surtax net incomes in excess of $40,000 and not in excess of $50,000, 70 percent in addition of such excess.

$21,950 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000, 80 percent in addition of such excess.

(c) Tax in case of capital gains or losses: For rate and computation of alternative tax in lieu of normal tax and surtax in the case of a capital gain or loss from the sale or exchange of capital assets held for more than 18 months, see section 117 (c).

(d) Sale of oil or gas properties: For limitation of surtax attributable to the sale of oil or gas properties, see section 105.

(e) Tax on personal holding companies: For surtax on personal holding companies, see title IA.

(f) Avoidance of surtaxes by incorporation: For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

SEC. 13. Tax on corporations in general.

(a) Definitions: For the purposes of this title—

(1) Adjusted net income: The term "adjusted net income" means the net income minus the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations.

(2) Normal-tax net income: The term "normal-tax net income" means the adjusted net income minus the credit for dividends received provided in section 26 (b).

(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every corporation the normal-tax net income of which is more than $25,000 (except a corporation subject to the tax imposed by sec. 14, sec. 231 (a), Supp. G, or Supp. Q) whichever of the following taxes is the lesser:

(1) General rule: A tax of 22 percent of the normal-tax net income; or

(2) Alternative tax (corporation with normal-tax net income slightly more than $25,000): A tax of $4,025, plus 35 percent of the amount of the normal-tax net income in excess of $25,000.

(c) Exempt corporations.—

For corporations exempt from taxation under this title, see section 101.

(d) Tax on personal holding companies.—

For surtax on personal holding companies, see section 500.

(e) Improper accumulation of surplus.—

For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

SEC. 14. Tax on special classes of corporations.

(a) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of the following corporations (in lieu of the tax imposed by sec. 13) the tax hereinafter in this section specified.

(b) Corporations with normal-tax net incomes of not more than $25,000: If the normal-tax net income of the corporation is not more than $25,000, and if the corporation does not come within one of the classes specified in subsection (c), (d), or (e) of this section, the tax shall be as follows:

Upon normal-tax net incomes not in excess of $5,000, 14½ percent.

Seven hundred and twenty-five dollars upon normal-tax net incomes of $5,000, and upon normal-tax net incomes in excess of $5,000 and not in excess of $20,000, 16 percent in addition of such excess.

Three thousand one hundred and twenty-five dollars upon normal-tax net incomes of $20,000, and upon normal-tax net incomes in excess of $20,000, 18 percent in addition of such excess.

(c) Foreign corporations.—

(1) In the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein, the tax shall be an amount equal to 22 percent of the normal-tax net income, regardless of the amount thereof.

(2) In the case of a foreign corporation not engaged in trade or business within the United States and not having an office or place of business therein, the tax shall be as provided in section 231 (a).

(d) Insurance companies: In the case of insurance companies, the tax shall be as provided in Supplement G.

(e) Mutual investment companies: In the case of mutual investment companies, as defined in Supplement Q, the tax shall be as provided in such supplement.

(f) Exempt corporations.—

For corporations exempt from taxation under this title, see section 101.

(g) Tax on personal holding companies.—

For surtax on personal holding companies, see section 500.

(h) Improper accumulation of surplus.—

For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

PART II—COMPUTATION OF NET INCOME

SEC. 21. Net income.

(a) Definition: "Net income" means the gross income computed under section 22, less the deductions allowed by section 23.

(b) Cross references: For definition of "adjusted net income" and "normal-tax net income," see section 13.

SEC. 22. Gross income.

(a) General definition: "Gross income" includes gains, profits, and income derived from salaries, wages, or compensation for personal service (including personal service as an officer or employee of a State, or any political subdivision thereof, or any agency or instrumentality of any one or more of the foregoing), of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever. In the case of Presidents of the United States and judges of courts of the United States taking office after June 6, 1932, the compensation received as such shall be included in gross income; and all acts fixing the compensation of such Presidents and judges are hereby amended accordingly. In the case of judges of courts of the United States who took office on or before June 6, 1932, the compensation received as such shall be included in gross income.

(b) Exclusions from gross income: The following items shall not be included in gross income and shall be exempt from taxation under this title:

(1) Life insurance: Amounts received under a life-insurance contract paid by reason of the death of the insured, whether in a single sum or otherwise (but if such amounts are held by the

insurer under an agreement to pay interest thereon, the interest payments shall be included in gross income):

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph;

(3) Gifts, bequests, and devises: The value of property acquired by gift, bequest, devise, or inheritance (but the income from such property shall be included in gross income);

(4) Tax-free interest: Interest upon (A) the obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; or (B) obligations of a corporation organized under act of Congress, if such corporation is an instrumentality of the United States; or (C) the obligations of the United States or its possessions. Every person owning any of the obligations enumerated in clause (A), (B), or (C) shall, in the return required by this title, submit a statement showing the number and amount of such obligations owned by him and the income received therefrom, in such form and with such information as the Commissioner may require. In the case of obligations of the United States issued after September 1, 1917 (other than postal savings certificates of deposit) and in the case of obligations of a corporation organized under act of Congress, the interest shall be exempt only if and to the extent provided in the respective acts authorizing the issue thereof as amended and supplemented, and shall be excluded from gross income only if and to the extent it is wholly exempt from the taxes imposed by this title;

(5) Compensation for injuries or sickness: Amounts received, through accident or health insurance or under workmen's compensation acts, as compensation for personal injuries or sickness, plus the amount of any damages received, whether by suit or agreement, on account of such injuries or sickness.

(6) Ministers: The rental value of a dwelling house and appurtenances thereof furnished to a minister of the gospel as part of his compensation;

(7) Income exempt under treaty: Income of any kind, to the extent required by any treaty obligation of the United States;

(8) Miscellaneous items: The following items, to the extent provided in section 116:

The income of foreign governments;

Income of States, municipalities, and other political subdivisions;

Receipts of shipowners' mutual protection and indemnity associations;

Dividends from China Trade Act corporations;

Compensation of employees of foreign governments.

(9) Income from discharge of indebtedness: In the case of a corporation, the amount of any income of the taxpayer attributable to the discharge, within the taxable year, of any indebtedness of the taxpayer or for which the taxpayer is liable evidenced by a security (as hereinafter in this paragraph defined) if—

(A) it is established to the satisfaction of the Commissioner, or

(B) it is certified to the Commissioner by any Federal agency authorized to make loans on behalf of the United States to such corporation or by any Federal agency authorized to exercise regulatory power over such corporation,

that at the time of such discharge the taxpayer was in an unsound financial condition, and if the taxpayer makes and files at the time of filing the return, in such manner as the Commissioner, with the approval of the Secretary, by regulations prescribes, its consent to the regulations prescribed under section 113 (b) (3) then in effect. In such case the amount of any income of the taxpayer attributable to any unamortized premium (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be included in gross income and the amount of the deduction attributable to any unamortized discount (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be allowed as a deduction. As used in this paragraph the term "security" means any bond, debenture, note, or certificate, or other evidence of indebtedness, issued by any corporation, in existence on June 1, 1939. This paragraph shall not apply to any discharge occurring in a taxable year beginning after December 31, 1942.

(c) Inventories: Whenever in the opinion of the Commissioner the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the Commissioner, with the approval of the Secretary, may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

(d) Inventories in certain industries: (1) A taxpayer may use the following method (whether or not such method has been prescribed under subsection (c)) in inventorying goods specified in the application required under paragraph (2):

(A) Inventory them at cost;

(B) Treat those remaining on hand at the close of the taxable year as being: First, those included in the opening inventory of the taxable year (in the order of acquisition) to the extent thereof, and second, those acquired in the taxable year; and

(C) Treat those included in the opening inventory of the taxable year in which such method is first used as having been acquired at the same time and determine their cost by the average cost method.

(2) The method described in paragraph (1) may be used—

(A) Only in inventorying goods (required under subsection (c) to be inventoried) specified in an application to use such method filed at such time and in such manner as the Commissioner may prescribe; and

(B) Only if the taxpayer establishes to the satisfaction of the Commissioner that the taxpayer has used no procedure other than that specified in subparagraphs (B) and (C) of paragraph (1) in inventorying (to ascertain income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) such goods for any period beginnning with or during the first taxable year for which the method described in paragraph (1) is to be used.

(3) The change to, and the use of, such method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.

(4) In determining income for the taxable year preceding the taxable year for which such method is first used, the closing inventory of such preceding year of the goods specified in such application shall be at cost.

(5) If a taxpayer, having complied with paragraph (2), uses the method described in paragraph (1) for any taxable year, then such method shall be used in all subsequent taxable years unless—

(A) With the approval of the Commissioner a change to a different method is authorized; or

(B) The Commissioner determines that the taxpayer has used for any period beginning with or during any subsequent taxable year some procedure other than that specified in subparagraph (B) of paragraph (1) in inventorying (for ascertaining income, profit, or loss, for credit purposes, or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries) the goods specified in the application, and requires a change to a method different from that prescribed in paragraph (1) beginning with such subsequent taxable year or any taxable year thereafter.

In either of the above cases, the change to, and the use of the different method shall be in accordance with such regulations as the Commissioner, with the approval of the Secretary, may prescribe as necessary in order that the use of such method may clearly reflect income.

(e) Distribution by corporations: Distributions by corporations shall be taxable to the shareholders as provided in section 115.

(f) Determination of gain or loss: In the case of a sale or other disposition of property, the gain or loss shall be computed as provided in section 111.

(g) Gross income from sources within and without United States: For computation of gross income from sources within and without the United States, see section 119.

(h) Foreign personal holding companies: For provisions relating to gross income of foreign personal holding companies and of their shareholders, see section 334.

(i) Consent dividends: For inclusion in gross income of amounts specified in shareholders' consents, see section 125.

SEC. 23. Deductions from gross income.

In computing net income there shall be allowed as deductions:

(a) Expenses.—

(1) In general: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity.

(2) Corporate charitable contributions: No deduction shall be allowable under paragraph (1) to a corporation for any contribution or gift which would be allowable as a deduction under subsection (q) were it not for the 5-percent limitation therein contained and for the requirement therein that payment must be made within the taxable year.

(b) Interest: All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from the taxes imposed by this title.

(c) Taxes generally: Taxes paid or accrued within the taxable year, except—

(1) Federal income, war-profits, and excess-profits taxes (other than the excess-profits tax imposed by title I B of this act, by section

106 of the Revenue Act of 1935, by section 602 of the Revenue Act of 1938, or by section 600 of the Internal Revenue Code);

(2) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of section 131 (relating to credit for taxes of foreign countries and possessions of the United States);

(3) estate, inheritance, legacy, succession, and gift taxes; and

(4) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges.

(d) Taxes of shareholder paid by corporation: The deduction for taxes allowed by subsection (c) shall be allowed to a corporation in the case of taxes imposed upon a shareholder of the corporation upon his interest as shareholder which are paid by the corporation without reimbursement from the shareholder, but in such cases no deduction shall be allowed the shareholder for the amount of such taxes.

(e) Losses by individuals: In the case of an individual, losses sustained during the taxable year and not compensated for by insurance or otherwise—

(1) if incurred in trade or business; or

(2) if incurred in any transaction entered into for profit, though not connected with the trade or business; or

(3) of property not connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualty, or from theft. No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return such loss has been claimed as a deduction for estate tax purposes in the estate tax return.

(f) Losses by corporations: In the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise.

(g) Capital losses:

(1) Limitation: Losses from sales or exchanges of capital assets shall be allowed only to the extent provided in section 117.

(2) Securities becoming worthless: If any securities (as defined in paragraph (3) of this subsection) become worthless during the taxable year and are capital assets, the loss resulting therefrom shall, for the purposes of this title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.

(3) Definition of securities: As used in this subsection the term "securities" means (A) shares of stock in a corporation, and (B) rights to subscribe for or to receive such shares.

(h) Wagering losses: Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(i) Basis for determining loss: The basis for determining the amount of deduction for losses sustained, to be allowed under subsection (e) or (f), and for bad debts, to be allowed under subsection (k), shall be the adjusted basis provided in section 113 (b) for determining the loss from the sale or other disposition of property.

(j) Loss on wash sales of stock or securities: For disallowance of loss deduction in the case of sales of stock or securities where within 30 days before or after the date of the sale the taxpayer has acquired substantially identical property, see section 118.

(k) Bad debts:

(1) General rule: Debts ascertained to be worthless and charged off within the taxable year (or, in the discretion of the Commissioner, a reasonable addition to a reserve for bad debts); and when satisfied that a debt is recoverable only in part, the Commissioner may allow such debt, in an amount not in excess of the part charged off within the taxable year, as a deduction. This paragraph shall not apply in the case of a taxpayer, other than a bank, as defined in section 104, with respect to a debt evidenced by a security as defined in paragraph (3) of this subsection.

(2) Securities becoming worthless: If any securities (as defined in paragraph (3) of this subsection) are ascertained to be worthless and charged off within the taxable year and are capital assets, the loss resulting therefrom shall, in the case of a taxpayer other than a bank, as defined in section 104, for the purposes of this title, be considered as a loss from the sale or exchange, on the last day of such taxable year, of capital assets.

(3) Definition of securities: As used in this subsection, the term "securities" means bonds, debentures, notes, or certificates, or other evidences of indebtedness, issued by any corporation (including those issued by a government or political subdivision thereof), with interest coupons or in registered form.

(l) Depreciation: A reasonable allowance for the exhaustion, wear, and tear of property used in the trade or business, including a reasonable allowance for obsolescence. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each.

(m) Depletion: In the case of mines, oil and gas wells, other natural deposits, and timber, a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations to be prescribed by the Commissioner, with the approval of the Secretary. In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised and the allowance under this subsection for subsequent taxable years shall be based upon such revised estimate. In the case of leases the deduction shall be equitably apportioned between the lessor and lessee. In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. (For percentage depletion allowable under this subsection, see section 114 (b), (3) and (4).)

(n) Basis for depreciation and depletion: The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be as provided in section 114.

(o) Charitable and other contributions: In the case of an individual, contributions or gifts payment of which is made within the taxable year to or for the use of:

(1) the United States, and State, Territory, or any political subdivision thereof or the District of Columbia, or any possession of the United States, for exclusively public purposes;

(2) a corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States or of any State or Territory or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(3) the special fund for vocational rehabilitation authorized by section 12 of the World War Veterans' Act, 1924;

(4) posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or

(5) a domestic fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;

to an amount which in all the above cases combined does not exceed 15 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary. (For unlimited deduction if contributions and gifts exceed 90 percent of the net income, see section 120.)

(p) Pension trusts:

(1) General rule: An employer establishing or maintaining a pension trust to provide for the payment of reasonable pensions to his employees shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under subsection (a) of this section) a reasonable amount transferred or paid into such trust during the taxable year in excess of such contributions, but only if such amount (1) has not theretofore been allowable as a deduction, and (2) is apportioned in equal parts over a period of 10 consecutive years beginning with the year in which the transfer or payment is made.

(2) Deductions under prior income tax acts: Any deduction allowable under section 23 (q) of the Revenue Act of 1928 or the Revenue Act of 1932 or the Revenue Act of 1934, or under section 23 (p) of the Revenue Act of 1936, or the Revenue Act of 1938 or the Internal Revenue Code which under such section was apportioned to any taxable year beginning after December 31, 1937, shall be allowed as a deduction in the years to which so apportioned to the extent allowable under such section if it had remained in force with respect to such year.

(3) Exemption of trusts under section 165: The provisions of paragraphs (1) and (2) of this subsection shall be subject to the qualification that the deduction under either paragraph shall be allowable only with respect to a taxable year (whether the year of the transfer or payment or a subsequent year) of the employer ending within or with a taxable year of the trust with respect to which the trust is exempt from tax under section 165.

(q) Charitable and other contributions by corporations: In the case of a corporation, contributions or gifts, payment of which is made within the taxable year to or for the use of a corporation, trust, or community chest, fund, or foundation, created or organized in the United States or in any possession thereof or under the law of the United States, or of any State or Territory, or of the District of Columbia, or of any possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children (but in the case of contributions or gifts to a trust, chest, fund, or foundation, only if such contributions or gifts are to be used within the United States or any of its possessions exclusively for such purposes), no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying

on propaganda, or otherwise attempting to influence legislation; to an amount which does not exceed 5 percent of the taxpayer's net income as computed without the benefit of this subsection. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the Commissioner, with the approval of the Secretary.

(r) For deduction of dividends paid by certain banking corporations, see section 121.

(s) Net operating loss deduction: For any taxable year beginning after December 31, 1939, the net operating loss deduction computed under section 122.

SEC. 24. Items not deductible.

(a) General rule: In computing net income no deductions shall in any case be allowed in respect of—

(1) Personal, living, or family expenses;

(2) Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate;

(3) Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of any officer or employee, or of any person financially interested in any trade or business carried on by the taxpayer, when the taxpayer is directly or indirectly a beneficiary under such policy; or

(5) Any amount otherwise allowable as a deduction which is allocable to one or more classes of income other than interest (whether or not any amount of income of that class or classes is received or accrued) wholly exempt from the taxes imposed by this title.

(b) Losses from sales or exchanges of property:

(1) Losses disallowed: In computing net income no deduction shall in any case be allowed in respect of losses from sales or exchanges of property, directly or indirectly—

(A) Between members of a family, as defined in paragraph (2) (D);

(B) Except in the case of distributions in liquidation, between an individual and a corporation more than 50 percent in value of the outstanding stock of which is owned, directly or indirectly, by or for such individual;

(C) Except in the case of distributions in liquidation, between two corporations more than 50 percent in value of the outstanding stock of each of which is owned, directly or indirectly, by or for the same individual, if either one of such corporations, with respect to the taxable year of the corporation preceding the date of the sale or exchange was, under the law applicable to such taxable year, a personal holding company or a foreign personal holding company;

(D) Between a grantor and a fiduciary of any trust;

(E) Between the fiduciary of a trust and the fiduciary of another trust, if the same person is a grantor with respect to each trust; or

(F) Between a fiduciary of a trust and a beneficiary of such trust.

(2) Stock ownership, family, and partnership rule: For the purposes of determining, in applying paragraph (1), the ownership of stock—

(A) Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries;

(B) An individual shall be considered as owning the stock owned, directly or indirectly, by or for his family;

(C) An individual owning (otherwise than by the application of subparagraph (B)) any stock in a corporation shall be considered as owning the stock owned, directly or indirectly, by or for his partner;

(D) The family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants; and

(E) Constructive ownership as actual ownership: Stock constructively owned by a person by reason of the application of subparagraph (A) shall, for the purpose of applying subparagraph (A), (B), or (C), be treated as actually owned by such person, but stock constructively owned by an individual by reason of the application of subparagraph (B) or (C) shall not be treated as owned by him for the purpose of again applying either of such subparagraphs in order to make another the constructive owner of such stock.

(c) Unpaid expenses and interest: In computing net income no deduction shall be allowed under section 23 (a), relating to expenses incurred, or under section 23 (b), relating to interest accrued—

(1) If such expenses or interest are not paid within the taxable year or within 2½ months after the close thereof; and

(2) If, by reason of the method of accounting of the person to whom the payment is to be made, the amount thereof is not, unless paid, includible in the gross income of such person for the taxable year in which or with which the taxable year of the taxpayer ends; and

(3) If, at the close of the taxable year of the taxpayer or at any time within 2½ months thereafter, both the taxpayer and the person to whom the payment is to be made are persons between whom losses would be disallowed under section 24 (b).

(d) Holders of life or terminable interest: Amounts paid under the laws of any State, Territory, District of Columbia, possession of the United States, or foreign country as income to the holder of a life or terminable interest acquired by gift, bequest, or inheritance shall not be reduced or diminished by any deduction for shrinkage (by whatever name called) in the value of such interest due to the lapse of time, nor by any deduction allowed by this title (except the deductions provided for in subsections (l) and (m) of section 23) for the purpose of computing the net income of an estate or trust but not allowed under the laws of such State, Territory, District of Columbia, possession of the United States, or foreign country for the purpose of computing the income to which such holder is entitled.

(e) Tax withheld on tax-free covenant bonds: For nondeductibility of tax withheld on tax-free covenant bonds, see section 143 (a) (3).

SEC. 25. Credits of individual against net income.

(a) Credits for normal tax only: There shall be allowed for the purpose of the normal tax, but not for the surtax, the following credits against the net income:

(1) Interest on United States obligations: The amount received as interest upon obligations of the United States which is included in gross income under section 22.

(2) Interest on obligations of instrumentalities of the United States: The amount received as interest on obligations of a corporation organized under act of Congress, if (A) such corporation is an instrumentality of the United States; and (B) such interest is included in gross income under section 22; and (C) under the act authorizing the issue thereof, as amended and supplemented, such interest is exempt from normal tax.

(b) Credits for both normal tax and surtax: There shall be allowed for the purposes of the normal tax and the surtax the following credits against net income:

(1) Personal exemption: In the case of a single person, or a married person not living with husband or wife, a personal exemption of $800; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of $1,600. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be $1,600. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them.

(2) Credit for dependents: $250 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under 18 years of ago or is incapable of self-support because mentally or physically defective.

(3) Change of status: If the status of the taxpayer insofar as it affects the personal exemption or credit for dependents, changes during the taxable year, the personal exemption and credit shall be apportioned, under rules and regulations prescribed by the Commission with the approval of the Secretary, in accordance with the number of months before and after such change. For the purpose of such apportionment a fractional part of a month shall be disregarded unless it amounts to more than half a month in which case it shall be considered as a month.

SEC. 26. Credits of corporations.

In the case of a corporation the following credits shall be allowed to the extent provided in the various sections imposing tax—

(a) Interest on obligations of the United States and its instrumentalities: The amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (1) or (2).

(b) Dividends received: 85 percent of the amount received as dividends from a domestic corporation which is subject to taxation under this title, but not in excess of 85 percent of the adjusted net income. The credit allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

(c) Dividends paid credit: For corporation dividends paid credit, see section 124.

(d) Consent dividends credit: For corporation consent dividends credit, see section 125.

PART III—CREDITS AGAINST TAX

SEC. 31. Taxes of foreign countries and possessions of United States.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax to the extent provided in section 131.

SEC. 32. Taxes withheld at source.

The amount of tax withheld at the source under section 143 or 144 shall be allowed as a credit against the tax.

SEC. 33. Credit for overpayments.

For credit against the tax of overpayment of taxes imposed by this title for other taxable years, see section 322.

PART IV—ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

SEC. 41. General rule.

The net income shall be computed upon the basis of the taxpayer's annual accounting period (fiscal year or calendar year, as the case may be) in accordance with the method of accounting regularly employed in keeping the books of such taxpayer; but if no such method of accounting has been so employed, or if the method employed does not clearly reflect the income, the computation shall be made in accordance with such method as in the opinion of the Commissioner does clearly reflect the income. If the taxpayer's annual accounting period is other than a fiscal year as defined in section 48 or if the taxpayer has no annual accounting period or does not keep books, the net income shall be computed on the basis of the calendar year. (For use of inventories, see section 22 (c), (d).)

SEC. 42. Period in which items of gross income included.

The amount of all items of gross income shall be included in the gross income for the taxable year in which received by the taxpayer, unless, under methods of accounting permitted under section 41, any such amounts are to be properly accounted for as of a different period. In the case of the death of a taxpayer there shall be included in computing net income for the taxable period in which falls the date of his death, amounts accrued up to the date of his death if not otherwise properly includible in respect of such period or a prior period.

SEC. 43. Period for which deductions and credits taken.

The deductions and credits (other than the corporation dividends paid credit provided in section 124) provided for in this title shall be taken for the taxable year in which "paid or accrued" or "paid or incurred," dependent upon the method of accounting upon the basis of which the net income is computed, unless in order to clearly reflect the income the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer there shall be allowed as deductions and credits for the taxable period in which falls the date of his death (except deductions under section 23 (o)) amounts accrued up to the date of his death if not otherwise properly allowable in respect of such period or a prior period.

SEC. 44. Installment basis.

(a) Dealers in personal property: Under regulations prescribed by the Commissioner with the approval of the Secretary, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit realized or to be realized when payment is completed, bears to the total contract price.

(b) Sales of realty and casual sales of personalty: In the case (1) of a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year), for a price exceeding $1,000, or (2) of a sale or other disposition of real property, if in either case the initial payments do not exceed 30 percent of the selling price (or, in case the sale or other disposition was in a taxable year beginning prior to January 1, 1934, the percentage of the selling price prescribed in the law applicable to such year), the income may, under regulations prescribed by the Commissioner with the approval of the Secretary, be returned on the basis and in the manner above prescribed in this section. As used in this section the term "initial payments" means the payments received in cash or propery other than evidences of indebtedness of the purchaser during the taxable period in which the sale or other disposition is made.

(c) Change from accrual to installment basis: If a taxpayer entitled to the benefits of subsection (a) elects for any taxable year to report his net income on the installment basis, then in computing his income for the year of change or any subsequent year, amounts actually received during any such year on account of sales or other dispositions of property made in any prior year shall not be excluded.

(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This subsection shall not apply to the transmission at death of installment obligations if there is filed with the Commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment. If an installment obligation is distributed by one corporation to another corporation in the course of a liquidation, and under section 112 (b) (6) no gain or loss with respect to the receipt of such obligation is recognized in the case of the recipient corporation, then no gain or loss with respect to the distribution of such obligation shall be recognized in the case of the distributing corporation.

SEC. 45. Allocation of income and deductions.

In any case of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the United States, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Commissioner is authorized to distribute, apportion, or allocate gross income or deductions between or among such organizations, trades, or businesses, if he determines that such distribution, apportionment, or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any of such organizations, trades, or businesses.

SEC. 46. Change of accounting period.

If a taxpayer changes his accounting period from fiscal year to calendar year, from calendar year to fiscal year, or from one fiscal year to another, the net income shall, with the approval of the Commissioner, be computed on the basis of such new accounting period, subject to the provisions of section 47.

SEC. 47. Returns for a period of less than 12 months.

(a) Returns for short period resulting from change of accounting period: If a taxpayer, with the approval of the Commissioner, changes the basis of computing net income from fiscal year to calendar year a separate return shall be made for the period between the close of the last fiscal year for which return was made and the following December 31. If the change is from calendar year to fiscal year, a separate return shall be made for the period between the close of the last calendar year for which return was made and the date designated as the close of the fiscal year. If the change is from one fiscal year to another fiscal year a separate return shall be made for the period between the close of the former fiscal year and the date designated as the close of the new fiscal year.

(b) Income computed on basis of short period: Where a separate return is made under subsection (a) on account of a change in the accounting period, and in all other cases where a separate return is required or permitted, by regulations prescribed by the Commissioner with the approval of the Secretary, to be made for a fractional part of a year, then the income shall be computed on the basis of the period for which separate return is made.

(c) Income placed on annual basis: If a separate return is made (except returns of the income of a corporation) under subsection (a) on account of a change in the accounting period, the net income, computed on the basis of the period for which separate return is made, shall be placed on an annual basis by multiplying the amount thereof by 12 and dividing by the number of months included in the period for which the separate return is made. The tax shall be such part of the tax computed on such annual basis as the number of months in such period is of 12 months.

(d) Reduction of credits against net incomes: In the case of a return made for a fractional part of a year, except a return made under subsection (a), on account of a change in the accounting period, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which return is made bears to 12 months.

(e) Closing of taxable year in case of jeopardy: For closing of taxable year in case of jeopardy, see section 146.

SEC. 48. Taxable period embracing years with different laws.

In cases where the effective date of this act does not coincide with the beginning of the calendar year, or the fiscal year of the taxpayer, the tax for the taxable period covered by the first return under this title shall be the sum of (1) the same proportion of a tax for the entire period computed under the Revenue Act in effect immediately preceding the effective date of this act which the portion of such period covered by such preceding act is of the entire period; and (2) the same proportion of a tax for the entire period computed under this title which the portion of such period for which this act is effective is of the entire period.

SEC. 49. Definitions.

When used in this title—

(a) Taxable year: "Taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the net income is computed under this part. "Taxable year" includes, in the case of a return made for a fractional part of a year under the provisions of this title or under regulations prescribed by the Commissioner with the approval of the Secretary, the period for which such return is made.

(b) Fiscal year: "Fiscal year" means an accounting period of 12 months ending on the last day of any month other than December.

(c) Paid, incurred, accrued: The terms "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the net income is computed under this part.

(d) Trade or business: The term "trade or business" includes the performance of the functions of a public office.

PART V—RETURNS AND PAYMENT OF TAX

SEC. 51. Individual returns.

(a) Requirement: The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioner with the approval of the Secretary may by regulations prescribe—

(1) Every individual who is single or who is married but not living with husband or wife, if having a gross income for the taxable year of $800 or over;

(2) Every individual who is married and living with husband or wife, if no joint return is made under subsection (b) and if—

(A) Such individual has for the taxable year a gross income of $1,600 or over, and the other spouse has no gross income; or

(B) Such individual and his spouse each has for the taxable year a gross income and the aggregate gross income of the two is $1,600 or over.

(b) Husband and wife: In the case of a husband and wife living together the income of each (even though one has no gross income) may be included in a single return made by them jointly, in which case the tax shall be computed on the aggregate income, and the liability with respect to the tax shall be joint and several. No joint return may be made if either the husband or wife is a nonresident alien.

(c) Persons under disability: If the taxpayer is unable to make his own return, the return shall be made by a duly authorized agent

or by the guardian or other person charged with the care of the person or property of such taxpayer.

(d) Signature presumed correct: The fact that an individual's name is signed to a filed return shall be prima facie evidence for all purposes that the return was actually signed by him.

(e) Fiduciaries:

For returns to be made by fiduciaries, see section 142.

SEC. 52. Corporation returns.

Every corporation subject to taxation under this title shall make a return, stating specifically the items of its gross income and the deductions and credits allowed by this title and such other information for the purpose of carrying out the provisions of this title as the Commissioner with the approval of the Secretary may by regulations prescribe. The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer, assistant treasurer, or chief accounting officer. In cases where receivers, trustees in bankruptcy, or assignees are operating the property or business of corporations, such receivers, trustees, or assignees shall make return for such corporations in the same manner and form as corporations are required to make returns. Any tax due on the basis of such returns made by receivers, trustees, or assignees shall be collected in the same manner as if collected from the corporations of whose business or property they have custody and control.

SEC. 53. Time and place for filing returns.

(a) Time for filing:

(1) General rule: Returns made on the basis of the calendar year shall be made on or before the 15th day of March following the close of the calendar year. Returns made on the basis of a fiscal year shall be made on or before the 15th day of the third month following the close of the fiscal year.

(2) Extension of time: The Commissioner may grant a reasonable extension of time for filing returns, under such rules and regulations as he shall prescribe with the approval of the Secretary. Except in the case of taxpayers who are abroad, no such extension shall be for more than 6 months.

(b) To whom return made:

(1) Individuals: Returns (other than corporation returns) shall be made to the collector for the district in which is located the legal residence or principal place of business of the person making the return, or, if he has no legal residence or principal place of business in the United States, then to the collector at Baltimore, Md.

(2) Corporations: Returns of corporations shall be made to the collector of the district in which is located the principal place of business or principal office or agency of the corporation, or, if it has no principal place of business or principal office or agency in the United States, then to the collector at Baltimore, Md.

SEC. 54. Records and special returns.

(a) By taxpayer: Every person liable to any tax imposed by this title or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations, as the Commissioner, with the approval of the Secretary, may from time to time prescribe.

(b) To determine liability to tax: Whenever in the judgment of the Commissioner necessary he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records, as the Commissioner deems sufficient to show whether or not such person is liable to tax under this title.

(c) Information at the source: For requirement of statements and returns by one person to assist in determining the tax liability of another person, see sections 147 to 150.

(d) Copies of returns: If any person, required by law or regulations made pursuant to law to file a copy of any income return for any taxable year, fails to file such copy at the time required, there shall be due and assessed against such person $5 in the case of an individual return or $10 in the case of a fiduciary, partnership, or corporation return, and the collector with whom the return is filed shall prepare such copy. Such amount shall be collected and paid, without interest, in the same manner as the amount of tax due in excess of that shown by the taxpayer upon a return in the case of a mathematical error appearing on the face of the return. Copies of returns filed or prepared pursuant to this subsection shall remain on file for a period of not less than two years from the date they are required to be filed, and may be destroyed at any time thereafter under the direction of the Commissioner.

(e) Foreign personal holding companies: For information returns by officers, directors, and large shareholders, with respect to foreign personal holding companies, see sections 338, 339, and 340.

SEC. 55. Publicity of returns.

(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under section 55 of the Internal Revenue Code.

SEC. 56. Payment of tax.

(a) Time of payment: The total amount of tax imposed by this title shall be paid on the 15th day of March following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the 15th day of the third month following the close of the fiscal year.

(b) Installment payments: The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on the date prescribed for the payment of the tax by the taxpayer, the second installment shall be paid on the 15th day of the third month, the third installment on the 15th day of the sixth month, and the fourth installment on the 15th day of the ninth month, after such date. If any installment is not paid on or before the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.

(c) Extension of time for payment.—

(1) General rule: At the request of the taxpayer, the Commissioner may extend the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, for a period not to exceed 6 months from the date prescribed for the payment of the tax or an installment thereof. In such case the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension.

(2) Liquidation of personal holding companies: At the request of the taxpayer, the Commissioner may (under regulations prescribed by the Commissioner with the approval of the Secretary) extend (for a period not to exceed 5 years from the date prescribed for the payment of the tax) the time for the payment of such portion of the amount determined as the tax by the taxpayer as is attributable to the short-term or long-term capital gain derived by the taxpayer from the receipt by him of property other than money upon the complete liquidation (as defined in section 115 (c)) of a corporation. This paragraph shall apply only if the corporation, for its taxable year preceding the year in which occurred the complete liquidation (or the first of the series of distributions referred to in such section), was, under the law applicable to such taxable year, a personal holding company or a foreign personal holding company. An extension under this paragraph shall be granted only if it is shown to the satisfaction of the Commissioner that the failure to grant it will result in undue hardship to the taxpayer. If an extension is granted the amount with respect to which the extension is granted shall be paid on or before the date of the expiration of the extension. If an extension is granted under this paragraph the Commissioner may require the taxpayer to furnish a bond in such amount, not exceeding double the amount with respect to which the extension is granted, and with such sureties as the Commissioner deems necessary, conditioned upon the payment of the amount with respect to which the extension is granted in accordance with the terms of the extension.

(d) Voluntary advance payment: A tax imposed by this title, or any installment thereof, may be paid, at the election of the taxpayer, prior to the date prescribed for its payment.

(e) Advance payment in case of jeopardy: For advance payment in case of jeopardy (see section 146).

(f) Tax withheld at source: For requirement of withholding tax at the source in the case of nonresident aliens and foreign corporations, and in the case of so-called "tax-free covenant bonds" (see sections 143 and 144).

(g) Fractional parts of cent: In the payment of any tax under this title a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to 1 cent.

(h) Receipts: Every collector to whom any payment of any income tax is made shall upon request give to the person making such payment a full written or printed receipt therefor.

SEC. 57. Examination of return and determination of tax.

As soon as practicable after the return is filed the Commissioner shall examine it and shall determine the correct amount of the tax.

SEC. 58. Additions to tax and penalties.

(a) For additions to the tax in the case of negligence or fraud in the nonpayment of tax or failure to file return therefor, see Supplement M.

(b) For criminal penalties for nonpayment of tax or failure to file return therefor, see section 145.

SEC. 59. Administrative proceedings.

For administrative proceedings in respect of the nonpayment or overpayment of a tax imposed by this title, see as follows:

(a) Supplement L, relating to assessment and collection of deficiencies.

(b) Supplement M, relating to interest and additions to tax.

(c) Supplement N, relating to claims against transferees and fiduciaries.

(d) Supplement O, relating to overpayments.

PART VI—MISCELLANEOUS PROVISIONS

SEC. 61. Laws made applicable.

All administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this title.

SEC. 62. Rules and regulations.

The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

SEC. 63. Taxes in lieu of taxes under 1936 act.

The taxes imposed by this title shall be in lieu of the taxes imposed by chapter 1 of the Internal Revenue Code, or corresponding taxes imposed by acts subsequent to the Internal Revenue Code for the period for which this title shall be in effect.

SEC. 64. Short title.

This title may be cited as the "War Revenue Act."

SUBTITLE C—SUPPLEMENTAL PROVISIONS

SUPPLEMENT A—RATES OF TAX

[Supplementary to Subtitle B, Part I]

SEC. 101. Exemptions from tax on corporations.

The following organizations shall be exempt from taxation under this title—

(1) Labor, agricultural, or horticultural organizations;

(2) Mutual savings banks not having a capital stock represented by shares;

(3) Fraternal beneficiary societies, orders, or associations, (A) operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system; and (B) providing for the payment of life, sick, accident, or other bnefits to the members of such society, order, or association or their dependents;

(4) Domestic building and loan associations substantially all the business of which is confined to making loans to members; and cooperative banks without capital stock organized and operated for mutual purposes and without profit;

(5) Cemetery companies owned and operated exclusively for the benefit of their members or which are not operated for profit; and any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(6) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation;

(7) Business leagues, chambers of commerce, real-estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(8) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes;

(9) Clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder;

(10) Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses;

(11) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses;

(12) Farmers', fruit growers', or like associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses. Exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 percent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any such association because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose. Such an association may market the products of nonmembers in an amount the value of which does not exceed the value of the products marketed for members, and may purchase supplies and equipment for nonmembers in an amount the value of which does not exceed the value of the supplies and equipment purchased for members, provided the value of the purchases made for persons who are neither members nor producers does not exceed 15 percent of the value of all its purchases. Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph;

(13) Corporations organized by an association exempt under the provisions of paragraph (12), or members thereof, for the purpose of financing the ordinary crop operations of such members or other producers, and operated in conjunction with such association. Exemption shall not be denied any such corporation because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 percent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the corporation, upon dissolution or otherwise, beyond the fixed dividends) is owned by such association, or members thereof; nor shall exemption be denied any such corporation because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose;

(14) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this title;

(15) Corporations organized under act of Congress, if such corporations are instrumentalities of the United States and if, under such act, as amended and supplemented, such corporations are exempt from Federal income taxes;

(16) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents, if (A) no part of their net earnings inures (other than through such payments) to the benefit of any private shareholder or individual, and (B) 85 percent or more of the income consists of amounts collected from members for the sole purpose of making such payments and meeting expenses;

(17) Teachers' retirement fund associations of a purely local character, if (A) no part of their net earnings inures (other than through payment of retirement benefits) to the benefit of any private shareholder or individual, and (B) the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income in respect of investments.

(18) Religious or apostolic associations or corporations, if such associations or corporations have a common treasury or community treasury, even if such associations or corporations engage in business for the common benefit of the members, but only if the members thereof include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the net income of the association or corporation for such year. Any amount so included in the gross income of a member shall be treated as a dividend received.

(19) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or their designated beneficiaries, if (A) admission to membership in such association is limited to individuals who are officers or employees of the United States Government, and (B) no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

SEC. 102. Surtax on corporations improperly accumulating surplus.

(a) Imposition of tax: There shall be levied, collected, and paid for each taxable year (in addition to other taxes imposed by this title) upon the net income of every corporation (other than a personal holding company as defined in Title IA or a foreign personal holding company as defined in Supplement P) if such corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders or the shareholders of any other corporation, through the medium of permitting earnings or profits to accumulate instead of being divided or distributed, a surtax equal to the sum of the following:

Fifty percent of the amount of the undistributed section 102 net income not in excess of $100,000, plus

Seventy percent of the undistributed section 102 net income in excess of $100,000.

(b) Prima facie evidence: The fact that any corporation is a mere holding or investment company shall be prima facie evidence of a purpose to avoid surtax upon shareholders.

(c) Evidence determinative of purpose: The fact that the earnings or profits of a corporation are permitted to accumulate beyond the reasonable needs of the business shall be determinative of the purpose to avoid surtax upon shareholders unless the corporation by the clear preponderance of the evidence shall prove to the contrary.

(d) Definitions: As used in this title—

(1) Section 102 net income: The term "section 102 net income" means the net income, computed without the net operating loss deduction provided in section 23 (s), minus the sum of—

(A) Taxes: Federal income, war-profits, and excess-profits taxes paid or accrued during the taxable year, to the extent not allowed as a deduction by section 23, but not including the tax imposed by this section or a corresponding section of a prior income-tax law.

(B) Disallowed charitable, etc., contributions: Contributions or gifts, payment of which is made within the taxable year, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o), for the purposes therein specified.

(C) Disallowed losses: Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d).

(2) Undistributed section 102 net income: The term "undistributed section 102 net income" means the section 102 net income minus the basic surtax credit provided in section 124 (b), but the computation of such credit under section 124 (b) (1) shall be made without its reduction by the amount of the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations.

(e) Tax on personal holding companies: For surtax on personal holding companies, see Title IA.

SEC. 103. Rates of tax on citizens and corporations of certain foreign countries.

Whenever the President finds that, under the laws of any foreign country, citizens or corporations of the United States are being subjected to discriminatory or extraterritorial taxes, the President

shall so proclaim and the rates of tax imposed by sections 11, 12, 13, 14, 201 (b), 204 (a), 207, 211 (a), 231, and 362 shall, for the taxable year during which such proclamation is made and for each taxable year thereafter, be doubled in the case of each citizen and corporation of such foreign country; but the tax at such doubled rate shall be considered as imposed by section 11, 12, 13, 14, 201 (b), 204 (a), 207, 211 (a), 231 or 362, as the case may be. In no case shall this section operate to increase the taxes imposed by such sections (computed without regard to this section) to an amount in excess of 80 percent of the net income of the taxpayer. Whenever the President finds that the laws of any foreign country with respect to which the President has made a proclamation under the preceding provisions of this section have been modified so that discriminatory and extraterritorial taxes applicable to citizens and corporations of the United States have been removed, he shall so proclaim, and the provisions of this section providing for doubled rates of tax shall not apply to any citizen or corporation of such foreign country with respect to any taxable year beginning after such proclamation is made.

SEC. 104. Banks and trust companies.

(a) Definition: As used in this section the term "bank" means a bank or trust company incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia), of any State, or of any Territory, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under section 11 (k) of the Federal Reserve Act, as amended, and which is subject by law to supervision and examination by State, Territorial, or Federal authority having supervision over banking institutions.

(b) Rate of tax: Banks shall be subject to tax under section 13 or section 14 (b).

SEC. 105. Sale of oil or gas properties.

In the case of a bona fide sale of any oil or gas property, or any interest therein, where the principal value of the property has been demonstrated by prospecting or exploration or discovery work done by the taxpayer, the portion of the tax imposed by section 12 attributable to such sale shall not exceed 30 percent of the selling price of such property or interest.

SEC. 106. Claims against United States involving acquisition of property.

In the case of amounts (other than interest) received by a taxpayer from the United States with respect to a claim against the United States involving the acquisition of property and remaining unpaid for more than 15 years, the portion of the tax imposed by section 12 attributable to such receipt shall not exceed 30 percent of the amount (other than interest) so received.

SEC. 107. Compensation for services rendered for a period of 5 years or more.

In the case of compensation (a) received, for personal services rendered by an individual in his individual capacity, or as a member of a partnership, and covering a period of 5 calendar years or more from the beginning to the completion of such services, (b) paid (or not less than 95 percent of which is paid) only on completion of such services, and (c) required to be included in gross income of such individual for any taxable year, the tax attributable to such compensation shall not be greater than the aggregate of the taxes attributable to such compensation had it been received in equal portions in each of the years included in such period.

SUPPLEMENT B—COMPUTATION OF NET INCOME

[Supplementary to subtitle B, part II]

SEC. 111. Determination of amount of, and recognition of, gain or loss.

(a) Computation of gain or loss: The gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the adjusted basis provided in section 113 (b) for determining gain, and the loss shall be the excess of the adjusted basis provided in such section for determining loss over the amount realized.

(b) Amount realized: The amount realized from the sale or other disposition of property shall be the sum of any money received, plus the fair market value of the property (other than money) received.

(c) Recognition of gain or loss: In the case of a sale or exchange, the extent to which the gain or loss determined under this section shall be recognized for the purposes of this title shall be determined under the provisions of section 112.

(d) Installment sales: Nothing in this section shall be construed to prevent (in the case of property sold under contract providing for payment in installments) the taxation of that portion of any installment payment representing gain or profit in the year in which such payment is received.

SEC. 112. Recognition of gain or loss.

(a) General rule: Upon the sale or exchange of property the entire amount of the gain or loss, determined under section 111, shall be recognized, except as hereinafter provided in this section.

(b) Exchanges solely in kind:

(1) Property held for productive use or investment: No gain or loss shall be recognized if property held for productive use in trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a like kind to be held either for productive use in trade or business or for investment.

(2) Stock for stock of same corporation: No gain or loss shall be recognized if common stock in a corporation is exchanged solely for common stock in the same corporation, or if preferred stock in a corporation is exchanged solely for preferred stock in the same corporation.

(3) Stock for stock on reorganization: No gain or loss shall be recognized if stock or securities in a corporation a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such corporation or in another corporation a party to the reorganization.

(4) Same—gain of corporation: No gain or loss shall be recognized if a corporation a party to a reorganization exchanges property, in pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

(5) Transfer to corporation controlled by transferor: No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in the case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock and securities received by each is substantially in proportion to his interest in the property prior to the exchange. Where the transferee assumes a liability of a transferor, or where the property of a transferor is transferred subject to a liability, then for the purpose only of determining whether the amount of stock or securities received by each of the transferors is in the proportion required by this paragraph, the amount of such liability (if under subsection (k) it is not to be considered as "other property or money") shall be considered as stock or securities received by such transferor.

(6) Property received by corporation on complete liquidation of another: No gain or loss shall be recognized upon the receipt by a corporation of property distributed in complete liquidation of another corporation. For the purposes of this paragraph a distribution shall be considered to be in complete liquidation only if—

(A) the corporation receiving such property was, on the date of the adoption of the plan of liquidation, and has continued to be at all times until the receipt of the property, the owner of stock (in such other corporation) possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and the owner of at least 80 percent of the total number of shares of all other classes of stock (except nonvoting stock which is limited and preferred as to dividends) and was at no time on or after the date of the adoption of the plan of liquidation and until the receipt of the property the owner of a greater percentage of any class of stock than the percentage of such class owned at the time of the receipt of the property; and

(B) no distribution under the liquidation was made before the first day of the first taxable year of the corporation beginning after December 31, 1935; and either

(C) the distribution is by such other corporation in complete cancelation or redemption of all its stock, and the transfer of all the property occurs within the taxable year; in such case the adoption by the shareholders of the resolution under which is authorized the distribution of all the assets of such corporation in complete cancelation or redemption of all its stock, shall be considered an adoption of a plan of liquidation, even though no time for the completion of the transfer of the property is specified in such resolution; or

(D) such distribution is one of a series of distribution by such other corporation in complete cancelation or redemption of all its stock in accordance with a plan of liquidation under which the transfer of all the property under the liquidation is to be completed within 3 years from the close of the taxable year during which is made the first of the series of distributions under the plan, except that if such transfer is not completed within such period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, no distribution under the plan shall be considered a distribution in complete liquidation.

If such transfer of all the property does not occur within the taxable year the Commissioner may require of the taxpayer such bond, or waiver of the statute of limitations on assessment and collection, or both, as he may deem necessary to insure, if the transfer of the property is not completed within such 3-year period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, the assessment and collection of all income, war-profits, and excess-profits taxes then imposed by law for such taxable year or subsequent taxable years, to the extent attributable to property so received. A distribution otherwise constituting a distribution in complete liquidation within the meaning of this paragraph shall not be considered as not constituting such a distribution merely because it does not constitute a distribution or liquidation within the meaning of the corporate law under which the distribution is made; and for the purposes of this paragraph a transfer of property of such other corporation to the taxpayer shall not be considered as not constituting a distribution (or one of a series of distributions) in complete cancelation or redemption of all the stock of such other corporation, merely because the carrying out of the plan involves (i) the transfer under the plan to the taxpayer by such other corporation of property, not attributable to shares owned by the taxpayer, upon an exchange described in paragraph (4) of this subsection, and (ii) the complete cancelation or redemption under the plan, as a result of exchanges described in paragraph (3) of this subsection, of the shares not owned by the taxpayer.

(7) Exchanges and distributions in obedience to orders of Securities and Exchange Commission: In the case of any exchange or distribution described in section 371, no gain or loss shall be recognized to the extent specified in such section with respect to such exchange or distribution.

(c) Gain from exchanges not solely in kind.—

(1) If an exchange would be within the provisions of subsection (b) (1), (2), (3), or (5) of this section if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) of this subsection but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

(d) Same—gain of corporation: If an exchange would be within the provisions of subsection (b) (4) of this section if it were not for the fact that the property received in exchange consists not only of stock or securities permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then—

(1) If the corporation receiving such other property or money distributes it in pursuance of the plan of reorganization, no gain to the corporation shall be recognized from the exchange, but

(2) If the corporation receiving such other property or money does not distribute it in pursuance of the plan of reorganization, the gain, if any, to the corporation shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property so received, which is not so distributed.

(e) Loss from exchanges not solely in kind: If an exchange would be within the provisions of subsection (b) (1) to (5), inclusive, of this section if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain or loss, but also of other property or money, then no loss from the exchange shall be recognized.

(f) Involuntary conversions: If property (as a result of its destruction in whole or in part, theft or seizure, or an exercise of the power of requisition or condemnation, or the threat or imminence thereof) is compulsorily or involuntarily converted into property similar or related in service or use to the property so converted, or into money which is forthwith in good faith, under regulations prescribed by the Commissioner with the approval of the Secretary, expended in the acquisition of other property similar or related in service or use to the property so converted, or in the acquisition of control of a corporation owning such other property, or in the establishment of a replacement fund, no gain or loss shall be recognized. If any part of the money is not so expended, the gain, if any, shall be recognized, but in an amount not in excess of the money which is not so expended.

(g) Definition of reorganization: As used in this section and section 113—

(1) The term "reorganization" means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (C) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all the properties of another corporation, but in determining whether the exchange is solely for voting stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, shall be disregarded, or (D) a transfer by a corporation of all or a part of its assets to another corporation if immediately after the transfer the transferor or its shareholders or both are in control of the corporation to which the assets are transferred, or (E) a recapitalization, or (F) a mere change in identity, form, or place of organization, however effected.

(2) The term "a party to a reorganization" includes a corporation resulting from a reorganization and includes both corporations in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another.

(h) Definition of control: As used in this section the term "control" means the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock in the corporation.

(i) Foreign corporations: In determining the extent to which gain shall be recognized in the case of any of the exchanges described in subsection (b) (3), (4), (5), or (6), or described in so much of subsection (c) as refers to subsection (b) (3) or (5), or described in subsection (d), a foreign corporation shall not be considered as a corporation unless, prior to such exchange, it has been established to the satisfaction of the Commissioner that such exchange is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

(j) Installment obligations: For nonrecognition of gain or loss in the case of installment obligations, see section 44 (d).

(k) Assumption of liability not recognized: Where upon an exchange the taxpayer receives as part of the consideration property which would be permitted by subsection (b) (4) or (5) of this section to be received without the recognition of gain if it were the sole consideration, and as part of the consideration another party to the exchange assumes a liability of the taxpayer or acquires from the taxpayer property subject to a liability, such assumption or acquisition shall not be considered as "other property or money" received by the taxpayer within the meaning of subsections (c), (d), or (e) of this section and shall not prevent the exchange from being within the provisions of subsection (b) (4) or (5); except that if, taking into consideration the nature of the liability and the circumstances in the light of which the arrangement for the assumption or acquisition was made, it appears that the principal purpose of the taxpayer with respect to the assumption or acquisition was a purpose to avoid Federal income tax on the exchange, or, if not such purpose, was not a bona fide business purpose, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this section, be considered as money received by the taxpayer upon the exchange. In any suit or proceeding where the burden is on the taxpayer to prove that such assumption or acquisition is not to be considered as money received by the taxpayer, such burden shall not be considered as sustained unless the taxpayer sustains such burden by the clear preponderance of the evidence.

SEC. 113. Adjusted basis for determining gain or loss.

(a) Basis (unadjusted) of property: The basis of property shall be the cost of such property; except that—

(1) Inventory value: If the property should have been included in the last inventory, the basis shall be the last inventory value thereof.

(2) Gifts after December 31, 1920: If the property was acquired by gift after December 31, 1920, the basis shall be the same as it would be in the hands of the donor or the last preceding owner by whom it was not acquired by gift, except that for the purpose of determining loss the basis shall be the basis so determined or the fair market value of the property at the time of the gift, whichever is lower. If the facts necessary to determine the basis in the hands of the donor or the last preceding owner are unknown to the donee, the Commissioner shall, if possible, obtain such facts from such donor or last preceding owner, or any other person cognizant thereof. If the Commissioner finds it impossible to obtain such facts, the basis in the hands of such donor or last preceding owner shall be the fair market value of such property as found by the Commissioner as of the date or approximate date at which, according to the best information that the Commissioner is able to obtain, such property was acquired by such donor or last preceding owner.

(3) Transfer in trust after December 31, 1920: If the property was acquired after December 31, 1920, by a transfer in trust (other than by a transfer in trust by a bequest or devise) the basis shall be the same as it would be in the hands of the grantor, increased in the amount of gain or decreased in the amount of loss recognized to the grantor upon such transfer under the law applicable to the year in which the transfer was made.

(4) Gift or transfer in trust before January 1, 1921: If the property was acquired by gift or transfer in trust on or before December 31, 1920, the basis shall be the fair market value of such property at the time of such acquisition.

(5) Property transmitted at death: If the property was acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent, the basis shall be the fair market value of such property at the time of such acquisition. In the case of property transferred in trust to pay the income for life to or upon the order or direction of the grantor, with the right reserved to the grantor at all times prior to his death to revoke the trust, the basis of such property in the hands of the persons entitled under the terms of the trust instrument to the property after the grantor's death shall, after such death, be the same as if the trust instrument had been a will executed on the day of the grantor's death. For the purpose of this paragraph property passing without full and adequate consideration under a general power of appointment exercised by will shall be deemed to be property passing from the individual exercising such power by bequest or devise. If the property was acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent, and if the decedent died after August 26, 1937, and if the property consists of stock or securities of a foreign corporation, which with respect to its taxable year next preceding the date of the decedent's death was, under the law applicable to such year, a foreign personal holding company, then the basis shall be the fair market value of such property at the time of such acquisition or the basis in the hands of the decedent, whichever is lower.

(6) Tax-free exchanges generally: If the property was acquired, after February 28, 1913, upon an exchange described in section 112 (b) to (e), inclusive, the basis (except as provided in paragraphs (15), (17), or (18) of this subsection) shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 112 (b) to be received without the recognition of gain or loss, and in

part of other property, the basis provided in this paragraph shall be allocated between the properties (other than money) received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. Where as part of the consideration to the taxpayer another party to the exchange assumed a liability of the taxpayer or acquired from the taxpayer property subject to a liability, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this paragraph, be considered as money received by the taxpayer upon the exchange. This paragraph shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

(7) Transfers to corporation: If the property was acquired—

(A) after December 31, 1917, and in a taxable year beginning before January 1, 1936, by a corporation in connection with a reorganization, and immediately after the transfer an interest or control in such property of 50 percent or more remained in the same persons or any of them, or

(B) in a taxable year beginning after December 31, 1935, by a corporation in connection with a reorganization,

then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made. This paragraph shall not apply if the property acquired consists of stock or securities in a corporation a party to the reorganization, unless acquired by the issuance of stock or securities of the transferee as the consideration in whole or in part for the transfer.

(8) Property acquired by issuance of stock or as paid-in surplus: If the property was acquired after December 31, 1920, by a corporation—

(A) by the issuance of its stock or securities in connection with a transaction described in section 112 (b) (5) (including, also, cases where part of the consideration for the transfer of such property to the corporation was property or money, in addition to such stock or securities), or

(B) as paid-in surplus or as a contribution to capital,

then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made.

(9) Involuntary conversion: If the property was acquired, after February 28, 1913, as the result of a compulsory or involuntary conversion described in section 112 (f), the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law (applicable to the year in which such conversion was made) determining the taxable status of the gain or loss upon such conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(10) Wash sales of stock: If the property consists of stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility (under section 118 of this title or corresponding provisions of prior income tax laws, relating to wash sales) of the loss from the sale or other disposition of substantially identical stock or securities, then the basis shall be the basis of the stock or securities so sold or disposed of, increased or decreased, as the case may be, by the difference, if any, between the price at which the property was acquired and the price at which such substantially identical stock or securities were sold or otherwise disposed of.

(11) Property acquired during affiliation: In the case of property acquired by a corporation, during a period of affiliation, from a corporation with which it was affiliated, the basis of such property, after such period of affiliation, shall be determined, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, without regard to inter-company transactions in respect of which gain or loss was not recognized. For the purposes of this paragraph, the term "period of affiliation" means the period during which such corporations were affiliated (determined in accordance with the law applicable thereto) but does not include any taxable year beginning on or after January 1, 1922, unless a consolidated return was made, nor any taxable year after the taxable year 1928. The basis in case of property acquired by a corporation during any period, in the taxable year 1929 or any subsequent taxable year, in respect of which a consolidated return is made by such corporation under section 141 of this title or the Revenue Act of 1928, 45 Stat. 831, or the Revenue Act of 1932, 47 Stat. 213, or the Revenue Act of 1934, 48 Stat. 720, or the Revenue Act of 1936, 49 Stat. 1698, or the Revenue Act of 1938 or the Internal Revenue Code, shall be determined in accordance with regulations prescribed under section 141 (b) of this title or the Revenue Act of 1928 or the Revenue Act of 1932 or the Revenue Act of 1934 or the Revenue Act of 1936 or the Revenue Act of 1938 or the Internal Revenue Code. The basis in the case of property held by a corporation during any period, in the taxable year 1929 or any subsequent taxable year, in respect of which a consolidated return is made by such corporation under section 141 of this title or the Revenue Act of 1928 or the Revenue Act of 1932 or the Revenue Act of 1934 or the Revenue Act of 1936 or the Revenue Act of 1938 or the Internal Revenue Code, shall be adjusted in respect of any items relating to such period, in accordance with regulations prescribed under section 141 (b) of this title or the Revenue Act of 1928 or the Revenue Act of 1932 or the Revenue Act of 1934 or the Revenue Act of 1936 or the Revenue Act of 1938, or the Internal Revenue Code, applicable to such period.

(12) Basis established by Revenue Act of 1932: If the property was acquired, after February 28, 1913, in any taxable year beginning prior to January 1, 1934, and the basis thereof, for the purposes of the Revenue Act of 1932 (47 Stat. 199), was prescribed by section 113 (a) (6), (7), or (9) of such act, then for the purposes of this title the basis shall be the same as the basis therein prescribed in the Revenue Act of 1932.

(13) Partnerships: If the property was acquired after February 28, 1913, by a partnership and the basis is not otherwise determined under any other paragraph of this subsection, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made. If the property was distributed in kind by a partnership to any partner, the basis of such property in the hands of the partner shall be such part of the basis in his hands of his partnership interest as is properly allocable to such property.

(14) Property acquired before March 1, 1913: In the case of property acquired before March 1, 1913, if the basis otherwise determined under this subsection, adjusted (for the period prior to March 1, 1913) as provided in subsection (b), is less than the fair market value of the property as of March 1, 1913, then the basis for determining gain shall be such fair market value. In determining the fair market value of stock in a corporation as of March 1, 1913, due regard shall be given to the fair market value of the assets of the corporation as of that date.

(15) Property received by a corporation on complete liquidation of another: If the property was received by a corporation upon a distribution in complete liquidation of another corporation within the meaning of section 112 (b) (6), then the basis shall be the same as it would be in the hands of the transferor. The basis of property with respect to which election has been made in pursuance of the last sentence of section 113 (a) (15) of the Revenue Act of 1936, as amended, shall, in the hands of the corporation making such election, be the basis prescribed in the Revenue Act of 1934, as amended.

(16) Basis established by Revenue Act of 1934: If the property was acquired, after February 28, 1913, in any taxable year beginning prior to January 1, 1936, and the basis thereof, for the purposes of the Revenue Act of 1934, was prescribed by section 113 (a) (6), (7), or (8) of such act, then for the purposes of this title the basis shall be the same as the basis therein prescribed in the Revenue Act of 1934.

(17) Property acquired in connection with exchanges and distributions in obedience to certain orders of Securities and Exchange Commission: If the property was acquired in any manner described in section 372, the basis shall be that prescribed in such section with respect to such property.

(18) Property received in certain corporate liquidations: If the property was acquired by a shareholder in the liquidation of a corporation in cancelation or redemption of stock with respect to which gain was realized, but with respect to which, as the result of an election made by him under paragraph (7) of section 112 (b), of the Revenue Act of 1938 (52 Stat. 487), the extent to which gain was recognized was determined under such paragraph, then the basis shall be the same as the basis of such stock canceled or redeemed in the liquidation, decreased in the amount of any money received by him, and increased in the amount of gain recognized to him.

(19) (A) If the property was acquired by a shareholder in a corporation and consists of stock in such corporation, or rights to acquire such stock, acquired by him after February 28, 1913, in a distribution by such corporation (hereinafter in this paragraph called "new stock"), or consists of stock in respect of which such distribution was made (hereinafter in this paragraph called "old stock"); and

(i) the new stock was acquired in a taxable year beginning before January 1, 1936; or

(ii) the new stock was acquired in a taxable year beginning after December 31, 1935, and its distribution did not constitute income to the shareholder within the meaning of the sixteenth amendment to the Constitution;

then the basis of the new stock and of the old stock, respectively, shall, in the shareholder's hands, be determined by allocating between the old stock and the new stock the adjusted basis of the old stock; such allocation to be made under regulations which shall be prescribed by the Commissioner with the approval of the Secretary.

(B) Where the new stock consisted of rights to acquire stock and such rights were sold in a taxable year beginning before January 1, 1939, and there was included in the gross income for such year the entire amount of the proceeds of such sale, then, if before the date of the enactment of the Revenue Act of 1939 the taxpayer has not asserted (by claim for a refund or credit or otherwise) that any part of the proceeds of the sale of such new stock should be excluded from gross income for the year of its sale, the basis of the old stock shall be determined without regard to subparagraph (A); and no part of the proceeds of the sale of such new stock shall ever be excluded from the gross income of the year of such sale.

(C) Subparagraph (A) shall not apply if the new stock was acquired in a taxable year beginning before January 1, 1936, and there was included, as a dividend, in gross income for such year an amount on account of such stock, and after such inclusion such amount was not (before the date of the enactment of the Revenue Act of 1939) excluded from gross income for such year.

(D) Subparagraph (A) shall not apply if the new stock or the old stock was sold or otherwise disposed of in a taxable year beginning prior to January 1, 1936, and the basis (determined by a decision of a court or the Board of Tax Appeals, or a closing agreement, and the decision or agreement became final before the ninetieth day after the date of the enactment of the Revenue Act of 1939) for determining gain or loss on such sale or other disposition was ascertained by a method other than that of allocation of the basis of the old stock.

(b) Adjusted basis: The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as hereinafter provided.

(1) General rule: Proper adjustment in respect of the property shall in all cases be made—

(A) for expenditures, receipts, losses, or other items, properly chargeable to capital account, including taxes and other carrying charges on unimproved and unproductive real property, but no such adjustment shall be made for taxes or other carrying charges for which deductions have been taken by the taxpayer in determining net income for the taxable year or prior taxable years;

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this title or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income;

(C) in respect of any period prior to March 1, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent sustained;

(D) in the case of stock (to the extent not provided for in the foregoing subparagraphs) for the amount of distributions previously made which, under the law applicable to the year in which the distribution was made, either were tax-free or were applicable in reduction of basis (not including distributions made by a corporation, which was classified as a personal service corporation under the provisions of the Revenue Act of 1918, Feb. 24, 1919, c. 18, 40 Stat. 1057, or the Revenue Act of 1921, Nov. 23, 1921, c. 136, 42 Stat. 227, out of its earnings or profits which were taxable in accordance with the provisions of section 218 of the Revenue Act of 1918 or 1921);

(E) to the extent provided in section 337 (f) in the case of the stock of United States shareholders in a foreign personal holding company; and

(F) to the extent provided in section 28 (h) in the case of amounts specified in a shareholder's consent made under section 28.

(G) in the case of property pledged to the Commodity Credit Corporation, to the extent of the amount received as a loan from the Commodity Credit Corporation and treated by the taxpayer as income for the year in which received pursuant to section 123 of this title, and to the extent of any deficiency on such loan with respect to which the taxpayer has been relieved from liability.

(2) Substituted basis: The term "substituted basis" as used in this subsection means a basis determined under any provision of subsection (a) of this section or under any corresponding provision of a prior income-tax law, providing that the basis shall be determined—

(A) by reference to the basis in the hands of a transferor, donor, or grantor, or

(B) by reference to other property held at any time by the person for whom the basis is to be determined.

Whenever it appears that the basis of property in the hands of the taxpayer is a substituted basis, then the adjustments provided in paragraph (1) of this subsection shall be made after first making in respect of such substituted basis proper adjustments of a similar nature in respect of the period during which the property was held by the transferor, donor, or grantor, or during which the other property was held by the person for whom the basis is to be determined. A similar rule shall be applied in the case of a series of substituted bases.

(3) Discharge of indebtedness: Where in the case of a corporation any amount is excluded from gross income under section 22 (b) (9) on account of the discharge of indebtedness the whole or a part of the amount so excluded from gross income shall be applied in reduction of the basis of any property held (whether before or after the time of the discharge) by the taxpayer during any portion of the taxable year in which such discharge occurred. The amount to be so applied (not in excess of the amount so excluded from gross income, reduced by the amount of any deduction disallowed under section 22 (b) (9)) and the particular properties to which the reduction shall be allocated, shall be determined under regulations (prescribed by the Commissioner with the approval of the Secretary) in effect at the time of the filing of the consent by the taxpayer referred to in section 22 (b) (9). The reduction shall be made as of the first day of the taxable year in which the discharge occurred except in the case of property not held by the taxpayer on such first day, in which case it shall take effect as of the time the holding of the taxpayer began.

SEC. 114. Basis for depreciation and depletion.

(a) Basis for depreciation: The basis upon which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property.

(b) Basis for depletion.—

(1) General rule: The basis upon which depletion is to be allowed in respect of any property shall be the adjusted basis provided in section 113 (b) for the purpose of determining the gain upon the sale or other disposition of such property, except as provided in paragraphs (2), (3), and (4) of this subsection.

(2) Discovery value in case of mines: In the case of mines (other than metal, coal, or sulphur mines) discovered by the taxpayer after February 28, 1913, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter, if such mines were not acquired as the result of purchase of a proven tract or lease, and if the fair market value of the property is materially disproportionate to the cost. The depletion allowance under section 23 (n) based on discovery value provided in this paragraph shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance under section 23 (n) be less than it would be if computed without reference to discovery value. Discoveries shall include minerals in commercial quantities contained within a vein or deposit discovered in an existing mine or mining tract by the taxpayer after February 28, 1913, if the vein or deposit thus discovered was not merely the uninterrupted extension of a continuing commercial vein or deposit already known to exist, and if the discovered minerals are of sufficient value and quantity that they could be separately mined and marketed at a profit.

(3) Percentage depletion for oil and gas wells: In the case of oil and gas wells the allowance for depletion under section 23 (n) shall be 27½ percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance under section 23 (n) be less than it would be if computed without reference to this paragraph.

(4) Percentage depletion for coal and metal mines and sulphur: The allowance for depletion under section 23 (n) shall be, in the case of coal mines, 5 percent, in the case of metal mines 15 percent, and in the case of sulphur mines or deposits 23 percent of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section. The above right of election shall be subject to the qualification that this paragraph shall, for the purpose of determining whether the method of computing the depletion allowance follows the property, be considered a continuation of section 114 (b) (4) of the Revenue Act of 1934, the Revenue Act of 1936, the Revenue Act of 1938, and the Internal Revenue Code, and as giving no new election in cases where such section would, if applied, give no new election.

SEC. 115. Distributions by corporations.

(a) Definition of dividend: The term "dividend" when used in this title (except in section 203 (a) (3) and section 207 (c) (1), relating to insurance companies) means any distribution made by a corporation to its shareholders, whether in money or in other property, (1) out of its earnings or profits accumulated after February 28, 1913, or (2) out of the earnings or profits of the taxable year (computed as of the close of the taxable year without diminution by reason of any distributions made during the taxable year), without regard to the amount of the earnings and profits at the time the distribution was made.

(b) Source of distributions: For the purposes of this title every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113.

(c) Distributions in liquidation: Amounts distributed in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock, and amounts distributed in partial liquidation of a corporation shall be treated as in part or full payment in exchange for the stock. The gain or loss to the distributee resulting from such exchange shall be determined under section 111, but shall be recognized only to the extent provided in section 112. Despite the provisions of section 117, the gain so recognized shall be considered as a short-term capital gain, except in the case of amounts distributed in complete liquidation. For the purpose of the preceding sentence, "complete liquidation" includes any one of a series of distributions made by a corporation in complete cancellation or redemption of all of its stock in accordance with a bona fide plan of liquidation and under which the transfer of the property under the liquidation is to be completed within a time specified in the plan, not exceeding, from the close of the taxable year during which is made the first of the series of distributions under the plan, (1) three years, if the first of such series of distributions is made in a taxable year beginning after December 31, 1937, or (2) 2 years, if the first of such series of distributions was made in a taxable year beginning before January 1, 1938. In the case of amounts distributed (whether before January 1, 1939, or on or after such date) in partial liquidation (other than a distribution to which the provisions of subsection (h) of this section are applicable) the part of such distribution which is properly chargeable to capital account shall not be considered a distribution of earnings or profits. If any distribution in complete liquidation (including any one of a series of distributions made by the corporation in complete cancelation or redemption of all its stock) is made by a foreign corporation which with respect to any taxable year beginning on or before, and ending after, August 26, 1937, was a foreign personal holding company, and with respect to which a United States group (as defined in sec. 331 (a) (2)) existed after August 26, 1937, and before January 1, 1938, then, despite the foregoing provisions of this subsection, the gain recognized resulting from such distribution shall be considered as a short-term capital gain—

(1) Unless such liquidation is completed before July 1, 1938; or

(2) Unless (if it is established to the satisfaction of the Commissioner by evidence submitted before July 1, 1938, that due to the laws of the foreign country in which such corporation is incorporated, or for other reason, it is or will be impossible to complete the liquidation of such company before such date) the liquidation is completed on or before such date as the Commissioner may find reasonable, but not later than December 31, 1938.

(d) Other distributions from capital: If any distribution made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not a dividend, then the amount of such distribution shall be applied against and reduce the adjusted basis of the stock provided in section 113, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property. This subsection shall not apply to a distribution in partial or complete liquidation or to a distribution which, under subsection (f) (1), is not treated as a dividend, whether or not otherwise a dividend.

SEC. 116. Exclusions from gross income.

In addition to the items specified in section 22 (b), the following items shall not be included in gross income and shall be exempt from taxation under this title:

(a) Income of foreign governments: The income of foreign governments received from investments in the United States in stocks, bonds, or other domestic securities, owned by such foreign governments, or from interest on deposits in banks in the United States of moneys belonging to such foreign governments, or from any other source within the United States.

(b) Income of States, municipalities, etc.: Income derived from any public utility or the exercise of any essential governmental function and accruing to any State, Territory, or the District of Columbia, or any political subdivision of a State or Territory, or income accruing to the government of any possession of the United States, or any political subdivision thereof.

Whenever any State, Territory, or the District of Columbia, or any political subdivision of a State or Territory, prior to September 8, 1916, entered in good faith into a contract with any person, the object and purpose of which is to acquire, construct, operate, or maintain a public utility—

(1) If by the terms of such contract the tax imposed by this title is to be paid out of the proceeds from the operation of such public utility, prior to any division of such proceeds between the person and the State, Territory, political subdivision, or the District of Columbia, and if, but for the imposition of the tax imposed by this title, a part of such proceeds for the taxable year would accrue directly to or for the use of such State, Territory, political subdivision, or the District of Columbia, then a tax upon a net income from the operation of such public utility shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this title, but there shall be refunded to such State, Territory, political subdivision, or the District of Columbia (under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary) an amount which bears the same relation to the amount of the tax as the amount which (but for the imposition of the tax imposed by this title) would have accrued directly to or for the use of such State, Territory, political subdivision, or the District of Columbia, bears to the amount of the net income from the operation of such public utility for such taxable year.

(2) If by the terms of such contract no part of the proceeds from the operaton of the public utility for the taxable year would, irrespective of the tax imposed by this title, accrue directly to or for the use of such State, Territory, political subdivision, or the District of Columbia, then the tax upon the net income of such person from the operation of such public utility shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this title.

(c) Bridges to be acquired by State or political subdivision: Whenever any State or political subdivision thereof, in pursuance of a contract to which it is not a party entered into before the enactment of the Revenue Act of 1928, is to acquire a bridge—

(1) If by the terms of such contract the tax imposed by this title is to be paid out of the proceeds from the operation of such bridge prior to any division of such proceeds, and if, but for the imposition of the tax imposed by this title, a part of such proceeds for the taxable year would accrue directly to or for the use of or would be applied for the benefit of such State or political subdivision, then a tax upon the net income from the operation of such bridge shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this title, but there shall be refunded to such State or political subdivision (under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary) an amount which bears the same relation to the amount of the tax as the amount which (but for the imposition of the tax imposed by this title) would have accrued directly to or for the use of or would be applied for the benefit of such State or political subdivision, bears to the amount of the net income from the operation of such bridge for such taxable year. No such refund shall be made unless the entire amount of the refund is to be applied in part payment for the acquisition of such bridge.

(2) If by the terms of such contract no part of the proceeds from the operation of the bridge for the taxable year would, irrespective of the tax imposed by this title, accrue directly to or for the use of or be applied for the benefit of such State or political subdivision, then the tax upon the net income from the operation of such bridge shall be levied, assessed, collected, and paid in the manner and at the rates prescribed in this title.

(d) Dividend from "China Trade Act" Corporation: In the case of a person, amounts distributed as dividends to or for his benefit by a corporation organized under the China Trade Act, 1922, if, at the time of such distribution, he is a resident of China, and the equitable right to the income of the shares of stock of the corporation is in good faith vested in him.

(e) Shipowners' protection and indemnity associations: The receipts of shipowners' mutual protection and indemnity associations not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder; but such corporations shall be subject as other persons to the tax upon their net income from interest, dividends, and rents.

(f) Compensation of employees of foreign governments:

(1) Rule for exclusion: Wages, fees, or salary of an employee of a foreign government (including a consular or other officer, or a nondiplomatic representative) received as compensation for official services to such government—

If such employee is not a citizen of the United States; and

(B) If the services are of a character similar to those performed by employees of the Government of the United States in foreign countries; and

(C) If the foreign government whose employee is claiming exemption grants an equivalent exemption to employees of the Government of the United States performing similar services in such foreign country.

(2) Certificate by Secretary of State: The Secretary of State shall certify to the Secretary of the Treasury the names of the foreign countries which grant an equivalent exemption to the employees of the Government of the United States performing services in such foreign countries, and the character of the services performed by employees of the Government of the United States in foreign countries.

SEC. 117. Capital gains and losses.

(a) Definitions: As used in this title—

(1) Capital assets: The term "capital assets" means property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or property, used in the trade or business, of a character which is subject to the allowance for depreciation provided in section 23 (l);

(2) Short-term capital gain: The term "short-term capital gain" means gain from the sale or exchange of a capital asset held for not more than 24 months, if and to the extent such gain is taken into account in computing net income;

(3) Short-term capital loss: The term "short-term capital loss" means loss from the sale or exchange of a capital asset held for not more than 24 months, if and to the extent such loss is taken into account in computing net income;

(4) Long-term capital gain: The term "long-term capital gain" means gain from the sale or exchange of a capital asset held for more than 24 months, if and to the extent such gain is taken into account in computing net income;

(5) Long-term capital loss: The term "long-term capital loss" means loss from the sale or exchange of a capital asset held for

more than 24 months, if and to the extent such loss is taken into account in computing net income;

(6) Net short-term capital gain: The term "net short-term capital gain" means the excess of short-term capital gains for the taxable year over the sum of (A) short-term capital losses for the taxable year, plus (B) the net short-term capital loss of the preceding taxable year to the extent brought forward to the taxable year under subsection (c);

(7) Net short-term capital loss: The term "net short-term capital loss" means the excess of short-term capital losses for the taxable year over the short-term capital gains for such year;

(8) Net long-term capital gain: The term "net long-term capital gain" means the excess of long-term capital gains for the taxable year over the long-term capital losses for such year;

(9) Net long-term capital loss: The term "net long-term capital loss" means the excess of long-term capital losses for the taxable year over the long-term capital gains for such year;

(b) Percentage taken into account: In the case of a taxpayer, other than a corporation, only the following percentages of the gain or loss recognized upon the sale or exchange of a capital asset shall be taken into account in computing net income:

100 percent if the capital asset has been held for not more than 24 months;

70 percent if the capital asset has been held for more than 24 months.

(c) Alternative taxes:

(1) In case of net long-term capital gain: If for any taxable year a taxpayer (other than a corporation) derives a net long-term capital gain, there shall be levied, collected, and paid, in lieu of the tax imposed by sections 11 and 12, a tax determined as follows, if and only if such tax is less than the tax imposed by such sections:

A partial tax shall first be computed upon the net income reduced by the amount of the net long-term capital gain, at the rates and in the manner as if this subsection had not been enacted, and the total tax shall be the partial tax plus 50 percent of the net long-term capital gain.

(2) In case of net long-term capital loss: If for any taxable year a taxpayer (other than a corporation) sustains a net long-term capital loss, there shall be levied, collected, and paid, in lieu of the tax imposed by sections 11 and 12, a tax determined as follows, if and only if such tax is greater than the tax imposed by such sections:

A partial tax shall first be computed upon the net income increased by the amount of the net long-term capital loss, at the rates and in the manner as if this subsection had not been enacted, and the total tax shall be the partial tax minus 50 percent of the net long-term capital loss.

(d) Limitation on capital losses: Long-term capital losses shall be allowed, but short-term capital losses shall be allowed only to the extent of short-term capital gains.

(e) Net short-term capital loss carry-over: If any taxpayer sustains in any taxable year, beginning after December 31, 1937, in the case of a taxpayer other than a corporation, or beginning after December 31, 1939, in the case of a corporation, a net short-term capital loss, such loss (in an amount not in excess of the net income for such year) shall be treated in the succeeding taxable year as a short-term capital loss, except that it shall not be included in computing the net short-term capital loss for such year.

(f) Retirement of bonds, etc.: For the purposes of this title, amounts received by the holder upon the retirement of bonds, debentures, notes, or certificates or other evidences of indebtedness issued by any corporation (including those issued by a government or political subdivision thereof), with interest coupons or in registered form, shall be considered as amounts received in exchange therefor.

(g) Gains and losses from short sales, etc.: For the purpose of this title—

(1) Gains or losses from short sales of property shall be considered as gains or losses from sales or exchanges of capital assets; and

(2) gains or losses attributable to the failure to exercise privileges or options to buy or sell property shall be considered as short-term capital gains or losses.

(h) Determination of period for which held:

For the purpose of this section—

(1) In determining the period for which the taxpayer has held property received on an exchange there shall be included the period for which he held the property exchanged, if under the provisions of section 113, the property received has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as the property exchanged.

(2) In determining the period for which the taxpayer has held property however acquired there shall be included the period for which such property was held by any other person, if under the provisions of section 113, such property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as it would have in the hands of such other person.

(3) In determining the period for which the taxpayer has held stock or securities received upon a distribution where no gain was recognized to the distributee under the provisions of section 112 (g) of the Revenue Act of 1928 (45 Stat. 818) or the Revenue Act of 1932 (48 Stat. 705) or under the provisions of section 371 (c) of the Revenue Act of 1938 or the Internal Revenue Code, there shall be included the period for which he held the stock or securities in the distributing corporation prior to the receipt of the stock or securities upon such distribution.

(4) In determining the period for which the taxpayer has held stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility (under section 118 of this title or section 118 of the Revenue Act of 1928 (45 Stat. 826), or the Revenue Act of 1932 (47 Stat. 208), or the Revenue Act of 1934 (48 Stat. 715), or the Revenue Act of 1936 (49 Stat. 1692), or the Revenue Act of 1938 (52 Stat. 503), or the Internal Revenue Code, relating to wash sales) of the loss from the sale or other disposition of substantially identical stock or securities, there shall be included the period for which he held the stock or securities the loss from the sale or other disposition of which was not deductible.

(5) In determining the period for which the taxpayer has held stock or rights to acquire stock received upon a distribution, if the basis of such stock or rights is determined under section 113 (a) (19) (A), there shall (under regulations prescribed by the Commissioner with the approval of the Secretary) be included the period for which he held the stock in the distributing corporation prior to the receipt of such stock or rights upon such distribution.

SEC. 118. Loss from wash sales of stock or securities.

(a) In the case of any loss claimed to have been sustained from any sale or other disposition of shares of stock or securities where it appears that, within a period beginning 30 days before the date of such sale or disposition and ending 30 days after such date, the taxpayer has acquired (by purchase or by an exchange upon which the entire amount of gain or loss was recognized by law), or has entered into a contract or option so to acquire, substantially identical stock or securities, then no deduction for the loss shall be allowed under section 23 (e) (2); nor shall such deduction be allowed under section 23 (f) unless the claim is made by a corporation, a dealer in stocks or securities, and with respect to a transaction made in the ordinary course of its business.

(b) If the amount of stock or securities acquired (or covered by the contract or option to acquire) is less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the loss from the sale or other disposition of which is not deductible shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

(c) If the amount of stock or securities acquired (or covered by the contract or option to acquire) is not less than the amount of stock or securities sold or otherwise disposed of, then the particular shares of stock or securities the acquisition of which (or the contract or option to acquire which) resulted in the nondeductibility of the loss shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

SEC. 119. Income from sources within United States.

(a) Gross income from sources in United States: The following items of gross income shall be treated as income from sources within the United States.

(1) Interest: Interest from the United States, any Territory, any political subdivision of a Territory, or the District of Columbia, and interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, not including—

(A) interest on deposits with persons carrying on the banking business paid to persons not engaged in business within the United States and not having an office or place of business therein, or

(B) interest received from a resident alien individual, a resident foreign corporation, or a domestic corporation, when it is shown to the satisfaction of the Commissioner that less than 20 percent of the gross income of such resident payor or domestic corporation has been derived from sources within the United States, as determined under the provisions of this section, for the 3-year period ending with the close of the taxable year of such payor preceding the payment of such interest, or for such part of such period as may be applicable, or

(C) income derived by a foreign central bank of issue from bankers' acceptances;

(2) Dividends. The amount received as dividends:

(A) from a domestic corporation other than a corporation entitled to the benefits of section 251, and other than a corporation less than 20 percent of whose gross income is shown to the satisfaction of the Commissioner to have been derived from sources within the United States, as determined under the provisions of this section, for the 3-year period ending with the close of the taxable year of such corporation preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence), or

(B) from a foreign corporation unless less than 50 percent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of this section; but only in an amount which bears the same ratio to such dividends as the gross income of the corporation for such period derived from sources within the United States bears to its gross income from all sources; but dividends from a foreign corporation shall, for the purposes of section 131 (relating to foreign tax credit), be treated as income from sources without the United States;

(3) Personal services: Compensation for labor or personal services performed in the United States, but in the case of a non-

resident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year, compensation received by such an individual (if such compensation does not exceed $3,000 in the aggregate) for labor or services performed as an employee of, or under a contract with a nonresident alien, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, shall not be deemed to be income from sources within the United States;

(4) Rentals and royalties: Rentals or royalties from property located in the United States or from any interest in such property, including rentals or royalties for the use of or for the privilege of using in the United States, patents, copyrights, secret processes and formulas, goodwill, trade-marks, trade brands, franchises, and other like property; and

(5) Sale of real property: Gains, profits, and income from the sale of real property located in the United States.

(6) Sale of personal property: For gains, profits, and income from the sale of personal property, see subsection (e).

(b) Net income from sources in United States: From the items of gross income specified in subsection (a) of this section there shall be deducted the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as net income from sources within the United States.

(c) Gross income from sources without United States: The following items of gross income shall be treated as income from sources without the United States:

(1) Interest other than that derived from sources within the United States as provided in subsection (a) (1) of this section;

(2) Dividends other than those derived from sources within the United States as provided in subsection (a) (2) of this section;

(3) Compensation for labor or personal services performed without the United States;

(4) Rentals or royalties from property located without the United States or from any interest in such property, including rentals or royalties for the use of or for the privilege of using without the United States, patents, copyrights, secret processes and formulas, goodwill, trade-marks, trade brands, franchises, and other like properties; and

(5) Gains, profits, and income from the sale of real property located without the United States.

(d) Net income from sources without United States: From the items of gross income specified in subsection (c) of this section there shall be deducted the expenses, losses, and other deductions properly apportioned or allocated thereto, and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder, if any, shall be treated in full as net income from sources without the United States.

(e) Income from sources partly within and partly without United States: Items of gross income, expenses, losses, and deductions, other than those specified in subsections (a) and (c) of this section, shall be allocated or apportioned to sources within or without the United States, under rules and regulations prescribed by the Commissioner with the approval of the Secretary. Where items of gross income are separately allocated to sources within the United States, there shall be deducted (for the purpose of computing the net income therefrom) the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of other expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder if any, shall be included in full as net income from sources within the United States. In the case of gross income derived from sources partly within and partly without the United States, the net income may first be computed by deducting the expenses, losses, or other deductions apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some items or class of gross income; and the portion of such net income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the Commissioner with the approval of the Secretary. Gains, profits, and income from—

(1) transportation or other services rendered partly within and partly without the United States or

(2) from the sale of personal property produced (in whole or in part) by the taxpayer within and sold without the United States, or produced (in whole or in part) by the taxpayer without and sold within the United States,

shall be treated as derived partly from sources within and partly from sources without the United States. Gains, profits, and income derived from the purchase of personal property within and its sale without the United States or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from sources within the country in which sold, except that gains, profits, and income derived from the purchase of personal property within a possession of the United States and its sale within the United States shall be treated as derived partly from sources within and partly from sources without the United States.

(f) Definitions: As used in this section the words "sale" or "sold" include "exchange" or "exchanged"; and the word "produced" includes "created," "fabricated," "manufactured," "extracted," "processed," "cured," or "aged."

SEC. 120. Unlimited deduction for charitable and other contributions.

In the case of an individual if in the taxable year and in each of the 10 preceding taxable years the amount of the contributions or gifts described in section 23 (o) (or corresponding provisions of prior revenue acts) plus the amount of income, war-profits, or excess-profits taxes paid during such year in respect of preceding taxable years, exceeds 90 percent of the taxpayer's net income for each such year, as computed without the benefit of the applicable subsection, then the 15-percent limit imposed by section 23 (o) shall not be applicable.

SEC. 121. Deduction of dividends paid on certain preferred stock of certain corporations.

In computing the net income of any national banking association, or of any bank or trust company organized under the laws of any State, Territory, possession of the United States, or the Canal Zone, or of any other banking corporation engaged in the business of industrial banking and under the supervision of a State banking department or of the Comptroller of the Currency, or of any incorporated domestic insurance company, there shall be allowed as a deduction from gross income, in addition to deductions otherwise provided for in this title, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from Federal income taxes, on the preferred stock of the corporation owned by the United States or such instrumentality. The amount allowable as a deduction under this section shall be deducted from the basic surtax credit otherwise computed under section 124.

SEC. 122. Net operating loss deduction.

(a) Definition of net operating loss: As used in this section, the term "net operating loss" means the excess of the deductions allowed by this title over the gross income, with the exceptions and limitations provided in subsection (d).

(b) Amount of carry-over: The term "net operating loss carry-over" means in the case of any taxable year the sum of—

(1) The amount, if any, of the net operating loss for the first preceding taxable year; and

(2) The amount of the net operating loss, if any, for the second preceding taxable year reduced by the excess, if any, of the net income (computed with the exceptions and limitations provided in subsection (d) (1), (2), (3), and (4)) for the first preceding taxable year over the net operating loss for the third preceding taxable year.

(c) Amount of net operating loss deduction: The amount of the net operating loss deduction shall be the amount of the net operating loss carry-over reduced by the amount, if any, by which the net income (computed with the exceptions and limitations provided in subsections (d) (1), (2), (3), and (4)) exceeds, in the case of a taxpayer other than a corporation, the net income (computed without such deduction), or, in the case of a corporation, the normal-tax net income (computed without such deduction);

(d) Exceptions and limitations: The exceptions and limitations referred to in subsections (a), (b), and (c) shall be as follows:

(1) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4);

(2) There shall be included in computing gross income the amount of interest received which is wholly exempt from the taxes imposed by this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by section 23 (b), relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations;

(3) No net operating loss deduction shall be allowed;

(4) Long-term capital gains and long-term capital losses shall be taken into account without regard to the provisions of section 117 (b). As so computed the amount deductible on account of long-term capital losses shall not exceed the amount includible on account of the long-term capital gains, and the amount deductible on account of short-term capital losses shall not exceed the amount includible on account of the short-term capital gains;

(5) Deductions otherwise allowed by law not attributable to the operation of a trade or business regularly carried on by the taxpayer shall (in the case of a taxpayer other than a corporation) be allowed only to the extent of the amount of the gross income not derived from such trade or business. For the purposes of this paragraph deductions and gross income shall be computed with the exceptions and limitations specified in paragraphs (1) to (4) of this subsection.

(e) No carry-over from year prior to 1939: As used in this section, the terms "third preceding taxable year," "second preceding taxable year," and "first preceding taxable year" do not include any taxable year beginning prior to January 1, 1939.

SEC. 123. Commodity credit loans.

(a) Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received.

(b) If a taxpayer exercises the election provided for in subsection (a) for any taxable year beginning after December 31, 1938, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Commissioner a change to a different method is authorized.

SEC. 124. Corporation dividends paid credit.

(a) Definition in general: As used in this title with respect to any taxable year the term "dividends paid credit" means the sum of—

(1) The basic surtax credit for such year, computed as provided in subsection (b);

(2) The dividend carry-over to such year, computed as provided in subsection (c);

(b) Basic surtax credit: As used in this title, the term "basic surtax credit" means the sum of—

(1) The dividends paid during the taxable year, increased by the consent dividends credit provided in section 125, and reduced by the amount of the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations;

(2) The net operating loss credit provided in subsection (j).

The amount under this paragraph shall not exceed the adjusted net income for the taxable year.

(c) Dividend carry-over: There shall be computed with respect to each taxable year of a corporation a dividend carry-over to such year from the two preceding taxable years, which shall consist of the sum of—

(1) The amount of the basic surtax credit for the second preceding taxable year, reduced by the adjusted net income for such year, and further reduced by the amount, if any, by which the adjusted net income for the first preceding taxable year exceeds the sum of—

(A) The basic surtax credit for such year; and

(B) The excess, if any, of the basic surtax credit for the third preceding taxable year over the adjusted net income for such year; and

(2) The amount, if any, by which the basic surtax credit for the first preceding taxable year exceeds the adjusted net income for such year.

In the case of a preceding taxable year, referred to in this subsection, which begins in 1938, the adjusted net income shall be the adjusted net income as defined in section 13 (a) of the Revenue Act of 1938 (52 Stat. 455), and the basic surtax credit shall be the basic surtax credit as defined in section 27 of the Revenue Act of 1938 (52 Stat. 468).

(d) Dividends in kind: If a dividend is paid in property other than money (including stock of the corporation if held by the corporation as an investment) the amount with respect thereto which shall be used in computing the basic surtax credit shall be the adjusted basis of the property in the hands of the corporation at the time of the payment, or the fair market value of the property at the time of the payment, whichever is the lower.

(e) Dividends in obligations of the corporation: If a dividend is paid in obligations of the corporation, the amount with respect thereto which shall be used in computing the basic surtax credit shall be the face value of the obligations, or their fair market value at the time of the payment, whichever is the lower. If the fair market value of any such dividend paid in any taxable year of the corporation beginning after December 31, 1935, is lower than the face value, then when the obligation is redeemed by the corporation the excess of the amount for which redeemed over the fair market value at the time of the dividend payment (to the extent not allowable as a deduction in computing net income for any taxable year) shall be treated as a dividend paid in the taxable year in which the redemption occurs.

(f) Taxable stock dividends: In case of a stock dividend or stock right which is a taxable dividend in the hands of shareholders under section 115 (f), the amount with respect thereto which shall be used in computing the basic surtax credit shall be the fair market value of the stock or the stock right at the time of the payment.

(g) Distributions in liquidation: In the case of amounts distributed in liquidation the part of such distribution which is properly chargeable to the earnings or profits accumulated after February 28, 1913, shall, for the purposes of computing the basic surtax credit under this section, be treated as a taxable dividend paid.

(h) Preferential dividends: The amount of any distribution (although each portion thereof is received by a shareholder as a taxable dividend), not made in connection with a consent distribution (as defined in section 28 (a) (4)), shall not be considered as dividends paid for the purpose of computing the basic surtax credit, unless such distribution is pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that the former is entitled (without reference to waivers of their rights by shareholders) to such preference.

For a distribution made in connection with a consent distribution (see section 125).

(i) Nontaxable distributions: If any part of a distribution (including stock dividends and stock rights) is not a taxable dividend in the hands of such of the shareholders as are subject to taxation under this title for the period in which the distribution is made, such part shall not be included in computing the basic surtax credit.

(j) Net operating loss of preceding year.—

(1) Amount of credit: The amount of the net operating loss (as defined in paragraph (2)) of the corporation for the preceding taxable year (if beginning after December 31, 1937), but not in excess of the adjusted net income for the taxable year.

(2) Definition: As used in this section the term "net operating loss" means the excess of the deductions allowed by this title over the gross income, with the following exceptions and limitations—

(A) The deduction for depletion shall not exceed the amount which would be allowable if computed without reference to discovery value or to percentage depletion under section 114 (b) (2), (3), or (4);

(B) There shall be included in computing gross income the amount of interest received which is wholly exempt from the taxes imposed by this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by section 23 (b), relating to interest on indebtedness incurred or continued to purchase or carry certain tax-exempt obligations.

In the case of a taxable year beginning after December 31, 1937, and before January 1, 1939, the term "net operating loss" means net operating loss as defined in section 26 (c) of the Revenue Act of 1938, 52 Stat. 467.

SEC. 125. Consent dividends credit.

(a) Definitions: As used in this section—

(1) Consent stock: The term "consent stock" means the class or classes of stock entitled, after the payment of preferred dividends (as defined in paragraph (2)), to a share in the distribution (other than in complete or partial liquidation) within the taxable year of all the remaining earnings or profits, which share constitutes the same proportion of such distribution regardless of the amount of such distribution.

(2) Preferred dividends: The term "preferred dividends" means a distribution (other than in complete or partial liquidation), limited in amount, which must be made on any class of stock before a further dstribution (other than in complete or partial liquidation) of earnings or profits may be made within the taxable year.

(3) Consent dividends day: The term "consent dividends day" means the last day of the taxable year of the corporation, unless during the last month of such year there have occurred 1 or more days on which was payable a partial distribution (as defined in paragraph (5)), in which case it means the last of such days.

(4) Consent distribution: The term "consent distribution" means the distribution which would have been made if on the consent dividends day (as defined in paragraph (3)) there had actually been distributed in cash and received by each shareholder making a consent filed by the corporation under subsection (d), the specific amount stated in such consent.

(5) Partial distribution: The term "partial distribution" means such part of an actual distribution, payable during the last month of the taxable year of the corporation, as constitutes a distribution on the whole or any part of the consent stock (as defined in paragraph (1)), which part of the distribution, if considered by itself and not in connection with a consent distribution (as defined in paragraph (4)), would be a preferential distribution, as defined in paragraph (6).

(6) Preferential distribution: The term "preferential distribution" means a distribution which is not pro rata, or which is with preference to any share of stock as compared with other shares of the same class, or to any class of consent stock as compared with any other class of consent stock.

(b) Corporations not entitled to credit: A corporation shall not be entitled to a consent dividends credit with respect to any taxable year—

(1) Unless, at the close of such year, all preferred dividends (for the taxable year and, if cumulative, for prior taxable years) have been paid; or

(2) If, at any time during such year, the corporation has taken any steps in, or in pursuance of a plan of, complete or partial liquidation of all or any part of the consent stock.

(c) Allowance of credit: There shall be allowed to the corporation, as a part of its basic surtax credit for the taxable year, a consent dividends credit equal to such portion of the total sum agreed to be included in the gross income of shareholders by their consents filed under subsection (d) as it would have been entitled to include in computing its basic surtax credit if actual distribution of an amount equal to such total sum had been made in cash and each shareholder making such a consent had received, on the consent dividends day, the amount specified in the consent.

(d) Shareholders' consents: The corporation shall not be entitled to a consent dividends credit with respect to any taxable year—

(1) Unless it files with its return for such year (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) signed consents made under oath by persons who were shareholders, on the last day of the taxabe year of the corporation, of any class of consent stock; and

(2) Unless in each such consent the shareholder agrees that he will include as a taxable dividend, in his return for the taxable year in which or with which the taxable year of the corporation ends, a specific amount; and

(3) Unless the consents filed are made by such of the shareholders and the amount specified in each consent is such, that the consent distribution would not have been a preferential distribution—

(A) If there was no partial distribution during the last month of the taxable year of the corporation, or

(B) If there was such a partial distribution, then when considered in connection with such partial distribution;

and

(4) Unless in each consent made by a shareholder who is taxable with respect to a dividend only if received from sources within the United States, such shareholder agrees that the specific amount

stated in the consent shall be considered as a dividend received by him from sources within the United States; and

(5) Unless each consent filed is accompanied by cash, or such other medium of payment as the Commissioner may by regulations authorize, in an amount equal to the amount that would be required by section 143 (b) or 144 to be deducted and withheld by the corporation if the amount specified in the consent had been, on the last day of the taxable year of the corporation, paid to the shareholder in cash as a dividend. The amount accompanying the consent shall be credited against the tax imposed by section 211 (a) or 231 (a) upon the shareholder.

(e) Consent distribution as part of entire distribution: If during the last month of the taxable year with respect to which shareholders' consents are filed by the corporation under subsection (d) there is made a partial distribution, then, for the purposes of this title, such partial distribution and the consent distribution shall be considered as having been made in connection with each other and each shall be considered together with the other as one entire distribution.

(f) Taxability of amounts specified in consents: The total amount specified in a consent filed under subsection (d) shall be included as a taxable dividend in the gross income of the shareholder making such consent, and, if the shareholder is taxable with respect to a dividend only if received from sources within the United States, shall be included in the computation of his tax as a dividend received from sources within the United States; regardless of—

(1) Whether he actually so includes it in his return; and

(2) Whether the distribution by the corporation of an amount equal to the total sum included in all the consents filed, had actual distribution been made, would have been in whole or in part a taxable dividend; and

(3) Whether the corporation is entitled to any consent dividends credit by reason of the filing of such consents, or to a credit less than the total sum included in all the consents filed.

(g) Corporate shareholders: If the shareholder who makes the consent is a corporation, the amount specified in the consent shall be considered as part of its earnings or profits for the taxable year, and shall be included in the computation of its accumulated earnings and profits.

(h) Basis of stock in hands of shareholders: The amount specified in a consent made under subsection (d) shall, for the purpose of adjusting the basis of the consent stock with respect to which the consent was given, be treated as having been reinvested by the shareholder as a contribution to the capital of the corporation; but only in an amount which bears the same ratio to the consent dividends credit of the corporation as the amount of such shareholder's consent stock bears to the total amount of consent stock with respect to which consents are made.

(i) Effect on capital account of corporation: The amount of the consent dividends credit allowed under subsection (c) shall be considered as paid in surplus or as a contribution to the capital of the corporation, and the accumulated earnings and profits as of the close of the taxable year shall be correspondingly reduced.

(j) Amounts not included in shareholder's return: The failure of a shareholder of consent stock to include in his gross income for the proper taxable year the amount specified in the consent made by him and filed by the corporation, shall have the same effect, with respect to the deficiency resulting therefrom, as is provided in section 272 (f) with respect to a deficiency resulting from a mathematical error appearing on the face of the return.

SUPPLEMENT C—CREDITS AGAINST TAX

[Supplementary to subtitle B, part III]

SEC. 131. Taxes of foreign countries and possessions of United States.

(a) Allowance of credit: If the taxpayer signifies in his return his desire to have the benefits of this section, the tax imposed by this title, except the tax imposed by section 102, shall be credited with:

(1) Citizen and domestic corporation: In the case of a citizen of the United States and of a domestic corporation, the amount of any income, war-profits, and excess-profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

(2) Resident of United States: In the case of a resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any possession of the United States; and

(3) Alien resident of United States: In the case of an alien resident of the United States, the amount of any such taxes paid or accrued during the taxable year to any foreign country, if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes, allows a similar credit to citizens of the United States residing in such country; and

(4) Partnerships and estates: In the case of any such individual who is a member of a partnership or a beneficiary of an estate or trust, his proportionate share of such taxes of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

(b) Limit on credit: The amount of the credit taken under this section shall be subject to each of the following limitations:

(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income, in the case of a taxpayer other than a corporation, or to the normal-tax net income, in the case of a corporation, for the same taxable year; and

(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income, in the case of a taxpayer other than a corporation, or to the normal-tax net income, in the case of a corporation, for the same taxable year.

(c) Adjustments on payment of accrued taxes: If accrued taxes when paid differ from the amounts claimed as credits by the taxpayer, or if any tax paid is refunded in whole or in part, the taxpayer shall notify the Commissioner, who shall redetermine the amount of the tax for the year or years affected, and the amount of tax due upon such redetermination, if any, shall be paid by the taxpayer upon notice and demand by the collector, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 322. In the case of such a tax accrued but not paid, the Commissioner as a condition precedent to the allowance of this credit may require the taxpayer to give a bond with sureties satisfactory to and to be approved by the Commissioner in such sum as the Commissioner may require, conditioned upon the payment by the taxpayer of any amount of tax found due upon any such redetermination; and the bond herein prescribed shall contain such further conditions as the Commissioner may require.

(d) Year in which credit taken: The credits provided for in this section may, at the option of the taxpayer and irrespective of the method of accounting employed in keeping his books, be taken in the year in which the taxes of the foreign country or the possession of the United States accrued, subject, however, to the conditions prescribed in subsection (c) of this section. If the taxpayer elects to take such credits in the year in which the taxes of the foreign country or the possession of the United States accrued, the credits for all subsequent years shall be taken upon the same basis, and no portion of any such taxes shall be allowed as a deduction in the same or any succeeding year.

(e) Proof of credits: The credits provided in this section shall be allowed only if the taxpayer establishes to the satisfaction of the Commissioner (1) the total amount of income derived from sources without the United States, determined as provided in section 119, (2) the amount of income derived from each country, the tax paid or accrued to which is claimed as a credit under this section, such amount to be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary, and (3) all other information necessary for the verification and computation of such credits.

(f) Taxes of foreign subsidiary: For the purposes of this section a domestic corporation which owns a majority of the voting stock of a foreign corporation from which it receives dividends in any taxable year shall be deemed to have paid the same proportion of any income, war-profits, or excess-profits taxes paid by such foreign corporation to any foreign country or to any possession of the United States, upon or with respect to the accumulated profits of such foreign corporation from which such dividends were paid, which the amount of such dividends bears to the amount of such accumulated profits: *Provided*, That the amount of tax deemed to have been paid under this subsection shall in no case exceed the same proportion of the tax against which credit is taken which the amount of such dividends bears to the amount of the normal-tax net income of the domestic corporation in which such dividends are included. The term "accumulated profits" when used in this subsection in reference to a foreign corporation, means the amount of its gains, profits, or income in excess of the income, war-profits, and excess-profits taxes imposed upon or with respect to such profits or income; and the Commissioner with the approval of the Secretary shall have full power to determine from the accumulated profits of what year or years such dividends were paid; treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having been paid from the most recently accumulated gains, profits, or earnings. In the case of a foreign corporation, the income, war-profits, and excess-profits taxes of which are determined on the basis of an accounting period of less than 1 year, the word "year" as used in this subsection shall be construed to mean such accounting period.

(g) Corporations treated as foreign: For the purposes of this section the following corporations shall be treated as foreign corporations:

(1) A corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its gross income from sources within a possession of the United States;

(2) A corporation organized under the China Trade Act, 1922, and entitled to the credit provided for in section 262.

SUPPLEMENT D—RETURNS AND PAYMENT OF TAX

[Supplementary to subtitle B, part V]

SEC. 141. Consolidated returns.

(a) Requirement to file consolidated returns: Corporations which are affiliated within the meaning of this section shall, under regulations to be prescribed by the Commissioner with the approval of the Secretary, make a consolidated return of net income and invested capital for the purposes of this title and title IB, and the taxes thereunder shall be computed and determined upon the basis

of such return. Except in the case of corporations which elected to file consolidated returns under section 141 of the internal revenue code, the net income and taxes hereunder shall be computed upon the basis of separate returns where the corporations elect to pay the alternative tax imposed by section 601 of title IB.

(b) Regulations: The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the date on which such return is made.

(d) Definition of "affiliated group": As used in this section an "affiliated group" means one or more chains of corporations connected through stock ownership with a common parent corporation if—

(1) At least 95 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

(2) The common parent corporation owns directly at least 95 percent of the stock of at least one of the other corporations.

As used in this subsection the term "stock" does not include nonvoting stock which is limited and preferred as to dividends.

(e) A consolidated return shall be made only for the domestic corporations within the affiliated group. An insurance company subject to the tax imposed by section 201 or 204 or a personal holding company subject to the tax imposed by title IA shall not be included in the same consolidated return with a corporation subject to the tax imposed by section 13 or 14, and an insurance company subject to the tax imposed by section 201 shall not be included in the same consolidated return with an insurance company subject to the tax imposed by section 204.

(f) China Trade Act corporations: A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

(g) Corporations deriving income from possessions of United States: For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

(h) Subsidiary formed to comply with foreign law: In the case of a domestic corporation owning or controlling, directly or indirectly, 100 percent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

(i) Suspension of running of statute of limitations: If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

SEC. 142. Fiduciary returns.

(a) Requirement of return: Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title and such other information for the purpose of carrying out the provisions of this title as the Commissioner with the approval of the Secretary may by regulations prescribe—

(1) Every individual having a gross income for the taxable year of $300 or over, if single, or if married and not living with husband or wife;

(2) Every individual having a gross income for the taxable year of $1,600 or over, if married and living with husband or wife;

(3) Every estate the gross income of which for the taxable year is $800 or over;

(4) Every trust the gross income of which for the taxable year is $100 or over;

(5) Every estate or trust of which any beneficiary is a nonresident alien.

(b) Joint fiduciaries: Under such regulations as the Commissioner with the approval of the Secretary may prescribe, a return made by one of two or more joint fiduciaries and filed in the office of the collector of the district where such fiduciary resides shall be sufficient compliance with the above requirement. Such fiduciary shall make oath (1) that he has sufficient knowledge of the affairs of the individual, estate, or trust for which the return is made to enable him to make the return, and (2) that the return is, to the best of his knowledge and belief, true and correct.

(c) Law applicable to fiduciaries: Any fiduciary required to make a return under this title shall be subject to all the provisions of law which apply to individuals.

SEC. 143. Withholding of tax at source.

(a) Tax-free covenant bonds:

(1) Requirement of withholding: In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation, issued before January 1, 1934, contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 percent of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to an individual, a partnership, or a foreign corporations not engaged in trade or business within the United States and not having any office or place of business therein: *Provided*, That if the liability assumed by the obligor does not exceed 2 percent of the interest, then the deduction and withholding shall be at the following rates: (A) 20 percent in the case of a nonresident alien individual (except that such rate shall be reduced, in the case of a resident of a contiguous country, to such rate, not less than 5 percent, as may be provided by treaty with such country), or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens; (B) in the case of such a foreign corporation, 25 percent; and (C) 2 percent in the case of other individuals and partnerships: *Provided further*, That if the owners of such obligations are not konwn to the withholding agent the Commissioner may authorize such deduction and withhoding to be at the rate of 2 percent, or, if the liability assumed by the obligor does not exceed 2 percent of the interest, then at the rate of 20 percent.

(2) Benefit of credits against net income: Such deduction and withholding shall not be required in the case of a citizen or resident entitled to receive such interest, if he files with the withholding agent on or before February 1 a signed notice in writing claiming the benefit of the credits provided in section 25 (b); nor in the case of a nonresident alien individual if so provided for in regulations prescribed by the Commissioner under section 215.

(3) Income of obligor and obligee: The obligor shall not be allowed a deduction for the payment of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(b) Nonresident aliens: All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest (except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States and not having an office or place of business therein), dividends, rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income (but only to the extent that any of the above items constitutes gross income from sources within the United States), of any nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens, shall (except in the cases provided for in subsection (a) of this section and except as otherwise provided in regulations prescribed by the Commissioner under section 215) deduct and withhold from such annual or periodical gains, profits, and income a tax equal to 10 percent thereof, except that such rate shall be reduced, in the case of a nonresident alien individual a resident of a contiguous country, to such rate (not less than 5 percent) as may be provided by treaty with such country: *Provided*, That no such deduction or withholding shall be required in the case of dividends paid by a foreign corporation unless (1) such corporation is engaged in trade or business within the United States or has an office or place of business therein, and (2) more than 85 percent of the gross income of such corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 119: *Provided further*, That the Commissioner may authorize such tax to be deducted and withheld from the interest upon any securities the owners of which are not known to the withholding agent. Under regulations prescribed by the Commissioner, with the approval of the Secretary, there may be exempted from such deduction and withholding the compensation for personal services of nonresident alien individuals who enter and leave the United States at frequent intervals.

(c) Return and payment: Every person required to deduct and withhold any tax under this section shall make return thereof on or before March 15 of each year and shall on or before June 15, in lieu of the time prescribed in section 56, pay the tax to the official of the United States Government authorized to receive it. Every such person is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this section.

(d) Income of recipient: Income upon which any tax is required to be withheld at the source under this section shall be included in

the return of the recipient of such income, but any amount of tax so withheld shall be credited against the amount of income tax as computed in such return.

(e) Tax paid by recipient: If any tax required under this section to be deducted and withheld is paid by the recipient of the income, it shall not be re-collected from the withholding agent; nor in cases in which the tax is so paid shall any penalty be imposed upon or collected from the recipient of the income or the withholding agent for failure to return or pay the same, unless such failure was fraudulent and for the purpose of evading payment.

(f) Refunds and credits: Where there has been an overpayment of tax under this section any refund or credit made under the provisions of section 322 shall be made to the withholding agent unless the amount of such tax was actually withheld by the withholding agent.

(g) Withholding before enactment of title: Notwithstanding the provisions of subsections (a) and (b), the deduction and withholding for any period prior to the effective date of this title shall be upon the items of income and at the rates prescribed in section 143 (a) and (b) of the Internal Revenue Code, or corresponding provisions of any subsequent revenue act in effect prior to the effective date of this title, in lieu of the items and rates prescribed in such subsections.

SEC. 144. Payment of corporation income tax at source.

(a) General rule: In the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 143 a tax equal to 25 percent thereof, except that in the case of dividends the rate shall be 20 percent, and except that in the case of corporations organized under the laws of a contiguous country such rate of 20 percent with respect to dividends shall be reduced to such rate (not less than 5 percent) as may be provided by treaty with such country; and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section: *Provided*, That in the case of interest described in subsection (a) of that section (relating to tax-free covenant bonds) the deduction and withholding shall be at the rate specified in such subsection.

(b) Withholding before enactment of title: Notwithstanding the provisions of subsection (a), the deduction and withholding for any period prior to the effective date of this title shall be upon the items of income and at the rates prescribed in section 144 of the Internal Revenue Code, or corresponding provision of any subsequent revenue act in effect prior to the effective date of this title, in lieu of the items and rates prescribed in such subsection.

SEC. 145. Penalties.

(a) Any person required under this title to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than 1 year, or both, together with the costs of prosecution.

(b) Any person required under this title to collect, account for, and pay over any tax imposed by this title, who willfully fails to collect or truthfully account for and pay over such tax, and any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof, shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than 5 years, or both, together with the costs of prosecution.

(c) The term "person" as used in this section includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

(d) For penalties for failure to file information returns with respect to foreign personal holding companies and foreign corporations, see section 340.

SEC. 146. Closing by Commissioner of taxable year.

(a) Tax in jeopardy:

(1) Departure of taxpayer or removal of property from United States: If the Commissioner finds that a taxpayer designs quickly to depart from the United States or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect the tax for the taxable year then last past or the taxable year then current unless such proceedings be brought without delay, the Commissioner shall declare the taxable period for such taxpayer immediately terminated and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable. In any proceeding in court brought to enforce payment of taxes made due and payable by virtue of the provisions of this section the finding of the Commissioner, made as herein provided, whether made after notice to the taxpayer or not, shall be for all purposes presumptive evidence of the taxpayer's design.

(2) Corporation in liquidation: If the Commissioner finds that the collection of the tax of a corporation for the current or last preceding taxable year will be jeopardized by the distribution of all or a portion of the assets of such corporation in the liquidation of the whole or any part of its capital stock, the Commissioner shall declare the taxable period for such taxpayer immediately terminated and shall cause notice of such finding and declaration to be given the taxpayer, together with a demand for immediate payment of the tax for the taxable period so declared terminated and of the tax for the last preceding taxable year or so much of such tax as is unpaid, whether or not the time otherwise allowed by law for filing return and paying the tax has expired; and such taxes shall thereupon become immediately due and payable.

(b) Security for payment: A taxpayer who is not in default in making any return or paying income, war-profits, or excess-profits tax under any act of Congress may furnish to the United States, under regulations to be prescribed by the Commissioner, with the approval of the Secretary, security approved by the Commissioner that he will duly make the return next thereafter required to be filed and pay the tax next thereafter required to be paid. The Commissioner may approve and accept in like manner security for return and payment of taxes made due and payable by virtue of the provisions of this section, provided the taxpayer has paid in full all other income, war-profits, or excess-profits taxes due from him under any act of Congress.

(c) Same—Exemption from section: If security is approved and accepted pursuant to the provisions of this section and such further or other security with respect to the tax or taxes covered thereby is given as the Commissioner shall from time to time find necessary and require, payment of such taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such respective taxes.

(d) Citizens: In the case of a citizen of the United States or of a possession of the United States about to depart from the United States the Commissioner may, at his discretion, waive any or all of the requirements placed on the taxpayer by this section.

(e) Departure of alien: No alien shall depart from the United States unless he first procures from the collector or agent in charge a certificate that he has compiled with all the obligations imposed upon him by the income, war-profits, and excess-profits tax laws.

(f) Addition to tax: If a taxpayer violates or attempts to violate this section there shall, in addition to all other penalties, be added as part of the tax 25 percent of the total amount of the tax or deficiency in the tax, together with interest at the rate of 6 percent per annum from the time the tax became due.

SEC. 147. Information at source.

(a) Payments of $500 or more: All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, and employers, making payment to another person, of interest, rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, and income (other than payments described in section 148 (a) or 149), or of $500 or more in any taxable year, or, in the case of such payments made by the United States, the officers or employees of the United States having information as to such payments and required to make returns in regard thereto by the regulations hereinafter provided for, shall render a true and accurate return to the Commissioner, under such regulations and in such form and manner and to such extent as may be prescribed by him with the approval of the Secretary, setting forth the amount of such gains, profits, and income, and the name and address of the recipient of such payment.

(b) Returns regardless of amount of payment: Such returns may be required, regardless of amounts, (1) in the case of payments of interest upon bonds, mortgages, deeds of trust, or other similar obligations of corporations, and (2) in the case of collections of items (not payable in the United States) of interest upon the bonds of foreign countries and interest upon the bonds of and dividends from foreign corporations by persons undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange.

(c) Recipient to furnish name and address: When necessary to make effective the provisions of this section the name and address of the recipient of income shall be furnished upon demand of the person paying the income.

(d) Obligations of United States: The provisions of this section shall not apply to the payment of interest on obligations of the United States.

SEC. 148. Information by corporations.

(a) Dividend payments: Every corporation shall, when required by the Commissioner, render a correct return, duly verified under oath, of its payments of dividends, stating the name and address of each shareholder, the number of shares owned by him, and the amount of dividends paid to him.

(b) Profits declared as dividends: Every corporation shall, when required by the Commissioner, furnish him a statement of such facts as will enable him to determine the portion of the earnings or profits of the corporation (including gains, profits, and income not taxed) accumulated during such periods as the Commissioner may specify, which have been distributed or ordered to be

distributed, respectively, to its shareholders during such taxable years as the Commissioner may specify.

(c) Accumulated earnings and profits: When requested by the Commissioner, or any collector, every corporation shall forward to him a correct statement of accumulated earnings and profits and the names and addresses of the individuals or shareholders who would be entitled to the same if divided or distributed, and of the amounts that would be payable to each.

(d) Contemplated dissolution or liquidation: Every corporation shall, within 30 days after the adoption by the corporation of a resolution or plan for the dissolution of the corporation or for the liquidation of the whole or any part of its capital stock, render a correct return to the Commissioner, verified under oath, setting forth the terms of such resolution or plan and such other information as the Commissioner shall, with the approval of the Secretary, by regulations prescribe.

(e) Distributions in liquidation: Every corporation shall, when required by the Commissioner, render a correct return, duly verified under oath, of its distributions in liquidation, stating the name and address of each shareholder, the number and class of shares owned by him, and the amount paid to him or, if the distribution is in property other than money, the fair market value (as of the date the distribution is made) of the property distributed to him.

(f) Compensation of officers and employees: Under regulations prescribed by the Commissioner with the approval of the Secretary, every corporation subject to taxation under this title shall, in its return, submit a list of the names of all officers and employees of such corporation and the respective amounts paid to them during the taxable year of the corporation by the corporation as salary, commission, bonus, or other compensation for personal services rendered, if the aggregate amount so paid to the individual is in excess of $75,000.

The Secretary shall compile from the returns made a list containing the names of, and the amounts paid to, each such officer and employee and the name of the paying corporation, and shall make such list available to the public. It shall be unlawful for any person to sell, offer for sale, or circulate, for any consideration whatsoever, any copy or reproduction of any list, or part thereof, authorized to be made public by this act or by any prior act relating to the publication of information derived from income-tax returns; and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both, at the discretion of the court: *Provided*, That nothing in this sentence shall be construed to be applicable with respect to any newspaper, or other periodical publication, entitled to admission to the mails as second-class mail matter.

SEC. 149. Returns of brokers.

Every person doing business as a broker shall, when required by the Commissioner, render a correct return duly verified under oath, under such rules and regulations as the Commissioner, with the approval of the Secretary, may prescribe, showing the names of customers for whom such person has transacted any business, with such details as to the profits, losses, or other information which the Commissioner may require, as to each of such customers, as will enable the Commissioner to determine whether all income tax due on profits or gains of such customers has been paid.

SEC. 150. Collection of foreign items.

All persons undertaking as a matter of business or for profit the collection of foreign payments of interest or dividends by means of coupons, checks, or bills of exchange shall obtain a license from the Commissioner and shall be subject to such regulations enabling the Government to obtain the information required under this title as the Commissioner, with the approval of the Secretary, shall prescribe; and whoever knowingly undertakes to collect such payments without having obtained a license therefor, or without complying with such regulations, shall be guilty of a misdemeanor and shall be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

SEC. 151. Foreign personal holding companies.

For information returns by officers, directors, and large shareholders, with respect to foreign personal holding companies, see sections 338, 339, and 340.

SUPPLEMENT E—ESTATES AND TRUSTS

SEC. 161. Imposition of tax.

(a) Application of tax: The taxes imposed by this title upon individuals shall apply to the income of estates or of any kind of property held in trust, including—

(1) Income accumulated in trust for the benefit of unborn or unascertained person or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

(2) Income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

(3) Income received by estates of deceased persons during the period of administration or settlement of the estate; and

(4) Income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

(b) Computation and payment: The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary, except as provided in section 166 (relating to revocable trusts) and section 167 (relating to income for benefit of the grantor). For return made by fiduciary, see section 142.

SEC. 162. Net income.

The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

(a) There shall be allowed as a deduction (in lieu of the deduction for charitable, etc., contributions authorized by section 23 (o)) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating the trust, is during the taxable year paid or permanently set aside for the purposes and in the manner specified in section 23 (o), or is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or for the establishment, acquisition, maintenance, or operation of a public cemetery not operated for profit;

(b) There shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under subsection (c) of this section in the same or any succeeding taxable year;

(c) In the case of income received by estates of deceased persons during the period of administration or settlement of the estate, and in the case of income which, in the discretion of the fiduciary, may be either distributed to the beneficiary or accumulated, there shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year, which is properly paid or credited during such year to any legatee, heir, or beneficiary, but the amount so allowed as a deduction shall be included in computing the net income of the legatee, heir, or beneficiary.

SEC. 163. Credits against net income.

(a) Credits of estate or trust:

(1) For the purpose of the normal tax and the surtax an estate shall be allowed the same personal exemption as is allowed to a single person under section 25 (b) (1), and a trust shall be allowed (in lieu of the personal exemption under section 25 (b) (1)) a credit of $100 against net income.

(2) If no part of the income of the estate or trust is included in computing the net income of any legatee, heir, or beneficiary, then the estate or trust shall be allowed the same credits against net income for interest as are allowed by section 25 (a).

(b) Credits of beneficiary: If any part of the income of an estate or trust is included in computing the net income of any legatee, heir, or beneficiary, such legatee, heir, or beneficiary shall, for the purpose of the normal tax, be allowed as credits against net income, in addition to the credits allowed to him under section 25, his proportionate share of such amounts of interest specified in section 25 (a) as are, under this supplement, required to be included in computing his net income. Any remaining portion of such amounts specified in section 25 (a) shall, for the purpose of the normal tax, be allowed as credits to the estate or trust.

SEC. 164. Different taxable years.

If the taxable year of a beneficiary is different from that of the estate or trust, the amount which he is required, under section 162 (b), to include in computing his net income, shall be based upon the income of the estate or trust for any taxable year of the estate or trust (whether beginning on, before, or after the effective date of this title) ending within or with his taxable year.

SEC. 165. Employees' trusts.

A trust forming part of a stock bonus, pension, or profit-sharing plan of an employer for the exclusive benefit of some or all of his employees—

(1) if contributions are made to the trust by such employer, or employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, and

(2) if under the trust instrument it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees, shall not be taxable under section 161, but the amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amounts paid in by him. Such distributees shall for the purpose of the normal tax be allowed as credits against net income such part of the amount so distributed or made available as represents the items of interest specified in section 25 (a).

SEC. 166. Revocable trusts.

Where at any time the power to revest in the grantor title to any part of the corpus of the trust is vested—

(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, or

(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, then the income of such part of the trust shall be included in computing the net income of the grantor.

SEC. 167. Income for benefit of grantor.

(a) Where any part of the income of a trust—

(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or

(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or

(3) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 23 (o), relating to the so-called "charitable contribution" deduction);

then such part of the income of the trust shall be included in computing the net income of the grantor.

(b) As used in this section, the term "in the discretion of the grantor" means "in the discretion of the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the income in question".

SEC. 168. Taxes of foreign countries and possessions of United States.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as credit against the tax of the beneficiary of an estate or trust to the extent provided in section 131.

SEC. 169. Common trust funds.

(a) Definitions: The term "common trust fund" means a fund maintained by a bank (as defined in section 104)—

(1) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank in its capacity as a trustee, executor, administrator, or guardian; and

(2) in conformity with the rules and regulations, prevailing from time to time, of the Board of Governors of the Federal Reserve System pertaining to the collective investment of trust funds by national banks.

(b) Taxation of common trust funds: A common trust fund shall not be subject to taxation under this title, and for the purposes of this title shall not be considered a corporation.

(c) Income of participants in fund:

(1) Inclusions in net income: Each participant in the common trust fund in computing its net income shall include, whether or not distributed and whether or not distributable—

(A) As a part of its short-term capital gains or losses, its proportionate share of the net short-term capital gain or loss of the common trust fund;

(B) As a part of its long-term capital gains or losses, its proportionate share of the net long-term capital gain or loss of the common trust fund;

(C) Its proportionate share of the ordinary net income or the ordinary net loss of the common trust fund, computed as provided in subsection (d).

(2) Credit for partially exempt interest: The proportionate share of each participant in the amount of interest specified in section 25 (a) received by the common trust fund shall for the purposes of this supplement be considered as having been received by such participant as such interest.

(d) Computation of common trust-fund income: The net income of the common trust fund shall be computed in the same manner and on the same basis as in the case of an individual, except that—

(1) There shall be segregated the short-term capital gains and losses and the long-term capital gains and losses, and the net short-term capital gain or loss and the net long-term capital gain or loss shall be computed;

(2) After excluding all items of either short-term or long-term capital gain or loss, there shall be computed—

(A) An ordinary net income which shall consist of the excess of the gross income over the deductions; or

(B) An ordinary net loss which shall consist of the excess of the deductions over the gross income;

(3) The so-called "charitable contribution" deduction allowed by section 23 (o) shall not be allowed.

(e) Admission and withdrawal: No gain or loss shall be realized by the common trust fund by the admission or withdrawal of a participant. The withdrawal of any participating interest by a participant shall be treated as a sale or exchange of such interest by the participant.

(f) Returns by bank: Every bank (as defined in sec. 104) maintaining a common trust fund shall make a return under oath for each taxable year, stating specifically, with respect to such fund, the items of gross income and the deductions allowed by this title, and shall include in the return the names and addresses of the participants who would be entitled to share in the net income if distributed and the amount of the proportionate share of each participant. The return shall be sworn to as in the case of a return filed by the bank under section 52.

(g) Different taxable years of common trust fund and participant: If the taxable year of the common trust fund is different from that of a participant, the inclusions with respect to the net income of the common trust fund, in computing the net income of the participant for its taxable year shall be based upon the net income of the common trust fund for any taxable year of the common trust fund (whether beginning on, before, or after January 1, 1939) ending within or with the taxable year of the participant.

SEC. 170. Net operating losses.

The benefit of the deduction for net operating losses allowed by section 23 (s) shall be allowed to estates and trusts under regulations prescribed by the Commissioner with the approval of the Secretary. The benefit of such deduction shall not be allowed to a common trust fund, but shall be allowed to the participants in the common trust fund under regulations prescribed by the Commissioner with the approval of the Secretary.

SUPPLEMENT F—PARTNERSHIPS

SEC. 181. Partnership not taxable.

Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity.

SEC. 182. Tax of partners.

In computing the net income of each partner, he shall include, whether or not distribution is made to him—

(a) As a part of his short-term capital gains or losses, his distributive share of the net short-term capital gain or loss of the partnership.

(b) As a part of his long-term capital gains or losses, his distributive share of the net long-term capital gain or loss of the partnership.

(c) His distributive share of the ordinary net income or the ordinary net loss of the partnership, computed as provided in section 183 (b).

SEC. 183. Computation of partnership income.

(a) General rule: The net income of the partnership shall be computed in the same manner and on the same basis as in the case of an individual, except as provided in subsections (b) and (c).

(b) Segregation of items:

(1) Capital gains and losses: There shall be segregated the short-term capital gains and losses and the long-term capital gains and losses, and the net short-term capital gain or loss and the net long-term capital gain or loss shall be computed.

(2) Ordinary net income or loss: After excluding all items of either short-term or long-term capital gain or loss, there shall be computed—

(A) An ordinary net income which shall consist of the excess of the gross income over the deductions; or

(B) An ordinary net loss which shall consist of the excess of the deductions over the gross income.

(c) Charitable contributions: In computing the net income of the partnership the so-called charitable contribution deduction allowed by section 23 (o) shall not be allowed; but each partner shall be considered as having made payment, within his taxable year, of his distributive portion of any contribution or gift, payment of which was made by the partnership within its taxable year, of the character which would be allowed to the partnership as a deduction under such section if this subsection had not been enacted.

SEC. 184. Credits against net income.

The partner shall, for the purpose of the normal tax, be allowed as a credit against his net income, in addition to the credits allowed to him under section 25, his proportionate share of such amounts (not in excess of the net income of the partnership) of interest specified in section 25 (a) as are received by the partnership.

SEC. 185. Taxes of foreign countries and possessions of United States.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of the member of a partnership to the extent provided in section 131.

SEC. 186. Partnership returns.

Every partnership shall make a return for each taxable year, stating specifically the items of its gross income and the deductions allowed by this title and such other information for the purpose of carrying out the provisions of this title as the Commissioner with the approval of the Secretary may by regulations prescribe, and shall include in the return the names and addresses of the individuals who would be entitled to share in the net income if distributed and the amount of the distributive share of each individual. The return shall be sworn to by any one of the partners.

SEC. 187. Different taxable years of partner and partnership.

If the taxable year of a partner is different from that of the partnership, the inclusions with respect to the net income of the partnership, in computing the net income of the partner for his taxable year, shall be based upon the net income of the partnership for any taxable year of the partnership (whether beginning on, before, or after January 1, 1939) ending within or with the taxable year of the partner.

SEC. 188. Net operating losses.

The benefit of the deduction for net operating losses allowed by section 23 (s) shall not be allowed to a partnership but shall be allowed to the members of the partnership under regulations prescribed by the Commissioner with the approval of the Secretary.

SUPPLEMENT G—INSURANCE COMPANIES

SEC. 201. Tax on life insurance companies.

(a) Definition: When used in this title the term "life insurance company" means an insurance company engaged in the business of issuing life insurance and annuity contracts (including contracts of combined life health, and accident insurance), the reserve funds of which held for the fulfillment of such contracts comprise more than 50 percent of its total reserve funds.

(b) Imposition of tax:

(1) In general: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every life insurance company a tax at the rates provided in section 13 or section 14 (b).

(2) Normal-tax net income of foreign life insurance companies: In the case of a foreign life insurance company, the normal-tax net income shall be an amount which bears the same ratio to the normal-tax net income, computed without regard to this paragraph, as the reserve funds required by law and held by it at the end of

the taxable year upon business transacted within the United States bear to the reserve funds held by it at the end of the taxable year upon all business transacted.

(3) No United States insurance business: Foreign life insurance companies not carrying on an insurance business within the United States and holding no reserve funds upon business transacted within the United States, shall not be taxable under this section but shall be taxable as other foreign corporations.

SEC. 202. Gross income of life insurance companies.

(a) Gross income defined:

(1) In general: In the case of a life insurance company the term "gross income" means the gross amount of income received during the taxable year from interest, dividends, and rents.

(2) Cross reference:

For inclusion in computation of tax of amount specified in shareholder's consent, see section 125.

(b) Reserve funds required by law, defined: The term "reserve funds required by law" includes, in the case of assessment insurance, sums actually deposited by any company or association with State or Territorial officers pursuant to law as guaranty or reserve funds, and any funds maintained under the charter or articles of incorporation of the company or association exclusively for the payment of claims arising under certificates of membership or policies issued upon the assessment plan and not subject to any other use.

SEC. 203. Net income of life insurance companies.

(a) General rule: In the case of a life insurance company the term "net income" means the gross income less—

(1) Tax-free interest: The amount of interest received during the taxable year which under section 22 (b) (4) is excluded from gross income;

(2) Reserve funds: An amount equal to 4 percent of the mean of the reserve funds required by law and held at the beginning and end of the taxable year, except that in the case of any such reserve fund which is computed at a lower interest assumption rate, the rate of 3¾ percent shall be substituted for 4 percent. Life-insurance companies issuing policies covering life, health, and accident insurance combined in one policy issued on the weekly premium payment plan, continuing for life and not subject to cancelation, shall be allowed, in addition to the above, a deduction of 3¾ percent of the mean of such reserve funds (not required by law) held at the beginning and end of the taxable year, as the Commissioner finds to be necessary for the protection of the holders of such policies only;

(3) Reserve for dividends: An amount equal to 2 percent of any sums held at the end of the taxable year as a reserve for dividends (other than dividends payable during the year following the taxable year) the payment of which is deferred for a period of not less than 5 years from the date of the policy contract;

(4) Investment expenses: Investment expenses paid during the taxable year: *Provided*, That if any general expenses are in part assigned to or included in the investment expenses, the total deduction under this paragraph shall not exceed one-fourth of 1 percent of the book value of the mean of the invested assets held at the beginning and end of the taxable year.

(5) Real-estate expenses: Taxes and other expenses paid during the taxable year exclusively upon or with respect to the real estate owned by the company, not including taxes assessed against local benefits of a kind tending to increase the value of the property assessed, and not including any amount paid out for new buildings, or for permanent improvements or betterments made to increase the value of any property. The deduction allowed by this paragraph shall be allowed in the case of taxes imposed upon a shareholder of a company upon his interest as shareholder, which are paid by the company without reimbursement from the shareholder, but in such cases no deduction shall be allowed the shareholder for the amount of such taxes;

(6) Depreciation: A reasonable allowance, as provided in section 23 (l), for the exhaustion, wear, and tear of property, including a reasonable allowance for obsolescence; and

(7) Interest: All interest paid within the taxable year on its indebtedness, except on indebtedness incurred on continued to purchase or carry obligations (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

(8) The amount of the net operating loss deduction provided in section 23 (s).

(b) Rental value of real estate: The deduction under subsection (a) (5) or (6) of this section on account of any real estate owned and occupied in whole or in part by a life-insurance company shall be limited to an amount which bears the same ratio to such deduction (computed without regard to this subsection) as the rental value of the space not so occupied bears to the rental value of the entire property.

SEC. 204. Insurance companies other than life or mutual.

(a) Imposition of tax—

(1) In general: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every insurance company (other than a life or mutual insurance company) a tax at the rates provided in section 13 or section 14 (b).

(2) Normal-tax net income of foreign companies: In the case of a foreign insurance company (other than a life or mutual insurance company), the normal-tax net income shall be the net income from sources within the United States minus the sum of—

(A) Interest on obligations of the United States and its instrumentalities: The credit provided in section 26 (a).

(B) Dividends received: The credit provided in section 26 (b).

(3) No United States insurance business: Foreign insurance companies not carrying on an insurance business within the United States shall not be taxable under this section but shall be taxable as other foreign corporations.

(b) Definition of income, etc.: In the case of an insurance company subject to the tax imposed by this section—

(1) Gross income: "Gross income" means the sum of (A) the combined gross amount earned during the taxable year, from investment income and from underwriting income as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gain during the taxable year from the sale or other disposition of property, and (C) all other items constituting gross income under section 22;

(2) Net income: "Net income" means the gross income as defined in paragraph (1) of this subsection less the deductions allowed by subsection (c) of this section;

(3) Investment income: "Investment income" means the gross amount of income earned during the taxable year from interest, dividends, and rents, computed as follows:

To all interest, dividends, and rents received during the taxable year add interest, dividends, and rents due and accrued at the end of the taxable year, and deduct all interest, dividends, and rents due and accrued at the end of the preceding taxable year;

(4) Underwriting income: "Underwriting income" means the premiums earned on insurance contracts during the taxable year less losses incurred and expenses incurred;

(5) Premiums earned: "Premiums earned on insurance contracts during the taxable year" means an amount computed as follows:

From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums and premiums paid for reinsurance. To the result so obtained add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year;

(6) Losses incurred: "Losses incurred" means losses incurred during the taxable year on insurance contracts, computed as follows:

To losses paid during the taxable year, add salvage and reinsurance recoverable outstanding at the end of the preceding taxable year, and deduct salvage and reinsurance recoverable outstanding at the end of the taxable year. To the result so obtained add all unpaid losses outstanding at the end of the taxable year and deduct unpaid losses outstanding at the end of the preceding taxable year;

(7) Expenses incurred: "Expenses incurred" means all expenses shown on the annual statement approved by the National Convention of Insurance Commissioners, and shall be computed as follows:

To all expenses paid during the taxable year add expenses unpaid at the end of the taxable year and deduct expenses unpaid at the end of the preceding taxable year. For the purpose of computing the net income subject to the tax imposed by this section there shall be deducted from expenses incurred as defined in this paragraph all expenses incurred which are not allowed as deductions by subsection (c) of this section.

(c) Deductions allowed: In computing the net income of an insurance company subject to the tax imposed by this section there shall be allowed as deductions:

(1) All ordinary and necessary expenses incurred, as provided in section 23 (a);

(2) All interest as provided in section 23 (b);

(3) Taxes as provided in section 23 (c);

(4) Losses incurred as defined in subsection (b) (6) of this section;

(5) Subject to the limitation contained in section 117 (d), losses sustained during the taxable year from the sale or other disposition of property;

(6) Bad debts in the nature of agency balances and bills receivable ascertained to be worthless and charged off within the taxable year;

(7) The amount of interest earned during the taxable year which under section 22 (b) (4) is excluded from gross income;

(8) A reasonable allowance for the exhaustion, wear, and tear of property, as provided in section 23 (l);

(9) Charitable, and so forth, contributions, as provided in section 23 (q).

(10) Deductions (other than those specified in this subsection) as provided in section 23.

(d) Deductions of foreign corporations: In the case of a foreign corporation the deductions allowed in this section shall be allowed to the extent provided in Supplement I in the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein.

(e) Double deductions: Nothing in this section shall be construed to permit the same item to be twice deducted.

SEC. 205. Taxes of foreign countries and possessions of United States.

The amount of income, war-profits, and excess-profits taxes imposed by foreign countries or possessions of the United States shall be allowed as a credit against the tax of a domestic insurance company subject to the tax imposed by section 201, 204, or 207, to the extent provided in the case of a domestic corporation in section 131, and in the case of the tax imposed by section 201 or 204 "net income" as used in section 131 means the net income as defined in this supplement.

SEC. 206. Computation of gross income.

The gross income of insurance companies subject to the tax imposed by section 201 or 204 shall not be determined in the manner provided in section 119.

SEC. 207. Mutual insurance companies other than life.

(a) Imposition of tax.—

(1) In general: There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every mutual insurance company (other than a life insurance company) a tax at the rates provided in section 13 or section 14 (b).

(2) Foreign corporations: The tax imposed by paragraph (1) shall apply to foreign corporations as well as domestic corporations; but foreign insurance companies not carrying on an insurance business within the United States shall be taxable as other foreign corporations.

(b) Gross income: Mutual marine-insurance companies shall include in gross income the gross premiums collected and received by them less amounts paid for reinsurance.

(c) Deductions: In addition to the deductions allowed to corporations by section 23 the following deductions to insurance companies shall also be allowed, unless otherwise allowed—

(1) Mutual insurance companies other than life insurance: In the case of mutual insurance companies other than life insurance companies—

(A) the net addition required by law to be made within the taxable year to reserve funds (including in the case of assessment insurance companies the actual deposit of sums with State or Territorial officers pursuant to law as additions to guarantee or reserve funds); and

(B) the sums other than dividends paid within the taxable year on policy and annuity contracts.

(2) Mutual marine insurance companies: In the case of mutual marine insurance companies, in addition to the deductions allowed in paragraph (1) of this subsection, unless otherwise allowed, amounts repaid to policyholders on account of premiums previously paid by them, and interest paid upon such amounts between the ascertainment and the payment thereof;

(3) Mutual insurance companies other than life and marine: In the case of mutual insurance companies (including interinsurers and reciprocal underwriters, but not including mutual life or mutual marine insurance companies) requiring their members to make premium deposits to provide for losses and expenses, the amount of premium deposits returned to their policyholders and the amount of premium deposits retained for the payment of losses, expenses, and reinsurance reserves.

SEC. 208. Net operating losses.

The benefit of the deduction for net operating losses allowed by section 23 (s) shall be allowed to insurance companies subject to the taxes imposed in this supplement under regulations prescribed by the Commissioner with the approval of the Secretary.

SUPPLEMENT H—NONRESIDENT ALIEN INDIVIDUALS

SEC. 211. Tax on nonresident alien individuals.

(a) No United States business or office.—

(1) General rule.—

(A) Imposition of tax: There shall be levied, collected, and paid for each taxable year, in lieu of the tax imposed by sections 11 and 12, upon the amount received, by every nonresident alien individual not engaged in trade or business within the United States and not having an office or place of business therein, from sources within the United States as interest (except interest on deposits with persons carrying on the banking business), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, a tax of 20 percent of such amount, except that such rate shall be reduced, in the case of a resident of a contiguous country, to such rate (not less than 5 percent) as may be provided by treaty with such country.

(B) Cross reference.—

For inclusion in computation of tax of amount specified in shareholder's consent (see section 125).

(2) Aggregate more than $21,600: The tax imposed by paragraph (1) shall not apply to any individual if the aggregate amount received during the taxable year from the sources therein specified is more than $21,600.

(3) Residents of contiguous countries: Despite the provisions of paragraph (2), the provisions of paragraph (1) shall apply to a resident of a contiguous country so long as there is in effect a treaty with such country (ratified prior to August 26, 1937) under which the rate of tax under section 211 (a) of the Revenue Act of 1936 (49 Stat. 1714) prior to its amendment by section 501 (a) of the Revenue Act of 1937 (50 Stat. 830) was reduced.

(b) United States business or office: A nonresident alien individual engaged in trade or business in the United States or having an office or place of business therein shall be taxable without regard to the provisions of subsection (a). As used in this section, section 119, section 143, section 144, and section 231, the phrase "engaged in trade or business within the United States" includes the performance of personal services within the United States at any time within the taxable year, but does not include the performance of personal services for a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, by a nonresident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year and whose compensation for such services does not exceed in the aggregate $3,000. Such phrase does not include the effecting of transactions in the United States in stocks, securities, or commodities through a resident broker, commission agent, or custodian.

(c) No United States business or office and gross income of more than $21,600: A nonresident alien individual not engaged in trade or business within the United States and not having an office or place of business therein who has a gross income for any taxable year of more than $21,600 from the sources specified in subsection (a) (1) shall be taxable without regard to the provisions of subsection (a) (1), except that—

(1) The gross income shall include only income from the sources specified in subsection (a) (1);

(2) The deduction (other than the so-called charitable deduction provided in section 213 (c) shall be allowed only if and to the extent that they are properly allocable to the gross income from the sources specified in subsection (a) (1);

(3) The aggregate of the normal and surtax under sections 11 and 12 shall in no case be less than 10 percent of the gross income from the sources specified in subsection (a) (1); and

(4) This subsection shall not apply to a resident of a contiguous country so long as there is in effect a treaty with such country (ratified prior to August 26, 1937) under which the rate of tax under section 211 (a) of the Revenue Act of 1936, prior to its amendment by section 501 (a) of the Revenue Act of 1937, was reduced.

SEC. 212. Gross income.

(a) General rule: In the case of a nonresident alien individual gross income includes only the gross income from sources within the United States.

(b) Ships under foreign flag: The income of a nonresident alien individual which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States shall not be included in gross income and shall be exempt from taxation under this title.

SEC. 213. Deductions.

(a) General rule: In the case of a nonresident alien individual the deductions shall be allowed only if and to the extent that they are connected with income from sources within the United States; and the proper apportionment and allocation of the deductions with respect to sources of income within and without the United States shall be determined as provided in section 119 under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

(b) Losses:

(1) The deduction, for losses not connected with the trade or business if incurred in transactions entered into for profit, allowed by section 23 (e) (2) shall be allowed whether or not connected with income from sources within the United States, but only if the profit, if such transaction had resulted in a profit, would be taxable under this title.

(2) The deduction, for losses of property not connected with the trade or business if arising from certain casualties or theft, allowed by section 23 (e) (3), shall be allowed whether or not connected with income from sources within the United States, but only if the loss is of property within the United States.

(c) Charitable, etc., contributions: The so-called charitable contribution deduction allowed by section 23 (o) shall be allowed whether or not connected with income from sources within the United States, but only as to contributions or gifts made to domestic corporations, or to community chests, funds, or foundations, created in the United States, or to the vocational rehabilitation fund.

SEC. 214. Credits against net income.

In the case of a nonresident alien individual the personal exemption allowed by section 25 (b) (1) of this title shall be only $800. The credit for dependents allowed by section 25 (b) (2) shall not be allowed in the case of a nonresident alien individual unless he is a resident of a contiguous country.

SEC. 215. Allowance of deductions and credits.

(a) Return to contain information: A nonresident alien individual shall receive the benefit of the deductions and credits allowed to him in this title only by filing or causing to be filed with the collector a true and accurate return of his total income received from all sources in the United States, in the manner prescribed in this title; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(b) Tax withheld at source: The benefit of the personal exemption may, in the discretion of the Commissioner and under regulations prescribed by him with the approval of the Secretary, be received by a nonresident alien individual entitled thereto, by filing a claim therefor with the withholding agent.

SEC. 216. Credits against tax.

A nonresident alien individual shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

SEC. 217. Returns.

(a) Requirement: In the case of a nonresident alien individual the return, in lieu of the time prescribed in section 53 (a) (1), shall be made on or before the fifteenth day of the sixth month following the close of the fiscal year, or, if the return is made on the basis of the calendar year, then on or before the 15th day of June.

(b) Exemption from requirement: Subject to such conditions, limitations, and exceptions and under such regulations as may be prescribed by the Commissioner, with the approval of the Secretary, nonresident alien individuals subject to the tax imposed by section 211 (a) may be exempted from the requirement of filing returns of such tax.

SEC. 218. Payment of tax.

(a) Time of payment: In the case of a nonresident alien individual the total amount of tax imposed by this title shall be paid, in lieu of the time prescribed in section 56 (a), on the 15th day of June following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the fifteenth day of the sixth month following the close of the fiscal year.

(b) Withholding at source: For withholding at source of tax on income of nonresident aliens, see section 143.

SEC. 219. Partnerships.

For the purpose of this title, a nonresident alien individual shall be considered as being engaged in a trade or business within the United States if the partnership of which he is a member is so engaged and as having an office or place of business within the United States if the partnership of which he is a member has such an office or place of business.

SUPPLEMENT I—FOREIGN CORPORATIONS

SEC. 231. Tax on foreign corporations.

(a) Nonresident corporations:

(1) Imposition of tax: There shall be levied, collected, and paid for each taxable year, in lieu of the tax imposed by sections 13 and 14, upon the amount received by every foreign corporation not engaged in trade or business within the United States and not having an office or place of business therein, from sources within the United States as interest (except interest on deposits with persons carrying on the banking business), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, a tax of 25 percent of such amount, except that in the case of dividends the rate shall be 20 percent, and except that in the case of corporations organized under the laws of a contiguous country such rate of 20 percent with respect to dividends shall be reduced to such rate (not less than 5 percent) as may be provided by treaty with such country.

(2) Cross reference:

For inclusion in computation of tax of amount specified in shareholder's consent, see section 125.

(b) Resident corporations: A foreign corporation engaged in trade or business within the United States or having an office or place of business therein shall be taxable as provided in section 14 (c) (1).

(c) Gross income: In the case of a foreign corporation gross income includes only the gross income from sources within the United States.

(d) Ships under foreign flag: The income of a foreign corporation, which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States, shall not be included in gross income and shall be exempt from taxation under this title.

SEC. 232. Deductions.

(a) In general: In the case of a foreign corporation the deductions shall be allowed only if and to extent that they are connected with income from sources within the United States; and the proper apportionment and allocation of the deductions with respect to sources within and without the United States shall be determined as provided in section 119, under rules and regulations prescribed by the Commissioner with the approval of the Secretary.

(b) Charitable, and so forth, contributions: The so-called charitable contribution deduction allowed by section 23 (q) shall be allowed whether or not connected with income from sources within the United States.

SEC. 233. Allowance of deductions and credits.

A foreign corporation shall receive the benefit of the deductions and credits allowed to it in this title only by filing or causing to be filed with the collector a true and accurate return of its total income received from all sources in the United States, in the manner prescribed in this title; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

SEC. 234. Credits against tax.

Foreign corporations shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

SEC. 235. Returns.

(a) Time of filing: In the case of a foreign corporation not having any office or place of business in the United States the return, in lieu of the time prescribed in section 53 (a) (1), shall be made on or before the fifteenth day of the sixth month following the close of the fiscal year, or, if the return is made on the basis of the calendar year then on or before the fifteenth day of June. If any foreign corporation has no office or place of business in the United States but has an agent in the United States, the return shall be made by the agent.

Exemption from requirement: Subject to such conditions, limitations, and exceptions and under such regulations as may be prescribed by the Commissioner, with the approval of the Secretary, corporations subject to the tax imposed by section 231 (a) may be exempted from the requirement of filing returns of such tax.

SEC. 236. Payment of tax.

(a) Time of payment: In the case of a foreign corporation not having any office or place of business in the United States the total amount of tax imposed by this title shall be paid, in lieu of the time prescribed in section 56 (a), on the fifteenth day of June following the close of the calendar year, or, if the return should be made on the basis of a fiscal year, then on the fifteenth day of the sixth month following the close of the fiscal year.

(b) Withholding at source: For withholding at source of tax on income of foreign corporations, see section 144.

SEC. 237. Foreign insurance companies.

For special provisions relating to foreign insurance companies, see Supplement G.

SEC. 238. Affiliation.

A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of section 141.

SUPPLEMENT J—POSSESSIONS OF THE UNITED STATES

SEC. 251. Income from sources within possessions of United States.

(a) General rule: In the case of citizens of the United States or domestic corporations, satisfying the following conditions, gross income means only gross income from sources within the United States—

(1) If 80 percent or more of the gross income of such citizen or domestic corporation (computed without the benefit of this section), for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession of the United States; and

(2) If, in the case of such corporation, 50 percent or more of its gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States; or

(3) If, in the case of such citizen, 50 percent or more of his gross income (computed without the benefit of this section) for such period or such part thereof was derived from the active conduct of a trade or business within a possession of the United States either on his own account or as an employee or agent of another.

(b) Amounts received in United States: Notwithstanding the provisions of subsection (a) there shall be included in gross income all amounts received by such citizens or corporations within the United States, whether derived from sources within or without the United States.

(c) Tax in case of corporations:

(1) Corporation tax: A domestic corporation entitled to the benefits of this section shall be subject to tax under section 13 or section 14 (b).

(2) Cross reference:

For inclusion in computation of tax amount specified in shareholder's consent, see section 125.

(d) Definition: As used in this section the term "possession of the United States" does not include the Virgin Islands of the United States.

(e) Deductions:

(1) Citizens of the United States entitled to the benefits of this section shall have the same deductions as are allowed by Supplement H in the case of a nonresident alien individual engaged in trade or business within the United States or having an office or place of business therein.

(2) Domestic corporations entitled to the benefits of this section shall have the same deductions as are allowed by Supplement I in the case of a foreign corporation engaged in trade or business within the United States or having an office or place of business therein.

(f) Credits against net income: A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only $800 and shall not be allowed the credit for dependents provided in section 25 (b) (2).

(g) Allowance of deductions and credits: Citizens of the United States and domestic corporations entitled to the benefits of this section shall receive the benefit of the deductions and credits allowed to them in this title only by filing or causing to be filed with the collector a true and accurate return of their total income received from all sources in the United States, in the manner prescribed in this title; including therein all the information which the Commissioner may deem necessary for the calculation of such deductions and credits.

(h) Credits against tax: Persons entitled to the benefits of this section shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

(i) Affiliation: A corporation entitled to the benefits of this section shall not be deemed to be affiliated with any other corporation within the meaning of section 141.

SEC. 252. Citizens of possessions of United States.

(a) Any individual who is a citizen of any possession of the United States (but not otherwise a citizen of the United States) and who is not a resident of the United States shall be subject to taxation under this title only as to income derived from sources within the United States, and in such case the tax shall be computed and paid in the same manner and subject to the same conditions as in the case of other persons who are taxable only as to income derived from such sources.

(b) Nothing in this section shall be construed to alter or amend the provisions of the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1922, and for other purposes," approved July 12, 1921, relating to the imposition of income taxes in the Virgin Islands of the United States.

SUPPLEMENT K—CHINA TRADE ACT CORPORATION

SEC. 261. Rate of tax.

(a) Corporation tax: A corporation organized under the China Trade Act, 1922, 42 Stat. 849 (U. S. C., 1934 ed., title 15, ch. 4), shall be subject to tax under section 13 or section 14 (b).

(b) Cross reference:

For inclusion in computation of tax of amount specified in shareholder's consent, see section 125.

SEC. 262. Credit against net income.

(a) Allowance of credit: For the purpose only of the taxes imposed by sections 13, 14, and 600 of this title and section 106 of the Revenue Act of 1935 there shall be allowed, in the case of a corporation organized under the China Trade Act, 1922, in addition to the credits against net income otherwise allowed such corporation, a credit against the net income of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in sec. 119) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date: *Provided*, That in no case shall the diminution, by reason of such credit, of the tax imposed by such section 13 or 14 (computed without regard to this section) exceed the amount of the special dividend certified under subsection (b) of this section; and in no case shall the diminution, by reason of such credit, of the tax imposed by such section 106 or 600 (computed without regard to this section) exceed the amount by which such special dividend exceeds the diminution permitted by this section in the tax imposed by such section 13 or 14.

(b) Special dividend: Such credit shall not be allowed unless the Secretary of Commerce has certified to the Commissioner—

(1) The amount which, during the year ending on the date fixed by law for filing the return, the corporation has distributed as a special dividend to or for the benefit of such persons as on the last day of the taxable year were resident in China, the United States, or possessions of the United States, or were individual citizens of the United States or China, and owned shares of stock of the corporation;

(2) That such special dividend was in addition to all other amounts, payable or to be payable to such persons or for their benefit, by reason of their interest in the corporation; and

(3) That such distribution has been made to or for the benefit of such persons in proportion to the par value of the shares of stock of the corporation owned by each; except that if the corporation has more than one class of stock, the certificates shall contain a statement that the articles of incorporation provide a method for the apportionment of such special dividend among such persons, and that the amount certified has been distributed in accordance with the method so provided.

(c) Ownership of stock: For the purposes of this section shares of stock of a corporation shall be considered to be owned by the person in whom the equitable right to the income from such shares is in good faith vested.

(d) Definition of China: As used in this section the term "China" shall have the same meaning as when used in the China Trade Act, 1922.

SEC. 263. Credits against the tax.

A corporation organized under the China Trade Act, 1922, shall not be allowed the credits against the tax for taxes of foreign countries and possessions of the United States allowed by section 131.

SEC. 264. Affiliation.

A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of section 141.

SEC. 265. Income of shareholders.

For exclusion of dividends from gross income, see section 116.

SUPPLEMENT I—ASSESSMENT AND COLLECTION OF DEFICIENCIES

SEC. 271. Definition of deficiency.

As used in this title in respect of a tax imposed by this title "deficiency" means—

(a) The amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

(b) If no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment, shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

SEC. 272. Procedure in general.

(a) (1) Petition to Board of Tax Appeals: If in the case of any taxpayer, the Commissioner determines that there is a deficiency in respect of the tax imposed by this title, the Commissioner is authorized to send notice of such deficiency to the taxpayer by registered mail. Within 90 days after such notice is mailed (not counting Sunday or a legal holiday in the District of Columbia as the ninetieth day), the taxpayer may file a petition with the Board of Tax Appeals for a redetermination of the deficiency. No assessment of a deficiency in respect of the tax imposed by this title and no distraint or proceeding in court for its collection shall be made, begun, or prosecuted until such notice has been mailed to the taxpayer, nor until the expiration of such 90-day period, nor, if a petition has been filed with the Board, until the decision of the Board has become final. Notwithstanding the provisions of section 3653 (a) of the Internal Revenue Code the making of such assessment or the beginning of such proceeding or distraint during the time such prohibition is in force may be enjoined by a proceeding in the proper court. In the case of a joint return filed by husband and wife such notice of deficiency may be a single joint notice, except that if the Commissioner has been notified by either spouse that separate residences have been established, then, in lieu of the single joint notice, duplicate originals of the joint notice must be sent by registered mail to each spouse at his last known address.

(2) Cross references.—

For exceptions to the restrictions imposed by this subsection, see—

Subsection (d) of this section, relating to waivers by the taxpayer;

Subsection (f) of this section, relating to notifications of mathematical errors appearing upon the face of the return;

Section 273, relating to jeopardy assessments;

Section 274, relating to bankruptcy and receiverships; and

Section 1145 of the Internal Revenue Code, relating to assessment or collection of the amount of the deficiency determined by the Board pending court review.

(b) Collection of deficiency found by Board: If the taxpayer files a petition with the Board, the entire amount redetermined as the deficiency by the decision of the Board which has become final shall be assessed and shall be paid upon notice and demand from the collector. No part of the amount determined as a deficiency by the Commissioner but disallowed as such by the decision of the Board which has become final shall be assessed or be collected by distraint or by proceeding in court with or without assessment.

(c) Failure to file petition: If the taxpayer does not file a petition with the Board within the time prescribed in subsection (a) of this section, the deficiency, notice of which has been mailed to the taxpayer, shall be assessed, and shall be paid upon notice and demand from the collector.

(d) Waiver of restrictions: The taxpayer shall at any time have the right, by a signed notice in writing filed with the Commissioner, to waive the restrictions provided in subsection (a) of this section on the assessment and collection of the whole or any part of the deficiency.

(e) Increase of deficiency after notice mailed: The Board shall have jurisdiction to redetermine the correct amount of the deficiency even if the amount so redetermined is greater than the amount of the deficiency, notice of which has been mailed to the taxpayer, and to determine whether any penalty, additional amount or addition to the tax should be assessed—if claim therefor is asserted by the Commissioner at or before the hearing or a rehearing.

(f) Further deficiency letters restricted: If the Commissioner has mailed to the taxpayer notice of a deficiency as provided in subsection (a) of this section, and the taxpayer files a petition with the Board within the time prescribed in such subsection, the Commissioner shall have no right to determine any additional deficiency in respect of the same taxable year, except in the case of fraud, and except as provided in subsection (e) of this section, relating to assertion of greater deficiencies before the Board, or in section 273 (c), relating to the making of jeopardy assessments. If the taxpayer is notified that, on account of a mathematical error appearing upon the face of the return, an amount of tax in excess of that shown upon the return is due, and that an assessment of the tax has been or will be made on the basis of what would have been the correct amount of tax but for the mathematical error, such notice shall not be considered (for the purposes of this subsection, or of subsection (a) of this section, prohibiting assessment and collection until notice of deficiency has been mailed, or of section 322 (c), prohibiting credits or refunds after petition to the Board of Tax Appeals) as a notice of a deficiency, and the taxpayer shall have no night to file a petition with the Board based on such notice, nor shall such assessment or collection be prohibited by the provisions of subsection (a) of this section.

(g) Jurisdiction over other taxable years: The Board in redetermining a deficiency in respect of any taxable year shall consider such facts with relation to the taxes for other taxable years as may be necessary correctly to redetermine the amount of such deficiency, but in so doing shall have no jurisdiction to determine whether or not the tax for any other taxable year has been overpaid or underpaid.

(h) Final decisions of Board: For the purposes of this title the date on which a decision of the Board becomes final shall be determined according to the provisions of section 1140 of the Internal Revenue Code.

(i) Prorating of deficiency to installments: If the taxpayer has elected to pay the tax in installments and a deficiency has been assessed, the deficiency shall be prorated to the four installments. Except as provided in section 273 (relating to jeopardy assessments), that part of the deficiency so prorated to any installment the date for payment of which has not arrived, shall be collected at the same time as and as part of such installment. That part of the deficiency so prorated to any installment the date for payment of which has arrived, shall be paid upon notice and demand from the collector.

(j) Extension of time for payment of deficiencies: Where it is shown to the satisfaction of the Commissioner that the payment of a deficiency upon the date prescribed for the payment thereof will result in undue hardship to the taxpayer the Commissioner,

under regulations prescribed by the Commissioner, with the approval of the Secretary, may grant an extension for the payment of such deficiency for a period not in excess of 18 months, and, in exceptional cases, for a further period not in excess of 12 months. If an extension is granted, the Commissioner may require the taxpayer to furnish a bond in such amount, not exceeding double the amount of the deficiency, and with such sureties, as the Commissioner deems necessary, conditioned upon the payment of the deficiency in accordance with the terms of the extension. No extension shall be granted if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

(k) Address for notice of deficiency: In the absence of notice to the Commissioner under section 312 (a) of the existence of a fiduciary relationship, notice of a deficiency in respect of a tax imposed by this title, if mailed to the taxpayer at his last known address, shall be sufficient for the purposes of this title even if such taxpayer is deceased, or is under a legal disability, or, in the case of a corporation, has terminated its existence.

(l) Provision for bond: If the taxpayer, upon receipt of a notice of deficiency as provided in subsection (a), desires to petition the Board of Tax Appeals for a redetermination of any portion or all of such deficiency, he shall, as a condition precedent to the filing of such petition, furnish to the Commissioner of Internal Revenue an acceptable bond in a sum fixed by the Commissioner, not exceeding double the amount of the deficiency as to which the appeal is taken, conditioned upon the payment of the deficiency as finally determined, together with any interest, additional amounts, or additions to the tax provided for by law.

SEC. 273. Jeopardy assessments.

(a) Authority for making: If the Commissioner believes that the assessment or collection of a deficiency will be jeopardized by delay, he shall immediately assess such deficiency (together with all interest, additional amounts, or additions to the tax provided for by law) and notice and demand shall be made by the collector for the payment thereof.

(b) Deficiency letters: If the jeopardy assessment is made before any notice in respect of the tax to which the jeopardy assessment relates has been mailed under section 272 (a), then the Commissioner shall mail a notice under such subsection within 60 days after the making of the assessment.

(c) Amount assessable before decision of board: The jeopardy assessment may be made in respect of a deficiency greater or less than that notice of which has been mailed to the taxpayer, despite the provisions of section 272 (f) prohibiting the determination of additional deficiencies, and whether or not the taxpayer has theretofore filed a petition with the Board of Tax Appeals. The Commissioner may, at any time before the decision of the Board is rendered, abate such assessment, or any unpaid portion thereof, to the extent that he believes the assessment to be excessive in amount. The Commissioner shall notify the Board of the amount of such assessment, or abatement, if the petition is filed with the Board before the making of the assessment or is subsequently filed, and the Board shall have jurisdiction to redetermine the entire amount of the deficiency and of all amounts assessed at the same time in connection therewith.

(d) Amount assessable after decision of Board: If the jeopardy assessment is made after the decision of the Board is rendered such assessment may be made only in respect of the deficiency determined by the Board in its decision.

(e) Expiration of right to assess: A jeopardy assessment may not be made after the decision of the Board has become final or after the taxpayer has filed a petition for review of the decision of the Board.

(f) Bond to stay collection: When a jeopardy assessment has been made the taxpayer, within 10 days after notice and demand from the collector for the payment of the amount of the assessment, may obtain a stay of collection of the whole or any part of the amount of the assessment by filing with the collector a bond in such amount, not exceeding double the amount as to which the stay is desired, and with such sureties, as the collector deems necessary, conditioned upon the payment of so much of the amount, the collection of which is stayed by the bond, as is not abated by a decision of the Board which has become final, together with interest thereon as provided in section 297. If any portion of the jeopardy assessment is abated by the Commissioner before the decision of the Board is rendered, the bond shall, at the request of the taxpayer, be proportionately reduced.

(g) Same—further conditions: If the bond is given before the taxpayer has filed his petition with the Board under section 272 (a), the bond shall contain a further condition that if a petition is not filed within the period provided in such subsection, then the amount the collection of which is stayed by the bond will be paid on notice and demand at any time after the expiration of such period, together with interest thereon at the rate of 6 per cent per annum from the date of the jeopardy notice and demand to the date of notice and demand under this subsection.

(h) Waiver of stay: Upon the filing of the bond the collection of so much of the amount assessed as is covered by the bond shall be stayed. The taxpayer shall have the right to waive such stay at any time in respect of the whole or any part of the amount covered by the bond, and if as a result of such waiver any part of the amount covered by the bond is paid, then the bond shall, at the request of the taxpayer, be proportionately reduced. If the Board determines that the amount assessed is greater than the amount which should have been assessed, then when the decision of the Board is rendered the bond shall, at the request of the taxpayer, be proportionately reduced.

(i) Collection of unpaid amounts: When the petition has been filed with the Board and when the amount which should have been assessed has been determined by a decision of the Board which has become final, then any unpaid portion, the collection of which has been stayed by the bond, shall be collected as part of the tax upon notice and demand from the collector, and any remaining portion of the assessment shall be abated. If the amount already collected exceeds the amount determined as the amount which should have been assessed, such excess shall be credited or refunded to the taxpayer as provided in section 322, without the filing of claim therefor. If the amount determined as the amount which should have been assessed is greater than the amount actually assessed, then the difference shall be assessed and shall be collected as part of the tax upon notice and demand from the collector.

(j) Claims in abatement: No claim in abatement shall be filed in respect of any assessment in respect of any tax imposed by this title.

SEC. 274. Bankruptcy and receiverships.

(a) Immediate assessment: Upon the adjudication of bankruptcy of any taxpayer in any bankruptcy proceeding or the appointment of a receiver for any taxpayer in any receivership proceeding before any court of the United States or of any State or Territory or of the District of Columbia, any deficiency (together with all interest, additional amounts, or additions to the tax provided for by law) determined by the Commissioner in respect of a tax imposed by this title upon such taxpayer shall, despite the restrictions imposed by section 272 (a) upon assessments be immediately assessed if such deficiency has not theretofore been assessed in accordance with law. In such cases the trustee in bankruptcy or receiver shall give notice in writing to the Commissioner of the adjudication of bankruptcy or the appointment of the receiver, and the running of the statute of limitations on the making of assessments shall be suspended for the period from the date of adjudication in bankruptcy or the appointment of the receiver to a date 30 days after the date upon which the notice from the trustee or receiver is received by the Commissioner; but the suspension under this sentence shall in no case be for a period in excess of 2 years. Claims for the deficiency and such interest, additional amounts and additions to the tax may be presented, for adjudication in accordance with law, to the court before which the bankruptcy or receivership proceeding is pending, despite the pendency of proceedings for the redetermination of the deficiency in pursuance of a petition to the Board; but no petition for any such redetermination shall be filed with the Board after the adjudication of bankruptcy or the appointment of the receiver.

(b) Unpaid claims: Any portion of the claim allowed in such bankruptcy or receivership proceeding which is unpaid shall be paid by the taxpayer upon notice and demand from the collector after the termination of such proceeding, and may be collected by distraint or proceeding in court within 6 years after termination of such proceeding. Extensions of time for such payment may be had in the same manner and subject to the same provisions and limitations as are provided in section 272 (j) and section 296 in the case of a deficiency in a tax imposed by this title.

SEC. 275. Period of limitation upon assessment and collection.

Except as provided in section 276—

(a) General rule: The amount of income taxes imposed by this title shall be assessed within 3 years after the return was filed, and no proceeding in court without assessment for the collection of such taxes shall be begun after the expiration of such period.

(b) Request for prompt assessment: In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a corporation, the tax shall be assessed, and any proceeding in court without assessment for the collection of such tax shall be begun, within 18 months after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the corporation, but not after the expiration of 3 years after the return was filed. This subsection shall not apply in the case of a corporation unless—

(1) Such written request notifies the Commissioner that the corporation contemplates dissolution at or before the expiration of such 18 months' period; and

(2) The dissolution is in good faith begun before the expiration of such 18 months' period; and

(3) The dissolution is completed.

(c) Omission from gross income: If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 5 years after the return was filed.

(d) Shareholders of foreign personal holding companies: If the taxpayer omits from gross income an amount properly includible therein under section 337 (b) (relating to the inclusion in the gross income of United States shareholders of their distributive shares of the undistributed Supplement P net income of a foreign personal holding company) the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 7 years after the return was filed.

(e) Distributions in liquidation to shareholders: If the taxpayer omits from gross income an amount properly includible therein under section 115 (c) as an amount distributed in liquidation of a corporation, other than a foreign personal holding company, the

tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time within 4 years after the return was filed.

(f) For the purposes of subsections (a), (b), (c), (d), and (e), a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.

(g) Corporation and shareholder: If a corporation makes no return of the tax imposed by this title, but each of the shareholders includes in his return his distributive share of the net income of the corporation, then the tax of the corporation shall be assessed within 4 years after the last date on which any such shareholder's return was filed.

SEC. 276. Same—exceptions.

(a) False return or no return: In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

(b) Waiver: Where before the expiration of the time prescribed in section 275 for the assessment of the tax, both the Commissioner and the taxpayer have consented in writing to its assessment after such time, the tax may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(c) Collection after assessment: Where the assessment of any income tax imposed by this title has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (1) within 6 years after the assessment of the tax, or (2) prior to the expiration of any period for collection agreed upon in writing by the Commissioner and the taxpayer before the expiration of such 6-year period. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

SEC. 277. Suspension of running of statute.

The running of the statute of limitations provided in section 275 or 276 on the making of assessments and the beginning of distraint or a proceeding in court for collection, in respect of any deficiency, shall (after the mailing of a notice under section 272 (a)) be suspended for the period during which the Commissioner is prohibited from making the assessment or beginning distraint or a proceeding in court (and in any event, if a proceeding in respect of the deficiency is placed on the docket of the Board, until the decision of the Board becomes final), and for 60 days thereafter.

SUPPLEMENT M—INTEREST AND ADDITIONS TO THE TAX

SEC. 291. Failure to file return.

In case of any failure to make and file a return required by this title, within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the tax: 5 percent if the failure is for not more than 30 days with an additional 5 percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax. The amount added to the tax under this section shall be in lieu of the 25 percent addition to the tax provided in section 3612 (d) (1) of the Internal Revenue Code.

SEC. 292. Interest on deficiencies.

Interest upon the amount determined as a deficiency shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 6 percent per annum from the date prescribed for the payment of the tax (or, if the tax is paid in installments, from the date prescribed for the payment of the first installment) to the date the deficiency is assessed, or, in the case of a waiver under section 272 (d), to the thirtieth day after the filing of such waiver or to the date the deficiency is assessed whichever is the earlier.

SEC. 293. Additions to the tax in case of deficiency.

(a) Negligence: If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 percent of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency, except that the provisions of section 272 (i), relating to the prorating of a deficiency, and of section 292, relating to interest on deficiencies, shall not be applicable.

(b) Fraud: If any part of any deficiency is due to fraud with intent to evade tax, then 50 percent of the total amount of the deficiency (in addition to such deficiency) shall be so assessed, collected, and paid, in lieu of the 50 percent addition to the tax provided in section 3612 (d) (2) of the Internal Revenue Code.

SEC. 294. Additions to the tax in case of nonpayment.

(a) Tax shown on return.—

(1) General rule: Where the amount determined by the taxpayer as the tax imposed by this title, or any installment thereof, or any part of such amount or installment, is not paid on or before the date prescribed for its payment, there shall be collected as a part of the tax, interest upon such unpaid amount at the rate of 6 percent per annum from the date prescribed for its payment until it is paid.

(2) If extension granted: Where an extension of time for payment of the amount so determined as the tax by the taxpayer, or any installment thereof, has been granted, and the amount the time for payment of which has been extended, and the interest thereon determined under section 295, is not paid in full prior to the expiration of the period of the extension, then, in lieu of the interest provided for in paragraph (1) of this subsection, interest at the rate of 6 percent per annum shall be collected on such unpaid amount from the date of the expiration of the period of the extension until it is paid.

(b) Deficiency: Where a deficiency, or any interest or additional amounts assessed in connection therewith under section 292, or under section 293, or any addition to the tax in case of delinquency provided for in section 291, is not paid in full within 10 days from the date of notice and demand from the collector, there shall be collected as part of the tax, interest upon the unpaid amount at the rate of 6 percent per annum from the date of such notice and demand until it is paid. If any part of a deficiency prorated to any unpaid installment under section 272 (i) is not paid in full on or before the date prescribed for the payment of such installment, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 6 percent per annum from such date until it is paid.

(c) Filing of jeopardy bond: If a bond is filed, as provided in section 273, the provisions of subsection (b) of this section shall not apply to the amount covered by the bond.

SEC. 295. Time extended for payment of tax shown on return.

If the time for payment of the amount determined as the tax by the taxpayer, or any installment thereof, is extended under the authority of section 56 (c), there shall be collected as a part of such amount, interest thereon at the rate of 6 percent per annum from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

SEC. 296. Time extended for payment of deficiency.

If the time for the payment of any part of a deficiency is extended, there shall be collected, as a part of the tax, interest on the part of the deficiency the time for payment of which is so extended, at the rate of 6 percent per annum for the period of the extension, and no other interest shall be collected on such part of the deficiency for such period. If the part of the deficiency the time for payment of which is so extended is not paid in accordance with the terms of the extension, there shall be collected, as a part of the tax, interest on such unpaid amount at the rate of 6 percent per annum for the period from the time fixed by the terms of the extension for its payment until it is paid, and no other interest shall be collected on such unpaid amount for such period.

SEC. 297. Interest in case of jeopardy assessments.

In the case of the amount collected under section 273 (i) there shall be collected at the same time as such amount, and as a part of the tax, interest at the rate of 6 percent per annum upon such amount from the date of the jeopardy notice and demand to the date of notice and demand under section 273 (i), or, in the case of the amount collected in excess of the amount of the jeopardy assessment, interest as provided in section 292. If the amount included in the notice and demand from the collector under section 273 (i) is not paid in full within 10 days after such notice and demand, then there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 6 percent per annum from the date of such notice and demand until it is paid.

SEC. 298. Bankruptcy and receiverships.

If the unpaid portion of the claim allowed in a bankruptcy or receivership proceeding, as provided in section 274, is not paid in full within 10 days from the date of notice and demand from the collector, then there shall be collected as a part of such amount interest upon the unpaid portion thereof at the rate of 6 percent per annum from the date of such notice and demand until payment.

SEC. 299. Removal of property or departure from United States.

For additions to tax in case of leaving the United States or concealing property in such manner as to hinder collection of the tax, see section 146.

SUPPLEMENT N—CLAIMS AGAINST TRANSFEREES AND FIDUCIARIES

SEC. 311. Transferred assets.

(a) Method of collection: The amounts of the following liabilities shall, except as hereinafter in this section provided, be assessed, collected, and paid in the same manner and subject to the same provisions and limitations as in the case of a deficiency in a tax imposed by this title (including the provisions in case of delinquency in payment after notice and demand, the provisions authorizing distraint and proceedings in court for collection, and the provisions prohibiting claims and suits for refunds):

(1) Transferees: The liability, at law or in equity, of a transferee of property of a taxpayer, in respect of the tax (including interest, additional amounts, and additions to the tax provided by law) imposed upon the taxpayer by this title.

(2) Fiduciaries: The liability of a fiduciary under section 3467 of the Revised Statutes in respect of the payment of any such tax from the state of the taxpayer.

Any such liability may be either as to the amount of tax shown on the return or as to any deficiency in tax.

(b) Period of limitation: The period of limitation for assessment of any such liability of a transferee or fiduciary shall be as follows:

(1) In the case of the liability of an initial transferee of the property of the taxpayer, within 1 year after the expiration of the period of limitation for assessment against the taxpayer;

(2) In the case of the liability of a transferee of a transferee of the property of the taxpayer, within 1 year after the expiration of the period of limitation for assessment against the preceding transferee, but only if within 3 years after the expiration of the period of limitation for assessment against the taxpayer—

except that if before the expiration of the period of limitation for the assessment of the liability of the transferee, the court proceeding for the collection of the tax or liability in respect thereof has been begun against the taxpayer or last preceding transferee, respectively, then the period of limitation for assessment of the liability oft he transferee shall expire 1 year after the return of execution in the court proceeding.

(3) In the case of the liability of a fiduciary, not later than 1 year after the liability arises or not later than the expiration of the period for collection of the tax in respect of which such liability arises, whichever is the later;

(4) Where before the expiration of the time prescribed in paragraph (1), (2), or (3) for the assessment of the liability, both the Commissioner and the transferee or fiduciary have consented in writing to its assessment after such time, the liability may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(c) Period for assessment against taxpayer: For the purposes of this section, if the taxpayer is deceased, or in the case of a corporation, has terminated its existence, the period of limitation for assessment against the taxpayer shall be the period that would be in effect had death or termination of existence not occurred.

(d) Suspension of running of statute of limitations: The running of the statute of limitations upon the assessment of the liability of a transferee or fiduciary shall, after the mailing to the transferee or fiduciary of the notice provided for in section 272 (a), be suspended for the period during which the Commissioner is prohibited from making the assessment in respect of the liability of the transferee or fiduciary (and in any event, if a proceeding in respect of the liability is placed on the docket of the Board, until the decision of the Board becomes final), and for 60 days thereafter.

(e) Address for notice of liability: In the absence of notice to the Commissioner under section 312 (b) of the existence of a fiduciary relationship, notice of liability enforceable under this section in respect of a tax imposed by this title, if mailed to the person subject to the liability at his last known address, shall be sufficient for the purposes of this title even if such person is deceased, or is under a legal disability, or, in the case of a corporation, has terminated its existence.

(f) Definition of "transferee": As used in this section, the term "transferee" includes heir, legatee, devisee, and distributee.

SEC. 312. Notice of fiduciary relationship.

(a) Fiduciary of taxpayer: Upon notice to the Commissioner that any person is acting in a fiduciary capacity such fiduciary shall assume the powers, rights, duties, and privileges of the taxpayer in respect of a tax imposed by this title (except as otherwise specifically provided and except that the tax shall be collected from the estate of the taxpayer), until notice is given that the fiduciary capacity has terminated.

(b) Fiduciary of transferee: Upon notice to the Commissioner that any person is acting in a fiduciary capacity for a person subject to the liability specified in section 311, the fiduciary shall assume, on behalf of such person, the powers, rights, duties, and privileges of such person under such section (except that the liability shall be collected from the estate of such person), until notice is given that the fiduciary capacity has terminated.

(c) Manner of notice: Notice under subsection (a) or (b) shall be given in accordance with regulations prescribed by the Commissioner with the approval of the Secretary.

SUPPLEMENT O—OVERPAYMENTS

SEC. 321. Overpayment of installment.

If the taxpayer has paid as an installment of the tax more than the amount determined to be the correct amount of such installment, the overpayment shall be credited against the unpaid installments, if any. If the amount already paid, whether or not on the basis of installments, exceeds the amount determined to be the correct amount of the tax, the overpayment shall be credited or refunded as provided in section 322.

SEC. 322. Refunds and credits.

(a) Authorization: Where there has been an overpayment of any tax imposed by this title, the amount of such overpayment, with interest at the rate of 4 percent per annum, shall be credited against any income, war-profits, or excess-profits tax or installment thereof then due from the taxpayer, and any balance shall be refunded immediately to the taxpayer.

(b) Limitation on allowance:

(1) Period of limitation: Unless a claim for credit or refund is filed by the taxpayer within 3 years from the time the return was filed by the taxpayer or within 2 years from the time the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later. If no return is filed by the taxpayer, then no credit or refund shall be allowed or made after 2 years from the time the tax was paid, unless before the expiration of such period a claim therefor is filed by the taxpayer.

(2) Limit on amount of credit or refund: The amount of the credit or refund of the tax shall not exceed the portion of the tax paid during the 3 years immediately preceding the filing of the claim, or, if no claim was filed, then during the 3 years immediately preceding the allowance of the credit or refund.

(c) Effect of petition to Board: If the Commissioner has mailed to the taxpayer a notice of deficiency under section 272 (a) and if the taxpayer files a petition with the Board of Tax Appeals within the time prescribed in such subsection, no credit or refund in respect of the tax for the taxable year in respect of which the Commissioner has determined the deficiency shall be allowed or made and no suit by the taxpayer for the recovery of any part of such tax shall be instituted in any court except—

(1) As to overpayments determined by a decision of the Board which has become final; and

(2) As to any amount collected in excess of an amount computed in accordance with the decision of the Board which has become final; and

(3) As to any amount collected after the period of limitation upon the beginning of distraint or a proceeding in court for collection has expired; but in any such claim for credit or refund or in any such suit for refund the decision of the Board which has become final, as to whether such period has expired before the notice of deficiency was mailed, shall be conclusive.

(d) Overpayment found by Board: If the Board finds that there is no deficiency and further finds that the taxpayer has made an overpayment of tax in respect of the taxable year in respect of which the Commissioner determined the deficiency, the Board shall have jurisdiction to determine the amount of such overpayment, and such amount shall, when the decision of the Board has become final, be credited or refunded to the taxpayer. No such credit or refund shall be made of any portion of the tax unless the Board determines as part of its decision that such portion was paid (1) within 3 years before the filing of the claim or the filing of the petition, whichever is earlier, or (2) after the mailing of the notice of deficiency.

(e) Tax withheld at source: For refund or credit in case of excessive withholding at the source, see section 143 (f).

SUPPLEMENT P—FOREIGN PERSONAL HOLDING COMPANIES

SEC. 331. Definition of foreign personal holding company:

(a) General rule: For the purposes of this title the term "foreign personal holding company" means any foreign corporation if—

(1) Gross-income requirement: At least 60 percent of its gross income (as defined in section 334 (a)) for the taxable year is foreign personal holding company income as defined in section 332; but if the corporation is a foreign personal holding company with respect to any taxable year ending after August 26, 1937, then, for each subsequent taxable year, the minimum percentage shall be 50 percent in lieu of 60 percent, until a taxable year during the whole of which the stock ownership required by paragraph (2) does not exist, or until the expiration of 3 consecutive taxable years in each of which less than 50 percent of the gross income is foreign personal holding company income. For the purposes of this paragraph there shall be included in the gross income the amount includible therein as a dividend by reason of the application of section 334 (c) (2); and

(2) Stock ownership requirement: At any time during the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals who are citizens or residents of the United States, hereinafter called "United States group."

(b) Exceptions: The term "foreign personal holding company" does not include a corporation exempt from taxation under section 101.

SEC. 332. Foreign personal holding company income.

For the purposes of this title the term "foreign personal holding company income" means the portion of the gross income determined for the purposes of section 331 (a) (1), which consists of:

(a) Dividends, interest, royalties, annuities.

(b) Stock and securities transactions: Except in the case of regular dealers in stock or securities, gains from the sale or exchange of stock or securities.

(c) Commodities transactions: Gains from futures transactions in any commodity on or subject to the rules of a board of trade or commodity exchange. This subsection shall not apply to gains by a producer, processor, merchant, or handler of the commodity which arises out of bona fide hedging transactions reasonably necessary to the conduct of its business in the manner in which such business is customarily and usually conducted by others.

(d) Estates and trusts: Amounts includible in computing the net income of the corporation under Supplement E; and gains from the sale or other disposition of any interest in an estate or trust.

(e) Personal service contracts: (1) Amounts received under a contract under which the corporation is to furnish personal services; if some person other than the corporation has the right to designate (by name or by description) the individual who is to perform the services, or if the individual who is to perform the services is designated (by name or by description) in the contract; and (2) amounts received from the sale or other disposition of such a contract. This subsection shall apply with respect to amounts received for services under a particular contract only if at some time during the taxable year 25 percent or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for the individual who has performed, is to perform, or may

be designated (by name or by description) as the one to perform, such services.

(f) Use of corporation property by shareholder: Amounts received as compensation (however designated and from whomsoever received) for the use of, or right to use, property of the corporation in any case where, at any time during the taxable year, 25 percent or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for an individual entitled to the use of the property; whether such right is obtained directly from the corporation or by means of a sublease or other arrangement.

(g) Rents: Rents, unless constituting 50 percent or more of the gross income. For the purposes of this subsection the term "rents" means compensation, however designated, for the use of, or right to use, property; but does not include amounts constituting foreign personal holding company income under subsection (f).

SEC. 333. Stock ownership.

(a) Constructive ownership: For the purpose of determining whether a foreign corporation is a foreign personal holding company, insofar as such determination is based on stock ownership under section 331 (a) (2), section 332 (e), or section 332 (f)—

(1) Stock not owned by individual: Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust, shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

(2) Family and partnership ownership: An individual shall be considered as owning the stock owned, directly or indirectly, by or for his family, or by or for his partner. For the purposes of this paragraph the family of an individual includes only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

(3) Options: If any person has an option to acquire stock, such stock shall be considered as owned by such person. For the purposes of this paragraph an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock.

(4) Application of family-partnership and option rules: Paragraphs (2) and (3) shall be applied:

(A) For the purposes of the stock-ownership requirement provided in section 331 (a) (2), if, but only if, the effect is to make the corporation a foreign personal holding company;

(B) For the purposes of section 332 (e) (relating to personal-service contracts), or of section 332 (f) (relating to the use of property by shareholders), if, but only if, the effect is to make the amounts therein referred to includible under such subsection as foreign personal holding company income.

(5) Constructive ownership as actual ownership: Stock constructively owned by a person by reason of the application of paragraph (1) or (3) shall, for the purpose of applying paragraph (1) or (2), be treated as actually owned by such person; but stock constructively owned by an individual by reason of the application of paragraph (2) shall not be treated as owned by him for the purpose of again applying such paragraph in order to make another the constructive owner of such stock.

(6) Option rule in lieu of family and partnership rule: If stock may be considered as owned by an individual under either paragraph (2) or (3) it shall be considered as owned by him under paragraph (3).

(b) Convertible securities: Outstanding securities convertible into stock (whether or not convertible during the taxable year) shall be considered as outstanding stock—

(1) For the purpose of the stock-ownership requirement provided in section 331 (a) (2), but only if the effect of the inclusion of all such securities is to make the corporation a foreign personal holding company;

(2) For the purpose of section 332 (e) (relating to personal-service contracts), but only if the effect of the inclusion of all such securities is to make the amounts therein referred to includible under such subsection as foreign personal holding company income; and

(3) For the purpose of section 332 (f) (relating to the use of property by shareholders), but only if the effect of the inclusion of all such securities is to make the amounts therein referred to includible under such subsection as foreign personal holding company income.

The requirement in paragraphs (1), (2), and (3) that all convertible securities must be included if any are to be included shall be subject to the exception that, where some of the outstanding securities are convertible only after a later date than in the case of others, the class having the earlier conversion date may be included although the others are not included, but no convertible securities shall be included unless all outstanding securities having a prior conversion date are also included.

SEC. 334. Gross income of foreign personal holding companies.

(a) General rule: As used in this Supplement with respect to a foreign corporation the term "gross income" means gross income computed (without regard to the provisions of Supplement I) as if the foreign corporation were a domestic corporation.

(b) Additions to gross income: In the case of a foreign personal holding company (whether or not a United States group, as defined in section 331 (a) (2), existed with respect to such company on the last day of its taxable year) which was a shareholder in another foreign personal holding company on the day in the taxable year (whether beginning before, on, or after January 1, 1939) of the second company which was the last day on which a United States group existed with respect to the second company, there shall be included, as a dividend, in the gross income of the first company, for the taxable year in which or with which the taxable year of the second company ends, the amount the first company would have received as a dividend if on such last day there had been distributed by the second company, and received by the shareholders, an amount which bears the same ratio to the undistributed Supplement P net income of the second company for its taxable year as the portion of such taxable year up to and including such last day bears to the entire taxable year.

(c) Application of subsection (b): The rule provided in subsection (b)—

(1) shall be applied in the case of a foreign personal holding company for the purpose of determining its undistributed Supplement P net income which, or a part of which, is to be included in the gross income of its shareholders, whether United States shareholders, or other foreign personal holding companies;

(2) shall be applied in the case of every foreign corporation with respect to which a United States group exists on some day of its taxable year, for the purpose of determining whether such corporation meets the gross-income requirements of section 331 (a) (1).

SEC. 335. Undistributed Supplement P net income.

For the purposes of this title the term "undistributed Supplement P net income" means the Supplement P net income (as defined in section 336) minus the amount of the basic surtax credit provided in section 27 (b) (computed without its reduction, under section 27 (b) (1), by the amount of the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations).

SEC. 336. Supplement P net income.

For the purposes of this title the term "Supplement P net income" means the net income with the following adjustments:

(a) Additional deductions: There shall be allowed as deductions—

(1) Federal income, war-profits, and excess-profits taxes paid or accrued during the taxable year to the extent not allowed as a deduction under section 23; but not including the tax imposed by section 102, section 500, or a section of a prior income-tax law corresponding to either of such sections.

(2) In lieu of the deduction allowed by section 23 (q), contributions or gifts payment of which is made within the taxable year to or for the use of donees described in section 23 (q) for the purposes therein specified, to an amount which does not exceed 15 percent of the company's net income, computed without the benefit of this paragraph and section 23 (q), and without the deduction of the amount disallowed under subsection (b) of this section, and without the inclusion in gross income of the amounts includible therein as dividends by reason of the application of the provisions of section 334 (b) (relating to the inclusion in the gross income of a foreign personal holding company of its distributive share of the undistributed Supplement P net income of another foreign personal holding company in which it is a shareholder).

(b) Deductions not allowed.—

(1) Taxes and pension trusts: The deductions provided in section 23 (d), relating to taxes of a shareholder paid by the corporation, and in section 23 (p), relating to pension trusts, shall not be allowed.

(2) Expenses and depreciation: The aggregate of the deductions allowed under section 23 (a), relating to expenses, and section 23 (l), relating to depreciation, which are allocable to the operation and maintenance of property owned or operated by the company, shall be allowed only in an amount equal to the rent or other compensation received for the use or right to use the property, unless it is established (under regulations prescribed by the Commissioner with the approval of the Secretary) to the satisfaction of the Commissioner:

(A) That the rent or other compensation received was the highest obtainable, or, if none was received, that none was obtainable;

(B) That the property was held in the course of a business carried on bona fide for profit; and

(C) Either that there was reasonable expectation that the operation of the property would result in a profit, or that the property was necessary to the conduct of the business.

(3) Net loss carry-over disallowed: The deduction for net operating losses provided in section 23 (s) shall not be allowed.

(c) Capital losses: The net income shall be computed without regard to section 117 (d) and (e), and losses from sales or exchanges of capital assets shall be allowed only to the extent of $2,000 plus the gains from such sales or exchanges.

SEC. 337. Corporation income taxed to United States shareholders.

(a) General rule: The undistributed Supplement P net income of a foreign personal holding company shall be included in the gross income of the citizens or residents of the United States, domestic corporations, domestic partnerships, and estates or trusts (other than estates or trusts the gross income of which under this chapter includes only income from sources within the United States), who are shareholders in such foreign personal holding company (hereinafter called "United States shareholders") in the manner and to the extent set forth in this supplement.

(b) Amount included in gross income: Each United States shareholder, who was a shareholder on the day in the taxable year of the company which was the last day on which a United States group (as defined in section 331 (a) (2)) existed with respect to the company, shall include in his gross income, as a dividend, for the

taxable year in which or with which the taxable year of the company ends, the amount he would have received as a dividend if on such last day there had been distributed by the company, and received by the shareholders, an amount which bears the same ratio to the undistributed Supplement P net income of the company for the taxable year as the portion of such taxable year up to and including such last day bears to the entire taxable year.

(c) Credit for obligations of United States and its instrumentalities: Each United States shareholder shall be allowed a credit against net income, for the purpose of the tax imposed by section 11, 13, 14, 201, 204, 207, or 362, of his proportionate share of the interest specified in section 25 (a) (1) or (2) which is included in the gross income of the company otherwise than by the application of the provisions of section 334 (b) (relating to the inclusion in the gross income of a foreign personal holding company of its distributive share of the undistributed Supplement P net income of another foreign personal holding company in which it is a shareholder).

(d) Information in return: Every United States shareholder who is required under subsection (b) to include in his gross income any amount with respect to the undistributed Supplement P net income of a foreign personal holding company and who, on the last day on which a United States group existed with respect to the company, owned 5 percent or more in value of the outstanding stock of such company, shall set forth in his return in complete detail the gross income, deductions and credits, net income, Supplement P net income, and undistributed Supplement P net income of such company.

(e) Effect on capital account of foreign personal holding company: An amount which bears the same ratio to the undistributed Supplement P net income of the foreign personal holding company for its taxable year as the portion of such taxable year up to and including the last day on which a United States group existed with respect to the company bears to the entire taxable year, shall, for the purpose of determining the effect of distributions in subsequent taxable years by the corporation, be considered as paid-in surplus or as a contribution to capital and the accumulated earnings and profits as of the close of the taxable year shall be correspondingly reduced, if such amount or any portion thereof is required to be included as a dividend, directly or indirectly, in the gross income of United States shareholders.

(f) Basis of stock in hands of shareholders: The amount required to be included in the gross income of a United States shareholder under subsection (b) shall, for the purpose of adjusting the basis of his stock with respect to which the distribution would have been made (if it had been made), be treated as having been reinvested by the shareholder as a contribution to the capital of the corporation; but only to the extent to which such amount is included in his gross income in his return, increased or decreased by any adjustment of such amount in the last determination of the shareholder's tax liability, made before the expiration of 7 years after the date prescribed by law for filing the return.

(g) Basis of stock in case of death:

For basis of stock or securities in a foreign personal holding company acquired from a decedent, see section 113 (a) (5).

(h) Liquidation:

For amount of gain taken into account on liquidation of foreign personal holding company, see section 115 (c).

(i) Period of limitation on assessment and collection:

For period of limitation on assessment and collection without assessment, in case of failure to include in gross income the amount properly includible therein under subsection (b), see section 275 (d).

SEC. 338. Information returns by officers and directors.

(a) Monthly returns: On the 15th day of each month each individual who on such day is an officer or a director of a foreign corporation which, with respect to its taxable year preceding the taxable year (whether beginning on, before, or after January 1, 1939) in which such month occurs, was a foreign personal holding company, shall file with the Commissioner a return setting forth with respect to the preceding calendar month the name and address of each shareholder, the class and number of shares held by each, together with any changes in stockholdings during such period, the name and address of any holder of securities convertible into stock of such corporation, and such other information with respect to the stock and securities of the corporation as the Commissioner with the approval of the Secretary shall by regulations prescribe as necessary for carrying out the provisions of this title. The Commissioner, with the approval of the Secretary, may by regulations prescribe, as the period with respect to which returns shall be filed, a longer period than a month. In such case the return shall be due on the 15th day of the succeeding period, and shall be filed by the individuals who on such day are officers and directors of the corporation.

(b) Annual returns: On the sixtieth day after the close of the taxable year of a foreign personal holding company each individual who on such sixtieth day is an officer or director of the corporation shall file with the Commissioner a return setting forth—

(1) In complete detail the gross income, deductions and credits, net income, Supplement P net income, and undistributed Supplement P net income of such foreign personal holding company for such taxable year; and

(2) The same information with respect to such taxable year as is required in subsection (a); except that if all the required returns with respect to such year have been filed under subsection (a) no information under this paragraph need be set forth in the return filed under this subsection.

SEC. 339. Information returns by shareholders.

(a) Monthly returns: On the fifteenth day of each month each United States shareholder, by or for whom 50 percent or more in value of the outstanding stock of a foreign corporation is owned directly or indirectly (including in the case of an individual, stock owned by the members of his family as defined in section 333 (a) (2), if such foreign corporation with respect to its taxable year preceding the taxable year (whether beginning on, before, or after January 1, 1939) in which such month occurs was a foreign personal holding company, shall file with the Commissioner a return setting forth with respect to the preceding calendar month the name and address of each shareholder, the class and number of shares held by each, together with any changes in stockholdings during such period, the name and address of any holder of securities convertible into stock of such corporation, and such other information with respect to the stock and securities of the corporation as the Commissioner with the approval of the Secretary shall by regulations prescribe as necessary for carrying out the provisions of this title. The Commissioner, with the approval of the Secretary, may by regulations prescribe, as the period with respect to which returns shall be filed, a longer period than a month. In such case the return shall be due on the fifteenth day of the succeeding period, and shall be filed by the persons who on such day are United States shareholders.

(b) Annual returns: On the sixtieth day after the close of the taxable year of a foreign personal holding company each United States shareholder by or for whom on such sixtieth day 50 percent or more in value of the outstanding stock of such company is owned directly or indirectly (including in the case of an individual, stock owned by members of his family as defined in section 333 (a) (2)), shall file with the Commissioner a return setting forth the same information with respect to such taxable year as is required in subsection (a); except that if all the required returns with respect to such year have been filed under subsection (a) no return shall be required under this subsection.

SEC. 340. Penalties.

Any person required under section 338 or 339 to file a return, or to supply any information, who willfully fails to file such return, or supply such information, at the time or times required by law or regulations, shall, in lieu of the penalties provided in section 145 (a) for such offense, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than $2,000, or imprisoned for not more than 1 year, or both.

SUPPLEMENT Q—MUTUAL INVESTMENT COMPANIES

SEC. 361. Definition.

(a) In general: For the purposes of this title the term "mutual investment company" means any domestic corporation (whether chartered or created as an investment trust, or otherwise), other than a personal holding company as defined in section 501, if—

(1) It is organized for the purpose of, and substantially all its business consists of, holding, investing, or reinvesting in stock or securities; and

(2) At least 95 percent of its gross income is derived from dividends, interest, and gains from sales or other disposition of stock or securities; and

(3) Less than 30 percent of its gross income is derived from the sale or other disposition of stock or securities held for less than 6 months; and

(4) An amount not less than 90 percent of its net income is distributed to its shareholders as taxable dividends during the taxable year; and

(5) Its shareholders are, upon reasonable notice, entitled to redemption of their stock for their proportionate interests in the corporation's properties, or the cash equivalent thereof less a discount not in excess of 3 percent thereof.

(b) Limitations: Despite the provisions of paragraph (1) a corporation shall not be considered as a mutual investment company if at any time during the taxable year—

(1) More than 5 percent of the gross assets of the corporation, taken at cost, was invested in stock or securities, or both, of any one corporation, government, or political subdivision thereof, but this limitation shall not apply to investments in obligations of the United States or in obligations of any corporation organized under general act of Congress if such corporation is an instrumentality of the United States; or

(2) It owned more than 10 percent of the outstanding stock or securities, or both, of any one corporation; or

(3) It had any outstanding bonds or indebtedness in excess of 10 percent of its gross assets taken at cost; or

(4) It fails to comply with any rule or regulation prescribed by the Commissioner, with the approval of the Secretary, for the purpose of ascertaining the actual ownership of its outstanding stock.

SEC. 362. Tax on mutual investment companies.

(a) Supplement Q net income: For the purposes of this title the term "Supplement Q net income" means the adjusted net income, computed without the net operating loss deduction provided in section 23 (s), minus the basic surtax credit computed under section 124 (b) without the application of paragraphs (2) and (3).

(b) Imposition of tax: There shall be levied, collected, and paid for each taxable year upon the Supplement Q net income of every mutual investment company a tax equal to 18 percent of the amount thereof.

SUPPLEMENT R—EXCHANGES AND DISTRIBUTIONS IN OBEDIENCE TO ORDERS OF SECURITIES AND EXCHANGE COMMISSION

SEC. 371. Nonrecognition of gain or loss.

(a) Exchanges of stock or securities only: No gain or loss shall be recognized to the transferor if stock or securities in a corporation which is a registered holding company or a majority-owned

subsidiary company are transferred to such corporation or to an associate company thereof which is a registered holding company or a majority-owned subsidiary company solely in exchange for stock or securities (other than stock or securities which are nonexempt property), and the exchange is made by the transferee corporation in obedience to an order of the Securities and Exchange Commission.

(b) Exchanges of property for property by corporations: No gain or loss shall be recognized to a transferor corporation which is a registered holding company or an associate company of a registered holding company, if such corporation, in obedience to an order of the Securities and Exchange Commission transfers property solely in exchange for property (other than nonexempt property), and such order recites that such exchange by the transferor corporation is necessary or appropriate to the integration or simplification of the holding company system of which the transferor corporation is a member.

(c) Distribution of stock or securities only: If there is distributed, in obedience to an order of the Securities and Exchange Commission, to a shareholder in a corporation which is a registered holding company or a majority-owned subsidiary company, stock or securities (other than stock or securities which are nonexempt property), without the surrender by such shareholder of stock or securities in such corporation, no gain to the distributee from the receipt of the stock or securities so distributed shall be recognized.

(d) Transfers within system group: (1) No gain or loss shall be recognized to a corporation which is a member of a system group (A) if such corporation transfers property to another corporation which is a member of the same system group in exchange for other property, and the exchange by each corporation is made in obedience to an order of the Securities and Exchange Commission, or (B) if there is distributed to such corporation as a shareholder in a corporation which is a member of the same system group, property, without the surrender by such shareholder of stock or securities in the corporation making the distribution, and the distribution is made and received in obedience to an order of the Securities and Exchange Commission. If an exchange by or a distribution to a corporation with respect to which no gain or loss is recognized under any of the provisions of this paragraph may also be considered to be within the provisions of subsection (a), (b), or (c), then the provisions of this paragraph only shall apply.

(2) If the property received upon an exchange which is within any of the provisions of paragraph (1) of this subsection consists in whole or in part of stock or securities issued by the corporation from which such property was received, and if in obedience to an order of the Securities and Exchange Commission such stock or securities (other than stock which is not preferred as to both dividends and assets) are sold and the proceeds derived therefrom are applied in whole or in part in the retirement or cancelation of stock or of securities of the recipient corporation outstanding at the time of such exchange, no gain or loss shall be recognized to the recipient corporation upon the sale of the stock or securities with respect to which such order was made; except that if any part of the proceeds derived from the sale of such stock or securities is not so applied, or if the amount of such proceeds is in excess of the fair market value of such stock or securities at the time of such exchange, the gain, if any, shall be recognized, but in an amount not in excess of the proceeds which are not so applied, or in an amount not more than the amount by which the proceeds derived from such sale exceed such fair market value, whichever is the greater.

(e) Exchanges not solely in kind: (1) If an exchange (not within any of the provisions of subsection (d) would be within the provisions of subsection (a) or (b) if it were not for the fact that property received in exchange consists not only of property permitted by such subsection to be received without the recognition of gain or loss, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property, and the loss, if any, to the recipient shall not be recognized.

(2) If an exchange is within the provisions of paragraph (1) of this subsection and if it includes a distribution which has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under such paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under such paragraph (1) shall be taxed as a gain from the exchange of property.

(f) Application of section: The provisions of this section shall not apply to an exchange or distribution unless (1) the order of the Securities and Exchange Commission in obedience to which such exchange or distribution was made recites that such exchange or distribution is necessary or appropriate to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 (49 Stat. 820, U. S. C., Supp. III, title 15, sec. 79 (b)), (2) such order specifies and itemizes the stock and securities and other property which are ordered to be transferred and received upon such exchange or distribution, and (3) such exchange or distribution was made in obedience to such order and was completed within the time prescribed therefor in such order.

(g) Nonapplication of other provisions: If an exchange or distribution made in obedience to an order of the Securities and Exchange Commission is within any of the provisions of this section and may also be considered to be within any of the provisions of section 112 (other than the provisions of paragraph (8) of subsection (b)), then the provisions of this section only shall apply.

SEC. 372. Basis for determining gain or loss.

(a) Exchanges generally: If the property was acquired upon an exchange subject to the provisions of section 371 (a), (b), or (e), the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 371 (a) or (b) to be received without the recognition of gain or loss, and in part of nonexempt property, the basis provided in this subsection shall be allocated between the properties (other than money) received, and for the purpose of the allocation there shall be assigned to such nonexempt property (other than money) an amount equivalent to its fair market value at the date of the exchange. This subsection shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

(b) Transfers to corporations: If, in connection with a transfer subject to the provisions of section 371 (a), (b), or (e), the property was acquired by a corporation, either as paid-in surplus or as a contribution to capital, or in consideration for stock or securities issued by the corporation receiving the property (including cases where part of the consideration for the transfer of such property to the corporation consisted of property or money in addition to such stock or securities), then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made.

(c) Distributions of stock or securities: If the stock or securities were received in a distribution subject to the provisions of section 371 (c), then the basis in the case of the stock in respect of which the distribution was made shall be apportioned, under rules and regulations prescribed by the Commissioner with the approval of the Secretary, between such stock and the stock or securities distributed.

(d) Transfers within system group: If the property was acquired by a corporation which is a member of a system group upon a transfer or distribution described in section 371 (d) (1), then the basis shall be the same as it would be in the hands of the transferor; except that if such property is stock or securities issued by the corporation from which such stock or securities were received and they were issued (1) as the sole consideration for the property transferred to such corporation, then the basis of such stock or securities shall be either (A) the same as in the case of the property transferred therefor, or (B) the fair market value of such stock or securities at the time of their receipt, whichever is the lower; or (2) as part consideration for the property transferred to such corporation, then the basis of such stock or securities shall be either (A) an amount which bears the same ratio to the basis of the property transferred as the fair market value of such stock or securities at the time of their receipt bears to the total fair market value of the entire consideration received, or (B) the fair market value of such stock or securities at the time of their receipt, whichever is the lower.

SEC. 373. Definitions.

As used in this supplement—

(a) The term "order of the Securities and Exchange Commission" means an order (1) issued after May 28, 1938, and prior to January 1, 1941, by the Securities and Exchange Commission to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 (49 Stat. 820; U. S. C., Supp. III, title 15, § 79 (b)), or (2) issued by the Commission subsequent to December 31, 1940, in which it is expressly stated that an order of the character specified in clause (1) is amended or supplemented, and (3) which has become final in accordance with law.

(b) The terms "registered holding company", "holding-company system", and "associate company" shall have the meanings assigned to them by section 2 of the Public Utility Holding Company Act of 1935, 49 Stat. 804 (U. S. C., Supp. III, title 15, § 79 (b), (c)).

(c) The term "majority-owned subsidiary company" of a registered holding company means a corporation, stock of which, representing in the aggregate more than 50 percent of the total combined voting power of all classes of stock of such corporation entitled to vote (not including stock which is entitled to vote only upon default or nonpayment of dividends or other special circumstances) is owned wholly by such registered holding company, or partly by such registered holding company and partly by one or more majority-owned subsidiary companies thereof, or by one or more majority-owned subsidiary companies of such registered holding company.

(d) The term "system group" means one or more chains of corporations connected through stock ownership with a common parent corporation if—

(1) At least 90 percent of each class of the stock (other than stock which is preferred as to both dividends and assets) of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

(2) The common parent corporation owns directly at least 90 percent of each class of the stock (other than stock which is preferred

as to both dividends and assets) of at least one of the other corporations; and

(3) Each of the corporations is either a registered holding company or a majority-owned subsidiary company.

(e) The term "nonexempt property" means—

(1) Any consideration in the form of a cancelation or assumption of debts or other liabilities (including a continuance of encumbrances subject to which the property was transferred);

(2) Short-term obligations (including notes, drafts, bills of exchange, and bankers' acceptances) having a maturity at the time of issuance of not exceeding 24 months, exclusive of days of grace;

(3) Securities issued or guaranteed as to principal or interest by a government or subdivision thereof (including those issued by a corporation which is an instrumentality of a government or subdivision thereof);

(4) Stock or securities which were acquired after February 28, 1938, unless such stock or securities (other than obligations described as nonexempt property in paragraph (2) or (3)) were acquired in obedience to an order of the Securities and Exchange Commission;

(5) Money, and the right to receive money not evidenced by a security other than an obligation described as nonexempt property in paragraph (2) or (3).

(f) The term "stock or securities" means shares of stock in any corporation, certificates of stock or interest in any corporation, notes, bonds, debentures, and evidences of indebtedness (including any evidence of an interest in or right to subscribe to or purchase any of the foregoing).

TITLE IA—ADDITIONAL INCOME TAXES

SUBTITLE A—PERSONAL HOLDING COMPANIES

SEC. 500. Surtax on personal holding companies.

There shall be levied, collected, and paid, for each taxable year beginning after December 31, 1938, upon the undistributed subtitle A net income of every personal holding company (in addition to the taxes imposed by chapter 1) a surtax equal to the sum of the following:

(1) 65 percent of the amount thereof not in excess of $2,000; plus

(2) 75 percent of the amount thereof in excess of $2,000.

SEC. 501. Definition of personal holding company.

(a) General rule: For the purposes of this subtitle and title 1 and title 1B the term "personal holding company" means any corporation if—

(1) Gross income requirement: At least 80 percent of its gross income for the taxable year is personal holding company income as defined in section 502; but if the corporation is a personal holding company with respect to any taxable year beginning after December 31, 1936, then, for each subsequent taxable year, the minimum percentage shall be 70 percent in lieu of 80 percent, until a taxable year during the whole of the last half of which the stock ownership required by paragraph (2) does not exist, or until the expiration of three consecutive taxable years in each of which less than 70 percent of the gross income is personal holding company income; and

(2) Stock ownership requirement: At any time during the last half of the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals.

(b) Exceptions: The term "personal holding company" does not include a corporation exempt from taxation under section 101, a bank as defined in section 104, a life insurance company, a surety company, or a foreign personal holding company as defined in section 331, or a licensed personal finance company, under State supervision, at least 80 percent of the gross income of which is lawful interest received from individuals each of whose indebtedness to such company did not at any time during the taxable year exceed $300 in principal amount, if such interest is not payable in advance or compounded and is computed only on unpaid balances.

(c) Corporations making consolidated returns: If the common parent corporation of an affiliated group of corporations making a consolidated return under the provisions of section 141 satisfies the stock ownership requirement provided in section 501 (a) (2), and the income of such affiliated group, determined as provided in section 141, satisfies the gross income requirement provided in section 501 (a) (1), such affiliated group shall be subject to the surtax imposed by this subchapter.

SEC. 502. Personal holding company income.

For the purposes of this subtitle the term "personal holding company income" means the portion of the gross income which consists of:

(a) Dividends, interest (other than interest constituting rent as defined in subsection (g)), royalties (other than mineral, oil, or gas royalties), annuities.

(b) Stock and securities transactions: Except in the case of regular dealers in stock or securities, gains from the sale or exchange of stock or securities.

(c) Commodities transactions: Gains from futures transactions in any commodity on or subject to the rules of a board of trade or commodity exchange. This subsection shall not apply to gains by a producer, processor, merchant, or handler of the commodity which arise out of bona fide hedging transactions reasonably necessary to the conduct of its business in the manner in which such business is customarily and usually conducted by others.

(d) Estates and trusts: Amounts includible in computing the net income of the corporation under Supplement E of title I, and gains from the sale or other disposition of any interest in an estate or trust.

(e) Personal service contracts: (1) Amounts received under a contract under which the corporation is to furnish personal services; if some person other than the corporation has the right to designate (by name or by description) the individual who is to perform the services, or if the individual who is to perform the services is designated (by name or by description) in the contract; and (2) amounts received from the sale or other disposition of such a contract. This subsection shall apply with respect to amounts received for services under a particular contract only if at some time during the taxable year 25 percent or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for the individual who has performed, is to perform, or may be designated (by name or by description) as the one to perform such services.

(f) Use of corporation property by shareholder: Amounts received as compensation (however designated and from whomsoever received) for the use of, or right to use, property of the corporation in any case where, at any time during the taxable year, 25 percent or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for an individual entitled to the use of the property; whether such right is obtained directly from the corporation or by means of a sublease or other arrangement.

(g) Rents: Rents, unless constituting 50 percent or more of the gross income. For the purposes of this subsection the term "rents" means compensation, however designated, for the use of, or right to use, property, and the interest on debts owed to the corporation, to the extent such debts represent the price for which real propery held primarily for sale to customers in the ordinary course of its trade or business was sold or exchanged by the corporation; but does not include amounts constituting personal holding company income under subsection (f).

(h) Mineral, oil, or gas royalties: Mineral, oil, or gas royalties, unless (1) constituting 50 percent or more of the gross income, and (2) the deductions allowable under section 23 (a) (relating to expenses) other than compensation for personal services rendered by shareholders, constitute 15 percent or more of the gross income.

SEC. 503. Stock ownership.

(a) Constructive ownership: For the purpose of determining whether a corporation is a personal holding company, insofar as such determination is based on stock ownership under section 501 (a) (2), section 502 (e), or section 502 (f)—

(1) Stock not owned by individual: Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries.

(2) Family and partnership ownership: An individual shall be considered as owning the stock owned, directly or indirectly, by or for his family or by or for his partner. For the purposes of this paragraph the family of an individual includes only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

(3) Options: If any person has an option to acquire stock such stock shall be considered as owned by such person. For the purposes of this paragraph an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock.

(4) Application of family-partnership and option rules: Paragraphs (2) and (3) shall be applied—

(A) For the purposes of the stock ownership requirement provided in section 501 (a) (2), if, but only if, the effect is to make the corporation a personal holding company;

(B) For the purposes of section 502 (e) (relating to personal-service contracts), or of section 502 (f) (relating to the use of property by shareholders), if, but only if, the effect is to make the amounts therein referred to includible under such subsection as personal holding-company income.

(5) Constructive ownership as actual ownership: Stock constructively owned by a person by reason of the application of paragraph (1) or (3) shall, for the purpose of applying paragraph (1) or (2), be treated as actually owned by such person; but stock constructively owned by an individual by reason of the application of paragraph (2) shall not be treated as owned by him for the purpose of again applying such paragraph in order to make another the constructive owner of such stock.

(6) Option rule in lieu of family and partnership rule: If stock may be considered as owned by an individual under either paragraph (2) or (3) it shall be considered as owned by him under paragraph (3).

(b) Convertible securities: Outstanding securities convertible into stock (whether or not convertible during the taxable year) shall be considered as outstanding stock—

(1) For the purpose of the stock-ownership requirement provided in section 501 (a) (2), but only if the effect of the inclusion of all such securities is to make the corporation a personal holding company;

(2) For the purpose of section 502 (e) (relating to personal service contracts), but only if the effect of the inclusion of all such securities is to make the amounts therein referred to includible under such subsection as personal holding company income; and

(3) For the purpose of section 502 (f) (relating to the use of property by shareholders), but only if the effect of the inclusion of all such securities is to make the amounts therein referred to includible under such subsection as personal holding company income.

The requirement in paragraphs (1), (2), and (3) that all convertible securities must be included if any are to be included shall be subject to the exception that, where some of the outstanding securities are convertible only after a later date than in the case of others, the class having the earlier conversion date may be included although the others are not included, but no convertible securities shall be included unless all outstanding securities having a prior conversion date are also included.

SEC. 504. Undistributed subtitle A net income.

For the purposes of this subtitle the term "undistributed subchapter A net income" means the subtitle A net income (as defined in section 505) minus—

(a) The amount of the dividends paid credit provided in section 27 (a) without the benefit of paragraphs (3) and (4) thereof (computed without its reduction, under section 27 (b) (1), by the amount of the credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations); but, in the computation of the dividends paid credit for the purposes of this subtitle, the amount allowed under subsection (c) of this section in the computation of the tax under this subtitle for any preceding taxable year shall be considered as a dividend paid in such preceding taxable year and not in the year of distribution;

(b) Amounts used or irrevocably set aside to pay or to retire indebtedness of any kind incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness.

(c) Dividends paid after the close of the taxable year and before the 15th day of the third month following the close of the taxable year, if claimed under this subsection in the return, but only to the extent to which such dividends are includible, for the purposes of chapter 1, in the computation of the basic surtax credit for the year of distribution; but the amount allowed under this subsection shall not exceed either:

(1) The accumulated earnings and profits as of the close of the taxable year; or

(2) The undistributed subtitle A net income for the taxable year computed without regard to this subsection; or

(3) Ten percent of the sum of—

(A) The dividends paid during the taxable year (reduced by the amount allowed under this subsection in the computation of the tax under this subtitle for the taxable year preceding the taxable year); and

(B) The consent dividends credit for the taxable year.

SEC. 505. Subtitle A net income.

For the purposes of this subtitle the term "Subtitle A Net Income" means the net income with the following adjustments:

(a) Additional deductions: There shall be allowed as deductions—

(1) Federal income, war-profits, and excess-profits taxes paid or accrued during the taxable year to the extent not allowed as a deduction under section 23; but not including the tax imposed by section 102, section 500, or a section of a prior income-tax law corresponding to either of such sections.

(2) In lieu of the deduction allowed by section 23 (q), contributions or gifts, payment of which is made within the taxable year to or for the use of donees described in section 23 (q) for the purposes therein specified, to an amount which does not exceed 15 percent of the taxpayer's net income, computed without the benefit of this paragraph and section 23 (q), and without the deduction of the amount disallowed under subsection (b) of this section.

(3) In the case of a corporation organized prior to January 1, 1936, to take over the assets and liabilities of the estate of a decedent, amounts paid in liquidation of any liability of the corporation based on the liability of the decedent to make contributions or gifts to or for the use of donees described in section 23 (o) for the purposes therein specified, to the extent such liability of the decedent existed prior to January 1, 1934. No deduction shall be allowed under paragraph (2) of this subsection for a taxable year for which a deduction is allowed under this paragraph.

(b) Deductions not allowed: The aggregate of the deductions allowed under section 23 (a), relating to expenses, and section 23 (l), relating to depreciation, which are allocable to the operation and maintenance of property owned or operated by the corporation, shall be allowed only in an amount equal to the rent or other compensation received for the use of, or the right to use, the property, unless it is established (under regulations prescribed by the Commissioner with the approval of the Secretary) to the satisfaction of the Commissioner:

(1) That the rent or other compensation received was the highest obtainable, or, if none was received, that none was obtainable;

(2) That the property was held in the course of a business carried on bona fide for profit; and

(3) Either that there was reasonable expectation that the operation of the property would result in a profit, or that the property was necessary to the conduct of the business.

(c) Net loss carry-over disallowed: The deduction for net operating losses provided in section 23 (s) shall not be allowed.

SEC. 506. Deficiency dividends—credits and refunds.

(a) Credit against unpaid deficiency: If the amount of a deficiency with respect to the tax imposed by this subtitle for any taxable year has been established—

(1) by a decision of the Board of Tax Appeals which has become final; or

(2) by a closing agreement made under section 3760; or

(3) by a final judgment in a suit to which the United States is a party;

then a deficiency dividend credit shall be allowed against the amount of the deficiency so established and all interest, additional amounts, and additions to the tax provided by law not paid on or before the date when claim for a deficiency dividend credit is filed under subsection (d). The amount of such credit shall be 65 percent of the amount of deficiency dividends, as defined in subsection (c), not in excess of $2,000, plus 75 percent of the amount of such dividends in excess of $2,000; but such credit shall not exceed the portion of the deficiency so established which is not paid on or before the date of the closing agreement, or the date the decision of the Board or the judgment becomes final, as the case may be. Such credit shall be allowed as of the date the claim for deficiency dividend credit is filed.

(b) Credit or refund of deficiency paid: When the Commissioner has determined that there is a deficiency with respect to the tax imposed by this subtitle and the corporation has paid any portion of such asserted deficiency and it has been established—

(1) by a decision of the Board of Tax Appeals which has become final; or

(2) by a closing agreement made under section 3760; or

(3) by a final judgment in a suit against the United States for refund—

(A) if such suit is brought within 6 months after the corporation became entitled to bring suit, and

(B) if claim for refund was filed within 6 months after the payment of such amount;

that any portion of the amount so paid was the whole or a part of a deficiency at the time when paid, then there shall be credited or refunded to the corporation an amount equal to 65 percent of the amount of deficiency dividends not in excess of $2,000, plus 75 percent of the amount of such dividends in excess of $2,000, but such credit or refund shall not exceed the portion so paid by the corporation. Such credit or refund shall be made as provided in section 322 but without regard to subsection (b) or subsection (c) thereof. No interest shall be allowed on such credit or refund. No credit or refund shall be made under this subsection with respect to any amount of tax paid after the date of the closing agreement, or the date the decision of the Board or the judgment becomes final, as the case may be.

(c) Deficiency dividends.—

(1) Definition: For the purpose of this subtitle, the term "deficiency dividends" means the amount of the dividends paid, on or after the date of the closing agreement or on or after the date the decision of the Board or the judgment becomes final, as the case may be, and prior to filing claim under subsection (d), which are includible, for the purposes of title 1, in the computation of the basic surtax credit for the year of distribution. No dividends shall be considered as deficiency dividends for the purposes of allowance of credit under subsection (a) unless (under regulations prescribed by the Commissioner with the approval of the Secretary) the corporation files, within 30 days after the date of the closing agreement, or the date upon which the decision of the Board or judgment becomes final, as the case may be, notification (which specifies the amount of the credit intended to be claimed) of its intention to have the dividends so considered.

(2) Effect on dividends paid credit.—

(A) For taxable year in which paid: Deficiency dividends paid in any taxable year (to the extent of the portion thereof with respect to which the credit under subsection (a), or the credit or refund under subsection (b), or both, are allowed) shall be subtracted from the basis surtax credit for such year, but only for the purpose of computing the tax under this subtitle for such year and succeeding years.

(B) For prior taxable year: Deficiency dividends paid in any taxable year (to the extent of the portion thereof with respect to which the credit under subsection (a), or the credit or refund under subsection (b), or both are allowed) shall not be allowed under section 504 (c) in the computation of the tax under this subtitle for any taxable year preceding the taxable year in which paid.

(d) Claim required: No deficiency dividends credit shall be allowed under subsection (a) and no credit or refund shall be made under subsection (b) unless (under regulations prescribed by the Commissioner with the approval of the Secretary) claim therefor is filed within 60 days after the date of the closing agreement, or the date upon which the decision of the Board or judgment becomes final, as the case may be.

(e) Suspension of statute of limitations and stay of collection.—

(1) Suspension of running of statute: If the corporation files a notification, as provided in subsection (c), to have dividends considered as deficiency dividends, the running of the statute of limitations provided in section 275 or 276 on the making of assessments and the bringing of distraint or a proceeding in court for collection, in respect of the deficiency and all interest, additional amounts, and additions to the tax provided by law, shall be suspended for a period of 2 years after the date of the filing of such notification.

(2) Stay of collection: In the case of any deficiency with respect to the tax imposed by this subchapter established as provided in subsection (a)—

(A) The collection of the deficiency and all interest, additional amounts, and additions to the tax provided for by law shall, except in cases of jeopardy, be stayed until the expiration of 30 days after the date of the closing agreement, or the date upon which the decision of the Board or judgment becomes final, as the case may be.

(B) If notification has been filed, as provided in subsection (c), the collection of such part of the deficiency as is not in excess of either the credit allowable under subsection (a) or the amount which, in the notification, is specified as intended to be claimed as credit, shall, except in cases of jeopardy, be stayed after the expiration of 60 days after the date of the closing agreement, or the date upon which the decision of the Board or judgment becomes final, as the case may be.

(C) If claim for deficiency dividend credit is filed under subsection (d), the collection of such part of the deficiency as is not in excess of either the credit allowable under subsection (a) or the amount claimed, shall be stayed until the date the claim for credit is disallowed (in whole or in part), and if disallowed in part collection shall be made only of the part disallowed.

No distraint or proceeding in court shall be begun for the collection of an amount the collection of which is stayed under subparagraph (A), (B), or (C) during the period for which the collection of such amount is stayed.

(f) Credit or refund denied if fraud, etc.: No deficiency dividend credit shall be allowed under subsection (a) and no credit or refund shall be made under subsection (b) if the closing agreement, decision of the Board, or judgment contains a finding that any part of the deficiency is due to fraud with intent to evade tax, or to failure to file the return under this subchapter within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure to file is due to reasonable cause and not due to willful neglect.

SEC. 507. Meaning of terms used.

The terms used in this subtitle shall have the same meaning as when used in title I.

SEC. 508. Administrative provisions.

All provisions of law (including penalties) applicable in respect of the taxes imposed by title I, shall insofar as not inconsistent with this subtitle, be applicable in respect of the tax imposed by this subtitle, except that the provisions of section 131 shall not be applicable.

SEC. 509. Improper accumulation of surplus.

For surtax on corporations which accumulate surplus to avoid surtax on shareholders, see section 102.

SEC. 510. Foreign personal holding companies.

For provisions relating to foreign personal holding companies and their shareholders, see supplement P of title I.

SEC. 511. Publicity of returns.

For provisions with respect to publicity of returns under this subtitle, see subsection (a) (2) of section 55.

TITLE IB—EXCESS PROFITS TAX

SEC. 600. Imposition of tax.

In addition to the taxes imposed by title I and title IA, there shall be levied, collected, and paid for each taxable year or portion of such year to which the tax under title I applies upon the income of every corporation a tax equal to the following percentages of the net income:

RATE SCHEDULE

10 percent of the amount of the net income in excess of the credit (determined under section 602) and not in excess of 10 percent of the invested capital for the taxable year;

20 percent of the amount of the net income in excess of 10 percent but not in excess of 15 percent of such invested capital;

30 percent of the amount of the net income in excess of 15 percent but not in excess of 20 percent of such invested capital;

40 percent of the amount of the net income in excess of 20 percent but not in excess of 25 percent of such invested capital;

60 percent of the amount of the net income in excess of 25 percent of such invested capital.

In any case where the full amount of the credit (determined under section 602) is not exhausted under the first bracket, the unused part shall be applied in reduction of the net income in the succeeding brackets until the entire credit is absorbed.

SEC. 601. Alternative tax.

(a) There shall (at the election of the taxpayer) be levied, collected, and paid, in lieu of the tax imposed by section 600, a tax equal to 50 percent of such part of the net income for the taxable year as is in excess of the average net income for any 3 of the 4 taxable years 1936, 1937, 1938, and 1939.

(b) If a corporation was not in existence during the whole of such 4-year period, the average net income shall be computed by taking into account all such taxable years specified in subsection (a) during which the corporation was in existence.

(c) For the purpose of this tax, the net income shall be the same as the net income for income-tax purposes in title I of this act.

(d) Except in the case of corporations which elected to file consolidated returns for the taxable years specified in subsection (a) in accordance with the applicable revenue acts, the tax imposed by this section shall be computed upon the basis of separate returns.

SEC. 602. Excess-profits credit.

(a) The excess-profits credit shall consist in the case of a domestic corporation of (1) a specific exemption of $3,000 or (2) 5 percent of the invested capital for the taxable year, whichever is the greater. A foreign corporation or a corporation entitled to the benefit of section 251, or a corporation organized under the China Trade Act, 1922, shall be entitled to an excess-profits credit of 6 percent of the invested capital.

(b) In the case of a return made for a fractional part of a year, the specific exemption of $3,000 shall be reduced to an amount which bears the same ratio to such specific exemption as the number of months in the period for which return is made bears to 12 months.

(c) In any case where a tax is assessed upon the basis of a consolidated return, only one specific exemption of $3,000 shall be allowed.

SEC. 603. Exempt corporations.

Corporations enumerated in section 101 shall, to the extent they are exempt from the income tax under title I be exempt from taxation under this title.

SEC. 604. Net income.

For the purpose of the tax imposed by section 600, the net income shall be the same as the net income for income-tax purposes in title I of this act, with the following adjustments:

(a) Additional deductions—(1) Dividends: There shall be allowed as a deduction, the amount received as dividends from a domestic corporation which is subject to taxation under title I. The deduction allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which under section 251 of title I is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

(2) Loss in inventory: (A) At the time of filing return for the last taxable year under this title a taxpayer may, notwithstanding any other provision of law, file a claim in abatement based on the fact that he has sustained a substantial loss (whether or not actually realized by sale or other disposition) resulting from any material reduction (not due to temporary fluctuation) of the value of the inventory for such taxable year, or from the actual payment after the close of such taxable year of rebates in pursuance of contracts entered into during such year upon sales made during such year. In such case payment of the amount of the tax covered by such claim shall not be required until the claim is decided, but the taxpayer shall accompany his claim with a bond in double the amount of the tax covered by the claim, with sureties satisfactory to the Commissioner, conditioned for the payment of any part of such tax found to be due, with interest. If any part of such claim is disallowed then the remainder of the tax due shall on notice and demand by the collector be paid by the taxpayer with interest at the rate of 6 percent per annum from the time the tax would have been due had no such claim been filed. If it is shown to the satisfaction of the Commissioner that such substantial loss has been sustained, then in computing the tax imposed by this title the amount of such loss shall be deducted from the net income.

(B) If no such claim is filed, but it is shown to the satisfaction of the Commissioner that during the period of 1 year after the date upon which the last return under this title is due the taxpayer has sustained a substantial loss of the character above described then the amount of such loss shall be deducted from the net income for the last taxable year under this title and the tax imposed by this title for such year shall be redetermined accordingly. Any amount found to be due to the taxpayer upon the basis of such redetermination shall be credited or refunded to the taxpayer in accordance with the provisions of section 322.

(3) Amortization: (A) In the case of buildings, machinery, equipment, or other depreciable facilities, contracted for and constructed, erected, installed, or acquired on or after the effective date of this act, for the production of articles essential to the prosecution of the war, and in the case of vessels contracted for and constructed or acquired on or after such date for the transportation of articles or men essential to the prosecution of the war, there shall be allowed, for any taxable year ending after the effective date of this act, a reasonable deduction for the amortization of such part of the cost of such facilities or vessels as has been borne by the taxpayer (not in excess of the adjusted basis under section 113 of title I), but not again including any amount otherwise allowed under title I, or previous acts of Congress as a deduction in computing net income. The allowance under this subsection shall be inclusive of all depreciation during the amortization period on property subject to amortization: *Provided*, That amortization shall not be allowed under this subsection unless the construction, erection, installation, or acquirement of the facility or vessel shall have been authorized by the President, through such agency as he shall designate, and determined by such agency to be for the production of articles essential to the prosecution of the war, or, in the case of vessels, for the transportation of articles or men essential to the prosecution of the war: *Provided further*, That in the case of vessels, buildings, machinery, equipment, or other facilities contracted for, or constructed, erected, or installed prior to the effective date of this act, but acquired by the taxpayer subsequent to such date, whether by purchase, exchange, gift, transfer, or in any other manner, no amortization shall be allowed under this paragraph: *Provided further*, That after this act shall cease to be effective the Commissioner may reexamine the returns made under this title, and if he then finds that the deduction originally allowed was incorrect, the tax for the year or years affected shall be redetermined. The amount of the deduction under this subsection shall be allowed only with respect to such facilities or vessels which have become obsolete, or ceased to be required, or have been sold prior to 1 year after the date upon which this act shall cease to be effective. The amount of any deficiency in tax determined to be due may be assessed and collected at any time, subject to the provisions of section 272 of title I, without regard to the provisions of section 275 of title I.

The amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 322 of title I.

(B) Tentative allowance: For the purpose of returns under this title, the tentative estimate of the amount of such amortization for any year shall not exceed 12½ percent of the cost of such part of the facilities or vessels as has been borne by the taxpayer: *Provided*, That when the aggregate tentative allowances equal 50 percent of the cost of the facilities or vessels no further tentative allowances shall be made.

(b) Consolidated net income: For the purpose of this title, consolidated net income in the case of affiliated corporations shall be the same as consolidated net income for income-tax purposes in title I, subject to the adjustments provided in subsection (a).

SEC. 605. Invested capital.

(a) As used in this title—

The term "intangible property" means patents, copyrights, secret processes and formulae, good will, trade-marks, trade brands, franchises, and other like property;

The term "tangible property" means stocks, bonds, notes, and other evidences of indebtedness, bills and accounts receivable, leaseholds, and other property other than intangible property;

The term "borrowed capital" means money or other property borrowed, whether represented by bonds, notes, open accounts, or otherwise;

The term "inadmissible assets" means stocks, bonds, and other obligations (other than obligations of the United States) the dividends or interest from which is not included in computing net income under this title, but where the income derived from such assets consists in part of gain or profit derived from the sale or other disposition thereof, or where all or part of the interest derived from such assets is in effect included in the net income because of the limitation on the deduction of interest under subsection (b) of section 23 of title I, a corresponding part of the capital invested in such assets shall not be deemed to be inadmissible assets;

The term "admissible assets" means all assets other than inadmissible assets, valued in accordance with the provisions of subsection (a) of section 606 and section 607.

(b) For the purposes of this title the par value of stock or shares shall, in the case of stock or shares issued at a nominal value or having no par value, be deemed to be the fair market value as of the date or dates of issue of such stock or shares.

SEC. 606.

(a) As used in this title the term "invested capital" for any year means (except as provided in subdivision (b) and (c) of this section):

(1) Actual cash bona fide paid in for stock or shares;

(2) Actual cash value of tangible property, other than cash, bona fide paid in for stock or shares, at the time of such payment, but in no case to exceed the par value of the original stock or shares specifically issued therefor, unless the actual cash value of such tangible property at the time paid in is shown to the satisfaction of the Commissioner to have been clearly and substantially in excess of such par value, in which case such excess shall be treated as paid-in surplus: *Provided*, That the Commissioner shall keep a record of all cases in which tangible property is included in invested capital at a value in excess of the stock or shares issued therefor, containing the name and address of each taxpayer, the business in which engaged, the amount of invested capital and net income shown by the return, the value of the tangible property at the time paid in, the par value of the stock or shares specifically issued therefor, and the amount included under this paragraph as paid-in surplus. The Commissioner shall furnish a copy of such record and other detailed information with respect to such cases when required by resolution of either House of Congress, without regard to the restrictions contained in section 55 of the Internal Revenue Code.

(3) Paid-in or earned surplus and undivided profits; not including surplus and undivided profits earned during the year;

(4) Intangible property bona fide paid in for stock or shares prior to January 1, 1940, in an amount not exceeding (a) the actual cash value of such property at the time paid in, (b) the par value of the stock or shares issued therefor, or (c) in the aggregate 25 percent of the par value of the total stock or shares of the corporation outstanding on January 1, 1940, whichever is lowest;

(5) Intangible property bona fide paid in for stock or shares on or after January 1, 1940, in an amount not exceeding (a) the actual cash value of such property at the time paid in, (b) the par value of the stock or shares issued therefor, or (c) in the aggregate 25 percent of the par value of the total stock or shares of the corporation outstanding at the beginning of the taxable year, whichever is lowest: *Provided*, That in no case shall the total amount included under paragraphs (4) and (5) exceed in the aggregate 25 percent of the par value of the total stock or shares of the corporation outstanding at the beginning of the taxable year; but

(b) As used in this title the term "invested capital" does not include borrowed capital.

(c) There shall be deducted from invested capital as above defined a percentage thereof equal to the percentage which the amount of inadmissible assets is of the amount of admissible and inadmissible assets held during the taxable year.

(d) The invested capital for any period shall be the average invested capital for such period, but in the case of a corporation making a return for a fractional part of a year, it shall be the same fractional part of such average invested capital.

SEC. 607. Reorganizations.

That in the case of the reorganization, consolidation, or change of ownership of a trade or business, or change of ownership of property, after January 1, 1940, if an interest or control in such trade or business or property of 50 percent or more remains in the same persons, or any of them, then no asset transferred or received from the previous owner shall, for the purpose of determining invested capital, be allowed a greater value than would have been allowed under this title in computing the invested capital of such previous owner if such asset had not been so transferred or received: *Provided*, That if such previous owner was not a corporation, then the value of any asset so transferred or received shall be taken at its cost of acquisition (at the date when acquired by such previous owner) with proper allowance for depreciation, impairment, betterment, or development, but no addition to the original cost shall be made for any charge or expenditure deducted as expense or otherwise on or after March 1, 1913, in computing the net income of such previous owner for purposes of taxation.

SEC. 608. Returns and payment of tax.

Every corporation not exempt under section 603 shall make a return for the purposes of this title. Such returns shall be made, and the taxes imposed by this title shall be paid, at the same times and places, in the same manner, and subject to the same conditions, as is provided in the case of returns and payment of income tax by corporations for the purposes of title I, and all the provisions of that title not inapplicable, including penalties, are hereby made applicable to the taxes imposed by this title.

SEC. 609. Short title.

This act may be cited as the War Emergency Act.

SEC. 610. Suspension of conflicting and inconsistent acts.

All acts or parts of acts conflicting or inconsistent with the provisions of this act are to the extent of such conflict or inconsistency suspended during the effectiveness of this act.

SEC. 611. Criminal penalties.

Any person who willfully violates any provisions of this act or any of the rules and regulations made thereunder shall, unless other criminal penalties be provided herein for such violation, be guilty of a misdemeanor, and shall upon conviction thereof be fined not more than $100,000 or imprisoned for not more than 1 year, or both, together with the cost of prosecution.

SEC. 612. Succession to rights and duties.

On the expiration of this act, the United States of America shall be successor to the rights and duties required or incurred by any board or commission created by this act.

SEC. 613. Separability.

If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

SEC. 614. Effective date of act.

Except as otherwise provided herein, the provisions of this act shall become operative and in full force and effect immediately upon the declaration by Congress that a state of war exists between the United States and any foreign government and that the existence of such state of war creates grave national emergency; and such provisions shall remain in full force and effect for the duration of such war and thereafter until the Congress shall declare the emergency created by such war to be at an end.

Mr. PITTMAN. Mr. President, I understand that the committee amendment has been reconsidered for the purpose of further amendment.

The PRESIDING OFFICER. It will be necessary to reconsider it again.

Mr. PITTMAN. I ask unanimous consent to reconsider the vote by which the committee amendment was agreed to, so that I may offer two amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PITTMAN. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada will be stated.

The CHIEF CLERK. At the proper place in the committee amendment, it is proposed to insert the following:

Income derived from the mining, reduction, or beneficiation of tungsten, quicksilver, manganese, platinum, and antimony, chromite and tin, or the ores and material containing such metals, shall not be subject to the excess-profits tax provided for in this act.

Mr. HARRISON. Mr. President, let me say to the Senator from Nevada that we adopted several amendments touching mining operations. If it be agreeable to the Senator, I have no objection to this amendment going to conference, so that it may be before us, and the broad question may be looked into.

Mr. PITTMAN. Mr. President, I should like to make a brief statement with respect to the amendment.

This subject has not been touched in any of the amendments. The War Department has established certain metals as strategic metals. The list is as follows: Manganese, chromium, mercury, tungsten, nickel, tin, and antimony.

In the first place, no revenue would be derived from that source in any circumstances. The total value of the production of those metals in the United States last year was less than $10,000,000. It is perfectly evident that no revenue would be obtained from that source.

To save time, I shall ask unanimous consent to have printed in the RECORD certain statistics from the Bureau of Mines. The manganese produced in this country is from 5 to 6 percent of our requirements. Ninety-four percent of it is imported. It is an absolute essential to steel manufacture. Our imports come from Russia and the Gold Coast. Thirty-four and four-tenths percent of our imports come from Russia, and 26.2 percent from the Gold Coast. Practically all our imports come from those two places. So far as Russia is concerned, there are several ways in which our imports might be shut off. Only recently a press dispatch from Russia stated that Russia was about to place an embargo against the exportation of manganese because it was required in Russia. What should we do if the export from Russia were cut off? We could not manufacture steel.

We have slightly increased the production of manganese in the United States in the past year. Processes are now being developed for handling low-grade manganese. The Government is spending hundreds of millions of dollars in an effort to increase the production of all these materials.

Chromium is essential to the manufacture of high-grade steel. We produce only 1 percent of our requirements. Ninety-nine percent is imported. We obtain nearly all our importation of chromium from Africa and British possessions. They may come into the hands of an enemy, and our importations may be cut off.

Quicksilver is in the same position. Seventy-four percent of our quicksilver, which is an essential war material, comes through Spain. Nine percent of it comes from Italy. It is perfectly obvious that that importation may be cut off.

With respect to tungsten, we are in better shape. We produce in this country about four-fifths of the tungsten we use, but the tungsten we import comes chiefly from China. That source of importation undoubtedly will be cut off. The next largest importation comes from British Malaya. That source is in danger of being cut off.

With regard to nickel, we are in good shape, because most of it is imported from Canada.

With respect to tin, we obtain nearly all our tin from the United Kingdom, from the Netherlands East Indies, and from China. Those sources may be cut off. It is true that there is very little chance of materially increasing tin production in this country. Nevertheless, recently there have been some developments which are very encouraging with regard to tin.

Nearly all our antimony is obtained from China. That importation may be cut off.

The position I present is merely this: These are essential war materials. It is so stated by the War Department. Our importations may be cut off. It is necessary to increase production in this country. With these new industries expanding rapidly, or attempting to expand rapidly, generally with a great loss of money for several years, it is impracticable to attempt to assess excess profits taxes against them.

I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada to the committee amendment.

The amendment to the amendment was agreed to.

Mr. PITTMAN. Mr. President, I ask leave to have printed in the RECORD certain statistics from the Bureau of Mines.

There being no objection, the statistics were ordered to be printed in the RECORD, as follows:

STRATEGIC MINERALS

The United States Bureau of Mines has compiled the following break-down of the percentage of individual strategic minerals produced domestically and the percentage of necessary importation of such strategic minerals, computed over a recent 5-year period in peacetime:

	Produced domestically	Necessary importation
	Percent	*Percent*
Manganese	5.0–6.0	94.0
Chromium	1.0	99.0
Mercury	40.0	60.0
Tungsten	50.0	50.9
Nickel	.5	99.5
Tin	.2	99.8
Antimony	10.0	90.0

MANGANESE

	Long tons
Manganese produced in United States, 1938	25,321
Manganese imported into United States, 1938	483,588
Manganese available for domestic consumption	508,909

Imported manganese was procured from the following countries:

	Long tons	Percent
Russia	166,043	34.4
Cuba	131,423	27.2
Gold Coast	126,858	26.2
Brazil	29,698	5.6
British India	25,480	5.5
Philippine Islands	4,002	.6
France	68	.0001
Canada	2	.000004
Other countries	14	.00002
1938 total imports	483,588	99.60

It is also interesting to note that importation of manganese in 1939 increased some 200,000 long tons over the 1938 figure. In 1939 the United States imported 698,490 long tons as against the 1938 figure of 483,588 long tons.

CHROMITE

	Long tons
Chromite produced in United States, 1939	3,614
Chromite imported into United States, 1939	317,511
Amount of chromite available for domestic consumption	321,125

Imported chromite was procured from the following countries:

	Long tons	Percent
Africa (Union of South Africa, other British South Africa, other British West Africa, and Mozambique)	118,233	37
Philippine Islands	71,914	29
Cuba	66,002	21
Turkey	16,632	5
New Caledonia	14,359	5
Greece	11,000	3
1939 total imports	317,511	100

MERCURY

	Flasks
Mercury produced in United States, 1939	18,633
Mercury imported into United States, 1939	3,499
Total	22,132
Mercury exported from United States, 1939	1,208
Amount of mercury available for domestic consumption	20,924

Imported mercury was procured from the following countries:

	Flasks	Percent
Spain	2,601	74.2
Mexico	563	16.0
Italy	336	9.8
1939 total imports	3,500	100

NOTE: A flask of mercury is equivalent to 76 pounds of mercury.

TUNGSTEN

	Pounds
Tungsten produced in United States, 1939	4,080,024
Tungsten imported into United States, 1939	1,485,157
Amount of tungsten available for consumption	5,565,181

Imported tungsten was procured from the following countries:

	Pounds	Percent
China	899,806	60.5
Mexico	146,637	10.0
British Malaya	123,682	8.6
Bolivia	96,164	6.4
Argentina	76,524	5.0
Australia	56,639	4.0
Peru	48,625	3.2
Ecuador	21,326	1.4
Burma	12,878	.8
French Indo-China	2,876	.1
1939 total imports	1,485,157	100.0

NICKEL

	Short tons
Nickel produced in United States, 1939	394
Nickel imported into United States, 1939	64,796
Total	65,190
Nickel exported from United States, 1939	10,167
Amount of nickel available for consumption	55,023

Imported nickel was procured from only one country: Canada, 98 percent.

TIN

	Long tons
Tin produced in United States, 1939	34
Tin imported into United States, 1939	70,102
Total	70,136
Tin exported from United States, 1939	1,997
Amount of tin available for domestic consumption	68,139

Imported tin was procured from the following countries:

	Long tons	Percent
British Malaya	46,785	66.6
United Kingdom	10,698	15.2
Netherlands India	5,316	7.5
China	3,259	4.6
Belgium	1,320	1.8
Hong Kong	1,062	1.5
Netherlands	1,008	1.4
Argentina	251	.3
Australia	250	.3
Belgian Congo	100	.1
Portugal	25	.0003
French Indo-China	25	.0003
Canada	3	.00004
Panama Canal Zone	(1)	(2)
1939 total imports	70,102	99.30064

[1] Less than 1 ton.
[2] Insignificant.

ANTIMONY

	Short tons
Antimony produced in United States, 1939	393
Antimony imported into United States, 1939	1,045
Total	1,438
Antimony exported from United States, 1939	58
Amount of antimony available for consumption	1,380

Imported antimony was procured from the following countries:

	Short tons	Percent
China	661	64
Belgium	191	18
Mexico	125	12
France	56	5
United Kingdom	12	1
1939 total imports of antimony	1,045	100

Mr. PITTMAN. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nevada will be stated.

The CHIEF CLERK. On page 97, in the committee amendment, line 11, it is proposed to strike out paragraphs (1), (2), (3), and (4) of subsection (b) and insert:

(1) By computing the aggregate of the excess profits net income for each of the taxable years of the taxpayer beginning after December 31, 1935, and before January 1, 1940, reduced, in the case of each such taxable year in which the deductions plus the credit for dividends received exceeded the gross income, by the amount of such excess determined as provided in paragraph (4); but there shall be excluded from such computation the excess profits net income or excess of deductions plus the credit for dividends received over gross income for one of such taxable years, as the taxpayer may select.

(2) By dividing the amount ascertained under paragraph (1) by the total number of months in all such taxable years, less the number of months in the taxable year selected by the taxpayer for exclusion under paragraph (1); and

(3) By multiplying the amount ascertained under paragraph (2) by 12.

(4) For the purposes of paragraph (1), in determining whether, for any taxable year, the deductions plus the credit for dividends received exceeded the gross income, and in determining the amount of such excess, the adjustments provided in section 711 (b) (1) shall be made.

On page 126, line 16, in the committee amendment it is proposed to strike out subsections (b) and (c) and insert:

(b) By adding the plus amounts ascertained under subsection (a) (3) for each year of the base period, and subtracting from such sum the sum of the minus amounts, excluding, however, one of such plus amounts, or one of such minus amounts, as the taxpayer may select.

(c) By dividing the amount ascertained under subsection (b) by three.

Mr. PITTMAN. Mr. President, I wish to apologize for the language. The language was taken from the bill itself. As I understand, it is a repetition of the language in the bill, with the exception of one paragraph. The one paragraph is paragraph (2), which says:

By dividing the amount ascertained under paragraph (1) by the total number of months in all such taxable years, less the number of months in the taxable year selected by the taxpayer for exclusion under paragraph (1).

All it means is simply this: Instead of having 4 years, and being allowed to set aside 1 of the 4 years, and dividing the 3 remaining years by 4, the amendment provides for dividing the 3 years by 3. The absurdity of thinking that anyone is receiving a benefit by being allowed to deduct an abnormally low year, and then divide the profit for the other 3 years by 4, should be apparent. If there were a profit of $100 a year for 3 years, and for the 4th year there were a profit of $80, if the $380 were divided by 4 the result would be $95, which is below the normal profit for 3 years. If there were no profit for 1 year, if 1 year should represent a total loss, and the profit for the 3 years selected were divided by 4, the result would be $75.

In other words, any way on earth it is figured, you are $25 below the normal average.

If you are going to have a normal proposition, have it normal; but it is absurd to say that you will get an average normal when you divide 3 by 4.

Mr. HARRISON. Mr. President, I would have no objection to the amendment going to conference striking out "4" and inserting "3." That is what the Senator seeks, as I understand.

Mr. PITTMAN. I seek to have the 3 years divided by 3 instead of 4.

Mr. HARRISON. The only trouble is that the Senator's amendment would strike from the bill one or two amendments which the Senate Finance Committee put in which we thought would be very helpful, and which we wanted to have go to conference. As the amendment is drawn, those parts which are stricken out, which are in the bill, would not be in conference, and they ought to be in conference.

As to taking 3 out of 4 years to reach the average earning, the Treasury and the House Ways and Means Committee have practically come to an accord; but at the last moment they found that there would be such a loss of revenue by virtue of this amendment that they adopted another method of dealing with these deficit years. There was strong sentiment in the Finance Committee to give corporations the advantage of 3 out of 4 years in selecting the average-earning base method; but when we struck out the 4.1 percent and put the 3.1 percent tax on all corporations we felt that the bill could not stand it. There would be too much loss of revenue.

What I was trying to see was if we could not preserve the part that we adopted in the Senate committee bill, and then

the Senator may offer this amendment, and it may be in conference for debate.

Mr. PITTMAN. The Senator from Nevada is willing to offer it in any way possible. The Senator from Nevada may say that he does not know how to offer it, because he does not know what the bill means.

Mr. HARRISON. I have just been able to secure the text of the amendment which the Senator has offered. Of course, I could not pass on a proposition of this importance until I could read the amendment. The experts are now seeing if we can let it go to conference without destroying the effects of what the Finance Committee has done in getting this formula. Will not the Senator withhold the amendment for a moment?

Mr. PITTMAN. Certainly; I will withhold it.

Mr. CLARK of Missouri. Mr. President, as I understand, the committee amendment is still open to amendment. It has been reconsidered.

The PRESIDING OFFICER. Yes.

Mr. CLARK of Missouri. In addition to that, I ask unanimous consent to reconsider the vote on the amendment to section 724, "Personal service corporations," offered on Saturday by the Senator from Michigan [Mr. BROWN], and adopted by the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. HARRISON. The Senator seeks to undo to some extent what was done by the substitute amendment offered on Saturday and agreed to?

Mr. CLARK of Missouri. That is true. The amendment of the Senator from Michigan was intended to obviate some ambiguities in the bill, and it appears that that has not been completely done. The purpose of the amendment which I now seek to offer is simply to remove the ambiguities. If the chairman of the committee is willing to take the matter to conference and have it examined, I shall be perfectly satisfied.

Mr. HARRISON. I think it ought to go to conference.

Mr. CLARK of Missouri. I will say to the chairman of the committee that I have discussed the matter both with the officials of the Treasury and with members of the staff of the Joint Committee on Internal Revenue Taxation, and they say there is no question that the old definition of the 1917 act, which has been adopted practically verbatim in this bill as it came over from the House, was ambiguous, and resulted in a great deal of litigation, I think to the extent of 14,000 lawsuits. What we are seeking to do is to remove the ambiguity as to what are personal-service corporations. The Treasury officials and the members of the staff of the joint committee have told me that the subject ought to be redefined, but they have frankly stated that they have been so overpressed with the amount of work which has been put upon them by the two committees that they have not had an opportunity to do it. If the chairman of the committee is willing to take this amendment to conference, I shall be perfectly satisfied with whatever the conferees do about the matter.

Mr. BROWN rose.

Mr. HARRISON. I am perfectly willing to take it to conference. I think it ought to be sent to conference, but I think the amendment which was adopted the other day ought to go to conference, too. Therefore, I was wondering if it would not be better to offer this amendment not as a subsitute but as another amendment, so that both of them would be in conference.

Mr. BROWN. Mr. President, I thank the Senator for that suggestion. I think that is the proper course to follow.

Mr. CLARK of Missouri. Then I will change the text of this amendment, and offer it as a new subsection to be inserted at the proper place, which I assume would be immediately after the amendment adopted the other day at the suggestion of the Senator from Michigan.

The amendment of Mr. CLARK of Missouri is as follows:

Insert at the proper place in the bill the following:

"As used in this subchapter, the term 'personal-service corporation' means a corporation in which capital is not a material income-producing factor and either

"(1) At least 80 percent in value of whose capital stock is owned at all times during the taxable year by shareholders who are regularly engaged in the active conduct of the affairs of the corporation, or

"(2) Whose income is to be ascribed primarily to the activities of shareholders who are regularly engaged in the active conduct of the affairs of the corporation, all of whose stock is owned at all times during the taxable year by or for not more than 20 individuals

but does not include any foreign corporation, nor any corporation 50 percent or more of whose gross income consists of gains, profits, or income derived from trading as a principal. For the purposes of this subsection, an individual shall be considered as owning, at any time, the stock owned at such time by his spouse or minor child or by any guardian or trustee representing them."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. CLARK of Missouri. Mr. President, I have another amendment which is not an amendment to the committee amendment, and I do not wish to interfere with any Senator who has an amendment to offer to the committee amendment while it has been reconsidered. I shall ask the Chair for recognition again later in the day.

Mr. ADAMS. Mr. President, a day or two ago, in an effort to protect the mining industry and certain other industries in which a period of research and development precedes the reward, I offered an amendment to the committee amendment, which was inserted in line 8 on page 110, which provided that the abnormal profit or income derived as a result of some periods of research should be attributed to a period of not to exceed 5 years. The chairman of the Finance Committee, with amiable generosity, suggested to me that perhaps 10 years would be all right; and, rather overwhelmed by the generosity, I agreed to it. I should like to reinstate my original amendment, and substitute "five" for "ten." Therefore, I move, in the amendment I offered, that the word "ten" be stricken out and the word "five" inserted.

The PRESIDING OFFICER. Without objection, the vote by which the amendment was agreed to will be reconsidered; and, without objection, the amendment offered by the Senator from Colorado will be agreed to.

Mr. CLARK of Missouri. Mr. President, I offer the amendment which I send to the desk, proposing to add a new section to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert in the bill at the proper place, as a new section, the following:

That any taxpayer shall be allowed credit against the tax for the calendar years 1936, 1937, 1938, and 1939, imposed by section 901 of the Social Security Act for the amount of contributions, with respect to employment during such years, paid by him before the sixtieth day after the enactment of this act, into an unemployment fund under a State law. The provisions of such act (except the provision limiting such credit to amounts paid before the date of filing returns) shall apply to allowance of credit under this act, and the terms used in this act shall have the same meaning as when used in the Social Security Act.

Refund of the tax (including penalty and interest collected with respect thereto, if any), based on any credit allowable under this section, may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax. No interest shall be allowed or paid on the amount of any such refund.

Mr. CLARK of Missouri. Mr. President, I apologize to the chairman of the Committee on Finance and the other members of the committee, as well as the Senate, for not bringing this matter to the attention of the Committee on Finance when the bill was under consideration in the committee. The reason was that at that time the ruling which brings about the offering of the amendment had not been made, and it naturally had not been called to my attention.

The amendment has to do with this situation: In many cases, and usually, I am informed, in cases of small corporations, under the Social Security Act, taxes were not paid on employees employed by independent subcontractors. Those taxes were not paid at that time in agreement with what was universally understood to be the law. Now the Bureau of Internal Revenue has reversed its ruling and has concluded

that the original employer is liable for the social-security taxes on employees of subcontractors. So that there is no question about the liability, and the amendment does not affect the liabilities of those companies. But in the meantime the time within which credit can be claimed for taxes paid the States for offsets on their taxes has expired, and unless the amendment or some such provision shall be adopted, simply to extend the time, these people are going to be forced to pay the Federal tax of 5 percent and, in addition, a State tax of 4½ percent, which in many cases would wipe out small corporations.

The only purpose of the amendment is to extend the time within which such taxpayers may claim credit for social security taxes paid the States, and all I ask the chairman of the committee to do is to take it to conference.

Mr. HARRISON. Mr. President, it is perfectly satisfactory to us to have the amendment go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK].

The amendment was agreed to.

Mr. PITTMAN. Mr. President, I now offer the amendment which I withheld. The amendment has been read once, and I ask unanimous consent that it be not read again.

Mr. HARRISON. Mr. President, the amendment is satisfactory now. The experts have looked over it, and it is all right.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada on page 97, line 11, which has heretofore been read.

The amendment to the amendment was agreed to.

Mr. GEORGE. Mr. President, I have one amendment to offer, but I desire to say a word of explanation.

Under the rule now followed in the House of Representatives and in the Senate with reference to conference reports, this matter would probably be in conference, but since identical language is used in both the bill as it passed the House and in the Senate committee bill, I personally would feel some moral compunction in urging the conference to consider the subject matter of the amendment without action by the Senate on the matter. I desire to offer the amendment for the purpose of taking the question to conference.

I will say, without reading the language of the amendment, unless some Senator desires to have me read it, that the graduated excess-profits rates in the bill which passed the House and in the Senate committee bill are based merely upon dollar value, without any reference to the percentage of earnings to invested capital, or the prior earnings of any company. In the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE] to the whole of titles I and II of the bill he corrected this manifest error.

I understand that one of the primary reasons why the brackets were based upon dollars rather than upon the percentage of earnings to invested capital or prior earnings was a desire to aid the smaller corporations to protect the revenue. So the amendment I offer preserves both the dollar brackets for the benefit of the smaller corporation, if it is a benefit—and I presume it is—and at the same time returns to the sounder principle of measuring the tax by the percentage of earnings to invested capital, or prior earnings. I hope the amendment may be agreed to.

The PRESIDENT pro tempore. The clerk will state the amendment offered by the Senator from Georgia to the amendment of the committee.

The CHIEF CLERK. On page 84 it is proposed to strike out in the committee amendment, beginning with line 17 down to and including line 25, on page 85, and in lieu thereof to insert:

25 percent of so much of the adjusted excess profits net income as does not exceed the greater of $20,000 or 20 percent of the excess-profits credit;

30 percent of so much of the adjusted excess profits net income as exceeds the greater of $20,000 or 20 percent of the excess-profits credit and does not exceed the greater of $50,000 or 40 percent of such credit;

35 percent of so much of the adjusted excess profits net income as exceeds the greater of $50,000 or 40 percent of the excess-profits credit and does not exceed the greater of $100,000 or 60 percent of such credit;

40 percent of so much of the adjusted excess profits net income as exceeds the greater of $100,000 or 60 percent of the excess-profits credit and does not exceed the greater of $250,000 or 80 percent of such credit;

45 percent of so much of the adjusted excess profits net income as exceeds the greater of $250,000 or 80 percent of the excess-profits credit and does not exceed the greater of $500,000 or 100 percent of such credit; and

50 percent of so much of the adjusted excess profits net income as exceeds the greater of $500,000 or 100 percent of the excess-profits credit.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDENT pro tempore. The question now is, Shall the bill pass?

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. If he were present he would vote "yea." If at liberty to vote, I should vote "nay."

Mr. STEWART (when his name was called). I have a pair with the Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the Senator from Pennsylvania [Mr. GUFFEY], and will vote. I vote "yea."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Arkansas [Mr. MILLER], and will vote. I vote "yea."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER], who is necessarily absent. I understand that, if present, he would vote "yea." If I were at liberty to vote, I should vote "nay."

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that, if present, he would vote "yea." If at liberty to vote, I should vote "nay."

Mr. MINTON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from New Mexico [Mr. CHAVEZ], the Senators from Arkansas [Mrs. CARAWAY and Mr. MILLER], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Delaware [Mr. HUGHES], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent. I an advised that, if present and voting, these Senators would vote "yea."

The Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. DONAHEY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Nevada [Mr. MCCARRAN] are unavoidably detained.

Mr. AUSTIN. I announce the following pair on this question: The Senator from New Jersey [Mr. BARBOUR], who would vote "yea," with the Senator from Massachusetts [Mr. LODGE], who would vote "nay."

Mr. DAVIS. Mr. President, I should like to inquire if it is too late to request that the bill with all its amendments be printed.

The PRESIDENT pro tempore. That is out of order at this time.

The result was announced—yeas 46, nays 22, as follows:

YEAS—46

Adams	George	Maloney	Sheppard
Andrews	Gerry	Mead	Smathers
Bailey	Gillette	Minton	Stewart
Barkley	Green	Murray	Thomas, Okla.
Brown	Harrison	Neely	Thomas, Utah
Bulow	Hatch	O'Mahoney	Townsend
Burke	Hayden	Overton	Van Nuys
Byrd	Herring	Pepper	Wagner
Byrnes	Johnson, Colo.	Pittman	Walsh
Clark, Idaho	King	Radcliffe	Wheeler
Connally	Lee	Schwartz	
Ellender	McKellar	Schwellenbach	

NAYS—22

Austin	Frazier	Johnson, Calif.	Tobey
Bilbo	Gibson	La Follette	Vandenberg
Capper	Gurney	Nye	White
Clark, Mo.	Hale	Reed	Wiley
Danaher	Hill	Taft	
Downey	Holt	Thomas, Idaho	

NOT VOTING—27

Ashurst	Chavez	Lodge	Russell
Bankhead	Davis	Lucas	Shipstead
Barbour	Donahey	McCarran	Slattery
Bone	Glass	McNary	Smith
Bridges	Guffey	Miller	Truman
Caraway	Holman	Norris	Tydings
Chandler	Hughes	Reynolds	

So the bill (H. R. 10413) was passed.

Mr. HARRISON. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. CAPPER, and Mr. TOWNSEND conferees on the part of the Senate.

Mr. HARRISON. Mr. President, I ask unanimous consent that the bill be printed showing the Senate amendments by number.

The PRESIDENT pro tempore. Without objection, it is so ordered.

WHO PAYS THE TAXES?

Mr. O'MAHONEY. Mr. President, will the Senator from Mississippi yield to me for a moment?

Mr. HARRISON. I yield.

Mr. O'MAHONEY. I have asked the Senator from Mississippi to yield in order that I may place at this point in the RECORD a statement which I gave out yesterday with respect to the monograph which has just been prepared for the Temporary National Economic Committee upon the general subject Who Pays the Taxes?

I think it is altogether appropriate at this point. I may say that in this pamphlet there is contained a table which shows that individuals who receive incomes of $1,500 or less in the United States are so numerous that in spite of the small compensation which they receive annually, their total receipts are in excess of $24,000,000,000, twice as much as the receipts of all individuals whose annual income amounts to $15,000 or more.

A conclusion to be drawn from these statistics is that the national tax receipts could be increased to a much greater extent by improving the economic status of the lower-income groups than by increasing the tax burden upon the upper-income groups.

The facts which are set forth in the monograph I think are of particular interest, and I ask unanimous consent that the table to which I have just referred, and the statement, may be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement and the table are as follows:

STATEMENT OF SENATOR JOSEPH C. O'MAHONEY, CHAIRMAN OF THE TEMPORARY NATIONAL ECONOMIC COMMITTEE, ON TEMPORARY NATIONAL ECONOMIC COMMITTEE MONOGRAPH, WHO PAYS THE TAXES?

It makes no difference who actually signs the check or delivers the cash to the tax collector, the real burden of taxation is borne by the public and not by any particular class of taxpayers. This, at least, seems to be the conclusion to be drawn from a monograph entitled "Who Pays the Taxes?" which has just been prepared by the Department of Commerce for the Temporary National Economic Committee. The document is now in the Government Printing Office and should be ready for public distribution within a week or 10 days. It is particularly appropriate and timely now that Congress is about to enact the new tax measure, popularly known as the excess-profits tax bill.

The authors of the study, Dr. Gerhard Colm and Helen Tarasov, tax experts of the Department of Commerce, have used the statistics available from Government reports to allocate all forms of taxes imposed upon the American people according to income brackets. According to their figures, for example, 26 percent of all taxes imposed by Federal, State, and local governments were actually paid in 1939 by persons whose incomes were less than $1,000 a year.

It would appear from these figures that persons falling into this salary group comprised 46 percent of all persons or corporations receiving income and that their receipts amounted to 18 percent of all income that year. In other words, they were so numerous that, although individually their incomes are in the lowest bracket, the total income received by all of them was so great that it amounted to more than the total income of all persons receiving $15,000 annually.

It also appears from the study that these persons whose income is so small that they cannot save, and, in many instances, are compelled to borrow or to use funds not included in their current income for living expenses, nevertheless spent 23 percent of the entire amount expended for all current consumption purposes.

To put it in another way, the expenditure by a large number of persons with small incomes for the bare necessities of life constitute a much larger proportion of total expenditures by the whole population than the amounts paid out by persons with incomes in excess of $15,000 annually. It would appear, for example, from this study that despite the high plane of living of those who receive incomes in excess of $15,000, their expenditures account for less than 5 percent of all consumption expenditures and for approximately only 20 percent of all taxes. Persons who fall into this bracket would seem, according to the study, to comprise only one-half of 1 percent of all income units.

Another interesting point developed by the study is that a larger proportion of the total tax payment goes to State and local governments than to the Federal Government. Tax payments in 1939 accounted for 20 percent of all income received by all classes. Of the total, 11 percent was paid to State and local governments and 9 percent to the Federal Government. But those with incomes of more than $10,000 paid proportionately more to the Federal tax collector than did those with incomes in the lower brackets, for the taxes paid by the income group in the lower brackets consisted largely of levies on property and sales as well as consumption taxes. Those in the higher brackets also participated in the payment of such taxes, but since they are not so numerous their contribution was not so large as that of the persons who constitute the small-income groups. The total payment by the taxpayers in the upper-income groups is increased by levies upon profits, incomes, and on inheritances.

The monograph does not contain any recommendation and is not to be regarded as in any sense representing the conclusions of the Temporary National Economic Committee by which it is received solely as factual material for consideration in the later deliberations of the committee.

It is of great interest, however, because it is apparently the first scientific study that has been made of the aggregate effect of taxes on the several income groups. All levies were arranged by type and grouped in three classes, namely, those falling on personal incomes, those which are classified as consumption taxes, and finally business taxes.

Copies of the study, which will be published as the Temporary National Economic Committee Monograph No. 3, will soon be available from the Superintendent of Documents, Government Printing Office, Washington, D. C. In the meantime copies will be placed on file in the office of the executive secretary of the committee, room 281, Apex Building, Washington, and at the Library of Congress for inspection by interested parties.

Another study on Taxation of Corporate Enterprise is also in the process of preparation. This has been prepared by Mr. Clifford J. Hynning, of the Department of Commerce, in consultation with Dr. Colm, and will cover the whole field of corporate taxation. It is expected that this study also will be ready for publication in the near future.

TABLE I—*Savings and all taxes as percent of consumer income, 1938–39*

Income classes	Total consumer income (in millions of dollars)	Taxes as percentage of income			Savings as percentage of income
		Federal	State and local	Total	
I. Under $500	2,363	7.9	14.0	21.9	−24.3
II. $500 to $1,000	10,038	6.6	11.4	18.0	−2.0
III. $1,000 to $1,500	12,280	6.4	10.9	17.3	5.2
IV. $1,500 to $2,000	10,210	6.6	11.2	17.8	5.8
V. $2,000 to $3,000	12,194	6.4	11.1	17.5	9.6
VI. $3,000 to $5,000	7,743	7.0	10.6	17.6	16.8
VII. $5,000 to $10,000	4,861	8.4	9.5	17.9	28.4
VIII. $10,000 to $15,000	2,238	14.9	10.6	25.5	32.3
IX. $15,000 to $20,000	1,601	19.8	11.9	31.7	32.3
X. $20,000 and over	6,333	27.2	10.6	37.8	38.3
Total	69,861	9.2	11.0	20.2	11.4

Mr. HARRISON. Mr. President, I am delighted that the Senator from Wyoming has placed in the RECORD the statement and table to which he referred. I am sure it will be a valuable contribution.

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

The PRESIDENT pro tempore. The Chair must state that under the unanimous-consent agreement previously entered into it now becomes the duty of the Chair, immediately on the passage of the tax bill, to lay before the Senate the conference report on Senate bill 3550. The report was read and considered on the 12th instant.

The Chair lays before the Senate the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce.

(For the above-mentioned conference report, see page 11972 of the Senate proceedings of September 12, 1940.)

Mr. BARKLEY. Mr. President, has the Chair laid down the conference report?

The PRESIDENT pro tempore. The conference report has been laid before the Senate in accordance with the unanimous-consent agreement.

Mr. BARKLEY. It is obvious we cannot dispose of the conference report today, because I understand some Senators wish to discuss it. Therefore I move that the Senate proceed to the consideration of executive business.

Mr. NEELY. Mr. President, will the Senator withhold his motion for a moment?

Mr. BARKLEY. I withhold it.

Mr. NEELY. I inquire of the Senator from Kentucky whether or not it is understood that we shall proceed to the consideration of the conference report tomorrow.

Mr. BARKLEY. Yes; that is the understanding, and it is the order of the Senate. It is now the unfinished business, and will so remain until it shall have been disposed of.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK

Mr. WAGNER. Mr. President, for a week I have been prepared to present the report of the conferees on the so-called Export-Import Bank bill. I hope that when the conference report which is now the unfinished business shall have been disposed of I may have an opportunity to present the conference report to which I refer.

Mr. BARKLEY. That is entirely satisfactory.

FUNERAL EXPENSES OF THE LATE SENATOR LUNDEEN

Mr. BYRNES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate I report favorably, without amendment, Senate Resolution 308, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 308) submitted by Mr. SHIPSTEAD on September 6, 1940, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Presiding Officer of the Senate in arranging for and attending the funeral of Hon. Ernest Lundeen, late a Senator from the State of Minnesota, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

REGULATION OF INSURANCE BUSINESS IN THE DISTRICT OF COLUMBIA

Mr. DANAHER. Mr. President, I ask the indulgence of the Senator from Kentucky to recall his brief conversation with me the other day with reference to taking up a District insurance bill. At that time we thought we might get it up that day, but unfortunate events intervened. Since there is no objection to disposing of this particular matter, which is very unimportant to most people, and which has hitherto been thoroughly explained, I hope that perhaps tomorrow we may take it up.

Mr. BARKLEY. I shall be glad to discuss the matter with the Senator.

Mr. DANAHER. I thank the Senator.

EXECUTIVE SESSION

Mr. BARKLEY. I renew the motion that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDENT pro tempore. If there be no reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of James F. T. O'Connor to be United States district judge for the southern district of California.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. Mr. President, I ask that all Army nominations appearing on the Executive Calendar be confirmed en bloc, and that the President be notified of this action.

The PRESIDENT pro tempore. Without objection, the Army nominations are confirmed en bloc, and the President will be notified.

Mr. SHEPPARD. I wish to make a further request in connection with these nominations. The nominations which have just been confirmed are routine in character; and, because of the large amount of printing involved, I ask unanimous consent that the names of the persons nominated for appointment, promotion, or transfer in the Regular Army be not again printed, but that proper reference be made to the pages of the CONGRESSIONAL RECORD on which the nominations appear.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Colorado. Mr. President, I merely wish to call the attention of the Senate to the long list of Army officers promoted to the rank of lieutenant colonel. A few weeks ago we had the Army promotion bill before the Senate, and during the course of the debate I stated to the Senate that if that bill should be passed we would have more colonels in the Army than there are in the State of Kentucky.

I also stated that we would have more colonels in the Army than majors and captains combined. I notice that today we are confirming the appointment of a long list of officers who have been advanced to the rank of lieutenant colonel under the provisions of that act. The list includes some 400 or more nominations.

The PRESIDENT pro tempore. The clerk will state the next nomination on the calendar.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. WALSH. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations in the Navy are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 36 minutes p. m.) the Senate took a recess until tomorrow, Friday, September 20, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, September 19 (legislative day of September 18), 1940

COAST GUARD OF THE UNITED STATES

Prof. Albert A. Lawrence to be a professor, with the rank of lieutenant commander, in the Coast Guard of the United States, to rank as such from August 6, 1940.

James F. McDonough to be a chief boatswain in the Coast Guard of the United States, to take effect from date of oath.

PROMOTIONS AND APPOINTMENTS IN THE NAVY

MARINE CORPS

The following-named captains to be majors in the Marine Corps from the 8th day of July 1940:

Calvin R. Freeman.

Presley M. Rixey.

Francis J. McQuillen.

Capt. Kenneth W. Benner to be a major in the Marine Corps from the 1st day of September 1940.

The following-named citizens to be second lieutenants in the Marine Corps from the 25th day of June 1940:

Robert H. Houser, a citizen of Virginia.

Andre D. Gomez, a citizen of Louisiana.

John H. Jones, a citizen of New Jersey.

Robert D. Shine, a citizen of California.

Tolson A. Smoak, a citizen of South Carolina.

POSTMASTERS

CALIFORNIA

Sidney L. Wingert to be postmaster at Bloomington, Calif., in place of G. M. Belles. Incumbent's commission expired April 27, 1940.

Jackson C. Roether to be postmaster at El Cajon, Calif., in place of J. H. Dodson, retired.

Thomas E. Trulove to be postmaster at Inglewwood, Calif., in place of C. A. Acton. Incumbent's commission expired January 25, 1940.

Allie C. Cook to be postmaster at Montebello, Calif., in place of A. C. Cook. Incumbent's commission expired May 19, 1940.

William L. Carter to be postmaster at Needles, Calif., in place of P. V. Howell, removed.

Grace P. Johnson to be postmaster at Windsor, Calif., in place of G. P. Johnson. Incumbent's commission expired April 3, 1940.

CONNECTICUT

Earl S. Johnson to be postmaster at Bethlehem, Conn. Office became Presidential July 1, 1940.

Gertrude C. Wood to be postmaster at Noroton, Conn., in place of G. C. Wood. Incumbent's commission expired June 1, 1940.

Thomas F. Murray to be postmaster at Noroton Heights, Conn., in place of T. F. Murray. Incumbent's commission expired May 23, 1940.

ILLINOIS

William D. Meier to be postmaster at Meredosia, Ill., in place of W. D. Meier. Incumbent's commission expired July 1, 1940.

INDIANA

Andrew H. Henschen to be postmaster at Rising Sun, Ind., in place of A. H. Henschen. Incumbent's commission expired June 25, 1940.

Bessie L. King to be postmaster at Wanatah, Ind., in place of F. G. Sheviak. Incumbent's commission expired January 20, 1940.

IOWA

Frances F. Baldwin to be postmaster at Cascade, Iowa, in place of F. F. Baldwin. Incumbent's commission expired April 28, 1940.

Walter W. White to be postmaster at Spirit Lake, Iowa, in place of W. W. White. Incumbent's commission expired July 9, 1939.

KANSAS

Frank A. Ryniker to be postmaster at Cheney, Kans., in place of I. L. Farris, resigned.

William L. Kauffman to be postmaster at Seneca, Kans., in place of W. L. Kauffman. Incumbent's commission expired February 28, 1938.

KENTUCKY

Maude Underwood to be postmaster at Drakesboro, Ky., in place of Maude Underwood. Incumbent's commission expired January 23, 1940.

Clarence B. Coleman to be postmaster at Evarts, Ky., in place of J. W. Cox. Incumbent's commission expired July 1, 1940.

Anna Clare Rapier to be postmaster at Waverly, Ky., in place of A. C. Rapier. Incumbent's commission expired July 1, 1940.

Edward A. Fish to be postmaster at Williamsburg, Ky., in place of J. P. Mahan. Incumbent's commission expired August 27, 1939.

MASSACHUSETTS

Josephine M. Connell to be postmaster at Forge Village, Mass. Office became Presidential July 1, 1940.

Lester L. Lewis to be postmaster at West Yarmouth, Mass. Office became Presidential July 1, 1940.

MINNESOTA

Marvin Sidney Hillestad to be postmaster at Fosston, Minn., in place of H. C. Whaley, removed.

Edward M. Schellhouse to be postmaster at Hills, Minn., in place of E. M. Christianson. Incumbent's commission expired June 1, 1940.

Alfred Anderson to be postmaster at Twin Valley, Minn., in place of Alfred Anderson. Incumbent's commission expired June 25, 1940.

Alfred Gronner to be postmaster at Underwood, Minn., in place of Alfred Gronner. Incumbent's commission expired April 24, 1940.

Mary A. Bradford to be postmaster at Verndale, Minn., in place of M. A. Bradford. Incumbent's commission expired April 30, 1940.

MISSISSIPPI

Edna F. Kirk to be postmaster at Olive Branch, Miss., in place of A. Y. Sivley, retired.

NEW HAMPSHIRE

Ernest L. Richardson to be postmaster at Conway, N. H., in place of E. L. Richardson. Incumbent's commission expired April 24, 1940.

Dwight L. Moody to be postmaster at New Hampton, N. H., in place of B. E. Tilton, removed.

NEW JERSEY

George J. Imlay to be postmaster at Allenhurst, N. J., in place of G. J. Imlay. Incumbent's commission expired April 30, 1940.

Joseph A. Daly to be postmaster at Beverly, N. J., in place of E. N. Perkins, removed.

William J. Lawlor to be postmaster at Carteret, N. J., in place of W. J. Lawler. Incumbent's commission expired February 14, 1940.

John B. Graham to be postmaster at Mantua, N. J., in place of E. B. Leisy. Incumbent's commission expired June 16, 1940.

Edward Williams to be postmaster at West Point Pleasant, N. J. Office became Presidential July 1, 1940.

NEW YORK

Jay Stafford to be postmaster at Red Creek, N. Y., in place of F. M. Jones, deceased.

Fred Schweickhard to be postmaster at Rushville, N. Y., in place of Fred Schweickhard. Incumbent's commission expired June 20, 1940.

Ward Kilpatrick to be postmaster at Windsor, N. Y., in place of Ward Kilpatrick. Incumbent's commission expired January 23, 1940.

NORTH CAROLINA

Roberdeau Wheat to be postmaster at Erlanger, N. C. Office became Presidential July 1, 1940.

OKLAHOMA

Bentley R. Jones to be postmaster at Stilwell, Okla., in place of B. R. Jones. Incumbent's commission expired June 1, 1940.

PENNSYLVANIA

H. Leon Breidenbach to be postmaster at Boyertown, Pa., in place of J. G. Lefever, removed.

Samuel C. Green to be postmaster at Mont Alto, Pa., in place of S. C. Green. Incumbent's commission expired April 9, 1940.

Medea F. Hoffman to be postmaster at New Alexandria, Pa., in place of J. H. Shields, retired.

SOUTH CAROLINA

Lottie G. Myers to be postmaster at Pamplico, S. C., in place of L. G. Myers. Incumbent's commission expired July 1, 1940.

SOUTH DAKOTA

Dale A. Van Voorhis to be postmaster at Hitchcock, S. Dak., in place of A. A. Van Voorhis, deceased.

VIRGINIA

Wallace J. Dyar to be postmaster at Skyland, Va. Office became Presidential July 1, 1940.

WASHINGTON

Carl S. Halverson to be postmaster at Bremerton, Wash., in place of E. J. Braendlein. Incumbent's commission expired June 25, 1940.

Archie Emmitte Brown to be postmaster at Osborne, Wash., in place of K. T. S. Rush, resigned.

WEST VIRGINIA

James H. Rouzee to be postmaster at Paw Paw, W. Va., in place of J. W. McNabb, removed.

WISCONSIN

Donald A. Sommers to be postmaster at Arkansaw, Wis., in place of J. C. Will. Incumbent's commission expired January 18, 1939.

Anna Kettering to be postmaster at Glen Flora, Wis., in place of Anna Kettering. Incumbent's commission expired February 4, 1940.

Mary E. Lazers to be postmaster at Marshall, Wis., in place of M. E. Lazers. Incumbent's commission expired July 30, 1939.

Charles S. Thayer to be postmaster at Palmyra, Wis., in place of C. S. Thayer. Incumbent's commission expired June 25, 1940.

Henry F. Schumacher to be postmaster at Stoughton, Wis., in place of H. F. Schumacher. Incumbent's commission expired May 13, 1940.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 19 (legislative day of September 18), 1940

UNITED STATES DISTRICT JUDGE

James F. T. O'Connor to be United States district judge for southern district of California.

PROMOTIONS AND APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

NOTE.—The names of the persons whose nominations for appointment or transfer in the Regular Army were today confirmed by the Senate will be found, under the caption "Nominations," in the CONGRESSIONAL RECORD of September 5, 9, and 13, beginning on pages 11547, 11795, and 12115, respectively.

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICERS

Ellard Arthur Walsh to be major general.
Gordon Cloyd Hollar to be brigadier general.
John Aiken to be brigadier general.

PROMOTIONS IN THE NAVY

TO BE CAPTAINS

Laurance T. DuBose
Edmund W. Burrough

TO BE COMMANDERS

Charles L. Hutton
Walton W. Smith
Elmer Kiehl
Hilyer F. Gearing
Stanley F. Patten
Daniel V. Gallery, Jr.
Walter F. Boone

TO BE LIEUTENANT COMMANDERS

Stuart S. Purves
John D. Reppy
Watson T. Singer
David G. Roberts
John Sylvester
Bert F. Brown
George T. Mundorff
Marvin P. Evenson
Howard W. Gilmore
James A. Morrison
James F. Byrne
Eugene M. Waldron

TO BE LIEUTENANTS

DeWitt W. Shumway
Allen M. Shinn
John D. Andrew
Edwin C. Asman
Frank D. Latta
John S. Lewis
Thomas D. F. Langen
Marcus W. Williamson
Harry W. Seely
Albert S. Major, Jr.
Samuel A. McCornock
Daniel F. Smith, Jr.
James A. Flenniken
Garry W. Jewett, Jr.
Albert D. Kaplan
Irwin Chase, Jr.
Lionel A. Arthur
Kenneth P. Letts
William H. Raymond
Adolphe Wildner
Clifford A. Johnson
Joseph A. McGoldrick
Roland O. Lucier
George H. Laird, Jr.
Robert M. Gibbons
Ignatius J. Galantin
Thomas F. Connolly
James G. Franklin
Carter L. Bennett

TO BE LIEUTENANTS (JUNIOR GRADE)

Gerald P. Joyce
Donald L. Mehlhop
Nelson P. Watkins
Lawrence G. Bernard
Harry C. Transue
Simon E. Ramey

TO BE ASSISTANT DENTAL SURGEONS

Kenneth L. Longeway
Joseph S. Restarski
Davis Henderson
William L. Strangman
Donald E. Cooksey
Harlan K. Muth
Ernest L. Purdum
Howard M. Farwell
Howard T. d'Arc
Walter A. Hall, Jr.
Robert P. Steed
Frank K. Etter
Gerald H. Bonnette
Albert P. Leisz
George O. Stead
Bernard C. Kingsbury
Leslie M. Wallace
Howard B. Haisch
John V. Niiranen
James P. Donnelly
James L. Bradley
Wilson T. Axline
Donald E. Carlson
Oliver E. McClintick
Robert D. Lindelof
William H. Lieser
Henry A. Collett, Jr.
Charles A. Giermann
Leo J. Kowalski
George M. Denney
Merrill C. Wheatcroft

TO BE PASSED ASSISTANT PAYMASTER

DeWitt C. T. Grubbs, Jr.

TO BE ASSISTANT PAYMASTER

James W. Fryer.

TO BE CHIEF BOATSWAIN

Jesse F. Simmons.

TO BE CHIEF RADIO ELECTRICIAN

Harry L. Dawes.

TO BE CHIEF PAY CLERK

Peter J. Lelesch.

TO BE LIEUTENANTS

Rex B. Little	Robert P. Walker
William H. Groverman, Jr.	Alton E. Parker
William W. Vanous	Arthur H. Vorpahl
Charles S. Hutchings	Francis E. Nuessle
George W. Pressey	Samuel P. Moncure

TO BE CAPTAINS

Everett LeR. Gayhart	Edward L. Cochrane
Earl F. Enright	Adrian R. Marron

TO BE COMMANDERS

James E. J. Kiernan
William A. Sullivan

TO BE LIEUTENANT COMMANDERS

William W. Anderson, Jr.	William C. Sprenger
James H. Rodgers	Joseph L. Bird
Oscar Stiegler	John H. Ellison
George C. Weaver	Mario G. Vangeli

TO BE LIEUTENANTS

Robert B. Madden	Charles A. Curtze
Robert A. Gallagher	Robert E. Garrels
Jack W. Roe	James S. Bethea
Henry P. Rumble	

POSTMASTERS

MISSOURI

Monroe A. Fields, Humansville.
R. Lancelot West, Monticello.

HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 19, 1940

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, our God, Thou art the eternal source of every blessing and every joy; Thy goodness and mercy crown each day. Continue, our Father, to let the dawn of each day come to us with the breath of God. We thank Thee that our times are in Thy hands and Thou art with us in every state. Let us look beyond created things and find our abiding peace and fondest hopes in the sovereignty of our Lord and Saviour. Let us hear the inward voice that speaks and vitalizes human life. Give wisdom that we may know how to use our power and may all problems yield to one solution and that is to a high sense of right. Bless us with a deep zeal for righteousness, with sound reasoning which gives release to the channels of justice to all and let these be the fruits of the benediction of our Redeemer and Elder Brother. With sincerity of purpose and with quietness of temper, help us to pass through the duties of this day. Through Christ our Saviour. Amen.

The Journal of the proceedings of Monday, September 16, 1940, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3426. An act to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. TOBEY members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following departments and agencies:

1. Department of Agriculture.
2. Department of the Interior.
3. Department of Justice.
4. Civil Aeronautics Authority.
5. Federal Works Agency.
6. Interstate Commerce Commission.
7. The National Archives.

The message also announced that the Senate had ordered that Mr. WHEELER and Mr. REED be appointed as additional conferees on the part of the Senate to the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 162) entitled "An act to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes."

DESIGNATION OF TEMPORARY CLERK

The Speaker laid before the House the following communication from the Clerk of the House:

SEPTEMBER 17, 1940.

The SPEAKER,
House of Representatives, Washington, D. C.

SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and of clause 4, rule III, of the House.

Respectfully yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

EXTENSION OF REMARKS

Mr. WARREN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a very beautiful radio speech made on the late Speaker, the Honorable William B. Bankhead, by Mr. Earl Godwin.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. WARREN]?

There was no objection.

AMENDMENT OF COMMODITY EXCHANGE ACT

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4088) to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, the gentleman is asking only that this bill go to conference?

Mr. JONES of Texas. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection, and the Speaker appointed the following conferees: Messrs. FULMER, BEAM, PACE, HOPE, and KINZER.

EXTENSION OF REMARKS

Mr. BLAND. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a resolution adopted by the Virginia delegation on the occasion of the death of our late Speaker, the Honorable WILLIAM B. BANKHEAD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There was no objection.

The resolution referred to follows:

At a meeting of the Virginia delegation of the House of Representatives in the Seventy-sixth Congress of the United States, held on the 18th day of September 1940, the following resolution was unanimously adopted:

"*Resolved*, first, That the Virginia members of the House of Representatives in the Seventy-sixth Congress desire to record their deep appreciation of the patriotic, untiring, faithful and devoted service of WILLIAM B. BANKHEAD, of Alabama, as Speaker of the House of Representatives in the Seventy-fourth, Seventy-fifth, and Seventy-sixth Congresses of the United States.

"Second, that in the death of WILLIAM B. BANKHEAD, the Nation has sustained an irreparable loss, the House of Representatives a wise counselor and guide, Alabama an ever loyal son, and the Democratic Party one of its most courageous champions.

"Third, that Speaker BANKHEAD added a new luster to the office of Speaker by his fair, courteous, and faithful administration of the

duties of that high office, in which he was always impelled by the highest ideals and the loftiest patriotism.

"Fourth, that the members of the Virginia delegation will always cherish their memories of their service with Speaker BANKHEAD will find in his work in these most trying times an inspiration and an example.

"Fifth, that the dean of this delegation is authorized to request that a copy of these resolutions be made a part of the CONGRESSIONAL RECORD, and to transmit a copy to the family of the deceased."

SCHUYLER OTIS BLAND.
PATRICK H. DREWRY.
CLIFTON A. WOODRUM.
THOMAS G. BURCH.
JOHN W. FLANNAGAN, JR.
HOWARD W. SMITH.
A. WILLIS ROBERTSON.
COLGATE W. DARDEN, JR.
DAVE E. SATTERFIELD, JR.

THE LATE SPEAKER BANKHEAD

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of Calif. Mr. Speaker, I take this occasion simply to pay my tribute to our late Speaker, the Honorable WILLIAM B. BANKHEAD. May I say to the House that ever since I came here as a new Member 4 years ago and during all the time I have served as a Member of this House he has been an inspiration to me and his memory always will be. It is a source of silent but real satisfaction to me to be able to remember that I cast my vote for him when he was candidate for Vice President of the United States at the Democratic Convention held at Chicago.

EXTENSION OF REMARKS

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Grand Rapids (Mich.) Herald of September 18, 1940.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. JONKMAN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent that at the conclusion of all business on the Speaker's table and after the disposition of any special orders heretofore made, I may address the House for 25 minutes on next Monday.

The SPEAKER. Is there objection to the request of the gentleman from Vermont [Mr. PLUMLEY]?

There was no objection.

EXTENSION OF REMARKS

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include, first, a tribute paid to the present Speaker of the House in an article in the Denison Herald by George W. Stimpson, and, second, to include a letter written to me by H. P. Drought, State administrator for Texas.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. LUTHER A. JOHNSON]?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include two letters, one from Charles Talmadge Cobb, of Collinsville, Ala., and the other from T. K. Stapleton, of the Veterans of Foreign Wars, Jackson, Miss., regarding my remarks inserted in the RECORD on September 14, entitled "Caught in the Draft."

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. ALEXANDER]?

There was no objection.

Mr. THOMAS F. FORD. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include an article and statement by Henry F. Grady, Assistant Secretary of State.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. THOMAS F. FORD]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

[Mr. PATMAN addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. JOHNSON of Indiana asked and was given permission to extend his own remarks in the RECORD.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from Ind'ana?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement with regard to Richard Rollins, a former investigator of the McCormack committee.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[Mr. DICKSTEIN addressed the House. His remarks appear in the Appendix of the RECORD.]

TRANSPORTATION ACT OF 1940

Mr. JARMAN. Mr. Speaker, from the Committee on Printing I report (H. Rept. No. 2948) an original privileged concurrent resolution (H. Con. Res. 88) authorizing the printing of additional copies of Public Law No. 785, entitled "Transportation Act of 1940," and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 60,000 additional copies of Public Law No. 785, current Congress, entitled "Transportation Act of 1940," of which 10,000 copies shall be for the use of the Senate document room and 50,000 copies shall be for the use of the House document room.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. JARMAN. I yield to the gentleman from Michigan.

Mr. MICHENER. As I understand, this resolution refers to the Transportation Act?

Mr. JARMAN. It does.

Mr. MICHENER. This resolution is just to authorize the printing of additional copies of that act which are being requested?

Mr. JARMAN. That is true. There is a very general demand for them.

The concurrent resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DICKSTEIN. Mr. Speaker, I had a special order permitting me to address the House for half an hour on yesterday. In view of the fact that the House was not in session yesterday, does the calendar of yesterday carry over to today?

The SPEAKER. It does not.

Mr. DICKSTEIN. Then I ask unanimous consent, Mr. Speaker, that today, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent that all Members of the House may have 7 days in which to extend their remarks in the RECORD on the subject of our late Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects, and in one to include a short editorial and in the other to include some resolutions prepared by the Western Association of State Game and Fish Commissions.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. GROSS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Gettysburg Star and Sentinel.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent that today, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes on an important subject.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. FRIES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an address delivered to the United Federal Workers of America.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANDERSON of Missouri asked and was given permission to extend his own remarks in the RECORD.

Mr. THORKELSON. Mr. Speaker, I have two requests. First, I ask unanimous consent to extend my own remarks in the RECORD and include therein excerpts from articles by A. H. Lane. Second, I ask unanimous consent to extend my own remarks in the RECORD and include therein excerpts from a book entitled "The Hidden Hand."

Mr. SABATH. I object, Mr. Speaker.

Mr. BRADLEY of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief editorial from the Sault Ste. Marie Evening News.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RISK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech delivered by the Governor of Rhode Island on September 1.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. RISK. Mr. Speaker, I further ask unanimous consent to extend my own remarks in the RECORD and include therein a short article appearing in the Pawtucket Times on Federal pensions.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an article by Bruce Catton on the subject No Faith In Voluntary Enlistments.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ARMY HOUSING

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 607), making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

House Joint Resolution 607

Resolved, etc., That the following sums are appropriated out of any money in the Treasury not otherwise appropriated for the Military Establishment for the fiscal year ending June 30, 1941, namely:

Military posts: For construction and installation of buildings, flying fields, and appurtenances thereto, including the acquisition of land, rights appertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes, as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $329,519,902.

Acquisition of land: For acquisition of land, including rights pertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes, as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $8,744,000.

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes in explanation of the request.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, is this the bill that the gentleman from New York [Mr. TABER] has agreed may be brought up by unanimous consent and passed by unanimous consent?

Mr. WOODRUM of Virginia. The gentleman cannot agree to pass it by unanimous consent.

Mr. MICHENER. I mean, so far as he is concerned.

Mr. WOODRUM of Virginia. Yes; it is the same bill.

Mr. MICHENER. That ought to be a good recommendation.

Mr. WOODRUM of Virginia. Yes.

The SPEAKER. The gentleman from Virginia asks unanimouse consent to proceed for 5 minutes. Is there objection?

There was no objection.

Mr. WOODRUM of Virginia. In explanation of the request for immediate consideration, Mr. Speaker, the funds carried in this joint resolution, $338,263,902, are for the emergency housing of the conscripted army.

You will recall that we wrote into the so-called conscription bill a provision that no men shall be inducted for such training and service until adequate provision shall have been made for such shelter, and so forth. The Committee on Appropriations has started hearings on the $1,600,000,000 appropriation for the National Guard and the conscripted army, but it has developed, of course, that the matter of housing the selective trainees is a very vital portion of the program and every day counts. Housing for the National Guard already has been provided for. If Congress recesses until the first of the week and we are not able to get the entire program in shape for report before the first of next week, it will be several days afterward before there could be consideration. If we could pass this resolution today for the housing part of the program and get Senate action on it, it would save a week's time.

The Subcommittee on Deficiencies of the Committee on Appropriations has gone into the matter and there is a unanimous report from that subcommittee. We also have contacted the members of the full committee and my information is that there is no objection on the part of a majority of the members to the consideration of the measure at this time and in this way.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. DICKSTEIN. Who is going to handle this housing matter under this measure?

Mr. WOODRUM of Virginia. It is to be handled by the Quartermaster General of the Army.

Mr. DICKSTEIN. Are they handling the other contracts now for the defense program?

Mr. WOODRUM of Virginia. They are.

Mr. DICKSTEIN. And does the gentleman think that everything is going satisfactorily with regard to the letting of those contracts?

Mr. WOODRUM of Virginia. I do.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Are any of these buildings to be erected at any place other than in continental United States?

Mr. WOODRUM of Virginia. Yes; some of this money for construction will be used upon projects in Alaska, Hawaii, and Puerto Rico.

Mr. HOFFMAN. And some of it in South America?

Mr. WOODRUM of Virginia. Not a penny of it.

Mr. LUDLOW. Some in Puerto Rico.

Mr. WOODRUM of Virginia. Puerto Rico; yes.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. RICH. Will we have an opportunity to have something to say in reference to this bill?

Mr. WOODRUM of Virginia. If permission is granted for the immediate consideration of the joint resolution, it is my intention to ask unanimous consent that we have 30 minutes of debate, the time to be equally divided in order that the matter may be fully discussed by the membership of the House.

Mr. RICH. We could not discuss it very fully in 30 minutes; but the point I make is that you are proposing to appropriate this money out of money in the Treasury not otherwise appropriated, and I had some pertinent questions to ask the majority side of the House about where that money is, because I know everybody is trying to get their hands on it, and if there is any money of that kind in this country I would like to know where it is.

Mr. WOODRUM of Virginia. I know the question the gentleman always asks, and I have asked that question, too, but right now this conscription army has got to be housed.

Mr. RICH. The gentleman is absolutely right about that.

Mr. WOODRUM of Virginia. And the money has to be obtained from somewhere.

Mr. RICH. That is right.

Mr. WOODRUM of Virginia. And there is no question right now about having to do this job.

Mr. RICH. The point I want to make is about the extravagant expenditure of funds that has been going on for the last 7 or 8 years and ask whether we are going to try to cut down on those expenses in order that we may maintain this army after we conscript them.

Mr. WOODRUM of Virginia. I do not think this is any time to talk about that, I will say to my friend from Pennsylvania.

Mr. RICH. I think it is a very pertinent question to ask now. I think the proper time has been here during the last 7 or 8 years, and, as much as I like the gentleman from Virginia, I do not believe we could spend any time more wisely or judiciously than to try to get the Government to cut down its enormous overhead and its vast expenditures that are doing this country no good. We ought to do that and the gentleman from Virginia knows it.

Mr. WOODRUM of Virginia. Will the gentleman yield to me?

Mr. RICH. I yield. [Laughter.]

Mr. WOODRUM of Virginia. How much does the gentleman think ought to be cut from this appropriation?

Mr. RICH. I do not believe anything ought to be cut off of this appropriation, because I think we ought to house these boys. I think that some time ought to be given by the Members of Congress to trying to cut down in some places where it can be cut down wisely and judiciously.

Mr. RABAUT. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. RABAUT. I asked the gentleman to yield in order to ask the gentleman from Pennsylvania [Mr. RICH] if he knows anybody in his district who is against this idea?

Mr. RICH. There are hundreds of thousands of people in my district who are against conscription——

Mr. RABAUT. I did not ask about conscription. I asked you about housing these boys. Do not dodge the issue.

Mr. RICH. They are against trying to conscript boys in peacetime, and the gentleman knows there are many people in Michigan who are against it, too.

[Here the gavel fell.]

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. TABER. Mr. Speaker, reserving the right to object, I think the gentleman from Virginia should include a request for a reasonable time for discussion of the resolution. I would suggest something like 40 minutes, the time to be equally divided. Then, of course, it will have to be considered under the 5-minute rule after that if anyone cares to offer amendments.

Mr. WOODRUM of Virginia. Mr. Speaker, I amend the unanimous-consent request to ask that the bill be considered in the House as in the Committee of the Whole, and that there be 40 minutes of general debate, the time to be equally divided between the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Virginia, as modified?

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the Deficiency Subcommittee on Appropriations whether there was any consideration given by the deficiency committee to providing for reports from the quartermaster general to the Appropriations Committee on these expenditures? I have just had a few minutes to look over the break-down submitted. I notice suggested construction in different parts of the country and possessions for barracks and housing of various kinds. It is the practice of the War Department subcommittee, of which the gentleman from Pennsylvania [Mr. SNYDER] is the distinguished chairman, in considering these requests that we make a limitation or at least have an understanding with the War Department that the construction of quarters shall not exceed a certain amount for this or that type of construction, taking into consideration the locality and the conditions prevailing there. But in this resolution there is no such limitation. I would like to have the assurance of the gentleman that the quartermaster's department, the War Department, will make some report to the Appropriations Committee and the proper subcommittees thereof with respect to these expenditures.

Mr. WOODRUM of Virginia. We expect to get that report, I will say to the gentleman.

Mr. ENGEL. Mr. Speaker, reserving the right to object, I did not know anything about this until a few minutes ago. I just saw this break-down of the appropriation for the first time. I went into this housing matter very carefully a year ago. I have before me photographs of temporary quarters in Panama which were erected at a cost of $150 per man. If anyone wants to see them, I have them right here. These are very good temporary quarters, constructed of wood. Of course, they are a different type than is required here. They do not require heating and they have no foundations in Panama. However, we have temporary quarters, "enlisted men, listed at $450 per man, a total of $226,000,000." The Army officials claim that construction in Panama is 25 percent higher than it is in the United States, and it costs $150 per man there and $450 per man here. Has the gentleman from Virginia gone into that?

Mr. WOODRUM of Virginia. I do not know whether the gentleman's Panama figures include the utilities that go with housing.

Mr. ENGEL. They do not.

Mr. WOODRUM of Virginia. Well, the $450 per man is not for housing alone. It also includes the utilities.

Mr. ENGEL. Surely the utilities do not cost twice the amount of the housing.

Mr. WOODRUM of Virginia. If the gentleman will permit the matter to come up for consideration he will have ample opportunity to express himself on it.

Mr. ENGEL. Will there be time for debate upon it?

Mr. WOODRUM of Virginia. Oh, yes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

EXCESS-PROFITS TAX

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House, the Clerk of the House be authorized to receive any message on the bill (H. R. 10413) to provide revenue, and for other purposes, that the House disagree to the amendments of the Senate to such bill and agree to the conference thereon, and that the Speaker appoint managers on the part of the House to attend said conference.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. MICHENER. Reserving the right to object, Mr. Speaker——

Mr. TREADWAY. Mr. Speaker, I reserve the right to object.

Mr. MICHENER. What this request accomplishes is this——

Mr. DOUGHTON. This is the revenue bill. It will go to conference tomorrow if the Senate concludes the bill today.

Mr. MICHENER. If this request is granted, it will mean that the tax bill will go to conference and it will not be necessary for the House to remain in session tomorrow and Saturday?

Mr. DOUGHTON. That is right.

Mr. TREADWAY. Reserving the right to object, I only do so to confirm the request which the gentleman from North Carolina [Mr. DOUGHTON] has made. I hope the request will be granted, and I can assure him that the minority will cooperate in every way possible to expedite the conference report.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, I do not want to give my approval to this request if it is to be understood that the Members of this House in not objecting to the request do object to some of the very fine amendments which have been incorporated in the bill by our brethren on the other side of the Capitol. I therefore desire to suggest that the House conferees do not take the granting of this request as an indication that the Members of the House are unanimously opposed to all of the Senate amendments including several very good amendments.

Mr. DOUGHTON. All I can say to the gentleman is that this will be just like any other conference. The ranking minority Member can assure his colleagues that we will try to support the views of the House as far as it is possible.

Mr. SCHAFER of Wisconsin. Let it not be understood that in granting this request any Member of the House is indicatting that it is the will of the House to reject all or any of the Senate amendments, but that they are merely consenting to sending the bill to conference.

Mr. DOUGHTON. That is a question which answers itself.

Mr. TREADWAY. This is a request neither to reject nor approve the bill, but merely to send it to conference.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, can the gentleman outline at this time what the program for next week will be?

Mr. WARREN. I understand that on Monday there will be the deficiency bill to be followed by any conference reports that may be ready. Beyond that I do not think any program has been set.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. WARREN. I yield.

Mr. TABER. We shall probably have to follow the deficiency bill—perhaps not Monday, but later in the week—with a resolution carrying funds to put the draft into effect.

Mr. WARREN. This is my understanding. That will probably come up the latter part of the week.

Mr. TABER. That we cannot tell exactly until next week.

Mr. WARREN. Mr. Speaker, I wish, temporarily, to withdraw my request.

PROTECTION OF DEFENSIVE MATERIAL AND UTILITIES

Mr. SABATH, from the Committee on Rules, submitted the following report on the bill, H. R. 10465 (Rept. No. 2952) entitled "An act to amend an act to punish the willful injury or destruction of war material, or war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, for printing under the rule.

House Resolution 604

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10465, a bill to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

ASSIGNMENT OF CLAIMS UNDER PUBLIC CONTRACTS

Mr. SABATH, from the Committee on Rules, submitted the following report on the bill H. R. 10464 (Rept. No. 2953), "A bill to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts," for printing under the rule.

House Resolution 605

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10464, a bill to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

WAR DEPARTMENT APPROPRIATION FOR DEFENSE HOUSING

The SPEAKER. The gentleman from Virginia is recognized for 20 minutes.

Mr. WOODRUM of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

GOLD OWNED BY THE UNITED STATES

Mr. PATMAN. Mr. Speaker, I desire to enlarge a little on what I said a while ago on the right of the United States Government to issue its own money or credit for our national-defense program. In this issue of the daily CONGRESSIONAL RECORD, in the Appendix, will be found questions and answers I have prepared on this subject.

We have in this country approximately $21,000,000,000 in gold, and, as all of you know, the title to this gold is in the Government of the United States. Many people will try to make you believe that the Federal Reserve banks own this gold. Any statement to this effect is not true. This gold is owned by the Government of the United States.

PRIVATE BANKS USING GOVERNMENT CREDIT FREE

I concede that there is a logical argument to justify the private banks of the country in using the Government's credit in private transactions, but I do not concede to the private

banks of the country the right to charge the Government for the use of the Government's own credit, and that is what we do under our present system of issuing and selling to the banks of the United States Government tax-exempt interest-bearing bonds. This gold, $21,000,000,000, if used as a 40-percent reserve or base, is sufficient to justify the issuance of more than $51,000,000,000, which would more than pay the national debt and at the same time provide much of the money for our national-defense and preparedness plan.

I would not advocate the payment of the national debt quickly or suddenly, but I do advocate a program by which eventually the national debt will be paid through the use of this gold and that our national-defense and preparedness plans be financed entirely by the use of this gold.

Under this particular bill under consideration, $525,000,000 will be spent. The way that money will be raised is this: $525,000,000 in bonds will be issued by the Treasury and sold to the banks. The banks will give the Treasury credit upon their books for $525,000,000. So far so good. Suppose now the banks need the money. They turn right around and put up those same bonds as collateral and get money issued by our Government in return for them. In that way and in other ways they are using the Government's credit absolutely free of charge. It is not right. There is no way you can justify it. As I said, you can justify it for private transactions as being in the interest of the public for our own economic good.

You cannot justify paying a few private bankers $525,000,000 in order to permit us to have $525,000,000 to spend for defense plans. By the time these bonds are paid for, which you will authorize, you will pay twice as much, and one-half will be interest.

EDISON SAID SYSTEM WRONG

At one time Mr. Thomas A. Edison was inspecting Muscle Shoals, and since he was in favor of improving Muscle Shoals, he was asked the question, "Are you in favor of issuing $30,000,000 in bonds for the purpose of carrying on this work?"

He said, in substance, "No; that would not be right. If you issue $30,000,000 in Government tax-exempt, interest-bearing bonds to do this work, by the time the bonds are paid the private banks will have collected $30,000,000 in order to let the ones who furnish the materials and who do the work receive $30,000,000." He said that any government that can issue a dollar bond that is good can issue a dollar bill that is good, because they are made at exactly the same place and carry the same guaranty.

I want to appeal to the membership of this House to study this particular proposal at this time because it is not right to pay a few private bankers a billion dollars a year interest for the purpose of enabling us, upon our own credit, the credit of this Nation, to finance our national defense and preparedness program. There is no logic or reason that will justify it.

Mr. HOUSTON. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kansas.

Mr. HOUSTON. Is it not a fact that under the Federal Reserve law of 1913 the Federal Government can issue $2.50 in currency for every dollar of gold we have in the vault?

Mr. PATMAN. Yes; that is the recognized legal ratio; and that would amount to $51,000,000,000 now, based upon our $21,000,000,000 in gold.

Mr. HOUSTON. It could pay off the national debt?

Mr. PATMAN. Yes; and we would have some money left over for national-defense plans, and we would also save over a billion dollars a year in interest.

Mr. THORKELSON. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Montana.

Mr. THORKELSON. May I ask the gentleman if he is not willing to admit that a gold certificate is a claim against the gold in the United States Treasury?

Mr. PATMAN. If issued to people and other nations, that is true. If we issued gold certificates to a foreign nation, that would be a claim upon the gold.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the House Military Affairs Committee may have until midnight tonight to file a report on the bill H. R. 10495.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARENDS]?

There was no objection.

Mr. TABER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this resolution calls for $338,000,000, $8,744,000 to buy land and $329,000,000 to provide facilities to house and train the men who may be called to service.

Mr. TREADWAY. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. May I ask the gentleman whether or not the provision that appears in this bill making such large appropriations is not to a certain extent based on the amendment offered by the gentleman from Connecticut [Mr. AUSTIN] during the time that bill was up for consideration?

Mr. TABER. I believe the fact this bill has been brought in here at this particular moment providing as large an appropriation as it does for proper cantonments and hospital facilities is largely due to that amendment.

This resolution provides for cantonments to house 503,000 men. We were told that these cantonments would be made in something like the following manner: There would be a floor above the ground on posts. On that floor would be a double floor with building paper between, that there would be a space of an inch and a half to 2 inches between a plaster board or similar construction on the inside and then building paper on the outside of the uprights and the siding outside that, so that the cantonments would be tight. They would be covered with a sound roof supported by roof boards and would be in such shape that they could be properly heated and provided for.

The cantonments are costing, according to what they tell us, $450 per man.

The tent construction will cost $320. This tent construction involves a wooden platform set up above the ground a little and a tent over it to house five men.

Mr. RABAUT. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. RABAUT. Has any consideration been given at all to trailers?

Mr. TABER. What kind of trailers?

Mr. RABAUT. Trailers for temporary housing.

Mr. TABER. Does the gentleman mean automobile trailers?

Mr. RABAUT. Automobile trailers. You can house eight men in a modern trailer.

Mr. TABER. I have not heard about that. I do not know whether that would be an advisable thing to do or not. That would not provide water supply, steam heat, or other utilities which are required.

Mr. RABAUT. Are they putting steam heat in the tents?

Mr. TABER. No; they cannot put steam heat in the tents, but in every outfit where there are tents there will have to be hospital facilities made up of solid construction with steam heat, and there will have to be recreation centers for the men with steam heat, and then a mess hall provided where they can be fed to properly take care of them. This could not be done with trailers. Of course, the trailers could take the place of housing for the men.

Mr. RABAUT. The trailers could supply places for sleeping.

Mr. TABER. I do not know how they would handle the heating, however, of a large number of such outfits.

Mr. RABAUT. They have heat in these trailers. It is heat for the individual room.

Mr. TABER. There has been no consideration of that as far as the committee is concerned.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I know the gentleman is taking a tremendous interest in having proper housing and

proper hospital facilities. Is the gentleman perfectly satisfied with what is being done? I understand that the tents in the warm climates will have wooden frames as well as wooden floors to make them more substantial.

Mr. TABER. That is correct. We are told by men who have had experience that in the southern part of the country these tents are healthier than the cantonments. Of course, they would not have the tents at all in the North, where we are obliged to have steam heat.

Mrs. ROGERS of Massachusetts. I have been assured that there would be cantonments in the North.

Mr. TABER. That is correct. The largest part of this item is for cantonments. There is provision for only 40,000 troops in tents in this whole item. The major part of it is for cantonments. Of course, there are a lot of other items like reception centers, mobilization shelters, shelters for student personnel, construction for armored school programs, construction for ordnance training installations, school programs for ground troops, and general hospitals for 10,000 beds. Where an outfit is located near a present camp where there is a regular brick barracks, they are going to use the brick barracks for hospital facilities for the enrollees and put some of the men in the temporary structures. This will drive some of the Regulars out of these barracks. Of course, this provides for Hawaii, Panama, and Puerto Rico. I do not believe there is much question but that the tents would be proper housing for such places.

Mrs. ROGERS of Massachusetts. Is the money allocated to specific places?

Mr. TABER. It is not allocated definitely to specific places?

Mrs. ROGERS of Massachusetts. I know Fort Devens, at Ayer, Mass., in my district, will have a large reception center, and it needs more buildings.

Mr. TABER. A good deal of that would be in the $128,000,000 that was provided the other day.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Maine.

Mr. BREWSTER. How does the character and cost of these facilities compare with those constructed during the World War?

Mr. TABER. I would not want to compare them, but the cost has gone up. It will vary considerably. For instance, around New York City the wage scale has to be somewhere around $14 for carpenters, whereas in a rural community the going rate of pay will be somewhere around $8.

Mr. BREWSTER. Are the facilities to be about the same?

Mr. TABER. The facilities will be a little different, according to the need. They will have to be a little bit tighter and a little bit more firm around New York City or New England or Minnesota or in areas of that kind than they will be in Florida.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Has the gentleman any idea when these accommodations will be available for occupancy?

Mr. TABER. We are told that it will take 3 months to provide these quarters. This means that with this money they would be ready somewhere around Christmas, not any before; perhaps it may be the 1st of February or the 1st of March, in some cases.

Mr. ENGEL. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. ENGEL. This tent housing is for Panama, the Hawaiian Islands, and Puerto Rico?

Mr. TABER. I would not say that. It is in the southern part of the country.

Mr. ENGEL. In the tropics?

Mr. TABER. In the warmer parts of the country, anyway. Of course, we had a lot of tent housing in the other bill that was under consideration. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Speaker, I believe some Members of the House are confused in that they believe this is a special item. This is just one item of $329,000,000 taken out of the $1,600,000,000 the committee is now considering. This is done because of the extreme emergency, as the gentleman from Virginia [Mr. WOODRUM] has said. We will gain 6 days if we get the bill through today. This will give the Army that much advantage in getting this housing program started.

Mr. TABER. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, I was called just as I was starting for the House, at about 5 minutes to 12, and asked to O. K. this bill for $367,000,000, as a member of the Committee on Appropriations, without a committee meeting. It was because I was discussing the matter with a clerk of the committee that I was not on the floor of the House when the bill came up a few minutes ago. The idea of bringing up a $367,000,000 bill without a committee meeting, and with 40 minutes of debate, does not appeal to me. I have no desire to hamper or to handicap the housing program. These men must be housed. However, my experience with Army housing has been such in the past that I am not willing to let this bill go by in this way without a protest.

Just a moment ago I asked the gentleman from New York regarding the tent camps, which are going to cost us $320 per man. You have here an item for tent camps for 40,000 men at $320 per man—$12,800,000. This is for the Tropics, the gentleman says, the Hawaiian Islands, Puerto Rico, Panama, and so forth. I have photographs here before me that I took in Panama, where they built temporary wooden quarters without the lavatories for $150 per man; the material was shipped in from the States.

Surely it is not going to cost us more than twice as much for the construction of tent camps as it does for this temporary wooden housing. We have here temporary quarters at $450 per man, while I have here a picture from Panama of a permanent concrete building, with a tiled roof, with materials shipped in from the United States, that cost $630 per man. The Army says it costs them 25 percent more there than in the States, and this is permanent construction for $430 per man.

Mr. Speaker, I have had this housing matter up before. I have considered this matter for the last 3 years in the War Department subcommittee.

I have here the hearings. They are simply astounding and amazing. We were building Army officers' quarters for $17,500 with relief money. We had General Seaman, construction quartermaster, on the witness stand testifying in 1939. The law permits the expenditure of $14,500 per officer for field officers. They had spent $17,500, or $3,000 more than allowed by law.

Here is the testimony:

Mr. ENGEL. Now, what is the balance of the $87,000, or approximately $14,500, being spent for? That is what I am getting at now.

General SEAMAN. One hundred and fifty feet of pipe lines and connections, at $2 a foot, $300, for each set of quarters.

When General Seaman was before the committee I let him go back to his office, and he inserted these figures in the record of the committee hearings later on, after deliberation and consultation, and here is his reply:

One hundred and fifty feet of sewer mains and connections at $1.50 a foot, $225.

One hundred and fifty feet of electric line and connections, at $3 a foot, $450.

One hundred and fifty feet of roads, at $5 a foot, $750.

One hundred and fifty feet of walk, at $1.50 per square yard, $225.

Grading and drainage——

Mr. ENGEL (interposing). Right there, is that for each one of the five, or for the five?

General GIBBINS. Each one.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan.

The SPEAKER pro tempore (Mr. RAMSPECK). The gentleman from Michigan is recognized for 5 additional minutes.

Mr. ENGEL (reading):

Mr. ENGEL. The amounts you have read will be multiplied by five?
General SEAMAN. Yes, sir.
Grading and drainage, and so forth, at 50 cents per cubic yard, $75.
Telephone system, connections and equipment, $200.
Miscellaneous, advertising, personnel, and supplies, and so forth, $675.
That is for each set of quarters.
Mr. ENGEL. Does that apply to the noncommissioned officers' quarters, too?
General SEAMAN. The noncommissioned officers' quarters are practically the same.

Now, Mr. Speaker, I have no intention of interfering with this program. These drafted men coming into the Army have to be housed, but when they come to me with a bill for $367,000,000 and at 5 minutes of 12 o'clock I am asked to agree to a bill I have never heard of, I cannot help but protest. I do not know whether they had any hearings on the matter. If they had any, I have not seen them. Then 15 minutes later I find the bill on the floor of the House. I was late because I had been talking the matter over with the clerk of the committee.

I also want to say this, that General Marshall and Major General Gregory and Major General Hartman, the Chief of Staff and the Quartermaster General and Construction Quartermaster, have taken the places of these other generals I have referred to. I am not going to be taken off my feet on this sort of thing and appropriate $320 per tent per man when they are building temporary wooden quarters and good temporary quarters in the same area for $150 per man. The House is going to pass this bill, and I am going to vote for it, because we have to have the quarters. When it is passed and when the construction is going on the War Department subcommittee of the Committee on Appropriations and the Committee on Appropriations ought to keep a periodical check on what is going on and see that we do not have a repetition of what has happened before.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. ENGEL. I yield.

Mr. SCHAFER of Wisconsin. Is the gentleman correct that to house 8 of these men in a tent the Government is going to be called upon to spend $2,560 for a tent.

Mr. ENGEL. The one item reads: "Forty thousand enlisted men at $320 per man, $12,800,000." The next item is "enlisted men, $450 temporary quarters, $226,000,000."

Mr. SCHAFER of Wisconsin. But then, if we take a tent which will house 8 men and multiply $320 by 8 we will have a cost of $2,560 for the 8-man tents. Some of our New Deal brethren must be engaged in the tent-business racket.

Mr. ENGEL. I want to be fair about the matter.

You must have water; you must have sanitation; you must have other equipment. These temporary wood barracks down there do not have any heating appliances or lavatories, but neither will these tents. I would like to have an explanation of this thing.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. ENGEL. I yield.

Mr. WOODRUM of Virginia. In the illustration the gentleman gave of the building at Panama, is the gentleman advised whether or not that was done by enlisted personnel?

Mr. ENGEL. It was done by civilian labor.

Mr. WOODRUM of Virginia. Was there any enlisted personnel used?

Mr. ENGEL. Some of it was done by the engineers and the permanent construction—a tile building, concrete, a beautiful red tile roof building—was built with civilian labor at $630 per man.

Mr. MICHENER. Will the gentleman yield?

Mr. ENGEL. I yield.

Mr. MICHENER. The gentleman is a member of the Subcommittee on Appropriations, War Department. He has made a special study of this matter for a number of years. I think we all appreciate the work he has done, and many of us have gone along with him and want to go along with him, because we know his ability and courage; but at this time we must not forget that we have conscripted the boys of the country, and we are going to take them, within a little more than 60 days, and we are going to march them off to camps somewhere. In these circumstances it strikes me that we must resolve all doubt in favor of speedily providing adequate housing for those conscripted boys.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Speaker, I am entirely in agreement with the idea that the progress of the construction program to house Army recruits should not be delayed. I am equally of the opinion that this is a case where haste makes waste. I am of the opinion that this method of handling an appropriation, here being pursued by the deficiency committee, will actually delay construction by hasty and ill-considered action. To the best of my knowledge and belief more efficient methods of handling this $350,000,000 appropriation can be devised with a little more investigation. You are establishing a most dangerous precedent in rushing through vast appropriations in a hasty, irregular manner which can save little or no time in construction.

I deeply regret that this bill has been brought up without the consideration of the full Appropriations Committee. I will not object at this time, however, because the deficiency subcommittee has decided that this arbitrary process is the way to prevent any delay in the program. The basic fault lies in the organization of the Appropriations Committee of the House which permits a small minority of the committee to usurp the functions of all other subcommittees and of the whole committee in carrying out a program of this magnitude. The whole problem of national-defense appropriations must have more careful and thorough consideration if we are to deal with it intelligently, economically, and efficiently. There must be more close and careful congressional supervision of the whole program if we fulfill our responsibilities to the electorate we represent.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, there was no intention on the part of the deficiency subcommittee to rush this matter beyond what the exigencies of the occasion seemed to justify. The subcommittee on deficiencies was unanimous on the item. Practically every member of the Appropriations Committee that we could contact had no objection to its consideration. There was a clear majority in favor of this course.

Mr. ENGEL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. ENGEL. At 5 minutes before 12 o'clock the clerk showed me a list and there were seven members of that committee marked "aye."

Mr. WOODRUM of Virginia. Those 7 were in addition to the 11 members of the deficiency subcommittee, and others besides the 7 subsequently were contacted; but be that as it may the gentleman, of course, could have stopped consideration of the resolution if he did not want it to come up.

Mr. ENGEL. Surely, a couple of hours' consideration on this bill for $367,000,000 before the full Appropriations Committee would not have delayed the matter at all.

Mr. WOODRUM of Virginia. Now, the gentleman is an authority on the subject——

Mr. ENGEL. I am not an authority on it.

Mr. WOODRUM of Virginia. Well, I respect the gentleman's understanding of the situation. What would the gentleman suggest that we should have done about it?

Mr. ENGEL. I would suggest that at least we should have had a chance to know that this bill was coming up when it came up. At 5 minutes to 12 was the first information that I, a member of the Appropriations Committee, had that the bill was coming on the floor. I was detained over there discussing it for 10 or 15 minutes with the clerk and then I came here and found the bill under consideration. Surely that is not giving proper consideration to a member of the Appropriations Committee on a bill of this magnitude.

Does the gentleman think so? I have worked with the gentleman from Virginia, and I have admired him. I think he is one of the ablest men on the floor of the House. His ability is unquestioned, and his desire to economize is unquestioned. I am going along with the bill because the gentleman from Virginia and the gentleman from New York [Mr. TABER] have agreed to it, but of course the committee ought to keep a check on this and see that the history of the past is not repeated.

Mr. WOODRUM of Virginia. I agree thoroughly with everything the gentleman has said, but as the gentleman from Michigan [Mr. MICHENER] so well said a moment ago, as a prerequisite to ordering this army to be mobilized we must see to it that proper housing is available, as expressly required by the Selective Service and Training Act.

General Marshall was before our committee this morning and made a very impressive statement about this matter in considerable detail. He made its importance very plain. We went into it very carefully. We must have the housing, and no matter how much time we might spend considering it, and we could spend a great deal, there would be nothing we could do in the end but go ahead with it.

Mr. ENGEL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. ENGEL. How does the gentleman account for the fact that these temporary wooden quarters in Panama cost $145 per man built with civilian labor, whereas the quarters provided for in this bill cost $450 per man?

Mr. WOODRUM of Virginia. I may say to the gentleman from Michigan that when he asked his question previously I was under the impression that much of the temporary housing down there had been built by enlisted men. Regardless of that, however, the gentleman knows that what you pay for labor in Panama cannot be compared to what we have to pay for labor in the States. In addition to that, there has been a great increase in the cost of building within the last 30 or 60 days. Neither the committee nor the Quartermaster General's office feels it is an exorbitant rate under existing conditions, when we are working under emergency conditions.

Mr. ENGEL. The officers who testified before our committee said that the cost at that time was higher because of the fact that all the material they used had to be transported to Panama.

Mr. WOODRUM of Virginia. Lumber may be higher in Panama, although I am not so sure about that, but labor, as the gentleman from Michigan knows, is very much cheaper. In addition to that the funds here provided not only include the houses themselves but sanitation, streets, lighting, sewers, mess halls, recreation halls, station hospitals, storage, shops, and many other facilities and appurtenances, all entering into the unit cost and not included in the cost of Panama houses which the gentleman mentioned.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. TABER. As I understand it lumber for construction in the southern and northern States on the eastern seaboard very largely comes through the Panama Canal. Lumber at the Panama Canal, therefore, should cost a great deal less.

Mr. WOODRUM of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, as a member of the Committee on Appropriations, I am somewhat inclined to agree with my colleague from Michigan. I believe that the deficiency subcommittee, insomuch as it deals with subject matters which come before every subcommittee of the Appropriations Committee, should be comprised of the chairmen of all the subcommittees.

The particular resolution that comes before us this morning is to deal with an emergency and anyone can readily understand that it is an emergency. Those who most vigorously oppose the procedure by which the measure is brought up for consideration in the same breath say they are going to support the bill. I think under the emergency there is nothing else that could be done. We are getting into a program here that demands speed; and insomuch as we have gone ahead with the draft bill we must be ready to take care of these boys. This is our obligation, and we should proceed to do everything in our power and do it with the greatest speed. That is why it comes up as it does and necessitates the emergency.

Mr. DWORSHAK. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. DWORSHAK. Are the contracts to be placed under this bill to be placed by competitive bidding?

Mr. WOODRUM of Virginia. No; not by competitive bidding.

Mr. DWORSHAK. Will they be negotiated contracts?

Mr. WOODRUM of Virginia. They will be negotiated contracts. All these emergency contracts are negotiated contracts.

Mr. DWORSHAK. With what limitation of profit?

Mr. WOODRUM of Virginia. Cost plus a fixed fee not to exceed 6 percent.

That is all the time I wish to use, Mr. Speaker.

The SPEAKER. All time has expired. The Clerk will read.

The Clerk read as follows:

House Joint Resolution 607

Joint resolution making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941

Resolved, etc., That the following sums are appropriated out of any money in the Treasury not otherwise appropriated for the Military Establishment for the fiscal year ending June 30, 1941, namely:

Military posts: For construction and installation of buildings, flying fields, and appurtenances thereto, including the acquisition of land, rights appertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes, as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $329,519,902.

Acquisition of land: For acquisition of land, including rights pertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $8,744,000.

Mr. TABER. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I agreed in the deficiency subcommittee to bring this item before the House because I felt that it was of the utmost importance that when we call men to serve we provide proper housing and hospital facilities to take care of them.

I know that much of this construction will cost more than it would in peacetime. We had the Quartermaster General before us, we had the Chief of Staff before us this morning. We have gone into the thing as thoroughly as we could, but we felt, I felt, and I still feel that everything should be done by the Congress to expedite the start of construction upon these projects just as fast as it can be done, because they can work just twice as fast on the cantonments now as they can after the 1st of December.

I wish we had opportunity to go into every detail but frankly I know we have not. It is true that we must hold those who have charge of the spending of these funds to strict accountability and to just as much efficiency as can be had under all the circumstances, but I am not going to be one who stands back and fails to provide the facilities to take care of these men who are going to be called.

I know that much of this temporary construction in the Tropics, much of the permanent construction in the Tropics would not be suitable for the cantonments we have provided. I know that in the Tropics they are not providing sewage disposal and water systems, and that sort of thing that we have to provide here. I know the labor they use is mostly supplied by Jamaicans and Panamanians, natives of the Canal Zone, rather than the type of labor we have to employ here in the States. The figures therefore are not so comparable as one might think.

I do not believe we are getting a good price on these things. On the other hand, I do not believe it is so bad as we might be up against. I would not favor anything that disrupted orderly practice in the Appropriations Committee but I do not believe that we can have orderly practice when

we are confronted with this kind of situation and I feel we have been justified in bringing this in here and submitting it to the House.

Mr. CANNON of Missouri. Mr. Speaker, in the Spanish-American War and in the World War more men died of disease than we lost in battle. Great masses of men brought from all quarters of the country, unaccustomed to the new mode of life, their routine completely changed, are naturally subject to many maladies unless every possible care is taken of them. There is an ever-present danger that contagion will sweep these camps and wipe men out by the hundreds as has repeatedly happened in our Army camps in the past. If some epidemic should start through the ranks this winter, as frequently attacks both civil and military populations, the country will hold to strict accountability every man and every agency of the Government in any way responsible for any possible delinquency in caring for these men.

Winter is coming on. Time is short. Every day counts. When these boys come to camps we must be ready to house them, we must be prepared to shelter them, we must be ready to take care of them and must provide for them every facility for the protection of life and health. That is the whole purpose of the pending resolution.

The expense is a matter that cannot be avoided, but it is not exorbitant. You cannot go into the sections of the country in which these cantonments are to be built and build them by contract appreciably cheaper than they will be built by the War Department. But they must be built and they must be built now.

There is no more important phase of the preparedness program than this important question of properly housing the young men and protecting them from pneumonia and influenza when they are brought from their homes and inducted into the service.

Mr. Speaker, in this connection, may I express appreciation, and I am certain the appreciation of every member of the Committee on Appropriations, of the work done on this bill and its companion bills as well as the entire preparedness program by the gentleman from Virginia, CLIFF WOODRUM and the gentleman from New York, JOHN TABER. I do not think the House generally realizes the long hours, the indefatigable labor, and the exhaustive study and investigation these two men and their associates on the committee have given to this work. [Applause.]

It has been charged that democratic government is not as efficient as totalitarian governments in waging war. It has been charged that America, while a prosperous nation, is fat and unwieldy and incapable of self-defense. We are demonstrating by this bill and by the correlated legislation we have enacted this session that we are not only capable of producing wealth and developing a civilization, but we are capable of protecting that wealth and defending that civilization. If any international brigand across the water has any predatory designs on our people it is reckoning without its host. We are developing in the shortest time, and with record efficiency, the most effective armament to be found in the world today, and we are training an army with efficiency and speed unequaled in either of the two former wars in which we were engaged. We shall shortly have men and guns and ships and planes that can hold their own against any attack and which can defend this country and this hemisphere against any power or combination of powers on earth. In the meantime, we must not lose a single boy entrusted to our care through preventable disease or exposure, and we cannot do that unless we make this provision for their care. This bill should be passed without amendment and by unanimous vote. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, I would like to address a question to the chairman of the subcommittee which I believe is very pertinent and of interest to every Member of the House. I wonder what is going to be done about school facilities in connection with the housing program for those who are on reservations and those who are off reservations. As I understand this housing program from a conference with Major Wilson of the Army Quartermaster Corps, they will make provisions for housing on the reservations and the public buildings branch in the Federal Works Agency will take care of that portion of the housing that deals with the industrial sections, and so forth.

Now, this school problem comes up in connection with, first, the enlisted men on the reservations; and, secondly, with respect to those families who are moving into houses in areas where no school facilities have been made available, let us say in the area of an arsenal or an airplane plant. The net effect is going to be that the facilities of the local States are going to be taxed to capacity, it is going to cost a considerable lot of money, and in many instances the State tax for school purposes is already up to the limit and it would require legislative action on the part of the legislature before any relief may be provided. May I ask whether the word "appurtenances" in this bill would cover schools and whether or not schools could be built on reservations for the children of both officers and enlisted men and, further, whether under the rest of the housing program schools can be provided in the area of industrial centers where craftsmen are taken for purposes of the defense program?

Mr. WOODRUM of Virginia. I should say that in the case of an isolated post the War Department would make some provision for the children of military personnel. I should not think the bill would contemplate the use of funds for such purposes outside Army posts. The gentleman will remember that this large concentration of people in the different localities or communities will bring about a large expenditure of funds there. It probably is contemplated that localities will make some suitable arrangements for schools.

Mr. DIRKSEN. But the time element enters into it.

Mr. WOODRUM of Virginia. Yes; there will probably be some drag so far as the question of time is concerned, but, answering the gentleman specifically, there is nothing in here that contemplates the spending of any money for schools outside Army posts.

Mr. DIRKSEN. Is there general legislative authority making provision for schools on reservations? This money, I take it, will be expended only on reservations. Is there general authority for making provision for schools?

Mr. WOODRUM of Virginia. Within the reservation and within the limit of money appropriated, the War Department has done that and has the right to do it, as I understand.

Mr. DIRKSEN. I fancy this problem is going to be very acute in a little while.

Mr. WOODRUM of Virginia. I am very glad to have the gentleman draw attention to it. We are conducting hearings on it now, and I shall be very glad to call attention to the matter.

Mr. DIRKSEN. I take this time for the purpose of directing attention to it only because it is a very important matter.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Is it proposed to take the families of these officers along and then take them along across the seas if we should go to war across the seas? Why cannot their families stay home just like the families of the enlisted men, the buck privates who are drafted in the Army and serve for $21 a month?

Mr. DIRKSEN. I do not know what is proposed, but look at this situation. You have 42,000 married enlisted men in the Navy today. When they come back to shore, obviously they live with their families, because it improves the morale of those who are in the service. By the same token, if their families are there, school provisions must be made for the children. That is the long and short of it.

Mr. SCHAFER of Wisconsin. But these additions to the Army and the Navy, people who are drafted and forced to serve in Uncle Sam's Army or Navy in peacetime under the

New Deal, Hitler-Stalin type of compulsory peacetime military service will not have dependent families, we have been told.

Mr. DIRKSEN. They may or may not have. I assume that so far as possible they will select those who are without dependents; but the fact remains that this is a condition that exists at the present time and adequate provision must be made.

Mr. BREWSTER. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Maine.

Mr. BREWSTER. The Navy in this connection is proposing to build 400 houses, which I assume will be tax exempt, but they may provide perhaps 800 children for the schools.

Mr. DIRKSEN. But they can make payments in lieu of taxes, according to the tenor of the bill.

Mr. BREWSTER. Is there such authority in all these bills, generally?

Mr. DIRKSEN. Yes; authority was written into the housing bill the other day as it passed this body. [Applause.]

[Here the gavel fell.]

Mr. RICH. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I certainly believe that we should take care of these drafted men we are going to place in camps so that they do not freeze to death and so that they may have comfortable quarters in which to live, especially if we conscript them now in peacetime. I believe peacetime conscription is about the most unnecessary thing we could possibly have at this time. Nevertheless, while I oppose peacetime conscription, I believe we should now, since the bill has been passed, take care of these boys.

Let me call your attention to this—and I do not say this because the subcommittee chairman now has this bill in hand, because I have a lot of regard for him; but the chairman of the Committee on Appropriations should certainly have called the committee together and permitted us to have some information in regard to this bill before it was brought on the floor of the House. It is not right, it is not businesslike, and it is not proper to handle appropriations in this way.

Mr. BRADLEY of Michigan. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield for a question.

Mr. BRADLEY of Michigan. The conscription bill was before the Senate and the House for 6 weeks or 2 months. Why was not some information prepared on this matter so that the committee would have had some knowledge of the amount of money necessary to house these men?

Mr. RICH. That is a very good point. There is no reason why it should not have been handled in a businesslike way. When the members of the Committee on Appropriations did not know that this bill was coming to the floor of the House until they got into the Chamber this morning, it certainly shows that Congress is not giving attention even to the appropriation of funds, but that the powers that be who are back of peacetime conscription seem to be driving everything down the Avenue to the Capitol, and then they expect the Members who are supposed to be looking after the vital interests of the people of this Nation and to give them their time and attention to consider these matters, but they do not do that.

The appropriations that have been made during this session of Congress up to this time ought to make everybody shudder. We have appropriated already over $21,000,000,000, counting the appropriations and the authorizations of this session of Congress, and, according to the President's estimate, we are going to get receipts of about $5,600,000,000. Then we passed one tax bill to yield about $1,007,000,000, and the other day we passed what we called the excess-profits tax bill, under which we will get about $250,000,000 this year. This means that if we spend the money we have appropriated and authorized this session we will be an additional $14,000,000,000 in the red in a year. This is one of the most outstanding inequitable and unbusinesslike procedures I have ever heard of in all the history of the Nation or in all the history of the world. Nobody ever did anything like that before. It is a terrible travesty on American business that we should do such things.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. RICH. I yield to the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. Of course, the gentleman is worried, no doubt, about where Uncle Sam is going to get the additional $20,000,000,000 for the national-defense program.

Mr. RICH. I have been worried for 7 years about where we are going to get the money.

Mr. SCHAFER of Wisconsin. I will tell you where Uncle Sam is going to get the money. If the gentleman reads an article entitled "More Borrowing, Rather Than Taxes, Planned for Defense," which appeared on page 2 of the September 18, 1940, edition of the Washington Evening Star, he would have observed that several New Deal "brain trusters," including Benjamin Cohen, Leon Henderson, and Jerome Frank, met with several representatives of Kuhn, Loeb & Co. and other international bankers and reached a decision as to where Uncle Sam was going to get additional money for national defense. They agreed that Uncle Sam should borrow an additional $20,000,000,000 and issue that amount of interest-bearing obligations, which, as to principal and interest thereon, will have to be paid in tax dollars produced in the sweat and toil of several generations still unborn. I believe that the gentleman and the country will be interested in obtaining these facts.

Mr. RICH. I want to say that those same fellows are borrowing that money to help these foreign nations that now owe Uncle Sam about $15,000,000,000.

Mr. SCHAFER of Wisconsin. That is absolutely correct.

Mr. RICH. And now they want to borrow more money to help those same people, and I say we ought to stop it. That is the point I am trying to make.

Mr. SCHAFER of Wisconsin. And after the New Deal international bankers and "brain trusters" bankrupt Uncle Sam and we have inflation, chaos, and revolution, these internationalists shall reap the harvest of the seeds which they now sow, as they have in many of the European countries.

Mr. RICH. Mr. Speaker, we are not only going to be further behind, but we will wreck this Nation, and we will not be able to take care of these boys like we ought to.

[Here the gavel fell.]

Mr. ENGEL. Mr. Speaker, I do not want to get into the question of the public debt, but I do want to call attention to the fact that with a $20,000,000,000 loan confronting us for national defense, with all these tremendous expenditures being made throughout the country, we are apparently not doing one thing to cut other expenses of the Government to offset these tremendous amounts we are appropriating here every day. Congress ought to remain in session and the Appropriations Committee, together with the Departments, ought to go over these nonmilitary items and make decisive cuts on some of the nonessentials that are contained in these appropriations.

The question of labor in Panama was discussed. I have in my office photographs of white men weighing 150 to 200 pounds driving spikes. I talked with them personally. I saw one big Irishman there working with a hammer. I saw the Jamaicans there and I have photographs of them and photographs of the thatched huts from which they come. One free American laborer down there engaged in that work will do as much as half a dozen of these Jamaicans.

They have two classes of employees there, the gold employees, who are the white skilled laborers, and then the silver employees, who are natives from Panama and Jamaica. The wages of the gold employees run anywhere from $1.39 to $1.44 an hour. The plumbers get $1.44, and the roofers, which is the lowest-paid group, get $1.39 an hour. The common laborers, who are Jamaicans, get 22 cents an hour, and the carpenters and painters and the Jamaicans in other crafts, get 29 cents an hour. But there is no question about the fact that one American will do as much work as four or five of these other men.

I want to say in justice to General Marshall and General Gregory and General Hartman, that they have done everything they could do to cooperate with me. They have drawn completely new plans for housing which I think will solve the problem. I refuse to be carried off my feet because of any emergency to the extent of allowing waste and extravagance to run rampant. And I do not want to come back here 2 years from now and have a repetition of what we have had during the last 2 years.

I was opposed to conscription; but that policy has been adopted and it is law, and I am ready to go along with it to the limit. I am ready to provide the housing and everything that these men need. The policy has been set. The time to discuss the policy is passed, but I refuse to swallow everything that is handed me.

As long as I am in this House and as long as I am a member of the War Department Subcommittee of the Appropriations Committee, or any other subcommittee, I am going to keep on checking up on these departments after the committee has done its work and the House has passed the bills. [Applause.] I want to give fair notice that I, for one, am going to check up on the expenditures as far as my feeble efforts will permit with respect to every dollar of the $367,000,000 contained in this bill, and I am going to insist on an itemized report of every dollar expended in this and every other national-defense bill.

It strikes me as passing strange that the other body can have a bill for 18 or 20 days; that individual Members of the other body can discuss a bill for 1, 2, or 3 hours at a time, and we in this House rush these bills through and are limited to the 5-minute rule on a bill appropriating $367,000,000. [Applause.]

[Here the gavel fell.]

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Strike out the last period and insert: "*Provided*, That in expending funds appropriated in this resolution the War Department shall file with the appropriate Appropriations Committees of the Congress detailed reports showing the amounts of contracts let and the terms thereof, and in the case of land acquisitions, such reports shall show the price paid and the assessed valuation of the lands."

Mr. CASE of South Dakota. Mr. Speaker, my purpose in offering this amendment is to make it possible for the Appropriations Committee to keep in touch with the expenditure of the funds proposed in this resolution.

It will be recognized, of course, that in appropriating $329,000,000 we are appropriating in this resolution, under short consideration, more than one-third of what has been the normal appropriation for the War Department in the last few years. It is being expended under emergency conditions. I for one do not want to delay the providing of the housing or proper facilities for the men when they go into camp. At the same time, in the interest of the integrity of government and in the interest of integrity of legislation, it seems to me that the Appropriations Committee should be kept currently informed on the expenditure of this money.

What the gentleman from Michigan [Mr. ENGEL] has said about the effort of the Appropriations Subcommittee for the War Department is correct. An effort has been made to keep track of these expenditures for quarters and to see that in given localities and under given conditions the costs are not out of line with those in other places.

I have discussed this amendment with the chairman of the deficiency subcommittee presenting this resolution, the gentleman from Virginia [Mr. WOODRUM], and with the ranking minority member, the gentleman from New York [Mr. TABER]. I understand it is the desire to put this bill through as rapidly as possible and that the engrossed copy has already been printed and prepared for signature. If I can have assurance that this amendment will be included in the full bill that is coming on next week, so as to make it applicable to both of these bills, I have no objection to deferring it at this time.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. WOODRUM of Virginia. The committee already has asked for practically the information which the gentleman seeks in his amendment, and if it will satisfy the gentleman, we shall be very glad to put that amendment in the bill carrying the remaining defense items when we bring it in next week. I think it is quite proper to have that information. I should much rather pursue that course than to have this resolution amended.

Mr. CASE of South Dakota. That is quite satisfactory to me. My purpose is to reduce as much as possible the danger of waste and excessive or reckless expenditure in this program. It is well known that emergency construction of buildings is often attended by waste and excessive costs. In this resolution, the usual safeguards of competitive bidding are removed. It seems to me that the very minimum of what we should do is to require that reports of the expenditures be made to the subcommittees that normally handle items for the defense establishments. Then these committees may know currently what is going on, and if something starts to go haywire it will be within the power of the committee to take appropriate action.

Mr. Speaker, I ask unanimous consent to withdraw the amendment at this time.

The SPEAKER. Without objection the amendment will be withdrawn.

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I want to congratulate the gentleman from Michigan [Mr. ENGEL] for his assurance to the House that he will keep a careful check of all expenditures in connection with the activities resulting from the preparedness program. I am sure that there is not a single Member of this House who would tolerate the expenditure of one penny in a careless and wasteful way. I also have complete confidence in the authorities down in the War Department and Navy Department, charged with the responsibility of this work. I am certain these officials will exercise all necessary vigilance so that this emergency work will be done economically and efficiently. At this time, I wish to direct the attention of the House to a related subject, and that is the question of salaries. It is important that we safeguard the amount and rate of pay and the type of men to be employed. Undoubtedly, this House is committed to the employment, as far as possible, of our own citizens. However, there are times in other jurisdictions, like the Panama Canal Zone and other insular possessions, where exceptions to this principle may have to be allowed. I am satisfied that the President will only make such modifications in this rule necessary by reason of emergency. I feel sure that within a reasonable time the authorities hope to eliminate all alien labor on these Government projects and employ only citizens of the United States.

I trust that this program will go forward without delay. I insist that every safeguard be thrown around the working men and women of this country, so that in the great rush and excitement incidental to the military activities all of the splendid things that I have been fighting for throughout my legislative career will not be suspended or infringed. I specifically refer to the benefits provided by Social Security Act, National Labor Relations Act, and Wage and Hour Act. I am confident that it is the wish and purpose of the President to do just as I have suggested in these matters, but I am taking this opportunity to place in the RECORD my views of what should be done so that the officials in the War or Navy Department, or any other official charged with the responsibility of dealing with problems of wages or hours to preserve all of the gains made by labor in recent years in wages, hours, and general working conditions, will be mindful of the wishes of this Congress. [Applause.]

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, in the first place, I want to remind those gentlemen who are worried—as we all should be—about the

borrowing on the part of the Government that the main reason the Government borrows from the banks is because it has permitted private banks to exercise the privilege of creating credit in the United States even to the extent of excluding the Government itself from performing that function. If you want to stop that borrowing, what you have to do is to be ready to restore to Government that function of creating originally the money and credit of the Nation. If you are not ready to do that, I would advise you not to complain about the borrowing of money by the Government. I am ready to do it, and I want to second what the gentleman from Texas [Mr. PATMAN] said today. The purpose of my asking for this time is a different purpose from that, however.

After the World War in which the United States engaged, you will all remember that there was appointed a select committee of the Senate, a special committee of the Senate, to investigate the munitions industry. The findings of that committee were rather sensational in certain respects, particularly with regard to the profiteering that had gone on and things of that kind. It would have been better if those things had been prevented in the first place. What I have to say reflects no lack of confidence on my part whatsoever in the officials of the War Department, the Navy Department, or any other official of the Government, but I think it would be a wise and prudent thing for us to consider the establishment at this time of a committee of the House, which is the body primarily responsible for the expenditure of this money, to review and investigate the expenditures of the funds appropriated by us for national-defense purposes. I think it would be a salutary thing to have this committee give publicity not only to cases where the Government is charged too much or sold inferior goods, but also to cases where we find companies or labor organizations or anyone else cooperating 100 percent with the defense program. I have no doubt of this. Many people in this country today are deeply concerned about all this money we are expending. As in the case of the bill before us it is sometimes necessary for us to appropriate money in a very short time in order to meet the requirements of an emergency. There are times when no Member can interpose objection to our doing this. But after the appropriation is made and the work in progress we certainly would do no harm, but on the contrary much good, by watching the matter carefully.

It may be said that the Committee on Appropriations would be the proper agency to perform the function I have in mind, but I say it is far too busy a committee to carry on that type of review and running investigation I have in mind. The appointment of such a committee as this might be an extremely salutary thing. Its very existence might prevent things being slipped over on perfectly conscientious and earnest Government officials who, however, do not have the opportunity or the power to go behind certain facts that may be in existence. I ask the House to remember that we have, for reasons that seemed good and sufficient to certain Members, removed all limitation on profits. We have removed the necessity for competitive bidding. The tax bill, when it comes back from the Senate, will, if I read about it correctly in the newspapers, certainly not do very much to bring excess profits back into the Treasury. At least it will not do so in the case of the large monopoly corporations whose earnings have been very high in the past 4 years. It is true we adopted the industry draft in the conscription bill, which I think was an entirely proper thing to do in order to put that weapon into the hands of Government officials. But I appeal to you gentleman that it would, I think, be a very good thing if such committee as I have proposed were set up. Indeed I have today introduced a resolution to create such a committee.

I do not do this with the idea, as I said before, of casting any reflection on anybody, but I do it because I think it would be far better to have this continuing review on the part of Congress in the furtherance of the discharge of its duty to the American people. The things this committee would say, the publicity it would give its findings, would have the effect of calming the people, of assuring the people that everything was going forward all right and being carefully taken care of. It appears to me that it would be a wise and proper thing to do.

I know some of the objections that will be raised to it. It will be said that the Appropriations Committee can do this, and it will be said that we already have the National Defense Council, and so on. But, as I said before, the Appropriations Committee is an extremely busy committee, the busiest committee in the House. I do not think it has time to do the kind of job I have in mind; and I believe it to be a part of the function and duty of the Congress in this trying time to carry through in the manner I have tried to indicate in these few moments.

[Here the gavel fell.]

Mr. HOFFMAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN: After the last period add the following: "*Provided*, That from the sums herein provided no greater price shall be paid for material furnished or services rendered than is now paid for like material and service under similar circumstances."

Mr. HOFFMAN. Do I understand from the gentleman from Virginia that no copy of this bill is available?

Mr. WOODRUM of Virginia. The gentleman is correct.

Mr. HOFFMAN. In my judgment, no emergency can be so pressing as to justify the appropriation of millions of dollars without making available to Congress at least a copy of the proposed bill authorizing the appropriation. Nor is there any reason why Congress should not be permitted to throw around the expenditure of the funds safeguards which are as essential to real preparedness as is the act of appropriation. Sometimes we do not make as much speed, do not accomplish as much, build as securely, when we hurry as when we take more time.

Mr. Speaker, my vote has been consistently cast against excessive appropriations and grants of unlimited power to the Chief Executive. My vote was cast against conscription and if I had the opportunity I would cast it the same way again. Congress having adopted conscription, we are caught between the devil and the deep blue sea. There is nothing we can do except to vote such sums as the executive department, the Army and the Navy ask us to vote. Otherwise we are accused of lack of patriotism.

The President is determined to have a third term. To secure a third term he must have a war or at least a realistic threat of war; hence, the conscription bill, based on the excuse that it was necessary, if we were to have preparedness.

As Commander in Chief of the Army and Navy, the President will have under his control more than a million men, with the power of life or death over some of them. All unprepared as we are to house and train the National Guard, the men conscripted, some of them will die like rats in conscription cantonments, unless we vote funds to care for them.

Not a single man here is willing to sacrifice one life, to see one man ill, because of a failure to do our utmost to protect him; hence bills like this. What we can do, what we should do, is to see that the money we vote is used to the best advantage so that the conscripted men, the men enlisted—the men in the Regular Army, in the Navy—shall avoid suffering unnecessary hardship.

I have no doubt that of the money the Republicans have joined in voting to this administration for this defense program, at least 25 percent will be either wasted, foolishly expended, or used for some purpose foreign to that for which we voted it. What are we going to do about it? There is not a thing we can do about it. We have to vote for it because we just simply cannot take the chance of letting the conscripts endure unnecessary hardships. But I hope that if we win this election in November those fellows who steal it will have to pay for it during the coming years.

We can do one thing if we wish. We can make an effort to protect the funds we vote from the leeches who always seek to profit from individual or national misfortune. I know that we ought to get the most for every dollar we spend that

it is possible for us to get. If it is true that a great national emergency confronts us, there is no excuse for wasting money and there is no excuse for using it for campaign purposes. Unless we pass some restrictive laws there will be profiteering, and it will not be by businessmen alone. There will be others all the way down the line who will want to profiteer. Day after day, here and in the other body, we hear a great deal of talk about patriotism and sacrifice. Everybody is willing that somebody else make a sacrifice.

The amendment I have offered is along the line of keeping things stable, of getting a dollar's value for every dollar expended. The amendment provides that, out of the sums authorized by this bill, the Government shall not pay any greater price for either material—which will catch the business profiteers—or for services rendered—which will catch the labor racketeers—than is paid under like circumstances for similar services or materials at the present time. You may say that is absurd. However, next week I hope to offer a bill to freeze prices at the present level. What is the object of that? It is so that some fellow who is smart in a business way and short on patriotism cannot slip in and make a profit out of someone else's misery and suffering.

Wages are good. The prices of farm products are good in this country, so we are told. Why not let it ride there and let everyone go along just as we are, taking no extra profit? Why should we not have some legislation so that everyone who has been talking about making a sacrifice will really make one? As an illustration, why not pass an act that all of those in the Federal Government who receive more than $10,000 a year shall for the duration of the emergency take $5,000, or 50 percent of the present income? That hits Congressmen, of course, but if the President is willing to cut his $75,000 in two we ought to be willing to cut our $10,000 in two.

Enact legislation which will require all of those, whether in Federal or private employment, who receive $10,000 or more a year, to accept as full compensation for the period of the emergency 50 percent of his present income. Let all those on the Federal pay roll and on private pay rolls who receive, say, $3,000 a year pay a Government tax of 25 percent, and so on down the list until we get to an income of $1,000 a year, when the tax might be 10 percent—these taxes in addition to all other municipal, State, and Federal levies—exempting, of course, those on relief.

Under such an act all those who have been talking about patriotism, aid to the Allies, war to save democracy, their desire and their willingness to make a sacrifice, would have brought home to them in a substantial way just exactly what the adoption of their policies mean.

My judgment is—and I may, of course, be mistaken—that many of those who now see the necessity of burning our fingers in this foreign war would have a change of heart. It is one thing, you know, to yell about one's duty to one's country—to talk about the willingness which the young men should have to offer up their lives to preserve our liberties; it is all well enough to suggest that we should police the world and settle the world's troubles. But it is quite probable that some of those who are now so anxious to involve us in this war would lose some of their enthusiasm if they were forced, by legislation, to contribute a fair and equitable portion of the cost.

I realize there are practical difficulties in the carrying out of the purpose of the amendment which I have offered, but there is none which is insurmountable. If we can pass laws limiting a profit—and it is well that we do; if we can pass laws taking some of our young men from their homes and their businesses, and so totally destroying their means of livelihood, of advancement, limiting their opportunity for future advancement, there is no reason in law, and certainly none in morals, why every individual in the Republic cannot, under the power given Congress to provide for the defense of the Nation—and that is the power which we are exercising when we pass these bills—be made to render adequate service to the country in this emergency which the President has so foolishly, so needlessly, brought down upon us.

I have often wondered how some of the politicians who talk about the necessity of selecting Mr. Roosevelt as a third-term President, of the necessity—and the two go together—of becoming involved in this war, would talk and act if their incomes were cut in half. It might be well to try the experiment and learn by the result who are the real patriots in our Nation.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that all debate on this amendment and on the joint resolution conclude in 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Speaker, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

Mr. Speaker, the gentleman's amendment, while undoubtedly having a very commendable purpose—that is, to prevent exorbitant charges for materials and to prevent any Government department, the Army, or Navy, or any public-buildings agency from paying more than it should pay—it seems to me would be absolutely unworkable. The amendment provides that such agencies cannot buy anything at a price more than the presently prevailing price, which would mean they could not buy a stick of lumber, a keg of nails, an electric-light bulb, or anything else 30 days from now unless they were sure it did not cost any more than the present price.

Mr. HOFFMAN. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I had that in mind. We have provided for the seizing of plants on a rental basis. If we are going to conscript the boys, why not hold the prices down? For instance, let us assume I have a lumber yard and I want to hike the price when you come along. If you need this lumber for an Army camp, why should you not be in the position to say, "Listen, you are going to take the price you charged me last week and no more." Why not make that apply all down the line?

Mr. WOODRUM of Virginia. The gentleman knows that prices are rising in the construction industry.

Mr. HOFFMAN. Surely.

Mr. WOODRUM of Virginia. Much of it for normal or legitimate reasons. The gentleman's amendment would absolutely prevent taking that into consideration. If there is to be legislation of this kind, it should not be in the form of an amendment that would make this housing program absolutely unworkable. They could not make a contract 30 or 60 days from now for building these camps if, in the course of normal business affairs or in the course of normal increases in business, there should occur a rise of prices in the construction business. The construction business is on the upward grade now. They would be tied up.

Mr. HOFFMAN. And they will keep going up until it will get where you cannot buy unless you have sums undreamed of appropriated.

Mr. WOODRUM of Virginia. The tax bill we just passed is supposed to have something to do with that.

Mr. HOFFMAN. You are going to limit profits?

Mr. WOODRUM of Virginia. Yes.

Mr. HOFFMAN. Why not limit the profits that come through exorbitant prices?

Mr. WOODRUM of Virginia. The gentleman seeks to tack this on here. It would tie the whole thing up in a knot. Let us leave that for other legislation, and do not put it on as an amendment to this resolution and tie up these cantonments for the boys.

Mr. HOFFMAN. Well, we will not get it then.

Mr. SABATH. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Illinois.

Mr. SABATH. In view of what the gentleman from Michigan stated, I feel that we can take care of all the profiteers and they should be taken care of by the income-tax medium.

The excess-profits tax instead of going to 50 percent should go to 60 or 70 percent. We can go to 75 or 80, and thus prevent profiteering. There is no question in my mind that there is profiteering. I wonder if the gentleman from Michigan would vote for such a bill.

[Here the gavel fell.]

The SPEAKER. All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was rejected.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid on the table.

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House the Clerk of the House be authorized to receive a message from the Senate on House Joint Resolution 607 and that the Speaker be authorized to sign the enrolled bill.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

ADJOURNMENT OVER

Mr. WARREN. Mr. Speaker, I now renew my request that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Appendix of the RECORD in two particulars.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

BRIDGE ACROSS THE STRAITS OF MACKINAC

Mr. KELLY. Mr. Speaker, I call up the conference report on the bill (S. 1379) granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the lower peninsula of Michigan, and ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1379) entitled "Granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between Saint Ignace, Michigan, and the Lower Peninsula of Michigan," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the House amendments in sections 1 and 2 of the bill and agree thereto.

That the Senate recede from its disagreement to the House amendment of the title and agree thereto.

Both Houses agree to the bill with the amendments adopted by the House as herein cited.

JOSIAH W. BAILEY,
MORRIS SHEPPARD,
A. H. VANDENBERG,
Managers on the part of the Senate.

EDWARD A. KELLY,
PEHR G. HOLMES,
DONALD L. O'TOOLE,
Managers on the part of the House.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1379) entitled "Granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan," submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The bill, as it passed the Senate, granted the consent of Congress for the construction, maintenance, and operation of the bridge as proposed to the "Mackinac Straits Bridge Authority, created by Public Act No. 35 of the 1934 extra session of the Michigan State Legislature"; the House amended this provision so that the consent of Congress would run directly to the State of Michigan. The title of the bill was amended so as to effect this same change. These amendments the conference committee agreed to accept in the form adopted by the House.

Other amendments by the House are in section 2 of the bill; the first placed a limitation upon the financing cost to be included in the amortization fund for payment of the construction cost of the bridge, and the second provides that the bridge be operated and maintained free of tolls after completion of the amortization fund for the total cost of construction of the bridge. These amendments were agreed to by the conference committee in the form as adopted by the House.

The Senate recedes from its disagreement to all the amendments adopted by the House, which leaves the bill exactly as passed by the House.

EDWARD A. KELLY,
PEHR G. HOLMES,
Managers on the part of the House.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. KELLY. I yield to the gentleman from Michigan.

Mr. MICHENER. As I understand, this is what is known as the Mackinac Straits Bridge bill. The bill passed the Senate, it then came to the House and was materially amended, it then went to conference, and the conference has accepted the House amendment.

Mr. KELLY. The gentleman is correct.

Mr. MICHENER. The Senate has accepted the House amendment.

Mr. KELLY. That is correct.

Mr. MICHENER. If this bill becomes law, it will mean that the Mackinac Straits Bridge, which is involved, cannot be built except by authority of the State of Michigan, which operates through its State legislature?

Mr. KELLY. That is correct.

Mr. MICHENER. In other words, those Members opposing it in the House are simply saying that the State of Michigan may, if it sees fit, construct this bridge, or grant authority to someone else to construct it?

Mr. KELLY. That is correct.

Mr. MICHENER. I may say further that the gentleman from Michigan, Mr. DONDERO, and the gentleman from Michigan, Mr. CRAWFORD, as well as some others, have opposed the bill. As I understand the gentleman from Illinois, this is now agreeable to those Michigan Members?

Mr. KELLY. That is correct.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. KELLY. I yield to the gentleman from Michigan.

Mr. HOFFHAN. Is this the bill that was sponsored by the gentleman from Michigan [Mr. BRADLEY], among others?

Mr. KELLY. Yes, it is.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. KELLY. I yield to the gentleman from Michigan.

Mr. RABAUT. A minute ago one of my colleagues from Michigan across the aisle said that this was the bill of the gentleman from Michigan [Mr. BRADLEY]. The bill originally was introduced in the House by Senator BROWN, of Michigan, when he was a Member of the House, and it has been since taken to the Senate and introduced there. That should be in here as the correct statement of where this bill came from and how it got here.

Mr. HOFFMAN. Will the gentleman tell us how it got away after it had been buried?

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

INDIAN CHILDREN, SCHOOL DISTRICT 13, FROID, MONT.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1450) to provide funds for cooperation with school district No. 13, Froid, Mont., for extension of public-school buildings to be available to Indian children.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, the gentleman from Michigan [Mr. WOLCOTT] objected to the consideration of this bill when it was on the Consent Calendar. The gentleman has investigated the situation and knows about it. May I ask the gentleman what his attitude is at this time?

Mr. WOLCOTT. I may say to the gentleman that I have discussed this bill with the gentleman from Montana and he has convinced me there is a great need for this assistance out there. I believe that in this particular instance it is justified, so I have withdrawn my objection.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, from any moneys in the Treasury not otherwise appropriated, the sum of $30,000 for the purpose of cooperating with school district No. 13, Froid, Mont., for the extension and improvement of public-school buildings: *Provided*, That the expenditure of any money so appropriated shall be subject to the condition that the schools maintained by said district shall be available to all Indian children of the school district on the same terms, except as to payment of tuition, as other children of said school district: *Provided further*, That plans and specifications for construction, enlargement, or improvement of structures shall be furnished by local or State authorities, without cost to the United States, and upon approval thereof by the Commissioner of Indian Affairs, actual work shall proceed under the direction of such local or State officials. Payment for work in place shall be made monthly on vouchers properly certified by local officials of the Indian Service: *Provided further*, That any amount expended on any project hereunder shall be recouped by the United States within a period of 30 years, commencing with the date of occupancy of the project, through reducing the annual Federal tuition payments for the education of Indian pupils enrolled in public or high schools of the district involved, or by the acceptance of Indian pupils in such schools without cost to the United States; and in computing the amount of recoupment for each project interest at 3 percent per annum shall be included on unrecouped balances: *Provided further*, That such expenditures shall be subject to such further conditions as may be prescribed by the Secretary of the Interior.

With the following committee amendment:

Page 1, line 6, strike out "13" and insert "15."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "To provide funds for cooperation with school district No. 15, Froid, Mont., for extension of public-school buildings to be available to Indian children."

SMITHSONIAN GALLERY OF ART

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9806) to permit the Smithsonian Gallery of Art Commission to purchase a model of the winning design for the proposed Smithsonian Gallery of Art, and for other purposes.

The Clerk read the title of the bill.

Mr. MICHENER. Mr. Speaker, reserving the right to object, does this bill have the approval of the full committee?

Mr. KELLER. It has.

Mr. MICHENER. Does the committee know that the gentleman is adopting this extraordinary procedure to have the bill enacted into law?

Mr. KELLER. Probably not, but there is certainly no objection in the committee.

Mr. MICHENER. Unless there is some minority member of the committee here to speak for the minority, I shall be constrained to object. When bills are brought up in this manner the minority certainly has the right to know that they are going to be brought up, and unless the minority does have that knowledge in this instance I shall object.

Mr. KELLER. If the gentleman will permit me to suggest what the bill really is, I think no one will object.

Mr. MICHENER. Following the usual policy, Mr. Speaker, unless the gentleman advises that at least the ranking minority member on his committee was advised that he was going to call the bill up for consideration by unanimous consent, I shall have to object.

Mr. KELLER. I make the statement it is a unanimous report, and there never has been any objection to it.

Mr. HOFFMAN. Mr. Speaker, I object.

PER CAPITA PAYMENT TO RED LAKE BAND OF CHIPPEWA INDIANS

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 8369) authorizing a per capita payment of $12.50 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation.

Mr. Speaker, this bill was on the Consent Calendar, and the gentleman from Michigan [Mr. WOLCOTT] objected. But I spoke to him about it the other day and he now states that he has no objection.

The Clerk read the title of the bill.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, applying the same rule that I applied to the last bill up, has the gentleman conferred with the minority members of the committee as to what he expected to do here today?

Mr. BUCKLER of Minnesota. Not the minority members of the committee, but I conferred with the gentleman from Michigan [Mr. WOLCOTT], and he said he would withdraw his objection.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. WOLCOTT. I may say that I conferred with the minority members of the committee, and it was perfectly agreeable to them that the bill be considered as it is a unanimous report. The gentleman from Minnesota discussed this bill with me the other day and convinced me that it is a good bill. This money is paid out of tribal funds and does not take any money out of the Treasury, and I told the gentleman from Minnesota that I would withdraw my objection.

Mr. MICHENER. Having great respect for the intelligence and judgment of the gentleman from Michigan, and knowing that he is one of the official objectors, but wondering if he is not mellowing a little toward the close of the session, I withdraw any objection, Mr. Speaker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to withdraw as much as may be necessary from the fund in the Treasury of the United States arising from the proceeds of the sale of timber and lumber within the Red Lake Reservation in Minnesota, according to the provisions of the act of May 18, 1916 (39 Stat. L. 137), and to make therefrom a per capita payment or distribution of $12.50 to each of the living members of the Red Lake Band of Chippewa Indians of the State of Minnesota, immediately payable upon the passage of this act, under such rules and regulations as the said Secretary may prescribe: *Provided*, That the money paid to the Indians as authorized herein shall not be subject to any lien or claim of attorneys or other parties: *Provided further*, That before any payment is made hereunder, the Red Lake Band of Chippewa Indians in Minnesota shall, in such manner as may be prescribed by the Secretary of the Interior, ratify the provisions of this act and accept same.

With the following committee amendments:

Page 1, line 5, strike out the words "the fund" and insert "any funds on deposit."

Page 1, line 5, strike out the words "arising from", strike out all of lines 6 and 7 and down to the word "and" in line 8, and insert "to the credit of the Red Lake Indians in Minnesota."

Page 1, line 9, strike out the words "or distribution."

Page 2, line 1, strike out the amount "$12.50" and insert the amount "$10."

Page 2, line 1, strike out the word "living."

Page 2, line 2, after the word "Minnesota" and preceding the comma, insert "living at the date of the passage of this act."

The Committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill authorizing a per capita payment of $10 each to the members of the Red Lake Band of Chippewa Indians from any funds on deposit in the Treasury of the United States to their credit."

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks made today in the RECORD, and also to extend my remarks in the Appendix.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an article on the value of Guayule rubber as a national-defense product.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a radio address delivered by myself.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include excerpts from a Carnegie Corporation report.

Mr. SABATH. Mr. Speaker, I reserve the right to object. I notice that the gentleman inserted a speech in last Monday's CONGRESSIONAL RECORD so unjustified and unwarranted that I think any man who is guilty of any such thing——

Mr. HOFFMAN. I demand the regular order, Mr. Speaker.

Mr. SABATH. I object, Mr. Speaker.

Mr. SHAFER of Michigan asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. CREAL. Mr. Speaker, I ask unanimous consent to insert in the Appendix a brief address by Hon. J. Dan Talbot at a patriotic meeting at Bardstown, Ky.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks on two different topics.

The SPEAKER. Is there objection?

Mr. THORKELSON. Mr. Speaker, I am sorry, but I have to object.

The SPEAKER. Objection is heard.

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. DICKSTEIN] is recognized for 30 minutes.

UN-AMERICAN ACTIVITIES

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent, in connection with my address to this House, to extend my remarks by inserting a number of names of persons actively engaged in this country with certain subversive groups, commonly known as the "fifth column."

The SPEAKER. Is there objection?

Mr. THORKELSON. Mr. Speaker, I object.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

Mr. THORKELSON. Mr. Speaker, I object to that, too.

The SPEAKER. Objection is heard.

Mr. DICKSTEIN. Mr. Speaker, it is rather sad to see my colleague from Montana objecting to my request. I do not think I have ever objected to any man's request, especially so when it was made for the purpose of enlightening the country on some people who are actively engaged in subversive movements within the United States.

Mr. THORKELSON. Will the gentleman yield for a question?

Mr. DICKSTEIN. I always yielded to the gentleman.

Mr. THORKELSON. What was it you wanted to put in?

Mr. DICKSTEIN. I want to tell the country how many spies and saboteurs we have in this country that have not been subpenaed by the Dies committee.

Mr. THORKELSON. Are you sure you have all of them?

Mr. DICKSTEIN. I have got some of them. I only have about several hundred on my list now.

Mr. THORKELSON. If he wants to put that in the RECORD, I have no objection to it, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. I thank you.

Mr. Speaker, a gesture may be a gesture and speeches may be speeches, but there comes a time in every man's life when he must confront himself with the facts.

Again in the last 3 days I notice a number of press releases by the Dies committee as to what they are going to do, what they have found, and how they are going to find out more. To my disappointment I find a press release of September 18, supposedly made by my good friend, the distinguished gentleman from Texas [Mr. DIES], chairman of this committee, and I quote from the New York Sun of September 18, 1940, in which he states as follows:

> Representative DIES in an interview yesterday declared that his committee a year ago learned of a plot to blow up the Hercules Powder Co., at Kenvil, N. J., but that its report evoked only laughs from the Government. He said that the blast which destroyed the plant last Thursday undoubtedly was the work of a foreign agent.

I submit that if Mr. DIES or any member of his committee or any representative of his committee or the so-called investigators knew that the Hercules plant was to be blown up a year ago, he should have named the person, he should have advised the Attorney General, or the F. B. I., he should have forced the American Government to stop the killing of almost 50 human beings and the maiming of almost 200.

Mr. HOFFMAN. Will the gentleman yield?

Mr. DICKSTEIN. I yield for a brief question.

Mr. HOFFMAN. Are you not charging almost directly that that committee is responsible for the death of these people? You do not mean that, do you?

Mr. DICKSTEIN. No; certainly not. I am just quoting a press release. I am not making that statement. I read from a press release. I will repeat it if the gentleman wishes to hear the language again.

Mr. HOFFMAN. Well, you are giving it circulation by reading it. Are you adding your endorsement to the charge?

Mr. DICKSTEIN. No; I am adding no endorsement. I am just quoting something which my distinguished colleague has made in the press. He said in that statement that about a year ago they learned of a plot to blow up the Hercules Powder Co. in New Jersey.

Mr. HOFFMAN. Pardon me. I do not want to take up too much of your time.

Mr. DICKSTEIN. I wish you would not. I only have a short time.

Mr. HOFFMAN. Did not Mr. DIES report that to the Government?

Mr. DICKSTEIN. I do not know. But Mr. DIES has not subpenaed one single person who was drilling at the Nazi camp which is within that area of the Hercules powder plant, which is within the area of the DuPont Powder Co., which is within the area of two of the largest powder plants in this country.

Now, let me call the attention of this House to something that I believe you should know, and I think the Dies committee should know.

As far back as July 26, 1937, I said, as appears from the RECORD of that date, page 9971:

Mr. Speaker, the twenty-first camp of this type in this country was opened in New Jersey last Sunday with more than 15,000 men and women going wild about Hitler and Mussolini. I want the Members to know where Camp Nordland is located. This camp is situated within a number of miles of the largest munitions factories of this Government and one of the largest powder factories of the Du Ponts. I do not have to tell you, my friends, what happened in 1916 in connection with the Black Tom explosion. Mr. Speaker, if we are ever implicated in another war, we will have to fight the enemy within and without.

This camp is located on Lake Denmark. It is within the area of some of the largest powder plants in the United States. It is located near the marine barracks and not so very far away from the Hercules Munition Works and the Atlas Powder Manufacturing Co.

I gave that information to the House way back in July of 1937, calling attention to the fact that these subversive alien groups purchased 100 acres of ground for the sole purpose of being within the area of these important defense plants, the very area where the explosion took place last week that resulted in the killing of so many victims.

Why does not the Dies committee subpena members of some of these groups attached to this movement?

Does the gentleman from Michigan desire me to yield further?

Mr. HOFFMAN. Yes. The gentleman is undoubtedly familiar with the activities of these alien groups because he has spoken about them several times on the floor and given us information about them. I ask the gentleman if he has ever reported them to the F. B. I. and asked for action?

Mr. DICKSTEIN. Just a moment. I read a quotation from the RECORD. I think everybody heard it. In that quotation taken from a speech of mine as far back as 1937 in which I called attention vigorously to this very thing. And I remember that my good friend from Michigan—and I have high esteem for him—and a number of others sort of ridiculed me.

Mr. HOFFMAN. Oh, no; now, wait—not me.

Mr. DICKSTEIN. Yes.

Mr. HOFFMAN. I apologize if the gentleman thinks I ever ridiculed him.

Mr. DICKSTEIN. I do not mean to be offensive.

Mr. HOFFMAN. I never ridicule anyone.

Mr. DICKSTEIN. I have called these things to the attention of as many people as I could.

Mr. HOFFMAN. The gentleman called attention to these organizations in speeches on the floor of the House, but did the gentleman get active and make a report to the F. B. I., giving them the information he had?

Mr. DICKSTEIN. Before I answer the gentleman's question positively I shall have to look up my files. I have over 1,000 files.

Mr. HOFFMAN. Why criticize the gentleman from Texas [Mr. DIES]? The gentleman has the information himself.

Mr. DICKSTEIN. What I am criticizing is not the gentleman from Texas [Mr. DIES] but the methods he has been using. They ought to get some action and subpena the right people instead of sitting in the Waldorf-Astoria, calling a few so-called movie actors and asking, "Are you pink? Are you a pink?" "No, no." "You are excused."

Why not get to the bottom of this whole thing? Why not clean house and rid this country of "fifth columnists"?

Mr. HOFFMAN. I agree with the gentleman; but does not the gentleman believe that he, having information of this character, ought to report to the F. B. I. instead of just talking about it on the floor?

Mr. DICKSTEIN. Let me again say to the gentleman from Michigan that this exposé of subversive activities carried on in various States which I have made from time to time, as disclosed by the CONGRESSIONAL RECORD, comes to their attention. The F. B. I., however, has no power to subpena certain individuals to determine how far they have gone, who they are, what they are doing, and so forth. That is the function of the Dies committee or some other committee of the Congress that has power to subpena witnesses and force them to give the necessary information to the committee. Then the evidence gathered can be given to the F. B. I. for prosecution.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Yes; I yield to the gentleman from California, a member of the Dies committee.

Mr. VOORHIS of California. In the first place, of course, I will agree with the gentleman heartily about the importance of exposing these Nazi outfits, but I also want to say that in the last few months the Dies committee has had such investigators as it could put on it working on this very matter, and in the very regions the gentleman mentions; and I ask the gentleman to remember that, so far as actually apprehending people who might be likely to commit a crime of that kind is concerned, the Dies committee can hardly do it with the handful of people that they necessarily have to depend on to do its work. That kind of work is a job to be done by a real law-enforcing body.

I am not disagreeing with the gentleman that this work should be pushed as vigorously as possible—I have been contending for that myself—but I think in justice to the committee it should be clear that the committee's function is to bring out these facts and expose them, and that in the nature of the case the Dies committee, with four or five investigators for the whole country, cannot itself prevent terrible things like this explosion from happening.

Mr. DICKSTEIN. I agree with the gentleman, but in the first place I do not believe the committee has the proper investigators. That is an honest expression of opinion, not merely a critical one. In the second place, I do not expect the Dies committee to pick up these things, but I do expect the Dies committee, in view of the fact that I have a number of times asked the Dies committee to call me into conference on certain matters, that they should; but they were jealous and envious lest my name appear in the papers as helping them.

Mr. HOFFMAN. Mr. Speaker, I object to that kind of language. I do not think it is proper.

To say that the Dies committee was jealous and envious does not help the situation, and I am sure the gentleman did not mean that.

Mr. DICKSTEIN. I meant just what I said.

Mr. HOFFMAN. Could not the gentleman have gone there as a witness? Does he have to be called in in conference?

Mr. DICKSTEIN. Shall I stand in the front door or the back door waiting to be called in? Does the gentleman think a Member of this House should have to do that?

Mr. HOFFMAN. If I had any information that I thought was of value to the Dies committee I would go over there and say, "Let me testify."

Mr. DICKSTEIN. I have sent some information over to the Dies committee, and after several weeks received a letter from a fourth-rate clerk stating that it will be called to the attention of the committee. I know of a number of very fine, patriotic organizations that have sent a lot of information to the Dies committee, and they have not even received an acknowledgment.

Mr. THORKELSON. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Montana.

Mr. THORKELSON. May I ask this question—and I realize, of course, it takes money to finance these movements—has the gentleman any idea who is furnishing the money for those subversive activities, particularly those he is mentioning now?

Mr. DICKSTEIN. The gentleman from Texas [Mr. DIES] says he knows. I think you had better ask him. I could not give you the answer just now.

Mr. THORKELSON. I was wondering.

Mr. PATMAN. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Texas.

Mr. PATMAN. Does the gentleman know why this appeaser named Westrick was not subpenaed by the Dies committee before he left the country?

Mr. DICKSTEIN. I do not know. I exposed Westrick a long time ago and after weeks of exposing I find out by the

press that the Dies committee is going to do this or that, and that they are going to subpena Westrick and others.

I am not particularly concerned how they run their show but I say that we have a menace in this country, a menace in the form of the "fifth column" and unless we go right into the heart of it, we are not going to clean out the "fifth column." I will name you 50 organizations in this country who are practicing and preaching intolerance, hate, and everything that stands against democracy, yet not one of these organizations has been subpenaed. I will give you the names of dozens, yes hundreds, of names of those actively engaged as "fifth columnists" who have been exempted from subpena. Oh, a lot of insignificant people have been subpenaed and brought before the Dies committee. Everything was a secret and behind closed doors. No, Mr. Speaker, you are not going to get rid of this question unless you expose every rat in that column publicly. You cannot do it behind closed doors. You cannot keep quiet about it. You cannot stand here and say nothing about what is going on if you have any love and affection for your country.

Mr. BLOOM. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from New York.

Mr. BLOOM. The gentleman just made a comment that they are exempted from subpenas. Will the gentleman explain what he means by that?

Mr. DICKSTEIN. Certain people are subpenaed and certain people are not.

Mr. BLOOM. But they are not exempted.

Mr. DICKSTEIN. They are not exempt. The committee exempts them.

Mr. ROUTZOHN. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Ohio.

Mr. ROUTZOHN. Did I understand the gentleman to say that he could furnish the information that he is speaking of, that the Dies committee is not furnishing?

Mr. DICKSTEIN. It will be in the RECORD.

Mr. ROUTZOHN. You are preparing to do that today?

Mr. DICKSTEIN. Why, it is right here.

Mr. ROUTZOHN. Fine. I would be very much obliged to the gentleman if he would furnish the information.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Of course, I am opposed to communism, the bund, and all those things, and I appreciate the work that the gentleman has done.

Mr. DICKSTEIN. You are about the only one who does, then.

Mr. ROBSION of Kentucky. I do not think so. Perhaps some may not appreciate the attitude that the gentleman presents when he says if we do not rise up and do this and that we do not love our country like we ought to love it. I think we all love our country. The gentleman says he has the names of 50 organizations that are identified in helping to develop this "fifth column" movement in this country?

Mr. DICKSTEIN. That is right.

Mr. ROBSION of Kentucky. He has the names?

Mr. DICKSTEIN. That is right.

Mr. ROBSION of Kentucky. And he has the names of hundreds of others——

Mr. DICKSTEIN. Do not tie me up, now. I do not want to get in too many.

Mr. ROBSION of Kentucky. Is the gentleman going to put the names of these organizations in his speech?

Mr. DICKSTEIN. That is right.

Mr. ROBSION of Kentucky. I may say that I have been in favor of the Dies committee and I am in favor of it now. I think it has done a good work. When we have the names and when they have the names, we can insist that they bring in those folks before the committee.

Mr. BLOOM. Have a No. 2 Dies committee.

Mr. ROBSION of Kentucky. I think there is enough work for two Dies committees.

Mr. DICKSTEIN. I stood up on this floor 2, 3, and 4 years ago and at that time the gentleman from Kentucky asked me a number of questions. I believe he was sympathetic. I tried to warn the country against the "fifth column" movement at that time, but little attention was paid to me.

Mr. ROBSION of Kentucky. I was aware of the fact that we had a "fifth column" in this country; that we had folks boring from within. I have thought all the time that the present danger to this country is more from right here in the United States than from somebody across the sea.

Mr. DICKSTEIN. How are we going to get at them then?

Mr. BLOOM. The gentleman gave the information with reference to these associations before the term "fifth column" was ever mentioned on the floor of this House.

Mr. DICKSTEIN. That is right.

Mr. BLOOM. They never were known as "fifth columnists" at that time.

Mr. DICKSTEIN. Although I am not going to put this into the RECORD, because it would be useless to squander any money on it, I also wish to call your attention to the RECORD of August 19, 1937, pages 11954 and 12049, and the RECORD of May 9, 1937, page 7459. I have other RECORDS that go back as far as 1934 and 1933, but I do not believe it is necessary to put these speeches in now.

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. I believe every Member of the House appreciates the efforts of the gentleman from New York and certain activities of his in an endeavor to expose un-American, subversive activities. Is it not a fact that the gentleman himself served on a committee of that type and character once before?

Mr. DICKSTEIN. On the McCormack committee.

Mr. STARNES of Alabama. That committee had practically the same task to perform as the present committee?

Mr. DICKSTEIN. I created that committee.

Mr. STARNES of Alabama. They held executive hearings. I believe I heard the gentleman from Texas [Mr. PATMAN] praising their procedure on the floor the other day. They held executive hearings, did they not, and issued public statements afterward?

Mr. DICKSTEIN. No; we never released any public statements. We had executive hearings, and after the executive hearings were completed and printed we would sit down in conference and go over the material and then call a public hearing. It was on that public hearing that the newspapers got the information. At no time, to my knowledge, did we issue any statements to the press while we brought certain witnesses before us in executive hearings. We have always protected the reputation and character of those who appeared before us.

Mr. STARNES of Alabama. The gentleman who is now speaking has himself been before the Dies committee and has been accorded a satisfactory hearing?

Mr. DICKSTEIN. Yes; a very courteous hearing.

Mr. STARNES of Alabama. He has been given an opportunity to present all the evidence he had in his possession?

Mr. DICKSTEIN. On one phase of the inquiry; yes.

Mr. STARNES of Alabama. I can assure the gentleman now, here, at this time, publicly, that we of the committee will be delighted, indeed, to have the gentleman come before us again, either in an executive session or a public hearing, to give us the benefit of his knowledge about any and all un-American subversive activities in this country. We will be delighted to receive from him a list of the organizations he claims are vendors of hate in this country and are un-American in their character, and whose activities are subversive. We will be glad to have that list.

Mr. DICKSTEIN. Mr. Speaker, there is no finer gentleman than my friend, the gentleman from Alabama [Mr. STARNES]. I admire him. I appreciate that he understands the situation probably as well as anyone on this committee. The gentleman recalls that I have come to him and asked that I be brought into the councils of this committee, not for myself, but for my country's sake, because I knew I had the information. The gentleman never brought me back an answer other than that he volunteered—and I thank the

gentleman for his action—that he would cooperate, and as far as the gentleman is concerned, he has cooperated. I am not trying to criticize the gentleman from Texas to the extent that I am scolding him. I am still advising him, because in order to advise him to listen to me I must go on the floor and tell him just what I think he ought to do.

I exposed the German Library of Information on this floor months ago, but it was not until 2 weeks after that that one of the investigators must have buzzed the ear of our good friend the gentleman from Texas [Mr. DIES], and then they were going to investigate the German Library of Information.

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. Months ago we ascertained that the German Library of Information is a registered agent of the German Government. We know who its directors are and we know how much money they have received from the German Government. Since they have complied fully with all the requirements of the law and have registered as German agents, there is nothing further we can do about it, as far as we know.

Mr. DICKSTEIN. Except that you could have brought in during the interim a report to the House asking for some legislation to eradicate it if it is an evil; and if it is not an evil and is doing the right things, then you could have given it a clean bill of health, as you have given a clean bill of health to certain moving-picture stars.

Mr. STARNES of Alabama. The gentleman knows, of course, that our colleague the gentleman from California [Mr. VOORHIS] has introduced legislation dealing with the registration of foreign aliens that provides stricter regulation than the present statutes, and that this measure has passed the House.

Mr. DICKSTEIN. The gentleman also knows that on every bill that has been presented from his committee I have cooperated and sent it out from my committee.

Mr. STARNES of Alabama. That is correct. I thank the gentleman for that; and I may say that one of those bills passed the House and the Senate and was vetoed, while the other passed the House and as yet has not been considered by the Senate. I am not criticizing the gentleman. I appreciate his cooperation with the committee.

Mr. DICKSTEIN. I am not criticizing the gentleman, either. It is just a question of legality.

What is this so-called American bund? The so-called members are just little fish. Behind this whole picture are the big fish. Let me call to your attention the fact that about 3 or 4 months ago a man by the name of Paffrath wrote four articles appearing in Liberty magazine, the title of which was, "I Am a Nazi Spy." In these articles he fully explained that he was sent here by the Nazi government and the Propaganda Minister. In fact, he built up a great story that he was in my employ and that he was sent to get into my employ to get a lot of information for the German Government. He mentioned certain superior officers that he had to report to on this matter. As a matter of fact, the articles themselves almost made this man the outstanding German spy in this country.

I have presented my case on this floor and I have appealed to the committee and called the attention of my friend and colleague the gentleman from Texas [Mr. DIES] to the fact that Paffrath is walking around. This man never was in my employ. He admits that he was a Nazi spy and he was sent here to help undermine our Government in one way or another and the Liberty magazine printed it and I pleaded with the Dies committee to subpena Paffrath. That has never been done. He is just another rat of the "fifth column" walking within this country. Do you not think it was important enough to find out what his activity was, with whom he was connected, and how much money he was receiving while he was working for the German Government, and who was paying it?

Now, thank the Lord, Mr. Fritzie Kuhn is in jail and so they have elected a new leader. This man is G. William Kunze and he is the fellow in charge of the Nordland Camp, and I might say, from my investigation of the Nordland Camp, that for the last number of years it is nothing but an immoral place. I do not want to use any foul language, but it is immoral. Not only did they have uniforms and guns and everything else, which they have cleaned out since, but the whole place is immoral and they try to inculcate into small children the philosophy and ideology of Hitlerism.

Yes; in connection with my 50 names that I hope to put in, I am going to give you 2 real Communist groups that you have not even touched.

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. Certainly, I yield with pleasure to the gentleman from Alabama.

Mr. STARNES of Alabama. The gentleman from New York knows that we have had before us Fritz Kuhn, a leader of the German-American Bund and one of its founders. The gentleman knows that.

Mr. DICKSTEIN. Yes.

Mr. STARNES of Alabama. The gentleman knows we have had before us Earl Browder, the head of the Communist group.

Mr. DICKSTEIN. That is right.

Mr. STARNES of Alabama. And we have had before us the leader of every Communist organization we knew of in this country, and we have had before this committee men who founded the Communist Party in America and practically all of the living ex-candidates for President and Vice President on the Communist ticket, and I wish the gentleman would be a little fairer and a little more restrained in his remarks when he states that we have had nothing but "small fry" before us, when the gentleman knows we have subpenaed before that committee the leader of every one of these organizations that has been under fire.

Mr. DICKSTEIN. Let me give the gentleman and the committee credit for Earl Browder's exposé, but let me also say in fairness to myself and to the committee and to this Congress that a number of other individual Communists that you subpenaed were just a lot of convicts who were trying to save their own necks by coming before the committee and giving certain testimony involving certain people that really were not the type that had the red ribbon around them. I say that in fairness to both of us.

Now, I say you have done a good job. I say you are responsible for the conviction of one of the leaders, and you have focused the attention of the country on what is going on, but in the same breath I must say that you have not picked up those who are behind Browder, and, as I am informed, there are one or two Communist camps in this country, and you do not even know where they are; in fact, it took me a long time to find out, and I did not have to pay any money for it.

Mr. THORKELSON. Will the gentleman say who is behind Browder?

Mr. DICKSTEIN. I do not know; apparently, the Communists, but that is up to the committee to find out.

With the activities of the "fifth column" in the United States becoming more brazen than ever before, despite the publicity given to it by an awakened press, it is time to examine the work of the Dies committee to determine how effectively the menace is being combatted by this group. All over the country organizations and individuals whose avowed or unadmitted purposes are the destruction of our democratic form of government and the propagation of Nazi ideology, are conspiring against our democratic institutions which they seek to supplant by foreign dictatorial ones.

Many months ago I pointed out to Congress that the Dies committee had merely scratched the surface in the course of its widely publicized and expensive investigations. Today I am forced to repeat that criticism of a congressional body which can offer little for the money and time and newspaper

space spent on it. Recently this committee decided to subpena several openly Nazi organizations in the city of New York. By a strange coincidence these groups, such as the German Library of Information, the German Railways Information Office, and so forth, had a few days before made the headlines in newspapers, independently studying their subversive nature and performing a public service by exposing them to the public. In other words, not until years after these groups were originally denounced and not until the newspapers exposed their activities did the Dies committee finally come to spasmodic life.

Needless to say, these groups had plenty of time to remove all incriminating literature and documents before the investigators of the committee at last descended upon their offices.

I contend that the Dies committee has not made a single independent move to investigate subversive groups in the past few months. They waited until some other agency or individual took the first step.

Hundreds of un-American groups and "fronts" remain untouched, free to ply their totalitarian wares in the market places of our Nation, waiting for der tag, when they can come out in the open against our democracy.

The appeasers, composed of powerful individuals willing to sell their American birthright of freedom for a mess of Nazi pottage—and ersatz pottage at that—demand the immediate attention of some investigating agency of the Government. These powerful men are a thousand times more important and dangerous than the crackpots and madmen whom they finance. There is no need to name names; PM, a New York newspaper, has recently exposed these traitors, pointing out that three of them are the wearers of Hitler medals, with one of the three an official of a giant corporation, somehow having been appointed to a post connected with the national defense.

This is the same kind of situation which in France resulted in the debacle of its military arm. Certain Frenchmen, like certain Americans in our midst, connived with the Nazis, supported their aims in their native country by financing native Fascist groups, and finally saw their land given over to a barbaric horde of invaders.

Last June, in the Anti-Nazi Bulletin, publication of the Non-Sectarian Anti-Nazi League, an article on the American Fellowship Forum, a Nazi front group, contained the following significant passage:

> The advisability of placating Hitler a la Munich follows easily once you accept the premise that Hitler can't be beaten. The cry that we'd better not stick our necks out, as yet merely a still, small voice heard only in Yorkville and from certain Members of Congress, may be expected to grow in intensity as the summer preelection months roll by.
>
> Still required to convince the American public is the notion that Hitler, after all, could be worse, and, anyway, doesn't really conflict with the interests of the United States. This is the identical dressing to the unsavory dish presented to the people of Great Britain and France before Munich.

Our appeasers and Nazi-inspired traitors are hoping to put across an American Munich on the people of this country by financing native groups with the funds required to spread antidemocratic propaganda and sow the seeds of the same kind of cancerous un-American growths which led to the destruction of France.

Perhaps there may have been some excuse for France, Norway, or the other victims of Nazi cunning betrayed from within; they did not realize the importance of curbing their traitors. There can be no excuse for us, with the lesson of what happened in those countries before us, if we allow our appeasers and Nazi-inspired native traitors to sabotage our democracy.

It would seem to me that the Dies committee has done nothing about these powerful interests, that are the real internationalists, who betray the American people by encouraging appeasement with Nazi Germany, the avowed enemy of everything we hold dear. They have done nothing about the spread of un-American propaganda by native traitors who reprint the mouthings of Herr Goebbels, or about the native Fascist organizations like the Ku Klux Klan, recently linked to the German-American Bund through a joint rally in New Jersey. They have done absolutely nothing about any of the openly un-American groups active at this very hour spreading discontent and terror.

Here is a list, taken at random, of half a hundred of these organizations which the Dies committee has perhaps read about in the papers but never bothered to investigate:

1. The Christian Front, including other Coughlin-inspired groups.
2. The Christian Mobilizers (see list A for names and addresses of important members).
3. The American Destiny Party (see list B for names and addresses of important members).
4. The Christian Knight Crusaders (see list C for names and addresses of important members).
5. The Arabian Nationalists.
6. The Russian Nationalists.
7. The Roumanian Iron Guard (Boian).
8. The Armenian Fascists.
9. The Italian Fascists.
10. World Alliance (Sanctuary).
11. Mosley's Union of British Fascists and New York tie-ins (Seward Collins).
12. American Nationalist Confederation Headquarters, St. Albans, W. Va. (Deatherage).
13. League for Constitutional Government (John B. Snow).
14. Constitutional Educational League (Kamp).
15. National Gentile League (Shea).
16. Kyfhauser Bund, 228 East Eighty-sixth Street, New York City.
17. K. K. K.-bund affiliations.
18. American Defense Society.
19. American Patriots.
20. American Women's League.
21. James True Industrial Controlled Reports.
22. Edmondson's Economic Service.
23. Brinkley's Newspaper Publicity, Wichita, Kans.
24. Propaganda coming into the United States by Clipper from Europe and South America and Spanish and Portugese ships.
25. American National Party, New York.
26. Industrial Defense League of Boston.
27. Japanese propaganda.
28. Printing presses financed from abroad, and their manner of distributing pamphlets and leaflets harmful to our citizenry.
29. Radio broadcasting by Nazi sympathizers and American broadcasts sponsored with Nazi money.
30. German youth camps and teachings of children in Nazi philosophy.
31. Trade relations and pressure methods applied by groups here (Board of Trade for German American Commerce).
32. Foreign exchange with Germany relative to transfer of moneys.
33. Stahlhelm activities (composed of German and Austrian veterans of last war).
34. National Guard infiltration of Germans since advent of Hitler government.
35. Immigration Conference Board (John B. Cecil).
36. Investigation of Molly Pitcher Brigade (Mrs. Parr).
37. Mr. Ralph Beaver Strasburger, one of the most prominent men in the Republican Party—publisher of a big newspaper in Norristown, Pa. Married heiress to Singer sewing machine millions. Has big grazing stable and distributes thousands and thousands of German-White propaganda here—further details on file of P M.
38. Communist camps in Beacon and Camp Unity, and others teaching training of Communist philosophy to children.
39. Russian airplane engineers working in Wright airplane factory in Paterson, N. J.
40. Silver Shirts.
41. Dr. Albert Degener, secretary to the outfit, was shown by the
41. The German American Board of Trade; Dr. Albert Degener, secretary to the outfit, was shown by the McCormack-Dickstein committee to be the financial supporter of the bund predecessor organization. Also he is a member of the German Nazi party.
42. The American Fellowship Forum.
43. George Sylvester Viereck.
44. The illegal use of so many exchange students here on special visas to be investigated in connection with German Library of Information.
45. The German Railway Tourist Bureau.
46. The activities of the German consuls.
47. The Deutscher Konsum Verband.
48a. Trans-Ocean News Service (Dr. Zapp).
48b. German News Bureau, 150 Rockefeller Plaza, by many nonbona-fide newspaper men.
49. The Deutsche Wirtschaftsdienst, 17 Battery Place, New York City.
50. Irish Republican Army.

LIST A

The following are mobilizer guards and their addresses:

Arthur Keelan, 65 Southern Boulevard.
Edward Reilly, 3416 Park Avenue.
James McQueeney, 594 St. Marys Street.
Richard Coigene, 695 West One Hundred and Thirty-seventh Street.
Thomas Fox, 521 West One Hundred and Forty-fourth Street.
John Tiernan, 145 West One Hundred and Forty-fourth Street.
Michael Daly, 150 West One Hundred and Forty-fourth Street.

John Sullivan, 462 West One Hundred and Thirty-first Street.
Philip McTeigue, 430 West One Hundred and Forty-third Street.
John Hanley, 303 East One Hundred and Thirty-ninth Street.
Paul Talkbig, 371 East One Hundred and Forty-second Street.
James Heaney, 310 East Twenty-eighth Street.
Patrick Mason, 612 East One Hundred and Sixty-eighth Street (Fred Grimm is captain of guards).

Some other members:

Mr. Eibach, 1883 Longfellow Avenue.
Mrs. Daisy McFarlane, 2140 Tomlinson Avenue.
Mrs. Grace Lacey, 310 East One Hundred and Thirty-sixth Street.
Mrs. Mary Nesbit, 133 Alexander Avenue.
Mr. Walter Wayditch, 430 East One Hundred and Thirty-eighth Street.
Mr. Thomas Maloney, 475 East One Hundred and Thirty-ninth Street.
Mr. Jack Dillon, 494 East One Hundred and Fortieth Street.
Mr. Thomas McGee, 363 East One Hundred and Fortieth Street.
Mr. John Heimberger, 445 East One Hundred and Fortieth Street.
Mr. Nicholas Dooley, 400 East One Hundred and Forty-fifth Street.
Mr. Michael Crowe, 513 East One Hundred and Forty-sixth Street.
Mr. Patrick Coyne, 638 Kelly Street.
Mrs. Ostertag, 901 East One Hundred and Sixty-seventh Street.
Mrs. Gertrude Dickey, 601 East One Hundred and Seventieth Street.
Mrs. Thomas Monahan, 640 Jackson Avenue.
Mr. Powers, 8 West One Hundred and Eighty-first Street.
Mr. W. C. Thompson.
Mr. F. Grimm.
Mr. George Rieper.
Mr. E. Lucarellie.
Mr. L. Helmond.
Mr. George Pagnanelli, 159 East Forty-sixth Street.
Mr. Herman Schwartz, 507 East Eighty-third Street.
Mrs. Casanova, 305 West Ninety-seventh Street.
Mr. William M. Daly, 135 West Sixty-second Street.
Mr. Holzwarth, 312 East Eightieth Street.
James McQueeney, 623 West One Hundred and Forty-first Street.
Mrs. James Maude Harrar, husband is chief of obstretics, Lenox Hill Hospital, 410 East Fifty-seventh Street, Plaza 8–2333.
E. O. Bogart, 551 Fifth Avenue.
Mayor K. Maydell Kelly, room 200, 33 West Sixtieth Street.
Jacob Beck, 424 Central Avenue, Brooklyn.
John Cecil, 101 Cedar Street.
C. M. Publishing Co., Adward Adrion, editor; Frank Gunn, associate editor; Bernard Duffy, business manager; 3196 Third Avenue, Mel. 5–6874.
Holler Ice Co., 3974 Boston Road.
F. M. Schildwachter, Inc., 1769 Webster Avenue.
Col. Sanctuary, 514–44 East Twenty-third Street.
Captain Collins.
Hans Omenitsch, 35–45 Forty-second Street, Jackson Heights, Long Island.
Gasper Ippolito.
Henry A. Curtiss (Gaeda).
Harry Thorne, Christian Labor Front, Local 800, A. F. of L., St. 4–4460.
Printer, Mathias & Curr, 1 East Forty-second Street.
Mr. and Mrs. Baeder, 428 East Fifty-third Street.
H. N. P.: Harkness, Sheridan, Flanagan, Phil May, Evans, Maxine Gordon.

LIST B

Ambruster, L., 1409 Third Avenue.
Arnecke, F., 220 East Eighty-fifth Street.
Behrens, Henry F., 207 East Eighty-seventh Street.
Bischoff, G., 59–40 Myrtle Avenue.
Bohlken, E., 241 East Eighty-sixth Street.
Bonney, John, 291 Irving Avenue.
Catharius, C., 1628 Second Avenue.
Dietrich, Louis, 226 East Eighty-sixth Street.
Dietze, M., 1686 Third Avenue.
Duecker, Harry, 248 East Eighty-fourth Street.
Ehni, Charles, 236 East Eighty-sixth Street.
Eisenhut, Werner, 1688 Third Avenue.
Eisasser, A., 447 East Eighty-seventh Street.
Fischl, Joseph, 1442 Third Avenue.
Fries, M., 1600 Third Avenue.
Froelich, Gustave, 218 East Eighty-fourth Street.
Fox, William, 17 West Fifty-sixth Street.
Gastrich, Hans, 200 East Eighty-sixth Street.
Goldbach, Charles, 1054 Third Avenue.
Halder, Paul, 1623 First Avenue.
Hamer, Richard, 315 East Eighty-fifth Street.
Hansen, Henry, 1646 Second Avenue.
Hartensteiner, K., 62–15 Myrtle Avenue.
Heinschn, A., 1592 Third Avenue.
Helmert, Albert, 1741 First Avenue.
Hengut, A., 1742 First Avenue.
Hoff, Bernard, 310 East Forty-eighth Street.
Hopp, Hermann, 1574 Second Avenue.
Hoppe, William C., 450 Willis Avenue.
Janson, August, 1691 Second Avenue.
Kauffmann, F., 1485 Third Avenue.
Ktels, H. F., 1561 Second Avenue.
Koenig, P., 1298 Third Avenue.
Kramer, J., 305 East Eighty-fourth Street.
Krause, E. O., 308 East Eighty-sixth Street.
Lang, William, 314 St. Nicholas Avenue.
Lasch, Frederick, 123 East Eighty-ninth Street.
Lensky, Max, 1639 First Avenue.
Lippert, Richard, 1589 First Avenue.
Ludemann, F., 337 East Eighty-seventh Street.
Maier, Albert, 1591 Third Avenue.
Martens, Peter, 1641 First Avenue.
Pennekamp, Henry, 1584 First Avenue.
Phaff, S., 451 East One Hundred and Fifty-fourth Street.
Praeg, Louis, 464 Seneca Avenue.
Puetz, Henry, 1682 First Avenue.
Renz, Hans, 1248 Lexington Avenue.
Rossteuscher, Joseph, 338 East Eighty-sixth Street.
Schadler, Simon, 577 East One Hundred and Sixty-third Street.
Schellhorn, Carl, 3216 Third Avenue.
Schleier, Robert, 272 Wyckoff Avenue.
Schlosser, A. J., 258 Wyckoff Avenue.
Schmidt, F., 209 East Eighty-sixth Street.
Seidel, Joseph, 1574 Second Avenue.
Stadler, A., 1130 Third Avenue.
Staudinger, F., 304 East Eighty-sixth Street.
Steuer, August, 322 East Eighty-sixth Street.
Stoll, Adam, 1728 Second Avenue.
Witt, Walter, 1475 Third Avenue.
Wurster, Carl, 853 Seneca Avenue.
The above list was compiled from original copy at the headquarters of the American Destiny Party.

NAMES OF STORES AIDING M'WILLIAMS FINANCIALLY

Rose's Shop, lingerie and hosiery, 1570 Second Avenue, New York City.
Thomas Moore, coffee, tea, and eggs, 743 East One Hundred and Fifty-second Street.
Henry's Deutsches Restaurant, 221 East Eighty-sixth Street.
G. Steinborn, the Lloyd tailor, cleaner-tailor, weaver, 335 East Eighty-sixth Street.
Julius Rossl, floral artist, 1654 Second Avenue.
Carl Froehlich, matting and mats, 1575 York Avenue.
Paul C. Schultz, dairy, delicatessen, and groceries, 1656 First Avenue.
Joseph Vosst & Son, cutler and grinding, 1619 Second Avenue.
Mietzner's Prime Meat Market, 1667 Second Avenue.
Holzwarth Express, 312 East Eightieth Street.
German-American Haberdashery, ladies' and gents' wear, 1652 Second Avenue.
Deutsche Heilkrauter Zentrale, pharmacist, 1691 Putnam Avenue, Brooklyn; 1652 Second Avenue, New York City.
Alwin Van Co., moving, 235 East Sixty-ninth Street.
Paul C. Schultz, dairy, delicatessen, and groceries, 1656 First Avenue.
Schmidt Importing Co., 1625 Second Avenue.
Funeral Service Corporation, Arthur R. Plantikow, president, 1641 First Avenue.

LIST C

Allen, Lester E., 78 Irving Place, New York City.
Adamco, Anthony, 409 East Eighty-seventh Street, New York City.
Aubry, George A., 2234 Richmond Avenue, New Springfield, Richmond.
Brady, Michael, 4949 Seaman Avenue, New York City.
Bohn, Elizabeth, 801 East Tenth Street, Brooklyn, N. Y.
Brow, Joseph, Jr., 331 East Eighty-ninth Street, New York City.
Brueckner, Herman, 343 East Eighty-sixth Street, New York City.
Bennett, Bernard, 401 East One Hundred and Forty-second Street, New York City.
Bayer, Phil, Jee, 1641 First Avenue, New York City.
Bouchard, Herman L., 1245 Park Avenue.
Bednarik, Al, 1583 First Avenue.
Bovine, Frank, 304 East One Hundred and Twenty-fourth Street.
Cervini, George, 221 East Seventy-sixth Street.
Carlson, Mrs. Elizabeth, 1577 York Avenue.
Croteau, Phil, 123–02 Fifteenth Avenue, College Point, Queens.
Cormican, James F., 415 West Fifty-seventh Street.
Dooney, Thomas P., 55 West Ninety-fifth Street.
Des Rosiers, Annonciade, Kingston Avenue Hospital, Brooklyn.
Dunn, Albert, 173 West Farms Road.
Dawson, Leo A., 135 East Sixtieth Street.
Donovan, Harry, 227 East Eighty-third Street.
Erhart, Erich, 674 East One Hundred and Thirty-sixth Street, Bronx, N. Y.
Fried, Joseph, 229 East One Hundredth Street.
Gibbons, John, 205 East Ninety-sixth Street.
Goetz, Olaf, 162 East Ninetieth Street.
Gannon, Frank P., 56–07 Thirty-first Avenue, Woodside, L. I.
Haak, John A., 31–14 Thirty-fifth Street, Queens.
Henderson, George E., 936 Rockaway Avenue, Kings County.
Hahnenberger, Frieda, 1307 Third Avenue.
Hack, Michael, 208 East Eighty-first Street.
Hamliman, Francis J., 1645 First Avenue.
Hornung, Karl, 869 Eagle Avenue, Bronx, N. Y.
Hickey, J. B., 117 Seaman Avenue.
Healy, Patrick, 375 Beekman Avenue.
Jackson, George, 309 East Seventy-fifth Street.
Kohler, Paul, 417 East Ninety-third Street.
Kohler, Catherine, 417 East Eighty-fourth Street.
Kormis, Herman, 443 East Eighty-seventh Street.

Koymis, Else, 443 East Eighty-seventh Street.
Haolecek, William, 406 East Eighty-third Street.
Kalish, Arnold E., 431 East Eighty-fifth Setreet.
La Porte, Germaine, 185 East Seventy-sixth Street.
Lutz, Frank A., 512 East Eighty-eighth Street.
Mayer, John, 175 Pinehurst Avenue.
Morgan, Richard R., 217 East Two Hundred and Thirty-eighth Street.
Molloy, James, 536 Fifty-fourth Street, Kings County, Brooklyn.
May, Phillip, 25 West Eighty-fifth Street.
Morgan, James, 149 East Ninetieth Street.
Melisha, August, 404 East Seventy-first Street.
Melota, Vincent, 220 East Seventy-eighth Street.
Molinas, Sam, 1322 Fifth Avenue.
Monsha, Miles P., 511 East Eighty-seventh Street.
Marrin, Thomas J., 120 West Ninety-seventh Street.
McCafferty, William C., 510 East Seventy-seventh Street.
McCormack, Mary, 438 East Eighty-third Street.
McCormack, Thomas, and Thomas, Jr., 438 East Eighty-third Street.
McNally, James M., 329 West Eighteenth Street.
Owens, Robert, 210 East Ninety-sixth Street.
O'Connor, William F., 108 West Ninetieth Street.
O'Leary, Frank, 898 Eagle Avenue, Bronx, N. Y.
Pintacuda, Jasper, 178 East Seventy-seventh Street.
Ruff, Frank, 1971 Webster Avenue, Bronx.
Rush, John, 326 East Ninety-third Street.
Thomas, Robert C., 319 West Fifty-fourth Street.
Vivona, Vito R., 1693 First Avenue.
Varady, Louis, 1539 York Avenue.
Weickert, Hans, 323 East Ninety-second Street.
Wadden, M. F., 426 Sterling Place, Brooklyn.
Weiss, Hyman, 1586 First Avenue.
Zimmerman, Robert, 178 East Seventy-seventh Street.
Zimmerman, William G., 416 East Eighty-fifth Street.
Bretten, William, 1676 First Avenue.
Brown, Dr. Charles F., 221 West Eighty-ninth Street.
Bruno, Claire, 1396 Second Avenue.
Boylan, Thomas F., 2307 Second Avenue.
Calman, John, 314 West Fifty-fourth Street.
Castorina, Paul, 1537 Mayflower Avenue, Bronx.
Callahan, James M., 29 East Mosholu Parkway, North Bronx.
Callahan, Thomas, 500 Trinity Avenue, Bronx.
Cox, William F., 7 Park Avenue.
Dietrich, Henry G., 473 Macon Street, Brooklyn.
DeMatteo, James, 173 East One Hundred and Nineteenth Street.
Faucher, Ernest, 250 East One Hundred and Twenty-fourth Street.
Farrell, Thomas.
Gray, Lester M., 317 West Fifty-sixth Street.
Geis, John, 1377 Gates Avenue, Brooklyn.
Hassenpflug, John, 724 East One Hundred and Sixtieth Street, Bronx.
Laucke, George, 206 East Sixty-ninth Street.
Hooley, John, 1109 Clay Avenue, Bronx.
Higgins, Owen, 617 East Fourteenth Street.
Hathaway, Robert, 338 Calhoune Avenue, Bronx.
Joyce, Michael, 767 Amit Avenue.
Kenegeisar, Eddie, 128 West Eighty-seventh Street.
Kinney, George, 825 President Street, Brooklyn.
Kelly James, City Hospital, Welfare Island.
Leonard, Oscar, 1590 First Avenue.
Letard, Commissioner Joseph, 766 Ninth Avenue.
McCus, Frank, 1683 Third Avenue.
McCarthy, Patrick J., 2004 Ellis Avenue, Bronx.
McMenamin, William J., 3608 Twenty-first Street, Astoria, Long Island.
McCaffery, Frank, 329 Mott Avenue, Bronx.
McMahon, James, 281 Avenue A.
McNamee, Stephen, 31 Arden Street.
Mills, Maria L., Iroquois Hotel, 49 West Forty-fourth Street.
Murray, James J., 50 Broadway, room 1510.
Malone, Frank, 512 A St. Johns Place, Brooklyn.
Malone, John, 504 West One Hundred and Thirty-ninth Street.
Malone, James F., 3956 Fifty-first Street, Woodside, Long Island.
Murphy, Richard, 1500 Second Avenue.
Meehan, Joseph, 564 East One Hundred and Sixty-sixth Street.
Mahoney, John F., 241 West Thirteenth Street.
Morriaty, Michael, 437 West One Hundred and Twenty-fourth Street.
Malone, Thomas, 475 East One Hundred and Thirty-ninth Street.
Noally, George, 932 New York Avenue, Brooklyn.
O'Leary, John, 221 East One Hundred and Twenty-fourth Street.
O'Brien, Edward, 137 West Seventy-first Street.
Pintacuda, Jasper, 178 East Seventy-seventh Street.
Pilein, Edward, 432 East Sixteenth Street.
Rochford, John, 111 East One Hundred and Eighteenth Street.
Rappert, Robert J., 315 South Broadway.
Schreck, L. B., 165 East Eighty-eighth Street.
Sweeney, James, 349 East One Hundred and Forty-ninth Street.
Sullivan, Michael, 206 East One Hundred and Twenty-third Street.
Spence, Alfred W., 1021 University Avenue, Bronx.
Sapudar, Victor, St. Lukes Hospital, One Hundred and Thirteenth Street and Amsterdam Avenue.
Schweit, Edward, 448 East Eighty-fourth Street.
Scully, Marion, 406 East Eighty-eighth Street.
Scwab, W. A., 232 West Sixteenth Street.
Schottler, Margaret, 1586 First Avenue.
Schottler, John, 1586 First Avenue.
Sullivan, A. J., 328 West Fifty-sixth Street.
Tessier, Germaine, Central Nurses' Residence.
Turner, Arch, 317 East Ninetieth Street.
Tiernan, Thomas, 830 West One Hnudred and Sevenay-seventh Street.
Van Nosdall, Willis, 126 East One Hundred and Twenty-third Street.
Van Nosdal, G. A., 126 East One Hundred and Twenty-third Street.
Angelo, Herman J. V., 1 Luqueer Street, Brooklyn.
Murray, Thomas, 331 East Twenty-fourth Street.
Schwartzer, Otto L., 232 East Sixty-eighth Street.
Horkans, William, 3 East Sixty-sixth Street.
Huddy, Richard, 2297 Eighth Avenue.
Dunn, Albert, 1413 Second Avenue.
Eibach, Benno, 1883 Longfellow Avenue, Bronx.
Wadden, Michael F., 203 Underhill Avenue, Brooklyn.
Thelemann, Arno, 1499 Third Avenue.
Reed, Mrs. Lily, 47 Eighth Avenue.
Bruns, George, 225 West Twenty-third Street.
Aigner, Joseph, 556 West One Hundred and Fortieth Street.
Sheehan, Patrick J., 211 East Seventy-seventh Street.
Bailey, Edward A., 425 East Eighty-third Street.
Bloedel, Carol, 48 Pondfield Road North, Bronxville, N. Y.
Cox, William F., 7 Park Avenue.
Condon, Joseph, 311 East Ninty-second Street.
Canavan, Patrick J., 4002 Twenty-first Avenue, Astoria, Long Island.
Morse, Gordon J., 336 East Fifty-ninth Street.
Munsch, Kate, 523 East Eighty-third Street.
Munsch, Gabriel, 523 East Eighty-third Street.
McGath, John, 173 East Ninety-fifth Street.
McDonald, W. Benedict, 4501 A Avenue D, Brooklyn.
McGee, James A., 161 East One Hundred and Twenty-third Street.
McGee, Arthur B., Jr., 161 East One Hundred and Twenty-third Street.
Jaques, Clifford, 2035 Hazen Avenue or Street, Jackson Heights.
Krach, Otto, 1662 Second Avenue.

The following are some of the activities of the groups mentioned:

1. The Christian Front, a pro-Nazi, anti-Semitic organization supporting Father Coughlin.

2. The Christian Mobilizers, outgrowth of the front, advocating violence and revolution. Leader, Joseph McWilliams, close to Fritz Kuhn. Mobilizers almost merged with the bund.

3. American Destiny Party, running Joe McWilliams for Congress. Composed for the most part of Nazis. "Fuehrer" McWilliams has repeatedly praised Hitler and advocated terror and revolution.

4. Christian Knight Crusaders, another Coughlin group, whose aims closely parallel those of the front.

5. Arabian Nationalists, headquarters in New York. Working closely with Nazi agents.

6. Russian Nationalists, headed by the notorious Count Spiridovich, who is linked to the bund and other Nazi groups.

7. Rumanian Iron Guards. American branch of the Hitler Iron Guard group in Rumania.

8. Armenian Fascists, Ukrainian Fascists. See exhibit The Hour, article 1, September 14, 1940.

9. Italian Fascists; purpose is self-evident. Attempting to corrupt Italian-Americans by preaching obedience to Fascist Italy rather than the United States.

10. World Alliance. One "Colonel" Sanctuary is the moving spirit behind this organization, which seeks to array public opinion against the Jews.

11. Mosley's English Fascists and New York tie-ins (Stewart Collins). A bookshop on West Fifty-eighth Street in New York is the headquarters for this subversive group.

12. American Nationalist Confederation, headed by notorious Fascist George Deatherage in St. Albans, W. Va. An attempt to merge all native Fascist groups.

13. League for Constitutional Government (John B. Snow), another high-sounding name covering pro-Nazi and anti-Semitic aims.

14. Constitutional Educational League (Mr. Kamp), one of the "fifth column" groups which is attempting to throw investigators off its trail by calling others "fifth columnists." Not a single Nazi or Fascist, however, is included in its denunciations. Headquarters in New York.

15. National Gentile League (Shea), headquarters in Washington and Baltimore. Headed by a semi-illiterate crackpot who is at present engaged in distributing propaganda for the Japanese Government.

16. Kyfhauser bund, a German group seeking to reestablish the "glory" of the old German Empire. 228 East Eighty-sixth Street, New York City.

17. K. K. K.-bund. Their joint rally in New Jersey showed how far Nazi agents have penetrated in the Ku Klux Klan.

18. American Defense Society—high-sounding name for a pro-Fascist organization.

19. American Patriots—same as the American Women's League.

20. American Women's League—this organization which pretends to be against Communism, is linked to the notorious Allen Zoll, who will soon be tried on charges of attempted extortion after having attempted to obtain money from a radio station in New York.

21. James True Industrial Control Reports.—True sends out a viciously pro-Nazi and anti-Semitic news letter replete with "facts" also, by some strange coincidence found in the German hand-outs.

22. Edmondson's Economic Service—from his lair near Wilkes-Barre, Pa., Edmondson sends out his Vigilante Bulletins filled with Herr Goebbels' propaganda.

23. Brinkley's Newspaper Publicity (Wichita, Kans.)—this paper, published by the goat-gland faker, who was forced to remove his radio station into Mexico when his promises of cures for various ills resulted in complaints, is now the publisher of a newspaper which features anti-Semitic drive plus the mouthings of the semi-illiterate columnist, Edward James Smythe, who recently admitted that he was responsible for the Klan-bund rally. Documentary proof in my files proves Smythe a Nazi agent.

24. Propaganda coming into the United States via the Clipper and Spanish Lines—unmolested.

25. American Nationalist Party—located in New York; this is linked to the bund; composed of many bundsters.

26. Industrial Defense League of Boston—another Fascist outfit with a high-sounding but meaningless name.

27. Japanese propaganda—still flooding the country with such a Fascist as Donald Shea of the so-called National Gentile League one of the agents.

28. Printing presses, and so forth, financed from abroad and their manner of distributing pamphlets and leaflets harmful to our citizenry.

29. Radio broadcasting by Nazi sympathizers, also radio broadcasts from Germany.

30. German youth camps and teaching of Nazi philosophy to children. Been going on in the United States for 10 years; taught racial hatred and intolerance; these children carry such ideologies to New York City educational centers.

31. Trade relations and pressure methods applied by groups here. (See the Board of Trade for German-American Commerce.)

32. Foreign exchange with Germany relative to the transfer of money.

33. Stahlhelm activities—composed of German and Austrian veterans of last war, closely allied with German-American Bund.

34. Nazi Guard infiltration of Germans since advent of Hitler government, particularly important since calling out of Guard.

35. Immigration Conference Board (John B. Cecil), an alien-baiting outfit which attempts to hide its Fascist sympathies behind an impressive name.

36. Molly Pitcher Brigade (Mrs. Parr), connected with the Christian Front and distributor of anti-Semitic literature.

37. Distributors of German White Paper, who are responsible for extensive publication of Nazi propaganda material.

38. Communist camps in Beacon and Camp Unity, as well as others teaching Communist philosophy to children.

39. Russian airplane engineers working in Wright airplane factory in Paterson, N. J. Why are foreign representatives allowed to keep places during critical times like the present?

40. Silver Shirts. Where is Pelley? Are the Silver Shirts still strong but merely in hiding?

41. German-American Board of Trade, dangerous group attempting to guide American businessmen into the camp of the appeasers; controlled directly from Berlin.

42. American Fellowship Forum, another "American Munich" group with whom Nazi Propagandist George Sylvester Viereck is connected. Mails literature to same list as German consulate.

43. George Sylvester Viereck, propagandist active during World War; still active agent of Nazi government here. Busy spreading anti-American propaganda.

44. German Library of Information. Floods the country with Nazi propaganda.

45. German Railway Tourist Bureau. Has representatives all over the United States, although it is almost impossible for anyone to go abroad. Why are these "representatives" stationed in key cities?

46. Activities of German consuls. Just as in Norway, Holland, and all the other countries invaded by Nazi Germany, consuls here are preparing the way for military attack by spreading propaganda and conniving with native Fascists.

47. Deutsche Konsum Verband, an organization of German merchants levying a tax on every German doing business in the city of New York to finance German imports and exports.

48. Interocean News Service (Dr. Zapp), Nazi news service, sending out propaganda, particularly to South America.

49. Deutsche Wirtschaftsdienst, an organization of German merchants to capture markets for Germany in South America.

50. Irish Republican Army, sympathizers here in America of the German bund and carrying on vicious anti-British activities.

The following Nazi organizations, bund members, and "fifth column" sympathizers of Camp Nordland, who directly as well as indirectly have been aiding the upkeep, financially, since 1937 are listed below.

These should be investigated as to their activities at once, since the serious happenings at the Hercules powder plant:

1. Erster Deutscher Lesezirkel, 176 East Eighty-fifth Street, New York City.
2. Blane Lesemappe; New Jersey representative, Hans Sass, 643 Pleasant Avenue, Union City, N. J. Hans Sass was a former bund storm trooper commander.
3. Reiman & Bresse, 1645 Third Avenue, New York City.
4. Joseph Zimmerman, 550 Elizabeth Avenue, Elizabeth, N. J.
5. Rhinemo Imports, 225 Fifth Avenue, New York City.
6. Cafe Hindenburg, 220 East Eighty-sixth Street, New York City.
7. Karl Wagner, 32 Benson Street, Paterson, N. J.
8. Foreign Exchange Agency, 330 Forty-eighth Street, Union City, N. J.
9. Deutscher Weckruf und Beobachter; Max Rapp, 178 East Eighty-fifth Street, New York City.
10. Steneck Travel Bureau, 77 River Street, Hoboken, N. J.; New York Bureau, 144 East Eighty-sixth Street.
11. Geiger's, cafe, 206 East Eighty-sixth Street, New York City.
12. Hamburg-American Line, North German Lloyd, 57 Broadway, New York City.
13. Ernst Esch Co., 32 Broadway.
14. Cafe Mozart (owner Frank Hainzl), associated with bund, 249 East Eighty-fifth Street, New York City.
15. Black Forest Inn, Knickerbocker and Myrtle Avenues, Brooklyn, N. Y.
16. E. O. Krause, 308 East Eighty-sixth Street, New York City.
17. Hans Jaeger Cafe, Eighty-fifth Street and Lexington Avenue, New York City.
18. Central Restaurant, 1642 Second Avenue, New York City.
19. Hamburg-Bremen Steamship Agency, 218 East Eighty-sixth Street, room 218, New York City.
20. Dohm Shoe Co., 477 Ninth Avenue, New York City.
21. Rudi & Maxl's Restaurant, 239 East Eighty-sixth Street, New York City.
22. Egon-Scheibe, member of bund's propaganda department, 18–33 Forty-first Street, Astoria, Long Island.
23. L. Armbruster, 1471 Third Avenue, New York City.
24. August Hambach, does radio propaganda for the bund, 207 East Eighty-seventh Street, New York City.
25. Cafe Vaterland, 1648 Second Avenue, New York City.
26. Bolle & Detzel, Inc., financial transactions with Fritz Kuhn and the bund, 1495 Third Avenue; 32 Central Avenue, Newark, N. J.

27. D. & D. Service Station, Fourteenth Street and Park Avenue, Hoboken, N. J.
28. Wertpapiere; Hurt H. Schurig & Co., 50 Broadway, New York City.
29. Deutsch-Amerikanischer Verband von Newark, N. J., Dr. Francis Just, president, became Nazi agitator after trips to Germany; Hermann Wimmer, secretary.
30. Deutsche Kueche, 120 Summit Avenue, Union City, N. J.
31. W. H. Linen Supply, 525 Twenty-second Street, West New York, N. J.
32. Norr & Stoll, 630 Bergenline Avenue, West New York, N. J.
33. Vietmeyer Bros. Co., 174–84 Sherman Avenue, Jersey City, N. J.
34. C. & J. Willenborg Inc., 1126 Hudson Street, Hoboken, N. J.
35. Budelmann's, 226 Paterson Avenue, East Rutherford, N. J.
36. Kraus, 422 Thirty-eighth Street, near Bergenline, Union City, N. J.
37. Thomas Taylor, 1475 Bergen Turnpike, North Bergen, N. J.
38. Embassy Market, Bergenline Avenue, corner Twenty-ninth Street; North Bergen, N. J.
39. Raymond Furniture Co., 246–48 Summit Avenue, Union City, N. J.
40. Fred Haschka, 5505 Hudson Boulevard, North Bergen, N. J.
41. Schelling Hardware Co., 734 Willow Avenue, Hoboken, N. J.
42. Erwins, 833–A Bergenline Avenue, Union City, N. J.
43. George Reich, 825 Bergenline Avenue, Union City, N. J.
44. Hohneker's Dairy, 567 Thirtieth Street, North Bergen, N. J.
45. City Hall Tavern, 754 Palisade Avenue, corner Thirty-eighth Street, Union City, N. J.
46. Lillian's Shoppe, 909 Bergenline Avenue, Union City, N. J.
47. American Shirt Shops—R. I. Clark, 653 Bergenline Avenue, West New York, N. J.
48. Edward Dankert, 725 Jackson Street, West New York, N. J.
50. Ferdinand Fiswick, 145 Forty-eighth Street, Union City, N. J.
51. Lemonier, 656 Bergenline Avenue, Union City, N. J.
52. Herman Krug, 851 Park Avenue, Union City, N. J.
53. G. Rehbein, 314 Willow Avenue, Hoboken, N. J.
54. Elsie, 443 Sixteenth Street, West New York, N. J.
55. George Goelz' Sons, 541 Bergenline Avenue, Union City, N. J.
56. Thueringer Pork Store, 695 Bergenline Avenue, West New York, N. J.
58. Mam's, 404 Thirty-second Street, Union City, N. J.
59. Karl's Tavern, 474 Bergenline Avenue, West New York, N. J.
60. Lottie Leuschner, 653 Bergenline Avenue, West New York, N. J.
61. F. Witschel, 208 Forty-fifth Street, Union City, N. J.
62. Chas. J. Schneider, 180 Summit Avenue, Union City, N. J.
63. Carl's Restaurant, 514 Forty-third Street, Union City, N. J.
64. Seabord Travel Bureau, 95 River Street, Hoboken, N. J.
65. Schindler Grocery, 769 Bergenline Avenue, Union City, N. J.
66. Neo-Iso Sign Co., 392 Bergenline Avenue, Union City, N. J.
67. Henry Neuffer, 674 Bergenline Avenue, West New York, N. J.
68. A. Mertens, 787 Bergenline Avenue, West New York, N. J.
69. Ernest A. Leistritz, 214 Twenty-sixth Street, Guttenberg, N. J.
70. Wiebe Hardware Co., 667 Bergenline Avenue, West New York, N. J.
71. Fred Schoendorf, 341 Bergenline Avenue, Union City, N. J.
72. Alt Heidelberg, Thirty-sixth Stret and Hudson Boulevard.
73. Hein's Delicatessen, 617 Bergenline Avenue, Union City, N. J.
74. Central Cafe, 411 Washington Street, Hoboken, N. J.
75. Carl Telitzki, 133 Washington Street, Hoboken, N. J.
76. Hausold Bros., Third and Washington Streets, Hoboken, N. J.
77. Koops, 694 Monroe Place, West New York, N. J.
78. Wirth Products Co., 501 West Street, Union City, N. J.
79. Henry Hassmann, 450 Park Avenue, West New York, N. J.
80. Thompson Shirt Co., 881 Bergenline Avenue, Union City, N. J.
81. Fitschen's, 673 Bergenline Avenue, West New York, N. J.
82. Fred and Walter Foge, 306 Lincoln Avenue, Secaucus, N. J.
83. North Hudson Lunch, 849 Park Avenue, Union City, N. J.
84. Theodore Petermann, 404 Forty-third Street, Union City, N. J.
85. Gieschen & Blanken, 46 Bergenline Avenue, Guttenberg, N. J.
86. Henry Wehrle, 223 Forty-ninth Street, Union City, N. J.
87. Max Heimsath, 136 Fortieth Street and Hudson Avenue, Union City, N. J.
88. Moser-Kueng Lumber Co., 4699 Hudson Boulevard, North Bergen, N. J.
89. Wisner-Peerless Manufacturing Co.—Tom Hammond, 241 West Broadway, New York City.
90. J. T. Bergmeyer, M. D., 422 Twentieth Street, West New York, N. J.
91. Hans Jesse, 914 Washington Street, Hoboken, N. J.
92. Herman S. Heinzmann, 442 Hudson Avenue, West New York, N. J.
93. Clover Provision Market, 676 Bergenline Avenue, West New York, N. J.
94. Al Doeg's, 440 Thirteenth Street, West New York, N. J.
95. Hamburg-Bremen Shipping Agency, 26 Park Place, Newark, N. J.
96. August Klapproth, director Camp Nordland.
97. Otto H. Stiegel of Newark.
98. Poggi Press, 163 Sixth Street, Hoboken, N. J.
99. Frederick Hutka, 728 Tenth Street, Union City, N. J.
101. Maxine's, 948 Bergenline Avenue, Union City, N. J.
102. Klinger's Hardware, 11 Bergenline Avenue, Guttenberg, N. J.
104. Ernst Walthers, 960 Bergenline Avenue, North Bergen, N. J.

And others.

Mr. Speaker and Members of this House, I could name many other individuals and organizations, but I do not desire to take up more of your time than absolutely necessary.

If any of the organizations or individuals mentioned here by me can show that I am wrong and want to clear themselves of the charges made against them, let them come forward and do so. I will be the first one to cooperate with them if my charges should prove unjustified.

These are perilous times, and we are going through a national as well as international emergency. In order to preserve our democracy and to keep this a land of liberty we will have to destroy subversive groups that preach intolerance and bigotry and that try to deprive certain groups in this country of the rights guaranteed to them by our Constitution. Events abroad have shown us that no country is safe unless her internal structure is sound. If we want to keep our democratic institutions, if we want to keep this country free, we have to keep alert and take precautions before it is too late. [Applause.]

The SPEAKER pro tempore. The time of the gentleman has expired.

EXTENSION OF REMARKS

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix by inserting my own minority report to the report of the Board of Visitors to the Naval Academy.

The SPEAKER pro tempore (Mr. COSTELLO). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMENDMENT OF NATIONAL DEFENSE ACT

Mr. HARTER of Ohio. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report on the bill (S. 3636) to amend the National Defense Act, as amended, so as to provide for retirement of assistant chiefs of branches and of wing commanders of the Air Corps with the rank and pay of the highest grade held by such officers as assistant chiefs and wing commanders, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein the names of certain organizations and individuals that will appear as a part of my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I renew my request for permission to extend my remarks on two different topics in the RECORD, and I am advised by the gentleman who objected that he will now withdraw his objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article by A. H. Lane, and I have a second request to extend my own remarks in the RECORD and include excerpts from a book entitled "The Hidden Hand."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

SPECIAL ORDER

The SPEAKER pro tempore. Under special order of the House, the gentleman from Pennsylvania [Mr. GROSS] is recognized for 30 minutes.

Mr. GROSS. Mr. Speaker, much has been said on this floor recently about what is termed "Washington's milk problem." This subject has long been discussed, and at times very bitterly and ofttimes personalities involved. Usually the arguments contained more heat than light, and at times the

discussions were entered into by parties who had no interest personally or otherwise. Ofttimes arguments have been presented by parties who knew nothing about the subject, and cared less, and the question has arisen as to why.

I am reminded of the story of two men driving through the country at a rapid rate of speed when they passed by a pasture field in which there were a lot of cows. One man said, "Oh, look at the cows. I wish I could count them." The other man said, "I have already counted them." Then his friend replied, "How did you do it?" He said, "Each cow has four teats. I counted them and divided by four. There are 400 cows in that pasture." The one man knew his cows; the other could not even count them.

Milk happens to be the chief source of income on the farms in those heavily populated sections of the country. And many a man who is always a law-abiding and peaceful citizen is ready to fight on a moment's notice when milk is mentioned. Few people realize the immensity of the dairy business of the Nation, or the volume of milk produced annually. Why, it would make a river 3,000 miles long, 40 feet wide, and more than 2½ feet deep. Fifty-one billion quarts are our annual production. Twelve billion quarts of this are used right on the farms where it is produced. Thirty-nine billion quarts enter the channels of trade. These 51,000,000,000 quarts of milk must be drawn from the cows twice a day, and in many cases three times a day, every day of the year, by the men and women and children on the farms. It is milked into approved regulation pails and poured through approved strainers into regulation cans and moved into a milk house on the farm that has been approved, and put into a refrigerator and cooled to a certain temperature. This, however, only applies to those areas that supply their milk and its derivatives to municipalities that have set up sanitary regulations in the interest of the public health. A great deal of the milk produced is produced in outlying areas where no sanitary regulations are provided, and it finds its way into channels of trade where it is used in other ways except as milk and cream distributed from door to door as we understand it.

This milk, cooled to its proper temperature, is then taken from the farms on trucks traveling the main highways, and all of the milk not produced along the routes traveled by milk trucks must be delivered by the farmers to the highway, there to be picked up on trucks that may be used only for transportation of milk. They are either refrigerated or the milk is iced while in transportation. It is then delivered to the cooling or receiving station, and is then usually transported to the municipalities in tank trucks, tank cars, or in cans under refrigeration to the main distributing plants.

This transportation costs the producer anywhere from 15 cents to 75 cents per hundredweight, depending on the distance or method of transportation. In the central plant the milk is standardized, pasteurized, put into commercial containers, and placed in refrigerators to be delivered to the consumer's door the following day.

The consumer's door may be on the tenth or twentieth story of an apartment house. The consumers using milk want the milk they want. Consequently, we find as many as 10 or 12 delivery trucks delivering milk in the same block in the city. It is put up in various kinds of containers, principally glass or paper. All of this costs a lot of money. Up to the time the milk enters the central plant the cost is borne by the producer. Bottles are very expensive, and too often we find the consumer failing to cooperate by not returning the bottles. I have in mind one city in Pennsylvania a few years ago that was using so many bottles—I mean the bottles were not returned—that the dealers began putting on a deposit. The result was that the following year they used just as many crates of bottles as they used carloads of bottles the year before. This sounds fantastic, but it is nevertheless true.

There was a time not many years ago when we heard little or nothing about sanitary regulations in the production and handling of dairy products. The milk retailers in the city purchased milk where they could get it at a price they established themselves. At certain periods of the year that price was high and other periods very low, and a farmer could drive to a milk plant in the morning with his milk to have the dairyman tell him that he did not need his milk; that he was getting too much; or he could find fault with it and he could eliminate him by that method. Many a farmer found himself without a market without an hour's notice.

This unfair trade practice, together with other unfair trade practices, worked a terrific hardship on the producers. On the other hand, there were no sanitary regulations on the farms or in the plants, and epidemics were from time to time being traced to the milk supply. Milk was gradually being used more and more. People everywhere were beginning to find out its food value and the demands were rapidly increasing. With it came the demand for a higher-classed product from the consumer and relief from unfair trade practices from the producers. Some unfair trade practices that still exist are, for instance, bootlegging of milk. May I say right here there is not so much milk bootlegged. Bootlegging confines itself principally to cream. A great many people do not know that cream may be shipped long distances, made under unsanitary conditions, may even reach the stage in which it cannot be poured, and still be washed in a lime or chlorine solution, diluted with condensed or skim milk or water, pasteurized several times, and sold as a fair quality of milk to the unsuspecting public. Another unfair trade practice that some folks say still exists, and probably does, is the purchasing of butter—cheap butter—butter known as rancid or off quality. This, too, can be melted, reverted into cream, and finally back into milk, and sold to the same consumers who, with the producers, are the victims of these unfair trade practices.

During the last few years we have heard charges and countercharges of bootlegging here in the Capital; and let me say right here that the milk problems of Washington, D. C., are no different than they are in every municipality in the country. The same kind of tactics have been used wherever milk has been sold at some time or other. But there must have been some bootlegging resorted to here in the Capital, because during the time when this bootlegging charge was made the sales of local milk went down as much as 60,000 quarts per day. And after the bootlegging was stopped, if it has been stopped, the sales increased for the balance of that year more than $500,000.

Charges have been made that during the investigation of this bootlegging the hands of the committee were tied. They did get far into the racket but found that it smelled as high as heaven. It is my candid opinion that the stench came from the product that was being bootlegged in and that the investigation got along all right according to the record, which contains volumes, and which I have read. There was nothing wrong with the investigation except that the trail led to the front door of the wrong party, and there it stopped.

I have always contended, and have said on the floor of the House on more than one occasion, that milk in the District of Columbia is retailing too high. Yet those people who want cheaper milk have access to 11-cent milk at the chain grocery stores. I am informed that there are more than 200 stores in the District of Columbia selling milk at 11 cents per quart. It has been pointed out here that Mayor LaGuardia has done marvelous work along this line for New York. I am pointing out that Washington, D. C., has the same service that New York has; that is, milk stations have been opened to sell cheap milk to people on relief. This method here in the city has recently been severely criticized. I said at that time, and it was only a few weeks ago, that I felt sure that when the people of the city understood that this milk was available at the 11 stations established here that they would avail themselves of this cheap milk. And I find that now, in about a months time, the sales have more than doubled. I am talking of the 5-cent milk sold to people on relief at the 11 stations open throughout the city.

Now, let us compare the retail price of milk in Washington with that of Chicago, and we find that the local price is 14

cents for 4-percent milk. In Chicago it is 13 cents for milk testing 3.6, or equivalent to 14.4 cents for 4-percent milk. It is true there is a lot of milk selling for less than this price in Chicago, and has been for some time, because of a price war going on there. Now, let us come back and, for just a minute or two, consider whether the putting of these sanitary regulations into effect and the organization of the producers' associations in the milksheds supplying these cities has been worth while. First, let us consider the quality of milk. We find that in 1920, here in the District of Columbia, and I quote from the District of Columbia Department of Health report, the bacteria in raw milk received from the farms was 1,898,000 per cubic centimeter as against 18,500 in 1938. The bacteria in pasteurized milk received by consumers in 1920 contained 120,000 bacteria per cubic centimeter as against 7,000 in 1938. We find a corresponding increase of butterfat, which was, in 1928, 4 percent as against 4.14 in 1938. We turn to the infant mortality rate in the District of Columbia and we find that in 1925 we had a death rate per thousand of live births under 1 year of age of 87.5, as against a death rate in 1938 of 48.1. In other words, as the standard of the quality of milk and cream sold here went up the death rate of children below 1 year of age was practically cut in half. I am asking you to judge for yourself whether or not it was worth while.

Much criticism has been aroused about the farmer-producer organizations, not only here in this milkshed but in other milksheds, too. I shall confine my remarks, however, to the Maryland-Virginia Milk Producers' Association, covering the milkshed supplying this municipality with milk. The history of this organization, however, will check with that of every other farm cooperative.

Due to unfair trade practices, due to infant mortality and raging epidemics, and due to a demand for a higher quality of milk as well as for a stable supply, the University of Maryland, 20 years ago, organized the producers in both Baltimore and Washington areas. I question whether the university has ever done anything that was of greater service or that will stand to its everlasting credit more than this organization of milk producers. And let me say here that the Baltimore organization and the Washington organization are two separate and distinct cooperatives at the present time. My interest in maintaining the local organization is because I know that unless we maintain the producer's organization in the Washington milkshed we cannot maintain the producer's organizations in other milksheds. I have a great many farmers in my district who belong to the Interstate Milk Producers' Association of Philadelphia, and they are enjoying a fair market and I do not want to see it taken away from them. The charge has been made that there are many farmers in my district who want to sell milk into Washington. This is not true and never was. We now have two farmers from Pennsylvania shipping milk into Washington, D. C. We do have some milk going into Baltimore from my county. The sanitary regulations for the Washington market are of such a nature that most of the farmers in my district would have to build new barns were they to ship here. The markets they now enjoy are not so bad that they would be justified in making this added expenditure.

Criticisms have been made of the salaries received by the officers of the producers' organizations. These salaries are paid by the producers by a brokerage charge of 1 cent per gallon. This is called a revolving fund. Out of it producers are paid if dealers fail. In other words, accounts are made safe by this fund. This has created quite a large fund, really larger than was necessary; and some years ago they started to pay back each year to the producers from this fund. The amount returned last year to the producers in this milkshed was $122,000 and will probably be $100,000 this year. In checking the salaries of the officers of the producers' organization with those of the officers of the dairies serving this city we find that they are just about the same.

The call has been made for an investigation of the local milk market by the Federal Trade Commission. I remember about 1934 or 1935 the Federal Trade Commission investigated the markets of Boston, New York, and Philadelphia. The hearings were conducted by Judge H. W. Hilldrop, of Tennessee. It was my privilege to sit in on these hearings in Philadelphia. A gang of attorneys lived in Philadelphia's swankiest hotel for a number of weeks. I recall one afternoon in the hearing when the judge rapped the gavel on the table and said, "Gentlemen, don't you think we ought to have a smoke?" Of course, everybody agreed and so the court recessed for 15 minutes to smoke. At the end of 15 minutes, which was 4:30 p. m., the court was called to order. A witness was put on the stand and sworn in when the judge pulled his watch again and said, "Gentlemen, I have forgotten I was invited out to go places and see things tonight. The court will recess until tomorrow morning at 9 o'clock." That night I picked up the Philadelphia Bulletin and read an account of the milk hearing. It said that the hearings were about to come to a close; that the committee had exhausted its fund of $850,000 and would ask for an additional $150,000 to conclude the hearings.

The report of these investigations filled volumes. I have looked them over and all they said was that they had not investigated sufficiently to make a definite report. They should have another $1,000,000 to investigate Chicago and St. Louis markets before making any definite recommendations. This is not a slam at the Federal Trade Commission but it is a statement of fact of the investigation conducted by Judge Hilldrop for the Commission in the three cities mentioned. I am reliably informed and willing to believe that the Commission is better handled today.

I have listened for a long time—for a number of years—to charges being made against various corporations—various organizations—and generally those making the charges upon whom rests the burden of proof are hard to find when the proper time comes. I was very much amused yesterday to pick up the newspaper and see that the Government's antitrust case against 45 individuals, corporations, and associations in the milk industry of Chicago were dismissed and the charges dropped. The case was one of the largest in the Department of Justice's campaign against alleged monopolies. Special Assistant Attorney General Tierney informed Judge Woodward that the consent decree had been arranged. The judge then dismissed the charges of conspiracy to violate the antitrust law against all of the defendants. The judge said that he felt the action best served the interests of all concerned. The charges in that case were just the same as the charges against the local producers' organization, milk dealers, and wagon drivers, together with the local health officials, as are being made here in this market.

I might have discussed in detail the stable supply of good milk now available here as compared with the milk the city would be compelled to use if the present set-up were broken down and the retailers permitted to go out and purchase cheap milk. By cheap milk I mean the surplus milk from other markets, and those other markets might be anywhere in the United States, or distressed milk, which is a quantity of milk that springs up anytime, anywhere, due to local weather conditions. These two supplies of milk are likewise stopped without notice for many reasons, principally due to weather conditions. I would like to discuss many other phases of this market and the industry, generally, but time and space forbid. However, I shall be glad at any time to furnish such knowledge as I have of the milk industry generally to interested persons seeking constructive information.

My object in inserting this matter in the RECORD is because I felt it was my duty to turn the light on this subject. I have avoided heat and personalities and confined myself to facts. I shall continue to stand by them and want it definitely understood that I am fighting no battles for any particular individual or organization and do not intend to be actively engaged in any further milk fights in Washington, D. C. This matter will stand in the RECORD as information for those who want information after this. I harbor no ill-will against any of the parties involved, but do believe that

those who have made former charges and those who want to make charges hereafter should be in a position to make those charges good. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include excerpts from an article by A. H. Lane.

The SPEAKER pro tempore. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. POLK, for 2 weeks, on account of important business.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3612. An act to authorize the Secretary of War to accept, as loans, from States and political subdivisions thereof, funds to be immediately used in the prosecution of authorized flood-control work, and for other purposes; to the Committee on Flood Control.

S. 3426. An act to amend the Agricultural Adjustment Act, as amended, and as reenacted by the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4031. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio;

H. R. 8551. An act for the relief of Xenophon George Panos;

H. R. 10026. An act to provide for the disposition of certain photographed records of the United States Government, and for other purposes;

H. R. 10176. An act authorizing the Secretary of the Interior to issue patents for lands held under color of title;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy;

H. J. Res. 445. Joint resolution to establish a Commission for the Celebration of the Two Hundredth Anniversary of the Birth of Thomas Jefferson; and

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2991. An act to authorize the Secretary of the Navy to accept on behalf of the United States certain lands in the city of National City, Calif.

ADJOURNMENT

Mr. THOMASON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 56 minutes p. m.), pursuant to its order heretofore entered, the House adjourned until Monday, September 23, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1949. A letter from the quartermaster general, United Spanish War Veterans, transmitting the proceedings of the convention of the Forty-second National Encampment of the United Spanish War Veterans, held in Detroit, Mich., August 18 to 22, 1940 (H. Doc. No. 953); to the Committee on Military Affairs and ordered to be printed with illustrations.

1950. A letter from the Secretary of War, transmitting a draft of a proposed bill to provide for an extension of the conditions under which a money allowance for rental of quarters may be paid to certain noncommissioned officers of the Army of the United States; to the Committee on Military Affairs.

1951. A letter from the Secretary of War, transmitting a draft of a proposed bill to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances thereof, and for other purposes; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 88. Concurrent resolution authorizing the printing of additional copies of Public Law No. 785, the Transportation Act of 1940; without amendment (Rept. No. 2948). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 9989. A bill authorizing the Administrator of Veterans' Affairs to transfer certain land to the city of Memphis, Tenn., for street-widening purposes; with amendment (Rept. No. 2949). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 10224. A bill to establish the minimum permanent authorized enlisted strength of the active list of the Marine Corps; without amendment (Rept. No. 2950. Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine and Fisheries. H. R. 10501. A bill to amend section 509, as amended, of the Merchant Marine Act, 1936; with amendment (Rept. No. 2951). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 604. Resolution for the consideration of H. R. 10465, a bill to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918; without amendment (Rept. No. 2952). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 605. Resolution for the consideration of H. R. 10464, a bill to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts; without amendment (Rept. No. 2953). Referred to the House Calendar.

Mr. THOMASON: Committee on Military Affairs. H. R. 10335. A bill to remove the restriction placed upon the use of certain lands acquired in connection with the expansion of Mitchel Field, N. Y.; without amendment (Rept. No. 2954). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 7405. A bill to repeal an obsolete section of the District of Columbia Code; without amendment (Rept. No. 2955). Referred to the House Calendar.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 9947. A bill to repeal obsolete statutes and to improve the United States Code; with amendment (Rept. No. 2956). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 9773. A bill to repeal obsolete statutes and to improve the United States Code; without amendment (Rept. No. 2957). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 9882. A bill to repeal obsolete statutes and to improve the United States Code; without amendment (Rept. No. 2958). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 10131. A bill to repeal obsolete statutes and to improve the United States Code; without amendment (Rept. No. 2959). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 10123. A bill to repeal obsolete statutes and to improve the United States Code; without amendment (Rept. No. 2960). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. H. R. 10411. A bill to repeal obsolete statutes and to improve the United States Code; without amendment (Rept. No. 2961). Referred to the Committee of the Whole House on the state of the Union.

Mr. KEOGH: Committee on Revision of the Laws. S. 3990. An act to transfer the essential language of section 518, title IV, of the Tariff Act of 1930, approved June 17, 1930, into the Judicial Code of the United States and to provide for its reenactment as part of said Judicial Code, to take effect from the date of its passage, including the allowance to the judges of the United States Customs Court, Government counsel, and stenographic clerks as set forth therein for traveling expenses incurred for maintenance while absent from New York on official business, and to repeal all acts inconsistent therewith to the extent of such inconsistency, and for other purposes; with amendment (Rept. No. 2962). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 10495. A bill to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes; without amendment (Rept. No. 2963). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER of Ohio: Committee on Military Affairs. S. 3636. An act to amend the National Defense Act, as amended, so as to provide for retirement of assistant chiefs of branches and of wing commanders of the Air Corps with the rank and pay of the highest grade held by such officers as assistant chiefs and wing commanders, and for other purposes; without amendment (Rept. No. 2964). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Ohio:

H. R. 10517. A bill to provide for the free transmission in the mails of absentee ballots of officers and enlisted men of the land and naval forces of the United States; to the Committee on the Post Office and Post Roads.

By Mr. H. CARL ANDERSEN:

H. R. 10518. A bill granting the consent of Congress to the Department of Highways and the county of Big Stone, State of Minnesota, to construct, maintain, and operate a free highway bridge across the Whetstone diversion channel at or near Ortonville, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. DIMOND:

H. R. 10519. A bill to amend section 6 of an act of Congress approved May 20, 1935, entitled "An act concerning the incorporated town of Seward, Territory of Alaska"; to the Committee on the Territories.

By Mr. IZAC:

H. R. 10520. A bill to provide for cancelation of citizenship in the case of certain naturalized citizens of the United States; to the Committee on Immigration and Naturalization.

By Mr. KING:

H. R. 10521. A bill to provide for the establishment of a fishery research laboratory in the Territory of Hawaii in cooperation with the government of the Territory of Hawaii; to the Committee on Merchant Marine and Fisheries.

By Mr. MUNDT:

H. R. 10522. A bill to provide for the establishment of Fort Sisseton National Historical Park; to the Committee on the Public Lands.

By Mr. SECREST:

H. R. 10523. A bill providing for the apportionment among the States for road construction of all funds derived from any Federal tax on the sale of gasoline or lubricating oils; to the Committee on Roads.

By Mr. VOORHIS of California:

H. R. 10524. A bill to promote international understanding in the Americas by a mutual interchange of students between the various republics; to the Committee on Education.

By Mr. HILL:

H. R. 10525. A bill to amend the act of June 10, 1933, relating to the exportation of apples and pears, so as to more adequately protect American exporters of such fruit; to the Committee on Agriculture.

By Mr. MAY:

H. R. 10526. A bill to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances therefor, and for other purposes; to the Committee on Military Affairs.

H. R. 10527. A bill to provide for an extension of the conditions under which a money allowance for quarters may be paid to certain noncommissioned officers of the Army of the United States; to the Committee on Military Affairs.

By Mr. O'CONNOR:

H. R. 10528. A bill to amend an act entitled "An act to provide funds for cooperation with the public-school district at Hays, Mont., for construction and improvement of public-school buildings to be available for Indian children"; to the Committee on Indian Affairs.

By Mr. SUMNERS of Texas:

H. R. 10529. A bill to extend the provisions of the act of May 22, 1934, as amended, known as the National Stolen Property Act; to the Committee on the Judiciary.

By Mr. SCRUGHAM:

H. R. 10530. A bill to provide an improved highway into the Pyramid Lake Indian Reservation; to the Committee on Appropriations.

By Mr. MARCANTONIO:

H. J. Res. 608. Joint resolution to strengthen the national defense; to prevent dislocation in the economic life of the Nation; to restore the civil liberties and rights of the people; and to keep the United States out of war, by repealing Public Law No. 783, Seventy-sixth Congress (ch. 720, 3d sess.); to the Committee on Military Affairs.

By Mr. HORTON:

H. Res. 606. Resolution authorizing an investigation of the land purchase and consolidation program conducted on behalf of the Shoshone and Arapaho Indian Tribes of the Wind River Reservation in Wyoming; to the Committee on Rules.

H. Res. 607. Resolution to provide for expenses of investigation authorized by House Resolution 606; to the Committee on Accounts.

By Mr. VOORHIS of California:

H. Res. 608. Resolution to assure the judicious expenditure of funds appropriated for national defense; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COFFEE of Washington:

H. R. 10531. A bill authorizing the reenlistment in the United States Army of Theodore E. Johnson; to the Committee on Military Affairs.

By Mr. GREGORY:

H. R. 10532. A bill to confer jurisdiction upon the United States District Court for the Western District of Kentucky to hear, determine, and render judgment upon the claim of Theodore R. Troendle, sole stockholder of the Dawson Springs Construction Co.; to the Committee on Claims.

By Mr. JOHNSON of Illinois:

H. R. 10533. A bill for the relief of Manuel G. Rambo; to the Committee on Military Affairs.

By Mr. McLAUGHLIN:

H. R. 10534. A bill for the relief of Joseph Pollack; to the Committee on Claims.

By Mr. PETERSON of Georgia:

H. R. 10535. A bill for the relief of Annie E. Griffeth; to the Committee on Claims.

H. R. 10536. A bill for the relief of Wallace L. Edenfield; to the Committee on Claims.

By Mr. RISK:

H. R. 10537. A bill for the relief of George Washington Webster; to the Committee on Naval Affairs.

By Mr. SCHAFER of Wisconsin:

H. R. 10538. A bill granting a pension to Anna Maria Amberg; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9303. By the SPEAKER: Petition of F. J. Safley, J. A. Bell, and James W. Reagan, of San Gabriel, Calif., petitioning consideration of their resolution with reference to flood control, United States Army engineers' projects; to the Committee on Flood Control.

9304. Also, petition of the United Automobile Workers of America, Hudson Local 154, Detroit, Mich., petitioning consideration of their resolution with reference to Senate bill 591, United States Housing Authority program; to the Committee on Banking and Currency.

SENATE

FRIDAY, SEPTEMBER 20, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

God of all wisdom, who knowest our necessities before we ask and art always more ready to give than we are to receive: Forgive, we beseech Thee, our pitiful worship and the poverty of our prayers. Make us to worship Thee in the depths of our spirit and in truth. Hearken not to our petitions but to the crying of our need for clean hands, pure hearts, and the forgiveness of our sins. We ask for no far-off vision which may obscure the nearer duty, for no enchantment which may slacken our hands or enfeeble our spirits, but for the vision of Thyself in the common things of every day. Remove the suspicion which regards Thy service as an intrusion on our time, an interference with our daily task, and do Thou so fashion our lives that every citizen of our beloved country, from the chiefest to the humblest, shall put character above reputation, virtue above success, and devotion to God above every other loyalty. In our Saviour's name we ask it. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, September 19, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Sheppard
Andrews	Frazier	Lodge	Shipstead
Ashurst	George	McKellar	Smathers
Austin	Gerry	McNary	Stewart
Bailey	Gibson	Maloney	Taft
Barkley	Gillette	Mead	Thomas, Idaho
Bilbo	Glass	Minton	Thomas, Okla.
Brown	Green	Murray	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Tydings
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Johnson, Calif.	Reed	Wiley
Danaher	Johnson, Colo.	Russell	
Davis	King	Schwartz	
Downey	La Follette	Schwellenbach	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Ohio [Mr. DONAHEY], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Delaware [Mr. HUGHES], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkanas [Mr. MILLER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Jersey [Mr. BARBOUR], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. HOLMAN], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the bill (S. 1450) to provide funds for cooperation with school district No. 13, Froid, Mont., for extension of public-school buildings to be available to Indian children, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10413) to provide revenue, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. CULLEN, Mr. MCCORMACK, Mr. COOPER, Mr. TREADWAY, Mr. CROWTHER, and Mr. KNUTSON were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 8369) authorizing a per capita payment of $10 each to the members of the Red Lake Band of Chippewa Indians from any funds on deposit in the Treasury of the United States to their credit, in which it requested the concurrence of the Senate.

LEAVE PROVISION FOR POSTMASTERS CALLED TO DUTY WITH THE ARMED FORCES

The PRESIDENT pro tempore laid before the Senate a letter from the Postmaster General, transmitting a draft of proposed legislation to amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes," which, with the accompanying paper, was referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee on Appropriations, to which was referred the resolution (S. Res. 314) creating a special committee to find ways and means for an automatically balanced Budget, reported it without amendment; and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. BURKE, from the Committee on Claims, to which was referred the bill (S. 4360) to confer jurisdiction upon the United States District Court for the Western District of Kentucky to hear, determine, and render judgment upon the claim of Theodore R. Troendle, sole stockholder of the Dawson Springs Construction Co., reported it without amendment and submitted a report (No. 2145) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 4338) to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended, reported it without amendment and submitted a report (No. 2146) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 19, 1940, that committee presented to the President of the United States the enrolled bill (S. 2991) to authorize the Secretary of the Navy to accept on behalf of the United States certain lands in the city of National City, Calif.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DOWNEY:

S. 4367. A bill for the relief of Kurt Bernhardt; to the Committee on Immigration.

By Mr. SCHWELLENBACH:

S. 4368. A bill to amend section 6 of an act of Congress approved May 20, 1935, entitled "An act concerning the incorporated town of Seward, Territory of Alaska; to the Committee on Territories and Insular Affairs.

By Mr. PEPPER:

S. 4369. A bill for the relief of John Eliou; to the Committee on Immigration.

By Mr. SHEPPARD:

S. 4370. A bill authorizing the President to appoint an Under Secretary of War during national emergencies, fixing the compensation of the Under Secretary of War, and authorizing the Secretary of War to prescribe duties; to the Committee on Military Affairs.

UNIFORM DIRECTIONAL MARKERS FOR SAFE AIR TRAVEL

Mr. PEPPER. Mr. President, I ask consent to introduce a joint resolution for appropriate reference. I also request that a statement relative to the matter of uniform directional air land markers for safety in air travel may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The joint resolution (S. J. Res. 300) for the promotion of safety in air travel by the construction of uniform identifying land markers was read twice by its title and referred to the Committee on Commerce.

The statement presented by Mr. PEPPER in connection with the joint resolution is as follows:

UNIFORM DIRECTIONAL AIR MARKERS FOR SAFE AIR TRAVEL

The Aviation Defense Association, of Washington, D. C., announces its immediate campaign to cooperate with the Civil Aeronautics Administration, in a program to arouse Nation-wide interest in safety of air travel.

With thousands of air pilots, instructors, and students almost continually in the air, it is urgently necessary to provide directional land markers throughout the country to make aviation safe.

Uniform markers of various sizes will be necessary. In some sections the arrows and names of towns, painted on the roofs of buildings, will guide the pilots and students. In other instances markers may be painted on highways or monuments or may be constructed in open fields or on hillsides.

Already the Civil Aeronautics Administration visualizes over 400 intermediate landing fields and 2,400 actual airports with a potentiality of 3,600. Furthermore there will be many ground and flight schools, with 1,500 air pilots being trained every 4 months, a total of 45,000 during the present year.

The Aviation Defense Association plans to enlist the support of Governors of States, county officials, mayors of cities in this great undertaking so vital to the safety of air pilots, both military and commercial.

With the proper air markers the hazard of flying will be greatly reduced, and for that reason we call upon not only State officials, but the citizens of the United States, to assist in placing these uniform directional signs in their immediate neighborhood.

The lighting of directional air markers other than those at airports and landing fields which are taken care of, is most desirable. They should be illuminated in accordance with regulations and instructions which we can furnish.

The Civil Aeronautics Administration has located some 2,200 standard beacons in addition to blinkers, and all persons should be informed these air navigation lights must be certified to before being placed.

Last year, our association sponsored and established legislation for the annual celebration of National Aviation Day on August 19, Dr. Orville Wright's birthday, through congressional resolutions introduced by Senator PEPPER, Representative J. H. PETERSON, and other Members of Congress.

This year, as an aid to the establishment of air land markers, Representative J. H. PETERSON, of Florida, and Senator CLAUDE PEPPER, of Florida, have introduced the following joint resolution:

"For the promotion of safety in air travel by the construction of uniform identifying land markers

"Whereas the rapid progress of aviation and its continued growth and importance to commercial interests and to our national defense has increased the necessity for establishing additional safety measures; and

"Whereas the construction of uniform directional identifying landmarks on the tops of structures and on the ground has now become imperative; and

"Whereas it is desired to foster public opinion and sentiment for the construction and maintenance of these identifying landmarks for the convenience and maintenance and safety of commercial, private, military, and naval interests in air travel and 'for youth education in aviation': Therefore, be it

"*Resolved, etc.*, That the Work Projects Administration, Civilian Conservation Corps, and other public organizations are authorized to give their support, insofar as practicable, to the construction of uniform directional identifying landmarks for safety in air travel, on the tops of public or private buildings or lands under the supervision of the Civil Aeronautics Authority of the Department of Commerce. That the Governors of States and Territories be requested to aid in all Federal agencies now engaged in the promotion of safety for air travel."

The Aviation Defense Association asks the people of the United States seriously to urge their Representatives in Congress to support the above resolution so necessary to our national air defense.

THE AVIATION DEFENSE ASSOCIATION, INC., *Washington, D. C.*

By J. E. MYERS,

Colonel, United States Army, Retired, President.

HOUSE BILL REFERRED

The bill (H. R. 8369) authorizing a per capita payment of $10 each to the members of the Red Lake Band of Chippewa Indians from any funds on deposit in the Treasury of the United States to their credit was read twice by its title and referred to the Committee on Indian Affairs.

AMENDMENT TO RIVER AND HARBOR DEFENSE IMPROVEMENT BILL—SABINE-NECHES WATERWAY, ORANGE, TEX.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes, which was ordered to lie on the table and to be printed.

TRANSFER OF MILITARY AND NAVAL EQUIPMENT TO GREAT BRITAIN

Mr. LODGE. Mr. President, I intend to present a resolution to the Senate, which I should like to read—it is very brief—and then take about 3 minutes to explain it.

The resolution is as follows:

Resolved, That the President of the United States, if not incompatible with the public interest, is requested to inform the Senate whether in the negotiations of the arrangement between himself and the Secretary of State, representing the Government of the United States, and the British Ambassador at Washington, representing His Majesty's Government in the United Kingdom, for the acquisition by the United States of naval bases in the Western Hemisphere and the exchange therefor of certain vessels of the United States, said arrangement contemplated further delivery to Great Britain of additional naval and military equipment and material as would appear from the letter of the British Ambassador to the Secretary of State, dated September 2, 1940, wherein it is stated that certain islands in the Caribbean and in British Guiana will be leased to the United States by the British Government "in exchange for naval and military equipment and material which the United States Government will transfer to His Majesty's Government," and whether the reply of the Secretary of State to said letter of the British Ambassador that "the United States Government will immediately transfer to His Majesty's Government 50 United States naval destroyers" meant that additional naval and military equipment and material would follow.

Mr. President, that resolution is identical to one offered in the House by my very able friend, Representative ROGERS of Massachusetts. It simply seeks to ascertain whether it is planned to send any more American weapons or vessels or military or naval equipment abroad. I recognize that two points of view are possible on the question of sending weapons abroad. I happen to be one who has always been opposed to doing that. In my judgment, there is no such thing as a surplus of weapons. There is no such thing, when an emergency is faced, as a weapon that is completely and truly obsolete.

I have had some service in the Army with tanks which are supposed to be obsolete, but the fact of the matter is that even with so-called obsolete tanks young men can learn how to drive and how to make repairs, and they can learn signal communications, tactics, and a great many other things.

I think there is no question that a number of naval reservists will be deprived of training which they otherwise would receive, because so many destroyers have left Boston and have gone abroad.

There may be two opinions on this matter. I happen to think that we ought to defend America first. I cannot, however, conceive how anyone can doubt that a question of such importance, regardless of one's opinion about it, should be submitted to Congress, and should be thoroughly debated and approved by Congress.

It is said, of course, that we were not using the destroyers, that we have not been using the Enfield rifles, and have not been using the 75's. In my view, the whole reason why we have an Army and Navy is so that we shall not have to use them. The reason why I support national defense is because of my belief that if we are sufficiently well armed it may not be necessary for us to use our weapons.

We continually see rumors in the press to the effect that two-thirds or nine-tenths or some huge fraction of our airplane production is going abroad, and that that is the reason why the accretions of airplanes to our Army and Navy are so small. I do not affirm; I do not deny; I do not know what the facts are. But I say we should have the facts. We should know whether or not our Army and Navy are getting up-to-date planes, and if not, what is the reason. If we are to train pilots to fly modern, high-speed planes, we must have modern, high-speed planes in which to train them.

So I submit the resolution to the Senate. It is a counterpart of one which has been submitted in the House. I submit the resolution simply to obtain information, to find out whether or not any further depletion of our one-ocean Navy and our admittedly inadequate Army is contemplated.

No one is more enthusiastically in favor of acquiring naval bases in this hemisphere than am I. In fact, I think the Senator from Oregon [Mr. MCNARY] and myself introduced the first piece of legislation in this body on the subject. I think it is still pending. We introduced a measure calling upon the Secretary of State to enter into negotiations to acquire naval bases. No one is more enthusiastically in favor of acquiring naval bases than am I. However, I think the procedure which was used is not in accordance with our theory of government.

Certain issues are raised by sending part of our Navy abroad. After all, that is what it is. Let us call things by their true names. We are sending part of our Navy abroad. We are becoming a partner in the blockade. We are coming measurably nearer to the conflict. Let us not blink the facts. Perhaps we want to do it; but let us do it consciously, deliberately, and because we want to. Let us not slip into it sidewise, without admitting to ourselves that that is what we are doing.

This transaction raises five or six issues, which I have mentioned today, and a great many more which I have not mentioned, any one of which would be a major issue of congressional dispute in normal times.

I simply wish the RECORD to show my belief that if the American people want to embark on this policy, that is their right; but the question is one which ought to be debated and settled by Congress.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. TAFT. Is the Senator advised of the importance to the Navy of the flying boats which authoritative sources seem to say are about to be transferred? Can the Senator give me any information as to their importance?

Mr. LODGE. I do not know which ones are in contemplation. I certainly think that flying boats are of the most tremendous value to a navy. So long as we have only a one-ocean Navy, and so long as the Pamana Canal in as vulnerable as it is, we certainly ought to build up our own Navy; and the flying boats are an essential part of the fleet.

I submit the resolution and ask that it be referred to the Committee on Foreign Relations.

The PRESIDENT pro tempore. The Senator from Massachusetts asks unanimous consent to submit the resolution at this time. Is there objection?

There being no objection, the resolution (S. Res. 317) was received and referred to the Committee on Foreign Relations.

Mr. BARKLEY. Mr. President, I have no objection to the course pursued by the Senator in having the resolution referred to the Committee on Foreign Relations. That was the course which I intended to suggest to him if he had not done so of his own accord.

I do not wish to take up the time of the Senate in rehashing what the French would call a fait accompli in the transfer of 50 destroyers in exchange for certain bases. If the President has done one thing during these troubled times which, in my judgment, has met with the overwhelming approval of the American people, it is the accomplishment of this transfer under the terms which were part of the understanding.

I do not know to what extent the President could with wisdom reveal to Congress or to the public day by day or week by week negotiations which are going on in regard to our foreign relations. Neither do I desire to prognosticate as to how long the Congress would have taken to debate the wisdom of the course which the President took. The war might have been over before we ever should have arrived at a conclusion about it. I am not saying it would, but it might.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BARKLEY. Not at this moment. I am in the middle of a thought. I shall be glad to yield later.

The President took a course which he was authorized to take under the law. There are some who, for political reasons, have criticized the method by which he accomplished this transaction; but the American people as a whole have not criticized it. On the contrary, they have applauded it.

I do not believe that the American people are very much interested in the fine technicalities of executive authority. In my judgment, the course which the President took was a primary and fundamental course in the interest of American defense.

Someone has referred to the 50 destroyers as one-seventh of the Navy. They may be in number, but certainly not in value or in tonnage. Hitler referred to them as "50 old crates." He may have been exaggerating in his effort to minimize their value to the British Navy, but even if it be true that the destroyers were of no practical value, or not very great practical value because of their age, and that the bases were of no monetary or practical value to England, it seems fair to say that the destroyers are of great value to England and that the bases are of infinite value to the United States. But, regardless of that fact, the transaction has been accomplished. I believe that the American people overwhelmingly approve it; and I sincerely trust that no effort is to be made to embarrass our Government because of something which has already happened, which I believe the American people approve, and which I believe was thoroughly legal and wise.

ADDRESS BY SENATOR MINTON BEFORE SOUTHERN INDIANA LABOR DAY ASSOCIATION

[Mr. MINTON asked and obtained leave to have printed in the RECORD an address delivered by him before the Southern Indiana Labor Day Association at Mount Carmel, Ill., on September 2, 1940, which appears in the Appendix.]

SENATOR HENRY F. ASHURST

[Mr. BROWN asked and obtained leave to have printed in the RECORD an editorial from the Detroit News entitled "Unspoiled by Defeat," which appears in the Appendix.]

VOTING RECORD OF SENATOR MALONEY ON LABOR MEASURES

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a letter from William Green, president of the American Federation of Labor, with reference to the voting record of Senator MALONEY on measures of interest to labor, and a compilation of the votes of Senator MALONEY on labor legislation, which appear in the Appendix.]

HON. HENRY WALLACE

[Mr. GILLETTE asked and obtained leave to have printed in the RECORD an article from the National Record of September 21, 1940, on Hon. Henry Wallace, nominee on the Democratic ticket for Vice President, which appears in the Appendix.]

LIMITATION OF PRESIDENTIAL TERM—STATEMENT BY VANCE C. M'CORMICK

[Mr. BURKE asked and obtained leave to have printed in the RECORD a statement presented to the subcommittee of the Senate Committee on the Judiciary on limitation of term of Presidency by Hon. Vance C. McCormick, of Pennsylvania, former chairman of the Democratic National Committee, which appears in the Appendix.]

LIMITATION OF PRESIDENTIAL TERM—ARTICLE BY ARTHUR KROCK

[Mr. BURKE asked and obtained leave to have printed in the RECORD an article by Arthur Krock on the limitation of the Presidential term, published in the New York Times of September 18, 1940, which appears in the Appendix.]

ARTICLES BY KENNETH CRAWFORD AND RAYMOND CLAPPER ON NATIONAL DEFENSE

[Mr. WHEELER asked and obtained leave to have printed in the RECORD a series of articles relating to national defense, written by Kenneth Crawford, published in the newspaper PM, and an article by Raymond Clapper, which appear in the Appendix.]

A TIMETABLE OF DICTATORSHIP

[Mr. THOMAS of Idaho asked and obtained leave to have printed in the RECORD A Timetable of Dictatorship, recently published by the Mill & Factory magazine, which appears in the Appendix.]

CONSTITUTION DAY—ADDRESS BY ATTORNEY GENERAL JACKSON

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address by Attorney General Jackson on Constitution Day, delivered Tuesday, September 17, 1940, which appears in the Appendix.]

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

The PRESIDENT pro tempore. The Chair lays before the Senate the conference report on Senate bill 3550, to make unlawful the transportation of convict-made goods in interstate and foreign commerce.

Mr. NEELY. Mr. President, I now renew the motion which I made nearly 2 weeks ago that the Senate adopt the conference report.

The PRESIDENT pro tempore. The question is on the motion of the Senator from West Virginia.

ADDITIONAL APPROPRIATIONS FOR MILITARY ESTABLISHMENT

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from West Virginia yield to the Senator from Virginia?

Mr. NEELY. I do.

Mr. GLASS. I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House Joint Resolution 607, making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Virginia that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House Joint Resolution 607?

Mr. NEELY. Mr. President, I inquire of the Senator from Virginia whether the matter which he wishes to dispose of will probably lead to any considerable debate.

Mr. GLASS. I hope not, sir. I apprehend there will be no considerable debate. It is a very emergent measure, passed by the House yesterday.

Mr. NEELY. Mr. President, in spite of the fact that the conference report has already been too long delayed, the matter to which the Senator from Virginia has addressed himself is of such an important, and in fact emergent, nature that I shall not object to the request; but I give notice that I shall object to a unanimous-consent request to take up any other matter until the conference report now before the Senate shall have been disposed of. I do not, however, object to the request of the Senator from Virginia.

There being no objection, the Senate proceeded to consider the joint resolution (H. J. Res. 607) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941, which was read, as follows:

Resolved, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Military Establishment for the fiscal year ending June 30, 1941, namely:

Military posts: For construction and installation of buildings, flying fields, and appurtenances thereto, including the acquisition of land, rights appertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes, as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $329,519,902.

Acquisition of land: For acquisition of land, including rights pertaining thereto, leasehold and other interests therein, and temporary use thereof, without regard to the provisions of sections 355, 1136, and 3648, Revised Statutes, as amended (10 U. S. C. 1339; 40 U. S. C. 255; 31 U. S. C. 529), $8,744,000.

Mr. VANDENBERG. Mr. President, I ask the Senator from Virginia what statutes are waived by the exemptions at the bottom of page 1 and the top of page 2 of the joint resolution?

Mr. GLASS. One is a limitation on the construction of permanent barracks. Another is a statute requiring the Attorney General of the United States to pass upon the title of land. Another is a statute with regard to the advance of public moneys before the performance of the work.

Almost this entire appropriation, except $8,000,000 of it, is for the construction and installation of buildings for draftees. The law requires that there shall be no draftees until provision is made for their accommodation, and this measure simply makes provision to house them.

The PRESIDENT pro tempore. The joint resolution is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading, read the third time, and passed.

TRANSPORTATION IN COMMERCE OF CONVICT-MADE GOODS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce.

Mr. NEELY. Mr. President, the attention of the Senate is invited to the fact that the conference report now before us is identical with the bill as it passed the Senate without a dissenting vote, excepting that the words "or District of Columbia" have been inserted in the ninth line, on page 2, of the Senate bill in order to assure the penal and correctional institutions of the District the same privileges and immunities that will be enjoyed by other similar Federal establishments. The report also contains the following additional language, which was inserted after the word "government" in the tenth line on page 2:

Or to commodities manufactured in any State penal or correctional institution for use by any other State or States or political subdivisions thereof; to parts for the repair of farm machinery; or to agricultural commodities.

Mr. FRAZIER. Mr. President, will the Senator yield for a question?

Mr. NEELY. I yield to the Senator from North Dakota.

Mr. FRAZIER. I wish the Senator would explain what is meant by the provision he has just read—that the bill does not apply to goods made in one State for other States.

Mr. NEELY. Mr. President, it means, for example, that the penitentiary in the Senator's State could manufacture and transport in interstate commerce automobile license plates for the State of Missouri.

Mr. GURNEY and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from West Virginia yield, and, if so, to whom?

Mr. NEELY. I yield first to the Senator from South Dakota. Then I shall yield to the Senator from Kentucky.

Mr. GURNEY. Mr. President, can the Senator give me any information as to whether a penitentiary making binding twine would be allowed to sell that binding twine in intrastate business?

Mr. NEELY. Only to another State or subdivision thereof. The great delay in bringing this conference report before the Senate was caused by the fact that some of the conferees insisted upon excepting binder twine and farm machinery from the operation of the bill. But a majority of the conferees decided that there was no more reason for excepting binder twine and farm machinery than there was for excepting any other article of commerce.

Mr. GURNEY. Did the Senator misunderstand me? The binding twine made by the penitentiary, say, of South Dakota could be sold in South Dakota?

Mr. NEELY. Certainly. I thought the Senator said in interstate business.

Mr. GURNEY. I said "intrastate business."

Mr. NEELY. I am sorry that I misunderstood the Senator's question.

Mr. BARKLEY. Mr. President——

Mr. NEELY. I yield to the Senator from Kentucky.

Mr. BARKLEY. The Senator said that under this conference report a penitentiary in one State could sell road machinery to another State desiring to use it. Would that be true also of counties and cities within the State, or other subdivisions of the State?

Mr. NEELY. It would.

Mr. BARKLEY. Of course we all know that under our present road-building program most of the machinery in all the States, I presume, is bought by the State, or by the counties, or by the cities; so that comparatively very little road machinery is bought by private individuals, unless it be bought by road-construction corporations which on a large scale build highways.

I wish to ask the Senator whether the conference report might bring about a situation in which very material injury would be done to competitors in the sale of road machinery if most of it is bought from a penitentiary outside of the State? What effect would it have on them?

Mr. NEELY. Mr. President, in my opinion the conference report contains nothing that could, by any possibility, injure free business or labor. Its purpose is to protect both.

Mr. BARKLEY. Frankly, I do not know to what extent any penitentiary is engaged in making road machinery.

Mr. NEELY. Few, if any, penal institutions make road machinery, and few make machinery of any kind.

Mr. BARKLEY. I suppose there are a larger number which make license plates, which is not very important anyway, so far as the amount is concerned.

Mr. NEELY. The Senator from Kentucky is, as usual, correct.

Mr. BARKLEY. Under the bill, the penitentiary in Kentucky, which might be manufacturing license plates for automobiles in that State, could sell them to Missouri or any other State?

Mr. NEELY. Certainly.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. SHIPSTEAD. I believe that as the law is now, any State has the privilege of barring out goods for its own benefit. Is not that so?

Mr. NEELY. Of course.

Mr. SHIPSTEAD. If any State wishes to stop a State like the State of Minnesota from selling binder twine, it can do so now, can bar it out?

Mr. NEELY. Any State could prohibit its penal institutions from manufacturing or selling binder twine or anything else.

Mr. SCHWARTZ. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. SCHWARTZ. Under the bill as it is reported it would be possible for one penitentiary that is manufacturing blankets or something else to exchange those with another penitentiary in another State?

Mr. SHIPSTEAD. Mr. President, I cannot hear the Senator's question.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. SCHWARTZ. As I understand the bill, the different States may exchange with each other or sell to each other penitentiary-made goods, provided the goods they buy from the other States are used in State institutions, used by the States.

Mr. NEELY. That is correct, and the privilege of purchasing extends to all the States' political subdivisions.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. WILEY. I have listened to what the Senator has said, and I call attention to what has been written into the bill by the conference, on line 10, page 2. I quote:

> Or to commodities manufactured in any State penal or correctional institution for use by any other State or States or political subdivision thereof.

And I continue:

> To parts for the repair of farm machinery or to agricultural commodities.

I have received a great deal of correspondence from people back home in my State who feel that this provision is not broad enough. For instance, I have here a letter from the Wisconsin Council of Agriculture, which represents a large group of agricultural folks in Wisconsin, and a similar letter from Mr. K. W. Hones, who is the head of the Wisconsin Farmers Equity Union. They say:

> The farmers here feel that the reduction in price of prison-made farm machinery is an item in their favor that must be considered. Also, there is not only the opportunity to buy prison-made farm machinery for less money, but furthermore those prices for prison-made farm machinery are definitely a stabilizing influence on the general price structure of other farm machinery.

I read further from one of the letters:

> Up in your corner of the State, should this conference report on bill S. 3550 pass, the farmers will be more handicapped on binder twine than here in southern Wisconsin for the reason that today they are buying prison-made twine from Minnesota, due to the lower transportation cost into northwestern Wisconsin from Waupun. For that reason, I am sure that farmers in northwestern Wisconsin are most keenly alert to the threat which this bill presents.

If the Senator will permit me further; as I understand, the bill, now provides in substance that, so far as commerce between the States is concerned as it relates to prison-made goods, the only exception is as to repair parts for farm machinery, and agricultural commodities. If the prison farm produces agricultural commodities, those commodities can be sold across the State border?

Mr. NEELY. That is correct.

Mr. WILEY. Or if the prison produces farm machinery parts, these parts can be sold across the State border; but nothing else can, unless the deal is between another State or county, school district, or municipality, in another State, with the prison.

Mr. NEELY. Mr. President, in my opinion, the Senator from Wisconsin has correctly interpreted the language of the conference report.

Mr. JOHNSON of Colorado. Mr. President, I desire to read a telegram which I have received from Mr. Thatcher, who is chairman of the legislative committee of the National Farmers' Union and who is also president of the National

Federation of Grain Cooperatives. I presume other Senators have received the same telegram. This is addressed to me and reads as follows:

Our organizations angered by high-handed action conferees on prison-made-goods bill. Acceptance of report would be big victory for Farm Machinery Trust and great setback to farmers in our long battle against trust. Urge recommitment to exempt farm machinery and binder twine.

That is signed by Mr. Thatcher, as I stated.

The labor organizations and the farm organizations have been cooperating and working very closely together. I feel disappointed that any disruption should come in and break up that fine relationship which has been established between these very worthy organizations, the labor organizations and the farm organizations, as this conference report seems to do.

Mr. NEELY. Mr. President, there certainly was no high-handed action by the conferees in adopting the report. They met again and again and thoroughly debated every controversial question involved in the bill. Mr. Thatcher's gratuitous criticism is without justification.

Mr. President, the conference report raises a single question, and that is, Shall we protect free laborers and free manufacturers from the disastrous competition of convicts and the products of their labor? If so, the conference report should be adopted.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. FRAZIER. There is a provision in the measure which allows farm products produced on prison farms to go into interstate commerce. Some of the penitentiaries have big farms, and the work of the farms is done with cheap convict labor. Those farm products go into other States in direct competition with the products produced on the farms of those States. The farm products of our State are practically all sold below the cost of production. So the same argument applies to farm products; and if agricultural machinery produced by convict labor is to be prohibited from moving in interstate commerce, farm products produced on prison convict farms should be treated in the same way.

Mr. NEELY. No farm organization opposed the bill while it was before the committee. If I am not mistaken, an officer of one farm organization has approved this legislation.

Mr. FRAZIER. Certainly the amendment providing for allowing convict prison farm products to go into interstate commerce was not offered at the request of the farmers of the country.

Mr. NEELY. That is quite true.

Mr. FRAZIER. I cannot imagine what farm organization would take such a position. In some of the Southern States I understand there are prison cotton farms. Cotton is a drug on the market in the South. It is selling for about one-half or one-third of the parity price. Certainly the cotton farmers down there do not want to compete with cotton raised with prison labor.

Mr. NEELY. Can the Senator inform us to what extent cotton is produced by State prisons?

Mr. FRAZIER. I do not know. I simply used cotton raised by prison labor as an example. I know that some of the State penitentiaries have large farms.

Mr. NEELY. The cotton grown by convicts is probably less than one-fifth of 1 percent of the entire crop.

Mr. FRAZIER. That may be. But how about farm machinery? The farm machinery produced by convict labor is probably less than one-fifth of 1 percent of the total produced in the country.

Mr. NEELY. That may be true; but a majority of the conferees, nevertheless, believed that farm machinery should not be excepted from the operation of the bill.

Mr. FRAZIER. In North Dakota the only product manufactured in the penitentiaries for sale is binding twine. North Dakota has only a small prison farm, which produces enough farm products for its own inmates, and that is all. It does not have any farm products to sell at all. Certainly none go outside the State. But the Minnesota penitentiary manufactures farm machinery, and our farmers of North Dakota buy some of that Minnesota convict-produced machinery—not a great deal, but quite a little—and it comes into North Dakota at a lower price than the International people sell their machinery, and helps regulate and keep down the prices.

We all know that the Machinery Trust makes apparently an exorbitant profit on its products. It now charges the same price or a higher price than it did even in the World War time, and the prices of farm commodities are far below what they were then. It takes about five times as much farm commodities to buy an International harvester as it did a few years ago.

Mr. NEELY. Mr. President, the Senator's argument is to the effect that the unrestricted sale of convict-made goods would reduce the prices paid by the consumers. This reduction in price would sooner or later mean a reduction in the compensation of every free laborer engaged in the production of articles of commerce similar to those made by convicts who receive practically nothing for their toil. I cannot accept this theory or believe that its adoption would be less than intolerable to free labor.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. WILEY. I think the statement of the Senator at least partially depicts the situation, but I call his attention to the condition the farmer is in, and I wish I had words graphically to impress it upon him and other Senators. As everyone knows, the farmer is in a very bad situation, generally speaking.

Apropos of what the Senator from North Dakota referred to, I have in this letter from the head of the Wisconsin Council of Agriculture some proof of what he suggested, and I read into the RECORD this paragraph:

I am wondering also if a little sectionalism hasn't popped out in this bill for the reason that, it is my understanding, in the South convict labor is largely engaged in agricultural pursuits. Texas, I understand, uses such labor extensively in the production of cotton. Louisiana employs her convict labor in the production of rice and sugar. Here in the North we use our convict labor in industrial pursuits, as well as in the field of agriculture. The agricultural production of convict labor in the North is of a nature that does not go into interstate commerce, while the agricultural production of the convict labor in the South does go into interstate commerce.

In relation to the machinery that is produced by the prisons, it is a relatively small amount compared with the total production, but to the farmer in my section it is important. Let me call the attention of the Senate to this very significant fact. For years now probably 90 percent of the farmers of Wisconsin have been producing their main product, which is butterfat, and they have been getting less than the cost of production for it. If they must pay these big prices for machinery—and they are big prices, for I know something about the matter myself—it simply means that you will have to do something for the farmer. You will have to fix the price of his product, so he can get a sufficient price to enable him to buy farm machinery.

Mr. President, like everything human, this matter is like a two-edged sword—it cuts both ways. I for one would not be in favor of imposing upon the economy of the country a vast flood of prison-made goods. But that is not the situation. In the farm area—remember this—the farmer who has been buying the machinery from the trust, as it is spoken of, has been paying the topnotch prices. Even the foreign farmer has been able to buy farm machinery made in the United States at a considerably lower price.

If the farmer had a sufficient income to buy that farm machinery, there would be no question about this proposition. But shall we continue to interfere with that segment of our society which is the backbone of the Nation—I mean the farmer, who produces the food that you and I live by and whose farm has been going down in value, and the little money that he had saved before 1929 hit him is all dissipated?

Taxes are going up and the farmer's income is coming down. His machinery is worn out and he has a chance to get machinery at least in a competitive market. Now there will be

no competitive market. The so-called trust will "boost the price on account of war conditions" and the farmer will be "sold down the river again."

So far as union labor is concerned, in my humble opinion, the production of this machinery in the small quantities in which it is produced will not interfere with union labor in the least. We have fixed the wage to be paid to labor. We have fixed the minimum wage that labor shall receive. But we have not fixed the wage the farmer shall get for his work or products. We have simply said to the farmer, "Get what you can get, let the big boys fix the price of your products and you farmers—well, you are just farmers. You do not count." That is what this legislature has said.

I ask that there be incorporated at the conclusion of my remarks the letters and a telegram to which I have referred.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letters and telegrams are as follows:

MADISON, WIS., *September 12, 1940.*

United States Senator ALEXANDER WILEY,
Senate Office Building:

Conference report on S. 3550 is damaging and positively detrimental to the true interests of Wisconsin and midwest farmers. On behalf of 37 major Wisconsin farm organizations, I ask that you stand firm in opposition.

MILO K. SWANTON,
Executive Secretary, Wisconsin Council of Agriculture.

WAUKESHA, WIS., *September 16, 1940.*

Hon. ALEXANDER WILEY,
United States Senator, Washington, D. C.

DEAR MR. WILEY: We are advised that bill S. 3550 is to be considered by the Senate Tuesday afternoon, September 17. There are two primary reasons why we are opposed to this bill. First, we believe it is to the best interests of all concerned to keep those in our penal institutions occupied at some profitable labor, thereby cutting down expenses to the taxpayers. Also, when this labor is converted into producing such articles as binder twine, etc., that can be sold to the farmers at a lower price than they would otherwise have to pay, a saving is effected.

If there is any class of people that need help and consideration, we feel it is the farmers. They are not organized like many other industries and consequently do not get the recognition and support that other industries receive. The relationship between the price of farm products and farm machinery, etc., has changed very materially in the last few years. The prices of farm machinery, etc., have advanced a great deal more than the prices of farm products.

We represent an organization of Holstein breeders in Waukesha County and are expressing the sentiments of over 1,000 Holstein breeders. We hope and trust you will give this matter your careful thought and consideration.

Thanking you for your attention to this, we are,

Very truly yours,

WAUKESHA COUNTY HOLSTEIN BREEDERS' ASSOCIATION,
By A. F. BENNETT.

CHIPPEWA FALLS, WIS., *September 12, 1940.*

The Honorable ALEXANDER WILEY,
Senate Office Building, Washington, D. C.

Re S. 3550.

DEAR SENATOR WILEY: For years Machinery and Twine Trusts have tried to abolish prison-made machinery and twine at the State legislatures. Farmers by the hundred flocked to the hearings and in all sincerity testified as to how the price had been brought down through competition. We have successfully blocked them at home.

Now these trusts, knowing that Washington is out of the farmers' reach, have prevailed on Congress to pass this damnable bill. As soon as this competition is eliminated, these trusts will again have clear sailing to raise prices to whatever level they feel they can wring out of the farmers.

In Wisconsin there are many millions of dollars worth of Minnesota prison machinery and many thousands sold every year. This machinery has been sold for much less than that of the trusts, and farmers have saved this difference. Twine has been kept down in price because of this fact.

To pass this bill will do Wisconsin farmers great injustice and set a precedent for the future for eliminating all competition, leaving farmers exclusively at the mercy of the trusts.

We are sorry that some labor leaders are being fooled, as it will not do labor one bit of good.

Hoping you will do all you can to stop it, I am,

Sincerely yours,

WISCONSIN FARMERS EQUITY UNION,
K. W. HONES, *State President.*

SHEBOYGAN, WIS., *September 17, 1940.*

United States Senator ALEXANDER WILEY,
United States Senate Chambers, Washington, D. C.

DEAR SIR: We understand that bill S. 3550, which would stop the sale of prison-made goods, will be up for consideration shortly.

As farmers of the State of Wisconsin, we feel that the passage of this bill should be blocked altogether; but, if this is not possible, that such amendments be made to it so as to exempt binder twine and farm machinery.

Your earnest consideration of the problems involved will be very much appreciated, and we hope that you will be able to successfully oppose this bill.

Yours very truly,

SHEBOYGAN DAIRYMEN'S COOPERATIVE ASSOCIATION,
HERBERT C. HINZ, *Secretary.*

WISCONSIN COUNCIL OF AGRICULTURE,
Madison, Wis., September 14, 1940.

Hon. ALEXANDER WILEY,
United States Senator, Senate Office Building, Washington, D. C.

MY DEAR SENATOR WILEY: I am replying to your telegram by air mail for the reason that it permits more of an opportunity to give the facts.

Bill S. 3550, in the opinion of the organizations affiliated with the Wisconsin Council of Agriculture, is a typical example of organized industry and labor looking for protection at the expense of the farmer. It will restrict competition for industrial products, but it leaves the door wide open for the competition of prison labor in the open field of agriculture. As I have said before, we in agriculture are willing to stand our share of the competition which prison labor gives. We expect industry and labor to do the same.

Convicts must not be supported in idleness at the taxpayers' expense. From the standpoint of rehabilitation of manhood, bill S. 3550 is a step in the wrong direction.

I am wondering also if a little sectionalism hasn't popped out in this bill for the reason that, it is my understanding, in the South convict labor is largely engaged in agricultural pursuits. Texas, I understand, uses such labor extensively in the production of cotton. Louisiana employs her convict labor in the production of rice and sugar. Here in the North we use our convict labor in industrial pursuits, as well as in the field of agriculture. The agricultural production of convict labor in the North is of a nature that does not go into interstate commerce while the agricultural production of convict labor in the South does go into interstate commerce.

In the final analysis the farmers here feel that the reduction in price for prison-made farm machinery is an item in their favor that must be considered. Also, there is not only the opportunity to buy prison-made farm machinery for less money, but furthermore those prices for prison-made farm machinery are definitely a stabilizing influence on the general price structure of other farm machinery.

Up in your corner of the State, should this conference report on bill S. 3550 pass, the farmers will be more handicapped on binder twine than here in southern Wisconsin for the reason that today they are buying prison-made twine from Minnesota due to the lower transportation cost into northwestern Wisconsin than from Waupun. For that reason, I am sure that farmers in northwestern Wisconsin are most keenly alert to the threat which this bill presents.

Sincerely yours,

MILO K. SWANTON,
Executive Secretary.

Mr. NEELY. Mr. President, the Senator in referring to the mistreatment of the farmers, evidently meant during the Hoover administration, when vast numbers of them became bankrupt. Under the Roosevelt administration the farmers have received untold millions of dollars from the Government in benefits both direct and indirect.

Mr. WILEY. Mr. President, I am sorry there has been injected into this discussion the matter of politics, but if you talk about what the farmers have gotten, let me give a significant example. Under your program, what you have done for the average farmer in Wisconsin is that you have paid him for soil conservation. I speak of the average farmer, and I am talking as one, as a farmer who has a 300-acre farm, and an investment of thirty-odd thousand dollars in it, who has been paid on the average $50 a year. That is what the farmer has gotten.

In the meanwhile the farmer's taxes have gone up, and the price he receives for butterfat, on which he lives, has gone down. So that he has not received enough from his farm, over a period of some 9 years, to pay the taxes on the farm fully equipped.

I do not want to be personal, but on my farm there is no mortgage. I have no interest charges to pay. It produces well but does not pay its way. In the State of Wisconsin and

in the Farm Belt in the past 10 years the Government has taken over tens of thousands of farms because the farmers could not get a decent return on what they produced.

The answer, if an answer is desired, is to give the man who produces a fair return for what he produces, and then there will be no question about paying him a grand subsidy of $50 a year, which will not create stability in the farming section, or recreate the morale in the discouraged farmer. What the farmers want is a decent return on what they produce. They do not want any "pap." They do not want any suggestion that they have been dealt with in a noble way, a generous way, especially when farms by the thousands have been taken over by Uncle Sam, and farm values have hit the bottom.

In 1933, when the Democratic administration came into power and the insurance companies were foreclosing on farms, the insurance companies usually could get out of a farm the value they had put into it; but now throughout the country generally they cannot get 50 cents on the dollar for what they have in farms. Our own Government is selling back farms at 50 cents on the dollar. If the Democrats think they have helped the farmer by such methods, they are blind with New Deal philosophy. They need glasses. They should take off the blinders so that they can see straight.

Mr. NEELY. Mr. President, this is the first time that I have heard the Senator from Wisconsin boast that he is a farmer. Many years ago General Goff and a brilliant Democratic statesman by the name of Wilson engaged in a political debate in West Virginia, in the course of which General Goff is said to have stated that he understood the farmers' problems because he himself had been a farmer. In response to this Mr. Wilson said, "General Goff's boast that he has been a farmer reminds me that a ground hog once dug a hole in the hillside, and therein established his winter quarters. On a sunny afternoon he went out for an airing, and when he returned he found in his burrow, an animal with much fur, more odor, and no manners. The ground hog said to the intruder, 'Who are you?' The uninvited guest, which happened to be a polecat, answered, 'I am a ground hog.' The ground hog eyed the odoriferous beast, stroked his fur, and otherwise investigated him and then said, 'You don't look like a ground hog; you don't feel like a ground hog; and you don't smell like a ground hog.'" [Laughter.]

My friend from Wisconsin does not look, feel, or smell to me like one of the farmers for whom we have been endeavoring to provide prosperity. [Laughter.] The Roosevelt administration may not have made any contributions directly to my distinguished senatorial farmer friend from Wisconsin, but it has made the farmers of the Nation billions of dollars richer than they were on the last day of the last period of Republican control, March 4, 1933. Out in the West at that time wheat was selling for 23 cents a bushel. Look at today's paper and learn the present price of wheat. Under the last Republican administration corn was burned as fuel, because it was cheaper than coal. Look at today's quotations and learn the difference between Hoover and Roosevelt prices for those who till the soil. The farmers will, in appreciation of Democratic blessings, enthusiastically and effectively help to elect Franklin D. Roosevelt President for a third term.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. NEELY. I yield.

Mr. HATCH. I do not wish to get into the debate; but the Senator from Wisconsin made a very high-sounding statement about paying producers what their product is worth, and thus solving the troubles of the farmer, with which statement I am entirely in accord. However, since the Senator from Wisconsin has been a Member of this body I have not heard him advance any plan nor have I seen him submit any legislation which would tend to accomplish that purpose in any degree whatever. Furthermore, I have not heard the candidate for President on his particular ticket in this campaign announce any plan for the farmer other than to approve everything this administration has done.

Mr. NEELY. The Senator from New Mexico will not hear the Senator from Wisconsin even suggest a plan for farm relief between now and the 5th of November, because the Senator is vainly depending upon the renegade Tammany Democrat, Wendell Willkie, to solve all farm problems during the next 4 years. What a disappointment is in store for the Senator from Wisconsin on the night of the election!

If the trend indicated by today's paper continues, Mr. Willkie will not even carry Maine or Vermont.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. WILEY. I do not rise as a prophet or the son of a prophet, as some of my colleagues pretend to be. When I listen to distinguished Senators, one of whom referred to a plan which would rehabilitate the country, I am reminded of the fact that in 1937, for the first time since he took office in 1933, the President of the United States predicated the great depression of 1929 upon World War conditions. Why? Because he, too, had a depression.

When the distinguished Senator from West Virginia [Mr. NEELY] speaks of conditions which obtained back in Hoover's day, I am reminded of something else which obtained. A man honored by the world and by his country, after being elected President of the United States, came into the Presidency and was doing a good job when the great tidal wave resulting from world conditions not only inundated America but inundated the world, and we had a depression. Then another tidal wave started, a tidal wave emanating from the minority party, whose members started out with buckets and paint brushes, filth and vermin, and told semitruths and whole falsehoods to the country, so that the great leader, who was recognized internationally and otherwise, went down in the campaign of 1932.

Mr. President, in the Democratic platform of 1932 there were significant promises, none of which have been fulfilled in seven and a half years. The people of this country in November will show that they have not forgotten that the promises were not fulfilled. The great promisors were not great performers.

To what do I refer? I refer to reemploying the unemployed. I refer to reducing bureaucracy in this country. In that day, 1932, 28,000 persons were employed in the city of Washington. Now there are 160,000 to 170,000 Government employees here. I refer to the matter of balancing the Budget and paying off the indebtedness of this country. You Democrats have not fulfilled.

What was done to make good your pledge to the people? Nothing. None of those things was attended to. None of the promises was fulfilled. There was no performance—only promises. All the time we were looking forward to seeing the new prophet in Israel do the job.

The Senator speaks about two politicians back in his State of West Virginia. I am reminded of an old friend of mine in Wisconsin who spoke with a German accent, although he was an American from head to toe. In the seventies he went out into the wilds and built a home, raised a family, and produced wealth. In his old age he had gone into a little village to live out the remainder of his days. He had voted for Roosevelt in 1932 because he said Roosevelt promised so much. He voted for him in 1936 because he again promised so much. But in 1938 he said he was through with him. Why? Listen to the philosophy of this man. He said, "You cannot dig yourself out of a hole by digging deeper." He had learned in the school of experience the rules of life—industry, the need of savings, honesty, square dealing. No; "you cannot dig yourself out of a hole by digging deeper." During the past 7½ years our Nation has been trying that false, debilitating philosophy, which some say has made America stronger. You cannot drink yourself sober. You cannot spend yourself out of debt. You cannot keep on sinning and reform yourself. Neither can government strengthen its vitals by profligate methods.

The Senator from West Virginia [Mr. NEELY] refers to the present prices of corn and wheat as though Roosevelt had something to do with them. What did have something to do

with them? Your money and mine, in the Treasury of the United States, when we went into a big building program to defend the country. Roosevelt had nothing to do with that. The Congress of the United States appropriated the money. World conditions had something to do with it; but I suppose Roosevelt will claim that his was the magic wand.

Let me suggest one other story, a story brought to my mind by the story related by the Senator from West Virginia when he spoke about the odoriferous little black animal with a white stripe down his back. The Senator intimates that I know nothing about farming. Since 1914, when I took over the farm on which my parents lived, buying it from them so that they might live out their remaining days in comfort, I have operated a dairy farm of 300 acres in my State. I know the problems of the farmer, because I have had to pay the bills. I know what the farmer is going through. But enough of that.

A few years before my father passed on, we went out to the farm one day. We went to the hen coop. It had around it some of the odor which has been referred to. We knew what put the smell there. We knew what to do about the smell. We did not have to have a philosopher tell us that a skunk was around trying to get the chickens. We did not have to have a lot of new theories propounded to us about how to get rid of the skunk.

Applying that story to present conditions, the Senator from New Mexico says that we have no legislative program to remedy the economic condition our country is in. I agree with him. It cannot be remedied by legislation. Why? I repeat the disease from which America is suffering cannot be remedied by legislation. One of the great mistakes of the last 7½ years is that the New Deal Democrats have been worshiping the golden calf of legislation. They have gone to the wrong shrine. Seven and a half years of trial and error have demonstrated that they are working up the wrong alley and praying to the wrong god. They have tried to make two times two into five; they have tried to make men who had courage and vision and pep and energy into leaners, chiselers, and grafters; they have put America almost in the same condition that France was in when she went down before the "blitzkrieg" of the Germans. Now they say to America, "We have done a great job." Mr. President, let them open up their eyes, go up into the mount and see what they have done, and in humbleness get down on their knees and pray to God to put an end to their reliance on mechanistic, idealistic theories and let them get down to "brass tacks," to realistic living and thinking.

Churchill said what the road was; Willkie said what the road was. Why you, who never built a structure, who never made a factory go, who never ran a farm profitably, want to keep on the profligate way you have been going is incomprehensible. America will not "fall for it" much longer. America wants you to go back and humbly start up the way that made America great—the way of thrift and honesty and hard work and character and decency, if you please. America wants none of your chiseling, none of your undermining, none of your paint-brush methods.

I will say to the Senator from New Mexico that if he wants to know the way to build America it is as simple as A, B, C, but it is the simple things you will not see; you will go to your theorists and your experimenters, those who deal in magic, and expect to get things done. America has had enough of this course—this loose way of dealing with great values.

What is the way? Here is America. There are 130,000,000 of us. America needs a leader who can coordinate labor, capital, and management; who can give the man of enterprise encouragement, who can give to men the courage to adventure again, who can give them the spirit which will beget vision. That will make America great again.

A few years ago in the Middle West we had a football team that could not win football games; yet in the backfield there was a great punter, a great sprinter, a great ball thrower. In the line there was a great end man, there was a great center rush, there were two great guards, and there were fine tackles; but each one of them wanted to be the whole show. Each was a great individual player, but the team won no games. The team had a great coach. He was in the newspapers all the time; always pleasant, congenial, loved publicity. Every time he sneezed he had to have an editorial written about it, and every time one of his players did something he had to outplay him for publicity. He could not give the visiting team a chance at all when they came to town. No; he had to have the headlines, he had to get the columnists all the time. The team was losing games. It could not play football. Why? Because each one acted as an individual.

Then one day the school woke up, and said, "We will get rid of that fellow who wants to have the headlines and we will get someone who can take these 11 men and form them into a fighting group, a winning team." The new coach was a modest fellow. When he came on the scene he did not get into the newspapers. He took the men who constituted the team; he talked to them and said "Men, submerge your little personal selves; unite in one great effort; remember 'all for one and one for all'; make this a team and not an exhibition; make it a group that will accomplish something and not one that will merely befuddle the lookers-on; get 11 men into action as one." The funny thing was the team started to win. Why? Because they had a leader; they had a coach who could coordinate the activities of the team, just as labor, capital, management, the farmer, the businessman, the professional man, the clergyman, and all other elements of our society should be coordinated. So the team started to win because they worked together; they built together, and they "went to town" together. Because a leader led them, inspired them, got them to play for their alma mater, they won. The leader was a builder, who built not for self but for the school.

What do the Republicans suggest? They have suggested all along that a new coach be secured, someone who would not always play the headlines, but would weld the national team into a fighting unit to defeat the depression; someone who could take men of different creeds, of different faiths politically and economically, inspire them to fight as one man; see the goal, and win the game.

That, Mr. President, is the remedy; it is the remedy Wisconsin a few days ago undertook to apply there, and that is the remedy this Nation in November will put into effect by electing Wendell Willkie. It requires a man who can inspire; who can create confidence in all classes; who can get the American team to play as one man.

The present party has demonstrated clearly in the last 7½ years that it or its leader cannot do the job.

Mr. CLARK of Missouri. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. CLARK of Missouri. Does the Senator from West Virginia still have the floor?

Mr. NEELY. Yes; unless he has been deprived of it by the speech of the Senator from Wisconsin.

Mr. CLARK of Missouri. I do not desire to be discourteous to any Senator, but I think it is a very important matter which is now before the Senate, and I wish to give notice that if the Senator yields for any more speeches, I intend to make the point of order and ask that the rule be enforced.

Mr. ELLENDER. Mr. President, will the Senator from West Virginia yield to me for a question?

Mr. NEELY. Mr. President, if the people should respond to the admonition of the Senator from Wisconsin to kneel in prayer, I hope that they will include a pious supplication for deliverance from a repetition of the Hoover administration under Mr. Willkie or any other apostle of the great engineer.

I now yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, there is a proviso contained in the conference report which exempts, among other things, agricultural commodities. I should like to suggest to the Senator a condition which exists in the penitentiary in my State, with the view of obtaining from him an interpretation of "farm commodities." As the Senator knows, the

sugar industry is now operating under the 1937 Sugar Act, and each factory is assigned a certain sugar quota for sale and distribution. The Louisiana State Penitentiary has a sugar factory which has been operating for over 30 years, and it has been assigned a sugar quota. It produces sugarcane on its land. The cane is useless unless it is processed into sugar, and said cane cannot be sold to any other factory because all other factories have all the cane they require in order to produce their respective quotas. I am wondering if the product of the cane produced on the lands of the penitentiary would come within the purview of an agricultural commodity.

Mr. NEELY. In my opinion, it would.

Mr. ELLENDER. I presume the conference managers discussed that phase of the question and came to that conclusion?

Mr. NEELY. That specific question was not discussed by the conferees, but the general principle was considered.

Mr. ELLENDER. And the Senator is of the opinion that the first processing of cane into sugar would be exempted?

Mr. NEELY. That is my opinion. I am informed that sugarcane must be processed in order to be utilized.

Mr. ELLENDER. That is correct.

Mr. NEELY. If the Senator's interpretation in which I have concurred is not correct, the provision of the report which exempts farm products would be a nullity.

The PRESIDENT pro tempore. The question is on agreeing to the conference report.

Mr. KING. Mr. President, I shall not object to the conference report. I rise merely for the purpose of suggesting that when the bill which is the basis of the report was drafted, inadvertently, three or four words were omitted, namely, the words "or the District of Columbia." The bill when it was under consideration was amended by inserting the words "the District of Columbia," so that the correctional institutions belonging to the District might avail themselves of disposing of their products in the District of Columbia. The Senator from Missouri accepted the amendment, but in the report the words in the second line "or the District of Columbia" have been omitted. I have prepared a concurrent resolution which has been drafted by the legislative counsel and submitted to Judge HATTON W. SUMNERS, of the other House, who is very anxious, after the report has been adopted, that the concurrent resolution be acted upon and agreed to.

Mr. CLARK of Missouri. Mr. President, if the Senator will yield, as I understand the Senator's resolution is simply designed to correct a clerical error in the conference report?

Mr. KING. Exactly.

Mr. CLARK of Missouri. In other words, it was not at all in disagreement between the two Houses, and the conferees did not attempt to go outside their authority. The resolution simply proposes to correct a clerical error in the conference report.

Mr. KING. The Senator has stated the matter very clearly.

Mr. NEELY. Mr. President, I intend to support the resolution which the Senator from Utah purposes to offer, and I doubt whether it is necessary. I ask unanimous consent to insert in the RECORD a short statement upon the subject to which the resolution refers, indicating what I believe to be the intention of the conferees and their interpretation of the bill as it now stands.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

Some question has been raised as to the intention of the conferees in the wording of that part of the bill which reads: "*Provided*, That nothing herein shall apply to commodities manufactured in Federal or District of Columbia penal and correctional institutions for use by the Federal Government."

The original language of the bill exempted from its provisions commodities manufactured in Federal prisons for use by the Federal Government. It was questioned whether prisons of the District of Columbia were Federal prisons and whether the products of prisoners in these institutions could be utilized by the Federal Government, including the District of Columbia. Obviously, it was the intent of the House and Senate in passing this bill so to provide. In the opinion of the conferees, the prisons of the District of Columbia are Federal prisons and the District of Columbia is a part of the Federal Government.

The conferees saw no necessity of clarifying this point. But inasmuch as the question had been raised, the bill was worded, as quoted above, in order that the Federal Government, including the District of Columbia, could continue the use of the products of its own prisons in accordance with the intent of Congress and existing law.

Mr. SHIPSTEAD. Mr. President, I am informed by the Judiciary Committee that no hearings were held on this bill. It passed the Senate in the morning hour on the 22d day of June under a unanimous-consent agreement to consider bills to which there was no objection. It went to the House; the House amended it; and, as I understand, the Senate refused to accept the amendment of the House protecting prison products such as farm machinery and binding twine. The State of Minnesota, the State of Wisconsin, and the State of North Dakota have binding-twine factories.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. CLARK of Missouri. Let me say that it seems to me that the principle involved in this bill is the question of the competition of free labor against convict labor, which is even worse than pauper labor; but does the Senator see any difference from the standpoint of the farmer between binder twine made by convicts and farm machinery made by convicts, or overalls or shirts or shoes made by convicts?

In our State we formerly had a shoe factory, and we formerly had a work-shirt factory, and we formerly had an overall factory. We have abandoned them, thank Heaven; but the farmer has to buy shoes, and he has to buy overalls, and he has to buy shirts. What difference does it make whether it is binder twine which is manufactured by convicts in competition with free labor, or overalls or shoes manufactured by convicts, or any of a number of other articles which might be mentioned?

Mr. SHIPSTEAD. Mr. President, farm-machinery and binding-twine factories in prisons were not established for the purpose of competing with private labor. They were established to protect the farmers against the extortion of the Machinery Trust and the Sisal Trust, and for no other purpose. The fact that they give employment to prisoners is a secondary consideration. That was the original purpose of starting the farm-machinery plant and the twine plant in the prison of Minnesota. The prisoners are paid under a schedule which under the N. R. A. was found satisfactory by competitors, because they were given a differential allowing for the lack of skill of prisoners. There was no trouble with the wage scale under the N. R. A.

As a matter of fact, the benefit to prisoners of having work, and being paid something like $150,000 for the work they do, is very great. They are paid 27 cents an hour, and they get their board and their room and their keep. The real purpose back of this legislation is to protect the cordage interests, the sisal interests, and the monopoly—the Farm Machinery Trust.

My father bought a binder in 1892 for $90 cash. The list price was $110. It is necessary to pay about $265 now. The prison of Minnesota sells a binder for $165, showing the benefits received by the farmers. Something like 12 States receive the benefit of a lower price on twine because of these prison factories. It was not intended that they should be in competition with free labor, but that they should serve as a regulator of monopolies taking extortion from the farmers in the form of twine prices and machinery prices.

This proposal has been before the Senate many times before. Under the Hawes bill, the States are protected now, if they want to take advantage of the protection of the law, by passing legislation within their own borders to prohibit the entry of farm machinery and twine into farm States; but with all the drive of the farm-machinery interests and the sisal interests they have not been able to pass legislation of that kind in the States where farmers were getting the benefit of these prices. So these interests come here to Washington to use

the power of the Federal Government to override the sovereignty of States which have refused to enact legislation prohibiting the entry of these goods within the States. Talk about centralization. There is protection for the States which want it under the law as it now exists.

When a bill of this character came before the Judiciary Committee, I think that, not as a matter of duty but as a matter of courtesy, the authors of the bill should have given notice that such a bill was to be considered, and an opportunity to be heard should have been given.

That is about all I have to say.

Mr. CLARK of Missouri. Mr. President, will the Senator yield before he concludes his remarks?

Mr. SHIPSTEAD. Yes.

Mr. CLARK of Missouri. I am not a member of the Judiciary Committee, but I should like to call the Senator's attention to the fact that this bill was unanimously reported by the Judiciary Committee; it was on the calendar for 3 months before it was ever considered by the Senate, and was then passed without objection on a call of the calendar. So every Senator had the completest opportunity of being heard on the matter, if he wanted to, because the bill was on the calendar for at least 3 months before it was finally passed by the Senate.

Mr. SHIPSTEAD. I admit that that is true, but a bill of this kind should have had hearings before the committee.

Mr. NORRIS. Mr. President, I am one of the conferees on this bill. I have declined to sign the report, and I am opposed to the adoption of the report.

I have no complaint to make of the treatment of the question by the conferees. There were a great many meetings, and there was a very free and frank discussion; but from the first meeting to the last it developed that there were two things in the House bill which some of the House members and one of the Senate members of the conference committee wanted to retain in the legislation. One of them was the exemption of farm machinery and the other was the exemption of binding twine, so as not to have the bill apply to either one of those articles made in a factory in any State penitentiary.

The present situation is a little embarrassing to me, Mr. President, because, to begin with, I am opposed to the products of prison labor entering into competition with the products of free labor. I have been opposed to that for a great many years, and I do not want to be placed in the attitude of favoring the admission of prison-made goods into competition with those made by free labor; but I believe this is a case in which there ought to be an exception to the rule, and I base my opposition to the conference report on that idea.

In principle and theory there is, as I see it, no difference between the manufacture by prison labor of binding twine, as has been suggested by the Senator from Missouri [Mr. CLARK], and the manufacture by such labor of overalls or shoes. In principle, anything made in a prison factory comes into competition with the same article made by free labor if it is something that goes on the market generally; so in theory, really, there should be no exception. Nobody will advance that claim, however, when he comes to make a practical application of the theory. It is admitted by everybody, I think, that men in prisons must have something to do. Solitary confinement is a cruel punishment that we would not inflict upon anybody, regardless of what crime he had committed. It is the most cruel punishment which can be imagined. So we start with an exception. We must have the prisoners working, we must give them something to do. Every humanitarian voice in Christendom cries out for that. If we can, we want to reform the unfortunates who are in prison; and many of them are reformed. One of the things which must be done to accomplish that is to give them work. As I have said, I think everyone agrees to that, so there is an exception to the rule. If we give them work we necessarily bring them into competition with free labor. It cannot be avoided; and there is a confliction in our minds, in my mind, at any rate between what I want to do on the one hand and what I want to do on the other. I want to protect free labor, and I want to protect prisoners who would become insane patients if they were not permitted to work. How shall I solve the problem?

If we must give the prisoners work, I think it must be admitted that we should go as far as we can to give them work which will compete as little as possible with free labor, though that cannot be accomplished completely. That is not the only consideration, in my judgment, but that is a necessary condition. Regardless of everything, we should do that.

Mr. President, the farmers of the country for many years proclaimed against a Binder Twine Trust and a Farm Machinery Trust. Their complaints may have been exaggerated, and undoubtedly often were exaggerated. They were clamoring against a monopoly of men and corporations who controlled farm machinery which the farmers have had to buy, and they were unable to get relief. So far as I am able to see, I think there was some foundation for that belief of the farmers. I think there was a combination and a monopoly against which they had to struggle.

So the farmers, and some of the States following along the same line, said, "Inasmuch as the labor of these prisoners will compete at some place if the goods go out into commerce, we will let it compete in a field where there is a monopoly, and see if such competition will not bring down prices and relieve the farmers from the monopoly." Therefore there came into the field farm machinery and binder twine and some other things manufactured in penitentiaries. I am using those as examples.

Mr. President, farm machinery and binder twine were necessities for the farmer. The farmer had to pay monopolistic prices for them. The lawmakers of the States took the manufacture of those things by prisoners as one way of getting relief. They said, "We must first put our prisoners to work," and no one objected to that. But whenever they were actually started to work someone objected, wanted them put to work in a different field. While they were put to work where it would bring as little competition as possible, it was also thought that while the States were putting them to work they would give the farmers of the United States relief from a monopoly on some of the things which farmers had to buy; and that is how that situation came about.

I do not think it is a question as to whether, if the prisoners were allowed to do this, it would relieve the situation.

If they could not make binder twine, what would they make? If they could not make farm machinery, what could they do? They have to do something. We have that proposition to start with.

There is another thing which must be taken into consideration. Some of the States went into the farm-machinery business. Minnesota, for instance, established a large factory for the manufacture of farm machinery. The output of the factory began to percolate into interstate commerce in other States, and the farmers claimed it had a direct effect upon the monopolistic prices they were being compelled to pay. The prison-made farm machinery competed with the monopoly, and the same thing was true as to binder twine. The State which went into the business put a great deal of money into it, and I do not believe there is so much complaint now about a Farm Machinery Trust and a Binder Twine Trust as there was. They have not had to compete with prison-made goods, it is true, something which I regret, but I do not see any way to avoid it.

We brought the monopoly to its knees, or partially so, let me say. The farmers of the country are getting the benefit, not only in Minnesota but all over the Union, and now it is proposed to strike down the means which enabled the goods to go into interstate commerce, and brought a benefit to the farmers of the United States by competition with the Machinery Trust. Is that fair? Is that right to Minnesota? Should we say to them, "You have invested your money and you have accomplished the results you started out to accomplish, but you must quit now"?

Mr. CLARK of Missouri. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. NORRIS. I yield.

Mr. CLARK of Missouri. I shall not interrupt the Senator at this time about the farm feature of the situation, because I wish to speak on that in my own time, but, so far as the matter of investment is concerned, does the Senator think it makes any difference whether the State of Minnesota invested its money in a factory for the manufacture of farm machinery, or some other State invested its money in a factory for the manufacture of furniture, or some other State invested its money in a factory for the manufacture of shoes, or overalls, or anything else? Is not the principle exactly the same?

Mr. NORRIS. That is absolutely true, and I am not trying to deny it. I do not see any difference. But if we are confronted with a condition such as that I have tried to point out, and desire to secure a remedy, would it not be better for free labor if we sought to remedy the situation by limiting the manufacture in the penitentiaries to farm machinery or binder twine, or should we open the door and let them manufacture everything, a condition which I do not wish to see? I do not want to see it because I want to protect free labor, and I want to protect the poor unfortunates who are in the penitentiary, and give them something to do.

It may not be consistent all the way through. As I stated to begin with, in theory there is no difference between making toothpicks and threshing machines. I think the principle is the same. We have to exercise some discretion. To my mind we are justified in doing so. Perhaps I am wrong, but I should not like to see all the prisoners in the United States deprived of work. I should not like to see solitary confinement ever get a foothold in this country, and I would just as much hate to see unrestricted competition with free labor by prison labor.

As I look at the matter, it seems to me that there can be a fair compromise. This is perhaps a confliction of two ideas which I have firmly in my mind. I confess I cannot reason them out satisfactorily, because in theory I have to make an exception.

Another reason why, if we are to make an exception, we should make it here, is that of all the industries in the United States, that which needs help more than any other is agriculture, and if by taking this method we help agriculture a little, so much the better. It may be contrary to our theories, but as a practical matter I think that is another reason why we should reject the conference report, namely, that it will injure agriculture, as I see it.

As we all agree, agriculture is depressed. Everyone desires to help in some way.

Mr. President, I think we will hurt agriculture when we say, "You must cease operating along this line. It has worked satisfactorily"—or so it is said; I do not know anything about its intricacies. "You have competed with these great monopolies and trusts. You have given the poor fellows in the prison a job, but you must cease doing that."

Mr. President, if the present system should be continued, I think it would not hurt free labor in the end as much as it would to take the other course. I believe the present system should be continued in order to help agriculture and organized labor, as well as every other division of our citizens, who ought to be glad to retain the system even though it means some sacrifice.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. SHIPSTEAD. I may inform the Senator from Nebraska and the Senate that organized labor in Minnesota has never at any time made any protest against the operation of the farm machine and twine factory at Stillwater. Organized labor recognizes, as does the Senator from Nebraska, that there is a humanitarian principle involved, to give prisoners work, and because the average workingman in Minnesota understands that he and the farmer are both producers of wealth, he has taken a broad attitude and has never tried by legislation to interfere with that industry.

Mr. NORRIS. Mr. President, I have said all I care to say, but I wish to ask to have read at the desk a letter I received from Maud E. Nuquist, a member of the department of institutions of the State of Nebraska, in regard to this subject. There may be some things in the letter which are not exactly applicable, but I think on the whole it is worthy of consideration. I ask that the letter be read, omitting the first paragraph of the letter, which refers only to me.

The PRESIDING OFFICER. The letter will be read.

The legislative clerk read as follows:

STATE OF NEBRASKA,
BOARD OF CONTROL,
Lincoln, September 14, 1940.

Senator GEORGE W. NORRIS,
Senate Office Building, Washington, D. C.

DEAR SENATOR NORRIS: We feel that to absolutely prohibit the interchange of prison-made goods between States would work a very great hardship, not only upon prison officials and those charged with their administration, but would have a very bad effect on the men confined in penal institutions. The problem of keeping our prisoners usefully and constructively employed is our biggest problem. A man cannot be rehabilitated when he is forced to live a life of idleness.

For several years we have made not only all license plates and road signs for Nebraska in our prison industries, but we have exchanged license plates made in our factory for Wyoming for woolen blankets that they make from the wool from Wyoming sheep at their prison industries. These blankets are of a better grade than we formerly bought on the open market for the same price.

Nebraska has likewise exchanged shoes for fruit processed in Utah prison industries, and canvas jackets for vegetables processed in the Kansas penitentiary.

None of the goods made in these prison industries can come in competition with goods manufactured by free labor, because of the fine Federal law that restricts that, and that took away from the prisons of the country the old contract system whereby private employers profited at the expense of incarcerated men.

We believe a free exchange of goods manufactured in prison industries, between States, would be a distinct advantage to the States.

Now there are not too many license-plate factories in the prison industries of the country but that all of the State license plates, for all of the States, could be made in these factories at a reduced cost to the public over the amount required for private industry.

We believe that the quantities of manufactured articles in prison industries are not sufficient to upset the labor market in the country, since the production goes only to tax-supported institutions and the population in these institutions is such a small percentage of the general population that the savings thus made to the various States is a benefit to the general public.

We believe that complete restriction of interstate trade in prison-made articles would not be a benefit. I have the feeling that the firms selling machinery required to manufacture license plates and other prison products, are much more interested in securing the passage of this bill than is organized labor, for it would mean the sale of much machinery for them. As it now stands, the State best equipped to produce a certain article can do that and exchange its products with other States equipped to produce some other needed article for State institutions, and each State is not thus required to make a big investment in machinery that might be required to furnish its inmates with products at a savings of public funds.

Most cordially,

BOARD OF CONTROL.
MAUD E. NUQUIST.

Mr. CLARK of Missouri. Mr. President, before the Senator from Nebraska yields the floor——

Mr. NORRIS. I had yielded the floor.

Mr. CLARK of Missouri. I should like to ask the Senator a question about this letter, because he is a member of the Senate conferees, and, of course, I always have a great respect for his legal opinion and any other kind of opinion. The Senator does not understand, does he, that there is anything in the conference report or in the bill itself which prohibits the exchange to which this lady refers in her letter—the exchange between penitentiaries of various States among themselves for State use? The question of State use is what the letter is directed to.

Mr. NORRIS. Yes; and I said when I offered the letter, that it probably contained things which were not applicable to this particular question.

Mr. CLARK of Missouri. The reason I raised that question was that the Senator from West Virginia [Mr. NEELY], the chairman of the conferees, made a very explicit state-

ment a little while ago that exchange between penal institutions of various States for State use was not prohibited in any way, and, as a matter of subsequent construction, I do not want it to be in question among the conferees as to whether that is true or not, because I had always understood that there was no suggestion in the bill or in the conference report to prevent exchange between penal institutions of various States for State use, or even subsidiaries of States.

Mr. NORRIS. I am glad the Senator has raised the question. I had no idea of raising that question when I asked that the letter be read.

Mr. CLARK of Missouri. I asked the Senator the question only because the question was raised in the letter.

Mr. NORRIS. Yes; it probably was, and I agree with the Senator, or the chairman of the conference committee about the scope of the bill, and I do not want to make any other representation with regard to it.

Mr. CLARK of Missouri. Mr. President, I desire to address the Senate only for a minute simply to say that there is, in my opinion, only one issue involved in the bill and the conference report now pending before the Senate, and that is the naked issue of whether it is the purpose of the people of the United States and the Federal Government, within the limits of the power of the Federal Government under the Constitution over interstate commerce, to prevent the most callous, the most humiliating competition that free labor can possibly have—the competition with controlled convict labor.

We hear a great deal, first and last, about protecting the American laboring man and the American farmer against unfair competition with pauper labor abroad, yet it is seriously urged on the Senate floor that products made by the most humiliating form of pauper labor—which is labor controlled in penitentiaries, unlimited as to hours, unlimited as to wages—be brought into competition with the products of free American labor.

Mr. President, in my opinion, it makes no difference, from the standpoint of that principle, what the product of the penitentiary factory is, if it is to be permitted to enter into the ordinary channels of commerce and private purchase against the products of free labor.

No Member of this body is more sincerely interested in the welfare of the farmer than am I, or has been more sincerely distressed by the situation that has confronted the farmers of the United States, beginning with the war inflation during the last war, and which has persistently existed since.

Whatever benefit may come to farmers from the reduction in the price of binder twine or in farm machinery, which is very small because the production is very small, is insignificant in comparison with the great principle that free labor in this country be not brought into competition with the products of penitentiaries and penal institutions.

I agree with everything that has been said today about the Harvester Trust dominated by the International Harvester Co. We recognized that in Missouri 25 years ago, when, under a law drawn by my father when he was a member of the legislature, we excluded the International Harvester Co. from doing business in the State of Missouri.

I agree with everything which has been said as to the desirability of breaking down the monopoly in farm machinery, but I insist that the proper way to do it is through the enforcement of laws which are on the Federal statute books and on the statute books of nearly every State in the Union—by antitrust proceedings. I am very happy to see that under the present Assistant Attorney General in charge of such matters, Hon. Thurman Arnold, the Federal Government is finally making great progress in that regard.

However, Mr. President, the fact that a monopoly exists and the fact that somebody ought to be prosecuted under the antitrust laws of the United States are no justification for the principle that free American labor should be subjected to the competition of convict labor. Therefore, it seems to me that we must do one of two things—either we must use the control of Congress over interstate commerce to prohibit the movement in interstate commerce of the products of felon labor or we must remove any control over the matter and permit free competition.

I was one of those who received a telegram from Mr. Thatcher in which he said he was angered by the report of the conferees. I wish to say only this: Many years ago, before I came to the Senate, I read a book about Mr. Thatcher. I took the trouble to pay for the book myself. I saw it advertised. It was on a subject in which I was very much interested, namely, the welfare of agriculture, particularly in connection with the operations of the Hoover Farm Board, of odious and ill-fated memory. As I recall, I paid $3.50 for the book, which recounted the history of the operations of one of the subsidiaries of the Farm Board, a so-called grain cooperative in Minneapolis, I believe. I discovered that Mr. Thatcher had received a salary of $50,000 a year. The amount was so large that it startled me. He received a salary of $50,000 a year for practically wrecking the grain production of the Northwest. I suggest that the farmers of Missouri and of the United States will not be greatly concerned by the anger at the conferees or at Congress of a horny-handed toiler who manages to make $50,000 a year for being a professional farmer.

Mr. McKELLAR. Mr. President, I ask the Senator from West Virginia whether or not we are to have a record vote. If we are not to have a record vote, I wish the RECORD to show that I am in favor of the bill.

Mr. NEELY. I think there will be a record vote.

Mr. FRAZIER. Mr. President, I think we are all agreed that goods manufactured by convict labor should not be sold generally in interstate commerce. I was interested in what the Senator from Missouri said about a book he had read some time ago, which mentioned Mr. Thatcher and others. I happen to know something about the author of that book, inasmuch as he used to live in North Dakota. I happen to know that he tried very hard to get into the cooperative association as one of its officials. He was turned down because the cooperative knew of his past record. Apparently he then got in with the grain crowd and wrote the book about the cooperatives and the Farm Board.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. CLARK of Missouri. I do not know the man who wrote the book. I had never heard of him before. I saw the advertisement of the book in either The Nation or The New Republic, and sent for the book. I was particularly intrigued by the amount of salary which this horny-handed farmer, Mr. Thatcher, was said to have received, which I understand has never been denied. The salary reminds me of what my little boy said when he first saw Niagara Falls. I went up there a few years ago to make a speech. I took him along with me, thinking that he would be properly impressed with the majesty of Niagara Falls. When we arrived at the spot I said to him, "Son, what do you think of that?" He said, "Nifty." [Laughter.] I think a horny-handed farmer who makes $50,000 a year representing the subsidiary of a Government corporation is receiving a "nifty" salary.

Mr. FRAZIER. Mr. President, I think the Senator from Missouri has forgotten something about the particulars of the book. I do not think it was Mr. Thatcher who received the $50,000. As I remember, it was a Mr. Huff, who was head of the Grain Corporation at Chicago at that time. I am not by any means upholding such high salaries paid to officials in the cooperative associations. I do not give any particular credit to the book because, as I say, I happen to know the author of it. He was the same man who afterward edited the Dr. Townsend papers. I understand that he got into trouble because he could not keep his accounts straight and was let out of that position.

Mr. CLARK of Missouri. Let me say to the Senator from North Dakota that I did not know the man who wrote the book. I was simply impressed by some facts which were easily subject to verification, about the salaries which were paid, and about the effect of the operations of the corporation

on the grain market. I took the trouble to verify the statements in the book as to the fall in the price of grain following the establishment of the corporation. The situation was very striking.

Mr. FRAZIER. Mr. President, the question of the sale in interstate commerce of goods manufactured by convict labor has been discussed many times. As the Senator from Minnesota [Mr. SHIPSTEAD] stated, we thought it was pretty well taken care of by a law passed by Congress a few years ago, which prevented contracts being made between prison authorities and certain manufacturers or companies which wanted to handle the goods and make money out of them. The law gave the States the authority to forbid prison-manufactured products from coming into the States if the States so desired. I think that law took care of the situation fairly well.

In some States convicts work on the roads. Of course, in so doing, they come into direct competition with free labor. As has been stated by one or two Members of the Senate, some of the States, especially in the South, have large farms, on which are located sugar factories or cotton-processing plants for the manufacture of goods from farm products. The Senator from West Virginia [Mr. NEELY] made the statement that he thought sugar would be included as a farm product, and exempted. If sugar is to be exempted, why not cotton shirts and woolen blankets, because they too are made from farm products? I do not know whether or not the Senator's interpretation is correct; but if we are to exempt farm products or products manufactured from farm products, it seems to me we should also exempt binder twine and farm machinery, because they are sold for the benefit of farmers. In North Dakota our binder twine factory in the penitentiary has saved us thousands of dollars in the price of our twine. The factory has not only furnished a fairly good grade of twine at a cheap price, but it has had the effect of regulating the price. We know that the Government, the States, and the municipalities have regulated the price of electricity by means of municipally owned, State-owned, and federally owned plants; and we think great good has been accomplished in regulating the price of electricity.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. CLARK of Missouri. The Senator does not understand that there is anything in the bill which prohibits the State of North Dakota from maintaining in its penitentiary a factory for the manufacture of binder twine for sale in the State of North Dakota, does he?

Mr. FRAZIER. No.

Mr. CLARK of Missouri. The Senator says that the factory has saved the people of North Dakota thousands of dollars in the price of binder twine, by setting up a local yardstick. The Senator used the power question as an analogy. That yardstick may still exist. The only thing which is prohibited is the sale of such products in interstate commerce. The bill would prohibit the State of North Dakota from entering into commercial business, and selling its binder twine across the boundaries of North Dakota. Does not the Senator so understand the conference report?

Mr. FRAZIER. It is true that in North Dakota we have only a small population; and we have only a small population in our State penitentiary. We do not manufacture enough binder twine to meet the needs of our farmers. We buy some outside the State, of course. We have not the money to put in a farm-machinery factory. We buy some of the farm machinery manufactured in the State penitentiary in Minnesota. That factory has the effect of stabilizing prices to a great extent. I am satisfied in my own mind that farm machinery in general would now be selling at much higher prices if it were not for factories such as that in the Minnesota State Penitentiary. It has had a wholesome effect in that way.

The same thing applies to other products. Personally I think that, if farm products are to be exempted in the bill, binder twine and farm machinery should also be exempted. We have no Government-owned plant manufacturing farm machinery to fix the price. Sometimes I think such a plant would be a good thing; but if anything of that kind were even advocated, it would immediately be called communism, or something worse. It seems to me something must be done either to regulate the prices of the products which the farmer must buy or to regulate the prices of the products which the farmer has to sell in order to give him a purchasing power. We need lower prices for the products that we have to buy unless we can get better prices for the products we have to sell.

As stated by the Senator from Minnesota, 40 or 50 years ago farmers could buy binders for $90 or $100, but now they cost nearly three times that amount. The prices of farm products are practically the same today as they were 40 or 50 years ago, and in some cases prices are even lower, although it costs more to produce them.

Little things in the States in the Middle West, such as the manufacture of binder twine and farming machinery in the penitentiaries, have helped our farmers a good deal while they are getting lower prices for their farm products, just as in the South, undoubtedly, the opportunity to sell the farm commodities produced on prison farms has helped to take care of and support penitentiaries. It has had that effect in my State also. The binder-twine factory has made a little money for the penitentiary. I am aware it has not paid the prison workers much—50 or 60 cents a day I think the amount is—but it has given them labor, something to do, something to occupy their minds; it has been a good thing for them. We do not allow men in our prisons to go out on the road; that has not been popular in North Dakota; but when one drives through the Southern States in a number of those States he can see men in striped suits on the roads, sometimes accompanied by a guard with a rifle on his shoulder watching them.

There are so many angles to this situation that it seems to me, if we are going to pass the bill at all with the exemptions it contains, we should at least include the amendments which were put in by the House of Representatives to exempt binder twine and farm machinery; and I hope some Senator will make a motion to send the conference report back to conference with instructions to put in those amendments which were adopted by the House and stricken out by the Senate committee.

As I understand from the Senator from Nebraska [Mr. NORRIS], he was one of the conferees who did not sign the report; and I notice from the report that only three of the five conferees on the part of the House signed it, so it is not a unanimous report by any means, but was agreed to merely by a bare majority. It has been stated that this bill was on the Senate Calendar for several months or weeks and was finally passed unanimously. I do not recall how long after it was placed on the calendar it was passed, but it was objected to repeatedly, because there was opposition to it, and it was finally passed when those who were interested did not happen to be present.

The House put in the amendments which were wanted here by those who objected to the bill as it was reported from the committee. So we hope that it will go back to conference and that those particular amendments which were put in by the House will be included in the conference report.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lee	Sheppard
Andrews	Frazier	Lodge	Shipstead
Ashurst	George	McKellar	Smathers
Austin	Gerry	McNary	Stewart
Bailey	Gibson	Maloney	Taft
Barkley	Gillette	Mead	Thomas, Idaho
Bilbo	Glass	Minton	Thomas, Okla.
Brown	Green	Murray	Thomas, Utah
Bulow	Gurney	Neely	Tobey
Burke	Hale	Norris	Tydings
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Herring	Pepper	Walsh
Clark, Idaho	Hill	Pittman	Wheeler
Clark, Mo.	Holt	Radcliffe	White
Connally	Johnson, Calif.	Reed	Wiley
Danaher	Johnson, Colo.	Russell	
Davis	King	Schwartz	
Downey	La Follette	Schwellenbach	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report.

Mr. LA FOLLETTE. Mr. President, I very much regret that I cannot support the conference report. I think my record in the Senate will demonstrate that I have been an ardent supporter of labor legislation; but it seems to me very unfortunate that a majority of the conferees who prepared the report should have been able to provide for the situation confronting the southern prison industries that produce processed agricultural commodities, but did not find themselves in a position to accept the amendment contained in the House bill with regard to the manufacture of binder twine and farm machinery.

In order to understand the reaction of farmers with regard to this proposed legislation, it is necessary to bear in mind that these State prison manufacturing plants for binder twine and farm machinery were established primarily in order to provide a check against the extortionate prices charged by the manufacturers of binder twine and of farm machinery. Those who have made any study of the prices of binder twine and of farm machinery know that they are what the economists call "sticky" prices. Farm machinery has remained comparatively upon a very high level so far as the price structure is concerned, despite the economic depression through which the country has been passing since 1929. It is estimated that the price saving to Wisconsin farmers in the 25 years the binder-twine plant has been operating at the State prison amounts to $100,000 a year, or $2,500,000 during that period of time.

Mr. President, there is a similar situation so far as farm machinery is concerned. As has already been pointed out in the debate, the price of farm machinery has been at a very high level. But the minute percentage of production at the Minnesota plant has had a very helpful effect in that area in tending to check and to reduce those prices. Therefore, I hope some motion will be presented to return the bill to conference with instructions to the Senate conferees to accept the House amendments.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. CLARK of Missouri. The Senator, of course, is familiar with the fact that the House has already acted on the conference report, and therefore a motion to recommit is not in order. It would be simply a question of voting down the conference report, which would be a vote to kill the legislation.

Mr. LA FOLLETTE. Mr. President, if that is the parliamentary situation, I do not agree that the rejection of the conference report would kill the legislation, because it is always in order to request a further conference. After the motion for a further conference is carried, and before the appointment of conferees, it would be in order to instruct the Senate conferees to accept the House amendments as to binder twine and farm machinery. Certainly it would not take the conferees very long to get together if they were instructed to accept the House amendment. As we well know, when a similar situation occurred in the case of the conscription bill, it took the conferees but a very brief space of time to come together when they were instructed to agree.

Mr. CLARK of Missouri. Mr. President, will the Senator yield at that point?

Mr. LA FOLLETTE. I yield.

Mr. CLARK of Missouri. The Senator, of course, is familiar with the fact that in that case the Senate acted first on the conference report, and therefore a motion to recommit with instructions was in order. The motion made by the Senator from West Virginia [Mr. NEELY] was to recommit with instructions to accept the amendments of the other body. In this case a motion to recommit is clearly not in order. Therefore no instructions are possible, and rejection of the report would throw the bill back into the general channel of legislation, in which it has been struggling along now for a year and a half.

Mr. LA FOLLETTE. I do not for one moment agree with the Senator from Missouri that if the conference report were rejected, and if the Senate asked for a further conference, it could not be arranged before the week end is concluded, because it is obvious that if the report should be rejected, the Senate would instruct its conferees to accept the House amendment so far as these two particular products are concerned, and the legislation could be passed by early next week.

In connection with this matter, since the debate has practically covered the field, I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks a memorandum in connection with this legislation sent to me by Col. John J. Hannan, who for a number of years was chairman of the Wisconsin State Board of Control, and numerous telegrams and communications which I have received from persons in Wisconsin who are vitally interested in this proposed legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LA FOLLETTE. In conclusion, I wish to say that I think one of the unfortunate effects of the failure of the conferees to take this particular situation into consideration is that it further tends to separate the farmers and the wage earners of the country.

The following matters were ordered printed at the conclusion of Mr. LA FOLLETTE'S remarks:

MEMORANDUM—S. 3550, H. R. 10101

The title of each of these bills is "To make unlawful the transportation of convict-made goods in interstate commerce."

Their purpose would be more accurately described under a title "To soak the farmers for the benefit of the cordage and the farm-machinery manufacturers."

These bills originated with a group of binder-twine manufacturers, members of the cordage institute, but have been paraded before Congress behind a labor mask. The real beneficiaries of this proposed legislation are not workers but are binder-twine manufacturers.

The interstate transportation of convict-made goods in every line except twine and farm machinery has ceased because of legislation adopted by most of the States under authority of the Ashurst-Sumners Act in order to give effect to the Hawes-Cooper Act.

Eight State prisons manufacture binder twine, and only one farm machinery. These eight States are Minnesota, North Dakota, South Dakota, Wisconsin, Michigan, Missouri, Kansas, and Oklahoma. Minnesota is the only State prison manufacturing farm machinery.

Under the drive to make effective State inhibitions against open-market sales of convict-made goods, nearly all of the States have adopted legislation to prohibit transportation of prison-made goods into each such State. The law in a few States exempts binder twine and farm machinery from such inhibitions. Wisconsin is one such State.

For more than 20 years cordage interests have promoted national legislation to destroy State set-ups for production of prison-made binder twine. These cordage interests, like barnacles, attached themselves to the clothing, the shirt, and the foundry industries in their fight to eliminate prison production from competition in these fields with free labor.

In this contest it was possible to show instances where in some lines of manufacture prison production was marketed unfairly in competition with like goods made in free industry.

No such condition exists as to prison-manufactured binder twine.

WHY WERE PRISON MILLS ESTABLISHED?

The establishment of binder-twine mills in the prisons of several of the States was made through efforts of grain-producing farmers to protect themselves against extortionate prices of the twine used to bind grain. These mills have made an outstanding record of attainment of the objective responsible for their establishment.

Without taking any unfair advantage of competing free industry, prison binder-twine mills accomplished their purpose.

These mills are an effective stabilizing influence upon the price of binder twine.

During the existence of N. R. A. a convincing demonstration of the fairness of the operators of these prison mills was made when under the codes they sat together with the code authorities of the free-cordage industry. The prison mills willingly, in fact avidly accepted the wage and hour conditions of free industry.

The only differential they asked, and the competing free industry readily considered it to be justified, was a price differential to cover the lack of efficiency in the prison-operated mills. This price differential varied from one-half cent to about 1 cent per pound on binder twine. No complaint was made by private manufacturers that prison binder-twine manufacturers had "chiseled" in any particulars.

It is true a decline in the amount of twine sold by the free manufacturers has been experienced in this country. The same applies

to the prison mills. There are two reasons for this: One, the introduction of the combine harvesting machine doing away with the need of binding grain, and, second, the increase in imports of foreign twine. In this wartime this latter reason has almost been eliminated except for the stock of foreign twine carried over from the imports made prior to the beginning of this war.

The manufacture in prison of twine was undertaken in the first instance not for the main purpose of giving prisoners employment but to protect agriculture, the fundamental industry of this country, against exploitation by a handful of binder-twine manufacturers. The same condition that justified its establishment in the first instance exists today. There are fewer free manufacturing plants producing binder twine than were in business 15 years ago. Also there are fewer State-operated binder-twine mills. The disappearance of some manufacturers from this field was not due to prison-made twine, but, in large measure, was due to the "squeeze" tactics of free industry, to change in harvesting processes and to the importation of foreign twine.

At the same time that these prison mills protected grain-producing farmers against extortion, employment was furnished to prisoners. These prison twine mills have not only been a source of labor and income to prisoners, but have produced substantial revenue to operating States. Through these revenues it has been possible in some instances either wholly, or in considerable part, to pay the cost of operating prison establishments.

Unfortunately for this presentation figures are not available from all States manufacturing binder twine to show what these publicly owned and operated prison activities have done for the States and for the prisoners.

In Minnesota in 26 years, it is estimated that the manufacture of binder twine and of farm machinery in its prison has brought revenue to the State of $20,000,000 and that over and above the cost of maintenance of prisoners in the past 10 years, the earnings of prisoners averaged $150,000 per year.

In addition to a saving made through the revenue from these prison industries during the 26-year period, it is estimated that on the use of binder twine from its State-owned mill, the farmers of Minnesota made an additional saving of $10,000,000.

In Wisconsin in a 25-year-operating period its prison binder twine mill, a very modest mill compared with that of Minnesota, turned into the general fund for inmate labor $696,530 and from the binder twine revolving fund, which is never permitted to exceed $600,000, the general fund has received $1,263,059.

In other words, the Wisconsin mill has brought into the treasury of that State $1,959,589. This does not include sums paid to prisoners personally.

It is estimated the actual savings to Wisconsin grain-producing farmers through the operation of the prison binder-twine mill at a minimum is in excess of $100,000 per year, or for the period covered it would mean a saving to the farmers on their binder twine of $2,500,000.

So experiences of these two States present the picture of benefits accruing from binder-twine mills operated in their prisons.

The picture of this industry and the social and economic effect it has in the giving of employment to prisoners and at the same time the giving of protection to farmers places its value on an entirely different basis than that of any other prison industry disposing its products on the open market.

Wisconsin has no private manufacture of binder twine within its borders. Every pound of the binder twine manufactured by the Wisconsin prison mill is sold within the confines of the State. Farmers in northwest Wisconsin, because located close to the Minnesota prison mill, buy binder twine from that mill, as the freight rate is less from Stillwater to points in the northwest of the State than from Waupun, Wis., which is situated a little south of the central part of Wisconsin.

To briefly present an additional picture of the benefits which prison industry confers upon the farmers, the Minnesota prison in 1940, has a wholesale price of $164, f. o. b. Stillwater, for its 7-foot binder. The competing machine sold by the International Harvester Co. is priced f. o. b. Chicago at $211, and by the John Deere Co. $211.25 f. o. b. Moline. While unable to present the retail prices of these machines, but considering the Minnesota mill operates on a 40-hour week and that the average pay of the prisoners employed in its farm-machinery mill is 27 cents an hour, this difference of $47 on each machine of this type is evidence that in those communities where the prison-made machinery is being shut away from the farmers, that the charge of extortionate prices and monopoly control is established.

The facts presented here establish that the prison production of binder twine and of farm machinery is an entirely different relationship than that of the production and marketing of shirts and overalls and other articles of like character which were cited in the charge of unfair competition and wrong done to labor by prison manufacture. Similar wrongs were never successfully established in the case of prison production of binder twine or farm machinery, but on the contrary not only have farmers benefited but the public has been protected as the lower price of the binder twine and farm machinery must lower the cost of the production of grain.

Notwithstanding the plain implications of statements made in Congress in support of this legislation, the language of the Hawes-Cooper Act or of the Ashurst-Sumners Act was not mandatory. Each was an act to provide certain rules with respect to transportation and sale of prison-made goods. These acts were to become effective only through the action of the States. Each State was free to adopt or not to adopt legislation to give effect to these acts of Congress. In the language of either of these statutes there is no compulsion placed upon the States. The Hawes-Cooper Act divests prison-made goods of interstate character provided such goods made in one State are sent into another State which has enacted a statute to give effect to the Hawes-Cooper Act. The Ashurst-Sumners Act provides penalties for the interstate transportation of prison-made goods or for offering for sale such goods on the open market, provided that such goods are received or offered for sale in violation of any law of such State or Territory.

The Federal law imposing penalties only becomes operative through a local law enacted to make the Hawes-Cooper Act and the Ashurst-Sumners Act effective within that State.

States that have refused to enact such legislation are as clearly within their legitimate sovereign rights as are those States which have enacted legislation to make effective the provisions of these statutes.

Neither the Hawes-Cooper Act nor the Ashurst-Sumners Act in language or declared purpose were amendatory of any constitutional power of a State. These acts placed within the power of each State to determine for itself whether it desired to limit its own right to ship or receive or sell or permit the sale in the open market within its own borders convict-made goods. However, the legislation proposed in S. 3550 and H. R. 10101 is broader than any heretofore offered in that it provides penalties for the transport of convict-made goods in interstate commerce.

There is no reference to "violation of a law of a State." This is as broad a prohibition as can be written into the statutes. It is not dependent upon the action of any State law. It is compulsory.

Heretofore legislation to limit prison industries was enacted with coating of honeyed words which won acceptance because the right of the State to act upon the transportation and disposition of prison goods, whether made within or without its borders, was safeguarded. This legislation denies discretion to the State and arbitrarily imposes the will of Congress.

* * * * * * *

Respectfully submitted.

JOHN J. HANNAN.

CHIPPEWA FALLS, WIS., *September 12, 1940.*

Senator LA FOLLETTE,
Senate Office Building:

Make desperate effort to kill conferee report S. 3550. Wisconsin farmers to suffer great loss if bill passes in present form.

WISCONSIN FARMERS EQUITY UNION,
K. W. HONES, *President.*

WASHINGTON, D. C., *September 12, 1940.*

Hon. ROBERT M. LA FOLLETTE, Jr.,
Senate Office Building, Washington, D. C.

Our organizations angered by high-handed action conferees on prison-made goods bill. Acceptance of report would be big victory for Farm Machinery Trust and great setback to farmers in our long battle against trust. Urge recommitment to exempt farm machinery and binder twine.

M. W. THATCHER,
Chairman, Legislative Committee, National Farmers Union; President, National Federation of Grain Cooperatives.

MADISON, WIS., *September 12, 1940.*

United States Senator ROBERT M. LA FOLLETTE,
Senate Office Building:

Conference report on S. 3550 is damaging and positively detrimental to the true interests of Wisconsin and Midwest farmers. On behalf of 37 major Wisconsin farm organizations I ask that you stand firm in opposition.

MILO K. SWANTON,
Executive Secretary, Wisconsin Council of Agriculture.

PESHTIGO, WIS., *September 17, 1940.*

Hon. R. M. LA FOLLETTE,
United States Senate Office Building:

The Wisconsin State Grange urges that you use your influence to oppose and prevent passage of bill S. 3550. Products of Wisconsin prison twine mill has saved Wisconsin farmers and taxpayers millions of dollars.

NEAL PECK, *State Master.*

SPOONER, WIS., *September 16, 1940.*

Senator LA FOLLETTE,
Senate Chamber, Washington, D. C.:

Kill report on S. 3550.

FARMERS EQUITY UNION, CRYSTAL LOCAL 368.

SARONA, WIS., *September 16, 1940.*

Senator R. M. LA FOLLETTE,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Kill report on bill S. 3550. This bill would cost us farmers millions of dollars.

WASHBURN COUNTY FARMERS EQUITY UNION,
THURSTON B. TRUMBOWER, *County Secretary.*

DARLINGTON, WIS., *September 17, 1940.*

Senator ROBERT M. LA FOLLETTE:

We urge your opposition to bill S. 3550.

MEDLEY PRODUCE CO.

SEYMOUR, WIS., *September 17, 1940.*

Senator R. M. LA FOLLETTE,
Senate Office Building:
We ask your support in defeating bill S. 3550.

PROGRESSIVE FARMERS OF AMERICA,
HERBERT TUBBS, *Secretary.*

CLEAR LAKE, WIS., *September 17, 1940.*

Hon. ROBERT LA FOLLETTE,
United States Senate:
Your opposition to bill S. 3550 will benefit farmers.

THE FARMERS COOPERATIVE CREAMERY CO.

WAUKESHA, WIS., *September 16, 1940.*

Hon. ROBERT M. LA FOLLETTE,
United States Senator, Washington, D. C.

DEAR MR. LA FOLLETTE: We are advised that bill—S. 3550—is to be considered by the Senate Tuesday afternoon, September 17. There are two primary reasons why we are opposed to this bill. First, we believe it is to the best interests of all concerned to keep those in our penal institutions occupied at some profitable labor, thereby cutting down expenses to the taxpayers. Also, when this labor is converted into producing such articles as binder twine, etc., that can be sold to the farmers at a lower price than they would otherwise have to pay, a saving is effected.

If there is any class of people that need help and consideration, we feel it is the farmers. They are not organized, like many other industries, and consequently do not get the recognition and support that other industries receive. The relationship between the price of farm products and farm machinery, etc., has changed very materially in the last few years. The prices of farm machinery, etc., have advanced a great deal more than the prices of farm products.

We represent an organization of Holstein breeders in Waukesha County and are expressing the sentiments of over 1,000 Holstein breeders. We hope and trust you will give this matter your careful thought and consideration.

Thanking you for your attention to this, we are,
Very truly yours,

WAUKESHA COUNTY HOLSTEIN
BREEDERS' ASSOCIATION.
By A. F. BENNETT.

SHEBOYGAN, WIS., *September 17, 1940.*

Hon. ROBERT M. LA FOLLETTE,
United States Senate, Washington, D. C.

DEAR SIR: We understand that Senate bill 3550, which would stop the sale of prison-made goods, will be up for consideration.

As farmers of the State of Wisconsin, we feel that the passage of this bill should be blocked altogether, but if this is not possible, that such amendments be made so as to exempt binder twine and farm machinery.

Your earnest consideration of problems involved will be very much appreciated, and we hope that you will be able to successfully oppose this bill.

Yours very truly,

SHEBOYGAN DAIRYMEN'S COOPERATIVE
ASSOCIATION.
HERBERT C. HINZ, *Secretary.*

LIMA CENTER, WIS., *September 16, 1940.*

Senator ROBERT M. LA FOLLETTE,
Washington, D. C.

DEAR SIR: My attention has been called to bill No. S. 3550. This bill if passed will prohibit the manufacture of commercial goods in prisons. I wish you would do everything in your power to stop this bill from being passed.

In the first place, here in the State of Wisconsin, our prisoners in the manufacture of twine have saved the taxpayers approximately $100,000 a year and have also saved the farmer a large amount of money on the cost of his twine.

While this may not be in line with labor organizations and the monopolists, I believe they need a little competition.

Furthermore, it would be an awful handicap to the States and to the prison authorities to keep discipline among so large a number of idle men. It would even be hard to keep them healthy while idle.

The farmers are certainly entitled to at least a few items at a more reasonable price and our prison goods here in the State of Wisconsin have been far more reasonable than goods manufactured in factories where labor is controlled by labor racketeers and monopolists.

I may be speaking very frankly, but I have the facts to back these statements. If you wish, I can get them for you.

Yours truly,

E. C. MEISSNER.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SHIPSTEAD. On that question I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Frazier	Lodge	Schwellenbach
Austin	George	McKellar	Sheppard
Bailey	Gerry	McNary	Shipstead
Barkley	Gibson	Maloney	Smathers
Bilbo	Gillette	Mead	Stewart
Brown	Green	Minton	Taft
Bulow	Gurney	Murray	Tobey
Burke	Hale	Neely	Tydings
Byrd	Hatch	Norris	Vandenberg
Byrnes	Hayden	Nye	Wagner
Capper	Herring	O'Mahoney	Walsh
Caraway	Hill	Overton	White
Clark, Mo.	Johnson, Calif.	Pepper	Wiley
Danaher	Johnson, Colo.	Pittman	
Downey	King	Reed	
Ellender	La Follette	Schwartz	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present.

The question is on agreeing to the conference report.

Mr. LA FOLLETTE. I renew my demand for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. NORRIS and Mr. ADAMS rose.

Mr. NORRIS. Mr. President, I was addressing the Chair, and I wanted to be heard for just a moment. I have no objection to the Senator from Colorado being recognized. The clerk started to call the roll while I was addressing the Chair for recognition.

Mr. ADAMS. I merely wanted to make an inquiry as to the form in which the question was pending.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. NORRIS. Mr. President, if the conference report shall be rejected, I shall move for a further conference, with instructions to the conferees to agree to the House amendments as to farm machinery and binder twine. I have no disposition, and, in my opinion, no one else has, to cause any undue delay, and I think that it would take only a few moments for the consideration of the bill by the conferees. I wanted the Senate to know that there was no disposition to kill the legislation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. It should be stated, in order that the Senate may understand the parliamentary situation, that the House has already agreed to the report.

Mr. NORRIS. My reason for making the announcement I have made was that I had understood the House had agreed to the report, and that therefore it would not be in order now for me to move to refer the matter back to conference with instructions. I submit a parliamentary inquiry to the Chair. Would it be in order now to move to recommit the conference report to the committee of conference with certain instructions?

The PRESIDING OFFICER. It would not be in order at this time.

Mr. NORRIS. That was my idea, and that was why I made the announcement I made.

Mr. BARKLEY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BARKLEY. The House having adopted the conference report, there is no committee of conference at this time, I understand, and that situation would not be changed even though the Senate rejected the conference report. Probably if that occurred the Senate would ask for a further conference.

Mr. NORRIS. That is what I intend to do if the conference report is rejected.

The PRESIDING OFFICER. The yeas and nays have been ordered on agreeing to the conference report, and the clerk will call the roll.

The Chief Clerk resumed the call of the roll.

Mr. KING (when his name was called) On this vote I have a pair with the junior Senator from North Carolina [Mr. REYNOLDS]. In his absence I withhold my vote.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I therefore withhold my vote.

Mr. CLARK of Missouri (when Mr. TRUMAN's name was called). My colleague the junior Senator from Missouri [Mr. TRUMAN] is unavoidably detained from the Senate on important business. If he were present, he would vote "yea."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CLARK], the Senator from Texas [Mr. CONNALLY], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Mississippi [Mr. HARRISON], the Senator from West Virginia [Mr HOLT], the Senator from Delaware [Mr. HUGHES], the Senators from Oklahoma [Mr. LEE and Mr. THOMAS], the Senators from Illinois [Mr LUCAS and Mr. SLATTERY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MILLER], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from South Carolina [Mr. SMITH], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are necessarily absent.

The Senator from Maryland [Mr. RADCLIFFE] is detained in one of the Government departments. I am advised that, if present and voting, he would vote "yea."

Mr. MCNARY. On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD], which I transfer to the junior Senator from Idaho [Mr. THOMAS], and will vote. I vote "nay."

Mr. AUSTIN. I have a general pair with the Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

I announce the general pair of the Senator from Pennsylvania [Mr. DAVIS], who is necessarily absent, with the Senator from Kentucky [Mr. CHANDLER].

The Senator from New Jersey [Mr. BARBOUR], who is unavoidably absent, would vote "yea" if present.

Mr. MCKELLAR (after having voted in the affirmative). I inquire if the senior Senator from Delaware [Mr. TOWNSEND] has voted?

The PRESIDING OFFICER. The Chair is informed the Senator from Delaware has not voted.

Mr. MCKELLAR. I have a pair with the Senator from Delaware, which I transfer to the Senator from Nevada [Mr. MCCARRAN], and allow my vote to stand.

Mr. STEWART. I have a general pair with the Senator from Oregon [Mr. HOLMAN], which I transfer to the Senator from Missouri [Mr. TRUMAN], and will vote. I vote "yea."

The result was announced—yeas 36, nays 23, as follows:

YEAS—36

Adams	George	Maloney	Sheppard
Barkley	Gerry	Mead	Smathers
Bilbo	Gibson	Minton	Stewart
Byrnes	Green	Neely	Taft
Caraway	Hale	O'Mahoney	Tobey
Clark, Mo.	Hatch	Overton	Tydings
Danaher	Hayden	Pepper	Wagner
Downey	Lodge	Pittman	Walsh
Ellender	McKellar	Schwartz	White

NAYS 23

Bailey	Frazier	Johnson, Colo.	Reed
Brown	Gillette	La Follette	Schwellenbach
Bulow	Gurney	McNary	Shipstead
Burke	Herring	Murray	Vandenberg
Byrd	Hill	Norris	Wiley
Capper	Johnson, Calif.	Nye	

NOT VOTING—36

Andrews	Bridges	Donahey	Hughes
Ashurst	Chandler	Glass	King
Austin	Chavez	Guffey	Lee
Bankhead	Clark, Idaho	Harrison	Lucas
Barbour	Connally	Holman	McCarran
Bone	Davis	Holt	Miller
Radcliffe	Slattery	Thomas, Okla.	Truman
Reynolds	Smith	Thomas, Utah	Van Nuys
Russell	Thomas, Idaho	Townsend	Wheeler

So the conference report was agreed to.

Mr. KING. Mr. President, during the discussion of the conference report I called attention to the fact that through an inadvertence there had been an omission in the conference report of several words, and it was suggested that I offer a concurrent resolution, which I now do, for the purpose of having the enrolling clerks make the proper correction.

I send the resolution to the desk and ask that it be read.

The PRESIDENT pro tempore. The resolution will be read.

The Chief Clerk read the concurrent resolution (S. Con. Res. 54), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate, in the enrollment of the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce, is hereby directed to insert, after the words "Federal Government", the words "or the District of Columbia."

The PRESIDING OFFICER. Does the Senator ask unanimous consent for the immediate consideration of the resolution?

Mr. KING. Yes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution offered by the Senator from Utah?

Mr. FRAZIER. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FRAZIER. Is the concurrent resolution subject to amendment? Can an amendment be offered to it?

The PRESIDING OFFICER. The Chair is of the opinion that a general amendment would not be in order. An amendment germane to the concurrent resolution, to correct an error, would be in order.

Mr. FRAZIER. The purpose of the concurrent resolution, as I understand, is to correct something that was left out of the conference report.

Mr. KING. To correct a clerical error.

Mr. FRAZIER. I also desire to correct something that was left out of the conference report.

Mr. BARKLEY. The purpose of the concurrent resolution offered by the Senator from Utah is simply to correct a clerical mistake in writing up the conference report. That is done in the Senate frequently. It seems to me the offering of such a concurrent resolution does not provide an opening to change the substance of the conference report.

Mr. KING. I accept the ruling of the Chair, which I think is absolutely correct.

The PRESIDING OFFICER. It is the opinion of the Chair that the conference report is not subject to a general amendment.

The question is on the request of the Senator from Utah for immediate consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and greed to.

Mr. NEELY. Mr. President, I make the friendly motion that the vote by which the conference report was agreed to be reconsidered.

Mr. CLARK of Missouri. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Missouri to lay the motion made by the Senator from West Virginia on the table.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Megill, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 607) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941, and it was signed by the President pro tempore.

EXPANSION OF LENDING AUTHORITY OF EXPORT-IMPORT BANK—CONFERENCE REPORT

Mr. WAGNER. Mr. President, I submit the conference report on House bill 10361, to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes; and, after discussion, I propose to move that it be adopted.

The PRESIDING OFFICER. The Senator from New York submits a conference report which will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by the Senate amendment, restore the matter stricken out by the Senate amendment, and on page 2, line 12, of the House engrossed bill, after the word "nationals" insert a colon and the following: "*Provided*, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the act of April 13, 1934 (48 Stat. 574), or to the Neutrality Act of 1939."; and the Senate agree to the same.

ROBERT F. WAGNER,
ALBEN W. BARKLEY,
JAMES F. BYRNES,
JOHN G. TOWNSEND, Jr.,
JOHN A. DANAHER,
Managers on the part of the Senate.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,
JESSE P. WOLCOTT,
ROBERT LUCE,
Managers on the part of the House.

Mr. WAGNER. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. WAGNER. Mr. President, this is the conference report on the bill to increase the lending authority of the Export-Import Bank. There were only two items of disagreement between the two Houses, which were within the province of the conferees to consider. The first was the Senate provision that no loan could be made by the Export-Import Bank which was in violation of the Neutrality Act, the so-called Johnson Act, or international law as interpreted by the Department of State. Upon that item the House receded and the Senate provision remains in the bill.

The other item of disagreement was with respect to the House provision authorizing the R. F. C. to issue its bonds or notes in the sum of $1,000,000,000, in addition to the present authorization. The conferees had before them a letter from Mr. Jesse Jones, in which he set forth that since the action by the Senate, commitments had been made by the R. F. C. for national-defense purposes in the sum of $528,895,000. He said further that he was advised by the National Defense Council there would probably be additional commitments "in substantial amounts," for loans to industry and to corporations created by the R. F. C. for the purposes of establishing reserve supplies of strategic and critical materials.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. VANDENBERG. Is the list of loans to which the Senator refers available?

Mr. WAGNER. Yes; I have it here.

Mr. VANDENBERG. Will the Senator put it in the RECORD and then let me see it?

Mr. WAGNER. I propose to put it in the RECORD, I will say to the Senator from Michigan.

The R. F. C. has available today for all purposes, including national defense, only the sum of about $500,000,000. That is, of course, totally inadequate—inadequate to meet national-defense purposes alone, apart from all the other functions of the R. F. C. As Mr. Jones advised the conferees, a margin of about $1,000,000,000 is required for its general operations as a matter of prudent policy. So that without the increase of a billion dollars, the R. F. C. would be seriously crippled, and so would our defense program.

In addition to the request of Mr. Jones, the National Defense Council has also asked that this additional authorization be given in order that the R. F. C. may aid it in vigorously prosecuting the program for national defense. Without the additional authorization, we are taking the responsibility of seriously interfering with the progress of our defense program. Since June of this year the R. F. C. has made commitments exceeding one-half billion dollars for defense purposes, and it is reasonably estimated that more than $300,000,000 additional will be required for these purposes.

It is plain that unless we want to wipe out entirely the other purposes for which the R. F. C. was created, we shall have to grant this additional sum.

The Senate conferees were so impressed by the arguments and the facts presented that they receded and accepted the House provision. All the conferees have signed the report, so that the conference report is unanimous.

I have here another letter which the Administrator, Mr. Jesse Jones, now Secretary of Commerce, sent to me within the last 3 days, which I ask to have read at the desk.

The PRESIDING OFFICER. The letter will be read.

The Chief Clerk read as follows:

FEDERAL LOAN AGENCY,
Washington, September 16, 1940.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Under authority of the amendment to the Reconstruction Finance Corporation Act approved June 25, 1940, in connection with the national-defense program, the R. F. C. has created the Rubber Reserve Co., the Metals Reserve Co., the Defense Supplies Corporation, and the Defense Plant Corporation, and has made commitments for loans and investments, including those made to these corporations, aggregating $558,609,290. The Defense Commission has advised that other commitments in substantial amounts will be necessary.

I wish, therefore, to urge the added borrowing authority for R. F. C. agreed upon by the conferees.

When the Congress, in June, passed the amendment above referred to, no additional borrowing authority was provided, though the Corporation did not have any more unused credit at that time than prudent policy required for its general operations.

The Rubber Reserve Co. was created to provide for the acquisition of a reserve supply of raw rubber, and $145,000,000 has been allocated to it.

The Metals Reserve Co. was created to acquire a reserve supply of tin, antimony, manganese, wolframite, and other strategic and critical materials. One hundred and five million dollars has been allocated to it.

The Defense Supplies Corporation was created to acquire a reserve supply of high-test aviation gasoline, and such other materials as may be designated by the Defense Commission. Fifty-three million two hundred and fifty thousand dollars has been allocated to it.

The Defense Plant Corporation was created with a capital of $5,000,000 in connection with plant construction and the purchase of machinery and equipment to be installed in the plants of manufacturers in order to facilitate the execution of orders by the War and Navy Departments. This Corporation will probably require $150,000,000 or more,, which will bring our present total commitments to near $700,000,000, and it will probably be necessary to increase our allocations for rubber, metals, and other defense supplies in substantial amounts.

I attach a list of defense loan authorizations to date.

Sincerely yours,

JESSE H. JONES, *Administrator.*

Mr. WAGNER. The letter shows total commitments to date aggregating $558,000,000—including $145,000,000 allocated to the Rubber Reserve Co., to acquire reserve supplies of raw rubber; $105,000,000 allocated to the Metal Reserve Co., to acquire reserve supplies of strategic and critical materials; $53,000,000 allocated to the Defense Supplies Corporation, to acquire reserve supplies of high-test aviation gasoline, and such other materials as the National Defense Commission may designate; and $5,000,000 allocated to the Defense Plant Corporation, to aid in plant construction and purchase of machinery. The Corporation last named is concerned only with defense transactions in which the R. F. C. obtains title

to the needed land or plant or machinery, and leases it to the private manufacturer. The remaining $255,000,000 has been allocated for loans to expand defense plants, to purchase machinery, to expand aviation and trade schools, and so forth.

Mr. President, unless there are some questions to be asked, that is all I care to say in explanation of the action of the conferees.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks, tables showing exactly what loans and commitments have been made to date by the Reconstruction Finance Corporation for national defense purposes alone.

There being no objection, the tables were ordered to be printed in the RECORD, as follows;

Defense loans approved, June 25, 1940, to Sept. 14, 1940, inclusive

	Number	Amount authorized		
		Reconstruction Finance Corporation's share	Bank's share	Total
Under act of June 25, 1940:				
List 1:				
Loans	13	$53,268,800.00		$53,268,800
Sales of participations	4	130,500.00	$104,100.00	234,600
Immediate participation	1	88,000.00	12,000.00	100,000
Deferred participations	5	398,750.00	148,750.00	547,500
Total, list 1	23	53,886,050.00	264,850.00	54,150,900
List 2: Stock purchases	5	5,000,000.00		5,000,000
List 3: Conditional agreements outstanding:				
Loans	15	479,297,855.00		479,297,855
Stock purchases	4	15,000,000.00		15,000,000
Total, act of June 25, 1940	47	553,183,905.00	264,850.00	553,448,755
To business enterprises under sec. 5d but not under act of June 25, 1940:				
List 4:				
Loans	43	510,810.00		510,810
Sales of participations	2	18,420.00	13,420.00	31,840
Deferred participations	7	362,663.75	219,221.25	581,885
Total, list 4	52	891,893.75	232,641.25	1,124,535
Grand total	99	554,075,798.75	497,491.25	[1] 554,573,290
Add conditional agreements later canceled and not authorized as loans	2	4,027,000.00	9,000.00	4,036,000
Grand total approved	101	558,102,798.75	506,491.25	558,609,290

[1] Of this amount, $317,305 has been withdrawn or canceled.

LIST 1.—*Defense: Loans and participations authorized under act of June 25, 1940*

State	City	Name	Date authorized	Type (loan or participation)	Amount authorized	Type of industry	Purpose
Alabama	Anniston	Kilby Steel Co., Inc.	Aug. 21	Immediate: Reconstruction Finance Corporation.	$88,000	Rolling mill, steel castings, foundry, etc.	Working capital to help finance Army contracts for 371,000 mosquito rods, and for forgings for shells.
				Bank	12,000		
Illinois	Highland	The Hug Co. (canceled on Aug. 20, and new sale of participation authorized on Aug. 23. See below).	July 26	Sale: Reconstruction Finance Corporation.	[1] 45,000	Manufacturing trucks and road building machinery.	Working capital in connection with manufacturing of 10 wrecking trucks for Army Ordnance Department.
				Bank	[1] 45,000		
Do	do	The Hug Co.	Aug. 23	Sale: Reconstruction Finance Corporation.	30,800	Manufacturing trucks and road building equipment.	Working capital to finance the manufacturing of 7 heavy-duty trucks for Tennessee Valley Authority in connection with erection of new aluminum plant as part of national defense program.
				Bank	30,800		
Do	O'Fallon	Independent Engineering Co., Inc.	July 10	Deferred: Reconstruction Finance Corporation.	8,750	Manufacturing gas cylinders, gas tanks, etc.	$15,500 toward construction of plant addition; $2,000 for debt payment. Has Government contract for cylinders.
				Bank	8,750		
Iowa	Cedar Rapids	Universal Crusher Co.	Aug. 23	Deferred: Reconstruction Finance Corporation.	75,000	Portable rock-crushing units, loading plants and allied equipment, etc.	Machinery and equipment, $42,000; working capital, $16,000; debt payment, $42,000. Will complete order from Rock Island Arsenal.
				Bank	25,000		
Massachusetts	Boston	Daniel Russell Boiler Works, Inc.	Aug. 21	Loan	11,800	Manufacturing and repairing boilers.	Working capital, $10,720; tool changes, $1,080; to help finance Navy contract for 108 float buoys.
Do	Fall River	Society Club Hats Corporation.	July 22	do	40,000	Manufacturing men's felt hats and Army campaign hats.	Working capital. Is completing Army order for 74,000 campaign hats.
Do	New Bedford	Palmer Scott & Co., Inc.	July 31 [2]	Sale: Reconstruction Finance Corporation.	25,000	Boat builders and Navy architects.	$48,000 for working capital to complete Navy contract for 14 aircraft rescue boats; $2,000 for new equipment.
				Bank	25,000		
New Jersey	Berkeley Heights	Essex Specialty Co., Inc.	July 10	Loan	25,000	Manufacturing smoke bombs, flares, fireworks, etc.	Working capital to complete Navy contract for 20,000 aircraft float lights.
Do	Elizabeth	Service Machine Co.	July 24	Deferred: Reconstruction Finance Corporation.	[1] 7,500	Machine shop. Manufacturing tools, dies, etc.	$7,000 for debt payment; $8,000 for working capital. Is working on Government order for gun sights for rifles.
				Bank	[1] 7,500		

[1] Subsequently withdrawn or canceled in full.
[2] Aug. 28 as sale.

LIST 1.—*Defense: Loans and participations authorized under act of June 25, 1940*—Continued

State	City	Name	Date authorized	Type (loan or participation)	Amount authorized	Type of industry	Purpose
New Jersey	Red Bank	Electrical Industries Manufacturing Co., Inc.	Aug. 14	Sale:			
				Reconstruction Finance Corporation.	$29,700	Manufacturing electrical and mechanical apparatus.	Working capital, including financing of Coast Guard order and 4 shipyard orders.
				Bank	3,300		
New York	Brooklyn	M. T. Davidson Co.	Aug. 26	Loan	35,000	Manufacturing steam and centrifugal pumps.	Working capital to complete Navy contracts for 32 electrically driven centrifugal pumps and 4 steam-driven reciprocating pumps.
Do	College Point	Edo Aircraft Corporation.	Aug. 23	Deferred:			
				Reconstruction Finance Corporation.	300,000	Manufacturing aircraft parts and seaplane pontoons.	Working capital, $175,000; machinery and equipment, $75,000; debt payment, $150,000. Will finance Navy contract for seaplane pontoons.
				Bank	100,000		
Do	New York	Chayes Dental Instrument Corporation.	Aug. 5	Loan	[1] 9,000	Manufacturing precision instruments and specialties.	New equipment to complete Navy contract for 300 straight handpieces and 400 contra angles.
Ohio	Canton	Diebold Safe & Lock Co.	July 31	do	175,000	Armor plate and specialties; bank vaults, metal doors, etc.	Toward new machinery and equipment for armor plate to fill contract with White Motor Co. for 1,057 Army scout cars.
Do	Hamilton County.	Wright Aeronautical Corporation of Ohio.	Aug. 7	do	37,000,000	Manufacturing aircraft motors.	To build and equip new plant.
Pennsylvania	Butler	American Bantam Car. Co.	Aug. 8	do	125,000	Motor vehicles	Working capital for production of 70 reconnaisance cars for War Department.
		Total, through Aug. 26, 1940.			38,287,900		
Nebraska	Omaha	Scott Manufacturing Co.	Aug. 28	Loan	6,000	Manufacturing tents, awnings, uniforms, etc.	Working capital. Has Army contract for 5,000 tents.
		Total, through Aug. 28.			38,293,900		
New Jersey	Newark	Codeco, Inc.	Aug. 30	Loan	15,000	Manufacturing communication equipment (receiving equipment, etc.).	Working capital to complete contracts with Signal Corps and Civil Aeronautics Authority.
Virginia	Richmond	Reynolds Metals Co.	do	do	15,800,000	Metal foil, thermostats, etc.	$11,500,000 to acquire and construct facilities to produce aluminum ingots; $2,019,500 for expenses incidental to acquisition of facilities for production of aluminum alloy; $2,280,500 for debt payment.
Massachusetts	Boston	Aircraft Engine Development, Inc.	do	do	15,000	Aircraft engines	Working capital for development of aircraft engine for Navy.
		Total, through Aug. 30.			54,123,900		
New York	New York	Duro Wear Shirt Co., Inc.	Sept. 3	Deferred:			
				Reconstruction Finance Corporation.	7,500	Manufacturing men's shirts.	Working capital to assist financing Army contract for 144,000 shirts.
				Bank	7,500		
		Total, through Sept. 3.			54,138,900		
Massachusetts	South Boston	McCulloch Manufacturing Co.	Sept. 13	Loan	12,000	Machine shop	$1,500 for machinery and $9,000 for working capital, in connection with Armory contract for rifle parts. Also $1,500 to pay taxes.
		Total, through Sept. 13.			54,150,900		

LIST 2.—*Defense: Stock purchases authorized under act of June 25, 1940*

State	City	Name	Date authorized	Type	Amount authorized	Purpose
District of Columbia	Washington	Defense Plant Corporation	Aug. 22	Stock purchase	$1,000,000	Plant equipment, and machinery, particularly for manufacture of airplanes, engines, and parts.
Do	do	Metals Reserve Co.	June 28	do	1,000,000	Acquire strategic materials.
Do	do	Rubber Reserve Co.	do	do	1,000,000	Acquire rubber.
		Total, through Aug. 26, 1940.			3,000,000	
Do	do	Defense Supplies Corporation	Aug. 29	Stock purchase	1,000,000	Acquire high-test gasoline for War and Navy air services.
		Total, through Aug. 30, 1940.			4,000,000	
Do	do	Metals Reserve Co.	Sept. 7	Stock purchase	1,000,000	Acquire strategic materials.
		Total, through Sept. 7, 1940.			5,000,000	

LIST 3.—*Defense: Conditional agreements outstanding under the act of June 25, 1940*

State	City	Name	Date authorized	Type	Amount authorized	Type of industry	Purpose
California	San Diego	The Consolidated Aircraft Corporation.	Sept. 13	Loan	$12,300,000		
District of Columbia.	Washington	Defense Plant Corporation.	Aug. 23[1]	Stock purchase	4,000,000		
Do	do	do	Sept. 13	Loan	25,000,000		
Do	do	Defense Supplies Corporation.	Aug. 29	Stock purchase	4,000,000		
Do	do	do	Sept. 2[2]	Loan	50,000,000		
Do	do	do	do.[2]	do	3,250,000		
Do	do	Metals Reserve Co	June 28	do	100,000,000		
Do	do	do	do	Stock purchase	3,000,000		
Do	do	Rubber Reserve Co	Aug. 19 Aug. 28	Loan	140,000,000		
Do	do	do	June 28	Stock purchase	4,000,000		
Indiana	South Bend	Bendix Aviation Corporation.	Aug. 22	Loan	18,587,855	Aircraft parts; automobile parts.	Plant expansion and equipment.
Iowa	Davenport	Unnamed manufacturers of machine tools.	July 22	do	10,000,000	Machine tools	
New York	Bethpage, Long Island.	Grumman Aircraft Engineering Corporation.	Sept. 11	do	3,500,000		
Do	Buffalo	Curtiss-Wright Corporation.	Aug. 14	do	34,000,000	Airplane manufacturing	Buy land and build plants for manufacturing airplanes at Buffalo, St. Louis, and Columbus, Ohio.
Do	do	do	Aug. 14	do	15,000,000	do	Working capital for manufacturing of airplanes.
Do	do	Responsible cooperating companies in connection with Curtiss-Wright Corporation.	do	do	2,160,000	do	Machinery and equipment.
Washington	Seattle	Boeing Airplane Co. or any subsidiary or subsidiaries.	Aug. 22[3]	do	10,500,000	do	Acquire plant sites, construct buildings, and install machinery and equipment for manufacturing airplanes at Wichita and Seattle.
		Wright Aeronautical Corporation or its subsidiaries and responsible cooperating companies.	July 26	do	35,000,000	Aircraft, motors	Labor, materials, and other necessary expenses in manufacture of motors.
		Responsible cooperating companies in connection with Wright Aeronautical Corporation.	do	do	20,000,000	do	Purchase of machinery and equipment and other facilities to produce necessary parts for construction of motors.
		Total, conditional agreements outstanding, Sept. 14:					
		Loans			479,297,855		
		Stock purchases			15,000,000		

[1] As of Aug. 22. [2] As of Aug. 30. [3] As of Aug. 21.

NOTE.—The following 2 conditional agreements were later withdrawn or canceled in full, and are not shown above: Sears Saddlery Co., $36,000 (deferred participation. Reconstruction Finance Corporation, $27,000; bank, $9,000). Corporation to be organized in connection with Colt's Patent Firearms Manufacturing Co., $4,000,000 (loan).

LIST 4.—*Defense loans authorized to business enterprises under section 54 but not under act of June 25, 1940*

State	City	Name	Date authorized	Type (loan or participation)	Amount authorized	Type of industry	Purpose
Arkansas	Little Rock	Central Flying Service, Inc.	Aug. 23	Loan	$6,840.00	Flying school	90 percent of purchase price of one Waco training plane. Civil Aeronautics Authority contracts.
California	Bell	Fred P. Glick, doing business as Fabriform Steel Products Co.	Aug. 16	Deferred: Reconstruction Finance Corporation. Bank	25,000.00 25,000.00	Aircraft parts; steel specialties; precast concrete forms.	Working capital; machinery and equipment; and pay balance on previous Reconstruction Finance Corporation loan. Has orders from airplane manufacturing companies.
Do	Inglewood	California Flyers, Inc	Aug. 9	Loan	13,680.00	Flying school	90 percent of purchase price of 2 Waco training airplanes. Civil Aeronautics Authority contracts.
Do	Los Angeles	Armin Fried, doing business as Fried Camera Co.	July 12	do	6,500.00	Precision machine tooling, and manufacturing motion picture equipment.	Working capital to complete Army contract for construction of optical printer.
Do	Van Nuys	Rankin School of Aeronautics, Inc.	Aug. 19	do	20,520.00	Flying school	90 percent of purchase price of 3 Waco training planes. Civil Aeronautics Authority contracts.
Colorado	Denver	Mountain States Aviation, Inc.	Aug. 12	do	[1] 6,840.00	do	90 percent of purchase price of 1 Waco training airplane. Civil Aeronautics Authority contracts.
Do	do	Ray Wilson, Inc	Aug. 21	do	6,840.00	do	Do.
Do	Lamar	Walter B. Higley and R. Wilmer Wright, doing business as Cub Flying Service.	Aug. 23	do	6,840.00	do	Do.
Florida	Lakeland	Lincoln Flying School, Inc.	do	Deferred: Reconstruction Finance Corporation. Bank	93,750.00 31,250.00	do	$93,000 to construct buildings; $32,000 to buy equipment.
Do	Miami Beach	Embry-Riddle Co	Aug. 19	Loan	13,680.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contract.

[1] Later withdrawn or canceled in full.

LIST 4.—*Defense loans authorized to business enterprises under section 54 but not under act of June 25, 1940*—Continued

State	City	Name	Date authorized	Type (loan or participation)	Amount authorized	Type of industry	Purpose
Georgia	Albany	Darr-Aero-Tech, Inc.	July 29	Deferred: Reconstruction Finance Corporation.	$62,500.00	do	Construct buildings, $83,000; buy equipment, $36,000; working capital, $6,000.
				Bank	62,500.00		
Indiana	Indianapolis	Roscoe Turner Aeronautical Corporation.	Aug. 7	Loan	60,000.00	Flying school, aircraft sales, etc.	Part cost of constructing airplane hangar, school, and administration building.
Do	do	do	Aug. 14	do	13,720.00	do	Purchase of 2 Waco training planes. Civil Aeronautics Authority contracts (90 percent of purchase price).
Iowa	Cedar Rapids	Cedar Rapids Airways, Inc.	Aug. 23[3]	Sale: Reconstruction Finance Corporation.	[3] 3,420.00	Flying school	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
				Bank	[3] 3,420.00		
Do	Des Moines	Iowa Airplane Co., Inc.	Aug. 12	Loan	6,860.00	do	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
Kansas	Wichita	Rawdon Bros. Flying Service.	Aug. 21	do	6,840.00	do	Do.
Maine	Waterville	Airways, Inc.	Aug. 12	do	27,540.00	do	90 percent of purchase price of 4 Waco training planes. Civil Aeronautics Authority contracts.
Maryland	Baltimore	Baltimore School of Aeronautics, Inc.	July 15	do	6,840.00	Airport and flying service.	Purchase 1 Waco training plane. Civil Aeronautics Authority contracts.
Do	Berwyn	Frederick W. H. Schrom	July 26	do	8,700.00	Airport; flying school	Do.
Massachusetts	Lynn	Lucie J. James, doing business as James Contract Stitching Co.	Aug. 14	do	3,000.00	Contract stitching of shoes, leather, heavy fabrics.	Working capital, to complete Army contract for 25,000 pairs of canvas leggings.
Michigan	Pontiac	C. W. Grimes and Frank Wignall, doing business as Land O'Lakes Flying Service.	Aug. 12	do	10,500.00	Flying school; aircraft sales.	$8,000 to build hangar, etc.; $2,500 for debt payment. Has Civil Aeronautics Authority contracts.
Mississippi	Jackson	Mississippi Institute of Aeronautics, Inc.	July 17	Deferred: Reconstruction Finance Corporation.	60,000.00	Flying school	Purchase and development of air field, and construction of buildings.
				Bank	40,000.00		
Missouri	Kansas City	Ong Aircraft Corporation	Aug. 19	Loan	[5] 13,680.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
Do	Sikeston	Missouri Institute of Aeronautics, Inc.	July 17	Deferred: Reconstruction Finance Corporation.	[5] 60,000.00	do	Purchase and development of air field and construction of buildings.
				Bank	[5] 40,000.00		
Nebraska	Lincoln	Lincoln Aeronautical Institute, Inc. (canceled on Aug. 22, and new deferred participation authorized on Aug. 23) to Lincoln Flying School, Inc., Lakeland, Fla.).	do	Deferred: Reconstruction Finance Corporation.	[5] 56,250.00	do	For relending to Lincoln Flying School for buildings and equipment for new school at Lakeland, Fla., Government contracts expected.
				Bank	[5] 18,750.00		
New York	Brooklyn	Flying Service, Inc.	Aug. 14	Loan	48,000.00	Flying school	90 percent of purchase p ice of 6 training planes. Civir Aeronautics Authority contlacts.
Do	Mineola	Hangar Services, Inc.	Aug. 12	do	6,800.00	do	90 percent of purchase prrce of 1 Waco training plane.i Civil Aeronautics Authority contracts.
Oregon	Portland	Portland Flying Service	Aug. 19	do	6,885.00	do	Do.
West Virginia	Huntington	Howard O. Mayes, doing business as Mayes' Field.	do	do	6,885.00	Flying school; airport	Do.
Wisconsin	Milwaukee	Milwaukee Airways, Inc.	Aug. 12	do	6,840.00	Flying school	Do.
		Total, through Aug. 26, 1940.			903,430.00		
Illinois	Peoria	Dewitt Collins, doing business as Peoria Flying Service.	Aug. 28	Loan	[5] 6,885.00	Flying school, and charter and repair service.	Do.
		Total, through Aug. 28.			910,315.00		
California	Santa Monica	Huchendorf and Lyle Flying Service, Inc.	Aug. 30	do	13,770.00	Flying school	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
Kansas	Manhattan	Manhattan School of Aeronautics, Inc.	do	do	6,885.00	do	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
Missouri	St. Joseph	Missouri Valley Airways, Inc.	do	do	13,770.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
Georgia	Atlanta	Southern Airways Sales Company, Inc.	do	do	6,840.00	do	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
		Total through Aug. 30.			958,420.00		
Missouri	Robertson	Robertson Aircraft Corporation.	Sept. 3	do	11,785.00	Flying school; airplane service and repair.	90 percent of purchase price of 9 Piper Cub airplanes. Civil Aeronautics Authority contracts.

[2] Sept. 9 as sale.

[3] Loan originally authorized for $13,600. On Sept. 9, $6,760 was rescinded, and the remaining $6,840 was changed to sale of participation.

[4] Of this amount, $900 was subsequently canceled.

[5] Subsequently withdrawn or canceled in full.

LIST 4.—*Defense loans authorized to business enterprises under section 54 but not under act of June 25, 1940*—Continued

State	City	Name	Date authorized	Type (loan or participation)	Amount authorized	Type of industry	Purpose
South Carolina	Greenville	Southern Airways, Inc.	Sept. 3[6]	Deferred: Reconstruction Finance Corporation.	$5,163.75	Flying school	90 percent of purchase price of 1 Waco training airplane. Civil Aeronautics Authority contracts.
				Bank	1,721.25		
Kansas	Wichita	Lloyd A. McJunkin	Sept. 3	Loan	6,885.00	do	Do.
Missouri	St. Joseph	Pony Express Airways & College, Inc.	do	do	13,770.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
		Total, through Sept. 3.			997,745.00		
Georgia	Macon	Raymond Aviation School.	Sept. 4	Loan	6,885.00	Flying school	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
Iowa	Des Moines	Iowa Airplane Co.	do	do	13,770.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
		Total, through Sept. 4.			1,018,400.00		
Colorado	Denver	Ray Wilson, Inc.	Sept. 6	Loan	6,885.00	do	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
Maryland	Rockville	Congressional School of Aeronautics, Inc.	do	do	6,885.00	do	Do.
Michigan	Detroit	Harting Aircraft Corporation.	do	do	6,000.00	do	Do.
New York	Mineola, Long Island.	Dervend Flying School, Inc.	do	do	13,770.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
		Total, through Sept. 6.			1,051,940.00		
Do	Brooklyn	Deane Flying School	Sept. 9	Loan	20,655.00	do	90 percent of purchase price of 3 Waco training planes. Civil Aeronautics Authority contracts.
Kansas	Lawrence	Ashcraft Bros. Flying Service.	do	do	6,885.00	do	90 percent of purchase price of 1 Waco training plane. Civil Aeronautics Authority contracts.
		Total			1,079,480.00		
		Less: 2 amounts rescinded on Sept. 9.			13,600.00	(Cedar Rapids Airways, Inc., and Mountain States Aviation, Inc.)	
		Total, through Sept. 9.			1,065,880.00		
California	Sacramento	Browne Flying Service	Sept. 11	Loan	6,885.00	Flying school	Do.
Idaho	Pocatello	E. E. Hanson, doing business as Idaho Southern Air Service.	do	do	13,770.00	do	90 percent of purchase price of 2 Waco training planes. Civil Aeronautics Authority contracts.
Florida	Miami	Jack Quinn, Inc.	Sept. 11	Sale: Reconstruction Finance Corporation.	15,000.00	General contracting	Working capital to assist financing construction of naval air training base at Opa Locka, Fla.
				Bank	10,000.00		
		Total, through Sept. 11.			1,111,535.00		
Washington	Tacoma	The Gehri Company, a copartnership.	Sept. 13	Loan	7,000.00	Sheet metal and air conditioning.	Working capital to assist financing subcontract for sheet metal and heating for temporary mobilization buildings.
Indiana	West Lafayette	Purdue University Airport.	do	do	6,000.00	Flying school	90 percent of purchase price of one Waco trainer airplane. Civil Aeronautics Authority contracts.
		Total through Sept. 13.			1,124,535.00		

[6] Sept. 4 as deferred.

Mr. TAFT. Mr. President, I wish to discuss briefly the proposed addition to the lending power of the Reconstruction Finance Corporation. That matter was not before the Senate committee at the time we considered the Export-Import Bank bill. That bill, as it passed the Senate, merely authorized the Reconstruction Finance Corporation to borrow $500,000,000 more to finance loans to South America. The House bill provided, in addition to that, another billion dollars. So the bill as agreed to in conference provides for additional lending power to the Reconstruction Finance Corporation of $1,500,000,000, which, of course, may be used for any of the purposes of the Reconstruction Finance Corporation. It is not limited in any way to loans to Latin America or even to defense loans. Its purpose is apparently primarily for defense loans.

So far as I know, no definite showing has been made that the amount asked for is needed. No such showing as is usually made to the Appropriations Committee when it is necessary to appropriate money has been made, and yet the loans of the Reconstruction Finance Corporation for national defense are exactly the same as appropriations. They are said to be loans, but we really have stepped beyond the lending power of the Reconstruction Finance Corporation, and we are in effect appropriating money for what is done. Take the $92,000,000 loan to the Wright Aeronautical Corporation. A subsidiary corporation is created, to which the $92,000,000

is loaned. So, as a matter of fact, a plant is built which in effect belongs to the Government, unless when we get through with this thing the Wright Aeronautical Corporation itself shall decide that it wishes to buy the plant from the Government. So really the so-called loans are appropriations. No showing has been made to any committee of the need for $1,000,000,000. When the matter came up before our committee, I suggested to Mr. Jones that we increase his borrowing power by $500,000,000 in addition to the Export-Import Bank provision, and he said that was enough. On August 8 he testified as follows before the House committee:

Mr. JONES. My opinion is that a billion dollars, to include the bank money, would be adequate.

Mr. KEAN. That is, you would put at the bottom of that page "is hereby increased by half a billion dollars"?

Mr. JONES. Is increased by a billion. You see, it takes half a billion to take care of the bank, and that would leave half a billion, then, for the R. F. C.

Miss SUMNER. Was that limitation of a billion dollars put in the Senate bill? I notice Senator TAFT had some kind of a billion-dollar limitation.

Mr. JONES. The committee more or less agreed. Senator TAFT asked if we would be willing to limit this to a billion dollars, and I told him "Yes."

So all that any committee of the Congress has ever been asked for is half a billion dollars more than the Reconstruction Finance Corporation now has, although the conference committee agrees to an additional $1,000,000,000. No great change has occurred since we were considering the measure. When we were considering it Mr. Jones stated that commitments had already been made for $300,000,000 for national defense, and that the Corporation had been notified that it would need at least two or three hundred million dollars more at once. So the total now set forth by Mr. Jones is about the amount which he then foresaw, when he was satisfied with half a billion dollars.

The learned Senator from New York has said that Mr. Jones says that the Reconstruction Finance Corporation should always have a margin of $1,000,000,000. I do not know why it should have a margin of a billion dollars. As a matter of fact, today no one knows exactly what the borrowing powers are. The Reconstruction Finance Corporation legislation is so completely confused that no one can very easily figure it out. Mr. Jones has never told us what the additional borrowing power is, and has never submitted any table. So far as I know there is no record anywhere of what the additional borrowing power of the Reconstruction Finance Corporation is, before we increase it by the proposed amount.

Laws which have been passed have authorized the Reconstruction Finance Corporation to issue a total of $4,250,000,000 of notes, debentures, and so forth. In addition, it has been authorized to issue a great many notes for special purposes. Against that, it has required the Treasury to cancel about $2,700,000,000 of notes which were really issued for relief purposes. Some of those items are chargeable against general appropriations, and some are chargeable against special appropriations. So I challenge any lawyer or accountant to be confident of what the additional borrowing power of the Reconstruction Finance Corporation is today. Today it has a capital of half a billion dollars. It has outstanding in the hands of the public about $1,000,000,000 of notes. So far as I can judge, its additional borrowing power is about one and a half billion dollars, before we authorize any additional borrowing under the pending bill. I may be mistaken. Mr. Jones, when asked, in a vague way said that the additional borrowing power was about $1,000,000,000. I do not venture to tell the Senate what the power is. I do not know. It seems to me there should be a complete revision of the Reconstruction Finance Corporation legislation, and that we ought to know, before we get through, exactly what the Reconstruction Finance Corporation can do, and how much additional borrowing power it has. If it has one and a half billion dollars additional borrowing power, then I do not see that any further authorization is needed. Mr. Jones says he thinks he has $1,000,000,000, and about $700,000,000 more or less committed, very little of that to be paid out before the first of January. I believe a margin of $300,000,000 would be sufficient.

As a matter of fact, no one connected with the Government has made any plan as to how much money is really needed for the construction of industrial plants. No plan has ever been presented to Congress. Mr. Jones has never presented any plan. The Army has never presented any plan. The Navy has never presented any plan. We are absolutely in the dark as to how much money the Government needs to lend, or how much money the Government needs to put up for additional industrial plants. As a matter of fact, we have already appropriated large sums of money to the Army and to the Navy for plants.

In Public 667 we appropriated to the Secretary of War, for the construction of plants for expediting production for military purposes, $150,000,000 to be immediately available. There is also $50,000,000 more contingent contract authorization. So in that bill there is $200,000,000 for building plants.

In Public 781, which was the first supplementary military appropriation bill, we appropriated for the construction of army plants, $162,500,000, and made contract authorizations for another $162,500,000. So we have given the Army a total of $525,000,000 for the construction of plants, entirely outside what we may now give the Reconstruction Finance Corporation.

In addition, in the Navy appropriation bill, in Public 588, we have given the Navy $43,850,000 for that purpose; another appropriation of $65,000,000; and one of $35,000,000, all of which might be used for that purpose, and may be used for other purposes, or a total of $143,850,000. So, apparently, for the construction of plants, we have appropriated more than $643,000,000; and now Mr. Jones wants another billion dollars.

I do not venture to say that he is right or wrong. All I say is that no data have been submitted to the Congress as to what the plan for the construction of plants is. No data have been submitted to the Congress as to just what the borrowing power of the R. F. C. is. No data have been submitted to the Congress as to just what the $1,000,000,000 will be used for. So it seems to me that we are again asked to vote blindly. I do not want to delay anything. This bill would not delay anything, because the Reconstruction Finance Corporation certainly has four or five hundred million dollars left, beside the unused appropriations which have gone to the Army and Navy.

The purpose of the tax bill which has been passed is to get as much private capital into this thing as possible. So, in addition to all the Government is being asked to put in, we are trying by the tax bill—the amortization provisions and the provisions with regard to the Vinson-Trammell Act—to induce private capital to take a very large proportion of the additional defense need. It seems to me perfectly clear that before we approve the bill we ought to have a schedule showing at least the general nature of the improvements which are proposed to be made, whether they are to be made through loans or whether the Government is to build the plants. It seems to me that $500,000,000 is sufficient to give any department at any time in the form of a blank check. Congress will return in plenty of time to add another half billion dollars if it should be needed. Five hundred million dollars is all Mr. Jones asked for; and personally, I think he would be entirely satisfied with it. Therefore, I feel that the conference report should be rejected.

Mr. WAGNER. Mr. President, I shall not delay the vote except to say one or two things about which I think the Senator from Ohio is really too complacent, considering the critical situation which confronts the country at the present time and our desire to prosecute as quickly as possible a program of total national defense.

So far as financing is concerned, I will take the authority of Mr. Jones as against the authority of the Senator from Ohio. I shall not read it, but I have before me an article from Fortune magazine for May 1940, which made a detailed study

and survey of the activities of the R. F. C. Those who have read it will remember it paid an eloquent tribute to Mr. Jones as illustrating the highest degree of efficiency and competency in constructive and conservative financing, superior to that known in any other governmental experience.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. TAFT. I do not desire to be understood in any way as questioning Mr. Jones' ability or the fact that he will handle well any money placed in his hands. My opinion of Mr. Jones will not be increased by the endorsement of Fortune magazine.

Mr. WAGNER. Not only Mr. Jones, but the National Defense Council, which we have put in charge and have trusted to carry out and vigorously prosecute our national-defense program, communicated with the conferees, as they did with the committee of the House, and stated that additional R. F. C. commitments in substantial amounts would be needed properly to prosecute the program and to provide for all contingencies.

The R. F. C. was directed by Congress to make loans for national defense and 12 other purposes. I do not need to enumerate them all, but, beginning with agriculture, they include capital loans to banks, loans to open closed banks, loans for railroads, for self-liquidating projects, and so on.

Mr. Jones has explained why he needs a large margin. It is because the demands are apt to come in at any time; they may be concentrated; the retirements may not come in as rapidly as the new loans are made. Mr. Jones might well be put in a position where he was unable to carry out the wishes of Congress.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. BARKLEY. With reference to the matter of inducing private capital into enterprises of this sort, while it is true there is an indirect Government obligation involved, the R. F. C. obtains its capital from private sources by the sale of its obligations, and therefore, draws into its coffers from private sources money which it furnishes the Export-Import Bank. Am I correct about that?

Mr. WAGNER. Yes.

Mr. BARKLEY. So there is no direct draft on the Treasury for the amount of money involved. It all comes from private sources.

Mr. WAGNER. Of course. These are all loans.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. TAFT. I merely wish to point out that the R. F. C. borrows on the credit of the United States, and that, as a matter of fact, the money which comes to the R. F. C. does not come from private sources any more than the $6,000,000,000 deficit of the Government next year will come from private sources.

Mr. WAGNER. I think the Senator is mistaken. Many of these securities are sold to the public. The R. F. C. has been so conducted that it is now making a profit, as the article in Fortune magazine has pointed out, of between 3 and 4 percent. So it is a money-lending institution which has a very creditable record.

Mr. BARKLEY. Mr. President, will the Senator permit me to interrupt him there?

Mr. WAGNER. Yes.

Mr. BARKLEY. So much so that a part of the original $500,000,000 provided for the R. F. C. has become available for return to the Treasury.

Mr. WAGNER. Yes.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. VANDENBERG. I desire to ask a question for information. I have been greatly interested in the work sheets which the Senator has presented from Mr. Jones sustaining his need for the additional billion dollars, and I wish to be sure that I understand the status of some of the items. For instance, heavy loans are made to the Metal Reserves Co. and to the Rubber Reserves Co., running up to a hundred or two hundred million dollars. Is that the equivalent of a Government investment in strategic materials?

Mr. WAGNER. Yes.

Mr. VANDENBERG. Is that in addition to the appropriations which Congress has made for the purpose of purchasing strategic materials?

Mr. WAGNER. Does the Senator mean appropriations outside the authorizations to the R. F. C.?

Mr. VANDENBERG. Yes.

Mr. WAGNER. Yes; it is.

Mr. VANDENBERG. In other words, Congress has been asked to provide appropriations to buy strategic materials, and we have made the appropriations, I assume, on the theory that we were meeting the necessity. Now, do I understand that the R. F. C. is to be used to make additional purchases which ordinarily would be financed through appropriations but which are now to be financed through the R. F. C.?

Mr. WAGNER. The Senator may recall the discussion upon the floor on the bill which was considered some 3 months ago, authorizing the R. F. C. to make loans for national-defense purposes. One of the purposes enumerated included the purchase or storage of supplies of strategic materials necessary for the national defense. At that time we discussed the question whether the two ways or methods should be utilized in order to acquire sufficient strategic and critical materials for national-defense purposes.

Mr. VANDENBERG. I recall that discussion.

Mr. WAGNER. And the authorization was voted. So there is a prior authorization for these transactions.

Mr. VANDENBERG. I recall that. So my question comes down to this: That a substantial portion of this billion-dollar authorization is, in effect, the equivalent of additional direct appropriations for the purposes indicated?

Mr. WAGNER. Yes. The Senator is correct about that, and the Senate discussed that question sometime ago.

The only appeal I desire to make to the Senate is that we trust and have confidence in the officials who have been selected to carry out our program, such as the National Defense Council and the R. F. C., whose responsible officers tell us that this increased authorization is necessary.

The Senator has stated that Mr. Jones did not have all the plans or commitments when he appeared before us. Of course, he did not, for each day the National Defense Council finds some additional need, either for expanding a plant or producing something that requires financial aid from the R. F. C. The loans definitely contemplated in the near future will exceed $700,000,000; and, from what I am given to understand, they may well exceed the billion-dollar mark. If this report is not adopted the R. F. C. will be left high and dry, unable to continue its financial aid in our defense program, and that program itself will be crippled at this very critical point in its development. I am sure no Senator wants to take that responsibility.

Mr. ADAMS. Mr. President, the conference report was as much of a surprise to some members of the Banking and Currency Committee who had such great admiration for and confidence in the ability of the conferees. We did not expect them to be overwhelmed by a group from the other House. We know, of course, that they did everything that was humanly possible to sustain the Senate, but I was amazed when I found that this strong, able group had been overwhelmed.

Mr. WAGNER. Mr. President, will the Senator yield there?

Mr. ADAMS. I yield.

Mr. WAGNER. If the conferees on the part of the Senate were overwhelmed at all, it was by the evidence that was presented to us at the time we were in conference by communications from Mr. Jones on behalf of himself and the National Defense Council, showing the need for this added sum for national-defense purposes. They persuaded the committee that the need existed and that it ought to be provided for.

Mr. ADAMS. Mr. President, here are conferees appointed by the Senate for a particular purpose, namely, to go into

conference to sustain the position of the Senate. I say that, in my own judgment, a committee of conference has no right to go outside and solicit other information and take other evidence that was not presented to the Senate Committee on Banking and Currency. But it seems that the conferees on the part of the Senate set themselves up as an independent senatorial committee and disregarded the action of the Senate because they received information outside from other sources which was not available to the Senate. If other information came to them which indicated that the committee was wrong and the Senate was wrong, the bill should have been sent back to the original committee to pass upon that question.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. WAGNER. I know the Senator is perfectly sincere in what he is now asserting.

Mr. ADAMS. The Senator is correct in his statement.

Mr. WAGNER. But I recall that time and time again he, as a member of conference committees on appropriation bills, yielded because he was overwhelmed by the arguments of the other side, and did not come back and ask the Senate for further instructions. That, as I recall, has happened as to many items of appropriation bills on which the Senator was one of the conferees. I found no fault, because I felt sure the conferees acted wisely and intelligently. So we did in this instance, and I think, under all the circumstances, we followed a very wise and patriotic course. As a matter of fact, the conferees agreed unanimously.

Mr. ADAMS. Mr. President, the Senator is partly correct. I have served upon a good many conference committees when there have been literally hundreds of items in dispute and as a member of the Senate conference committee I have receded in the face of persuasion from the House and obstinate insistence; but never, never upon any conference committee has evidence been presented from outside sources to a conference committee of which I was a member; never have I been upon a conference committee that set itself up as a proper body to receive evidence and testimony in addition to that presented to the original committee.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. BARKLEY. Is there any rule of the Senate or the other House, or any practice which has been followed consistently, that prohibits a conference committee from obtaining information pertaining to the matters which are in difference between the two Houses?

Mr. ADAMS. Mr. President, I will say to the Senator that I know of nothing in the wording of the rule to that effect. I think, however, that the entire practice, the entire purpose, the entire theory of a conference is that the conference committee represents the body which appoints it to present those things and only those things of which that body had knowledge; and I do not think a conference committee has any right to set itself up as an independent body to take additional evidence and then act upon that other evidence, rather than upon the basis of the information upon which the Senate committee and the Senate itself acted.

Mr. BARKLEY. Mr. President, if the Senator will further yield——

Mr. ADAMS. Certainly.

Mr. BARKLEY. Of course we all realize that when there are differences between the two Houses there has to be yielding on the part of one, and usually on the part of both, in order to arrive at a conclusion. While I have never advocated or felt that a conference committee should open up matters for public hearings, I have always felt that the conferees of either the House or the Senate had a legitimate right to obtain, from any available source, information which might be of value to them in determining how far to yield, or whether to yield at all, on matters on which there was a difference between the two Houses.

Mr. ADAMS. I am willing to acquiesce in the views of the majority leader. I merely am expressing surprise. As I say, here is the great chairman of the Banking and Currency Committee, an ex-judge, one of the outstanding men not only in the Senate but in the Nation; and then here is the majority leader, and here are the Senator from South Carolina [Mr. BYRNES], the Senator from Delaware [Mr. TOWNSEND], and the Senator from Connecticut [Mr. DANAHER]. I was more amazed when the Senator from Connecticut yielded than in the case of almost anybody else.

Mr. DANAHER. Mr. President, will the Senator yield now?

Mr. ADAMS. Certainly.

Mr. DANAHER. I am happy to have the Senator from Colorado yield; and I stand before him with some obeisance, let me say, at the moment.

In view of the fact that my name has been mentioned by the doughty Senator from Colorado, I think it no more than fair to remark that the Senator from Connecticut talked in the conference committee to the point where I think even the chairman of the Senate conferees felt that the junior Senator from Connecticut had become a nuisance. I opposed the House bill to such a point that it was more than half an hour after everybody else had left the conference that finally, after starting with the original R. F. C. Act and Mr. Wood, our legislative counsel, and reviewing every single amendment from 1935 down to date, I reluctantly agreed that as a conferee I apparently was bound to go along with the conference report.

Mr. ADAMS. That is to say, the Senator from Connecticut was overwhelmed by his colleagues on the Senate conference committee, and then the Senate conferees were overwhelmed by the House conferees.

Mr. DANAHER. I was overwhelmed by this situation: As a matter of principle I was opposed to the Export-Import Bank extension idea as contemplated by this bill, and believed that we should not make these loans to South American countries, and I voted against the bill. I voted against it in committee; I voted against its coming out on the floor at all; but the Senate having expressed its desire, having accepted that principle and having voted for it, necessarily the Senator from Connecticut was bound to express the sense of the Senate in that particular.

The Senator from Connecticut sought to limit to $50,000,000 the maximum of any such loans to any one country; and again a great many Senators shared my judgment and, as I recall, there were some 22 or 23 Senators who favored that amendment. Nonetheless, the sense of the Senate in its concerted wisdom, by a majority of numbers at least, was sufficient to overwhelm the Senator from Connecticut and his idea; and once more, then, the principle of an unlimited loan to any South American country was written into the plan of the bill.

When we had the amendment to section 5 (d) of the bill before us in June, and we then authorized the R. F. C. to build plants, the Senator from Connecticut was more or less vociferous in seeking limitations, and language of limitation was written into the bill at that time; but the Senator from Colorado will remember that the Senate voted for that particular extension of power to the R. F. C., but did not vote any funds for them to carry out the plan. Therefore we were bound, as it seemed to me, to do what we could to implement the R. F. C. to execute the will of the Senate; and at that point—and at that point only—does the question of amount become material.

When the matter was before us in the Senate Banking and Currency Committee, as the record of the Senate hearings will show, the Senator from Ohio [Mr. TAFT] felt that we ought to give the R. F. C. a billion dollars. The House had already voted an increase of a billion dollars. The $500,000,000 of R. F. C. money for the Export-Import Bank as contained in the bill before us also is in the bill as reported by the conference committee. Consequently the allocation of $500,000,000 is identically the same in the conference report and in the bill. So far as the remaining sum of $1,000,000,000 is concerned, there is no appropriation, and the Senator from Colorado knows it. It is an authorization to the R. F. C. to issue its securities for the purpose of making loans

in whatever amount may be necessary, first, to carry out what the Senate said must be done; second——

Mr. ADAMS. Pardon me; let me interrupt the Senator.

Mr. DANAHER. Yes; I will.

Mr. ADAMS. Let the Senator proceed, though I believe I had the floor.

Mr. DANAHER. The Senator had yielded, had he not?

Mr. ADAMS. Yes, sir. I am still yielding.

Mr. DANAHER. I thank the Senator. I hope he will be overcome presently.

Let me point out, then, that we had first to implement the R. F. C. to carry out the will of the Senate insofar as granting them an extension of power to build plants was concerned; and, second, to replenish their available sums in order to execute the general purposes of the R. F. C. the difference was represented as being necessary.

The House having voted for it, the Senate having never had the matter before it, there being a conflict between the two, and the Senator from Connecticut having been overwhelmed in the light not only of his own logic but of that of the chairman of the Senate Committee on Banking and Currency, and the House Members having in the aggregate uniformly, without even one moment's faltering, refused to accept the motion of the Senator from Connecticut that we take the Senate bill secondly, the Senator from Connecticut sought to get the committee of conference to accept a billion dollars as a compromise. No; we could not get away with that, as it happened. The Senator from South Carolina [Mr. BYRNES] was very assiduous in suggesting a compromise of $1,250,000,000. Let me say to the Senator from Colorado that it got down to a point where we were trading; and when we balked about a mere quarter of a billion dollars with Jesse Jones in the balance, we just surrendered. [Laughter.]

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. Yes, sir.

Mr. WAGNER. I do not want the Senator from Connecticut to have any idea in his mind that I regarded him as a nuisance. I am sure the Senator could not have meant that, because I not only regard him as my friend but I have great admiration for his ability and his infinite capacity for hard work; and our committee always looks to him for wisdom and for guidance in its deliberations.

Mr. DANAHER. I thank the Senator.

Mr. BARKLEY. Mr. President——

Mr. ADAMS. I will yield in a moment.

Mr. President, I have had an opportunity to some extent to turn over these matters in my mind while I have been standing here. If, perhaps, I have seemed to criticize the conferees, I desire to withdraw the criticism and to accept their explanations, because before the committee we had no testimony which would justify this billion-dollar increase; and I think perhaps the Senate Committee on Banking and Currency should apologize to the conferees because of our action. We merely acted upon the information we had. The conferees having additional information, the conferees having acted for what they thought was the welfare of the country, I am not criticizing them. I question somewhat the method of getting information so important as this, involving upon a $500,000,000 measure an increase of $1,000,000,000; but it puts the remaining Members of the Senate Banking and Currency Committee and the Senate in a rather bad light to have it appear that we would have denied to the R. F. C. the needed billion dollars. We did not know of these things. Mr. Jones did not tell us he needed this amount. The Council of National Defense did not come before us and say that it was needed; so I think perhaps we should ask the pardon of the Senate for coming here ill-informed.

Mr. WAGNER. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Yes, sir.

Mr. WAGNER. I attempted to state, earlier in the discussion of this matter, that our committee did not have these matters before them. If they had, I am sure they would have acted differently. These matters came up afterward. The hearings of the House committee were later than ours. They had some evidence, and then in conference both of us received evidence of which neither committee had the benefit. The Senate now understands where this information came from, and why this money is needed, and the Senate has a right to reject what the conferees have done if the Senate feels that we have acted unwisely. I think we acted wisely, and I think we acted for the best interests of the country; but it is something finally for the Senate to decide.

Mr. ADAMS. Mr. President, I wish to say a word or two about what I think are the merits of the situation. I am not complaining. I questioned the propriety of this concession.

The R. F. C. was created as an instrumentality for civil purposes, in order to stimulate industry under certain conditions, to make loans to mining, to bankers, perhaps to agriculture, limited strictly to the making of civil loans. It was to act in a banking capacity. The loans which it made were specifically required to be made upon adequate security. The record which Mr. Jones has made has been made in pursuance of the limitation placed upon him that when he made loans he would make good loans.

We are diverting the purposes of the R. F. C. This is not the first time. We have done it before, but that does not make it right. We are diverting the purposes of the R. F. C. into the field of the War Department; we are diverting them into the field of the Committee on Appropriations. We are told that certain things should be done for national defense, therefore that we should give to Mr. Jones, to the R. F. C., vast sums of money, to be loaned to unknown individuals, for unknown purposes, authorize them to create corporations which have no capital and no resources except that which they derive from the R. F. C.

I will give an instance. A company engaged in the manufacture of airplanes incorporates an independent company which has not one nickel of assets. The R. F. C. lends to the company millions of dollars, I think up to $30,000,000. The money is used by the corporation to build a plant for the manufacture of airplanes, a thing highly desirable. Then the new corporation, whose only assets it derived from the R. F. C., leases its plant to another manufacturing company, so that if there is any profit it goes to the existing airplane factory, and if the demand for airplanes ceases, the plant belonging to the new subsidiary corporation remains always as its plant. All the R. F. C. can look to is the plant, which becomes unusable when the stress ceases. In other words, we are not lending the money to the corporation which is in existence, which has resources with which to manufacture, but we are permitting the creation of a new corporation, without assets other than that which we created. In other words, we are engaging in the manufacture of airplanes. That is perfectly proper, if we want to do it. But we come back to the reflection that the Constitution of the United States contains certain provisions. I have been severely criticized, perhaps justly, for having raised constitutional questions. I understand that in some quarters it is regarded as outrageous to do so, but some of us in the course of long years' practice at the bar have come to regard the Constitution as rather a permanent institution.

The Constitution provides that "no money shall be drawn from the Treasury but in consequence of appropriations made by law." Turning this billion dollars over to the R. F. C. is nothing but an evasion of that provision of the Constitution. If the Congress had been niggardly or careless, the situation might be different; but within a very few days we passed a bill appropriating more than $5,000,000,000 in which vast sums were provided for the very purposes for which the R. F. C. says they need this money. The committe gave every cent that was asked by the War Department, without limitation. The representatives of the Army were asked, "Is there anything you have overlooked?" They replied, "We don't think so." As a matter of fact, that was the third time they had returned for an increase. Congress has been generous to the War Department, generous beyond anything in the history of peacetimes in any nation, when they said

to us, "We need money for this plant, that, and the other." We were generous when the Navy said, "We want fields here and there." But was there information from the R. F. C.? No. "We have a billion and a half now which we can lend. We have loaned some of it. We want another billion and a half." "What for?" "We are going to help the national defense." There is no specification to the Congress as to the purpose.

No one doubts the good intentions of Mr. Jones or of the R. F. C., but I question whether Congress can, in justice to itself, in justice to the obligation which the individual Members of Congress have taken, turn over to a corporation the power to borrow money, a power vested in the Congress, and the power to spend money, a power which is vested in Congress. I doubt whether we have a right to defy and disregard the provision that money shall be drawn from the Treasury of the United States only upon appropriations authorized by law.

Under the pending conference report we are asked to permit the R. F. C. to take money out of the Treasury of the United States. It is perfectly idle to say that the money comes from private sources. True, the R. F. C. floats a note, or a bond. It gets the money; yes. There is no difference at all in the process from that of the Treasury of the United States. It sells a bond and gets money from private sources. The credit upon which it gets the money in either case is that of the United States of America. The R. F. C. is nothing more nor less than one of the arms of the United States. Yet we are asked to permit this one arm to do things we allow no other agency of the Government to do.

For these reasons, Mr. President, I am questioning the propriety of the proposed legislation. I think it is unsound. Congress is here, and Congress should know the facts, and I do not think Congress has any right to evade its responsibility by merely saying, "Here is 1 man out of 130,000,000 to whom we can safely trust this money." I do not like to say that there are 96 men in this body and 435 in the other body of the Congress, and that we will not trust ourselves, but will give great sums over into the control of a certain man to expend, which I think violates the provision of the Constitution.

Consequently, with the utmost reluctance, and with not only respect but with great admiration for the members of the Committee on Banking and Currency, and great friendship for them, I feel compelled to vote against the conference report.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Frazier	Lodge	Sheppard
Andrews	George	McKellar	Shipstead
Austin	Gerry	McNary	Smathers
Bailey	Gibson	Maloney	Stewart
Barkley	Gillette	Mead	Taft
Bilbo	Glass	Minton	Thomas, Idaho
Brown	Green	Murray	Thomas, Okla.
Bulow	Gurney	Neely	Thomas, Utah
Burke	Hale	Norris	Tobey
Byrd	Harrison	Nye	Tydings
Byrnes	Hatch	O'Mahoney	Vandenberg
Capper	Hayden	Overton	Van Nuys
Caraway	Herring	Pepper	Wagner
Clark, Mo.	Hill	Pittman	Walsh
Connally	Johnson, Calif.	Radcliffe	White
Danaher	Johnson, Colo.	Reed	Wiley
Davis	King	Russell	
Downey	La Follette	Schwartz	
Ellender	Lee	Schwellenbach	

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Seventy-three Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, because of what is rather a confusion in figures, I merely wish to make clear what the figures are, and exactly what it is we are doing.

The R. F. C. today has a billion dollars of borrowing power, in addition to what it has used. We are now asked to add to that another billion dollars, so it will have $2,000,000,000.

The letter presented by Mr. Jones referred to approximately $700,000,000 of expenditures in sight, so we are giving the R. F. C. $1,300,000,000 in addition to any specific expenditure the R. F. C. has asked for or suggested—$1,300,000,000 in addition to approximately $600,000,000 which we have appropriated for the Army and the Navy, so there will be available for the construction of national defense plants nearly $2,000,000,000.

My suggestion to the conference committee is that $500,000,000 less than that is more than ample, and that is the reason I am opposing the larger figure presented in the conference report.

Mr. BARKLEY. Mr. President, I do not wish to delay a vote on the conference report, but I think what the Senator from New York [Mr. WAGNER] has said should perhaps be emphasized. We have heretofore authorized the R. F. C. to make loans for national defense purposes. We have even authorized the R. F. C. to create corporations if existing private corporations are not available, in order to carry out a national-defense program.

The pending bill, in addition to making available $500,000,000 for purposes of making defense loans in connection with Latin America, provides an additional $1,000,000,000 of borrowing power in order to carry out the authority we have already given to the Reconstruction Finance Corporation.

It seems to me it is too late now to argue over the wisdom of the course the R. F. C. will probably pursue in regard to these matters. We have authorized the R. F. C. to do a certain thing. This measure authorizes the R. F. C. to obtain the money with which to do it. While it is always, of course, correct to state that these are indirect obligations of the Government, it so happens that the Reconstruction Finance Corporation has not been required to call on the Treasury itself for any money to carry out its vast powers of making loans to industries in the United States. If the R. F. C. in the future is as successful as it has been in the past, I think we may anticipate that there will be no direct call upon the Treasury for any of these funds.

Therefore it seems to me that in the interest of national defense, for which two-thirds of this borrowing power is created, and only one-third for other purposes, we ought not to jeopardize that program now by rejecting the conference report. Therefore I hope it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. JOHNSON of California. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). On this question I have a pair with the Senator from Montana [Mr. WHEELER], who is necessarily absent. I therefore withhold my vote.

Mr. KING (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. REYNOLDS]. Not knowing how he would vote, I withhold my vote.

Mr. STEWART (when his name was called). I have a general pair with the Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the Senator from Missouri [Mr. TRUMAN], and will vote. I vote "yea."

The roll call was concluded.

Mr. AUSTIN. I announce the following pair:

The Senator from Oregon [Mr. McNARY] with the Senator from Alabama [Mr. BANKHEAD]. If present, the Senator from Oregon would vote "nay," and the Senator from Alabama, if present, would vote "yea."

I also announce the following general pairs:

The Senator from New Hampshire [Mr. BRIDGES] with the Senator from Utah [Mr. THOMAS]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. CHANDLER].

The Senator from New Jersey [Mr. BARBOUR], if present, would vote "yea."

Mr. MINTON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER],

the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CLARK], the Senator from Texas [Mr. CONNALLY], the Senator from Pennsylvania [Mr. GUFFEY], the Senator from Mississippi [Mr. HARRISON], the Senator from Delaware [Mr. HUGHES], the Senator from Oklahoma [Mr. LEE], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Arkansas [Mr. MILLER], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Louisiana [Mr. OVERTON], the Senator from New Jersey [Mr. SMATHERS], the Senator from Utah [Mr. THOMAS], the Senator from Missouri [Mr. TRUMAN], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent. I am advised that, if present and voting, the Senators named would vote "yea."

The Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from Ohio [Mr. DONAHEY], the Senator from Rhode Island [Mr. GERRY], the Senator from Iowa [Mr. HERRING], the Senator from West Virginia [Mr. HOLT], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from South Carolina [Mr. SMITH], the Senator from Maryland [Mr. TYDINGS], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Montana [Mr. WHEELER] are unavoidably detained.

Mr. MCKELLAR (after having voted in the affirmative). I have a pair with the senior Senator from Delaware [Mr. TOWNSEND], who is not present. I transfer that pair to the Senator from Pennsylvania [Mr. GUFFEY], and will allow my vote to stand.

The result was announced—yeas 33, nays 21, as follows:

YEAS—33

Andrews	Glass	Mead	Schwellenbach
Barkley	Green	Minton	Sheppard
Bilbo	Gurney	Murray	Stewart
Brown	Hatch	Neely	Thomas, Okla.
Byrnes	Hayden	Norris	Vandenberg
Caraway	Hill	Pepper	Wagner
Downey	La Follette	Pittman	
Ellender	McKellar	Radcliffe	
George	Maloney	Schwartz	

NAYS—21

Adams	Danaher	Johnson, Colo.	Thomas, Idaho
Bailey	Frazier	Lodge	White
Bulow	Gibson	Nye	Wiley
Burke	Gillette	Reed	
Byrd	Hale	Shipstead	
Clark, Mo.	Johnson, Calif.	Taft	

NOT VOTING—41

Ashurst	Davis	Lucas	Thomas, Utah
Austin	Donahey	McCarran	Tobey
Bankhead	Gerry	McNary	Townsend
Barbour	Guffey	Miller	Truman
Bone	Harrison	O'Mahoney	Tydings
Bridges	Herring	Overton	Van Nuys
Capper	Holman	Reynolds	Walsh
Chandler	Holt	Russell	Wheeler
Chavez	Hughes	Slattery	
Clark, Idaho	King	Smathers	
Connally	Lee	Smith	

So the conference report was agreed to.

FACTS FOR MICHIGAN FARMERS

Mr. BROWN. Mr. President, the nomination of Henry A. Wallace, of Iowa, for Vice President brings the farm issue to the front. No man, whatever his views on the Wallace farm program may be, will question the Secretary's sincere desire to better the farmers' lot in life. The Republican nominee says he will, if elected, continue the Wallace program if a better one is not suggested. So far neither he nor his advisers have done so.

No farm program will satisfy all. It is but human to expect more than is done. We are seldom fully satisfied with our results in any of our efforts.

I now propose to give you what I have made it my business to know—the real facts on the situation of the farmer in general and the Michigan farmer in particular, as far as government affects that situation.

The facts about the farm situation can only be understood in the perspective of recent history. As a nation we grossly overexpanded our farm production to meet the urgent needs of the World War period. We plowed up prairies that never should have felt the plow. Inspired by the war price boom, farmers sank all their capital and years of hard work in odd corners of stony, unproductive land that never could provide a decent living. Farmers on good land sowed their pastures to wheat and turned their wood lots into pastures and mined their fields for every ounce of production.

FARMERS HARD HIT

The war boom collapsed. At the same time three other important trends which had been working quietly for many years came to a head to plague our farmers. They were, first, the disappearance of the American frontier, which always before had provided new land for new farms when things got too tough on the old ones; second, technological improvements which made it possible for fewer people to raise more and left many farm folks without useful work to do; third, the disappearance of job opportunities in the city which had previously absorbed the surplus population of our farms.

So our farmers were left stranded with more produce than they could possible sell and more debts than they could possibly carry and more people than could be profitably employed. The celebrated prosperity of the twenties was always pretty much a fairy tale as far as the farmer was concerned. Even when farm prices advanced they did not go up nearly as fast as the prices of the things the farmer had to buy. So he was worse off than ever.

Thus the depression that hit the stock markets and industries after 1929 was no news to the farmer. It was just another and stronger dose of the same bad medicine he had been taking ever since the war.

YEAR 1932 THE BOTTOM

Things for the farmer, as well as most everyone else, reached bottom in 1932. But the farmer was hardest hit of all. Farm prices which, you will remember, had not risen as fast as industrial prices, fell faster. The result was that with their 1932 income farmers were able to buy only about 58 percent as many goods and services as they could in 1929.

The total cash income of all the 197,000 farm families in Michigan was only $127,000,000 in 1932, compared with $265,000,000 in 1929. The average Michigan price of milk was $1.10 per hundredweight. Beef cattle sold for $3.95 per hundredweight. Hogs brought $3.65. Potatoes were 26 cents a bushel, for the 1932 crop, and wheat 45 cents. Wool was 9.1 cents a pound. Hay was at $5.49 a ton. Chickens brought 11.2 cents a pound and eggs 14.6 a dozen.

In 1932, 1 out of every 20 farms in Michigan was sold by the sheriff because the farmer could not meet the payments on his mortgage.

It is not pleasant to contemplate, even in looking back, those dark days of the early thirties. But it is necessary to do so. They are facts that help explain the present picture.

We were faced by a new problem. And the fact is that we stalled and fumbled the ball and even tried to fool ourselves into believing that the problem was not really there at all.

Long before 1933 we were wrestling with our new farm problem. We tried to peg prices that would not stay pegged. The Federal Farm Board bought large quantities of wheat and cotton and other farm products. Still the farmer stayed deep in the hole.

A WELL-ROUNDED PROGRAM

Since 1933 we have tried in many new ways to solve the farmer's many problems. Some of those ways were good and have been successful. To be unpolitically frank once more, some few of them were not so good. These have been or will be changed or abandoned. But the least that can be said is that now, for the first time, we have a farm program that meets head-on every aspect of the farm problem. The best thinking of farmers, farm organizations, agricultural experts, economists, and Federal, State, and local officials have gone into making that program. Looking at it as a whole we can see just how every major farm problem has been faced.

SAVING THE SOIL

The greatest long-run need for successful farming is, of course, fertile soil. In the heedless expansion of the war period we were reckless with this basic resource; and erosion, dust storms, and floods came as a warning of what might be our national fate if that waste was not stopped.

To meet this need we now have for the first time a national program of soil conservation. In every State, through demonstration projects farmers are being shown the best ways to save their soil. They are receiving cash payments for following good conservation practices. Groups of neighboring farmers are being helped to set up soil-conservation districts so they may work together to improve their only real wealth—the soil. The West Ottawa and South Muskegon districts are examples in Michigan. Thus we are working to provide a sound foundation for the long-run well-being of all farmers and city folks, too.

CREDIT WHERE NEEDED

Another important need of farmers is credit. The best farmer in the world cannot make a living if he cannot get a reasonably good farm to work and tools and other equipment and livestock with which to work it. And lack of capital or high-interest rates can keep him from getting such a farm or take the one he has away from him.

So we have helped to provide loans at moderate rates where they were needed. Loans to buy farms and to run and improve them. Loans for seed and machinery. Loans to tide over the period between planting and the time the crops are sold. Commodity loans to stabilize the market for farm products. Loans for cooperatives and farmers' organizations. Loans for the fairly well-off farmer who wants to expand, and special loans for the man who needs a grub-stake to get himself and his family off the relief rolls.

In this whole system of credit, farmers, with the help of the Farm Credit Administration, cooperate to manage the loan associations and the banks.

Two facts indicate how well this program has worked. You will remember that every twentieth Michigan farm was sold at forced sale in 1932–33. In 1937–38 this figure was reduced by three-fourths. During the same interval, the annual number of farm bankruptcies in Michigan were cut in half.

FARM SECURITY

Another Federal lending agency, the Farm Security Administration, has loaned nearly $7,000,000 to around 14,000 low-income farm families in Michigan since the program started in 1935. Most of these loans have been made to farmers who would have had to leave the farm and either go to town to compete with townfolks for a job or end up on W. P. A. They are good, hard-working citizens, but things have not gone so well with them as they might, and many of them couldn't make a decent living in farming without F. S. A. loans. These loans are made for such practical things needed in farming as machinery, livestock, seed, feed, and fertilizer.

Commodity loans have been made an essential part of the program through a special corporation.

There is still some room for improvement in our lending program—better coordination between the various lending agencies, loosening of credit restrictions in some cases, tightening up in others. But in general, it is safe to say that the farmer's need for credit is being met more adequately than ever before.

REMOVING THE GAMBLE

The next big thing that has happened in the world of agriculture is that, for the first time, some of the gamble has been taken out of farming. As everyone who has ever worked a farm knows, the farmer has always been at the mercy of chance. He might be the most conservative man in the world, he might never play cards or bet on a horse race. But all the time he was betting his whole livelihood every time he planted a crop. Betting that floods or drought or dust or wind or grasshoppers would not come to rob him of the product of his labor before he could harvest it.

Now, for the wheat farmer at least, that desperate gamble is gone. He is sharing the risks with other wheat growers all over the country through the Federal Crop Insurance program. The lucky farmers help to see that the unlucky ones do not lose everything because of bad breaks and know that they, in turn, will be helped when their time of bad luck comes. Around 16,000 wheat farmers in Michigan alone are sleeping easier at night now because they have this protection. There is no reason that the future should not bring expansion of this program to other crops, once the technical problems have been worked out.

INCOME MOST IMPORTANT

Soil conservation, adequate credit, crop insurance—these tools we have forged to meet important long-run needs of farmers. But more pressing than any of these problems is the all-important need of bringing the prices of farm products to a level that will enable the farmer to receive a just reward for his labor.

The solemn fact is that in 1932 we were further from this just price than we have ever been in the history of our country. The reason for that situation was simple and obvious to everyone—farmers were producing more than was being consumed. The solution to the problem was not so simple. But common sense told us that we were in a situation a lot like a man who is being chased by a bull with two sharp horns and cannot get away. He cannot keep running away forever. He must make a stand and fight it out. If he grabs onto one horn, we all know what will happen to him. The only thing to do is to grab onto both horns, pull hard, and do his best to raise one and lower the other until the bull is brought to his knees. Above all, he must hang on and keep twisting. That is exactly what we have done with the bull of low prices that was chasing the American farmer all over the economic map before 1933. The two horns were consumption and production. We did grab the bull by the horns and we have raised one and lowered the other.

CONSUMPTION UP

On the side of raising consumption the most direct means of attack was to buy up the excess produce that was glutting the markets and distribute it to the people who needed it but could not get it. Since 1935 this has been done through the Federal surplus-commodities program. During 1939, $1,500,000 worth of Michigan farm products were bought in this way and distributed to needy families in the State. Included were $900,000 worth of dry beans, $337,000 of apples, $55,000 of fresh peaches, $171,000 of flour and meal, $17,000 of dry skim milk, and $12,000 worth of fresh vegetables.

A significant fact is that these purchases mean much more to the farmer than the actual amount spent. A small surplus on the market can start a wave of price cutting that will wipe out many a farmer. By stepping in and taking these surpluses off the market at the critical moment such disasters can be avoided. Thus, Mr. H. D. Hoolman, secretary of the Michigan State Horticultural Society, wrote last September:

I feel that the announcement of your peach-purchasing program and the actual purchasing of 182 cars did a great deal to give confidence to the men in the trade and stabilize the prices for our peach growers during the past 10 days. * * * I believe the price of peaches would have been 20 to 25 cents a bushel less on September 4 and 5, when over 200 cars were moving into the Benton Harbor market, if it had not been for this program.

FOOD-STAMP PLAN

With the adoption of the food-stamp plan last summer, the surplus program has been expanded and can now be carried on through regular trade channels, thus promising increasing usefulness to the farmer.

Foreign consumption of our farm products has been stimulated through direct subsidies to exporting farmers and through the trade-pacts program, which has opened many doors that were formerly closed to American farmers. The full effect of this program has been obscured by the unnatural situation created by the war abroad, but, even so, we have annually, on the average, nearly $100,000,000 more than in 1932.

Industrial uses promise a great new market for farm products. To stimulate developments along this line, four great regional research laboratories will open their doors this fall.

These programs are direct attacks on the problem of raising consumption.

CITY INCOMES HELP FARMERS

Even more important, perhaps, is the attack that has been made through providing the lowest income groups of city people with money to buy farm products. Recent studies show that a great percentage of the income of those who benefit from the W. P. A., P. W. A., and trade-agreements programs and the minimum wage laws go directly to benefit the farmers—through increasing purchases of food and clothing. There is still great room for improvement in this matter of raising city purchasing power. Self-interest alone dictates that farmers should support any program that leads in that direction.

REGULATING PRODUCTION

So much for the consumption side, the horn of the bull that had to be pulled up. The other side of the problem was, of course, production—which had to be pulled down.

This need for limiting production in some commodities is a hard thing for most of us to understand. For 300 years the constant urge of all our national policy was to increase production. Even now many countries of the world and many people in our own country lack enough of the things we could raise in our fields. But we have to face the unhappy fact that, temporarily at least, our capacity to produce has outrun our capacity to consume. Until this fundamental dilemma in our economic system has been mastered, it will be necessary to keep farm production down. We hope that this will not be for long. It is just a phase of American growth. Already we have made a good start toward eliminating this need.

HOW TO DO IT?

Once we admit the present need for limiting production we must set standards for how we shall do it. It seems to me that there are three questions we should ask of any method of handling the job of controlling farm production. First, is it run democratically? Second, does it serve the long-run best interests of agriculture? Third, does it achieve its main objectives of raising farm prices and total farm income?

Without making any political claims to perfection, I think it is safe to say that the present agricultural-adjustment program measures up pretty well by all these standards.

It is run democratically. Management of the program in each county is in the hands of an elected local committee. Major decisions are submitted to a vote of all interested farmers. All participation in the program is voluntary unless farmers in a given area decide by majority vote to make it otherwise.

LONG-RUN INTERESTS

It does serve the long-run best interests of agriculture. Thus the whole acreage-control program is tied in with the soil conservation work. Special payments are made for planting cover crops, diversification, and other soil building practices. Withdrawal of submarginal land from production is encouraged. Especially important to Michigan is the encouragement of managed farm forests.

In the corn program commodity storage loans make possible the ever-normal granary, in keeping with the ancient wisdom of saving in fat years for the lean ones to come.

Altogether we shall have better farms and more stable production because this program has operated.

This brings us to the final and most important question.

INCOME UP

What has the program done for farm income?

The answer to this question is so very important that at the risk of boring you with too many figures I am going to give it product by product for every important commodity raised on Michigan farms.

The first figure and the one we should all remember after we forget the rest is that Michigan farmers had $88,000,000 more cash income in 1938 than they had in 1932 and $101,000,000 more in 1939. This increase from $127,000,000 to $214,941,000 in 1938 amounts to 69 percent and the increase to $228,000,000 in 1939 is 79 percent. Of the 1938 amount, $7,774,000 came in the form of Government payments.

Every type of farm producer shared in this gain.

Michigan corn and hog purchasers, for example, had a cash income of $17,085,000 in 1938 as compared with $6,902,000 in 1932—an increase of 148 percent. The price of hogs went from $3.65 per hundredweight to an average of $7.90.

Potatoes, one of our promising newer crops, brought a total of $9,189,000 to Michigan farmers in 1938, 103 percent more than the 1932 figure of $4,530,000. The price rose from 26 to 48 cents a bushel in the same period.

Dollar wheat became a reality in December 1939, after a 1932 price of 45 cents a bushel. This meant an increase of 49 percent in the income of Michigan wheat farmers—from $3,946,000 to $5,869,000 in 1938 and an increase of 81 percent in 1939—$7,139,000.

There was a 121-percent gain in the amount received by Michigan farmers raising beef cattle and calves—their income going from $10,497,000 to $23,190,000 as beef cattle went from $3.95 to $6.40 per hundredweight, and veal calves from $5.70 to $9.60.

Apple growers in Michigan earned $4,282,000 in 1938 as compared with $2,891,000 for the 1932 crop, the respective prices being 86 and 65 cents a bushel. The price of butter, the basis of all dairy product prices, rose from 21 cents to 29 cents in the same period, as part of an increase of 59 percent in the income of milk producers. The figures were $62,854,000 for Michigan farmers in 1938 as compared with $39,489,000, 6 years before.

Poultry raisers in Michigan realized 32 percent more in 1938 than in 1932. The total receipts from chickens and eggs rose from $18,717,000 to $24,753,000 as chicken prices went from 11.2 to 16.4 cents a pound and eggs from 14.6 to 20.8 cents a dozen.

Growers of edible dry beans in our State received $8,709,000 for their produce as compared with $6,027,000 as the price went from $1.50 to $1.85 per hundredweight.

Sugar is an especially significant factor in Michigan's agricultural economy. Since the passage of sugar quota legislation in 1934, sugar-beet acreage, production, and grower income have increased.

Comparing the 5 years 1928–33 with the 5 years 1934–39, sugar acreage and production increased 20 percent in Michigan and grower income 44 percent, including Government payments, which amounted to $3,145,665 in the fiscal year ending June 1939. And it is the farmers themselves who have benefited from these payments.

SIXTY-PERCENT INCREASE

Altogether the crop adjustment and other phases of the agricultural program have contributed to increasing the amount of things the Michigan farmer can buy with the product of his labor—some 60 percent over the 1932 income. This is because, for the first time in many years, farm prices have gone up faster than the prices of the things the farmer has to buy.

Time does not permit me to do more than mention the new developments in other parts of the farm program—rural electrification, regulation of commodity exchanges, and mareting practices, forest improvement, and many others. But all of them mean much to the Michigan farmer.

AGRICULTURE AND WAR

One final point should be made in reference to the total farm program. I think it is particularly important right now. Large parts of the world are engulfed in the bloody sea of war. As each succeeding neutral comes into the maelstrom, our whole economy is deeply affected, whether we like it that way or not. And as the terrible tide washes closer to our shores, particularly is the farmer affected, as one by one his foreign markets are swept away by the flood. In fact, the farmer and the land from which he lives were among the chiefest victims of the last world tragedy.

In these dark and uncertain hours we can say one thing for sure: The farmer and his land will not suffer from this war and its after effects as they did from the last. The new machinery we have built for regulating production and

insuring soil conservation can become an impregnable defense for our farm economy. Because this machinery is flexible and is run by farmers themselves, it can take care of almost any situation which may arise quickly and democratically. This is worth thinking about in such times as these.

THE RIGHT DIRECTION

Since this is a factual speech and not a political one, I have tried to emphasize the fact that the farmer's problems are not by any means all solved. We still have a lot of work to do and a long way to go. But we have come a good distance and are headed in the right direction.

Altogether it strikes me that our present farm program is a lot like one of the automobiles that were built in Michigan several years back. It is a new thing, meeting a new problem in a new way. It is not streamlined and it will not go 90 miles an hour. It is a little noisy at times and bucks some on the steep hills. But with all its fault it is still a great deal better than walking.

It took time, hard work, and good engineering to turn the model T into the latest V–8. The same thing is true of our farm program.

"GET A HORSE"

Just in closing I want to say something that may sound political—but is also, I think, good common sense. If our farm program today is like the automobile of a few years back, it is probably a good idea to entrust the job of developing and improving it to the men who built it in the first place in preference to others who have so far done nothing more than stand on the sidewalk and holler, "Get a horse."

SCHOOL DISTRICT 13, FROID, MONT.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1450) to provide funds for cooperation with school district No. 13, Froid, Mont., for extension of public-school buildings to be available to Indian children, which were on page 1, line 6, to strike out "13" and to insert "15"; and to amend the title so as to read: "An act to provide funds for cooperation with school district No. 15, Froid, Mont., for extension of public-school buildings to be available to Indian children."

Mr. WHEELER. I move that the Senate concur in the House amendments.

The motion was agreed to.

EXTENSION OF CLASSIFIED CIVIL SERVICE

Mr. MEAD. I move that the Senate proceed to the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York.

Mr. KING. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield to the Senator from Utah.

Mr. KING. I hope the Senator will not ask for the consideration of that bill today, because it is my purpose, and the purpose of several others, to ask for the consideration of Senate bill 915, Calendar No. 475, the so-called Logan-Walter bill.

Mr. BARKLEY. Mr. President, I wish to say to the Senator from New York that the bill which he has moved to consider has been on the calendar and in it many people in the United States are interested. It has passed the House by an overwhelming majority, and it is a measure which ought to be considered. I hope the Senator from New York will insist on his motion that the bill be made the unfinished business.

I will say to the Senator from New York and the Senator from Utah and all other Senators that it is not intended to proceed to a discussion of this bill this afternoon, but to go over until Monday.

Mr. KING. I may say to the able Senator from Kentucky that the Logan-Walter bill passed the House by an overwhelming majority several months ago. It came to the Senate and was referred to the Committee on the Judiciary, and that committee unanimously—perhaps there was one absentee—voted in favor of the bill and directed those in charge of the measure to seek its early consideration. From time to time we have suggested the consideration of the bill, but, in deference to the wishes of the majority leader, and in view of the importance of legislation making provision for the national defense, we have not urged with that zeal which should have characterized our efforts the consideration of this bill. It seems to me there has been—and I am not criticizing any person or persons whatever—some determination not to have the Logan-Walter bill considered at this session of Congress.

I feel that the members of the Judiciary Committee, in view of the unanimous vote of that committee and the overwhelming vote of the Judiciary Committee of the House, in fact, the unanimous opinion of the Judiciary Committee of the House, as I recall, except for one, and the overwhelming vote of the Members of the House in favor of the bill, we would be derelict in our duty if we should consent to the adjournment of Congress without the consideration of this measure. All we ask is to have it fully considered by the Senate, and we respectfully suggest to our leader, for whom we entertain profound respect, that an opportunity be given us for the consideration of the measure. It seems to me that the so-called Ramspeck bill is not entitled to higher consideration than is the Logan-Walker bill to which I have so imperfectly referred.

Mr. BURKE. Mr. President, will the Senator from New York yield to me?

Mr. MEAD. I will be glad to yield for a short statement.

Mr. BURKE. It will be very short.

I am a member of the subcommittee of which the Senator from Utah is chairman, and I wish to reiterate what he has said and make a brief additional statement. Not only did the Logan-Walter bill pass the House by more than a 3-to-1 majority and come to this body for action, but a similar bill (S. 915), which has been on the calendar now for more than 16 months, actually passed the Senate on one occasion by unanimous consent, but, because of the absence of the majority leader and the majority whip and other Senators, a motion to reconsider was made and, of course, was granted; but at that time, as the RECORD will show, there was a very definite understanding made with our then colleague, Senator Logan, of Kentucky, that at the following session of Congress, which is the one in which we are now engaged, opportunity would be given for the consideration of the Logan-Walter bill, which was then on the calendar.

Mr. AUSTIN. Mr. President, will the Senator from New York yield to permit me to ask a question of the Senator from Nebraska?

Mr. MEAD. I am glad to yield.

Mr. AUSTIN. Would it refresh the Senator's recollection if I were to quote to him the exact words in which the statement was made by the distinguished Senator from Kentucky [Mr. BARKLEY]? I quote the words:

> With the understanding that the bill be taken up at some date early in the next session.

Those words are to be found in the temporary RECORD on page 14800 and in the permanent RECORD on page 10621, volume 84, part 10, CONGRESSIONAL RECORD.

Mr. BURKE. The session to which reference was made was the session in which we are now engaged, which began last January.

So I wish to say, Mr. President, as one of the members of the committee, that unless there is an agreement by the majority leader to have the Logan-Walter bill given a definite day I propose, for one, to do everything in my power to see that other legislation is not passed ahead of it. I shall, so far as possible, exercise my right to object to unanimous-consent requests. I shall insist upon speaking upon the Logan-Walter bill at very considerable length in the progress of any other business that may precede it. In other words, we are now driven to the point where we must stand upon our feet and say something, as we do not intend to let this session of Congress draw to a close without having the Senate, at least, given the opportunity to concur in the action of the

House of Representatives, which passed the bill by a 3-to-1 majority, or reject that action.

Mr. President, I thank the Senator from New York for yielding. He has been recognized. When his motion is put I expect to vote against it, not because I have any objection to the bill itself but because of the absence of an agreement on the part of the majority leader that the Logan-Walter bill may have a place here for consideration.

Mr. HATCH. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from New Mexico?

Mr. MEAD. Yes; for a brief observation.

Mr. HATCH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Mexico will state it.

Mr. HATCH. What is the present status?

The PRESIDING OFFICER. A motion is pending, made by the Senator from New York [Mr. MEAD], that the Senate proceed to the consideration of House bill 960, Calendar No. 1954.

Mr. HATCH. That is a motion to proceed to the consideration of what is commonly known as the Ramspeck bill?

Mr. MEAD. That is correct.

Mr. HATCH. Mr. President, I asked the Senator from New York to yield. I desire to make some observations on the subject.

Mr. MEAD. I shall be very glad to yield.

Mr. HATCH. The Senator from New York very kindly agreed to yield for a brief observation. I prefer to be my own judge of the length of time and of the observations I shall make. I shall speak in my own right on the motion of the Senator from New York.

Mr. MEAD. I am only interested in having the motion decided upon.

The PRESIDING OFFICER. The question is on the motion——

Mr. HATCH. Before the question is put, I seek recognition on the motion.

The PRESIDING OFFICER. The Chair will state the motion, and if the Senator from New Mexico desires recognition on the motion he will be recognized.

Mr. CLARK of Missouri. Mr. President, will the Senator from New York yield for a parliamentary inquiry.

Mr. MEAD. I yield.

Mr. CLARK of Missouri. Has any motion been made?

The PRESIDING OFFICER. The motion was made. The Chair has just stated, in answer to an inquiry, that the motion was made. The Chair has not stated the motion, however.

Mr. CLARK of Missouri. Unless I have lost my hearing, in response to a parliamentary inquiry a moment ago the Chair stated that a request for unanimous consent had been made.

The PRESIDING OFFICER. No; the Senator is mistaken.

Mr. CLARK of Missouri. A motion has been made, then? That is an entirely different parliamentary situation.

The PRESIDING OFFICER. The Senator from New York [Mr. MEAD] moves that the Senate proceed to the consideration of House bill 960, Calendar No. 1954.

Mr. MEAD. Mr. President, I desire to bring this bill to the attention of the Senate at this time because I believe it is in the interest of orderly procedure and efficient management of government. It is not a very difficult bill to understand, and a great deal of time ought not to be required to debate it.

The bill contains two principal sections, one of which gives the President of the United States authority, under certain circumstances and conditions, to cover into the civil service employees of the agencies of government who are now outside the merit system. The President may or may not exercise this authority; but if he should exercise the authority given to him under the provisions of the bill, it would then be necessary for the employee, before being covered under the civil service, to receive the recommendation of the head of the agency in which he is employed, and to pass an examination, the terms of which are to be decided and determined by the Civil Service Commission itself.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. MEAD. I shall be glad to yield.

Mr. VANDENBERG. If the President were to exercise the sum total of power involved, how many positions would be covered into the civil service?

Mr. MEAD. The bill includes all the agencies of government not now within the civil service, excluding the W. P. A. and agencies operating on funds allotted to the W. P. A., and includes the agencies of government with which the Senator is familiar which have been created during the past 7 years. It would take a considerable length of time to bring within the civil service any measurable number of persons, because the President of the United States would have to issue the order, the Civil Service Commission would have to make up the examinations required in the many categories, and then they would have to provide the times for holding the examinations. I presume the bill would cover possibly 150,000 or 200,000 employees, assuming that the employees comply with the rules and regulations laid down in the bill and to be provided for in the future by the Civil Service Commission. They would, of course, have to be employed in an agency for at least 6 months prior to the time when the President would issue the proclamation. They would have to apply for an examination provided for them by the Civil Service Commission; they would have then to take the examination; and they would have to wait until eligible rosters were established. That would take considerable time, and it is assumed that no large, substantial number of these employees would be covered within the civil service in any one year. Their inclusion would be spread out over a period of years, in order not to overburden the present hard-working Civil Service Commission.

Mr. VANDENBERG. I understand that the Senator's overall estimate is around 200,000?

Mr. MEAD. Various figures were given to the committee during the hearings; but I should say that if eventually and finally, after a long period of time, 200,000 were brought into the civil service, that would be a very fair estimate.

Mr. McKELLAR. Mr. President——

Mr. MEAD. I yield to the Senator from Tennessee.

Mr. McKELLAR. Purely for information, because I am not familiar with the terms of the bill, would district attorneys throughout the United States be put under civil service?

Mr. MEAD. Yes.

Mr. McKELLAR. Would United States marshals throughout the country be put under civil service?

Mr. MEAD. United States attorneys, United States marshals, and deputy collectors of internal revenue.

Mr. McKELLAR. Would collectors of internal revenue also be put under civil service?

Mr. MEAD. They would.

Mr. McKELLAR. Would first-class postmasters be put under civil service?

Mr. MEAD. All postmasters are already covered. They would not be affected by this bill.

Mr. McKELLAR. Would they be taken out of their present status by this bill and not be required to be confirmed by the Senate?

Mr. MEAD. No. In answer to the Senator from Tennessee, I will say that under the administration of President Harrison a bill was passed, called the Pendleton bill, which authorized the then President of the United States to cover under the civil service everybody in the Federal service. President Harrison did not very frequently exercise the authority conveyed to him, but President Cleveland did. Then, after a time, although the President already had in the Pendleton law authority to cover all agencies within the civil service, in the enactment of legislation creating new agencies the Congress specifically prohibited the President from exercising that power with reference to a certain agency which was then to be created by the Congress.

Mr. McKELLAR. Will the Senator further tell me, for information, whether Cabinet officers would come within the provisions of the bill? Would they be covered into the civil service?

Mr. MEAD. No.

Mr. McKELLAR. Would Assistant Secretaries of Departments be covered into the civil service, such as the Assistant Secretaries of the Treasury, the Asistant Secretaries of State, and the Assistant Secretaries of all the other Departments?

Mr. MEAD. It is assumed that they would not be, because that matter was discussed.

Mr. McKELLAR. I have just looked at the provisions of the bill. It seems that there are certain exceptions; and I do not find the Assistant Secretaries of State, or the Assistant Secretaries of the Treasury, or the Assistant Secretaries of Commerce, or of Labor, or of any other department, within the exceptions. Therefore, the language of the bill being broad enough to cover all of the agencies of the Government, I take it that there is no doubt that under the bill the Assistant Secretaries of the various departments would be covered into the civil service.

The Senator does not think so.

Let me ask one other question, and then I believe I will be through. In the Department of Justice there are several hundred attorneys, as I recall, drawing probably from $10,000 down to somewhere around $2,000. Would they be covered into the civil service? Is the Department of Justice to be forced to take such lawyers as pass a civil-service examination?

Mr. MEAD. As I stated to the Senator a moment ago, in the first section of the bill we merely restate the authority given to the President in the original legislation giving the President authority to bring certain agencies of the Government within the civil service. It was brought out in our hearings that neither this bill, nor the original law, nor the Executive orders of the President in the interim period, attempted to cover within the civil service public officers requiring Senate confirmation. That matter was discussed in the hearings, and it was suggested that if it was thought necessary to exclude policy-holding positions—positions requiring confirmation by the Senate—we might add the following language:

Except offices or positions to which appointment is required to be made by the President by and with the confirmation of the Senate.

We were advised by the Civil Service Commission that the President could, under the terms of the bill, cover within the civil service collectors, marshals, United States attorneys, and other field employees now requiring Senate confirmation; but it was maintained by experts who seemed to be familiar with the civil-service law that the bill would not authorize the President to cover within the civil service any employee requiring confirmation by the Senate. As I stated in the beginning, this merely gives the President authority taken from him from time to time when a specific measure was passed creating a specific agency of government.

Mr. McKELLAR. If the Senator will permit me, I shall read the statement of power given the President under the bill in the first 8 lines:

TITLE I. EXTENSION OF CIVIL SERVICE ACT

That notwithstanding any provisions of law to the contrary—

That takes them all in—

the President is authorized by Executive order to cover into the classified civil service any offices—

Not some, but any office—

any offices or positions in or under an executive department, independent establishment, or other agency of the Government.

I may not have a correct knowledge of language, but, in my judgment, that language covers every Assistant Secretary of any department, every lawyer except the Attorney General himself, and, as a matter of fact, even the Attorney General is not in terms excepted under the bill. It may be possible by judicial construction to except him, but certainly one under him and under other independent offices would not be excepted. Let us take the Securities Commission, in which there are many scores, possibly hundreds, of lawyers. All of them would be under the civil service, although those positions require certain technical knowledge which only certain kinds of trained lawyers possess. It seems to me this is a most all-inclusive bill which virtually puts the Government under the Civil Service Commission.

Mr. MEAD. If I may attempt at least to clear up the apparent misunderstanding under which the Senate seems to be laboring, I shall have to have a little time in which to do it.

Mr. McKELLAR. I beg the Senator's pardon.

Mr. MEAD. I was not making any reference to what the Senator from Tennessee said, because I believe he made a really constructive contribution to the debate.

The same question which seems to be troubling the Senator troubled me and others during the course of the hearings on the bill. It was maintained by representatives of the Civil Service Commission that the bill covered United States marshals, United States attorneys, collectors of customs, and others in the field service of the United States. It was maintained by others who are thoroughly conversant with civil-service practice that the bill does not cover policy-making positions, positions requiring Presidential appointment, or positions requiring Senate confirmation. It specifies in section 2 that the head of the agency shall confirm to the Civil Service Commission the eligibility of the employee working under his jurisdiction, and the Civil Service Commission will in turn provide the customary examination for employees in that category. It was assumed that that would not pertain to Cabinet officers, to policy-making positions, or to those requiring specifically by law appointment by the President and confirmation by the Senate.

I shall be perfectly satisfied if the Senator from Tennessee, or any other Member of the Senate, will suggest an amendment agreeable to the chairman of our committee—an amendment similar to the amendment which I had inserted in the civil-service section of the reorganization bill, which I had in charge in the other House, which would specifically by words eliminate all positions requiring Presidential nomination and senatorial confirmation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. BARKLEY. The Senator will recall that under the act providing civil-service status for postmasters, which was enacted some 2 or 3 years ago, there was a provision requiring Presidential appointment and senatorial confirmation. So that while all postmasters now are under the civil service, and the selection is made from the three highest, as always heretofore in the case of appointment to a civil-service position, the nomination really must come to the Senate and receive senatorial confirmation before the appointee can take office.

Mr. MEAD. That is correct.

Mr. BARKLEY. Even in dealing with some of the higher officers mentioned by the Senator from Tennessee a similar provision could be made, if it is the wish of Congress to place them in a civil-service status after they have been appointed and confirmed by the Senate.

Mr. McKELLAR. But such a provision is not in the bill now.

Mr. BARKLEY. No; it is not.

Mr. MEAD. The Senator is correct.

Mr. GLASS. Mr. President, I call attention to the fact that the Senate voted to require confirmation by the Senate, and in conference the Senate conferees abandoned the action taken by the Senate.

Mr. BARKLEY. The Senator is mistaken, I think.

Mr. GLASS. No; I am not.

Mr. BARKLEY. All postmasters still have to be confirmed.

Mr. GLASS. They are interminable now—those who are in.

Mr. BARKLEY. Only those who were appointed under the new law. Those appointed before that was passed were required to take at least a noncompetitive examination to establish their qualifications, and may be required to take a

competitive examination before their names can be sent to the Senate.

Mr. GLASS. I know distinctly that the Senate conferees abandoned the action of the Senate formally taken by a recorded vote.

Mr. BARKLEY. I think if the Senator will look into that he will find he is in error.

Mr. GLASS. I know I am not.

Mr. BARKLEY. It is part of the law, now, and every day these appointments come to the Senate for confirmation.

Mr. MEAD. Mr. President, if I may take a few minutes to hurriedly run through an explanation of the bill, we might be able to proceed expeditiously with the consideration of the measure.

Mr. HILL. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from New York yield to the Senator from Alabama?

Mr. MEAD. I yield.

Mr. HILL. Before the Senator starts on an explanation of the bill, I wonder whether I might call to his attention and to the attention of the Senate the provision in the Constitution which deals with the matter of appointments, in the hope that as the Senator proceeds with his explanation of the bill he may point out how the bill conforms with the language of the Constitution.

If the Senator will yield, the language of the Constitution to which I refer is found in article II, section 2, defining the powers of the Chief Executive, and it is said:

He—

Meaning the President, the Chief Executive—

He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law. But the Congress by law may vest the appointment of such inferior officers—

Inferior officers—

as they think proper, in the President alone, in the courts of law, or in the heads of departments.

I find nothing in the bill as I have examined it which in any way limits the operation of the bill to what the Constitution calls "inferior officers," and I hope that as the Senator goes along and explains the bill he will make it clear just how the bill conforms with this section of the Constitution, and the language of the section, because I am sure the Senator desires to conform in every way with the requirements and the provisions of the Constitution.

Mr. KING. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. KING. I do not wish to interrupt the Senator in the logical presentation of the case, but he stated a few moments ago, in answer to a question propounded by the Senator from Michigan, that he thought the bill would involve perhaps a hundred thousand or a hundred and fifty thousand employees. My recollection is that there are now considerably more than a million employees on the Federal pay roll, and with the enormous increase now taking place, with the increase in the agencies of the Federal Government, and the multiplication of offices and office holders and employees in the various activities, I feel sure there will soon be more than 2,000,000 employees on the Federal pay roll. There will be built up such a powerful bureaucracy that it will be almost impossible to dislodge it. I hope the Senator will advise us of the number of employees who will be covered by this bill now and in the immediate future.

Mr. MEAD. Of course, in the estimate of the number of employees which is given to the Senate by my distingished friend the Senator from Utah, there is included the W. P. A., and there are perhaps included the other agencies of government which are financed from W. P. A. funds. There are also included W. P. A. employees. That agency is being liquidated. There are included the H. O. L. C. employees, and that agency is being liquidated. There are a great many agencies and a great many employees whom I tried to approximate, so far as number is concerned, when I attempted to answer the question directed to me by the Senator from Michigan [Mr. VANDENBERG].

I have in mind also that the bill would cover no one under the civil service. It would merely give to a President, who may exercise it next year or 10 years from now, an authority which the Congress gave him many years ago, an authority which was tried and tested in the inferior courts, in the superior courts, and in the Supreme Court, and in the tests it was proven to be valid legislation.

Mr. President, there are, as I said in the beginning, two titles in the bill. I should like to have the attention of the Senate so that I may tell it what is included in title I and in title II.

Title I of the bill would permit the President by Executive order to bring into the civil service, employees in the agencies of the Government, except the W. P. A., and in agencies financed by W. P. A. funds, who are now outside the civil service. The President now has authority in certain instances, by Executive order, to bring positions within the civil service. We all recall that President Wilson brought the postmasters of the Nation within the civil service, only to have them excluded in the next administration by a similar Executive order.

It has been ruled by the Attorney General that when the Congress in creating a new agency specifically exempts the positions under the agency from the civil-service law and from the Classification Act the President in such instances is powerless to cover those employees within the civil service, even though in the administration of President Harrison the Congress decided, after a long-drawn-out fight, that the rank and file employees of the permanent agencies of the Government, could be brought within the civil service by the Executive order of a President of the United States. We are merely restating that authority, and giving to the present President and the President who may be the President 10 or 20 years from now, the authority exercised by President Wilson, by President Cleveland, and by all the Presidents who have served since the passage of that law. So much for title I. It is assumed as the result of the laws which have been passed on this subject, and the Executive orders which have been promulgated, that it applies to rank and file employees of the Government; that it does not apply to employees requiring Presidential nomination or confirmation by the Senate, but that it does apply and will apply to rank and file employees of permanent agencies of government.

Title II merely seeks to extend to the field service the provisions of another congressional act, the Classification Act, an act passed by the Congress originally in 1923, whereas under existing law it only applies in the District of Columbia to the service in Washington.

The Classification Act received the consideration of several Congresses. It was studied exhaustively by committees of both Houses. It was the subject of investigation, and finally it became the scientific application of a rule, a uniform rule, which brought order out of chaos, which meant justice to the employees in the civil service, and which made uniform the salaries which were paid in the several agencies for the work that was being performed.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. VANDENBERG. The Senator has told me that title I ultimately may cover 200,000 persons. Will he tell me how many title II in all could cover?

Mr. MEAD. As I have tried to explain, I could not give the Senator the exact number, but title II will follow in the wake of title I, and as the President, by Executive order, covers an agency within the civil service, that particular agency will come under the Classification Act, and its salary grades will be graded under the provisions of the Civil Service Act, so as

many as are brought within the civil service will be brought within the Classification Act.

Mr. VANDENBERG. Can the Senator give me a figure estimating the over-all coverage of title II?

Mr. MEAD. I can only advance a guess, that if some future President of the United States, taking into consideration the agencies which exist today, should attempt to cover them all, which is an uncertainty, it might extravagantly reach 200,000.

Mr. VANDENBERG. The Senator's own report says that it will reach 300,000 and involve $14,000,000 in salary increases. Is that correct?

Mr. MEAD. That takes into consideration all the agencies which were transferred before the committee amended the bill and eliminated a number of agencies. For instance, we wrote into the bill an amendment which eliminated not only the W. P. A. but in the General Accounting Office the employees who were added to the rolls by reason of the additional work resulting from W. P. A. activities. I am advancing what I assume to be a conservative guess. In advancing that guess I must have in mind the varying lists of personnel. I must have in mind, I assume, the permanency of these agencies and the possibility of a ruling on the part of the President that they must be permanent agencies before they are finally covered within the civil service. I am still of the opinion that 200,000 is a very good estimate.

Mr. VANDENBERG. Then the Senator is of the opinion that the committee's report is not particularly valid as a source of reliance?

Mr. MEAD. I think the committee's report is a good estimate, if we take the maximum number under the most encouraging conditions, with a most friendly administration, but it occurs to me that 200,000 would perhaps be a better guess.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. BARKLEY. I understand that title I of the bill provides the method by which employees may be given a civil-service status, after the President has covered an agency into the civil service, after which all those employees must take at least a noncompetitive examination, provided they have been certified as being qualified by the head of the department or the agency.

Mr. MEAD. That is correct.

Mr. BARKLEY. Title II, as I understand, does not cover any more persons under the civil service, but provides for their salary under the Classification Act. They are already under civil service when title II takes effect.

Mr. MEAD. That is correct. Under title I the employee to be covered within the civil service must first of all be included in a Presidential proclamation. Secondly, he must receive the recommendation of the head of his department. In the third place, he must try to pass a civil-service examination. With it all he must have had 6 months' experience prior to the time of the publication of the Executive order.

Mr. KING. Mr. President, will the Senator yield?

Mr. MEAD. I gladly yield to the Senator from Utah.

Mr. KING. Does the Senator believe—and I express no opinion by reason of the interrogative form of my question—that the power ought to be left with the President to determine what agencies or departments should come within the classified service? Does not the Senator believe that Congress ought to have some voice in determining whether an agency should come within the purview of the statute dealing with classifications?

Mr. MEAD. A dozen Congresses wrestled with that question, and when the Congress passed the first Civil Service Act and passed subsequent amendments to that act it gave that power to the President of the United States.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. MEAD. I yield.

Mr. VANDENBERG. I suppose it is not particularly important to nail down the figure I have been struggling to reach. As I understand, the Senator's estimate is 200,000 under title II.

Mr. MEAD. No; I think I had better merely leave with the Senator the thought that that was my estimate or guess in answer to his question. If we take the personnel of the Government in its entirety at any one particular time, as was the case when the estimate for the report was produced, and include the W. P. A., perhaps 300,000 would be a very good estimate.

Mr. VANDENBERG. I notice that the Civil Service Commission officially estimates the number at 320,000, and estimates that there will be an increase of $14,000,000 in the pay roll.

Mr. MEAD. That may be the result of a letter which was sent to the Commission some time ago, which included the W. P. A.

With reference to the $14,000,000 added to the pay roll, that is another estimate. Let me try to explain how it would apply and how the Civil Service Commission obtained that figure.

In practically every city in the United States we have Federal personnel—in the United States marshal's office, the United States attorney's office, the offices of collectors of customs, and in various other offices of the Government. In one office a stenographer may be receiving $1,320 a year. In another office, perhaps because of seniority or because of some other consideration, a stenographer doing exactly the same work may be receiving $1,800 a year. Senators are familiar with the procedure so far as salary grades are concerned. When no law or uniform rule exists, it is sometimes a case of using influence. Again, it may be the result of recognition by a sympathetic employer. The Classification Act merely attempts to apply a uniform rule so that in all the cities of the United States Federal employees will receive a uniform salary for the same work.

That situation now applies in the Postal Service. A letter carrier in New York receives the same salary as does a letter carrier in Los Angeles; but an employee in the office of the collector of internal revenue in Portland, Oreg., doing exactly the same work as a corresponding employee in the office in Portland, Maine, may receive a salary in excess of that received by the employee in Portland, Maine.

In an estimate of the cost of operation for personnel in the field after the Classification Act is applied it is assumed that an additional $14,000,000 annually might be required to meet the cost of the pay roll, but such an estimate does not take into consideration the added efficiency of the personnel, the savings due to elimination of loss in turn-over, and the elimination of constant negotiation and turmoil in behalf of justifiable salary grades. I am of the opinion that such a plan would not cost a cent. It would result in better government. It would probably result in an increase for the lower-paid employees, and it might result in a decrease for employees who have been successful in securing what might be assumed to be unjustifiable increases; but it would result in uniformity and would produce efficiency.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. WHITE. I understand the Senator's contention to be that title II would produce uniform salaries, and stabilize salaries.

Mr. MEAD. The Senator is correct. That is exactly what it would do.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. ELLENDER. For the past 2 or 3 years quite a number of persons have applied to me for jobs. Many of them had qualified under the civil-service laws. Has the Senator any figures to show what the status of the registers of the Civil Service Commission were, let us say, for the past 2 or 3 years, when a large number of persons were employed in various agencies under Executive order and without civil-service status?

Mr. MEAD. I presume the Senator is anxious to know whether or not there is a semblance of balance in the quota law as it applies to the several States.

Mr. ELLENDER. No; I do not have that in mind. As the Senator knows, the Commission gives examinations at various times in order to qualify stenographers and other employees for the various departments of government. What was the condition of the civil-service registers at the time, let us say, that many employees were placed on the pay rolls without having to pass a civil-service examination? In other words, were there not many persons on those registers who were awaiting jobs, but who were overlooked in order that non-civil-service applicants might be selected?

Mr. MEAD. I am unable to answer that question; but as the situation applies to this bill, when we authorize the President to cover an agency within the civil service, and the personnel of that agency is called upon to try a civil-service examination which may result in a number of failures, then and only then would those on a civil-service register, ineligible all the time they were on the register for employment under the civil service in a particular agency, become eligible for appointment; and as a result they would have a greater field in which to find employment. But I do not know the condition of the register at any given time, and I do not know that that has anything to do with the covering of an agency within the civil service. However, as more agencies are covered within the civil service, those on the register have more opportunities for employment.

Mr. ELLENDER. I am informed that for a certain period the General Accounting Office was loaded up with employees who did not take the civil-service examination, whereas there were many on the civil-service registers who were qualified. In other words, instead of their getting the jobs, they were given to persons who did not stand an examination.

Mr. MEAD. I will say to the Senator from Louisiana that it is my understanding that the volume of work heaped upon the General Accounting Office as a result of the activities of the W. P. A. and other emergency agencies was so great that provision had to be made for added personnel. Provision also had to be made for appropriations to take care of the added personnel.

Mr. ELLENDER. Mr. President, will the Senator further yield?

Mr. MEAD. I yield.

Mr. ELLENDER. The added personnel could have been obtained from the civil-service registers, but, unfortunately, that was not done.

Mr. MEAD. And for a good reason. It was determined by the Congress that a certain amount of the money appropriated for W. P. A. should be allotted to the General Accounting Office to take care of the added volume of business resulting from the activity of the W. P. A., and that the employees who were added to the staff of the General Accounting Office should not be taken from the civil-service register and given a civil-service status because, if W. P. A. were to be liquidated, then the General Accounting Office would have a problem on its hands in taking care of the added personnel which would have a civil-service status.

Mr. ELLENDER. Why could not the services of persons with a civil-service status be dispensed with to the same extent as are the services of other employees? Moreover, these emergency employees have had constant work for many years.

Mr. MEAD. I suppose the appropriations for W. P. A. were primarily approved by the Congress to take care of those who were on relief, rather than those who were on the civil-service registers. I suppose the rules and regulations in the W. P. A. law and in subsequent appropriations were applied in the employment of personnel paid for out of those appropriations. I suppose every agency of Government, temporary or permanent, may go to the civil-service registers or to the reemployment registers; but, of course, if that course were always followed, certain citizens who need employment would receive no recognition whatsoever.

Mr. ELLENDER. Does not the Senator think it is wrong for any agency in which civil service is required to be permitted to go to any other place than the civil-service registers to obtain its employees?

Mr. MEAD. Civil service was not required in the General Accounting Office in connection with the work which was added to the General Accounting Office's responsibility as a result of W. P. A., because the Congress specifically earmarked a certain amount of W. P. A. money for the extra burden heaped upon the General Accounting Office, and that money was used for personnel hired temporarily for that purpose only. That personnel did not become part or parcel of the permanent staff of the General Accounting Office.

Mr. ELLENDER. This so-called emergency did not exist merely as a result of W. P. A. If the pending bill is enacted, many will be given civil-service status in preference to those who were eligible because they qualified under the civil-service laws.

Mr. MEAD. As I understand, they are more or less listed as temporary W. P. A. personnel.

Mr. President, I am about to conclude. Later on, after the motion has been acted upon, I desire to have an opportunity to discuss the merits of the bill. I close, as I started, by saying that we are not attempting to advocate or sponsor a new principle of law or of government. The Congress of the United States battled with this question for over a hundred years, and it was climaxed in the administration of President Harrison when the Pendleton Act was passed. That act gave to the President and to every one of his successors in office authority to blanket within the civil service the employees of the permanent agencies of government. We are merely perfecting the authority given to the President, and we are adding to it certain limitations and requirements. We are doing so in the interest of orderly procedure, because, instead of allowing the President to blanket persons into the civil service without regard to ability or any other consideration which might be appropriate, we require, first of all, the proclamation of the President; secondly, the approval of the head of the department; and, thirdly, the passing of an examination, not authorized or compiled by the head of the agency, but an examination under the Civil Service Commission. We surround the procedure with careful, well-rounded consideration; and, as a result of that procedure, no one can prophesy now the number of persons who will be brought into the civil service within any given time. Only a certain number of examinations can be held over and above those which are now being held; and if the Civil Service Commission were suddenly called upon to give examinations to everybody in the Federal service and outside of the civil service, I do not believe they could do so within a period of 3 or 4 years.

So I believe the enactment of this bill will be in keeping with good, orderly, efficient procedure of government. It will give to the Presidents of tomorrow the authority which the Congress gave to the Presidents many, many years ago. It will apply only to the agencies of government hereafter to be created or heretofore created which have been specifically kept outside of the purview of the civil service.

Mr. KING. Mr. President, will the Senator yield?

Mr. MEAD. Yes; I shall be glad to yield.

Mr. KING. Upon two occasions the Senator has alluded to the fact that by this bill we are conferring upon the President only the authority which he heretofore has enjoyed. Is it not a fact that Congress believed that if the act to which the Senator referred did confer upon the President unlimited authority to blanket agencies under the civil service it was too great an authority, and by a number of restrictive measures they took from him the authority which the Senator contends was conferred in prior legislation? In other words, is it not a fact that the Congress took away from the President the blanket authority which the Senator contends he enjoyed under a former act, believing that Congress ought to have something to say in regard to who should come under the civil service, and what agencies should be brought within the Classification Act?

Mr. MEAD. I probably may assume that at times, when a specific agency of government was being created by the Congress, the Congress or its leaders or a substantial number of its Members felt that the given agency ought to be outside of the civil service and ought to be maintained in the patronage category. I suppose that at times a majority felt that way, and so amendments were written into certain acts at variance with the policy of the Congress adopted when the Pendleton Act was written into the law. I suppose the Congress has occasionally deviated from that policy, and, I believe, without good results. Therefore, it is my opinion that the Congress ought to hark back to the policy which it adopted many years ago, and to the policy which in the main it has supported ever since.

Mr. KING. If I may again interrupt the Senator, he knows that a policy of Congress today does not indefinitely bind Congress. We may change our views. Congress upon at least one occasion has declared against a third Presidential term; and by that I do not mean to imply that we ought to favor or ought not to favor a third term now. The point I am making is that a declaration by Congress of a policy does not bind Congress indefinitely. Congress is the author of its own laws; and it may determine what policies, within the power of the legislative branch of the government, may be carried into effect by the Government itself.

Mr. MEAD. The Senator is perfectly correct. We cannot bind a future Congress; but, looking back over the experiences of this country and of other countries, over the experiences of all the States and all the municipalities, we find that there are certain progressive steps which progressive government takes, and once it takes those progressive steps it never returns to the status which was in existence before it made its departure. This is a progressive step, uniformly and universally taken by the Federal Government and by every political subdivision of the Federal Government; and, of course, no Senator would infer that this Government or any part of this Government would ever return in the main to the patronage system of the early history of our country.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from New Mexico?

Mr. MEAD. I had better yield the floor to the Senator, because I am through.

Mr. HATCH. Mr. President, when I asked the Senator from New York to yield a moment ago, and it seemed to me that for some reason he did not care to yield, and I said I would speak in my own time as long as I might desire, there was no intention on my part to discuss this motion or the bill itself this afternoon. It is late now; but I do not want the session to adjourn without making my position clear. I wanted to support the Senator from New York in his motion. I think the motion should prevail, and that the bill should not only be acted upon but should be passed. I also hope—and I rose to express my view on that subject—that the Logan-Walter bill may be acted upon and passed at this session.

I am quite sure the majority floor leader desires the floor at this time, and I do not care to continue my remarks tonight. Perhaps tomorrow or Monday I should like to discuss some reasons why this particular measure, the Ramspeck bill, should be passed, why both political parties ought to keep some of the promises they have been making to the people of the country for more than 50 years, not that the present civil service as it exists may be enlarged and expanded, that is not the answer, but that a real system of merit and efficiency may be set up for all the inferior officials and employees of the Federal Government.

Mr. REED obtained the floor.

Mr. BARKLEY. Mr. President, may we have a vote on the motion to proceed to the consideration of the bill?

Mr. BURKE. Mr. President, before we have a vote on that motion, I wish to address myself to it at some length.

Mr. BARKLEY. If that be so, then I think we might as well suspend here and let the motion go over until Monday.

Mr. McKELLAR. Mr. President, before that is done——

Mr. REED. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Kansas was recognized.

Mr. BARKLEY. I hope the Senator is not going to make a point of no quorum until I can get some things in the RECORD.

Mr. REED. May I yield to accommodate the Senate majority leader?

The PRESIDING OFFICER. The Senator from Kansas has the floor.

PRESIDENT'S STATEMENTS ON PEACE

Mr. BARKLEY. If the Senator will yield to me, I wish to have some matters inserted into the RECORD, and to make a statement about them.

Mr. President, the attempt of certain persons in this political hour to charge the President of the United States with showing a tendency toward war, or performing acts leading America into war, is a deliberate disregard of a consistent record made by him in his public utterances on peace covering a period of many years.

President Roosevelt has been an active and earnest advocate of peace; definite in all of his pronouncements that America will not participate aggressively in war with any foreign nation. To attribute to the President any motive of fostering hostile activity with any nation with which we are now at peace is sheer nonsense. For anyone to say that President Roosevelt by any act, thought, speech, or connivance has done anything having a tendency to plunge this country into any of the wars now being waged is an untruth from the whole cloth.

Every word, sentence, paragraph, or speech of the President's has been designed to urge all nations to adjust their legitimate differences by negotiation and arbitration, and, by preventing war elsewhere in the world, to safeguard our own peace and that of the Western Hemisphere. He has ventured to appeal to the dictators and rulers of the European countries that they should not precipitate conflicts which would disturb world peace. It is not humanly possible in the framing of words into sentences to make them more definite than has the President in his statements in opposition to war. In no way, shape or form, act or deed has he said or done anything to encourage hostilities anywhere in the world, but he has consistently advocated the settlement of international disputes by just methods of pacific negotiation and arbitration.

For reassurance and conclusive proof of this assertion, I offer for the RECORD, and ask that they be printed as part of my remarks, quotations from numerous statements by the President against the participation of the United States in any foreign conflict. Furthermore, by no stretch of the imagination can any American citizen consider the enactment of the Selective Military Service and Training Act in any other light than as a measure of adequate preparation for our national defense for any emergency which may arise.

Mr. TAFT. Mr. President, I should like to ask the able majority leader whether he is advocating the reelection of President Roosevelt on the ground that he has kept us out of war?

Mr. BARKLEY. No; I am not advocating his reelection on the ground that he has kept us out of war. No such campaign issue has arisen. I suppose that even the Senator from Ohio knows that we are not at war.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM THE PRESIDENT'S STATEMENTS ON PEACE

[Excerpt from the annual message of the President of the United States delivered before a joint session of the Senate and House of Representatives of the United States, 76th Cong., 1st sess., January 4, 1939]

That hemisphere, that peace, and that ideal we propose to do our share in protecting against storms from any quarter. Our people and our resources are pledged to secure that protection. From that determination no American flinches.

This by no means implies that the American republics disassociate themselves from the nations of other continents—it does not mean the Americas against the rest of the world. We as one of the republics reiterate our willingness to help the cause of world peace. We

stand on our historic offer to take counsel with all other nations of the world to the end that aggression among them be terminated, that the race of armaments cease, and that commerce be renewed.

[Excerpt from press conference No. 523, February 3, 1939]

As a nation—as American people—we are sympathetic with the peaceful maintenance of political, economic, and social independence of all nations in the world.

[Excerpt from address of the President by radio from Key West, Fla., on the occasion of the opening of the San Francisco Golden Gate Exposition, February 18, 1939]

Many times, in the elaboration of what I call the good-neighbor policy, I have stressed the point that the maintenance of peace in the Western Hemisphere must be the first concern of all Americans—North Americans, South Americans, and Central Americans—for nothing is more true than that we here in the New World carry the hopes of millions of human beings in other less fortunate lands. By setting an example of international solidarity, cooperation, mutual trust, and mutual helpfulness we may keep faith alive in the heart of anxious and troubled humanity and at the same time lift democracy high above the ugly truculence of autocracy.

[Excerpt from address of the President by radio from Key West, Fla., in connection with the Pan American Hernando De Soto Exposition at Tampa, Fla., February 18, 1939]

We desire by every legitimate means to promote freedom in trade and travel and in the exchange of cultural ideas among nations. We seek no territorial expansion; we are not covetous of our neighbor's goods; we shall cooperate in every proposal honestly put forward to limit armaments; we abhor the appeal to physical force except to repulse aggression; but we say to all the world that in the Western Hemisphere—in the three Americas—the institutions of democracy—government with the consent of the governed—must and shall be maintained.

[Excerpt from address of the President of the United States delivered before a joint session of the two Houses of Congress, 76th Cong., 3d sess., January 3, 1940]

For out of all the military and diplomatic turmoil, out of all the propaganda and counterpropaganda of the present conflicts, there are two facts which stand out and which the whole world acknowledges.

The first is that never before has the Government of the United States done so much as in our recent past to establish and maintain the policy of the good neighbor with its sister nations.

The second is that in almost every nation in the world today there is a true public belief that the United States has been, and will continue to be, a potent and active factor in seeking the reestablishment of peace.

In these recent years we have had a clean record of peace and good will. It is an open book that cannot be twisted or defamed. It is a record that must be continued and enlarged.

[Excerpt from address of the President broadcast in connection with the Christian foreign-service convocation, Saturday, March 16, 1940. From press release]

Today we seek a moral basis for peace. It cannot be a real peace if it fails to recognize brotherhood. It cannot be a lasting peace if the fruit of it is oppression, or starvation, or cruelty, or human life dominated by armed camps. It cannot be a sound peace if small nations must live in fear of powerful neighbors. It cannot be a moral peace if freedom from invasion is sold for tribute. It cannot be an intelligent peace if it denies free passage to that knowledge of those ideals which permit men to find common ground. It cannot be a righteous peace if worship of God is denied.

[Excerpt from address of the President before the governing board of the Pan American Union, April 15, 1940]

Universal and stable peace remains a dream. War, more horrible and destructive than ever, has laid its blighting hand on many parts of the earth. Peace among our American nations remains secure because of the instruments we have succeeded in creating. They embody, in great measure at least, the principles upon which, I believe, enduring peace must be based throughout the world.

Peace reigns today in the Western Hemisphere because our nations have liberated themselves from fear. No nation is truly at peace if it lives under the shadow of coercion or invasion. By the simple process of agreeing that each nation shall respect the integrity and independence of the others, the New World has freed itself of the greatest and simplest cause of war. Self-restraint and the acceptance of the equal rights of our neighbors as an act of effective will has given us the peace we have had, and will preserve that peace so long as we abide by this ultimate moral law.

[Excerpt from address of the President of the Young Democratic Clubs of America, April 20, 1940]

I am not speaking tonight of world affairs. Your Government is keeping a cool head and a steady hand. We are keeping out of the wars that are going on in Europe and in Asia, but I do not subscribe to the preachment of a Republican aspirant for the Presidency who tells you, in effect, that the United States and the people of the United States should do nothing to try to bring about a better order, a more secure order, of world peace when the time comes.

[Excerpt from address of the President broadcast from White House, May 26, 1940]

Day and night I pray for the restoration of peace in this mad world of ours. It is not necessary that I, the President, ask the American people to pray in behalf of such a cause—I know you are praying with me.

I am certain that out of the hearts of every man, woman, and child in this land, in every waking minute, a supplication goes up to Almighty God; that all of us beg that suffering and starving, that death and destruction may end, and that peace may return to the world. In common affection for all mankind, your prayers join with mine that God will heal the wounds and the hearts of humanity.

[Excerpt from address delivered by the President at the graduation exercises of the University of Virginia, June 10, 1940]

I informed the Chief of the Italian Government that this desire on the part of Italy to prevent the war from spreading met with full sympathy and response on the part of the Government and the people of the United States, and I expressed the earnest hope of this Government and of this people that this policy on the part of Italy might be continued. I made it clear that in the opinion of the Government of the United States any extension of hostilities in the region of the Mediterranean might result in a still greater enlargement of the scene of the conflict, the conflict in the Near East and in Africa, and that if this came to pass no one could foretell how much greater the theater of the war eventually might become.

[Excerpt from the President's message to the Congress of the United States, July 10, 1940]

That we are opposed to war is known not only to every American, but to every government in the world. We will not use our arms in a war of aggression; we will not send our men to take part in European wars.

[Excerpt from President Roosevelt's address to the International Brotherhood of Teamsters, September 11, 1940]

Weakness in these days is a cordial invitation to attack. That is no longer theory; it is a proven fact—proved in the past year.

I hate war now more than ever. I have one supreme determination—to do all I can to keep war away from these shores for all time. I stand, with my party, upon the platform adopted in Chicago:

We will not participate in foreign wars, and we will not send our Army, naval, or air forces to fight in foreign lands outside of the Americas, except in case of attack.

[Excerpt from communication from President Roosevelt to Chancelor Hitler of Germany, August 24, 1939]

To the massage which I sent to you last April I have received no reply, but because of my confident belief that the cause of world peace—which is the cause of humanity itself—rises above all other considerations, I am again addressing myself to you with the hope that the war which impends and the consequent disaster to all peoples everywhere may yet be averted.

I therefore urge with all earnestness—and I am likewise urging the President of the Republic of Poland—that the Governments of Germany and of Poland agree by common accord to refrain from any positive act of hostility for a reasonable and stipulated period, and that they agree likewise by common accord to solve the controversies which have arisen between them by one of the three following methods: First, by direct negotiation; second, by submission of these controversies to an impartial arbitration in which they can both have confidence; or, third, that they agree to the solution of these controversies through the procedure of conciliation, selecting as conciliator or moderator a national of one of the traditionally neutral states of Europe, or a national of one of the American republics which are all of them free from any connection with or participation in European political affairs.

[Excerpt from an address of the President of the United States delivered before a joint session of the two Houses of Congress, January 3, 1938]

I am thankful that I can tell you that our Nation is at peace. It has been kept at peace despite provocations which in other days, because of their seriousness, could well have engendered war. The people of the United States and the Government of the United States have shown capacity for restraint and a civilized approach to the purposes of peace, while at the same time we maintain the integrity inherent in the sovereignty of 130,000,000 people, lest we weaken or destroy our influence for peace and jeopardize the sovereignty itself.

It is our traditional policy to live at peace with other nations. More than that, we have been among the leaders in advocating the use of pacific methods of discussion and conciliation in international differences. We have striven for the reduction of military forces.

[Statement by the President for the press, April 19, 1938]

As this Government has on frequent occasions made it clear, the United States, in advocating the maintenance of international law and order, believes in the promotion of world peace through the friendly sclution by peaceful negotiation between nations of controversies which may arise between them. It has also urged the promotion of peace through the finding of means for economic appeasement. It does not attempt to pass upon the political features of accords such as that recently reached between Great Britain and Italy, but this Government has seen the conclusion of an agreement wtih sympathetic interest because it is proof of the value of peaceful negotiations.

[Excerpt from a speech of the President, Treasure Island, San Francisco Bay, July 14, 1938]

We fervently hope for the day when the other leading nations of the world will realize that their present course must inevitably lead them to disaster. We stand ready to meet them and encourage them in any efforts they may make toward a definite reduction in world armament.

The year 1939 would go down in history not only as the year of the two great American World's Fairs, but would be a year of world-wide rejoicing if it could also mark definite steps toward permanent world peace. That is the hope and the prayer of the overwhelming number of men and women and children in all the earth today.

[Excerpt from an address of the President at Queen's University, Kingston, Ontario, Canada, August 18, 1938]

Happily, you and we, in friendship and in entire understanding, can look clear-eyed at these possibilities, resolving to leave no pathway unexplored and no technique undeveloped which may, if our hopes are realized, contribute to the peace of the world. Even if those hopes are disappointed, we can assure each other that this hemisphere at least shall remain a strong citadel wherein civilization can flourish unimpaired.

[Excerpt from a radio address of the President broadcast from the White House, October 26, 1938]

No one who lived through the grave hours of last month can doubt the longing of most of the peoples of the world for an enduring peace. Our business now is to utilize the desire for peace to build principles which are the only basis of permanent peace.

It is becoming increasingly clear that peace by fear has no higher or more enduring quality than peace by the sword.

There can be no peace if the reign of law is to be replaced by a recurrent sanctification of sheer force.

There can be no peace if national policy adopts as a deliberate instrument the threat of war.

There can be no peace if national policy adopts as a deliberate instrument the dispersion all over the world of millions of helpless and persecuted wanderers with no place to lay their heads.

There can be no peace if humble men and women are not free to think their own thoughts, to express their own feelings, to worship God.

There can be no peace if economic resources that ought to be devoted to social and economic reconstruction are to be delivered to an intensified competition in armaments which will merely heighten the suspicions and fears and threaten the economic prosperity of each and every nation.

At no time in modern history has the responsibility which rests upon governments been more obvious or more profound.

I speak for a United States which has no interest in war. We covet nothing save good relations with our neighbors, and we recognize that the world today has become our neighbor.

[Excerpt from a radio address of the President from Hyde Park, N. Y., in connection with the dedication exercises of the Will Rogers Memorial, Claremore, Okla., November 4, 1938]

And while we are developing that coolness of judgment, we need in public office, above all things, men wise enough to avoid passing incidents where passion and force try to substitute themselves for judgment and negotiation.

During my 4 years as Governor and during my nearly 6 years as President, I am proud of the fact that I have never called out the armed forces of the State or Nation except on errands of mercy.

[Excerpt from the address by President Roosevelt to the joint Congress, January 3, 1940]

Already the crash of swiftly moving events over the earth has made us all think with a longer view. Fortunately, that thinking cannot be controlled by partisanship. The time is long past when any political party or any particular group can curry and capture public favor by labeling itself the "peace party" or the "peace bloc." That label belongs to the whole United States and to every right-thinking man, woman, and child within it.

[Excerpts from address on Armistice Day, Arlington National Cemetery, November 11, 1935]

The primary purpose of the United States of America is to avoid being drawn into war. We seek also in every practicable way to promote peace and to discourage war. Except for those few who have placed or who place temporary selfish gain ahead of national and world peace, the overwhelming mass of American citizens are in hearty accord with these basic policies of our Government, as they are also entirely sympathetic with the efforts of other nations to avoid and to end war.

* * * national ambitions that disturb the world's peace are thrust forward. * * *

* * * we must go forward with all our strength to stress and to strive for international peace.

* * * Our soldier and sailor dead call to us across the years to make our lives effective in building constructively for peace. * * *

* * * If we, as a Nation, by our good example, can contribute to the peaceful well-being of the fellowship of nations, our course through the years will not have been in vain.

We who survive have profited by the good example of our fellow Americans who gave their lives in war.

* * * The past and the present unite in the prayer that America will ever seek the ways of peace, and by her example at home and abroad, speed the return of good will among men. (Washington Star. November 11, 1935, p. A–3.)

[Excerpts from address to Brazilian Congress, Rio de Janeiro, November 27, 1936]

We [Brazil and the United States] have a record of which we can be proud—a record of joint endeavor in the cause of peace in this New World.

* * * Your first concern, like ours, is peace—for we know that war destroys, not only human lives and human happiness, but destroys as well the ideals of individual liberty and of the democratic form of representative government which is the goal of all the American republics.

* * * The motto of peace is, "Let the strong help the weak to survive."

* * * There is no American conflict—and I weigh my words when I say this—there is no American conflict that cannot be settled by orderly and practical means.

* * * The friendly nations of the Americas can render no greater service to civilization itself than by maintaining both domestic and international peace and by freeing themselves forever from conflict.

[Address of the President at Chautauqua, N. Y., August 14, 1936]

I have seen war. I have seen war on land and sea. I have seen blood running from the wounded. I have seen men coughing out their gassed lungs. I have seen the dead in the mud. I have seen cities destroyed. I have seen 200 limping, exhausted men coming out of line—the survivors of a regiment of 1,000 that went forward 48 hours before. I have seen children starving. I have seen the agony of mothers and wives. I hate war.

I have passed unnumbered hours, I shall pass unnumbered hours thinking and planning how war may be kept from this Nation.

I wish I could keep war from all nations; but that is beyond my power. I can at least make certain that no act of the United States helps to produce or to promote war. I can at least make clear that the conscience of America revolts against war and that any nation which provokes war forfeits the sympathy of the people of the United States.

[Excerpt from the address of the President of the United States before a joint session of Congress, September 21, 1939]

These perilous days demand cooperation between us without trace of partisanship. Our acts must be guided by one single hard-headed thought—keeping America out of this war.

[Letter to W. H. Oppenheimer, St. Paul War Memorial Dedication Committee, May 20, 1936]

* * * It is fitting that this memorial be dedicated to peace. The maintenance of peace is the cornerstone of our foreign policy. We seek no conquest. We have no imperial designs. And I am glad to reiterate here a declaration I have previously made that the people of America and the Government of those people intend and expect to remain at peace with all the world. The highest tribute we can pay to the courage and sacrifices of those in whose honor you have reared this war memorial is to continue to maintain a just and lasting peace. (St. Paul Dispatch, May 28, 1936.)

[Address at Texas Centennial, Dallas, Tex., June 12, 1936]

We seek to banish war in this hemisphere; we seek to extend those practices of good will and closer friendship upon which peace itself is based. (Washington Star, June 12, 1936, p. A–3.)

[Defense message to Congress, January 28, 1938]

The Congress knows that for many years this Government has sought, in many capitals, with the leaders of many governments, to find a way to limit and reduce armaments and to establish at least the probability of world peace.

* * * We, as a peaceful Nation, cannot and will not abandon active search for an agreement among the nations to limit armaments and end aggression.

* * * It is an ominious fact that at least one-fourth of the world's population is involved in merciless devastating conflict in

spite of the fact that most people in most countries, including those where conflict rages, wish to live at peace.

* * * Specifically and solely because of the piling up of additional land and sea armaments in other countries, in such manner as to involve a threat to world peace and security, I make the following recommendations to the Congress (detailed recommendations follow).

* * * It is our clear duty to further every effort toward peace, but at the same time to protect our Nation (White House release, Jan. 28, 1938, pp. 1–2).

[Radio address from the White House, October 12, 1937]

The kind of peace we want is the sound and permanent kind which is built on the cooperative search for peace by all the nations which want peace.

* * * We seek peace, not only for our generation but also for the generation of our children.

* * * In a world of mutual suspicions, peace must be affirmatively reached for. It cannot be just wished for. It cannot just be waited for.

Such cooperation—as may take place with reference to China in Nine Power Conference—would be an example of one of the possible paths to follow in our search for means toward peace throughout the whole world.

* * * The development of peace in the world is dependent * * * on the acceptance by nations of certain fundamental decencies in their relations with each other.

* * * America hopes for peace. Therefore America actively engages in the search for peace (White House release, Oct. 12, 1937, pp. 2, 6, 7).

STATEMENTS ON PEACE BY THE SECRETARY OF STATE

[Annual alumni luncheon, Yale University, June 23, 1937]

In our relations with other nations it is the task of the Government to insure durable peace—to make it possible for the individual to live a normal existence, uninterrupted and undistorted by the overriding exigencies of armed conflict * * *.

The attaining of world peace and of improved and constantly developing economic relations among nations are the basic objectives of American foreign policy.

[Radio address in cooperation with Economic Policy Committee, February 6, 1938]

In the world of today international peace is of direct and vital concern to each one of us. Peace is no mere abstraction; it is the indispensable foundation of our political, economic, and social order, both nationally and internationally * * *.

We shall never cease to exert whatever moral influence we possess in the councils of nations toward a universal acceptance of those basic principles of conduct among nations which are essential to a civilized international order under law—order under law, with economic security as its chief foundation, which is the surest path to enduring peace.

[Second Annual National Farm Institute, Des Moines, Iowa, February 19, 1938]

If we want peace and prosperity for our country, we must work for them with clear-sighted devotion, with vigorous enterprise, with vision and unselfish public spirit—with the pioneer hardihood, courage, and determination with which our people built this Nation. We should be governed, in our relations with other nations, by those fundamental principles of justice, morality, good will, and friendliness which, in civilized international relationships underlie order under law and with economic security as its chief foundation.

[Statement to the press, March 4, 1938]

The Department of State of the United States is sometimes called the Department of Peace. The problem of peace is of constant concern to the Department; preservation of peace is the cornerstone of the foreign policy of the United States.

* * * The good-neighbor policy is inherently reciprocal in nature. The Government of the United States endeavors to treat with scrupulous respect the rights of other countries and their nationals, and the Government expects similar consideration from other nations for the rights of our people.

The general attitude of the Department of State toward international relations has been summarized recently by the Secretary in a statement to the following effect: This country constantly and consistently advocates maintenance of peace. We advocate national and international self-restraint; we advocate abstinence by all nations from interference in the internal affairs of other nations. We advocate adjustment of problems in international relations by processes of peaceful negotiation and agreement. We advocate faithful observance of international agreements. We believe in modification of provisions of treaties, when need therefor arises, by orderly processes carried out in a spirit of mutual helpfulness and accommodation. We believe in respect by all nations for the rights of others and performance by all nations of established obligations. We stand for revitalizing and strengthening of international law. We believe in limitation and reduction of armament. We avoid entering into alliances or entangling commitments, but we believe in cooperative effort by peaceful and practicable means. We advocate steps toward promotion of economic security and stability the world over; we advocate lowering or removing of excessive barriers in international trade; we seek effective equality of commercial opportunity, and we urge upon all nations application of the principle of equality of treatment.

The Government of the United States is endeavoring to keep alive, strengthen, and revitalize, in reference to all the world, these fundamental principles. The Department of State transmitted this statement of principles to all foreign governments and requested their comments. More than 50 governments placed themselves on record in support of these principles.

[Address at National Press Club, Washington, D. C., March 17, 1938]

The primary objectives of our foreign policy are the maintenance of the peace of our country and the promotion of the economic, the social, and the moral welfare of our people. * * *

On July 16, 1937, I issued a public statement setting forth the fundamental principles to which our Government adheres in the formulation of its foreign policy. On behalf of our Government I transmitted a copy of this statement to every government of the world, requesting such comment as each might see fit to offer. To our profound gratification an overwhelming majority of those governments joined in affirming their faith in these vital principles.

* * * * * * *

We want to live in a world which is at peace; * * *

To that end we will continue to give full and sincere adherence to the fundamental principles which underlie international order; we will continue to urge universal acceptance and observance of these principles; we will continue, wherever necessary and in every practicable and peaceful way, to cooperate with other nations which are actuated by the same desires and are pursuing the same objectives; we will persevere in appropriate efforts to safeguard our legitimate rights and interests in every part of the world; and we will, while scrupulously respecting the rights of others, insist on their respecting our rights.

[Radio address, August 16, 1938]

We want peace; we want security; we want progress and prosperity—for ourselves and for all nations. Our practical problem is that of finding and employing the best methods, of keeping our eyes and our feet upon the better way, of cooperating with other nations that are seeking as are we to proceed along that way.

[Annual Red Cross Convention, Washington, D. C., April 25, 1939]

The maintenance and improvement of the structure of peaceful international relationships, upon which the entire fabric of our present-day civilization rests, require a willing contribution from every nation. * * *

We hope devoutly that a negotiated peace before rather than after the senseless arbitrament of war, a peace based on a mutually fair adjustment of outstanding problems, will be the happy lot of mankind in the future which lies immediately ahead. We are prepared to make our appropriate contribution to such a peace.

[Radio address, Foreign Trade Week, Washington, D. C., May 21, 1939]

The universal desire of all peoples, when they surmount their fears and apprehensions, is, I am convinced, to live at peace with their fellow men. By peace I mean the peace of understanding and not mere yielding to superior force. * * *

This is the broad course for which we are working. It is the course which, in plain duty both to ourselves and to our position in the world, we are bound to follow.

[Chicago Sunday Evening Club, Chicago, Ill., May 28, 1939]

No country can insure peace for itself by merely proclaiming its desire for peace, when there are in the world nations willing to challenge and fight other nations to gain by force what they covet. When such is the case, peace can be assured only at the price of abject surrender to the challenger. * * *

It is not through a policy of isolation, but rather through supplementing our domestic efforts by playing our appropriate role as a member of the family of nations, that we can hope to solve the problems which confront us today within our own frontiers.

[On Peace and Neutrality, July 14, 1939]

The cornerstone of the foreign policy of the United States is the preservation of the peace and security of our Nation, the strengthening of international law, and the revitalization of international good faith. The foreign policy of this Government may be misinterpreted or it may be misunderstood, but it cannot be destroyed. Peace is so precious and war so devastating that the people of the United States and their Government must not fail to make their just and legitimate contribution to the preservation of peace.

[Twenty-sixth National Foreign Trade Convention, New York City, October 10, 1939]

I, for one, hold fast to the conviction that, however much suffering and destruction may lie ahead in the immediate future, there is, in all nations, sufficient strength of will and sufficient clarity of vision to enable mankind to profit by the costly lessons of the past and to build upon a sounder foundation than heretofore.

There is much that our country can do toward that end. We must retain unimpaired our firm belief that only through enduring peace, based on international law and morality, and founded upon sound international economic relations, can the human race continue to advance. We must cooperate to the greatest possible extent with our sister republics of the Americas and with all other nations to keep this conviction alive and to maintain the basic principles of international good faith, world order under law, and constructive economic effort.

In the economic field, the guiding lines of the policies which we would pursue are clear. Nothing that has happened has weakened in any way the validity of the basic ideas which have underlain our commercial policy in recent years. The type of international economic relations which we have sought to establish through our reciprocal-trade agreements has been amply proven by experience to be the only effective means of enabling the process of international trade to perform fully its function as a powerful instrument for the promotion of economic welfare and for the strengthening of the foundations of enduring peace.

[August 6, 1940]

I would greatly prefer to say that we are safe in this country and in this hemisphere from outside danger. But I am firmly convinced that what is taking place today in many areas of the earth is a relentless attempt to transform the civilized world as we have known it into a world in which lawlessness, violence, and force will reign supreme, as they did a thousand years ago. * * *

The one and only sure way for our Nation to avoid being drawn into serious trouble or actual war by the wild and destructive forces now abroad elsewhere in the world and to command respect for its rights and interests abroad is for our people to become thoroughly conscious of the possibilities of danger, to make up their minds that we must continue to arm, and to arm to such an extent that the forces of conquest and ruin will not dare make an attack on us or on any part of this hemisphere. To this end each citizen must be ready and willing for real sacrifice of time and of substance and for hard personal service. In the face of terrific problems and conditions, and until the present serious threats and dangers have disappeared, we cannot pursue complacently the course of our customary normal life.

ALICE GERTRUDE COLLINS

Mr. BARKLEY. Mr. President, if the Senator from Kansas will yield, the Senator from South Carolina [Mr. BYRNES] has asked that I bring before the Senate in his behalf a resolution to pay the widow of William J. Collins, long superintendent of the Press Gallery, a year's salary. On behalf of the Senator from South Carolina, I report without amendment Senate Resolution 305 from the Committee to Audit and Control the Contingent Expenses of the Senate, and ask for its present consideration.

There being no objection, the resolution (S. Res. 305), submitted by Mr. GLASS on August 29, 1940, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Alice Gertrude Collins, widow of William J. Collins, late superintendent of the Senate Press Gallery, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ORDER OF BUSINESS

Mr. REED. Mr. President, I suggest the absence of a quorum.

Mr. BARKLEY. Mr. President, will not the Senator withhold that suggestion? I do not want to have him call for a quorum at this hour. The Senator from Tennessee desires to make a brief statement.

Mr. McKELLAR. Mr. President, I understand the Senator from Kansas is about to make a point of no quorum in order to prevent consideration of the amendments of the House of Representatives to Senate bill 1681 this afternoon. He has a right to do that, a legal right. I think it is a very improper use of the right, but still he has it. But I wish to give notice that at the first opportunity when I can get recognition from the Chair on Monday I shall ask that the House amendments be laid before the Senate for consideration regardless of any other matter.

Mr. REED. Mr. President, I wish to say, very briefly, in response to the Senator from Tennessee, that I made that very suggestion to the Senator from Tennessee several times this afternoon, and he was unwilling——

Mr. McKELLAR. The Senator has made several suggestions to the Senator from Tennessee this afternoon, all of which have been refused. [Laughter.]

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair), as in executive session, laid before the Senate messages from the President of the United States, submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RECESS UNTIL MONDAY

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 16 minutes p. m.) the Senate took a recess until Monday, September 23, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 20 (legislative day of September 18), 1940

CALIFORNIA DEBRIS COMMISSION

Maj. Henry C. Wolfe, Corps of Engineers, United States Army, for appointment as a member of the California Debris Commission provided for by the act of Congress approved March 1, 1893, entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California," vice Col. L. B. Chambers, Corps of Engineers, relieved.

UNITED STATES ATTORNEYS

Tobias E. Diamond, of Iowa, to be United States attorney for the Northern District of Iowa, vice Edward G. Dunn, whose term has expired.

Maurice M. Milligan, of Missouri, to be United States attorney for the Western District of Missouri, to fill an existing vacancy.

Daniel E. McGrath, of Texas, to be district attorney for the Canal Zone, vice Joseph J. McGuigan, retired.

UNITED STATES MARSHALS

Edward Millard Bryan, of Idaho, to be United States marshal for the district of Idaho, vice George A. Meffan, deceased.

Frederick Elliott Biermann, of Iowa, to be United States marshal for the Northern District of Iowa, vice John B. Keefe, term expired.

COAST GUARD OF THE UNITED STATES

The following-named officers in the Coast Guard of the United States, to rank as such from October 1, 1940:

Boatswain Adriaan De Zeeuw to be a chief boatswain.

Gunner Ernest A. Ninness to be a chief gunner.

Machinist Jason Thorpe to be a chief machinist.

PROMOTIONS IN THE REGULAR ARMY

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 9, 1940

Maj. John Aubrey Wheeler, Ordnance Department.

Maj. Earl Spiker Schofield, Air Corps (temporary lieutenant colonel, Air Corps).

Maj. Arthur Walter Stanley, Quartermaster Corps.

Maj. Arthur Emel Simonin, Air Corps (temporary lieutenant colonel, Air Corps).

Maj. Graves Barney McGary, Quartermaster Corps.

Maj. Frank O'Driscoll Hunter, Air Corps (temporary lieutenant colonel, Air Corps).

Maj. Arthur William Parker, Quartermaster Corps.

Maj. David Sidney Seaton, Air Corps (temporary lieutenant colonel, Air Corps).

Maj. Schenk Henry Griffin, Corps of Engineers.

Maj. Harold Huston George, Air Corps (temporary lieutenant colonel, Air Corps).

Maj. Alden Harry Waitt, Chemical Warfare Service.

Maj. Richard Landrum Smith, Corps of Engineers.

Maj. Harold Arthur Barnes, Quartermaster Corps.

Maj. Joseph Laurence Aman, Ordnance Department.
Maj. Walter Jay Reed, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. St. Clair Streett, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Ranald Trevor Adams, Field Artillery.
Maj. John Van Ness Ingram, Quartermaster Corps.
Maj. James Stevenson Crawford, Ordnance Department.
Maj. Andrew Jackson Nichols, Infantry.
Maj. Archie Donald Cameron, Infantry.

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 16, 1940

Maj. Stewart Hancock Elliott, Ordnance Department.
Maj. John Conrad Christophel, Quartermaster Corps, subject to examination required by law.
Maj. Edward Peter Doyle, Quartermaster Corps.
Maj. Robert Lake Miller, Quartermaster Corps.
Maj. Charles William Dietz, Quartermaster Corps.
Maj. Roy Marsh McCutchen, Corps of Engineers.
Maj. Aubrey Hoodenpyl Bond, Corps of Engineers.
Maj. Hubert Walter Collins, Corps of Engineers.
Maj. Robert Dorrance Ingalls, Corps of Engineers.
Maj. Walter Lyman Medding, Corps of Engineers.
Maj. Albert Carl Lieber, Jr., Corps of Engineers.
Maj. George Jacob Nold, Corps of Engineers.

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 24, 1940

Maj. Samuel Howes Baker, Quartermaster Corps.
Maj. John Isham Moore, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Lloyd Milton Garner, Quartermaster Corps.
Maj. Harris Markham Findlay, Field Artillery.
Maj. Russell Crayden Winchester, Cavalry.
Maj. George Hunter Passmore, Infantry.
Maj. James Stevenson Rodwell, Cavalry.
Maj. George Orenthus Allen Daughtry, Infantry.
Maj. Kirk Broaddus, Cavalry.
Maj. Newton Gale Bush, Infantry.
Maj. Paolo Hoffoss Sperati, Infantry.
Maj. LeRoy Welling Nichols, Infantry.
Maj. Charles Martin Chamberlain, Jr., Infantry.
Maj. LeRoy Allen Whittaker, Coast Artillery Corps.
Maj. Harry Barnes Sepulveda, Adjutant General's Department.

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 25, 1940

Maj. John Robert Hubbard, Quartermaster Corps.
Maj. Oliver Stevenson Ferson, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. Robert Gale Breene, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. George Abe Woody, Ordnance Department.
Maj. Thomas Kenneth Vincent, Ordnance Department.
Maj. Samuel Littler Metcalfe, Infantry.
Maj. Geoffrey Maurice O'Connell, Coast Artillery Corps, subject to examination required by law.
Maj. Frank Wilbur Halsey, Infantry.
Maj. Kirby Green, Infantry.
Maj. Myron Joseph Conway, Infantry.
Maj. Hollis Benjamin Hoyt, Infantry.
Maj. Arthur Foster Gilmore, Quartermaster Corps.
Maj. John August Otto, Infantry.
Maj. Joseph Burton Sweet, Infantry.
Maj. William Quinntillus Jeffords, Jr., Coast Artillery Corps.
Maj. Garland Cuzorte Black, Signal Corps.
Maj. George Anthony Patrick, Coast Artillery Corps.
Maj. Joseph Andral Nichols, Infantry.
Maj. Leon Lightner Kotzebue, Infantry.
Maj. Walter Christian Thee, Quartermaster Corps.
Maj. Thomas Reed Holmes, Infantry.
Maj. Nicholas Dodge Woodward, Infantry.
Maj. Edgar William King, Coast Artillery Corps.
Maj. Riley Edward McGarraugh, Coast Artillery Corps.
Maj. Egbert Frank Bullene, Chemical Warfare Service.
Maj. Mark Gerald Brislawn, Infantry.
Maj. Carleton Burgess, Cavalry.

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 26, 1940

Maj. John Edward Brown, Ordnance Department.
Maj. Arthur Eugene Fox, Field Artillery, subject to examination required by law.
Maj. Carleton Smith, Infantry.
Maj. Paul Conover Gripper, Signal Corps.
Maj. LeCount Haynes Slocum, Field Artillery.
Maj. Herbert Towle Perrin, Infantry.
Maj. Edwin Fry Barry, Ordnance Department.
Maj. Frederick Harry Black, Field Artillery.
Maj. Josef Robert Sheetz, Field Artillery.
Maj. Charles Paul Cullen, Infantry.
Maj. Frederic Arthur Metcalf, Field Artillery.
Maj. Harry Emerson Storms, Signal Corps.
Maj. David Dean Barrett, Infantry, subject to examination required by law.
Maj. Lawrence James Meyns, Ordnance Department.
Maj. Thomas Harry Ramsey, Quartermaster Corps.
Maj. Archibald Luther Parmelee, Coast Artillery Corps.
Maj. Walter Byron Fariss, Infantry.
Maj. John Patrick Crehan, Field Artillery.
Maj. Donald Sutter McConnaughy, Quartermaster Corps.
Maj. Richard Brownley Gayle, Infantry.
Maj. Robert Tappan Chaplin, Coast Artillery Corps.
Maj. Raymond Edwin Vermette, Infantry.
Maj. Abraham Robert Ginsburgh, Judge Advocate General's Department.
Maj. Elijah Garrett Arnold, Infantry.
Maj. Benjamin Witwer Pelton, Quartermaster Corps.
Maj. Farlow Burt, Infantry.
Maj. James Henry Howe, Infantry.
Maj. Robert Artel Case, Infantry.
Maj. John Russell Deane, Infantry.
Maj. Richard Zeigler Crane, Ordnance Department.
Maj. Paul Carson Febiger, Cavalry, subject to examination required by law.
Maj. Leslie Walter Jefferson, Coast Artillery Corps.
Maj. John Reigel Embich, Chemical Warfare Service.
Maj. Fred William Koester, Cavalry.
Maj. William Neely Todd, Jr., Cavalry.
Maj. Thomas Reed Taber, Ordnance Department.
Maj. Harry William Lins, Coast Artillery Corps.
Maj. Harold Paul Stewart, Cavalry.
Maj. Darrow Menoher, Cavalry.
Maj. Mark Andrew Devine, Jr., Cavalry.
Maj. Robb Steere MacKie, Infantry.
Maj. Boniface Campbell, Field Artillery.
Maj. Lloyd Marlowe Hanna, Field Artillery.
Maj. James Willard Walters, Ordnance Department.
Maj. Richard Cox Coupland, Ordnance Department.
Maj. Walter Alfred Elliott, Infantry.
Maj. George William Brent, Coast Artillery Corps.
Maj. Samuel Francis Cohn, Infantry.
Maj. John Augustus Rodgers, Infantry.
Maj. Ward Edwin Becker, Ordnance Department.
Maj. William Wayne Murphey, Field Artillery.
Maj. Timoteo Alfonso Sapia-Bosch, Infantry.
Maj. Edward Garrett Cowen, Coast Artillery Corps.
Maj. Kenyon Putnam Flagg, Coast Artillery Corps.
Maj. Joseph Burske Hafer, Coast Artillery Corps.
Maj. Edward Lucien Supple, Coast Artillery Corps.
Maj. Samuel McCullough, Coast Artillery Corps.
Maj. Bernard Clark Dailey, Coast Artillery Corps.
Maj. Eduardo Andino, Infantry.
Maj. Robert Elwyn DeMerritt, Coast Artillery Corps.
Maj. James Franklin Powell, Air Corps (temporary lieutenant colonel, Air Corps).
Maj. William Dalton Hohenthal, Coast Artillery Corps, subject to examination required by law.
Maj. James Ralph Lowder, Coast Artillery Corps.
Maj. Willard Warren Scott, Coast Artillery Corps.
Maj. Leonard Louis Davis, Coast Artillery Corps.
Maj. Webster Fletcher Putnam, Jr., Coast Artillery Corps.
Maj. Merle Halsey Davis, Ordnance Department.
Maj. Henry Devries Cassard, Coast Artillery Corps.

TO BE LIEUTENANT COLONELS WITH RANK FROM OCTOBER 31, 1940

Maj. Will Rainwater White, Quartermaster Corps.
Maj. George Albert Bentley, Quartermaster Corps.
Maj. Edward Hanson Connor, Jr., Infantry.

TO BE MAJOR WITH RANK FROM OCTOBER 24, 1940

Capt. Ernest Tuttle Owen, Field Artillery.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO FINANCE DEPARTMENT

Maj. William Bobbs Miller, Infantry, with rank from July 1, 1940.

Capt. Walter Edwin Ahearn, Infantry, with rank from June 12, 1940.

TO SIGNAL CORPS

First Lt. Roscoe Constantine Huggins, Infantry, with rank from August 1, 1935.

SENATE

MONDAY, SEPTEMBER 23, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou whose eternal calm lies round about our great unrest, whose presence stills the confusion of our thought: Inspire us, we beseech Thee, day by day with that fine loyalty of soul to which visions are vouchsafed, that at the crossroads of our life the path of duty may be clear. Breathe upon us with Thy quickening breath in our moments of reflection, and in the hours of action guide us by Thy powerful hand, as we thank Thee for the toil that wearies us and the arbors of rest that leave us renewed.

O Man of Galilee, who knowest all our frailties and forgivest even our denials of Thyself, look upon us with Thine eyes of love, the love that sends us out into the silences to weep and lament and long for restoration and then, by its wondrous power, transmutes failure into success, sin into grace, and sadness into song. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, September 20, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwartz
Andrews	Ellender	King	Schwellenbach
Ashurst	Frazier	Lodge	Sheppard
Austin	George	McKellar	Shipstead
Bailey	Gerry	McNary	Smith
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Glass	Miller	Thomas, Idaho
Bulow	Green	Minton	Thomas, Okla.
Burke	Guffey	Murray	Thomas, Utah
Byrd	Gurney	Neely	Townsend
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hatch	O'Mahoney	Van Nuys
Chavez	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Wheeler
Clark, Mo.	Hill	Pittman	White
Connally	Holt	Radcliffe	Wiley
Danaher	Hughes	Reed	
Davis	Johnson, Calif.	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from Missouri [Mr. TRUMAN], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Oregon [Mr. HOLMAN], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent.

The PRESIDENT pro tempore. Seventy-eight Senators have answered to their names. A quorum is present.

DR. B. L. PURSIFULL AND OTHERS

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 658) for the relief of the estate of Dr. B. L. Pursifull, Grace Pursifull, Eugene Pursifull, Ralph Pursifull, Bobby Pursifull, and Dora Little, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BURKE. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND conferees on the part of the Senate.

MRS. CLYDE THATCHER AND MINOR CHILDREN

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 1288) for the relief of Mrs. Clyde Thatcher and her two minor children, Marjorie Thatcher and Bobby Thatcher, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BURKE. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND conferees on the part of the Senate.

MRS. GEORGE C. HAMILTON AND NANETTE ANDERSON

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 4561) for the relief of Mrs. George C. Hamilton and Nanette Anderson, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BURKE. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND conferees on the part of the Senate.

PETITION

The PRESIDENT pro tempore laid before the Senate the petition of Father Divine and sundry other citizens of the United States, praying that the Americas be united for peace, and also praying for the enactment of pending legislation to prevent and punish the crime of lynching, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 4232) for the relief of the Eastern Cherokees, reported it with an amendment and submitted a report (No. 2147) thereon.

He also, from the same committee, to which was referred the bill (S. 4233) for the relief of the Eastern and Western Cherokees, reported it without amendment and submitted a report (No. 2148) thereon.

He also, from the same committee, to which was referred the bill (H. R. 7738) to amend the act entitled "An act to authorize the Secretary of the Interior to lease or sell certain lands of the Agua Caliente or Palm Springs Reservation, Calif., for public airport use, and for other purposes, reported it with amendments and submitted a report (No. 2149) thereon.

Mr. CLARK of Missouri, from the Committee on Interoceanic Canals, to which was referred the bill (H. R. 9603) to amend the Canal Zone Code, reported it without amendment and submitted a report (No. 2151) thereon.

Mr. SCHWELLENBACH, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 8163. A bill for the relief of Antonio Sabatini (Rept. No. 2152); and

H. R. 8744. A bill for the relief of Ernest Lyle Greenwood and Phyllis Joy Greenwood (Rept. No. 2153).

Mr. HUGHES, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 4066. A bill for the relief of Josefina Alvarado (Rept. No. 2154); and

H. R. 6820. A bill for the relief of Mrs. Hama Torii Emerson (Rept. No. 2155).

Mr. RUSSELL, from the Committee on Immigration, to which was referred the bill (S. 4236) for the relief of Ida Valeri, reported it without amendment and submitted a report (No. 2156) thereon.

Mr. ANDREWS, from the Committee on Immigration, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4085. A bill for the relief of Max von der Porten and his wife Charlotte von der Porten (Rept. No. 2157); and

H. R. 9840. A bill for the relief of Bela Karlovitz (Rept. No. 2158).

Mr. CAPPER, from the Committee on Immigration, to which was referred the bill (H. R. 4656) to record the lawful admission to the United States for permanent residence of Esther Klein, reported it without amendment and submitted a report (No. 2159) thereon.

REVISION AND CODIFICATION OF NATIONALITY LAWS

Mr. SCHWELLENBACH. Mr. President, I ask unanimous consent to report back from the Committee on Immigration with amendments the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code, and to submit a report (No. 2150) thereon.

The PRESIDENT pro tempore. Without objection, the report will be received and the bill will be placed on the calendar.

Mr. SCHWELLENBACH. In this connection I wish to say, briefly, that this bill is a codification of the nationality laws of the United States. It involves work which has been going on since 1933. It is an intensive study carried out both in the departments of the Government and in the House of Representatives.

Insofar as the Senate committee report is an explanation of the bill, I ask that the report be printed in the RECORD at this point as a part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

Mr. SCHWELLENBACH, from the Committee on Immigration, submitted the following report to accompany H. R. 9980:

The Committee on Immigration, to whom was referred the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code, having considered the same, report it back to the Senate with amendments, and recommend that the bill as amended do pass.

HISTORY OF THE BILL

The President, by Executive order of April 25, 1933, designated the Secretary of State, the Attorney General, and the Secretary of Labor, a committee to review the nationality laws of the United States, to recommend revisions, and to codify those laws into one comprehensive nationality law for submission to the Congress. The cabinet committee set up a technical advisory committee consisting of six experts upon the subject from the Department of State, one from the Department of Justice, and six from the Department of Labor, who worked for a period of several years in producing the draft code which was submitted to the Congress by the President on June 13, 1938, for its consideration. Extensive hearings were held upon the measure in the House of Representatives, and both the House Committee on Immigration and Naturalization and this committee have had the benefit of the views of representatives of the Departments of State, Justice, Labor, War, and Navy, the American Bar Association, and other organizations particularly concerned with the subject of nationality.

This proposed code, if enacted, will be the first authoritative legislative measure since the Revised Statutes of 1878, containing in logical and systematic form a statement of all of the laws of the United States upon citizenship, naturalization, and expatriation. It will be of exceptional value to naturalization officers, judges, and clerks of naturalization courts, American diplomatic and consular officers throughout the world, United States attorneys, lawyers, and all Government officials and other persons having occasion to consider the conditions under which citizenship of the United States may be acquired or lost.

NATURE OF THE CODE

The proposed code consists of five chapters, as follows:

Chapter 1. Definitions.
Chapter 2. Nationality at birth.
Chapter 3. Nationality through naturalization.
Chapter 4. Loss of nationality.
Chapter 5. Miscellaneous.

Ambiguous provisions of present law have been clarified and conflicting provisions eliminated. An instance of the latter is the fixing of the statute of limitations for criminal prosecution under the proposed code at 5 years. Under the basic Naturalization Act of 1906 a similar period was prescribed, but doubt continually has been raised as to its effectiveness because the Federal Criminal Code of 1909 contains a general limitation of 3 years applicable to most crimes. Much vexatious litigation has arisen because of this conflict.

Obsolete material has been eliminated through repeals.

A NATIONAL-DEFENSE MEASURE

The proposed revision will greatly strengthen the laws of the United States concerned with the national defense.

During the first World War the act of 1918 provided for the naturalization of persons rendering various types of service in the armed forces of the United States. In addition, further temporary military provisions were enacted extending for limited periods various provisions of World War legislation to persons who had rendered such service. These measures included the acts of 1919, 1926, 1929, 1932, two in 1935, 1937, and 1939. Such legislation, while it was in force, was very difficult to apply because of its technical nature and the confusion of its terms. Certain members of the armed forces of this country were discriminated against in favor of others.

These undesirable features have been eliminated through the inclusion in the code of a section which would apply uniformly to persons who served honorably in the United States Army, Navy, Marine Corps, or Coast Guard for a period or periods aggregating 3 years. They would be relieved from the usual 5-year period of residence in this country and from the requirements as to the declaration of intention, certificate of arrival, and residence within the jurisdiction of the naturalization court. Proof of honorable service, good moral character, attachment to the principles of the Constitution of the United States, and favorable disposition toward this country during such service would be made by authenticated copies of the records of the executive departments under which the service was rendered. This provision has been approved by the War and Navy Departments.

Aliens serving honorably or with good conduct for a period of at least 5 years on United States Government vessels other than those forming a part of the Navy or Coast Guard or on merchant vessels of the United States would also be permitted to become naturalized under similar conditions. While service on Government vessels would be regarded as residence within the United States for naturalization purposes, such provision would not apply to service on vessels operating in connection with the maintenance, operation, and protection of the Panama Canal.

A particularly desirable feature of the code is the broadening of the prohibition against the naturalization of persons who are members of anarchistic or other subversive groups or who believe in or advocate subversive doctrines or sabotage. This provision would be applicable to any person who within 10 years prior to filing a petition for naturalization has entertained any such views or has been affiliated with any organization or group of a subversive nature.

More than 100 criminal offenses against the naturalization and citizenship and expatriation laws have been defined and penalties provided up to a maximum of $5,000 fine or 5 years' imprisonment, or both.

Desertion from the military or naval service of the United States in time of war would, as under present law, result in loss of citizenship after conviction by court martial. A new section provides for loss of citizenship through the commission of any act of treason against the United States, or attempting by force to overthrow it, or to bear arms against it. Because the penalty is so drastic, it would follow only after conviction by court martial or a court of competent jurisdiction.

The loss of American nationality would result not only from obtaining naturalization in a foreign state or by the taking of an oath of allegiance or making an affirmation or other formal declaration of allegiance to a foreign country but also from entering or serving in foreign military forces if thereby nationality in such foreign country is obtained, accepting employment under a foreign government for which its nationals only are eligible, or voting in a foreign political election or plebiscite.

Expatriation for certain specified acts may occur after a citizen has reached the age of 18 years for the reason that in many foreign countries the duties of citizenship, including that of bearing arms, begin at the age of 18 years.

Citizenship would be lost by a naturalized citizen who resided for 2 years in the foreign state of which he was a national or where he was born if he acquires through such residence the foreign nationality. If he did not acquire such nationality, residence for 3 years would expatriate him. If the residence should be in a foreign country other than that in which he was formerly a national or in which he was born, the period of residence for expatriation would be extended to 5 years.

These provisions for loss of nationality by residence abroad would greatly lessen the task of the United States in protecting through the Department of State nominal citizens of this country who are abroad but whose real interests, as shown by the conditions of their foreign stay, are not in this country. An example of this nature is that of a man 76 years of age, 66 years of whose life had been spent in a central European country. He had remained in the United States but 4 years after his naturalization, and had thereafter resided abroad for about 35 years.

The State Department has also experienced considerable trouble through persons possessing dual nationality—that of the United States and of a foreign country—who continue to reside in the foreign country for many years while insisting upon protection by the Government of the United States. Such persons may have children born abroad who acquire citizenship at birth and also claim the protection of this Government.

The code would give such dual nationals abroad 2 years from the effective date of the code to return to this country and take up permanent residence in order to demonstrate that they have elected to retain American citizenship. Failure to do so would result in the loss of American citizenship.

FURTHER RESTRICTIVE PROVISIONS

While under present law, minor children may acquire citizenship of the United States automatically through parentage until they arrive at the age of 21 years, the code would reduce this age to 18 years.

Under the present law a child born outside of the limits and jurisdiction of the United States of one citizen and one alien parent becomes a citizen at birth, provided the citizen parent has resided in the United States before the birth of the child. No prescribed period of residence in this country of the citizen parent is fixed. Under the code the citizen parent must have resided in the United States preceding the child's birth for at least 10 years, 5 years of which must have been after reaching the age of 16 years. This restriction would prevent the perpetuation of United States citizenship by citizens born abroad who remain there, or who may have been born in the United States but who go abroad as infants and do not return to this country. Neither such persons nor their foreign-born children would have a real American background, or any interest except that of being protected by the United States Government while in foreign countries.

HUMANE PROVISIONS

Under present law no provision is made for the acquisition of citizenship by children through adoption by citizen parents, even though such children may under State laws be entitled to property and other rights that blood children of the parents would possess. Frequently the ties of affection between adoptive parents and their children are very strong. The code would permit their naturalization before reaching the age of 18 years upon the petition of the adoptive parent or parents. However, such children must have been lawfully admitted to the United States for permanent residence, must have been adopted in the United States before reaching the age of 16 years, and must have been adopted and in the legal custody of the adoptive parent or parents for at least 2 years prior to the filing of the petition for the child's naturalization.

Illegitimate children would be treated as other children if legitimated before the age of 16 years and in the legal custody of the legitimating parent or parents.

PROCEDURAL IMPROVEMENTS

Congress is authorized by the Constitution to prescribe "a uniform rule of naturalization." Under the present nationality laws there is great difficulty in the attempt to reach this uniformity.

For example, under a law of 1926 judges of United States district courts are authorized to designate naturalization officers or examiners to conduct preliminary hearings on petitions for naturalization, to take testimony, and to make findings and recommendations to the courts in such cases. If the testimony of the witnesses who vouch for the petitioner is satisfactory, the designated examiner may excuse the witnesses from attendance at the final hearing in court. This procedure in most instances saves the time of the court and the inconvenience and expense to the petitioner and witnesses which would be caused by a second appearance of the witnesses in court. The provision for the designated examiner does not apply to State naturalization courts, which are many times more numerous than the Federal courts. The code would extend this desirable practice to State courts handling naturalization proceedings. There are nearly 1,700 State courts in which such proceedings are entertained.

At the present time the naturalization law does not affirmatively require an examination of the petitioner for naturalization by the Immigration and Naturalization Service concerning his knowledge of and attitude toward the fundamental principles of the Constitution and Government of the United States. This attitude of the applicant is one of the most vital phases of a naturalization proceeding. The proposed code would authorize the Attorney General of the United States to approve the scope and nature of the examination to be given to petitioners for naturalization as to their admissibility to citizenship, so that approprate recommendations made be made to the courts. This would be an added assurance of greater uniformity of interpretation of the law.

One striking example of the lack of uniformity in the present law which would be cured by the proposed code is shown by the provisions concerning the exemptions from the usual requirements for naturalization accorded to the alien spouse of a citizen of the United States. Under the Cable Act of 1922 and a law of 1934, an alien woman who married a citizen of the United States between 1922 and 1934 may be naturalized after but 1 year's residence in the United States, whereas an alien husband who married a citizen wife during such period was granted no exemption. With the act of 1934 increasing the period of residence required of an alien married to a citizen spouse after the enactment of that law, the husband and wife were placed on an equal basis. Some courts, however, construed the 1934 act as permitting the alien husband married to a citizen wife prior to 1934 to be naturalized upon proof of 3 years' residence, although an alien wife of a citizen husband under the same circumstances was required to show but 1 year's residence.

The code has clarified and equalized this situation by requiring but 1 year's residence for either wife or husband if the marriage occurred between 1922 and 1934, and by continuing the present requirement of 3 years' residence on the part of either if the marriage occurred after the passage of the 1934 act.

AMENDMENTS

The amendments are as follows:

On page 8, line 6 (sec. 205, second par.), after the word "child", insert a comma and the following: "whether born before or after the effective date of this act."

On page 27, following line 16, insert an additional subsection to section 317 to be known as subsection (c), to read as follows:

"(c) A person who shall have been a citizen of the United States and also a national of a foreign state, and who shall have lost his citizenship of the United States under the provisions of section 401 (c) of this act, shall be entitled to the benefits of the provisions of subsection (a) of this section, except that contained in subdivision (2) thereof. Such person, if abroad, may enter the United States as a nonquota immigrant, for the purpose of recovering his citizenship, upon compliance with the provisions of the Immigration Acts of 1917 and 1924."

On page 86, at line 8, after the word "States", insert a comma and add the following: "if he has or acquires the nationality of such foreign state."

On page 87, at line 19, change "subsection (g)" to "subsections read as follows:

"(h) Committing any act of treason against, or attempting by force to overthrow, or bearing arms against the United States, provided he is convicted thereof by a court martial or by a court of competent jurisdiction."

On page 87, at line 19, change "subsection (g)" to "subsections (g) and (h)."

On page 89, at line 11, change "commercial or financial organization" to "commercial, financial, or business organization."

On page 89, beginning at line 21, strike out subsection (e) and insert in lieu thereof the following:

"(e) Who is the wife, husband, or child under 21 years of age of, and is residing abroad for the purpose of being with an American citizen, spouse, or parent who is residing abroad for one of the objects or causes specified in section 405 or subsections (a), (b), (c), or (d) hereof;"

BILLS INTRODUCED

Bills were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. SCHWELLENBACH:

S. 4371. A bill to provide for free treatment in Public Health Service hospitals of certain persons engaged in maritime employment; to the Committee on Commerce.

By Mr. THOMAS of Utah:

S. 4372. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Christoffer Hannevig; to the Committee on Claims.

By Mr. McKELLAR:

S. 4373. A bill to amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes"; to the Committee on Post Offices and Post Roads.

By Mr. SMITH:

S. 4374. A bill to amend the Agricultural Adjustment Act of 1938; to the Committee on Agriculture and Forestry.

S. 4375 (by request). A bill to amend the Railway Labor Act approved May 20, 1926, as amended June 21, 1934, and for other purposes; to the Committee on Interstate Commerce.

EXTENSION OF CLASSIFIED CIVIL SERVICE—AMENDMENTS

Mr. MEAD submitted three amendments and Mr. ELLENDER submitted five amendments intended to be proposed by them, respectively, to the bill (H. R. 960) extending the classified executive civil service of the United States, which were severally ordered to lie on the table and to be printed.

PRINTING OF HEARINGS BEFORE MILITARY AFFAIRS COMMITTEE ON SELECTIVE COMPULSORY MILITARY SERVICE

Mr. SHEPPARD submitted the following resolution (S. Res. 318), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Military Affairs of the Senate be, and is hereby, empowered to have printed for its use 2,500 additional copies of the hearings held before said committee during the current session on the bill (S. 4164) to protect the integrity and institutions of the United States through a system of selective compulsory military training and service.

ADDRESS BY THE PRESIDENT ON THE TWO HUNDREDTH ANNIVERSARY OF FOUNDING OF UNIVERSITY OF PENNSYLVANIA

[Mr. GUFFEY asked and obtained leave to have printed in in the RECORD the address delivered by the President at Convention Hall, Philadelphia, on September 20, 1940, in connection with the two hundredth anniversary of the founding of the University of Pennsylvania, which appears in the Appendix.]

PRINCIPLE OR POLITICS—ADDRESS BY SENATOR BYRNES

[Mr. HARRISON asked and obtained leave to have printed in the RECORD a radio address delivered by Senator BYRNES on September 20, 1940, on the subject, Is It Principle or Politics, which appears in the Appendix.]

ADDRESS BY SENATOR GUFFEY BEFORE AMALGAMATED CLOTHING WORKERS OF AMERICA

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an address delivered by him at a State-wide meeting of local representatives of the Amalgamated Clothing Workers of America in Philadelphia, Pa., September 21, 1940, which appears in the Appendix.]

STATEMENT OF GEORGE W. ROBNETT ON LIMITATION OF THE PRESIDENTIAL TERM

[Mr. BURKE asked and obtained leave to have printed in the RECORD the statement of George W. Robnett, executive secretary, Church League of America, of Chicago, Ill., before the subcommittee of the Senate Committee on the Judiciary, on Monday, September 23, 1940, on the limitation of the Presidential term, which appears in the Appendix.]

EDITORIAL ON CONSCRIPTION FROM KNOB NOSTER GEM

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an editorial from the Knob Noster Gem entitled "Concerning the Draft," which appears in the Appendix.]

EXTENSION OF CLASSIFIED CIVIL SERVICE

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York [Mr. MEAD] that the Senate proceed to the consideration of House bill 960, extending the classified executive civil service of the United States.

Mr. MEAD. Mr. President, I intend to renew my efforts to secure the adoption of the motion pending before the Senate to take up for consideration House bill 960, commonly referred to as the Ramspeck civil-service bill.

As I explained on Friday of last week, the bill is a very simple measure, easily understood. It passed the House of Representatives without substantial opposition. It is in conformity with the platforms of both political parties. It received the unanimous support of the committee; and it will set up an orderly procedure for the gradual and eventual covering into the merit system of the employees, particularly the rank-and-file employees of the permanent agencies of government.

I said on Friday last that taking into consideration the limitations and restrictions, the bill may eventually cover some 200,000 Federal employees. A careful study over the week end of the numbers that may eventually be protected by the influence of the merit system verifies that statement. I desire to call to the attention of the distinguished senior Senator from Michigan [Mr. VANDENBERG] the fact that the estimate of 200,000 was not a conservative estimate, but was a very liberal one; and I wish to quote from the report of the committee to verify that statement. The Civil Service Commission said:

> There are a large number of low-salaried, part-time, intermittent, and temporary positions to which it would be administratively impracticable to extend the competitive examination procedure. We estimate, therefore, that probably somewhat less than 200,000 positions will be placed in the competitive classified service by the President pursuant to the bill.

So my estimate was fair and justified by the record.

Another point which was made by the distinguished chairman of the Committee on Post Offices and Post Roads [Mr. MCKELLAR] has been the recipient of my consideration likewise over the week end. In order to eliminate the doubt raised before our committee during the hearings and in the Senate on Friday as to what employees are covered by the provisions of the bill, as to whether or not it covers policy-making positions and positions requiring the confirmation by the Senate, I shall, a little later on, offer an amendment which will eliminate from the provisions of the bill policy-making positions and positions requiring the confirmation by the Senate. That will leave the bill applying, as it is the understanding of most of the committee members that it now applies, only to the rank-and-file employees.

I desire to say that, in view of the attitude of both political parties, in view of the attitude of the advocates of the merit system representing both the political parties, and particularly in view of the opportune time at which the bill is called up, I believe there should be little or no opposition to it. The elections are almost at hand. Representatives of both parties are confident of success, I assume, and the bill will empower not the present President but the President who will take over the reins of Government in the next administration to make the decision as to who will be covered within the civil service. Certainly it is not a case of one party attempting to take advantage of another party, but it is a case of both parties desiring to carry out their platform pledges at a time when it is uncertain in the minds of some as to who will carry out the provisions of the bill. It is in their minds the proper time, I believe, for putting into effect the planks contained in the platforms of both parties. Let us keep our promises, and let us entrust to the future President of the United States or the future Presidents of the United States the authority to carry out the mandate provided by this bill.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield.

Mr. BRIDGES. When the Senator referred to the future President of the United States, did he have in mind that we are to have just one President all the time? [Laughter.]

Mr. MEAD. So far as the immediate future is concerned—and by "the immediate future" I mean such time as will elapse between 1940 and 1944—my distinguished colleague is accurate, and not only approximately right but perfect so far as his judgment, in my opinion, is concerned. [Laughter.]

Mr. BRIDGES. Mr. President, one more interruption. I am glad the Senator corrects his statement and limits it to 1944. I disagree. I think we shall have another President after this year. I assume from his remarks that when he said "the future President," he meant that after the third term we would have a fourth term, a fifth term, a sixth term, and so on, and then we would have a permanent President. [Laughter.]

Mr. MEAD. There is not any doubt in my mind that that might become a reality if the delegates to subsequent Repub-

lican national conventions persist in the mistakes they made at Philadelphia a short time ago. [Laughter.]

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. MEAD. I shall be very glad to yield.

Mr. OVERTON. When will the bill go into effect? Will it go into effect on approval, or at some later date prescribed in the bill?

Mr. MEAD. The bill will go into effect upon the date of its approval; but, insofar as it applies to any individual or any agency or any group of employees it will go into effect only when at some future time the President of the United States by proclamation covers a specific agency within the merit system. Thereafter the Civil Service Commission will have to set up the examination procedure, the examinations will have to be held, and the bill may not go into effect for any one agency or for any one employee until 6 months, a year, or 6 years from now. There is no specific time fixed when it actually shall go into effect, as affecting an individual or an agency. The bill merely gives to the President the power to cover within the civil service, under the restrictions and limitations of the bill, agencies not now within the civil service.

Mr. OVERTON. If the Senator will yield further——

Mr. MEAD. I yield.

Mr. OVERTON. My purpose is to obtain information in respect to the provisions of the bill. The President is authorized, under the provisions of the bill as they now stand, under one Executive order to place under civil service all who are not now under civil service, and are contemplated by the bill. He could do so under one Executive order, could he not?

Mr. MEAD. All those who are not contemplated by the bill?

Mr. OVERTON. All who are contemplated by the bill could be placed in the civil service under one Executive order?

Mr. MEAD. Yes; but that itself would be subject to limitations. First of all, the Civil Service Commission would have to have the additional required appropriations, and that would necessitate their coming to the Congress.

Mr. OVERTON. Those are mere details, which would have to be taken care of administratively after the Executive order had been issued.

Mr. MEAD. Nevertheless they would result in a severe check upon the operation of the proclamation. For example, Congress might withhold the appropriation, and it would take the Civil Service Commission a long period of years to hold the examinations for some 200,000 employees, because, under present circumstances and with present appropriations, it can hardly carry on the ordinary and required list of examinations which must be held without any regard to the pending bill.

Mr. OVERTON. After the President had issued an order, if he should issue such an order, that would fix the status of the respective employees, would it not?

Mr. MEAD. No. After he issued the order the Civil Service Commission would have to set up the examination.

Mr. OVERTON. I understand, but that is merely a detail of administration.

Mr. MEAD. Not one single employee would become a civil-service employee at once.

Mr. OVERTON. Could the President later rescind the order? After he had once exercised the authority could he rescind the order?

Mr. MEAD. He probably could if it had not been carried into effect, but once an agency had been covered within the civil service, or an individual employee had been covered within the civil service, then the President could not rescind the order.

Mr. OVERTON. I assume that once he exercised the authority it would be exhausted, and neither he nor any future President could rescind the Executive order with respect to any particular agency or with respect to all of them.

Mr. MEAD. Speaking generally, the Senator is absolutely correct, but I am assuming that the President might issue an order covering a number of agencies into the civil service, and before the order went into effect he might modify the order, under the orderly procedure which might be permitted within the meaning of the bill; but once an agency is covered within the civil service, no future President could withdraw it from the civil service, as the Senator indicates.

Mr. OVERTON. I doubt whether it could be done, unless there is some provision in the bill which would authorize the President either to withdraw or to modify any Executive order he might issue.

Mr. MEAD. I think perhaps a future Congress might change it, or perhaps an amendment to the bill, as the Senator suggests, might do it.

Mr. OVERTON. That is what I am getting to; if an Executive order has been issued, before the order could be rescinded it would require an act of Congress in itself to rescind the order.

Mr. MEAD. I am almost ready to believe that the Senator's statement is correct. However, the most liberal interpretation would permit the President to modify his order before it became effective.

Mr. OVERTON. I think the bill should be modified, and the Senator might have an amendment prepared which would give the authority to the President to modify or rescind any order.

Mr. MEAD. That would be agreeable to me, except that once an agency or an employee were covered within the merit system, I would not want a future President to deny such employee or agency civil-service status without congressional action. Otherwise, I should be very glad to consider an amendment of that character.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. WHITE. It is perfectly certain that, while the President may cover any office into the civil service, there is no language in the bill itself which would authorize him to withdraw from the civil service an office once placed within it.

Mr. MEAD. That is absolutely correct. As I suggested, I doubt very much whether the President would have power to take out of the civil service such an office; but I am merely trying to give the statement of the Senator from Louisiana a very liberal interpretation, and in doing so I will say that if the President issued an order and discovered that there was a mistake in the order, he might modify the order before it actually went into effect. But that would be discretionary, as I interpret the language.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. CLARK of Missouri. On that point, assuming that any future President would be desirous of stooping so low as to perform an act like that of President Hoover, covering in 60,000 employees 3 or 4 days before he went out of office, he would have exhausted his powers, and the incoming President would not have power to make any change.

Mr. MEAD. That is correct.

Mr. CLARK of Missouri. So that any President going out of office could, under the provisions of the bill, do what Mr. Hoover did and cover 60,000 employees into the civil service by a partisan action.

Mr. MEAD. Except that under the provisions of the bill, which were not the provisions of the law when President Hoover took that action, the President, if he issued such an order just before he went out of office, would find that it required a congressional appropriation to enable the Civil Service Commission to conduct examinations for 60,000 employees. Congress might withhold the appropriation. If he issued such an order, the then President of the United States would have his proclamation held up for perhaps a long period of time before the Civil Service Commission could set up the standard examination required or the series of examinations required for some 60,000 employees. It would be held up until all the 60,000 examinations had been held and all the ratings established and the eligible rosters published. An examination of that magnitude under the restrictions and the orderly procedure prescribed in the bill could not be accomplished in a year. Therefore a President going out of office, with only a few days or months to serve, would see the futility of action

such as that taken in the administration of President Hoover. Therefore, the Congress is really prescribing the limitations which will govern the Presidents in the future in that regard.

Mr. DANAHER. Mr. President, the bill actually would do for the employees who would come within it what has already been done with respect to postmasters, would it not?

Mr. MEAD. If I understand the question asked by my distinguished colleague from Connecticut, it is whether the provisions of the bill would confer upon other employees what has already been conferred upon postmasters.

Mr. DANAHER. Yes.

Mr. MEAD. I think that is correct.

Mr. DANAHER. In other words, the bill would blanket them in under a noncompetitive examination, taking into account their experience and their status in the service at the time the law becomes effective. Is that it?

Mr. MEAD. No. Unlike bringing within the civil service the postmasters, the bill would merely authorize the President of the United States to issue a proclamation bringing within the civil service from time to time agencies now outside the civil service, provided a real, authentic civil-service examination were held under the direction of the Civil Service Commission; provided the employees have a certain number of years of seniority service; provided the employees pass the examination; and provided they are recommended by their superiors as being worthy of the test applied.

In the case of postmasters, Congress specified that they should be brought within the civil service at a specified time, and left no discretion with the President. Under this bill we leave the President to make his own decision as to the time element and the agency involved, whenever he believes that a given agency should be brought within the civil service.

Mr. DANAHER. But otherwise, except as the Senator has pointed out, it is the same idea?

Mr. MEAD. That is correct.

Mr. DANAHER. If the Senator will give me some information about one other thing which has bothered me as I have listened to his argument, I shall thank him. If the civil service can give a well-prepared noncompetitive examination, and if all the employees must take the examination before ultimately they can qualify, why would not such an examination also, in order to obtain those best qualified and in order to have a real merit system, be open to all candidates for similar posts?

Mr. MEAD. From time immemorial the Congress of the United States has been enacting legislation and the Presidents of the United States have been issuing Executive orders blanketing in employees who, by the experience and their training and their seniority, have proven their capacity and their ability to do the work. The only difference between the regulations set forth in the bill and the proceedings which have characterized the extension of the merit system in the past is that the bill really requires a bona fide civil-service test of fitness, while in the past, as a general rule, Presidents have, without examination, without any discretion on the part of the Civil Service Commission, without any limitations as to seniority requirements such as those included in the pending bill, blanketed great numbers into the civil service by merely issuing Executive orders. We feel that the bill proposes by far the most advanced and perfected system that has been developed up to the present time.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. MEAD. Yes.

Mr. DANAHER. The question I wish to ask the Senator is predicated on a statement of fact in Hartford, Conn., a few weeks ago, when Mr. Philip J. Gallagher, who is the second national vice president of the National Association of Postmasters, outlined to the Connecticut postmasters the plan to freeze 7,100 postmasters into the classified civil service upon a noncompetitive examination basis. He went on to point out how the President would operate under the plan, substantially as the Senator from New York has shown. There were present other speakers, all of them members of the Federation of Post Office Clerks, and I read from the report of the Hartford Courant:

> Speakers urged those present to support the sponsors who appointed them to office in the coming elections. Mentions of President Roosevelt, Senator Maloney, and Postmaster Farley brought cheers from the audience, as one speaker testified, "The election is in the bag."

That is the report, let me say to the Senator from New York, of the way the postmasters in Connecticut, at least, in their annual convention in August, were led to think this proposal would operate.

Does the Senator from New York feel that the 200,000 or more civil servants who are not now under the civil-service laws, but who would be permitted to take the noncompetitive examination contemplated by the Ramspeck bill, would also be asked to feel under obligation to their sponsors and be asked in the coming elections to perpetuate them in office? Or, to put it another way, would the Senator from New York feel that that would achieve a real merit system for such employees?

Mr. MEAD. In the first place, I hope that anything I say to my distinguished colleague from Connecticut, whose judgment and whose leadership I respect, will not at all reflect upon the good sound judgment of the speaker who lauded the President, and who praised the colleague of the Senator from Connecticut, and who expressed a very laudatory and praiseworthy desire to see them reelected.

Mr. DANAHER. If the Senator please, let me say that the Senator from Connecticut, my colleague [Mr. MALONEY] was not present. Let me exculpate him from that.

Mr. MEAD. Yes; all of which increases the effectiveness of the testimonial paid to the Senator's distinguished colleague, because lauding a man when he is absent, and enthusiastically approving his efforts toward reelection, I think is a far greater compliment than if it were done in his presence.

But while agreeing with the sentiments expressed by the distinguished speaker from whose remarks the Senator from Connecticut just quoted, let me say that since that time we have enacted the Hatch law, and it applies to the non-civil-service employees the same restrictive rules and regulations with reference to elections which we have always in the past applied to employees within the civil service. Therefore I think my distinguished friend from Connecticut, who I believe supported the Hatch Act, will have no need to fear that the employees affected by this bill will become politically active in the forthcoming campaign, and if we enact the proposed legislation and it becomes law this month, I do not believe the Senator from Connecticut has any idea that the President of the United States will have time to issue an Executive order and that the Civil Service Commission will have opportunity to set up the standards for the examinations and hold them and establish the eligible roster, and finally cover the employees within the civil service. My prediction is that it will not be accomplished under any circumstances within the period of 6 months. Only a comparatively small number will be brought in under the civil service within that time.

Mr. DANAHER. Mr. President, one other question, if the Senator will kindly yield.

Mr. MEAD. I yield.

Mr. DANAHER. I thank the Senator. So it comes down to this, after all, that the Senator really argues that because the Civil Service Commission will not have time to hold competitive examinations in order to obtain the best qualified list of eligibles for each position, we should adopt this legislation, and take into the civil service only those persons who can pass the noncompetitive examination. Is not that about it?

Mr. MEAD. Oh, no. I think the question of my distinguished colleague should have some reference to what I said about the Hatch law.

Mr. DANAHER. Oh, yes.

Mr. MEAD. The Senator brought up the question of the political activities of a group of men who, when they were brought within the civil service, were not under the Hatch law, because there was no Hatch law at that time. I think

the Senator should also make some reference to the fact that we are merely authorizing a future procedure which no political party can take advantage of right now because of the time element.

I firmly believe that my party will be successful in November. I have no dispute with the representatives of the opposition who believe their party will be successful; but I maintain, and I think the Senator agrees, that now is the opportune time, when it will be to the advantage of neither side, to authorize some future President to exercise the authority within the very severe limitations provided by the pending bill.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. MEAD. I yield.

Mr. DANAHER. I will say, in passing, that I should think a better time would be in January, for then there would be no question as to which President might undertake to issue the Executive order, for it is perfectly apparent that anyone who today occupies one of these positions and who looks forward with anticipation to being blanketed into the civil service under this measure will not lose any sleep over who is his sponsor or to whom he is obligated for his permanent position.

What I am getting at is that after everything is said and done, if we view this proposal frankly, openly, and squarely, we shall see that it will not achieve the selection of the best-qualified persons for the posts comprehended within its scope, but actually will blanket into the United States civil service some 900,000, or by now a million persons who have been given positions during the last 5 or 6 years. Let us face the situation frankly. The fact of the matter is that almost every one of these persons has been appointed within the last 5 or 6 or 7 years.

I will tell the Senator another thing by way of my own experience. I have been a Member of the Senate for 20 months, and I have yet to receive a favorable letter from a department to which I have written in behalf of the finest-qualified applicants who could be found. On the other hand, the departments thank me for my interest and say that when the opportunity is open to consider a particular young man I have sponsored I will be advised.

I sent a test case to a department. He was a boy who had stood first in his class at Yale. He had won every prize that was offered during the time he was there. Later he stood among the first 10 in his class in the Yale Law School. Does the Senator suppose he received a job? He did not. Not only did he not get a job, but in the very same week I recommended him for a position I happened to learn of the sponsorship of another young man, the sponsor being a member of those who are now in the majority, if I may be so crude as to say it, and, quite frankly, the one who was so sponsored was the one who received the job.

I did not see the boy I sponsored until I received his record as compiled by his professors in his school. He cannot even get on the roll. Meanwhile what opportunity is there for other well-qualified citizens of the United States to get on the rolls and to do a decent job?

The Senator could as well say to those persons who are affected by the legislation: "Listen; we will take care of you; we will put you on the rolls; we will pass the Ramspeck bill, and we will freeze you in your jobs for life, but do not forget, it will be after the election. You cannot get it before the election. So remember, after election, if you vote right, and we win, our President will take care of you."

Is not that a frank statement of the situation? [Laughter in the galleries.]

Mr. MEAD. Mr. President, the frank statement, I believe, is the Senator's report of his disappointment in his attempt to secure proper recognition for his constituents who desire to affix themselves to some Federal pay roll. I believe that frank confessions of discouragements and failures are as rife on this side of the aisle as the one which has just been made by the distinguished Senator from Connecticut. However, I do not believe he wants to raise that as his objection to the measure under consideration. I believe he will agree with me that since the Congress of the United States enacted the Hatch Act and placed under discipline, so far as political activities are concerned, every employee of the Government outside the civil service, he need have no fear that the employees of the civil service, or employees outside the civil service, will take an open and militant part in the forthcoming campaign.

I know he will admit that if the bill should become law, candidates for public office in both political parties—even candidates for the Presidency—would assure the people of America, in keeping with the platform of the party of which they may be candidates, that they will embrace the opportunity to extend and expand the merit system so that no distinct advantage will be gained by any of the various candidates for office as a result of the passage of the bill.

Let me state one further thought, and then I shall have concluded. The Hatch Act, enacted preliminary to this bill, sets forth provisions governing the activities of employees outside the civil service in the forthcoming campaign. The Senator makes a point about opening up opportunities to all the people, rather than merely to those who have been filling the positions for 5 years, 10 years, or 20 years in some instances. There is a tradition on this subject among the leaders of his party, going back as far as President Chester A. Arthur. In President Arthur's time such employees were all blanketed in without examination. The same thing was done in the administrations of Harrison, McKinley, Theodore Roosevelt, William H. Taft, and Warren Harding. Only with the beginning of the administration of Calvin Coolidge were competitive and noncompetitive examinations required. That practice was followed in the next administration, and it was extended and made more restrictive under the administration of the present President of the United States. So, with all these safeguards, I cannot see any occasion for worry or fear on the part of the Nation.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. BARKLEY. The Senator from Connecticut, in recounting his disappointment, created the impression that perhaps he had been reading my mail [laughter], because I have had not one but many occasions to be disappointed over the failure of someone whom I had recommended to get a job. We all know how such things happen. We receive letters from persons in our States and outside our States who delude themselves into the belief that we have influence. Such a belief is a pure delusion, but it is difficult to convince our constituents and friends that such is the case. It is always easier to write a letter to some Department, or refer the letter which we receive to some Department, than to explain to a friend or constituent why we cannot do anything. Of course, we expect the appointing authority to examine more minutely into the qualifications of the applicant than we could possibly do, with all we have to do in the way of legislation.

I dare say the Senator from New York was very conservative and mild in his statement when he suggested to the Senator from Connecticut that there are as many, if not more, disappointments on this side of the aisle with respect to getting jobs for people than there could be on the other side of the aisle.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. DANAHER. Let me say to the Senator from Kentucky that I have never obtained a job for anybody. One would think that once in a while I could at least obtain a job for a waiter; but apparently no Republican from Connecticut is qualified.

Mr. BARKLEY. During the Hoover administration, I tried to obtain a job for a charwoman, but I never got anywhere.

Mr. DANAHER. I was not then in the Senate.

Mr. BARKLEY. The Senator might have helped me if he had been here. Would he have helped me if he had been here?

Mr. DANAHER. Let me say to the Senator from New York and the Senator from Kentucky that, so far as I am concerned, I am pinning no roses on Republican politicians who control patronage. I have nothing of that sort in my system. I am saying that if the Senator from New York would frankly, openly, and avowedly say that this is a political measure, and that "We will take care of these people," he would be perfectly within his rights. He has the necessary votes to pass the bill. They can pass anything they want to pass on the other side of the aisle. [Laughter.]

Let me point out that the Hatch Act, to which the Senator from New York referred, went into effect long before the postmasters' convention in Connecticut in August to which I made reference. I dare say the Senator from New York was not present one day a few months ago when I recounted the experience with the postmastership in Southport, in my State. Let me briefly recapitulate it. Under the merit system, which the Senator from New York is espousing so avowedly and openly today, there was a Republican incumbent in the postmastership in 1933, and he was promptly displaced. A temporary appointee was named. Under the law the temporary appointee could fill the office for some 6 months, as I recall, before a civil-service examination should be called for. It was called for, and the only person who passed the examination was the former Republican incumbent. So, there not being a complete register, the Post Office Department called for a new examination. It seems it was necessary to have three candidates who could pass the examination, but there was only one, and he was the Republican, who proved that he knew the job. So another examination was called for, and again the Republican was the only one to pass the examination; but this time the temporary appointee had to be displaced and his sister took his place. With a new temporary appointee, it was necessary to have a new examination. That situation continued until March 1940, the same cycle being repeated every year for 6 years. Every time the only person to pass the examination was the former Republican incumbent, until March of 1940, when some fellow who had been a dentist in Southport passed the examination. He achieved a mark of 73, but he was a Democrat. Was there a full register? There was not. There were two candidates—the Republican, with a mark of 86, and the Democrat, with a mark of 73. The Democrat got the job.

Mr. President, I do not know whether or not we need to go to Dale Carnegie to learn how to win friends and influence people. I do not know what we should do, but the fact remains that when anybody tells us, as experienced people, that the proposed program is nonpolitical, or that it is based upon merit, or that it purports to give the people the best kind of service as a result of competitive examinations, when incumbents are asked, "What color is blue vitriol?" and they answer "blue" and pass the examination, that is a lot of "bunk."

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. BARKLEY. Of course, I do not know anything about the appointment of a postmaster at Southport, Conn.; but if the appointee was a dentist, I suppose he regarded the appointment as toothsome. [Laughter.]

Mr. DANAHER. He said, "Open wider." [Laughter.]

Mr. BARKLEY. We all know, of course, that every President who has been in office has dealt with the question of civil service in one way or another. I recall that just before Woodrow Wilson was inaugurated in 1913 President Taft issued a blanket order covering all fourth-class postmasters into the civil service without examination. They were really "frozen." No examination was required of them. They were covered in automatically. That order was amended, at least to require an examination.

As I understand, under the terms of this bill the President may from time to time cover agencies and their employees into the civil service. They do not go in automatically. They may not even take the noncompetitive examination unless the head of the department or agency certifies that they have been in the service for a certain length of time and that they have rendered meritorious service. If they are unable to obtain such a certificate, they are out. They may not take the noncompetitive examination, and, of course, may not take any other sort. The bill would give them the privilege of at least assuming that their experience is worth something.

As I understand, that is the basis upon which the noncompetitive examination is provided. If the employees have been giving meritorious service and have been in their positions long enough to have had valuable experience, the law takes that fact into account and permits them to establish their qualifications by noncompetitive examinations.

In all probability years would be required for the 200,000 referred to to obtain a civil-service status, because of the examinations, because of the requirement for certification, and because no President, no matter who he might be, could blanket all the positions into the civil service at one time. If he should do so, the Civil Service Commission would be swamped. It is already swamped because of the large number of competitive and noncompetitive examinations being held in order that men and women may establish their qualifications for positions.

By no stretch of the imagination could the present occupant of the White House or the Civil Service Commission issue an order or hold an examination in time for any one of the 200,000 to know prior to the November election whether or not he was to be appointed or continued in office. So the political side of the question is entirely out. If, as our friends on the other side hope—with not much fervor, but at least with a faint hope—they should win in November, their President would have the same right, either to take the proposed action or to refuse to do so. It is not mandatory on the President. It is only permissive.

As I understand the amendment which the Senator intends to offer, excluding policy-making officers and those whose nominations must be confirmed by the Senate, it would automatically exclude United States district attorneys, United States marshals, and collectors of internal revenue. Is that correct?

Mr. MEAD. Yes.

Mr. BARKLEY. And probably others.

Mr. MEAD. That is correct.

Mr. BARKLEY. Frankly, I do not see any reason why a United States district attorney, who has jurisdiction in a whole State, or a large portion of a State, over the prosecution of criminals for violation of Federal laws, should be under civil service. He may not be a policy-making officer in the same sense as a Cabinet officer, but he certainly has wide discretion in determining what should be done in the performance of his duties. I think such officers really ought not to be covered into the civil service.

PROPAGANDA TO FORCE UNITED STATES INTO WAR—ARTICLE BY CHARLES G. ROSS

Mr. CLARK of Missouri. Mr. President, will the Senator yield to me to present another matter? It is necessary for me to leave the Chamber to attend a committee meeting.

Mr. MEAD. I yield.

Mr. CLARK of Missouri. Mr. President, in the St. Louis Post-Dispatch of September 22 there appeared one of the most illuminating and one of the most important articles, in my opinion, which has appeared in any newspaper or magazine in the United States in the course of a great many years. It is written by Mr. Charles G. Ross, one of the leading members of the press gallery, formerly president of the Press Club, also formerly president of the Gridiron Club, and one of the most careful masters of research and statement who has been in Washington in my time. The article is entitled "Inside Story of 'Propaganda Engine' To Send United States Army and Navy Equipment To Britain—Behind-the-Scenes Group, Including War Advocates, Takes a Hand in Campaign—Hon. William Allen White and Others Are Arousing Public To Try To Influence Roosevelt's Action."

I purpose on tomorrow, or as soon as I can obtain the floor, to make some observations on the disclosures contained in

this article. Meanwhile I ask unanimous consent that the article may be inserted in the Appendix of the RECORD.

The PRESIDENT pro tempore. Is there objection?

Mr. BARKLEY. Mr. President, reserving the right to object, I am not going to object, but I should like to ask the Senator a question. Does Mr. Ross deal with propaganda issued every week from 17 Battery Place, New York, by an organization which issues a sheet called German Information, or something like that?

Mr. CLARK of Missouri. I do not believe he does. If the Senator has any thing along that line, I will be glad to join in putting it into the RECORD. I will say to the Senator from Kentucky, since he has asked the question, that the article of Mr. Ross deals with the connection between the William Allen White committee and the so-called Miller group, which openly and notoriously is urging and seeking to bring about the entrance of the United States into the war by their propaganda activities, and also it discloses the authors of a speech recently made by General Pershing and discloses that they have been and are openly and notoriously in favor of a declaration of war?

Mr. BARKLEY. I merely asked the question because I supposed the Senator is, as are other Senators, getting a publication of some kind called German Information.

Mr. CLARK of Missouri. Yes; and I throw it in the waste basket.

Mr. BARKLEY. That is a pure propaganda sheet and is so recognized. I am not in any way impugning Mr. Ross' motives, for I have the highest respect for him, but if we are going to put things in the RECORD which we regard as propaganda we ought not to cull out the emanations of one organization and ignore the others.

Mr. CLARK of Missouri. I will say to my friend from Kentucky on that point that I introduced a resolution a year ago or nearly a year ago for the purpose of appointing a Senate committee to investigate all sources of propaganda calculated or tending to change the neutral position of the United States, which resolution was unanimously reported from the Foreign Relations Committee, and has since been stifled in the Committee to Audit and Control the Contingent Expenses of the Senate. I agree with the Senator from Kentucky that all sources of propaganda seeking to change the neutral position of the United States ought to be investigated, and if he will exert his great influence on the Committee to Audit and Control the Contingent Expenses to report that resolution, and it can be adopted by the Senate, I think that consummation so devoutly to be wished could be brought about.

Mr. BARKLEY. I understand the Senator's resolution was introduced in connection with the neutrality law, and was originally designed to ascertain whether there was any propaganda with respect to a change in our neutrality law in September, October, or November of last year.

Mr. CLARK of Missouri. If the Senator will permit me, the resolution was intended to cover propaganda designed to change the neutral position of the United States.

Mr. BARKLEY. That is, it was introduced prior to the enactment of the neutrality law?

Mr. CLARK of Missouri. It was introduced prior to the enactment of the last neutrality law.

The PRESIDENT pro tempore. Is there objection to printing in the RECORD the article presented by the Senator from Missouri? The Chair hears none, and it is so ordered.

Mr. MINTON. Mr. President——

Mr. MEAD. I yield to the Senator from Indiana, because I understand he desires to discuss the same point.

Mr. CLARK of Missouri. I apologize for intruding, but it was necessary for me temporarily to leave the floor.

ARTICLE BY CHARLES G. ROSS ON WALTER-LOGAN BILL

Mr. MINTON. Mr. President, in view of what the Senator from Missouri has said concerning Mr. Charles G. Ross, with which I entirely agree, I should like to insert in the Appendix of the RECORD, another article by Mr. Charles G. Ross, of May 18, 1940; I hope the Senator from Missouri will concede the ability of Mr. Ross as a research expert in that case, when he says that the Walter-Logan bill, which is now before the Senate, is just the reverse of the so-called court "packing" bill, and shows that the Walter-Logan bill would bring about a form of judicial censorship.

Mr. CLARK of Missouri. I have not read the article to which the Senator from Indiana refers. I have, of course, no objection to its insertion in the RECORD. I may agree with Mr. Ross' conclusions and I may not. My particular reference to him was as to the care with which he collected facts, because his article which I desire inserted in the RECORD is a factual record rather than one of conclusions.

Mr. MINTON. I think Mr. Ross has some facts in this article, and I commend them to the attention of the Senator from Missouri and hope he will read them. I ask unanimous consent that the article be inserted in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXTENDING THE CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the motion to proceed to the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

Mr. GIBSON. Mr. President, I have been interested in what the Senator from New York has had to say about the civil-service bill, and I rather expected to vote for it; yet I noted what he said about the Civil Service Commission.

I picked up a late issue of the Washington Post and read that the Civil Service Commission had ruled or would rule that National Guard men when they were called into the Federal service came under the Hatch Act, and it might be inferred that draftees, when they come into the service will also come under the Hatch Act. If we are going that far with men who are drafted and taken from civil life, if we are putting them into the Army and Navy, and saying that they come under the Hatch Act and cannot express their own political opinions, it seems to me we are taking a very dangerous step. I do not know whether the chairman of the committee knows about this, but I hope that the report in the Washington Post, which I got about 10 or 11 o'clock last evening, is wrong and that the Civil Service Commission will correct it or the Congress will see that it is corrected. If the Commission intends to rule that a man called into service for a year against his will, whether a National Guard man or a draftee, comes under the Hatch Act, I do not believe such a thing was within the mind of the sponsor of the Hatch Act when he introduced the original measure; and I hope it was not.

Mr. MEAD. I thank my distinguished colleague from Vermont for his contribution, and I feel that I am in agreement with him that it was not contemplated in the provisions of the Hatch Act to cover the political activities of those in the military service.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. ELLENDER. A few moments ago the distinguished Senator from Connecticut [Mr. DANAHER] propounded a question which I should like the Senator from New York to answer, and that is with respect to the reason why it is not feasible to hold competitive examinations for all the positions that might be covered by the bill. I think it would be very enlightening to the Senate to find out why it is not feasible to hold open competitive examinations.

Mr. MEAD. Does the Senator mean wide-open competitive examinations?

Mr. ELLENDER. Yes.

Mr. TYDINGS. Mr. President, will the Senator from New York yield to me?

Mr. MEAD. I am glad to yield to the Senator from Maryland.

Mr. TYDINGS. I was interested in the statement of the Senator from Vermont. I am not clear about it, but it runs in my mind that the Army regulations themselves prevent members of the Army taking part in political campaigns. I am not certain, but I think that is true. The Senator from New York will recall that very few Army and Navy officers have a vote. If they live on governmental reservations they

are prohibited by law from voting. They have to reside on State soil in order to vote, and it is my recollection—I am not definite about it—that all those who belong to the Regular armed forces are prohibited by Army regulations from participating in politics. I can see the reason for it, although in the case of draftees it might be unjust. But the Regular Establishment, as I recall, is prohibited by Army regulations from taking part in political activities. I may be in error, but I have that very definite thought in my mind from the brief association I had with the Army some 20 years ago. At any rate, it would be wise to see what the regulations provide before we go too far with the subject, and whether or not it would be equitable to apply them to the new Army that is now being raised, because there are many sides to that question. I can sympathize with the position of the Senator from Vermont as to the draftees. I know that in some cases absentee voting is permitted, and that soldiers can vote in some States which have laws to that effect, but, generally, members of the Regular Establishment, my recollection is, are already prohibited from taking part in political campaigns by Army regulations rather than by law.

Mr. GIBSON. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from New York yield to the Senator from Vermont?

Mr. MEAD. I yield.

Mr. GIBSON. I merely wish to answer the Senator from Maryland. He is correct; I believe that there are such Army regulations affecting the Regular Army. I do not think the regulations go so far as to prohibit voting, but they do place restraint on political activity. Those regulations, however, are not nearly so drastic and the punishment provided is not nearly so severe as that laid down by the Hatch Act. It seems to me a very dangerous precedent for our democratic process of government in this country to draw a million men into the service, and say to National Guard officers and noncommissioned officers and draftees who have friends and families back home, and many of whom have been active in civil life "you are in danger if you say anything as to your political views." These men are practically threatened with jail if they forget they are no longer free men.

Mr. TYDINGS. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. TYDINGS. I think the Senator from Vermont is right, as I interpret what he says. It boils down to this, that such regulations as the Army has and may have are all the regulations that ought to affect the draftees; they ought not to be subject to the Hatch Act and to the Army regulations, too; and if there are proper provisions in the Army regulations governing members of the Regular Establishment, then, the Hatch Act ought not to put an extra blanket over them, because they will be subject to the Army regulations and discipline, and that will be sufficient, in my judgment, to prevent any breach of the law of a political nature.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. Yes.

Mr. VANDENBERG. May I ask the Senator from Vermont if the information to which he has referred was not contained in the statement issued by the Civil Service Commission?

Mr. GIBSON. Yes; it was.

Mr. VANDENBERG. What has the Civil Service Commission got to do with the rules and regulations governing the Army?

Mr. GIBSON. None, but it has with the Hatch Act.

Mr. CONNALLY. The Senator from Texas did not vote for the Hatch Act; but I can readily see how this status is arrived at. The Civil Service Commission has been given jurisdiction to look after the administration of the Hatch Act; has it not?

Mr. MEAD. It has.

Mr. CONNALLY. It has charge of the administration of the Hatch Act. The Civil Service Commission has nothing to do with the Army or Navy as such; but in the draft act we preserved the positions of civil-service employees who may enter the Army or the National Guard; so in a sense they are still members of the civil establishment. They are only suspended; they are only on furlough; and by reason of their still holding on to the civil jobs to which they may return after their military training is over they may go back and reclaim, by specific provision of law, the civil-service positions which they formerly held. So the Hatch Act would certainly seem to apply to them, according to my view; and it seems to me the Civil Service Commission is probably correct in the view that so long as such persons hang on to their civil-service positions, even though they may be suspended, they must abide by the terms of the Hatch Act.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. VANDENBERG. I can see the logic of the application which the Senator makes to ex-civil-service employees who are taken from the civil service.

Mr. CONNALLY. They are not "ex." They are still civil-service employees.

Mr. VANDENBERG. Suspended civil-service employees, then.

Mr. CONNALLY. Yes; that is correct.

Mr. VANDENBERG. But I call the Senator's attention to this fact—and the Senator from Vermont will correct me if I am wrong. The statement issued by the Civil Service Commission is not confined within any such narrow limits.

Mr. CONNALLY. I have not seen it.

Mr. VANDENBERG. It warns all members of the National Guard that when they are inducted into the service they fall under the prohibitions of the Hatch Act. Is not that correct?

Mr. GIBSON. That is exactly correct.

Mr. CONNALLY. I have not read the Civil Service Commission's statement, but I am sure the Senator is in error. I cannot conceive of the Civil Service Commission assuming to take jurisdiction over the military and naval personnel, unless the military or naval personnel has enjoyed a civil service or governmental status.

Mr. VANDENBERG. That is what I am inquiring about.

Mr. CONNALLY. The Senator from New Mexico [Mr. HATCH] is here, and I am sure he can throw light on this matter.

Mr. HATCH. Mr. President, the Senator from New Mexico has just come on the floor, and has been trying to get the drift of the discussion which has been going on. I have not seen the ruling to which the Senator evidently has been referring. Something was said about the young men in training.

Mr. GIBSON. I should like to tell the Senator what is under discussion if I may. I saw in the Washington Post, which I picked up about 10 o'clock last evening, a statement that the Civil Service Commission had ruled that all members of the National Guard, when inducted into the Federal service, become subject to the Hatch Act; and the statement implied that the same principle would be applied to draftees. That statement was in the Washington Post, which I picked up last evening—that all members of the National Guard, when they go to drill for 2 hours and when they are inducted into the Army of the United States for a year's service, are then subject to the Hatch Act. I knew the author of the law had no such idea in his mind, and I merely expressed the hope that that interpretation of the law would be corrected, because it is wrong in principle.

Mr. HATCH. I have not any comments to make about the National Guard. I am not familiar with the set-up and do not know whether or not members of the National Guard would come within the term "employees of the executive branch of the Government." That is the term used in the act itself.

I am not much worried one way or the other about the political activities of members of the National Guard when

they are inducted into actual service. Probably the ruling of the Civil Service Commission is correct as to them. What troubles me is the inference that the young men called into training are within the prohibitions of the act.

My only concern about that matter is that those young men are involuntarily drawn into the Federal service; and that fact raises a very nice constitutional point, for one of the basic principles set forth in the opinions which uphold the validity of this type of legislation is that a man has a voluntary choice. He may engage in political activity if he desires, because he has a right to surrender his job and go out and be just as independent as any other person. That is a nice distinction made by Mr. Justice Oliver Wendell Holmes. The draftee has no such privilege. He is just like a man on relief in that respect. He is where he is because he is compelled to be there. He has no choice about the matter. In my opinion, for whatever it may be worth to anybody, he certainly is not an employee of the executive branch of the Government.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. Yes; I yield.

Mr. VANDENBERG. In order to make specific the thing the Senator from Vermont and I were discussing, I quote from the publication, as follows:

Application of these principles—

Referring to the Hatch Act—

the Commission said—

That being the Civil Service Commission—

makes officers and members of the National Guard subject to the statute while on active duty and on so-called drill nights.

And the conclusion seems to be based on the fact that they are drawing their pay from the Federal Treasury.

If that line of logic would apply to the National Guard men, it would apply to the conscripts. Perhaps the conscript has an additional right to protection such as the Senator from New Mexico has indicated. I should not think the Hatch Act applied to either one of them.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. MEAD. I yield.

Mr. HATCH. The Civil Service Commission, in basing its ruling on the fact of a Federal employee drawing his pay from the Federal Government, is taking into consideration something which is not in the act at all.

Mr. VANDENBERG. What would be the difference between the status of a National Guard man in that aspect and the status of a W. P. A. worker?

Mr. HATCH. The National Guard man assumes his duties purely voluntarily.

Mr. VANDENBERG. I mean, so far as concerns identification by means of the fact that he is paid from the Federal Treasury.

Mr. HATCH. As to the W. P. A. worker, there is a specific section of the law which relates to persons receiving relief. There is another section of the law which relates to persons in the employ of the executive branch of the Federal Government. Persons employed in the executive branch of the Federal Government are prohibited from political activity. There is not a word about the pay, because they are our own employees. We may say to our employees, "You may do this, or you may not," just as we choose. The pay of the Federal Government does not enter into the matter except as a matter of fact that, of course, being employees of the Federal Government they are paid by the Federal Government.

Mr. VANDENBERG. What is the opinion of the able Senator from New Mexico, who is the supreme court on this subject so far as I am concerned——

Mr. HATCH. Not at all.

Mr. VANDENBERG. What is his opinion of the statement of the Civil Service Commission that officers and members of the National Guard are subject to the Hatch Act when they are on active duty, or on drill nights?

Mr. HATCH. Again I state that my opinion in construing this act is of no more weight than that of any other Senator. The officials charged with the enforcement of the act and its interpretation are the ones whose opinions are entitled to weight. My own thought is, however, that members of the National Guard probably are under the act when they are in actual service. I also have the general impression that they would be prohibited from political activity by Army regulations as well.

Mr. GIBSON. Mr. President, will the Senator yield at that point?

Mr. MEAD. I yield.

Mr. GIBSON. It is true that the Army has certain regulations governing political activity.

Mr. HATCH. Yes; probably more stringent than these.

Mr. GIBSON. But I cannot conceive of any rightful reason why National Guard men, really forcibly taken out of their civil life for a year, should be threatened with two punishments—one under the Hatch Act and one under Army regulations.

Mr. HATCH. Mr. President, there is a philosophy which probably would answer the Senator's question. The military service, whether National Guard or Regular Army, should forever remain out of politics, for the reason that there is always a conflict between military and civil authority. The military must never control the country.

Mr. GIBSON. That is the very thing which makes me fearful about this matter. Of course, we do not expect them to go down the company street and get up on a soap box and make an oration, and there are regulations which prohibit that sort of thing.

Mr. HATCH. The Army regulations prohibit that, without any so-called Hatch Act.

Mr. GIBSON. But when we are creating a tremendous army of 1,200,000 men, taken out of civil life, and threatening them that they may no longer express themselves on political matters in this country—a thing that some of them have been used to all of their lives—I say that the very soul of democracy is being threatened. It is a club that should not be held over them.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from New York yield to the Senator from New Mexico?

Mr. MEAD. I yield.

Mr. HATCH. When the Senator speaks of drafting men out of civil life and putting them into training he is saying something in which I agree with him. I say there is a decided distinction. These men are not in the Army, they are in the service for training, and while they are going through the involuntary service of training, they certainly should have all the independence any other citizen has. When they go into the Regular Army, however, there is a different situation. I think that is a distinction which the Senator should think through.

Mr. GIBSON. I have been trying to think it through since I was somewhat shocked when I read the newspaper article which has been referred to. It does not seem right to have any such thing as that in a democracy.

Mr. HATCH. The Senator can see how that could be carried on and on in the building up of a huge military machine. If the military machine were permitted to engage in purely political matters, they could control every election in this country; which must never come about.

Mr. GIBSON. It is our heritage to engage freely in political elections. If a man chooses to go into the Regular Army, he is forbidden by regulations from doing what the Senator has described, and rightly so; but when men are taken against their will, in some cases, and unexpectedly, and probably against their will in the case of many National Guard men, to have it said that they cannot express their opinions and cannot take some part in politics when they are in fact only training, when we are not in a war, and doing that in an election year, it seems to me is the world's worst performance.

Mr. HATCH. We do not disagree that these young men are in fact training.

Mr. BURKE. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. BURKE. I supported the Hatch bill, and I am disturbed now to have it said and not denied that one subject to the provisions of the Hatch law may not express an opinion on a political question. That has been repeated here a dozen times. My understanding of the Hatch law is that it prohibits those who come within its provisions from taking an active part in the management of political affairs. I see no real objection to saying to the National Guard men called into active duty, and to the trainees to be called under the provisions of the law, "During the time you are actually called into service you should not serve on political committees; you should not be unduly active in political organizations." But if the law goes so far as to provide that there shall be any restriction on the 800,000 trainees we hope to have in training very soon against expressing their own opinions on political matters, I would join heartily with the Senator from Vermont in saying that is a matter into which we would have to look very carefully.

Mr. HATCH. Mr. President, I am very glad indeed the Senator from Nebraska asked his question. I had not heard the expression, to which he has referred, used on the floor of the Senate. I had not noticed that it had been said these men were prohibited from expressing their opinions. Certainly such is not the law, and never has it been so construed. The rule of the civil service, from which the language of the act was taken, provides that such employees might express their opinions privately. That led to a good deal of discussion and brought disturbing thoughts to me. I did not like the word "privately." I recall with what eloquence the junior Senator from Indiana [Mr. MINTON], who sits before me, talked about a man getting his family around him, where, in the privacy of his home, he might express his opinions. The Senator recalls the debate. As a matter of fact, we struck the word "privately" out of the bill, so that there could be no question about it. The act expressly provides that nothing contained in it shall prevent expressions of opinion on any subject, not only political subjects, but all others.

Mr. GIBSON. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. GIBSON. Of course, the act does not say one cannot express an opinion, but that will be the effect as it is being interpreted by the Civil Service Commission. It will even go further than that; the situation will be such that one whom I can think of, a man engaged in the practice of the law, who has frequently been active in our State politics, cannot write back home to his friends and say, "We wish things would go this way or that way." He can take no such action. It is a club over the head of the guardsman and of the draftee.

I hope that in this particular year the Democratic administration will make it clear that there is no such club and no Hatch Act over National Guard men or draftees, no club over them save as the Army by regulation places there.

Mr. HATCH. Mr. President, will the Senator from New York yield to me?

Mr. MEAD. I yield.

Mr. HATCH. As to the National Guard man, the Senator understands that when the National Guard man enters the National Guard, in the first place, he does it voluntarily. He takes an oath that he is willing to be mustered into the Federal service, and when he goes into the Federal service he becomes subject to all the regulations, just the same as the Regular Army man is subject to them. That is why I say I am not so concerned about the National Guard men. They come under the regulations, and there will be no political activity on their part, and I do not think there is anything to worry about in their case. But I agree that the young men in training who are involuntarily taken into the service should not be under the prohibitions of the act. They should be just like any other citizen, and, in my opinion, they are, for I do not think they come within the description of "employee" of the executive branch of the Government.

Mr. GIBSON. I wish to say just one more word. I cannot see any real distinction between the draftees and the National Guard, because they all come from civil life. I think the practice which apparently is laid down by the Civil Service Commission is wrong, and I hope the Democrats, who are in the majority, will correct that situation.

Mr. MEAD. Mr. President, the enlightened discussion to which the Senate has just listened I am sure makes crystal clear the fact that the bill we are now considering does not in any way change the status of those in the military. I can see that the provisions of the Hatch law, particularly the provision which applies to all those engaged in activities paid for in whole or in part out of the Federal Treasury, might be construed as applying to the National Guard men who are in the service of the State, might even apply to the draftees, might even apply to the military as a whole; but the enactment of the provisions of the bill will neither enlarge upon those regulations nor will it limit them. That is a problem for the members of the Committee on Military Affairs and for those who are concerned with and interested in the proper enforcement of the provisions of the Hatch law.

It may be said, in passing, that the Civil Service Commission has not as yet ruled as to what action it will take with reference to the trainees who will shortly be called into service. It may also be pointed out that the authority which the Civil Service Commission now exercises as a result of the enactment of the Hatch law is authority which the Civil Service Commission did not seek; it is an authority which was contained in a bill passed by the Congress of the United States.

Finally, Mr. President, the bill I am discussing is in no way responsible for the interpretations and the rulings issued by the Civil Service Commission with reference to the military. The bill merely authorizes the President of the United States, under the restrictions of the measure, to bring within the merit system those who are now employed by the Federal Government in civil occupations, and who are not now covered by the merit system.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from New York yield to the Senator from Louisiana?

Mr. MEAD. I am glad to yield.

Mr. ELLENDER. I should like to have an answer to the question propounded to the Senator about 15 minutes ago with reference to examinations, as to why it is not feasible, and in fact, preferable, to have competitive examinations for these positions, rather than noncompetitive examinations as is provided in the bill under discussion.

Mr. MEAD. Mr. President, the decision as to that must be made by each individual Senator. In arriving at that decision, each Senator must give some consideration to or must ignore the meritorious services of those who have been in the employ of the Federal Government.

Mr. ELLENDER. How about the thousands who are now awaiting jobs, who have taken the civil-service examinations in the hope of obtaining jobs and who have not been recognized?

Let me point out to the Senator some figures from the fifty-sixth annual report of the United States Civil Service Commission, for the fiscal year ending June 30, 1939. On page 115, it is shown that during the entire fiscal year 556,571 persons took civil-service examinations for classified positions and of that number 254,095 passed the examinations and qualified for appointment.

On page 147 of that report appears the number of persons who were employed after having passed these examinations, and that number is 66,290. Today there are persons on the registers throughout the Nation, who became eligible last year only, amounting to almost 200,000; and my information is that, including previous years, there are almost 800,000 eligibles who have successfully passed a civil-service examination and are now on the registers awaiting Federal appointments.

As I understand, the intent and purpose of the civil-service law was to establish a merit system whereby selection for

appointment should be made upon the basis of demonstrated relative fitness without regard to political, religious, or similar considerations. I say it is wrong for the Congress to pass a law now whereby over 200,000 persons can be placed under civil service without taking competitive examinations. I charge that such a procedure is unfair to thousands who are in and out of the service and strikes at the fundamental purpose and reason underlying the adoption of the present Civil Service Act.

In a pamphlet which was issued by the Civil Service Commission for the general information of the public, being Form 2346, June 1938, on page 11, appears the following—and I should like the Senator from New York to listen to it:

> One purpose of the civil-service law is to give all citizens an equal right to demonstrate their qualifications for Government employment. Another purpose is to insure that the persons appointed are the best qualified among those seeking Government employment. The better the quality of employees the smaller is the number required. The Civil Service Commission aims through the competitive-examination process to save money to taxpayers by securing the most competent employees for the Federal service.

All these fine phrases are, to my mind, nothing but the payment of lip service to the merit system. Preparation is now being made, by way of the measure under consideration, to blanket over 200,000 persons into the service, when as a matter of fact, there are today almost 800,000 persons who have taken and passed the civil-service competitive examinations and are on the registers, but are without jobs.

Permit me to state, Mr. President, that I am not opposed to the placing of all of the departments involved in the bill under civil service, if competitive examinations are resorted to so as to fill those jobs.

Mr. MEAD. Mr. President, this question has been before the Congress—it has been before the House and the Senate committees—ever since the introduction of the bill in question, and in fact ever since the introduction of the first civil-service reform measure. Everyone knows that if we are to require wide open, noncompetitive examination for all the categories in all the agencies involved in this bill, endless examinations will have to be held, millions of dollars will have to be appropriated, and many of the employees who at one time or another were employed in agencies covered within the merit system and taken out of the merit system, through no fault of their own, by Congressional act, would of necessity have been discriminated against.

In all the experience of the Civil Service Committees of both Houses, and of the Civil Service Commission itself, and the various government organizations affected, as well as organizations not affected by the civil service, that is, those who are outside of it, the plan involved in the bill before the Senate is by far the best procedure yet adopted, and has been accepted with acclaim by Federal employees' organizations, by leaders, and by the rank and file of labor organizations, and by those interested in civil-service reform.

Mr. ELLENDER. Mr. President, will the Senator again yield?

Mr. MEAD. I yield.

Mr. ELLENDER. Of course, Federal employees' associations are in favor of the bill, certainly, because their memberships are composed of those who now have Federal employment. They are already in the Federal service. Many of those who will be affected by this bill are part and parcel of such organizations.

Mr. President, as I have heretofore stated, I am not against that portion of the bill which provides that the various departments shall be placed under civil service. I think they should come under civil service. They ought to be under civil service. What I contend is that when they are placed under civil service there should be open competitive examinations to fill those positions. It is not fair to cause disappointment to thousands upon thousands of persons who have already taken examinations, and others who have civil-service status but have lost their jobs, and who, under the very rules of the Civil Service Commission, have a preferential right to those jobs.

The law provides how those who have been dispossessed of jobs can get into the service again. If we pass the bill in its present form we shall evade the rules and regulations which form the basis of the Federal civil-service system. In other words, those who should have an opportunity, under competitive examination, to compete for these jobs, simply will be left out in the cold. Those who are now in will get them on a permanent basis, and the Senator from New York well knows that there are many who now are holding Federal jobs because of political influence.

Mr. President, it is positively wrong for us to blanket in all of these job holders without competitive examinations, as provided by the civil-service laws and rules and regulations. It is a direct deviation from the fundamental principles of the merit system.

I have held hearings on this proposition for about 6 months, and I know that the passage of the bill will not be conducive to a good merit system. If we are to have a merit system we should place every applicant on the same basis, and let the one who is best qualified, the one who receives the best grade, by reason of his education and experience, get the job.

Competitive examinations could be held very easily to fill these positions, and under the civil-service rules, as they now exist, it would be possible to give some preference to the present incumbents, by reason of their experience; but I repeat, it would be unwise to ignore completely the thousands upon thousands of applicants who have taken civil-service examinations and who are eligible for Federal appointment and it would be a violation of the fundamentals of the merit system.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. MEAD. I yield.

Mr. HATCH. I have been greatly interested in the remarks made by the Senator from Louisiana. I do not think there is very much difference in the views of many of us on this subject. Representative RAMSPECK, who introduced the bill in question in the House, included in the original bill the competitive feature, but I think the Senator from Louisiana knows—at least I know, and the Senator from New York knows, and other Senators know—that that bill, containing the competitive feature, would simply not pass the Congress. If the suggestions made by the Senator from Louisiana are followed, no matter how sound they are, no matter how good they are, the bill is dead.

Mr. ELLENDER. Does the Senator know why it would not be passed by the Congress?

Mr. HATCH. Yes; I know why it would not.

Mr. ELLENDER. It would not be passed by the Congress because it would affect the appointees of Representatives and Senators. That is the reason it would not be passed.

Mr. HATCH. The Senator is exactly correct.

Mr. ELLENDER. Mr. President, such procedure strikes at the fundamentals of the merit system, and if we are honest with ourselves and really believe in the merit system we should not tolerate it. Why give only lip service to the merit system? If we are to have civil service, let us have it on a real merit basis rather than let a lot of political appointees in under the umbrella, so to speak, and then blanket them under civil service.

We should pass a bill placing every department under civil service. We should have done so many years ago. So far as I am concerned, every time a new department is created I shall insist that its employees come under the civil service from its inception. But it is entirely unjust to blanket in over 200,000 employees who do not have to take a competitive civil-service examination, in the face of the fact that last year there was an enormous surplus of men and women who complied with the rules and took the examinations, and who now are eligible for these jobs. I maintain that it is not fair to blanket these temporary workers into the civil service when we already have a surplus of as many as 800,000 qualified civil-service applicants. Not only is it unfair to those who have taken the examinations, and are on the registers awaiting appointment,

but also to the thousands who are now employed by the various departments, and who worked hard over a period of years and have climbed up the ladder by way of civil service.

Mr. MEAD. Mr. President, I wish to compliment my distinguished colleague from the State of Louisiana for the warmth and the enthusiasm with which he embraces the merit system. He is an advocate of the merit system who, in my judgment, is far in advance of the spirit that has characterized the present Congress, the Congresses of the past, and the most ardent advocates of the civil service. Those who are realists, the advocates of civil service who approach the program from a practical viewpoint, have been satisfied to make what might be termed gradual progress throughout the years. Those who really want a bill passed which will eliminate the patronage system, with which my distinguished colleague from Louisiana [Mr. ELLENDER] finds so much fault, have found the solution in a compromise. They have found a possibility in the bill now before us.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield in a moment.

If we intensify the philosophy suggested by my distinguished colleague from Louisiana, or if we break down the bill by eliminating the restrictions and limitations within the bill, we shall probably fail to obtain enactment of a bill before the adjournment of Congress. So those of us who want a bill, those of us who are anxious to extend the merit system, those of us who would bring in other agencies so that those who are on eligible rosters may have more and more opportunities to find employment in the service, are anxious about the present bill, which is not perfection itself. It is not a loosely drawn bill, but is a bill which squares with the standards of every public and private organization concerned with the advance of the civil service.

I now yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, I wish to be frank with the Senator about my own feeling with regard to the bill. I think I am as completely a devotee of the merit system as is any other Member of Congress. I should like to expand it far beyond its present scope; but I cannot escape the conclusion submitted by the Senator from Louisiana. When the proper time arrives I shall move to strike out the noncompetitive examination and substitute the competitive examination.

The Senator says the bill is a step in the direction of removing the curse of patronage. It seems to me that a noncompetitive examination covering in 200,000 employees, far from removing the curse—if that is what it be—of patronage, merely confirms the curse of patronage, and provides a life tenure for the beneficiaries of patronage. I cannot see anything remotely related to the merit system in giving 200,000 employees jobs for life without any competition whatsoever. The present incumbents ought to have a 95-percent advantage in a competitive examination, because they are thoroughly familiar with their tasks. If, with that advantage over anybody else who might compete with them, they cannot win a competitive examination, Heaven knows they certainly are totally unqualified for their positions.

I cannot see how there is any fundamental loyalty to the merit system in noncompetitive examinations. Is not competition the heart and soul of the merit system? I ask the Senator from New York, is not the merit system built on the theory of competitive worth?

Mr. MEAD. In answer to my distinguished colleague, I will say that we can proceed only as the result of experience in the growth of the merit system. We should hearken to the leadership of those who were interested in the merit system long before we exerted our personal interest in the matter. If we review the hearings we find that the bill is a remarkable step in the direction of a selective system, as compared with anything else ever enacted by the Congress. The Committee on Civil Service realizes that every important organization interested in the civil service, including the American Federation of Labor, the Congress of Industrial Organizations, the business and professional women's clubs, the National League of Women Voters, the United States Junior Chamber of Commerce, and the Federal employees' organizations are supporting the bill, which follows the precedents established by every preceding Congress and followed by Presidents without exception, from Chester A. Arthur down to the present incumbent in the White House.

In view of all that, with a desire to extend the civil service, and an eagerness to make progress over the rules and regulations which were included in previous laws, requiring, as we do, bona fide examinations, we feel that we have made as much practical progress as could be made by practical legislators in an effort to widen the merit system, and to insure to those who pass civil-service examinations an opportunity for filling positions in the future, an opportunity which has been denied to them in the past.

Mr. VANDENBERG. Mr. President, will the Senator further yield?

Mr. MEAD. I yield.

Mr. VANDENBERG. If the Senator had his own way about it, would he have competitive or noncompetitive examinations?

Mr. MEAD. In certain instances I should apply the principles specified in the bill before us. For example, the Bureau of Internal Revenue was at one time within the civil service. It was removed from the civil service, not by the employees, but by the Congress. Within its ranks are persons of many, many years of training, and persons affiliated with both major parties. If the agency were of recent establishment, or if it were a new agency of government, I should apply the rigid rules outlined by the Senator from Michigan. But there are many, many agencies, and we have numerous problems before us. By and large, I follow the leadership laid down for us by the best thought on the subject, the thought which has been emphasized before our committee by every agency in the United States honestly and frankly interested in and concerned with the development of the civil service.

Mr. VANDENBERG. Mr. President, will the Senator further yield?

Mr. MEAD. I yield.

Mr. VANDENBERG. What does the language in the committee report mean when it says that the provision for noncompetitive examination is as satisfactory and as fair as can be obtained with any hope of enactment? That certainly encourages a doubt that it is the fairest and the most satisfactory method. What does the language of the committee report mean when it says, in effect, "You had better take this, because it is the best you can do"? Where is the obstacle or objection to making it wholly satisfactory and wholly fair—which obviously the committee thinks would be competitive rather than noncompetitive examinations? Why is the bill the best there is any hope of obtaining?

Mr. MEAD. In answer to that question, I will say that if my distinguished colleague will further peruse the report of the committee he will find on page 9 that under the law, which evidently had the same serious consideration that we are meticulously giving this particular bill, the then President of the United States, without any examination whatsoever, under the authority which Congress at that time gave him, blanketed into the civil service the employees in the agencies covered by the proclamations without any selective system and without any examination. Our committee, in reviewing the record, recognized the fact that only such legislation was approved by the Congress as followed the precedent established by the Congress which created the first merit system; but we were eager and anxious to improve that system, which allows widespread blanketing in without examination of employees who are fit, as well as employees who are unfit, for the service. Therefore, for the first time in the history of civil-service reform we made a great forward step, and by limitations and restrictions, and by requiring an examination with which no Department except the Civil Service Commission, and no officer of the United States, including the President, could have anything to do, gave authority to the examining agency of the

Government to prescribe the examination governing each particular case. In so doing we feel that we shall reward only those who could pass an examination if required to do so; but we shall reward them because of their seniority of service, their meritorious service, and their fitness. The problem of economy is involved, as well as that of the practicability of getting the legislation enacted into law. Every argument speaks for the bill, until such time as every Senator, every Representative, and all the organizations concerned with civil-service reform shall feel as does my distinguished colleague from Michigan.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. Yes; I yield.

Mr. VANDENBERG. Would it be a correct interpretation of the committee's report to say that there would be no hope of enactment—that being the phrase of the report—if competitive examinations necessitated a full, free, and fair approach to these 200,000 positions?

Mr. MEAD. I doubt if taken literally, as probably my distinguished colleage from Michigan would interpret it, that that would be an accurate statement. I think it might be stated that, taking the whole category of the agencies, old and new, involved within its provisions the committee stands upon the bill. I believe if we were going to cover within the civil service an agency of government created by the present Congress, an agency without experience of years, the committee would require wide-open competitive examinations. But we believe it would be unfair and would be difficult of attainment to take, for instance, the collectors of internal revenue, many of whom were appointed in the administrations of Presidents Harding, Coolidge, and Hoover and who are still there, giving an excellent account of themselves, and to eliminate them or to make it necessary for them to attempt an examination in which they would compete with those who have not rendered such meritorious service or applied themselves to the study of tax legislation and tax problems of the country as have the incumbents. The committee recognizes that there is some consideration due to seniority and to the meritorious services of those employees who have been working for the Government for so many years. So there are two questions involved: The question of the senior employee of the senior agency, and the question of the recent employee of the newer agency.

Mr. VANDENBERG. Yes; but take the case of the senior employee to which the Senator refers. He speaks about his long years of service; he speaks about his great familiarity with the law and technique of the position which he occupies, and claims that he ought to have consideration. Of course he should, but if competitive examinations are held who in the world can hope to compete with that intelligent incumbent? He has a 95 percent chance to win before he ever starts, and, if he cannot win under competition with all that background, then, there is something wrong with him; and he ought not to have the position.

I do not think the Senator has argued successfully against competition at all, and I remind him that the last time a bill extending the civil service was before the Senate, I think a year or two ago, we had then the same argument over the question of competitive and noncompetitive examinations, and the Senate voted a requirement that the examinations should be competitive. It was obviously the feeling of every friend of civil service in this body that the reality of the merit system required competitive examination, and so the Senate voted that way.

Of course, when the bill reached the House of Representatives something happened to it. Under the rules of the Senate, I am not permitted to comment upon what I think happened there. Is that the danger once more to which the Senator's report refers when he says that the only way there can be hope for the enactment of this bill is to confirm the patronage appointees who have been named during the last 10 or 15 years? It seems to me that I can draw no other conclusion. The incumbents are probably good for 20 more years. I think this bill ought to be labeled a bill to extend the civil service to 1960.

Mr. MEAD. Mr. President, in answer to the first statement made by my learned colleague from Michigan, let me refer to the statement of a renowned barrister whose attainments in the law and whose success before the courts made him the stand-out lawyer of his community. He was not only well learned in the law, honored by law schools and universities all over America, but his services and his experiences were oftentimes requested by his community, by his State, and by the Nation. I heard that barrister say on one occasion, "Although I have practiced law for a quarter of a century, if I were called to try an examination, an open examination in which all the graduates of the law schools of that year were participants, despite my knowledge of the law and legal technique, my aloofness from lawbooks has been such that I would not be able to pass the examination." He said, "I know a great deal about the law, but I could not compete with the graduates who would try that examination, even though they had never tried a case in court." The same statement might apply to veteran employees of the Internal Revenue office whose services over a period of 10 or 20 years have been highly satisfactory, and yet in competition with legal graduates of some university, graduates of a course in the tax laws of America, the veteran employees whose school days are certainly far behind them would be unable to pass an examination.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question at that point?

Mr. MEAD. I am glad to yield.

Mr. VANDENBERG. How many of the 200,000 life jobbers who are created by this bill are veteran employees under the Internal Revenue Service?

Mr. MEAD. I imagine that all the employees of the Internal Revenue Service, with the exception of a very small percentage, are veteran employees.

Mr. VANDENBERG. What would the number be?

Mr. MEAD. The number of veteran employees of the Internal Revenue Service?

Mr. VANDENBERG. Yes. Would it not be an infinitesimal fraction of the 200,000? As a matter of fact, do not the 200,000 generally include merely the 'mine run' of civilian clerkship services?

Mr. MEAD. I think, perhaps, that is correct, except that the Internal Revenue Service is not an infinitesimal part of the Service, and it certainly is not an infinitesimal part of the Service that will eventually be brought within the merit system by future Presidents of the United States. I do not believe that any President, no matter how warmly he may embrace the civil service, is going away out of his way to bring within the merit system employees of temporary agencies that may never become permanent agencies of the Government. I really believe that the Internal Revenue Service is one Service that will have the immediate consideration of the President of the United States.

Let me say to my distinguished friend from Michigan, who complains of the unanimous action recommended by the Civil Service Committee, which is the action recommended by every organization concerned with the civil service, that we were both in the Congress, with all the power and opportunity for complaint or for praise which we now command; yet during the administrations of Presidents of the United States who are not now in office, when they blanketed employees within the civil service without even a competitive examination prescribed by the Civil Service Commission, we may or we may not have raised our voices. But here is the record: During the administration of President Warren G. Harding there were brought within the civil service without examination a total of 2,000 Federal employees. I do not know who appointed those employees, and I do not know how much complaint was raised by the Members of Congress.

There were brought within the civil service, without examination, during the administration of President Calvin A. Coolidge over 7,000 employees. I do not know whether they

were patronage employees. I do not know who found fault with the action taken by the then President.

There were brought within the civil service, without examination, under the administration of President Hoover, some 3,400 non-civil-service employees.

I make the point that if we pass this bill no future President of the United States will do what Presidents Harding, Coolidge, and Hoover did. He will be able to do it only under the limited restrictions of the pending bill and under an examination that will make every employee stand on his feet and prove that he has the ability to perform the duties of the task within the agency covered into the civil service.

It is an orderly procedure, a procedure in comparison with which no preceding Congress, under either political party, has ever provided a superior. When we are making progress of that character and when the record indicates that during our tenure of office employees have been blanketed into the civil service without regard to the Civil Service Commission and without regard to any examinations for fitness, I think that our committee, the sponsors of this bill, and the organizations recommending this bill are entitled to some compliment rather than to complaint.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield to the Senator from Michigan.

Mr. VANDENBERG. I shall be very happy to furnish the Senator and his committee and all his colleagues and associates with a basketful of compliments.

Mr. MEAD. That will come in the most tangible and material way with the Senator's vote for the bill.

Mr. VANDENBERG. And the Senator from Michigan will vote for the bill if the fundamental of civil service is included; namely, the element of democratic competition.

I think the committee has made progress. I think this system is infinitely preferable to the system to which the Senator refers as having previously obtained; but I am asking why, in undertaking this admirable progress to which I know the Senator is sincerely dedicated, we have to bind ourselves to noncompetitive examinations, when the Senator knows, and his committee report confesses, that they would be put on a competitive basis if we dared do it. I just do not understand why at least the Senate should not duplicate the record it made the last time this subject was up and require the preservation of this fundamental thing in a democracy—and certainly it is fundamental when we are talking about a permanent civil-service status in a democracy—this fundamental thing of full, free, fair approach of all citizens to every available position in the land. I do not see why we should voluntarily desert it. All I am asking the Senator to do is to let us make some progress, at least so far as the Senate is concerned, and not surrender this fundamental thing in both civil service and democracy, at least until we have to.

That is the sole extent of my plea to the Senator.

Mr. MEAD. I appreciate the compliments the Senator has paid to the committee and those who are interested in making progress in civil-service reform; but there are two points which I believe are fundamental: One is bringing these agencies within the merit system so that they will remain there while those agencies remain a part and parcel of the Government. Another is to set up a satisfactory and suitable system of examining the applicants so that we may know they will be admirably fitted to fill the jobs within those agencies. The committee meets those two points, and in meeting those two points the committee has contributed to the remarkable progress indicated by this bill over the blanketing-in processes which have characterized our Government in the past.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. ELLENDER. Aside from the point which was urged a while ago with reference to noncompetitive examinations, there is another point about which I should like to question my good friend from New York. Just as the noncompetitive feature is urged by the author of the pending bill—in other words, we are asked to violate the existing law with respect to competitive examinations—I am wondering how the Senator feels about the apportionment problem and how it will be affected if we should pass the bill as reported.

As the Senator well knows, the Civil Service Commission has had to deal with apportionment ever since the act has been on the statute books. The employees from various States who are to serve in the city of Washington are to be apportioned in proportion to the number of inhabitants in the respective States.

I admit that considerable improvement in apportionment has been made since 1933. To afford Senators a comparison of the figures as they existed in 1933 and as they exist in 1940, let me read from a table appearing on page 5 of the Senate committee report.

Take the case of the State of Alabama: In 1933 Alabama received but 43.5 percent of its quota of civil-service departmental jobs. Today it has 61.7 percent.

In 1933 the State of Virginia, which is nearby, had 344.9 percent of its quota. Today that percentage has been reduced to 207.8 percent. In other words, Virginia has double the number of appointments it is entitled to in comparison with States and Territories which have as low as 11 percent of their quotas.

The question I desire to ask the Senator from New York is, how will the problem of equalizing apportionments be affected if we are to blanket in 200,000 persons when it is logical to assume that the vast majority of them come from his State, New York, or from Virginia, or nearby Maryland, or the District of Columbia, which have today far in excess of their quotas? In other words, are we not again being asked to nullify that provision of the law when we are urged to vote for the bill as it is now written?

Mr. MEAD. Mr. President, in answer to that question, I will say that, as the Senator suggests, we now have on the statute books an apportionment law, and unfortunately it does not apply with equal force to agencies outside of the civil service. In other words, if we bring all the agencies within the civil service, and give to the Civil Service Commission greater authority than they now exercise over agencies which are without the jurisdiction of the civil service, we may expect a constant and a more progressive improvement in the administration of the apportionment law.

Mr. ELLENDER. The Senator from Louisiana is not questioning that feature of the bill. I am for placing them under the civil service. They ought to be there; but let us put them there in the manner prescribed by the law, so that the Commission will be able to exercise its duty with respect to apportionment as provided by existing law. I say to the Senator that if we permit the Civil Service Commission to blanket in these 200,000 persons without competitive examinations, it may be that instead of the figures I have just read, wherein, as I have pointed out, Virginia had 344 percent of her quota, the percentage of employees from Virginia might go up to 400 percent. I repeat that unless we have competitive examinations, and unless the Commission is given the opportunity to work out this apportionment as provided in the law, we probably shall revert to the condition which prevailed prior to 1933.

Mr. MEAD. I am in complete sympathy with the Senator's ultimate objective, but it was pointed out to our committee in the hearings that during the World War period, or perhaps immediately following the war, when it was very difficult to induce individuals to join up with the Federal agencies, there was a relaxation of the quota law, and there was a large employment of persons in nearby States. I was told by the Civil Service Commission and their representatives who appear before our committee, however, that there has been a constant and continuing improvement; that they have the law, that they will equalize the apportionment as rapidly as they possibly can, and that they themselves are opposed to the amendment of the so-called quota law so far as the progress of this bill is concerned.

So if we have any complaint of the quota law I really believe an amendment to it might be in order. I know it would be in order so far as the consideration of this bill is concerned; but our committee considered the subject. We took it up with the Civil Service Commission. We were satisfied

with the progress they are making, and we felt as a committee that that matter had no place in the bill; and therefore I have before me nothing but the committee bill.

Mr. ELLENDER. I do not see how we could cure the defect I complain of by an amendment, because under the bill we are directing the Civil Service Commission to hold noncompetitive examinations irrespective of the incumbent's State of residence; and if the incumbents pass that examination, into the service they go, notwithstanding the fact that the appointments may be in direct opposition to the apportionment phase of the law.

Mr. President, in connection with my remarks I ask unanimous consent that the tables appearing on pages 4 and 5 of the Senate committee's report on this bill be incorporated in the RECORD.

The PRESIDING OFFICER (Mr. LODGE in the chair). Without objection, it is so ordered.

The tables are as follows:

Statement of the apportionment as of Feb. 29, 1940

IN ARREARS

State	Number positions to which entitled	Number of positions occupied
1. Virgin Islands	9	0
2. Puerto Rico	650	46
3. Hawaii	155	17
4. Alaska	25	8
5. California	2,392	857
6. Texas	2,454	997
7. Michigan	2,040	991
8. Louisiana	885	422
9. Arizona	183	101
10. South Carolina	732	409
11. New Jersey	1,702	999
12. Ohio	2,800	1,700
13. Mississippi	847	518
14. Alabama	1,115	691
15. Arkansas	781	493
16. Oklahoma	1,009	648
17. Georgia	1,225	796
18. Kentucky	1,101	731
19. North Carolina	1,336	915
20. New Mexico	178	127
21. Tennessee	1,102	844
22. Illinois	3,215	2,539
23. Wisconsin	1,238	1,022
24. Nevada	38	33
25. Indiana	1,364	1,192
26. Connecticut	677	593
27. Delaware	110	90
28. Wyoming	95	88
29. Florida	618	575
30. Oregon	402	375
31. Idaho	187	175
32. Washington	659	631
33. Vermont	151	145
34. Montana	226	220
35. Massachusetts	1,790	1,750
36. Missouri	1,529	1,500
37. West Virginia	728	715

IN EXCESS

State	Number positions to which entitled	Number of positions occupied	Net gain or loss since July 1, 1939
38. Maine	336	337	+7
39. New Hampshire	196	197	+12
40. Pennsylvania	4,057	4,089	+79
41. Colorado	436	441	+1
42. New York	5,303	5,487	+360
43. Utah	214	223	+10
44. Rhode Island	290	304	−15
45. North Dakota	287	301	−22
46. Kansas	792	834	−20
47. Minnesota	1,080	1,177	−48
48. South Dakota	292	323	−2
49. Iowa	1,041	1,161	−23
50. Nebraska	580	716	+6
51. Virginia	1,020	2,052	−32
52. Maryland	687	2,093	+15
53. District of Columbia	205	8,873	−21

Gains

By appointment	578
By transfer	52
By reinstatement	4
By correction	3
Total	637

Losses

By separation	180
By transfer	198
By correction	1
Total	379
Total appointments	52,561

NOTE.—Number of employees occupying apportioned positions who are excluded from the apportionment figures under sec. 3, rule VII, and the Attorney General's opinion of Aug. 25, 1934 16,492

Condition of the apportionment, Feb. 28, 1933, and Jan. 31, 1940 [1]

State or Territory	Percent positions occupied in relation to number to which entitled		Number of positions occupied		Number of positions to which entitled	
	1933	1940	1933	1940	1933	1940
Alabama	43.5	61.7	313	660	719	1,069
Arizona	28.0	52.8	33	93	118	176
Arkansas	35.7	62.9	180	471	504	749
California	22.2	35.2	342	807	1,544	2,294
Colorado	76.2	99.1	215	415	282	419
Connecticut	58.1	84.9	254	551	437	649
Delaware	96.9	89.6	63	86	65	96
District of Columbia	8,165.2	4,485.8	10,778	8,837	132	197
Florida	69.2	93.4	276	554	399	593
Georgia	48.6	65.9	384	774	791	1,175
Idaho	78.5	93.3	95	168	121	180
Illinois	54.0	77.4	1,121	2,387	2,075	3,084
Indiana	80.6	87.8	710	1,149	881	1,309
Iowa	110.9	112.0	745	1,119	672	999
Kansas	80.0	104.5	409	794	511	760
Kentucky	67.7	66.6	481	704	711	1,057
Louisiana	36.3	47.1	207	400	571	849
Maine	98.2	99.7	213	321	217	322
Maryland	475.7	313.4	2,112	2,065	444	659
Massachusetts	95.5	99.6	1,103	1,710	1,155	1,717
Michigan	33.6	47.8	442	927	1,317	1,957
Minnesota	77.9	110.6	543	1,146	697	1,036
Mississippi	49.8	60.3	272	490	546	812
Missouri	79.0	97.7	780	1,433	987	1,467
Montana	61.6	100.9	90	219	146	217
Nebraska	81.3	123.3	305	687	375	557
Nevada	60.0	89.2	15	33	25	37
New Hampshire	99.2	94.7	125	178	126	188
New Jersey	37.1	56.0	408	915	1,099	1,633
New Mexico	50.4	66.1	58	113	115	171
New York	54.6	99.0	1,868	5,034	3,423	5,087
North Carolina	56.3	70.1	485	898	862	1,281
North Dakota	70.3	107.3	130	295	185	275
Ohio	51.2	60.7	925	1,631	1,807	2,686
Oklahoma	30.1	61.9	196	599	651	968
Oregon	48.3	91.4	125	352	259	385
Pennsylvania	75.5	97.9	1,976	3,812	2,619	3,892
Rhode Island	92.5	106.8	173	297	187	278
South Carolina	48.2	57.3	228	403	473	703
South Dakota	85.1	110.4	160	309	188	280
Tennessee	61.6	77.1	438	815	711	1,057
Texas	27.3	40.3	433	949	1,584	2,354
Utah	89.1	108.3	123	222	138	205
Vermont	127.6	101.4	125	147	98	145
Virginia	344.9	207.8	2,273	2,034	659	979
Washington	56.5	96.7	240	611	425	632
West Virginia	99.4	100.0	467	699	470	699
Wisconsin	50.7	80.2	405	953	799	1,188
Wyoming	67.2	95.6	41	87	61	91
Alaska	31.3	37.5	5	9	16	24
Hawaii	11.0	10.7	11	16	100	149
Puerto Rico	4.8	7.2	20	45	420	624
Virgin Islands						9
Total			33,919	50,423	33,917	50,419

[1] Although the apportioned classified civil service is by law located only in Washington, D. C., it nevertheless includes only about half of the Federal civilian positions in the District of Columbia. Positions in local post offices, customs districts, and other field services outside of the District of Columbia which are subject to the Civil Service Act are filled almost wholly by persons who are local residents of the general community in which the vacancies exist. It should be noted and understood that so long as a person occupies, by original appointment, a position in the apportioned service, the charge for his appointment continues to run against his State of original residence, and once appointed he cannot be removed from his position because his State is in excess. Certifications of eligibles are first made from States which are in arrears.

Source: Statistical Division, U. S. Civil Service Commission, Feb. 15, 1940.

Mr. HATCH. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. HATCH. I ask the Senator to yield for two reasons. First, it had been my intention to speak in behalf of the bill today, but I realize that perhaps it would be a little difficult to get a vote on the bill or on the Senator's motion on account of another bill which it is desired to have considered. So I shall not take the time of the Senate to speak on the bill. I wish to say to the Senator, however, that I do not know what his idea is, but I know what my idea is about this particular bill, and especially with reference to the objections

raised by the Senator from Michigan and the Senator from Louisiana. My thoughts are best expressed in language which I have frequently heard the Senator from Missouri [Mr. CLARK] use, that Senator being present and doing me the honor of listening. I would rather have half of something than all of nothing. [Laughter.]

Mr. MEAD. Mr. President, while my distinguished colleague from Tennessee [Mr. MCKELLAR], who briefly discussed certain provisions of the bill on Friday, is present, I wish to read from a letter directed by the Civil Service Commission to the distinguished chairman of our Committee on Civil Service, the Senator from South Dakota [Mr. BULOW], who also is present in the Chamber and whose efforts in conducting the affairs of our committee are worthy of compliment and high praise from me. The letter reads:

> The only positions in the executive branch of the civil service to which the provisions of H. R. 960 may not be extended are those "positions in or connected with the Work Projects Administration." No other group of positions is excluded from the purview of title I—

Mr. MCKELLAR. Did he say the P. W. A.?

Mr. MEAD. The W. P. A. The letter continues:

> No other group of positions is excluded from the purview of title I, and positions which are filled by appointment by the President by and with the advice and consent of the Senate may, therefore, under the bill be included in the classified civil service. There is no provision in the bill, however, which can be construed to change the locus of the appointing power or to deprive the Senate of its right of confirmation with respect to any position or group of positions. If an Executive order should be issued pursuant to the bill, therefore, including within the classified service positions which the law provides shall be filled by the President by and with the advice and consent of the Senate, the Commission would presumably be required to issue a certificate of eligibles to the President, from which a proposed employee would be nominated and his name submitted to the Senate for confirmation in much the same manner as appointments of first-, second-, and third-class postmasters are now affected under the act of June 25, 1938.

In other words if a district attorney, or United States marshal, or a collector of internal revenue, or any officer requiring confirmation by the Senate, were included in an Executive order and covered into the merit system, a list of eligibles would be given to the appointing agency, and from that list of eligibles a name would have to be sent to the Senate for confirmation of the appointment by the Senate, just as is the case today, and just as is the case under the law bringing postmasters of the Presidential class within the civil service.

Mr. MCKELLAR. Mr. President, that is a distinct improvement upon what seemed to be the provision of the bill as we were discussing it a few days ago. But I wish to call the attention of the Senator to an argument he made a few moments ago, in reply to a contention made by the senior Senator from Michigan [Mr. VANDENBERG], concerning the elderly lawyer who felt that he could not stand an examination in competition with a youngster who was just out of college, where he had been highly trained and educated. I think the Senator was apt in the illustration he gave.

What strikes me with a great deal of force is that that applies to all district attorneys and all assistant attorneys general in Washington, of whom there are a great many The Senator's reasoning would apply to all those lawyers, and I am not so sure but that the bill could be improved very much by excluding those classes of lawyers, for the reason that otherwise we would have as assistant attorneys general and as attorneys all over the country boys just out of college. They might in the future make very excellent assistant attorneys general, but, as the Senator so well argued in his colloquy with the Senator from Michigan, it seems to me that some exception should be made so that a competitive examination would not be required in such cases. I hope the Senator will give that his attention and will offer an amendment along that line.

While I am on my feet I wish to ask the Senator a question. I was present when he was having a colloquy with the junior Senator from Connecticut [Mr. DANAHER] a few minutes ago, when the Senator was complaining that this was a patronage bill. In that connection I desire to ask the Senator whether the Tennessee Valley Authority would be included under the proposed law, or might it be included within the provisions of the law?

Mr. MEAD. Unless an amendment is offered exempting the Tennessee Valley Authority, which I understand has its own rigid selective system now, it will be covered by the proposed law.

Mr. MCKELLAR. The Tennessee Valley Authority is an extensive Federal organization, largely situated in my State. It probably has several thousand employees. I say to the Senator from New York and to the Senator from Connecticut that if there is a single, solitary person, man or woman, who is holding a position, important or humble, under the Tennessee Valley Authority on my recommendation, I do not know who it is. I understand the Authority has a very excellent civil-service system of its own. I suppose that under the terms of the bill it would probably be merged into the general civil service, but surely if it is a question of patronage that is bothering the Senator from Connecticut, I am in the same boat with him, although I happen to be on the other side of the house politically.

Mr. MEAD. In answer to the statement made by my distinguished colleague from Tennessee, I will say that the Employees' Craft organization, the American Federation of Labor, and a number of other organizations were high in their praise of the working conditions and the working relations and the selective system adopted by the Tennessee Valley Authority. I wish to say also to my distinguished friend that the committee on the investigation of the activities of the Tennessee Valley Authority, on which I was one of the House representatives, went into the personnel selective system very thoroughly, and I quite agree with the statement the Senator has made, that it has never been a patronage agency, and that the Congressmen from the State of Tennessee received no more consideration than was the case with the Congressmen from any other State. In fact, there was a total absence of consideration and preference given to those in political authority or political positions when it came to the employment of personnel.

Mr. MCKELLAR. I thank the Senator. I think he is entirely correct in his statement, and I wish to say that in making the statement I have made, I was speaking in answer to the suggestion of the Senator from Connecticut this afternoon. I am not complaining of the action of the Tennessee Valley Authority at all in its failure to appoint anyone in whom I might have been interested, or whom I might have recommended.

Mr. MEAD. By a strange coincidence, the first man I met after our committee went into the Tennessee Valley investigation, and of whom I inquired as to his residence, informed me that he lived in my district.

Mr. BARKLEY. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. BARKLEY. I am interested in what the Senator from Tennessee has stated, because the Tennessee Valley Authority and its policy has in some measure been a headache to all of us. We put into the law a provision that no political consideration should be given to applications for any position under the Tennessee Valley Authority. When the dam in Kentucky was projected, the one at Gilbertsville, which is the only one in the State of Kentucky, which I believe they have named "The Kentucky Dam," it was announced that there would be a restricted area from which employees would be taken, naming certain counties in the Tennessee Valley and contiguous thereto, and a certain day in August of 1938 was fixed when all applications had to be in. Otherwise the applicant would be barred from consideration. Some 45,000 persons filed applications for positions in connection with the dam at Gilbertsville. An examination was held to test the fitness of the applicants, and to classify them in proportion to their fitness for jobs of various sorts. As happened all over Tennessee I am sure, of 45,000 who filed applications for positions under the T. V. A. at

Gilbertsville, I think 44,900 of them wrote to me asking for indorsement. It was difficult to explain to the applicants that an endorsement from us not only would not be of any value, but would probably do them harm.

Mr. CLARK of Missouri. Mr. President, will the Senator from New York yield?

Mr. MEAD. I yield.

Mr. CLARK of Missouri. At the time of the establishment of the T. V. A. that was definitely its policy. A young man who came to me very highly recommended by his professors of the University of Missouri, received a letter from my office, and went down to apply for a job with the T. V. A., but was told by the director of personnel that a recommendation from a Senator or a Representative was a disqualification.

Mr. BARKLEY. Yes; and that policy has been constantly pursued. I explain to all applicants for positions at Gilbertsville Dam, that a letter from a Representative or a Senator is almost the equivalent of an assurance that they would not be employed. So I have quit writing letters recommending persons for jobs with the T. V. A., because I do not want to do the applicants any harm; I want them to get the jobs on their merits.

I think it is a very wholesome thing to put in the law a provision that recommendations of a political nature will be disregarded, and I think the T. V. A. has been so scrupulous in obeying that provision that its officials have leaned backward. In the course of the development of these different dams I have no doubt the officials have carried with them from one dam to another experienced men who have been with them from the beginning of the construction on the Norris Dam. As the result a large number of Tennesseans are employed in the construction of the Gilbertsville Dam. Every time I tell my friends that a letter from me will be of no value, but rather will do harm, I am confronted with the statement that all those from Tennessee who are engaged at Gilbertsville, Ky., were appointed upon the recommendation of the Senator from Tennessee [Mr. McKELLAR]. I have no proof that that is not true, except I know the policy of the T. V. A., and it is very reassuring and comforting for me to hear the Senator from Tennessee say, as I heard him tell Dr. Morgan one day in my presence, that no one whom he had ever recommended to the Tennessee Valley Authority had gotten a job.

Mr. McKELLAR. No one whom I have recommended has gotten a job as an officer, or as an employee, or even as a guide, or anything else. So far as I know, I make no recommendations at all to the T. V. A., and if any are made in my name they are always turned down.

Mr. BARKLEY. I realize that.

Mr. McKELLAR. So far as I know, of my own knowledge, as I said a while ago, not a single person that I ever recommended to the T. V. A. is in the employ of the T. V. A. today.

Mr. BARKLEY. I can state the same thing, so far as I am concerned, and I can give testimony that if there is one agency, in the United States Government which is scrupulously carrying out that policy it is the Tennessee Valley Authority. When our old colleague and friend Senator Pope, of Idaho, was made a T. V. A. Commissioner many of his friends, I have no doubt, thought they would be able to use their friendship with him to obtain jobs, but to his credit let it be said that he has carried out the same policy.

Mr. McKELLAR. If the Senator from New York will permit me, I wish to say that, as a matter of fact, the Senator from Nebraska [Mr. NORRIS], in drawing the T. V. A. measure, placed in it a provision excluding political appointments, and the officials of the T. V. A. have simply carried out that provision of the law.

Mr. BARKLEY. Yes.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. DANAHER. I should like to ask the Senator from New York, in connection with the point to which reference has been made, whether or not the T. V. A. will be included in the bill now under discussion?

Mr. MEAD. Under the terms of the bill before us it is included.

Mr. DANAHER. Is it not a fact that the T. V. A.—and let it be understood that what I say is not said with the slightest intention of reflecting on the T. V. A.—the T. V. A. purposely in the past asked not to be included within the civil-service provisions?

Mr. MEAD. That is true; and one of the reasons for the request is that the T. V. A. is in the construction stages.

Mr. DANAHER. Precisely.

Mr. MEAD. Eventually there will be a minor number of employees, comparatively speaking, who will be needed in the maintenance of the various facilities of the T. V. A. At that time the T. V. A. will have no objection, I believe, to being included within the civil service, but they have an excellent selective system now in vogue which, as I understand, in great part has come about as the result of conferences with and advice from the Civil Service Commission.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. MEAD. I yield.

Mr. DANAHER. I had talked previously with the Senator from Nebraska [Mr. NORRIS], who had come into the Chamber, and who told me of the experience of the T. V. A. and why the practice followed was necessary in the selection of technical men, and I approve of it. I have no criticism of it, Senators will understand. There is one point, though, which is certainly worthy of passing notice, and that is that no better evidence to the effect that there is nothing political about appointment to positions with the T. V. A. could be obtained than from the testimony of the Senator from Tennessee. There is no question about that. I have no fear when I hear his praise of this particular agency, which apparently is the only one which Senators can think of as to which there is no political history. Quite the contrary, it appears to have no political patronage aspect to it at all.

I should like to ask the Senator from New York another question. Does the Senator from New York and his committee feel that the United States attorneys should be exempt or should be included in this bill?

Mr. MEAD. That was discussed in committee meetings and hearings. It was a much mooted question. Some believed that all policy-making positions and all positions requiring confirmation by the Senate should be eliminated from the consideration of this bill.

Mr. CONNALLY. Mr. President, will the Senator permit me to ask the Senator from New York to yield on that point?

Mr. DANAHER. Of course.

Mr. MEAD. I yield.

Mr. CONNALLY. I have heard mentioned several times in debate, "policy-making positions." I know that "policy-making positions" are mentioned in the Hatch bill. What is a policy-making position? I think the bill should define those who are subject to the measure and those who are exempt. I would not know a policy-making official if I met one. What is a policy-making official?

Mr. MEAD. Let me say to my distinguished colleague, the Senator from Texas, that in discussing this problem before our committee we felt that we could leave to the President, the head of the executive service, the exemption of certain employees in the executive family who he believed should be exempted from the provisions of the bill. We felt also that existing law, which required confirmation by the Senate, should be carried out.

Mr. CONNALLY. That is all right. If the President appoints and the Senate confirms an appointee, why is that not enough? Why should we have to call on someone else to bless him as well? If the President, under the constitutional power, appoints someone, and then the Senate confirms him, is that not enough? I think all such appointees should be exempt under this measure. What is the sense of calling on some little civil-service clerk to tell the Senate and the President who can be appointed and confirmed, when under the Constitution, if the President appoints him and the Senate confirms him, he has title to the office? I think it is foolish for the Senate to try to tie its own hands or tie the hands of the President in such a case.

Mr. MEAD. Under the provisions of the bill we do not tie the hands of the President. We do not make any mention of the matter the Senator has just discussed. That is contained in the existing law. But we do not prevent the President from requiring the Civil Service Commission to hold an examination for those who may later require confirmation by the Senate. It is a voluntary procedure.

Mr. McKELLAR. Mr. President, will the Senator yield to me there?

Mr. MEAD. Yes; I am glad to yield.

Mr. McKELLAR. The Senator from Texas was not in the Chamber, I believe, a few moments ago when the Senator from New York and I discussed that very question. My contention with respect to the question of attorneys especially, it is based in part upon the argument of the Senator from New York that in a competitive examination for places under civil service, the young lawyers of the country would have a tremendous advantage over the older lawyers of the country, and probably, as a result, we would have a legal service composed almost entirely of young lawyers, for it would be necessary to appoint one of the three highest on the list. I am urging the Senator from New York further to perfect the bill—I think it will add very much to it—so that all the important lawyers, at any rate, in the service of the United States should be selected in a different way, and not by civil service.

Mr. HILL and Mr. CONNALLY addressed the Chair.

The PRESIDING OFFICER (Mr. LODGE in the chair). Does the Senator from New York yield, and if so, to whom?

Mr. MEAD. For the moment I should like to call my distinguished colleague's attention to a statement which was sent to me, as follows:

> There is no provision in the bill which can be construed to change the appointing power or to deprive the Senate of its right of confirmation with respect to any position or any group of positions.

In addition to that, the Reed commission, headed by Mr. Justice Reed, is now making a study of the attorneys in the Federal service. That commission will make its report to the President. We felt that, in view of the existing law with reference to confirmations, it would be all right for us not specifically to exempt attorneys, but to leave them subject to the provisions of the general law. If the President desires, he may carry out the recommendations of the Reed commission.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. HILL. The Senator speaks about existing law, and yet the very first language in the bill repeals existing law. The opening words of the bill are as follows:

> That notwithstanding any provisions of law to the contrary—

That repeals existing law so far as the bill is concerned. That is why the language is written into the bill; so there is no use talking about existing law if we are to pass the bill as it is written. The very first language in the bill repeals all existing law.

Mr. MEAD. There is no provision of law which authorizes the President specifically to exempt positions. There was the thought, in connection with the first civil-service law and every subsequent amendment to the civil-service law, that the President, the head of the executive department, should have the power, if and when he chose to exercise it, to bring certain employees within the civil service or to leave them out. That is what the bill does. It simply carries out the language of the prior civil-service law.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. DANAHER. The Senator refers to United States attorneys. They are separately commissioned by the President, who, having taken his oath to enforce the law, in terms by his commission delegates within the several districts the power to bring to book criminals and others who run afoul of the law in one respect or another, as well as the civil power which is vested by statute in United States attorneys. It may happen that in one or more of the 88 districts in this country certain United States attorneys may be out of sympathy either with a given law or with the administration, or with the policy-making Executive who happens to be in control at a given time. It seems to me that to say that a Chief Executive should be saddled with all those people down through the years under the terms of the bill would be to deny to the Chief Executive a large phase of necessary power in discharging his absolute duty to enforce the law.

I bring that matter to the Senator's attention as a consideration, and ask if there was not argument on that point in the committee, with reference to whether or not United States attorneys should be included within the bill?

Mr. MEAD. I will say to my distinguished colleague that under the existing law the President may remove attorneys. The President need not bring them under the provisions of the bill. That situation is left more or less as it is. The committee had in mind that the Reed commission might make some specific recommendation with reference to the employment of attorneys, so we did not take affirmative action. We did not take action which would compel the President to bring attorneys within the civil service. The President would be in a position to await the findings of the Reed commission.

Mr. DANAHER. Whatever the Reed commission may say or do with reference to 500 attorneys in the Veterans' Administration, or other hundreds in the Solicitors' offices in the different departments, or the Bureau of Investigation in the Department of Justice—all of which have been more or less under discussion at times—there is a very different situation, it seems to me, about which the Congress ought to have something to say, as to officers who are law-enforcement attorneys. Therefore I ask the Senator from New York if he does not feel that at the proper time an amendment to except United States attorneys should be accepted.

Mr. MEAD. In reply to that question I will say that we are not bringing them within the civil service. We are leaving the subject matter wide open. When the Reed commission makes its recommendations, and we have the benefit of study and investigation of the subject, I think at that time we shall be able to go into the subject with better knowledge of it, and with the benefit of the views of the very learned commission without developing any rigid requirement at this time. No matter what the recommendations of the Reed commission may be, it will not be able to change the existing law. Of necessity, it will have to come to the Congress if its recommendations require new legislation. It was the opinion of our committee that in the passage of a bill giving the President authority to cover certain agencies within the civil service we should omit provisions which would prevent the President from exercising an authority if he deemed it wise and prudent to do so. So it occurs to me that we might well leave the matter open.

To a great degree I am in accord with the Senator's views with reference to attorneys who might be out of sympathy with an administration. I can see that perhaps there might be an illustration of that policy if attorneys throughout the United States were given life tenure under civil service, and were entirely out of sympathy with such a law as the prohibition law. I believe they would conduct themselves in keeping with the essence and letter of the law. Nevertheless, I can see that perhaps greater efficiency might result when at least the attorneys in charge are enthusiastic in their advocacy of the policy of the administration in power. There is merit to the suggestion which the Senator offers.

Mr. DANAHER. To nail down that one point, we do not have to go outside the Senator's own State. In fact, we do not have to go outside New York County. Mr. Thomas E. Dewey became county attorney in New York County, and became the prosecutor, notwithstanding the fact that the very same culprits whom he prosecuted and convicted had been running rampant long before he became prosecutor. I cite that as a perfect illustration of why we ought to exempt United States attorneys from the operations of the bill.

I thank the Senator for his courtesy.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. McKELLAR. In that connection I hope the Senator will have an amendment prepared along that line.

Mr. MEAD. I thank the Senator.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3929) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 10361) to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes, and it was signed by the President pro tempore.

MISSISSIPPI RIVER BRIDGE NEAR MEMPHIS, TENN.—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I wonder if the Senator from New York will yield to me long enough to present a conference report on a bill having to do with a bridge across the Mississippi River.

Mr. MEAD. I yield for that purpose.

Mr. DANAHER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwartz
Andrews	Ellender	King	Schwellenbach
Ashurst	Frazier	Lodge	Sheppard
Austin	George	McKellar	Shipstead
Bailey	Gerry	McNary	Smith
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Glass	Miller	Thomas, Idaho
Bulow	Green	Minton	Thomas, Okla.
Burke	Guffey	Murray	Thomas, Utah
Byrd	Gurney	Neely	Townsend
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hatch	O'Mahoney	Van Nuys
Chavez	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Wheeler
Clark, Mo.	Hill	Pittman	White
Connally	Holt	Radcliffe	Wiley
Danaher	Hughes	Reed	
Davis	Johnson, Calif.	Russell	

The PRESIDING OFFICER. Seventy-eight Senators have answered to their names. A quorum is present.

Mr. McKELLAR (for Mr. BAILEY) submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3929) entitled "An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment and the House agree thereto.

That both Houses agree to the bill in the form as originally passed by the Senate.

MORRIS SHEPPARD,
CHARLES L. McNARY,
Managers on the part of the Senate.

EDWARD A. KELLY,
PEHR G. HOLMES,
Managers on the part of the House.

Mr. McKELLAR. Mr. President, I ask unanimous consent for the present consideration of the conference report.

There being no objection, the report was considered and agreed to.

EXTENDING THE CLASSIFIED CIVIL SERVICE

Mr. MEAD. I call up the motion that is now on the desk in order that we may get to the amending stage of the pending bill.

The PRESIDING OFFICER. That is the question now pending before the Senate. The Chair will state that the question is on the motion of the Senator from New York to proceed to the consideration of House bill 960, extending the classified civil service of the United States.

POLITICS IN NATIONAL DEFENSE

Mr. HOLT. Mr. President, for a long while we have heard the statement that there should be no politics in national defense. I agree with that; I feel that we should have an adequate, strong national defense, but I do object to politics in the awarding of contracts.

The other day there was sent to me a newspaper containing a very significant item, which could be duplicated, I think, in many instances. It is a newspaper published in York, Pa., and the article is headed "Heads State Drive." It reads in this way:

Appointment of S. Forry Laucks, president of the York Safe & Lock Co., as head of a State-wide organization to form Roosevelt-Wallace clubs, was announced yesterday by Dr. Luther A. Harr, Pennsylvania Democratic campaign chairman, at Harrisburg. The appointment was made by National Chairman Edward J. Flynn.

"It is my purpose to establish Roosevelt-Wallace clubs in every county," Mr. Laucks said in a statement, "and through their membership to prosecute a vigorous campaign, not only for these able candidates on our national ticket but for the reelection of United States Senator Joseph F. Guffey and for G. Harold Wagner for State treasurer and for F. Clair Ross for auditor general.

"In addition, the clubs will give special attention, too, to the candidacies of every Democratic aspirant to a seat in the State senate and in the house of representatives."

There is nothing particularly significant about that; Mr. Laucks has a perfect right to be chairman, but in the same newspaper I find this item:

Local firms get war contracts totaling $3,046,120.

This is what is said under the heading—I will not burden the Senate by reading the complete list but in naming the contracts the newspaper says:

Largest was an artillery matériel Ordnance Department contract awarded to the York Safe & Lock Co. and worth $2,914,720.

The York Safe & Lock Co. has as its president Mr. S. Forry Laucks, who, on the very day he got a contract for $3,000,000 from the United States Army, was named as chairman of the Pennsylvania Roosevelt-Wallace Clubs. It may only be a coincidence; I do not know; but it is quite an unusual thing to pick up a newspaper and see a man named as State chairman who at the same time gets $3,000,000 worth of contracts from the United States Government.

So I thought I would look a little further into the York Safe & Lock Co. I find that Mr. Laucks has a perfectly good reason to be for the ticket. I am not discussing whether he should or should not be, but here is what I find:

During the week of January 13, 1940, the York Safe & Lock Co. got a contract from the War Department for $604,188 worth of gun mounts, to be delivered on the 15th day of September. Then on the 10th of February 1940 I find the Navy gave a contract to the York Safe & Lock Co.—the Army had given them the other one—the Navy gave them a contract for $59,846.27 worth of gun mounts.

Not satisfied with that we find that on February 24, 1940, the War Department again gave the same York Safe & Lock Co. a $57,050 contract for cradle assemblies.

By the way, we find that delivery was to be made on the 2nd day of November 1940. Of course, November 2, 1940, is a very good time to have the factories going.

Here is another thing. We find that in the week of August 24, 1940, the same York Safe & Lock Co. got a contract from the War Department for gun carriages amounting to $794,300. Add to those the recent contract given to the York Safe & Lock Co. amounting to $2,914,720, and it will be seen that it pays to be on the right side.

It will be remembered that in 1937 I discussed the Democratic campaign book of 1936. I picked up the Democratic campaign book of this year with the words "Price, 25 cents" marked out. I turn to page 114, and I find a half-page advertisement of the York Safe & Lock Co. They paid approximately, I imagine, $4,000 for that. Of course that was a

pretty good investment; there can be no doubt about that, because we find that in September they got a $3,000,000 contract from the Government.

AIRCRAFT COMPANIES DONATE

Talking about this campaign book, since I am on that subject, I also find in looking through it another very interesting advertisement. On page 22 here is "Grumman Skyrocket, The United States Navy Looks Ahead." I think it paid many thousands of dollars for that advertisement, and I find that the Grumman Aircraft Co. has orders for a good many months to come from the United States Navy and from the United States Government for aircraft production.

When such things happen in this country it certainly makes the American people wonder. When organizations that are producing national-defense items are required to donate money for party campaigns it is time the American people were finding out what is going on behind the scenes. If I may refer also to 1936, the last two campaign books show directors of certain corporations donating money to the Democratic Party through the campaign books. We know they could not do it under the laws of the United States but, through the subterfuge of these campaign books, they do it. What do we find? We find directors of the Boeing Airplane Co., the Bell Aircraft Corporation, the Bendix Aviation Corporation, the Eclipse Aviation Corporation buying the campaign book.

Senators have probably noticed, from the press, how many million dollars' worth of orders have been given to the Electric Boat Co. Directors of the Electric Boat Co. did not pay $2.50 for the 1936 campaign book, but paid many hundred dollars for that campaign book. We find the directors of General Motors, of United States Steel, who have received millions of dollars in orders from the United States Government, also being hijacked by a political party. Then can it be said there is no politics in defense? Who is stopping defense? Not some of us who are opposing this thing but others who have been trying to smear those of us who are opposed to these practices. We will find as we go through these campaign contributions that it pays to be on the right side.

Now let me give you a few more facts on these campaign books that may interest you. I know they interested me quite a good deal. What did I find?

The Bethlehem Steel Corporation has not been overlooked by the United States Army and Navy in their contracts. How much do you suppose they paid for that $2.50 book? You can buy them for a nickel now, but how much do you suppose they paid for this $2.50 book? Seven thousand and five hundred dollars for a book that sold for $2.50. It was a good investment.

What did the Boeing Aircraft Co. pay for this $2.50 campaign book? Two thousand and five hundred dollars—pretty good for a $2.50 book!

What did the Bath Iron Works, of Bath, Maine, pay for a $2.50 book? Two thousand and five hundred dollars.

The Chrysler Corporation got a good contract from the Government. How much do you suppose the Chrysler Corporation paid for these books? Five thousand and one hundred dollars for a $2.50 book.

The Winston Engine Co. paid $2,700 for that book.

So, as we go through the whole matter, we find that there has been a peculiar type of "patriotism." When I went to school I was taught how to spell "patriotism" as "p-a-t-r-i-o-t-i-s-m," but since I have been watching affairs here in Washington I have learned that you do not spell "patriotism" that way, but that you spell it "p-a-y-t-r-i-o-t-i-s-m" with the accent on the "p-a-y." [Laughter.] Patriotism! We find that some of these individuals are telling the world about their "patriotism," proclaiming that we must build up the national defense, at the same time that they are getting contracts. As I said over the air the other night, they are waving the American flag with one hand and stuffing a nice, juicy contract with the Government in their pockets with the other.

That is the band of "patriots" that are coming to Washington today. They have come in such numbers that, frankly, it is hard to get a room in a hotel in Washington. You can hardly get a room in a hotel here because these groups of contract vultures are here in Washington to get part of the money, and to shout their "patriotism" to the sky. As the elder La Follette said, looking over the same type of persons in 1917, "Shades of Lincoln! What a band of patriots!"

Yes; Washington has been infested with them. Let me make the charge here that they have the acquiescence and support of United States Army officials, of United States Navy officials, and the National Defense Council.

ARMY AND NAVY PROTEST PROFIT RESTRICTION

Do you realize that representatives of the United States Army and the United States Navy and the National Defense Council appeared in an executive session before the Naval Affairs Committee of the United States Senate and fought against the limitation of profits on Government contracts? Oh, no; they did not want to limit the contracts to 7 percent or 8 percent. They wanted to put the profits on these Government orders back up to 12 percent. I challenge anyone to deny that statement, and I will prove it by the testimony of the men so appearing. It is high time that the American people realized that all this yelling of "patriotism" has a few paltry dollars mixed in with it, too.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HOLT. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. The repeal of the Vinson-Trammell Act contemplated in the tax bill now in conference to all intents and purposes removes any limitation whatever on profits from these war contracts; does it not?

Mr. HOLT. That is correct. There is no doubt about it—what are the facts? Do I find these poor companies getting ever so poor? Let us look at a few of their contracts.

EARNINGS IN 1940

We find that the Bendix Aviation Corporation in the first 6 months of 1939 made $2,162,210, but in the first 6 months of 1940 they made $4,295,419, or double the amount made in the first 6 months of the previous year.

What else do we find? The Curtiss-Wright Corporation in the first 6 months of 1939 made $3,370,804, but in the first 6 months of 1940 the same aviation corporation made not $3,000,000 but $6,235,969.

The Douglas Aircraft Corporation between the months of December and May ending May 1939, made $1,396,792. In a similar 6 months of 1939–1940, ending in May, they made $3,388,857.

Fairchild Aviation increased its net profits from $141,121 for the first 6 months of 1939 to $318,946 in the same period in 1940.

Lockheed Aircraft Corporation earned approximately $500,000 in the first 6 months of 1939 as compared to an estimated $2,000,000—four times as much—in the first 6 months of this year.

The United Aircraft Corporation made $3,678,689 in the first 6 months of 1939, and $6,228,106 in the first 6 months of 1940.

All of these figures are for net income.

The Glenn L. Martin Co., of Baltimore, in the first 6 months of 1939 made $967,624 profit, but in the first 6 months of 1940 they made $4,291,490, or an increase of 425 percent in their profits in the same period of time, over 1 year.

Some of the officials are coming here and on their knees telling how we are mistreating the companies who want national defense contracts; and the United States Senate, as the Senator from Missouri [Mr. CLARK] said, the other day took off the lid on profits. We did have a 7-percent lid on profits; and 7 percent is a pretty good profit when we are taking American boys and putting them into camp at $21 a month for the first 4 months and $30 a month for the next 8 months. When an American boy makes $100 a month, and we take him and put him in camp for a year, we confiscate

from 70 to 79 percent of his wealth for that year, and then people talk about taking off the lid of 7 percent; and who advocated it? The United States Army officials, the United States Navy officials, and the National Defense Council. To be specific, who did it? Colonel Schultz, of the United States Army; Captain Krause, of the United States Navy; and Frederick Eaton, for the National Defense Council. Mr. Eaton said he was speaking for the National Defense Council, and was authorized to say that we should put the limitation back to 12 percent rather than reduce it to 7 percent as was done in a bill passed shortly before his appearance.

What do I find here in the case of a few steel companies? I have a statement of the profits of a few of them. I find that in the first 6 months of 1939 they made $21,100,397, but in the first 6 months of this year the same steel companies made $93,499,283, or an increase of 450 percent in their profits in the first 6 months of this year. If all of the companies were totaled it would be much more.

What about the United States Steel Corporation? Mr. Edward Stettinius was chairman of the board of the United States Steel Corporation. He is now Chairman of the National Defense Council, and opposes any limit on profits today. He personally opposes any limit on profits. What did Mr. Stettinius' United States Steel Corporation do? Let me tell you. In the first 6 months of 1939 the United States Steel Corporation made but $1,970,311 profit, but in the first 6 months of 1940 the same steel corporation made $36,315,003. That is not bad—an increase of profit from $1,900,000 to $36,315,000 in 6 months; and the prospect for the next 6 months points to an even greater profit than that. So we see that many individuals who are so much interested in national defense at the same time are interested in putting in their pockets all the profitable dividends that are possible.

WILLIAM ALLEN WHITE'S "WAR" COMMITTEE

We have had a committee circularizing the country known as the Committee to Defend America by Aiding the Allies, with the front of the stuffed shirt William Allen White; and what do we find in that committee? Oh, these individuals are so much interested in America. What do I find? I find a director of the New York Shipbuilding Corporation on the committee. The New York Shipbuilding Corporation, it may interest you to know, has already received from the United States Government over a half billion dollars'—not a half million, but a half billion dollars'—worth of orders. He is a sponsor of the William Allen White organization, and a director, also, in the New York Shipbuilding Corporation.

What else do we find? We find Col. Henry Breckenridge. He was sent recently to Lexington, Ky., to tell the people why they should get behind the William Allen White committee. Of course, I do not think he told them down there the same as he did when he was put on the spot, that he wanted a declaration of war, as he did over the radio; but when he said he wanted to do that, did he tell the people of Lexington, Ky., that his money, Col. Henry Breckenridge's money, is invested in corporations which make bombers, pursuit planes, and planes that are needed in war? Did he tell them that? I do not think so. Did he tell them that he was a founder of Aeronautical Securities, Inc., and that its money was invested in making great profits out of airplane contracts? No; he did not tell them that. I shall not bother the Senate to go into that, because once before I discussed Colonel Breckenridge on the floor of the Senate, and showed that his interest was not alone the patriotism of America, but the profits that came to him as the result of the sale of airplanes in this country. Oh, yes—a great patriot—"p-a-y-t-r-i-o-t," with the accent again, let me say, on "pay"!

We can go on down through the list, and we will find that individuals who are trying to shove America a little closer to the war are the ones who are getting profit out of it. Col. Henry Breckenridge says that we should give them all the airplanes we have and then qualifies it to say which we do not need for national defense. Whenever a plane is given it means an extra plane will be built, and almost every plane that is built means more profit for Colonel Breckenridge. The William Allen White committee is loaded with these war profiteers. So we will see, and history will record, that the American people today have in Washington a group of vultures who are just standing by to dive into these national-defense contracts at the expense of the American people. The American people do not have any opportunity to protect themselves. And what do these individuals say? They say, "Let us build these things at once. Do not quibble over prices, do not quibble over contracts, do not quibble over labor conditions, because if you quibble we will be invaded tomorrow. Slip me a contract before I go outside of the door." [Laughter.] In other words, they create a scare about the German Army coming over here with one hand pointing over there, and reaching out for a contract with the other. That is the group that is around Washington today, and which is helping finance politicians here in Washington. That is the kind of defense politics we are having. Not playing politics with defense, when today we all know that orders have been given to corporations the officials of which have in turn donated money to those in control? That is playing politics with national defense, not on the part of some of us who are in favor of national defense, who want to see the American taxpayer get a dollar's worth for every dollar spent. We want a dollar's worth of guns for a dollar out of the Treasury, we do not want 80 cents' worth of guns and 20 cents in campaign contributions. We want America protected, not only from invasion abroad but from the people in Washington who are sticking their hands into the taxpayers' pockets and taking money out, proclaiming their patriotism and also their adherence to those in power.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. WILEY. I was interested in the statement the Senator made that the particular advertisement was paid for by several corporations. Am I right in that conclusion?

Mr. HOLT. I did not understand the question.

Mr. WILEY. Am I right in the conclusion that when the Senator spoke of the campaign book, he stated that these corporations had paid for the advertisements in the campaign book?

Mr. HOLT. That is correct.

Mr. WILEY. It is so indicated, is it not?

Mr. HOLT. That is correct.

Mr. WILEY. If that is the case, I cannot understand why there has not been a direct violation of the Corrupt Practices Act, which was the law away back in 1925, and is still the law. I refer to section 313. This is not the Hatch Act. This is the Corrupt Practices Act:

> It is unlawful for any national bank or any corporation * * * to make a contribution * * * in connection with any election at which Presidential and Vice Presidental electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or for any candidate, political committee, or other person to accept or receive any contribution prohibited by this section.

It seems to me that if the Senator has made out a direct case of violation of the Corrupt Practices Act it would be the business of the Attorney General's Department to prosecute. I know that there was some "whitewash" intended in that connection, but if the record itself shows that the advertisements were paid for by the corporations—and there cannot be any question that the money that was received was utilized for the book—it seems to me a clear case for prosecution has been made out.

Along the same line I wish to say to the Senator that there came to my desk today several letters from my own State, not exactly along the line we are discussing, but indicating that politics is indeed in the saddle. These letters, from residents of my own State, indicate that folks who were applying for jobs were assured they could not get employment in the Farm Security office until they had secured political endorsement for a place in the Democratic good book, the so-called Friant list. These letters specifically

asked that I get their names put on the Friant list. That would indicate that the Farm Security officers in Wisconsin are requiring Democratic political endorsement on the part of applicants for jobs in the State Farm Security Administration. This shameful political blackjacking is a violation of the spirit of the Hatch Act. It serves to sandbag jobbing applicants so that they may line up for the New Deal administration.

The Senator will remember that the Friant list was originated by the late Julian Friant, special assistant to the Secretary of Agriculture. It was a list of job applicants who received political clearance from the New Deal bigwigs. In return for joining the faith, they were promised jobs. This was indeed a flagrant example of swapping jobs for votes, a system by which the free choice of a free citizen is crucified, so that he barters his vote and political loyalty for a job. This trafficking in jobs and this political serfdom must cease.

The Senator called attention to the fact that this book had been sold page by page to corporations in this country who had paid their bit. Undoubtedly the situation is as the Senator says. It was a quid pro quo proposition. They bought; they received. But—and I say this to the distinguished Senator—the most dangerous thing in this country is the complacency with which our people at this time are receiving this information. They have apparently been educated up to the conclusion that this is all right, that this is the thing to do. Officers do not prosecute. No one pays attention. America must awake.

Mr. HOLT. Mr. President, I should like to say to the Senator that when I made a survey of the 1936 campaign book, and placed it in the CONGRESSIONAL RECORD, a copy of the information was sent to the Department of Justice, not only listing the individuals and corporations donating, but telling how much they donated, and the days on which they donated. Nothing was done about it, not a thing. That can be found in the 1938 CONGRESSIONAL RECORD, actually telling the exact dates on which the donations were made. Although I did not intend to go into the subject of the campaign book except as it affected national defense, I wish to say to the Senator that there is another interesting thing which happened in 1936. One beer company—and the Senator knows that beer companies are under pressure by the Government—donated $2,000 for the campaign book. The solicitors went to its competitor and got $10,000, then they went to another competitor and got $10,000. Then they went back to the original company and got them to ante up, in order to even up, and it had to give $8,000 for a second book.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. CLARK of Missouri. I do not approve of this practice any more than does the Senator from West Virginia, but when the Senator from Wisconsin says that this is evidently a practice to which the American people have been educated and have become calloused, I call his attention to the fact that it was a practice originated in 1920 by William Barnes, Jr., the Republican boss in the State of New York, on behalf of the Republican National Committee.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. HOLT. I yield; but I wish to say that I brought this matter up, not for the purpose of discussing any party matter, but as it affected the national-defense contracts. However, I have no objection to the Senator from Wisconsin replying.

Mr. WILEY. I had no purpose, in rising and speaking, to go into ancient history. The present has enough challenge without going back even into New York or Missouri. The senior Senator from Missouri [Mr. CLARK] has just spoken. But we are facing a situation now in which all these things resolve themselves into a debilitating process. The youth of this country see these things, and observe them grow, with the idea that this is the thing to do. I should be very glad to join the Senator in introducing a resolution in the Senate calling for an investigation of this situation, to see if we cannot get action within a week on the very things about which we are talking. It is about time we were cleansing the stables in America. It is about time the American people were waking up to the fact that if they are to save this country they will have to save it at the polls in November.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. BRIDGES. What the Senator from West Virginia was getting at in regard to national defense in politics, I assume, was something like what I brought up in this Chamber some weeks ago about Mr. "Chip" Robert, the secretary of the Democratic National Committee, who in the last year or so obtained negotiated contracts for his firm to the extent of approximately $27,000,000, the fees to his firm amounting to about a million dollars. He obtained all these contracts before the new Secretary of the Navy took office except one which was arranged before the new Secretary took office. I brought this out, and so far there has been no action by the President of the United States demanding his resignation nor has there been any action by anyone in authority, the Attorney General or anyone else, and Mr. Robert is still secretary of the Democratic National Committee and I suppose is still attempting to solicit business on a negotiated contract basis for Government departments. I wonder whether the Senator is aiming at that type of politics in connection with national defense.

Mr. HOLT. Mr. President, I am aiming just at that type. But I want to say that we will find that history will record that many of these individuals who are flaming patriots today are much more interested in their own profits than they are in the defense of America. I wish to say that if I were to accept the contracts of which the Senator from New Hampshire speaks—the one with which Mr. Roberts is connected—I would resign as secretary of the Democratic National Committee before I accepted them. I would not smear the party in accepting them. I think Mr. Roberts did the party a disservice when he accepted them while holding his present position.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. BRIDGES. The Senator, I assume, feels also that an applicant applying for a job in connection with defense work in this country under the Council of National Defense, should not be discriminated against because of his politics when the work is done in the service of national defense and for the good of the Nation. I want to ask him if he knows of many Republicans or many conservative anti new dealers getting positions in defense work even though they may be the best qualified. [Laughter.] I will answer the question by saying I know a lot of qualified Republicans who have not got to first base and there seems to be no trouble in getting jobs if one can qualify as a new dealer.

Mr. HOLT. I could not answer that, because I am not a very good person to discuss New Deal patronage.

Mr. BRIDGES. The Senator is an authority on that for obvious reasons.

Mr. HOLT. I wish to say that I think it is reprehensible that an aircraft company, a builder of airships, or a builder of tanks, should be required to donate money to the Democratic committee while receiving orders from the United States Government. I think any individual who would support such procedure should have a feeling of shame. I do not know the background of it, but I do know it is a fact. I wish to say to the Senator from New Hampshire that I have opposed it in the Republican field as well as in the Democratic field. I do not care who is doing it, it is wrong. I am in a position to say when it is wrong, and I have tried to do so while a Member of the United States Senate.

Mr. BRIDGES. Mr. President, will the Senator yield further?

Mr. HOLT. I yield to the Senator from New Hampshire.

Mr. BRIDGES. The Senator, while discussing this line of patriotism and our getting into a national campaign, might be interested in some articles which I have in my hand. I

have an article published in the Knoxville Journal, which is headed:

Kipling's poem hailed; Bill's failed;
Parody on Roosevelt gets him jailed.

Under that heading appears an article in the September 11, 1940, issue of the Knoxville Journal. I have since somewhat investigated it personally. It says that a man down there by the name of William Manis was placed in jail because he circulated a parody having reference to Mr. Roosevelt.

The Senator from West Virginia I believe will recognize that this is getting into about the state of affairs that are found in dictator countries and the methods used are the methods used by certain dictator countries, when a man in circulating a parody adopted from a poem by Kipling, goes to jail and pays a fine in Knoxville, which is located in the very liberal State of the Senator from Tennessee [Mr. McKELLAR].

I wonder if the Senator from Tennessee approves that kind of justice in his State, where a man goes to jail and pays a fine simply because he circularizes a little poem, a parody on President Roosevelt? Is that the type of thing going on in this country today? Are we living under such conditions?

Mr. McKELLAR rose.

Mr. HOLT. I yield to the Senator from Tennessee.

Mr. McKELLAR. Of course, I do not know anything about it except what I have just heard from the Senator from New Hampshire. I have not seen the article from which he quoted. I must say, however, that if a man has been fined in Tennessee he probably was fined for violation of law.

Mr. BRIDGES. Would the Senator consider it a violation of law if a man wrote and circulated a little parody which has nothing wrong in it, about Mr. Willkie, and that he ought to go to jail for doing so? Do they not have a sense of humor in Tennessee?

Mr. McKELLAR. I would not consider it a violation of law and I do not think a man should be sent to jail for saying the same thing about President Roosevelt. I do not know, however, that the Senator from New Hampshire has gotten all the facts in connection with the case. I do not know what are the facts. There was in Tennessee sometime ago a very celebrated trial which aroused the whole country. It was the trial of a man who was prosecuted for a violation of the so-called evolution law. Much was said about it, but nothing came of it, because the man had violated the law and he was sent to jail in accordance with the law in Tennessee.

I have no doubt that if the man to whom the Senator from New Hampshire refers was sent to jail in Tennessee it was because he had committed an offense against the Tennessee law, and under a proper application of the law he was sent to jail. All the man has to do, in such circumstances, is to appeal the case.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HOLT. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. Let me state to the Senator from New Hampshire that if the incident to which he refers occurred, it is simply an evidence of the insane war hysteria which is now sweeping over the country, and which I may say the Republican candidate for President, Mr. Willkie, by such speeches as the one he made in San Francisco Saturday, is doing as much as anyone else in the United States to encourage, except for that little group headed by William Allen White. If a man is put in jail for circulating a parody which is libelous on the President of the United States, that is certainly nothing compared to the thing that happened during the last epidemic of war hysteria in this country when a man in Texas was actually arrested for reading the Declaration of Independence.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. BRIDGES. I dislike to take up the time of the Senator from West Virginia, but I think this matter ought to be clarified a little.

Mr. McKELLAR. Will the Senator be good enough to read the poem?

Mr. BRIDGES. I certainly will. Here is the poem for which the writer was sent to jail. Of course they may have trumped up other charges against him to cover it up.

Mr. HOLT. Is the Senator going to read it in my time?

Mr. BRIDGES. It will only take a moment, quoting from the article Here's Part of Bill's "Rejected," which got him jail:

A stranger stood at the gates of hell,
And the devil, himself, had answered the bell.
He looked him over from head to toe,
And said: "My friend, I'd like to know
What you have done in the line of sin
To entitle you to enter within."
Then Franklin D., with his usual guile,
Stepped forth and flashed his toothy smile.
"When I took charge in thirty-three,
A nation's faith was mine," said he.
"I promised this and I promised that,
I calmed them down with a fireside chat.
I spent their money on fishing trips,
And fished from the decks of their battleships.
I gave them jobs on the P. W. A.,
Then raised their taxes and took it away.
I raised their wages and closed their shops,
I killed their pigs, I burned their crops."

Bill's poem, which was attached to the habeas corpus petition, continued through several more verses, and wound up:

Now Franklin talked, both long and loud,
While the devil stood, and his head he bowed;
At last he said, "Let's make this clear,
You'll have to move, you can't stay here,
For once you mingle with this mob
I'll have to hunt myself a job."

That is the poem.

Mr. HOLT. Does the Senator mean they sent him to jail for circulating that poem?

Mr. BARKLEY. Does the Senator mean that he got off with a jail sentence for writing that sort of stuff? He is certainly lucky to get off with merely a jail sentence for writing that sort of thing.

Mr. McKELLAR. I think a man who will deliberately tell a falsehood about the President of the United States such as that contained in the poem which the Senator from New Hampshire read got off very lightly with a $10 fine.

Mr. BRIDGES. I simply wanted to take the time of the Senator from West Virginia to find out and to indicate what the trend in the country is with reference to the matter of freedom of speech, when a man who circulates a simple parody about the President of the United States, which has nothing wrong in it, is put in jail and brought before the courts and then fined $10. Of course, they attempted to cloud the issue by trumping up other charges, too.

That appeared in the Knoxville Journal of September 11, 1940, in the State of the Senator from Tennessee. That is my authority for the statement.

Mr. McKELLAR. Mr. President, all I can say is that there is no doubt about that good, lifelong Republican newspaper being very angry at the present popularity of the President of the United States. It maligns him all the time. It is simply one of the things they possibly printed when they ought not to have printed it. I do not know what the law is with respect to such matters. If what was done was against the law, the man who did it ought to have been fined.

Mr. BRIDGES. Mr. President, I do not know that Congress has passed any law covering such matters. It might have been a local or a State law. He might be fined and jailed on some other offense as an excuse. But what was done was done under the Democratic judicial system down there, and I simply bring it up to show that we are getting into a certain trend here in this country.

Mr. McKELLAR. We have a Republican Federal judge there who might look after the matter for the Republican Party.

Mr. BRIDGES. I will say that the Senator from Tennessee is going to help them as much as he can and as fast as he can by adding judges.

Mr. McKELLAR. Yes; we are going to add them when appointment of judges is necessary to be made in a Democratic administration, in precisely the same way that the Republicans added Republican judges when vacancies arose under Republican administrations.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HOLT. I yield.

Mr. BARKLEY. I am afraid, however, that the poetic trend, as indicated by the poem the Senator from New Hampshire read, is nothing to boast of.

Mr. HOLT. Mr. President, of course, when I started to discuss this matter I did not realize that I was going to have a discussion of the political situation. Four years ago I placed in the CONGRESSIONAL RECORD an article opposing the idea of blackjacking corporations. I think it is an insult to good American government to do so. I opposed it then, so my opposition to it now is not anything new. I say it is worse now when blackjacking is done in connection with national-defense contracts.

What do I find on page 164 of this year's book? I find a quarter of a page ad by the Fairchild Aviation Corporation. I do not know how much of a contract was gotten for a quarter of a page ad, but the York Safe & Lock Co. received a $3,000,000 contract and a half-page ad. Remember my comparison of the profits of the Fairchild Aviation Corporation in 1940 as compared to 1939.

The Fairchild Aviation Corporation advertised in the campaign book:

Aerial cameras and instruments for national defense.

I say those are things which are pointing to something very important in this country. I think it is time the people were finding it out.

WAR HYSTERIA

As to the case referred to by the Senator from New Hampshire, I wish to agree with the Senator from Missouri that we in America are entering today the path of war hysteria, and every day we continue down that road the hysteria will get worse. We will see American liberties wiped out by so-called patriots, men who want to defend America, and at the same time we will destroy the Bill of Rights of the Constitution, which protects the individual.

We have started the wheels going. We have started them by preaching hate. I do not speak of that in a domestic sense, but I speak of hate for nations across the sea, and hate for everything.

When we continue the process of hate we destroy the reasoning power of individuals; and when we destroy that we destroy justice within man's own mind. We shall not suffer as the Senator from New Hampshire spoke of the man from Tennessee suffering; but if we go down that road much farther the time will come when there will be no free speech, no free press, and no free assembly in this country. We have already seen signs of it. If a man dares to question national-defense contracts, he is accused of being against national defense, as I have been accused merely because I want the American people to get a dollar's worth for every dollar spent.

This is only the start. The trend was started in Congress by hysterical emotions, and the American people have gone down the road with us. Let us realize that the contracts to which I refer are a symptom of an attack on democracy in this country and makes us wonder whether or not we are facing a serious problem within our own borders.

When we corrupt government we destroy it. The practice of "blackjacking" corporations which are receiving national-defense contracts is a corrupt practice which should be prosecuted by the United States Government; but you know and I know that it will not be prosecuted. There is but one way out. The people themselves can understand and can speak with greater authority than those in power today.

EXTENDING THE CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the motion to proceed to the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York [Mr. MEAD].

Mr. BURKE obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. VANDENBERG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwartz
Andrews	Ellender	King	Schwellenbach
Ashurst	Frazier	Lodge	Sheppard
Austin	George	McKellar	Shipstead
Bailey	Gerry	McNary	Smith
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Glass	Miller	Thomas, Idaho
Bulow	Green	Minton	Thomas, Okla.
Burke	Guffey	Murray	Thomas, Utah
Byrd	Gurney	Neely	Townsend
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hatch	O'Mahoney	Van Nuys
Chavez	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Wheeler
Clark, Mo.	Hill	Pittman	White
Connally	Holt	Radcliffe	Wiley
Danaher	Hughes	Reed	
Davis	Johnson, Calif.	Russell	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from New York [Mr. MEAD] that the Senate proceed to the consideration of House bill 960.

Mr. BURKE. Mr. President, I rise in opposition to the pending motion submitted by the junior Senator from New York to take up what is called the civil-service bill, and I feel that, at least, a few words in explanation of my position are necessary, for the reason that normally one opposing a motion to take up a bill is, of course, classed as an opponent of the particular measure; but I am not in that position. I am open minded on the Mead civil-service measure. I hope that before the Senate adjourns it may be brought up for discussion, and I shall listen very carefully to the argument and then make up my mind whether to support or oppose it. The reason I rise in opposition to the motion to take up that bill at this time is well known to those who have followed the proceedings and requires an explanation. Let me say, first and preliminarily, that if the majority leader would indicate a willingness to permit the Senate to consider and do what it will with another measure, namely, Senate bill 915, the Logan-Walter bill, I would say nothing at all on the pending motion, and in fact would vote to take up the measure; but because for a year and a half, we, a subcommittee of the Senate Judiciary Committee have been endeavoring without success, to bring before the Senate for consideration the highly important measure known as the Logan-Walter bill, it seems necessary now that, as we approach the end of this session, we should oppose the motion to take up any other measures, one after the other, until we are successful in bringing the Logan-Walter bill before the Senate for consideration. So I propose, within such a reasonably short time as I may express my thoughts, to give something of the history of this particular measure and a comparatively brief statement as to the merits of the proposal itself.

Something more than 16 months ago, the Senate Committee on the Judiciary favorably reported Senate bill 915, which went on the calendar, and appears there under the number 475. It is described as a bill "to provide for the more expeditious settlement of disputes with the United States, and for other purposes."

Question has been raised by opponents of the measure, who are largely outside of the Senate and clearly outside the other body, because the House passed a similar measure by a majority of more than 3 to 1 many months ago. Opponents of the measure, largely in some of the administrative agencies, found a great many objections to the measure. The first question they have raised is as to the title. I say in reference to that that if the title which I have stated,

namely, "a bill to provide for the more expeditious settlement of disputes with the United States, and for other purposes," does not properly and adequately describe the measure, let the title be changed. Call it, if that is preferred—and it seems to me the new title would be more adequate—"a bill to establish essential curbs on administrative tribunals for the protection of the rights of the citizen when engaged in controversy with his Government."

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. CLARK of Missouri. The Senator will remember that the title can always be changed after a bill has been passed.

Mr. BURKE. Yes; I think we ought not to waste any time about the title. I referred to it only because a very learned discussion was recently printed on the subject in a publication in which several pages at least were given to the defective title which this bill bears. So I say it seems to me a more adequate title would be "A bill to establish essential curbs on administrative tribunals for the protection of the rights of the citizen when engaged in controversy with his Government."

The bill was reported, as I have said, almost a year and a half ago, and when the Senate Calendar was called on June 13, 1939, the senior Senator from Kentucky [Mr. BARKLEY] objected to its consideration at that time. The measure was known as the Logan bill because it was introduced and sponsored and carried through the hearings and through the committee by the late junior Senator from Kentucky, Mr. Logan. When it was called for the first time on June 13, 1939, the senior Senator from Kentucky then objected to its consideration. He stated, as the RECORD will show, that he had been requested by the then Attorney General to have the bill passed over until a committee theretofore set up by the Attorney General had completed a study of the agencies involved, a study in which it was then engaged, on June 13, 1939.

A few weeks later, when the calendar was again called, no objection was raised, and the bill, therefore, passed by unanimous consent. I was on the floor at the time, and was somewhat surprised at the failure of any Senator to object to the passage of the bill. I had no doubt if the Attorney General and his committee, in the interim since the objection was first made, a period of 2 weeks, had applied themselves to a study of the measure in the same spirit of fairness and determination to help correct a bad situation, the same spirit with which the problem had been approached by the subcommittee and the full Committee on the Judiciary, that they would have reached a like favorable result and would have had no occasion to ask that the objection be renewed. My surprise at the absence of objection was occasioned by the apparent demonstration that the committee had completed its study in 3 or 4 weeks, whereas I had expected it would take 3 or 4 months for it to accomplish the task. In that respect I did not misjudge the committee, for it is now disclosed that, instead of doing its job in a few weeks or a few months, the Attorney General's committee, after the elapse of much more than a year, has still not made its report, and we are now told that possibly in a month or two the committee will be ready to report. But it turned out that the failure to object to the passage of the bill on that occasion was due to mere inadvertence. A motion to reconsider was promptly entered, and, of course, agreed to.

The proposal, after all, is of such far-reaching importance that it certainly ought to be thoroughly debated and carefully considered on its merits; and it seems to me that the time has now come for that. It would be even worse for the Congress to postpone consideration until some committee, with the appointment of which it had nothing to do, a committee which is not responsible or responsive to it in any particular, may be ready to report. After all, as Mr. Justice Holmes once said:

> Something must be conceded to the shortness of human life.

In connection with the acceptance of the favorable action on the motion to reconsider the passage of the measure by unanimous consent attention was called the other day to the statement made by our distinguished leader at that time. I mention this not by way of criticism at all, as I know that what he then stated was what he expected to be done, and that he feels the fact that the Attorney General's committee has not yet made its report is a sufficient reason to permit the Congress to adjourn without any action, but, as was called to my attention the other day by the senior Senator from Vermont [Mr. AUSTIN], when I had the floor and was speaking on this matter, what amounted to an agreement was made between the senior Senator from Kentucky and the then junior Senator from Kentucky before consent was given to reconsider the passage of the bill which had taken place by unanimous consent. The language of our leader, as quoted from the RECORD, was that the bill should go back on the calendar—and this was toward the close or late in the last session of Congress—"with the understanding that the measure be taken up at some date early in the next session."

We cannot take it up early in this session; we have had practically 9 months of this session now; but we will overlook the use of the word "early," and still say that there was a gentlemen's agreement that the bill certainly should be taken up at this session of Congress. It may be voted up or voted down. I have no idea what the Senate will do with the measure when it comes to consider it; but it seems to me very plain that giving consideration to fair dealing, under those circumstances certainly no objection ought to be made to submitting this matter to the Senate for its consideration at this session. That is all we are asking; and it is the fact that we have been unable to secure consideration of the bill in this session, and have the assurance that we cannot secure it unless we fight for it, that we are now taking these steps in reference to the pending motion.

I do not know whether or not a sufficient number of Senators will be willing to vote against the motion of the junior Senator from New York [Mr. MEAD] in order that we may accomplish this purpose; but certainly the Senators who are not on the Judiciary Committee and are not familiar with this bill are entitled to have some explanation of it, how it came into being, and what it is, before they are called upon to pass upon that question. Those who are interested in the civil-service bill need have no fear, if they vote against its immediate consideration and permit the Logan-Walter bill to be discussed, that there will be any difficulty on the part of the junior Senator from New York in receiving recognition again, and renewing his motion, and having very prompt action upon it.

It has been reported by the press, and I assume with accuracy, and my own observation would tend to bear it out, that on last Friday, when we were about ready to have action on the final conference report which was listed to be taken up on the Export-Import Bank, our good friend the majority leader took pains to go to the then occupant of the chair to be sure that he would not overlook recognizing not the senior Senator from Utah [Mr. KING] or the senior Senator from New Mexico [Mr. HATCH] or myself to move to bring up this bill, but instead the junior Senator from New York [Mr. MEAD]. Of course we understand that that is the policy, and that it will be followed for whatever number of days we remain in session; so we have no alternative now except to explain the bill, and try to persuade a sufficient number of Senators to join with us in saying we will consider nothing else, however much we may favor it, until there has been an opportunity to discuss the Logan-Walter bill.

So I proceed.

Students of government have watched with mingled feelings the rapid expansion of the administrative process. On the one hand, there has been a sense of satisfaction that a method has been found to relieve Congress and the courts of functions which all admit they are not so organized as properly to carry out. On the other hand, the process has been viewed by others with a sense of alarm at the lack of restraint shown by a very considerable portion of the personnel of these administrative bodies, a grasping for power, a disregard

of long-established and cherished procedures which the average citizen believes to be essential in safeguarding his individual rights and privileges, particularly when he finds himself under attack from his own Government. The problem has long been clear, how to preserve the undoubted good in the administrative machinery and at the same time provide adequate safeguards against a continuation of abuses the existence of which no intelligent and honest-minded person dare deny or minimize.

It seems to me that little help is given toward finding a solution for this problem by those who attack administrative law as a cancerous growth, by those who would destroy it root and branch if that were possible. Plenty of justification for hostility to administrative boards has been supplied by short-sighted, narrow-minded, prejudiced administrators who have deluded themselves into believing that they are the chosen people to bring to an end in large part the judicial process developed through centuries of effort. These zealots have no faith in courts—at least, not in the kind of courts which we have heretofore had in this country. They recognize no merit in the separation of legislative, executive, and judicial powers. This attitude, I say, affords considerable justification for those who would like to go the full length in curbing and shackling an instrumentality which they consider to be a serious threat to our liberties. But that is not the way of progress. It may as well be recognized by all that the administrative tribunals are an essential part of modern governmental machinery. Our task is not to weaken or destroy, but to make them useful servants instead of unbridled masters.

It seems to me also that just as little help is offered by those who would make idols out of these administrative boards, who are eager to engage in a holy war against anyone who would touch them, restrain them, insist upon safeguarding the citizen who is haled before them for the determination of his personal and property rights. They do not serve well who would prevent or unduly delay consideration of the serious questions here involved. Any temporary success they may have in preventing needed reforms may very easily result in such a rising tide of opposition as to sweep away the good along with the bad.

In 1932 a significant volume was published under the title "Our Wonderland of Bureaucracy." It was the work of the then Representative and former Solicitor General, James M. Beck, of Pennsylvania, in collaboration with Col. O. R. McGuire, now chairman of the committee on administrative law of the American Bar Association. The growth of bureaucracy in this country was there set forth with supporting facts and figures which have never been successfully denied. So startling was the picture which these two students of American Government painted that thoughtful citizens throughout the country were deeply stirred.

In the 8 years that have elapsed since the publication of that volume the problem of checking bureaucratic government, preserving the good in it and eliminating the evil, has had the constant attention of a great number of American citizens. Those who now plead for delay in consideration of the Logan-Walter bill on the ground that it covers a new field and must be studied for a few months, or a few years, perhaps, before any action can properly be taken, speak in ignorance. They themselves may have been asleep. Others have been wide awake, and are ready for action now.

Almost immediately after publication of Our Wonderland of Bureaucracy the American Bar Association created a committee on administrative law. To it was assigned the task of making a thorough study of the entire subject with recommendations for necessary legislation—legislation, as was well said, whereby the governors themselves would be governed and the regulators themselves regulated.

In 1933, 1934, 1936, 1937, 1938, and again in 1939 this committee filed comprehensive reports with the association setting forth the unsatisfactory situation that had developed in many of the administrative tribunals. In 1937 the committee submitted a draft of a bill designed to bring about the necessary corrections. This bill was debated ably and thoroughly in the house of delegates of the American Bar Association at the convention of 1937 in Kansas City. It is worth while to note that the house of delegates of the American Bar Association is a democratic organization, consisting of at least two members from each State, one of whom is elected by the members of the American Bar Association in that State, the other by the State bar association. In addition, the larger city bar associations each choose one or more delegates. Finally, there are represented certain affiliated organizations, such as the American Law Institute, the American Judicature Society, the Federal Bar Association, and the National Association of Women Lawyers.

One of the greatest legal authorities of our time, a former judge in Nebraska, and for many years dean of Harvard Law School, was at that time made chairman of the committee on administrative law. I refer, of course, to Roscoe Pound. Before continuing with the story of that committee let me say that in the 3 years that have passed since he was chosen as chairman of that committee Dean Pound has devoted his superlative talents unceasingly in the effort to secure legislation that will insure that administrative tribunals function in accordance with American standards of justice and fair play. To that end he has written, and lectured, and appeared as a witness in the hearings conducted by the Logan subcommittee, to which I shall later make reference. Those hearings commenced on April 1, 1938. On the first day of the hearings there was presented and printed in full in the record the bill drafted by the committee of the American Bar Association.

At this time, since I have mentioned the name of Dean Pound, I wish to read a letter which I recently received from him:

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., May 18, 1940.

Hon. EDWARD R. BURKE,
United States Senator, Washington, D. C.

DEAR SENATOR BURKE: I have looked over the bill for an act to provide for the more expeditious settlement of disputes with the United States, and for other purposes, as it has been passed by the House of Representatives, and must say I think the bill has been distinctly improved by the changes made in the House.

I may interrupt the reading there to say that since the House took the action the Senate Committee on the Judiciary has made further changes which we think still further improve the bill. Former Dean Pound continues:

While this bill has been attacked severely by certain law professors in the legal periodicals, I remain firmly of the opinion that it ought to be passed and that it represents a great step forward in administrative law in this country. There is crying need of providing for a simple, expeditious, nontechnical mode of review of administrative determinations which will insure that there is a real record of administrative action in determinations made in quasi-judicial proceedings, and that upon that record there can be a judicial review to insure that the administrative action is within the limits of the Constitution and the statutes and has afforded a full and fair opportunity to all interested parties to present their case and be heard upon the matter upon which the administrative determination is based. It seems to me it is equally necessary to insure that judicial review shall not replace the discretion reposed by law in administrative agencies by the discretion of a court.

That of course is a vital point which must be emphasized, that Dean Pound, who approves the bill in its present form, insists that we must "insure that judicial review shall not replace the discretion reposed by law in administrative agencies by the discretion of a court."

Mr. HATCH. Mr. President——

The PRESIDING OFFICER (Mr. WILEY in the chair). Does the Senator from Nebraska yield to the Senator from New Mexico?

Mr. BURKE. I yield.

Mr. HATCH. Is there anything in the bill which would have the effect of substituting the decision of a court for the discretion of the administrative body?

Mr. BURKE. I am very sure there is not, and I am equally sure that when we come to a discussion of the bill the senior Senator from New Mexico, who has from the very beginning been one of the closest students of the whole problem, will agree with the subcommittee and the full committee that there is nothing in the bill which will be before the Senate for consideration if we succeed in our efforts, which will

substitute the discretion of a court for that discretion which Congress has wisely reposed by law in the administrative agencies.

I proceed with the letter from Dean Pound:

As things stand today, where review so often has to take the form of a suit in equity in which the testimony has to be taken over again, or at most the case reviewed as a whole de novo, the danger of substituting the court for the administrative agency is very real. The act in question avoids this by making the judicial review what it ought to be, confining it to its real function.

No less important are the provisions with respect to ascertaining the validity of administrative rules by declaratory judgment. Every consideration which calls for administrative guidance in advance rather than prediction of the legal aspects of the conduct of enterprises, action at peril in advance of determining the law, and judgment of the conduct of enterprises after the event, calls equally for giving assured validity to that guidance by determining the validity of administrative rules wherever controversial in advance of their operation.

It is an intolerable situation that a suit upon a promissory note to recover $50 is hedged about with every sort of safeguard, while administrative determinations which may involve millions of dollars are without any effective checks in many particulars and those involving very serious individual interests in the case of some administrative agencies are not subject to a review which is practically available to the persons aggrieved. It is equally intolerable that while legislative lawmaking is hedged about with requirements of reading of bills in extenso, printing them, having committee hearings, and a final review by the executive, and legislative-made rules are published and readily accessible, no such checks operate upon administrative rulemaking which may affect interests of the highest importance. In the case of judicial rulemaking ample provisions for publicity exist. There can be no reason why a rule of court with respect to the technicalities of taking a deposition should be subject to checks, while administrative rule making affecting vital interests should not.

I have read diligently the arguments by certain law teachers directed against the bill, and feel assured that the objections raised are not serious. It cannot be that administrative rule-making power is unduly hampered. The power of rulemaking carries with it a power of amending or abrogating rules, and experience may develop administrative rules exactly as it develops judicial rules. But an unrestrained power of rulemaking pending experience is as contrary to the fundamental ideas of American government in the one case as in the other.

Most of the argument against the bill proceeds from those who believe that administration should be a fourth department of government combining legislative, judicial, and executive authority and runs counter to ideas of government which have been at the foundation of our institutions from the time when following the Declaration of Independence our American States, which had had a bitter experience under the colonial regime of the royal governor and council as legislature, court, administrative authority, and executive in one, set up frames of government based upon a separation of powers.

Yours very truly,

(Signed) ROSCOE POUND.

I refer now to one sentence only in Dean Pound's letter, a single sentence in which is set forth practically the entire case for passage of this bill. He calls attention to the need for "a simple, expeditious, nontechnical review of administrative determinations which will insure"—

First. A real record of administrative action in determinations made in quasi-judicial proceedings.

Second. Upon that record a judicial review to insure that the administrative action is within the limits of the Constitution and the statutes.

Third. A record that must show that a full and fair opportunity was afforded to all interested parties to present their case and be heard upon the matter upon which the administrative determination is based.

There is the heart of this proposed legislation. A record of the proceedings leading up to administrative determinations, a record which must disclose that the action is within the Constitution and the statutes, a record which must show that the action was taken after notice and opportunity to interested parties to be heard. That is substantially all there is to the Logan-Walter bill. It is difficult for me to believe that there is a single Member of this body who is willing to be classed as opposed to the fundamental propositions which I have just laid down.

I have proceeded to the point of the designation of Dean Roscoe Pound in 1937 as chairman of the committee on administrative law of the American Bar Association. It will be worth while to note the other members of that committee: James R. Garfield, former Secretary of the Interior; Col. O. R. McGuire, who has already been mentioned as a joint author of Our Wonderland of Bureaucracy, who has been a member of the committtee since it was established in 1933, and at different times has served as its chairman; Walter F. Dodd, former professor at Yale Law School; Robert F. Maguire, former president of the Oregon State Bar Association; and Julius C. Smith, twice president of the North Carolina bar.

It was largely through the efforts of this very representative and capable committee that the original draft of a bill was completed to protect the rights of the citizen who becomes involved in a controversy with his Government before an administrative tribunal. The draft of the bill was submitted to all the judges of the circuit courts of appeal and to many other judges and lawyers for comment and suggestion. Letters were sent by the committee to teachers of administrative law and to others throughout the country who might have special knowledge of the subject. As an example, I have before me a copy of a letter bearing date of September 16, 1938, addressed to the then Attorney General, Homer Cummings. It reads:

AMERICAN BAR ASSOCIATION,
SPECIAL COMMITTEE ON ADMINISTRATIVE LAW,
September 16, 1938.

Hon. HOMER CUMMINGS,
The Attorney General of the United States,
Washington, D. C.

DEAR MR. ATTORNEY GENERAL: This committee submitted with its 1938 report to the Cleveland convention of this association a definitive draft of bill. We realize that the draft is not perfect—but we are sincerely desirous of making it as nearly so as possible.

Having regard—and high admiration—for your capabilities as an administrator, I should like for you to give me entirely unofficially your comments and suggestions as to how we may improve the draft of bill as to insure, if at all possible, a greater measure of justice between the United States Government and the individual. We realize that there are here involved conflicting interests. While we are opposed to administrative absolutism, as set forth in the report, nevertheless we wish to avoid a state of administrative chaos.

It will be so much better, if it is at all possible, to secure substantial agreement with the terms of the draft before it is introduced in the Congress, and I do hope that as a member of the association you will see fit to have this draft examined by your experts and that you will advise me frankly of your views; also, whether I am to treat such views as confidential, or whether I may use them with certain members of the association.

Very respectfully yours,

O. R. MCGUIRE, *Chairman.*

Before the above letter was written, the committee held a joint meeting with the committee on administrative law of the Federal Bar Association, whose chairman was then John Dickinson, former Assistant Attorney General of the United States, who is a recognized authority on administrative law.

In that connection, Mr. President, and interrupting my statement, I wish to refer at this time to excerpts from an address delivered to the American Bar Association in its annual meeting at Philadelphia last week, by the same Mr. John Dickinson to whom I have just referred as being in 1938 chairman of the committee on administrative law of the Federal Bar Association. Mr. Dickinson, it will be remembered by us all, came into this administration as Assistant Secretary of Commerce. A little later he became Assistant Attorney General, and he had a most distinguished record in the Department of Justice. He is the author of one of the most authoritative volumes on administrative law, and all who have any knowledge of this important subject recognize that the words of John Dickinson are entitled to the very greatest attention. I will take this opportunity to read these remarks into the RECORD so that our colleagues who are now otherwise engaged, but will, of course, read the RECORD carefully before voting on the pending motion, will have the opportunity to have the benefit of Mr. Dickinson's views. This is a portion of the address which he delivered in Philadelphia last week:

The considerations which have been summarized as expressing the view that judicial review as available under present law is in certain respects too restricted are those which are responsible for the provisions of the so-called Logan-Walter bill, endorsed by this

association, and now pending in Congress, insofar as those provisions deal with the question of review. All things considered, they would appear to justify the changes proposed by the bill and the action of the association in recommending it. It may well be that the bill, if enacted into law, would from time to time be found in need of amendment in matters of detail. Specific varieties of administrative action might be disclosed to which its provisions would not be properly applicable, or as to which its protection would not be needed. If this should prove to be the case, there is no reason to suppose that the necessary correctives would not follow either from a reasonable judicial construction of the act or, if necessary, in the form of amendments.

I will say for the benefit of any Senators who may have come to the floor in the last few minutes, since I started reading, that I am reading excerpts from an address delivered to the American Bar Association at Philadelphia last week by John Dickinson, who came into the present administration as Assistant Secretary of Commerce, and later had a most distinguished record as Assistant Attorney General, and who speaks with authority on the subject of administrative law, having served, as I said, as chairman of the committee on administrative law of the Federal Bar Association, and who is likewise the author of one of the most authoritative volumes on this important subject. Mr. Dickinson prcceeds:

In considering the desirability of the legislation, two illuminating facts stand out from the prolific debate and controversy which it has engendered. The first is that, leaving aside its possible inapplicability to special and exceptional situations, it would ensure the minimum requirements of review in a way in which they are not now ensured, and would supply those minimum requirements with uniformity in all the cases where they are needed. This would appear to be a desirable result. The second fact is that, in spite of the attempt to concentrate attention upon the alleged impropriety of applying uniform standards of review to special and exceptional situations, the attack upon the bill does not rest fundamentally upon this criticism of its provisions, but penetrates to far deeper considerations which go to the root of the whole theory of government, and an understanding of which is essential to any consideration of the problem of judicial review.

In the first place, a view is beginning to crystallize, largely among Government officials and those more immediately associated with them, to the effect that administrative action in the field of private conduct, and more particularly business and economic conduct, is not, as has hitherto been generally supposed, for the purpose of policing and regulating such conduct so as to make it conform to a standard of legislative requirements, but, on the contrary, is for the purpose of superimposing governmental management over, and in substitution for, private management.

On this view, the guiding consideration of administrative action is not to secure, through the flexibility incident to such action, more effective conformity by individuals to lines of conduct prescribed by the legislature, but is instead the far broader one of making the inividuals who are subject to the regulation do from time to time whatever the administrative body regards as conducive to the proper management of their affairs. Clearly, if such a view is taken, most of the thinking which has hitherto been applied to the scope of administrative action and the relation of that action to its statutory basis becomes irrelevant. A far broader field of discretion opens up before the administrative agency that would be permissible if its functions were regarded as confined within the four corners of particular legislative mandates, no matter how vaguely stated. Clearly, for example, if a body empowered to regulate rates conceives its mandate as not merely to establish rates which are fair as between the utility and its patrons, but rates which in its managerial judgment will accomplish some result that for the time being it regards as for the good of the industry, the type of considerations which it will then be entitled, and, indeed, required to apply include little or nothing that can properly be passed upon by a court whose function is to delimit spheres of competing interests in accordance with principles of justice and fair play between man and man.

Associated with this new conception of administrative power, and closely related to it, is a novel and interesting conception of the relation of the administrative agency to the statute from which it derives its authority. The hitherto accepted view upon which all the decisional law has been based is that a statute, no matter how broadly and vaguely expressed, does not merely carve out a field of action for the administrative agency and prescribe a direction or directions for its activity, but also sets an end limit to those activities beyond which they may not lawfully go. To adhere to the figure, the agency is circumscribed on all sides by a boundary of law, and the courts, in the exercise of their power of review, have the function of defining these boundaries and restraining the agency within them. The newer theory is a different one. To change the figure, it views the statute as an open-end instrument which brings the agency into existence, projects it in a certain direction, and then authorizes it to go as far in that direction as it pleases in its own unfettered discretion. Obviously, if this view is taken there is again little if any function left for judicial review. The only limitation upon the administrative authority is the supposed purpose of the statute, which is so broadly conceived as to lay no basis for judicial reasoning, and to convert all issues into issues of policy which are clearly more proper for decision by the administrative agency itself or by the legislature than by the courts.

So far these views have attained no wide acceptance, either in the profession or among the public generally, which hardly knows of their existence, but they are already widespread among governmental administrators themselves. Their adoption would render the discussion of judicial review simply irrelevant; but it would at the same time render irrelevant and obsolete, at least in the field of governmental action, most, if not all of what has hitherto been understood as law.

There is a final view which discounts efforts to broaden the availability and increase the effectiveness of judicial review of administrative determinations for another reason. This view, which finds some support among the bar and may well be described as defeatist in character, has been well expressed by Mr. John Foster Dulles in a widely circulated article, as follows:

"As to the right of review by the court, the lawyer should not be under great illusions. As a practical matter it is only in rare cases that court review serves any substantial purpose."[1]

Mr. Dulles goes on to speak discouragingly of the delays and expense of a review proceeding and of the significant fact that the individual who brings such a proceeding loses the good will of the administrative body with which he must continue to deal. He then quotes the following sentences from an address by Mr. Chester T. Lane, General Counsel of the Securities and Exchange Commission:

"Candor compels me to admit that the remedy of judicial review in most cases has no practical content. Business transactions cannot wait upon the exigencies of appeal. The overwhelming mass of administrative determinations are never reviewed by the courts. Time is of the essence. Even appellate procedure within the administrative by no means insures that the unfortunate results of action unwise or arbitrary will be cured."[2]

The fact stated by Mr. Dulles and Mr. Lane may be admitted in full without requiring the conclusion that court review does not serve a substantial purpose. It is, of course, quite true that relatively few administrative determinations can be, or will be, brought to the test of such review, but to draw from this fact the conclusion that review is therefore of no avail is precisely like saying that because relatively few disputes regarding contracts find their way into the courts, the right to enforce a contract in the courts is therefore unimportant. The point which such a view ignores is that it is the possibility of review which counts, rather than the question of whether or not any particular determination is taken into court for actual review. The possibility of review suspended over the administrative agency, like the possibility of bringing suit against a party to a contract, operates in actual experience as no other tool which social invention has discovered to restrain the tendency to arbitrary action by keeping vividly before the mind of the administrator the fact that he is supposed to conform to requirements which the courts have laid down in previously decided cases and to confine his activities within the sphere which such decisions have marked out for him. In other words, the effectiveness of review is not so much that it will be applied in the particular case as that it creates an administrative attitude which minimizes the necessity of its being applied.

The comments and considerations suggested in this paper are those which appear to be consistent, and the only ones which appear consistent, with the assumptions and presuppositions on which the body of our decided cases depends; and not merely the body of decided cases but the governmental practices and institutions to which we have been accustomed. It may be that those practices and institutions after continuing their development for a good many hundred years are now suddenly on the verge of being overturned almost without our being aware of the catastrophe; but if they are not, and if they are to continue their orderly development in the future as in the past, then judicial review of administrative determinations must, I am convinced, develop in the direction outlined.

That concludes the statement by Mr. John Dickinson. Of course, when he refers to "the direction outlined," he is referring to the curbs, limitations, and provisions with respect to administrative absolutism and denial of effective judicial review—the curbs contained in the pending Logan-Walter bill.

Before I digressed to read the remarks from John Dickinson I had just come to the point of saying that when the first administrative procedure bill was drafted, it was submitted by the committee—I am now referring to the special committee on administrative law of the American Bar Association—to the committee on administrative law of the Federal Bar Association, whose chairman then was the same John Dickinson whose statement I have just read. As I stated it was also submitted by the chairman of the committee to Mr. Homer Cummings, the then Attorney General. Having read the letter from the chairman of the committee to Mr. Homer Cummings, the then

[1] Administrative Law, an address given on January 14, 1939, at Langdell Hall, Cambridge, under the joint auspices of the Bar Association of the City of Boston and Harvard Law School, by John Foster Dulles, p. 17.

[2] Dulles, p. 19.

Attorney General, I think I should read the reply. The reply is signed by the then Assistant Solicitor General, Mr. Golden W. Bell. The letter is addressed to the chairman of the special committee on administrative law of the American Bar Association. It is dated Washington, October 18, 1939.

Your letter of September 16, 1938, to the Attorney General relative to the proposed bill, entitled "A bill to provide for the more expeditious settlement of disputes with the United States, and for other purposes", contained in the report which the special committee on administrative law of the American Bar Association made to the 1938 convention at Cleveland, Ohio, has been referred to me for attention.

Mr. President, I call particular attention to this correspondence with the Attorney General and his assistants back in the year 1938, when this measure was submitted to them, and their comments were asked, and some of them were received. I call attention to that fact because the only objection now urged to permitting the United States Senate to consider the bill, which has already so overwhelmingly passed the House, and has been before us for so long, is that the Attorney General has not yet completed an examination which he is making. I believe there are Members of this body who do not look altogether with favor upon the idea that the Congress of the United States should not act upon an important matter of this kind until some committee outside the Congress, not responsible to it or responsive to it in any way, has carried on its own investigations.

I think the Congress, through its standing and special committees, is well able to make whatever investigation is needed, certainly within the field covered by this particular legislation.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BURKE. I yield to the Senator from New Mexico.

Mr. HATCH. The Senator is now discussing the point which has been suggested by many of those who are opposed to the Walter-Logan bill. They oppose it on the ground that it is an invasion of the executive branch of government by the judicial branch of government. I am sure the Senator has heard that argument made.

Mr. BURKE. Very often.

Mr. HATCH. What does the Senator think about the legislative branch of government being compelled to await advice and suggestions from the executive branch of government? Is any invasion involved in that suggestion?

Mr. BURKE. I think the point made by the Senator from New Mexico is exceptionally well taken, as is usually the case when he rises to make a point. Certainly, as was said in the course of a recent debate on this floor, here again is a matter which should be a two-way thoroughfare. I fully agree with the contention that the legislative branch of government should not encroach upon the field reserved to the executive branch, or, for that matter, the field reserved to the judicial branch. Certainly the reverse of that proposition should be true. The executive branch ought not to encroach upon the field reserved to the legislative branch. After all, the administrative agencies are arms of the Congress. They are vested with the authority which we give them. I am speaking particularly of the rule-making power. In a sense, we permit them to write legislation by implementing statutes which we pass.

Mr. HATCH. Mr. President, will the Senator further yield?

Mr. BURKE. I yield to the Senator from New Mexico.

Mr. HATCH. Of course, under the Constitution there is a connection between the executive branch of the Government and the legislative branch, by which the Executive—that is, the President—transmits messages and makes recommendations to the Congress; yet, so far as I know, I have never before heard that the Congress must wait until some committee appointed by the Executive has had time to advise the Congress what the Congress should do.

Mr. BURKE. Again the point is well taken; and I reiterate that this matter has been before the Attorney General's Department in the proper way in which it could come before it. The proposals were submitted to the Department of Justice by the Judiciary Committee of the Senate when they came to consider this legislation; but even before that an outside agency which, of course, had no authority at all in matters of legislation, but, being composed of lawyers of the country, would have the same right as any other group, and more reason for it in their case, to study this question—went to the trouble also of submitting their conclusions and the first draft of a proposal which they hoped some Senator or Member of the other body would lay before Congress for its study; but before doing even that they submitted the proposal to the Attorney General and asked for his comment. That was more than 2 years ago.

I have already read the letter to the Attorney General, and was starting to read the answer sent to the chairman of that committee by the Assistant Solicitor General. I shall read this letter because it indicates that the Attorney General's Department at that time had given some study to the question. This letter is rather critical of some provisions which were in the original bill, and possibly of some which may be in the bill as it is today.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. BURKE. Yes.

Mr. BARKLEY. I understand that the Senator has not concluded his remarks, and is willing to suspend now and conclude them tomorrow.

Mr. BURKE. That will be satisfactory.

Mr. BARKLEY. I am perfectly willing to stay here if the Senator wishes to finish tonight; but if he is indifferent about the matter I think probably we might suspend at this time.

Mr. BURKE. That is entirely satisfactory.

Mr. BARKLEY obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. ELLENDER. I send to the desk a series of amendments to House bill 960 and ask that they be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendments will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. WILEY in the chair) laid before the Senate messages from the President of the United States submitting the nominations of Bernard J. Flynn and August Klecka, both of Maryland, to be United States attorney and marshal, respectively, for the district of Maryland (reappointments), which were referred to the Committee on the Judiciary.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HATCH, from the Committee on the Judiciary, reported favorably the nomination of Charles Fahy, of New Mexico, to be Assistant Solicitor General of the United States, vice Golden W. Bell, resigned.

Mr. MILLER, from the Committee on the Judiciary, reported favorably the nomination of Maurice M. Milligan, of Missouri, to be United States attorney for the western district of Missouri.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the following nominations:

Tobias E. Diamond, of Iowa, to be United States attorney for the northern district of Iowa, vice Edward G. Dunn, term expired; and

Frederick Elliott Biermann, of Iowa, to be United States marshal for the northern district of Iowa, vice John B. Keefe, term expired.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, September 24, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, September 23 (legislative day of September 18), 1940

UNITED STATES ATTORNEY

Bernard J. Flynn, of Maryland, to be United States attorney for the district of Maryland. Mr. Flynn is now serving in this office under an appointment which expired March 1, 1938.

UNITED STATES MARSHAL

August Klecka, of Maryland, to be United States marshal for the district of Maryland. Mr. Klecka is now serving in this office under an appointment which expired January 19, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 23 (legislative day of September 18), 1940

POSTMASTERS

MASSACHUSETTS

Josephine M. Connell, Forge Village.
Lester L. Lewis, West Yarmouth.

MINNESOTA

Marvin Sidney Hillestad, Fosston.
Edward M. Schellhouse, Hills.
Alfred Anderson, Twin Valley.
Alfred Gronner, Underwood.
Mary A. Bradford, Verndale.

NORTH DAKOTA

Pauline Dougherty, Fordville.

WEST VIRGINIA

James H. Rouzee, Paw Paw.

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 23, 1940

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou living and glorified Saviour, the cornerstone of God's great temple, as we go forth to meet the challenge of these turbulent times vouchsafe Thy presence unto us. We pray for the power of a faith that shall be in us, making a profound assurance that life is a venture with God. Clothe us with those spiritual values that reach highest, last longest, and make human life most memorable. In our hearts we pray that there may be no unforgiven sins, no cherished grudges, and no aching jealousies. Heavenly Father, many there are who are disturbed by doubt, others there are with broken lives walking the lonely road in fear and dread. Oh give to all questioning minds and tired hearts that peace and rest that come to those whose lives are hid with Christ in God. Become unto us all a fresh vision that will bring us to humility and penitence. Arm us with a high ethical religion, going deep into our convictions and spiritual lives, thus becoming an inspiration to the restless and distracted. Oh stand before the broken, aimless shuttles of our weak endeavors and weave the tangled threads into perfect patterns. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Thursday, September 19, 1940, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by, Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 10361) entitled "An act to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1379) entitled "An act granting the consent of Congress to the Mackinac Straits Bridge Authority to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3550) entitled "An act to make unlawful the transportation of convict-made goods in interstate and foreign commerce."

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 54. Concurrent resolution authorizing a change in the enrollment of the bill (S. 3550) to make unlawful the transportation of convict-made goods in interstate and foreign commerce.

The message also announced that the Senate agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 88. Concurrent resolution authorizing the printing of additional copies of Public Law No. 785, entitled "Transportation Act of 1940."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 4088) entitled "An act to amend the Commodity Exchange Act, as amended, to extend its provisions to fats and oils, cottonseed, cottonseed meal, and peanuts," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. THOMAS of Oklahoma, Mr. BULOW, Mr. HATCH, Mr. NORRIS, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1450. An act to provide funds for cooperation with school district No. 13, Froid, Mont., for extension of public-school buildings to be available to Indian children.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House:

OFFICE OF THE CLERK, HOUSE OF REPRESENTATIVES,
Washington, D. C., September 20, 1940.

The SPEAKER,
House of Representatives, Washington, D. C.

SIR: Pursuant to the special orders agreed to on yesterday, the Clerk of the House received the following message from the Senate:

That the Senate had passed, without amendment, the joint resolution (H. J. Res. 607) making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941.

That the Senate had passed, with amendments, in which the concurrence of the House is requested, the bill (H. R. 10413) to provide revenue, and for other purposes.

The message also announced that the Senate insists upon its amendments to the aforementioned bill, requests a conference with

the House of Representatives on the disagreeing votes of the two Houses thereon; and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. CAPPER, and Mr. TOWNSEND conferees on the part of the Senate.

Respectfully yours,

SOUTH TRIMBLE,
Clerk of the House of Representatives.
By H. NEWLIN MEGILL.

ADDITIONAL APPROPRIATIONS FOR THE MILITARY ESTABLISHMENT FOR THE FISCAL YEAR ENDING JUNE 30, 1941

The SPEAKER. Pursuant to authority granted on Thursday, September 19, 1940, the Chair did on Friday, September 20, 1940, sign the enrolled joint resolution (H. J. Res. 607) which previously had been examined and found truly enrolled by the Committee on Enrolled Bills.

EXCESS-PROFITS-TAX BILL

The SPEAKER. Pursuant to authority granted on Thursday, September 19, 1940, the Chair did on Friday, September 20, 1940, appoint as managers on the part of the House to attend the conference on H. R. 10413, the excess-profits-tax bill, the following Members of the House: Mr. DOUGHTON, Mr. CULLEN, Mr. MCCORMACK, Mr. COOPER, Mr. TREADWAY, Mr. CROWTHER, Mr. KNUTSON.

EXTENSION OF REMARKS

Mr. WARREN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MARTIN J. KENNEDY] be granted permission to extend his remarks by inserting a speech made by Archbishop Spellman before the American Legion committee.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SUPPLEMENTAL APPROPRIATION BILL

Mr. WOODRUM of Virginia, from the Committee on Appropriations, reported the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes (Rept. No. 2966), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER. Mr. Speaker, I reserve all points of order on the bill.

EXTENSION OF REMARKS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief statement by the State administrator of W. P. A. in Kansas.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. GUYER of Kansas addressed the House. His remarks appear in the Appendix of the RECORD.]

PATRICK-VORYS DEBATE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATRICK. Mr. Speaker, I know everybody in this House has been standing on tiptoes since I challenged Mr. Willkie to debate. You certainly wish to know how it is turning out. Well, I want to report that that challenge resulted in a debate between the gentleman from Ohio, JOHN VORYS, and me. We speak tonight at the Burlington Hotel here in Washington. We want everybody, Democrat and Republican alike, who has anything to say to send in topics they think ought to be discussed between now and November 6. Our discussions are bound to result in some all-round good.

Mr. HOUSTON. Mr. Speaker, will the gentleman yield?

Mr. PATRICK. I yield.

Mr. HOUSTON. Did the gentleman set a dead line within which Mr. Willkie had to accept the challenge?

Mr. PATRICK. Yes; and the gentleman from Ohio [Mr. VORYS] won by just a nose.

Mr. HOUSTON. By a hair?

Mr. PATRICK. Yes; by one nose. Won by one.

Mr. HOFFMAN. We may read it if we cannot get down there?

Mr. PATRICK. It will no doubt be reported in full in all the newspapers.

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that after the regular order of business on the Speaker's desk I may be allowed to proceed on Wednesday next for 30 minutes to discuss some of the fallacies of the New Deal.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. MURRAY]?

There was no objection.

THE CONGRESSIONAL RECORD

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. COCHRAN]?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I again rise to call attention to the Appendix of the RECORD. It seems to me we are justified in asking the various Committees on Printing of both Houses to do something to stop the abuse.

The most ridiculous example will be found on pages 5672 and 5673 of the Appendix of the RECORD, where two Members received permission to extend their remarks; both inserted the same editorial and both extensions appear on the same pages.

ADJOURNMENT OF CONGRESS

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. REES]?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, there has been considerable discussion through the press and otherwise, to the effect that Congress expects to adjourn and go home the last of this week or the first of next. In view of world conditions, and considering the situation in our country, I just do not believe Members of Congress should adjourn and not expect to be in session again until next year. I know the Members want to go home. I am just as eager to get back to my district as any of you. I see no objection to a recess for a few weeks, but if we adjourn, Congress will not be in session again until January, unless the President sees fit to call us back for a special session.

In the last few weeks, Congress has spent millions and billions of dollars for defense purposes. We have provided for increases in the various branches of our armed forces. We have authorized an increase in our standing Army so that by January 1 we will have more than 1,000,000 men under arms. We have been asked to pass legislation without giving it the consideration to which it was entitled, because we were told these measures were so important and imminent that we did not have much time during which to fairly consider them. Mr. Speaker, I really believe, in view of the situation as it exists this afternoon, it is not the time for Congress to abdicate and walk out on the American people. There is plenty of work to be done. Furthermore, it will be a wholesome thing for Congress to keep its hand on the situation during these trying times.

Mr. HOFFMAN. Will the gentleman yield?

Mr. REES of Kansas. Yes; for a question.

Mr. HOFFMAN. What good do we accomplish if we stay here and follow every lead that comes up here from the administration?

Mr. REES of Kansas. I appreciate how the distinguished gentleman from Michigan feels about it, but I think the people of the country will feel better if the Congress stays on the job.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. NELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a prize-winning address entitled "Public Works," by Mrs. F. L. Renick, of Odessa, Mo.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. NELSON]?

There was no objection.

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address I made to a group of sawmill employees at Dee, Hood River County, Oreg.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. PIERCE]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent that on Thursday next, after the disposition of business on the Speaker's table and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. McDOWELL]?

There was no objection.

EXTENSION OF REMARKS

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on farm income and to include tables from certain departments.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to extend my own remarks in the RECORD by including a short statement made by M. W. Thatcher.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN]?

There was no objection.

[Mr. AUGUST H. ANDRESEN addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a speech by Paul V. McNutt, Federal Security Administrator, at Cleveland, Ohio, on September 17, 1940.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SCHULTE]?

There was no objection.

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include an article appearing in the Los Angeles Examiner by George Rothwell Brown.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. ENGEL]?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a short editorial entitled "Bright Lights of Willkie's High Lights."

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a statement entitled "Principles and Purposes."

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARENDS]?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may be permitted to sit during the session of the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF REMARKS

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement appearing in the Detroit Jewish Chronicle.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an excerpt from the Detroit News headed "Turners launch campaign to train American youth."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the New York Times of this morning.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the press shows that Washington is one of the few cities in which we have had a large increase in population during the past 10 years. Undoubtedly this defense program, or war program, I should have said, will bring down here another large group of people. I want to ask the gentleman from Indiana [Mr. SCHULTE], Are you going to keep this milk market closed so all these people coming in here have to pay tribute to Maryland or Virginia milk producers, or are you going to let us get a good grade of milk from outside, from Michigan, Pennsylvania, Indiana, and other places in the country? Let our farmers have a share in the market and lessen the price to the Washington consumer? Are you going to give them this whitewash out here to drink or are you going to give them some real milk and cream at a fair price? Why not end the "hold-up" of the milk drinker?

Mr. SCHULTE. I may say to the gentleman from Michigan that I am very much concerned about the situation myself. We have asked the aid of the Federal Trade Commission to help us to break down the most vicious wall that exists any place in the United States. I do hope that when we come back next year we may be able to do that.

Mr. HOFFMAN. Are you working a closed shop on the cows? [Laughter.] Can only Maryland and Virginia cows give milk fit for Washington citizens, or is the purpose to give dairymen of those States a monopoly of the milk market? The latter seems to be the case.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in regard to the dedi-

cation of the Federal building at Indianapolis, Ind., on Saturday, and include a brief address by myself and one by the Fourth Assistant Postmaster General, Mr. Purdum.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

GOVERNMENT SPENDING

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, we are going to bring in here another deficiency appropriation bill. It seems to me that every Member should be kept on the floor of the House during the consideration of this bill. When you look at the Treasury statement of the 18th you find that we have gone in the red $733,474,669 since the 1st of July, and have gone in the red over $25,000,000,000 since this administration came in, March 3, 1933. Now the Appropriations Committee is bringing in here a bill with a lot of things in it that are not worth a tinker's whoop, and we ought to keep them out. The only way we are going to do that, if you want to go back to your constituents and tell them you are for economy, is for you to vote out about half the things they have in this appropriation bill. It is time that you cut them out. If you do not, it will not be far in the future until this Nation breaks down financially. You are blaming all these expenditures now on war. It seems to me it is time that we get busy here and stop these ruthless, unnecessary expenditures. [Applause.]

[Here the gavel fell.]

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that on tomorrow, at the conclusion of the legislative program of the day, and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article by ex-Senator Robert L. Owen.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I have two requests. First, I ask unanimous consent to extend my own remarks in the RECORD.

Mr. SABATH. I object, Mr. Speaker.

The SPEAKER. The gentleman from Montana has asked unanimous consent to extend his own remarks in the RECORD.

Mr. SABATH. If they are his own remarks, I do not object.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. THORKELSON. Mr. Speaker, my second request is to extend my own remarks in the RECORD and include therein excerpts from the press.

Mr. SABATH. I object to that, Mr. Speaker.

PERMISSION TO ADDRESS THE HOUSE

Mr. POWERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. POWERS. Mr. Speaker, there are rumors that the House may adjourn this week or next week. I merely want to take this minute that has been allotted to me to say to the Members that if the emergency is as emergent as we are led to believe, it is the duty of every Member to remain in Washington and the duty of Congress to remain in session. No one is more anxious to get back to his district or to get back to his family than I am, but I believe that now is not the time to talk about adjournment. You recall that in June when adjournment was first discussed the President said, "Congress will do nothing but talk if they remain in session." I should like you and the country to look over the program the President has sent us since June and which we in the Congress have so expeditiously and carefully legislated. That program constitutes the backbone of this Nation's emergent national-defense efforts. Our national-defense system has not yet been totally perfected, and the emergency which existed in June is just as great today. I sincerely hope, no matter what our personal wishes may be, that we vote against adjournment and remain here on the job. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a short article by my colleague, the gentleman from Ohio [Mr. JONES].

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein two editorials from the Oregon Journal.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

WILLIAM B. BANKHEAD

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to proceed for one moment.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, a third of a hundred years is a long, long time, but lacking two of it in years, "BILL" BANKHEAD and I were friends.

Since I first met him in 1909, long, long ago, as man measures time, but so short when one is confronted by an eternity of absence, we have been friends. So short a time it seems now, looking back and looking to the future, as to make almost incomprehensible to me, with my finite limitations and circumspection, the power and wisdom of an infinite God, as evidenced in the premises. Why he had to go, I do not undertake to know, or attempt to understand.

My friend, as I knew him, was an ardent and a pugnacious partisan—but, above all, just and fair. Yet, after all is said and done, I am reminded that so immaterial are our human disagreements; so trivial are they, when Death looks in at the door, and one of us is called.

Over the years in our friendly disagreements with regard to policies and partisan politics and programs, I know we gave each other credit for sincerity of purpose, and a desire to obtain the greatest good for the largest number; though each thought and believed the other mistaken with respect to the methods and means to be employed to obtain the ends sought so divergently.

It takes a "big man," in the language of the street, to recognize that intense partisanship for what one considers to be right is the only mark which compels recognition by a would-be worthy opponent. Such a man was WILLIAM B. BANKHEAD.

Men more able than I will pay tribute to his great and enduring service to his party, to his State, to his district, and to the Nation; and in all they may say I most sincerely and heartily concur. WILLIAM B. BANKHEAD was bigger than any party, and because of what he accomplished, and by reason of his innate ability and sturdy strength of character, he will be included, by those who write history coldbloodedly, among the really small group of truly great men who have presided over this body as Speaker of the House of Representatives.

Hail and farewell, my friend. Here's my hand—with my heart in it. I know full well you are the last who would wish me to indulge in an effusive eulogy.

To have known you; to have enjoyed your confidence; to have indulged in your friendship over the years, is an intangible something the value of which is incommensurate and immeasurable, something to be treasured so long as I shall live and left to my children as a priceless heritage.

And, friend of mine, I shall remember you always as the fair fighter for what you believed to be right; as the just judge and impartial presiding officer who knew the precedents and followed the law; as the scholar, who seldom made any exhibition of your profound learning based on hours of study; and last, best, and most intimately of all, as a dreamer—as one who felt, as so well I know, that had fate and circumstance and environment not intruded, possibly a boyhood ambition might have been realized, who knows?—but always a a dreamer, for—

He whom a dream hath possessed knoweth no more of sorrow,
At death and the dropping of leaves and the fading of suns he smiles,
For a dream remembers no past and takes no thought of a morrow,
And strong in a sea of doom a dream sets the ultimate isles.
He whom a dream hath possessed treads the impalpable marches,
From the dust of the day's long road he leaps to a laughing star,
And the ruin of worlds that fall he views from eternal arches,
And rides God's battlefield in a flashing and golden car.

In the years to come I will find myself oft repeating, and over and over again, as I recall you and the years and the days and the place where you sleep.

Warm summer sun
Shine kindly here.
Warm southern wind
Blow softly here.
Green sod above
Lie light, lie light.
Good night, dear heart,
Good night, good night.

EXTENSION OF REMARKS

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to place in the Appendix of the RECORD a letter from the Civil Service Commission on the question of whether employees of State soldiers' homes are subject to the Hatch Act or not.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to place in the RECORD a story of the life of our late Speaker, as told by himself to Mr. William H. Hendrix, and published in the September number of a magazine a few days before his death?

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

TRANSFER OF MILITARY AND NAVAL EQUIPMENT

Mr. BLOOM. Mr. Speaker, by direction of the Committee on Foreign Affairs, I call up the resolution (H. Res. 599) and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 599

Resolved, That the President of the United States, if not incompatible with the public interest, is requested to inform the House of Representatives whether in the negotiations of the arrangement between himself and the Secretary of State, representing the Government of the United States, and the British Ambassador at Washington, representing His Majesty's Government in the United Kingdom, for the acquisition by the United States of naval bases in the Western Hemisphere and the exchange therefor of certain vessels of the United States, said arrangement contemplated further delivery to Great Britain of additional naval and military equipment and material as would appear from the letter of the British Ambassador to the Secretary of State, dated September 2, 1940, wherein it is stated that certain islands in the Caribbean and in British Guiana will be leased to the United States by the British Government "in exchange for naval and military equipment and material which the United States Government will transfer to His Majesty's Government," and whether the reply of the Secretary of State to said letter of the British Ambassador that "the United States Government will immediately transfer to His Majesty's Government 50 United States naval destroyers" meant that additional naval and military equipment and material would follow.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent that the letter of the Secretary of State may be read.

Mrs. ROGERS of Massachusetts. Mr. Speaker, reserving the right to object, I shall not object because the Secretary of State gives the information for which I asked in my resolution, but unless the information is sent to the Congress in the democratic way, the American way, before these measures are taken by the President, it creates a very bad impression with the country, and I have numerous requests that we be consulted before any such action is taken. Many persons ask me if the President is giving up even the semblance of doing things in the American way. Americans appreciate their form of government, they are intensely loyal, they love their country, they demand that America be kept free and safe.

There being no objection, the Clerk read the letter, as follows:

DEPARTMENT OF STATE,
Washington, September 19, 1940.

The Honorable SOL BLOOM,
Chairman, Committee on Foreign Affairs, House of Representatives.

MY DEAR MR. BLOOM: I have received your letter of September 13, 1940, requesting a report on H. Res. 599, "Requesting information from the President of the United States concerning transfer of military and naval equipment to Great Britain." The resolution proposes that the President be requested to inform the House of Representatives whether the recent agreement for the acquisition by the United States of naval bases in the Western Hemisphere contemplated further delivery to Great Britain of additional naval and military equipment other than the 50 naval destroyers mentioned in my note of September 2.

The answer to the inquiry in the resolution is "No."

It is not believed, therefore, that the adoption of the resolution would serve any useful purpose.

Sincerely yours,

CORDELL HULL.

Mr. BLOOM. Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that on tomorrow, after the reading of the Journal and the legislative business of the day and any previous special orders, the gentleman from Massachusetts [Mr. GIFFORD] may be granted permission to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TRANSFER OF MILITARY AND NAVAL EQUIPMENT

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, the House has just heard the letter from the Secretary of State answering the question in my resolution as to whether more equipment or more patrol boats would be transferred to Great Britain in exchange for bases in certain islands. Mr. Speaker, I maintain, as do thousands of others, including England herself, that the reason Great Britain has made such an amazing stand against Nazi invasion, or against Hitler, is because her civilian population and her army and navy were informed by Winston Churchill as to what they might expect. Mr. Speaker, I maintain that the people of the United States and the Congress in particular, should be informed as to what the President plans to do which may involve us in future wars and, certainly, what he plans to do for the protection of our country. At Fort Devens, an army post in my district, I saw thousands of persons on Sunday

afternoon, and talked with many of them, and there was not a person there who did not think we should be kept completely informed, and that in order to safeguard the United States and watch our national-defense program and to make our Nation strong we should remain in continuous session.

Mr. Speaker, on May 10, 1940, at the beginning of the German drive, I introduced House Concurrent Resolution 63, calling upon Congress to remain in continuous session in order to be in readiness to meet any eventuality that may arise that would require the exercise of its authority as representatives of the people.

Mr. Speaker, the international situation today is far more grave than when I introduced this resolution. I maintain the need for Members of Congress to stay on the job is more vital now than then. Following the introduction of my resolution, many editorials were written of the importance of keeping Congress in session, and hundreds of letters have been received from persons who are fearful of the Nation's safety if we do not remain at our work and do everything in our power to keep America out of the terrible conflict. The people at home will ask many embarrassing questions of those who vote to adjourn. The country demands we remain in session. I am just as anxious to return to my especially fine district, to be among my splendid constituents as anyone here, but we have a solemn obligation to perform. We have the greatest Nation in the world. In order to keep it great we must be prepared.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include quotations from the press.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT OF CONGRESS

Mr. CARLSON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARLSON. Mr. Speaker, rumors are current that Congress is going to adjourn in the very near future. It seems to me this would be most unfortunate. It is true that much of our national-defense legislation has been enacted into law and that the remainder is well on the way, but it is also true that the crisis which has kept Congress in session during the summer is as real today as ever.

Personally, I would like to return to my own congressional district, but I feel it my duty to urge and insist that we remain on the job. The actual emergency is little clearer today than it was 6 months ago. Our problem will take shape when present conditions change or crystallize in Europe. The changed conditions should require the united study and cooperation of the Executive and Congress.

The legislative branch of our Government should remain in continuous session. It is and should be a stabilizing influence in our international affairs. Let us not adjourn. [Applause.]

[Here the gavel fell.]

DISTRICT OF COLUMBIA LEGISLATION

The SPEAKER. This is District of Columbia day. The gentleman from West Virginia [Mr. RANDOLPH] is recognized.

AMENDMENT TO UNEMPLOYMENT COMPENSATION ACT

Mr. RANDOLPH. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H. R. 10322), to amend further the District of Columbia Unemployment Compensation Act, and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the District of Columbia Unemployment Compensation Act, approved August 28, 1935, as amended, be, and is hereby, further amended, as follows:

Substitute the following paragraph (4) for the present paragraph (4) of section 1 (b):

"(4) service performed in the employ of the United States Government or of an instrumentality of the United States which is (A) wholly owned by the United States or (B) exempt from the tax imposed by section 1600 of the Internal Revenue Code of the United States by virtue of any other provision of law: *Provided*, That in the event that the Congress of the United States, on or before the date of the enactment of this act, has permitted, or in the event that the Congress of the United States shall permit States to require any instrumentalities of the United States (except such as are (A) wholly owned by the United States, or (B) exempt from the tax imposed by section 1600 of the Internal Revenue Code by virtue of any other provision of law), to make contributions to an unemployment fund under a State unemployment compensation law, then, to the extent so permitted by Congress, and from and after the date as of which such permission becomes effective, or January 1, 1940, whichever is the later, all of the provisions of this act shall be applicable to such instrumentalities in the same manner, to the same extent, and on the same terms as to all other employees, individuals, and services: *Provided further*, That if the District of Columbia should not be certified by the Social Security Board under section 1603 of the Internal Revenue Code for any year, the payments required of any instrumentality of the United States or its employees with respect to such year shall be refunded by the District Unemployment Compensation Board in accordance with the provisions of section 4 (f) of this act."

SEC. 2. This act shall be effective as of January 1, 1940: *Provided, however*, That any employer required to make retroactive payment of any contributions shall be given 30 days from the enactment of this act within which to make such retroactive payments without incurring any penalty for the late payment of such contributions and all interest charges shall commence 1 month from the date of the enactment of this act.

Mr. RANDOLPH. Mr. Speaker, I ask for recognition.

Mr. Speaker, this measure proposes to correct a condition that exists in the District of Columbia with respect to national banks. The national banks find themselves in the position of being forced to pay into the Federal Treasury the 3-percent tax just the same as other employers in the District of Columbia and throughout the Nation, but the employees of those national banks in the District of Columbia receive no benefits. The proposed amendment would extend to the employees of the national banks doing business in the District of Columbia the protection of unemployment compensation which at present is denied them, although the tax is actually being paid by them.

This measure has the approval of the District Unemployment Compensation Board, the Commissioners of the District of Columbia, and has been favorably reported from the Committee on the District of Columbia with approval by all members, both Republican and Democratic.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VETERANS' HOSPITAL FACILITY, MEMPHIS, TENN.

Mr. LANHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9989) authorizing the Administrator of Veterans' Affairs to transfer certain land to the city of Memphis, Tenn., for street-widening purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain what the bill provides?

Mr. LANHAM. This bill, introduced by the distinguished gentleman from Tennessee [Mr. DAVIS], provides that the Federal Government will grant an easement for street-widening purposes on a small strip of land in Memphis, Tenn., adjoining the veterans' hospital facility. It involves no expense whatever to the Government. The improvement is to be made entirely at the expense of the city of Memphis.

Colonel Ijams, of the Veterans' Administration, appeared before the committee and recommended the passage of the measure and said that it would in no way interfere with the

operation of the veterans' facility, but would very greatly facilitate traffic conditions in that section.

Mr. MICHENER. The report is a unanimous report from the gentleman's committee?

Mr. LANHAM. It is a unanimous report.

Mr. MICHENER. And the gentleman understands that the minority members understand the gentleman is calling the matter up today?

Mr. LANHAM. They may not understand that I am calling it up today, but the committee authorized placing it on the Consent Calendar, and inasmuch as it is uncertain when that calendar will be called, I am asking for its consideration now.

Mr. MICHENER. Mr. Speaker, I withdraw the reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to transfer by quitclaim deed to the city of Memphis, Tenn., for street-widening purposes, a strip of land along the western boundary of the Veterans' Administration facility in such city, described as follows:

Part of the homestead lot and the north part of lot 50 of the Barnett Graham subdivision, beginning at the point in the south property line of Lamar Avenue, ten feet east of the east property line of Dudley Street, running thence south and parallel to the proposed new center line of Dudley Street, as widened, a distance of six hundred and twenty-two and one-tenth feet; thence continuing southwardly a distance of one hundred and fifty-one and one-tenth feet to a point, which said point is seven and two-tenths feet east of the old east property line of Dudley Street; thence west a distance of seven and two-tenths feet to a point in the old east property line of Dudley Street; thence north with the old east property line of Dudley Street, a distance of seven hundred and seventy-three and one-tenth feet to a point in the south property line of Lamar Avenue; thence east with the south property line of Lamar Avenue a distance of ten feet to the point of beginning, containing an area of approximately eight thousand three hundred and fifty-three square feet, and being all of that property lying within the described limits twenty-eight and five-tenths feet east of the new centerline of Dudley Street.

SEC. 2. Such grant shall be conditioned upon the agreement by the city of Memphis to set back and restore as nearly as possible to their original condition the fence and gate bordering such land, at no expense to the United States. If such land shall ever cease to be used for street purposes, title thereto shall revert to the United States.

With the following Committee amendments:

Page 1, line 4, strike out "transfer by quitclaim deed" and insert "grant and easement";

Page 2, line 21, strike out section 2 and insert:

"SEC. 2. Such grant shall be conditioned upon the approval by the proper authorities of the city of Memphis of an agreement to (a) construct a concrete wall with stone coping along the facility limits on Dudley Street in accordance with specifications to be furnished by the Administrator of Veterans' Affairs so as to provide a wall identical with the one now existing along the Lamar Boulevard, (b) move the existing chain link fence and gates, and place the fence on top of the wall, (c) move and replant such trees and shrubs as have to be removed from their present locations, replace such trees as will not stand moving and replace any such trees and shrubs that do not survive, and (d) restore all areas within the reservation affected by this work as nearly as possible to their original condition including any necessary sodding; all without expense to the United States. The easement authorized by this act shall contain the express reservation that should the land cease to be used for street-widening purposes then all right, title, and interest therein shall immediately revert to and revest in the United States."

The committee amendments were agreed to.

Mr. LANHAM. Mr. Speaker, I offer an amendment, which is simply a correcting amendment.

The Clerk read as follows:

Amendment offered by Mr. LANHAM: Amend the title by striking out the word "transfer" in the first line and insert in lieu thereof "grant an easement in."

Page 1, line 6, after the word "proposes", and the comma, insert the word "in."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill authorizing the Administrator of Veterans' Affairs to grant an easement in certain land to the city of Memphis, Tenn., for street-widening purposes."

BRIDGE ACROSS MISSISSIPPI RIVER NEAR MEMPHIS, TENN.

Mr. KELLY. Mr. Speaker, I call up the conference report on the bill (S. 3929) to extend the time for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3929) entitled "An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.," having met, after full and free conference, having agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment and the House agree thereto.

That both Houses agree to the bill in the form as originally passed by the Senate.

EDWARD A. KELLY,
PEHR G. HOLMES,
Managers on the part of the House.

MORRIS SHEPPARD,
CHAS. L. MCNARY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3929) entitled "An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.," submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The bill, as it passed the Senate, simply provided in regular form for an extension of the times for the commencing and completing of the construction of a bridge across the Mississippi River at or near Memphis, Tenn. The House amended the bill by adding a new section which amended the original authorization act for the construction of the bridge to specifically provide for the eventual operation and maintenance of the bridge free of tolls.

The conference committee agreed that the inclusion of this new provision was unnecessary in this instance and recommend that the bill as passed by the Senate be now agreed to by both Houses.

EDWARD A. KELLY,
PEHR G. HOLMES,
Managers on the part of the House.

Mr. KELLY. Mr. Speaker, this authorizes an extension of time on the original authorization act of 1939. It is granting an extension of time, with the consent of Congress, to the bridge authority of those States.

Mr. MICHENER. Does the conference report abide by the House decision or the Senate decision?

Mr. KELLY. By the Senate decision.

Mr. MICHENER. And the members of the House committee are agreeable?

Mr. KELLY. The members of the conferees of the House are agreeable.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

FIRST SUPPLEMENTAL CIVIL FUNCTIONS APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes; and, pending that, I ask unanimous consent that general debate proceed for 2½ hours.

The SPEAKER. The gentleman from Virginia moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10539, the first supplemental civil functions appropriation bill, 1941; and, pending that, asks unanimous consent that general debate may proceed for 2½ hours. Is there objection?

Mr. TABER. Mr. Speaker, reserving the right to object, I think the gentleman should ask for more time.

Mr. WOODRUM of Virginia. Does the gentleman have a lot of requests for time? I do not have many requests for time.

Mr. TABER. I have a large number of requests. We shall do well to keep within an hour and a half.

Mr. WOODRUM of Virginia. Mr. Speaker, I modify my request and ask unanimous consent that debate be limited to 3 hours, the time to be equally divided.

I may couple with this request the statement that I do not think I will use all my time, so that nobody will be under any misapprehension.

Mr. MICHENER. Mr. Speaker, reserving the right to object, is it the purpose to complete this bill today?

Mr. WOODRUM of Virginia. The bill, of course, cannot be completed today if anyone raises a point of order. There are some items in the bill that would require a rule to make them in order. I spoke to the gentleman from New York, and it was my understanding that he would have no objection to considering a rule which the Rules Committee might report out, without requiring the rule to lay over for 24 hours.

Mr. MICHENER. The Rules Committee has called a meeting for 1 o'clock. Assuming that the Rules Committee should report out a rule with reference to points of order on the bill, would it be the purpose then to have debate on the rule today?

Mr. WOODRUM of Virginia. If we can get unanimous consent for that purpose, yes; but I would not attempt to do it if we could not.

Mr. MICHENER. It would not require unanimous consent; it could be done by two-thirds vote.

Mr. WOODRUM of Virginia. I would not ask for that.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10539, the first supplemental civil functions appropriation bill, 1941, with Mr. BLAND in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 10 minutes.

The CHAIRMAN. The gentleman from Virginia is recognized for 10 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, the bill and the report are available. I do not care to take a lot of the time of the committee.

The total amount of direct appropriations in the bill is $207,475,727.02. The amount of the contract authorizations is $60,258,001. The bill is $4,394,144.93 less than the Budget estimates of direct appropriations and $5,050,000 less than the requests for contract authorizations.

Mr. REED of New York. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM of Virginia. I yield.

Mr. REED of New York. What is the total of the bill?

Mr. WOODRUM of Virginia. I just got through stating that. The total amount of the bill, direct appropriations, is $207,475,727.02.

Mr. REED of New York. I thank the gentleman very much.

Mr. WOODRUM of Virginia. This is one of the smaller bills that comes along in the concluding days of a session.

You will find set out on pages 2 and 3 of the report a very clear picture of what is involved in the bill.

Of the total amount carried in the bill, the sum of $153,855,660 is in items for civil agencies directly related to the national-defense program. They are national-defense items, but not directly appropriated to the Army and the Navy or the Marine Corps. The amount of $40,232,100 is due to new laws and $12,791,140.07 is due to changed conditions. There are several matters in the bill that might be mentioned briefly. I do not want to take a lot of time unless some member of the committee is especially interested in a particular item.

We had a Budget estimate of $500,000 for the Civil Service Commission for the enforcement of the Hatch Act. At the time the Civil Service Commission appeared before the committee they had only six complaints worthy of consideration. No one, of course, could tell what the future would bring forth, but there seemed to be no reason at this time for appropriating half a million dollars to set up a new division of 155 new employees. So we gave them $100,000, which the committee felt would be amply sufficient to take them through until Congress should meet in January, or before that time, possibly.

Some change was made in the appropriation for the Civilian Conservation Corps, not in the size of the corps or the amount of money appropriated for its maintenance, but some change in the division or allocation of funds which the director of the corps stated was necessary in order to permit them to operate on the funds which Congress has already appropriated. This matter is fully set out and explained on pages 5 and 6 of the report.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. LEWIS of Colorado. The suggestion has been made, in view of the heavy expenses being incurred by the Government for national defense and of the fact that perhaps some of these men who are drawn in the draft will be assigned to nonmilitary operations, that possibly the Civilian Conservation Corps should not be continued in its present form, but that certain of the operations they carry on might be continued by those drawn in the draft who are not available for military service either because they are conscientious objectors or otherwise. Perhaps here is a chance to save some money for the Treasury. Has that been brought before the committee?

Mr. WOODRUM of Virginia. Our committee did not consider anything of that kind. I cannot conceive of such a suggestion receiving serious consideration. The functions of the Civilian Conservation Corps was primarily to take care of the unemployed youth coming from needy families and to give them employment in useful conservation projects. The purpose of the Conscription Act is to take men and train them to be soldiers.

Mr. LEWIS of Colorado. Under the compulsory selective-training service bill that we passed some of those drawn will not be required to have military training and service on the ground that they have conscientious objections.

Mr. WOODRUM of Virginia. I may say there are many places in the Army where men can perform military duty and service that is not combatant in its nature. As I understand it, that is where the conscientious objectors will be placed, those who have conscientious objections to combatant military service. I cannot conceive of mixing up the functions of the Civilian Conservation Corps and the conscriptees, because one is for the purpose of affording employment and the other is to train an army to be called upon in an emergency as a reserve to supplement and add to our Regular Army.

Mr. LEWIS of Colorado. The presence of these men in the C. C. C. will not exempt them from conscription?

Mr. WOODRUM of Virginia. Not at all. Of course, the physical and mental training that they get in the C. C. C. makes them splendidly equipped to answer military duty if they are called upon to do so.

Mr. LEWIS of Colorado. I thank the gentleman.

Mr. WOODRUM of Virginia. An appropriation is carried in this bill which I think will meet with a good deal of interest. There is the sum of $30,000,000 direct appropriation and $50,000,000 contractual authorizations for development, construction, improvement, and repair of airports and other

landing areas. With the large expansion of air forces in the Army, Navy, Marine Corps, and Coast Guard, to say nothing of the advance of civil aviation, it becomes increasingly evident that we do not have airport facilities in this country sufficient to take care of the situation. There are only 38 civil landing fields in America where you can land every type of Army or Navy planes. So Congress is making provision to start a program here that will provide for the development of local civil airports.

Mr. GIFFORD. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. The title to those airports to remain with the community?

Mr. WOODRUM of Virginia. It will remain with the community. The authorization provides that no land shall be purchased nor buildings erected except where the Secretary of War or the Secretary of the Navy certifies that it is absolutely necessary for defense purposes.

That is to meet this situation: There might be an area far removed from a community or a city where the Army or Navy would want an emergency landing field and they would have to go there, buy the land and build it, but ordinarily they will go into a community, take the civil airport and build the needed facilities, such as runways, and so forth.

Mr. GIFFORD. The city profits by that full amount. The Government gets nothing?

Mr. WOODRUM of Virginia. The Government gets a place to set down its planes, which is very important.

Mr. VAN ZANDT. Do I understand that an interdepartmental committee, from the Army, Navy, and Civil Aeronautics Authority, will administer this money?

Mr. WOODRUM of Virginia. They will recommend the selections.

Mr. VORYS of Ohio. Will this expansion take care of the training of the civilian pilots and the military needs, or does the gentleman know?

Mr. WOODRUM of Virginia. These are civil airports, and most of the civilian pilot training is done in civil airports, so it will make those fields available for that purpose.

Mr. VORYS of Ohio. In many places the airports are not large enough to house high-speed military planes; at the same time they could be made available for pilot training which ordinarily ought not to go on where there are a lot of military or commercial operations. Was there any discussion about taking care of such needs?

Mr. WOODRUM of Virginia. The purpose is to expand the civil airport facilities. Most of the civilian training is done at civil airports, not at Army or Navy airports. So it makes those fields available for civilian aviation training.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Montana.

Mr. O'CONNOR. As I understand, the cost of improving these airports is borne entirely by the Federal Government?

Mr. WOODRUM of Virginia. There is no set rule in the law about that. The Department stated where they could get help from a community, they would expect the community to furnish the land and whatever help the community could give besides that.

Mr. O'CONNOR. Suppose the Army desires to develop a place where we already have a civil airport to be used by the Government, then what is the procedure?

Mr. WOODRUM of Virginia. The Government will do that.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 5 additional minutes.

Mr. O'CONNOR. May I ask another question? I have not had an opportunity to study the hearings, but would the gentleman indicate to me whether the development of any airports is contemplated in the western territory?

Mr. WOODRUM of Virginia. There is an extensive program, as the gentleman will find in the hearings, all over continental United States for the development of civil airports to make them available.

Mr. O'CONNOR. In the Middle West and far West?

Mr. WOODRUM of Virginia. Yes.

Mr. COCHRAN. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Missouri.

Mr. COCHRAN. I am very much interested in what the gentleman states, because a delegation headed by the mayor of my city, St. Louis, will come here tomorrow to discuss this very question.

They have enlarged the National Guard aviation branch and they have also enlarged the Naval Reserve aviation branch in St. Louis. St. Louis gave the Naval Reserves 14 acres of ground adjoining the airport a few weeks ago. A private plant is going to be greatly enlarged, adjoining the airport. Will this money be allocated by the Civil Aeronautics Authority?

Mr. WOODRUM of Virginia. It will not be allocated, it will be used on projects which have been selected by an interdepartmental committee from the Army, the Navy, and the Civil Aeronautics Authority.

Mr. COCHRAN. The three of them will agree?

Mr. WOODRUM of Virginia. That is right.

Mr. COCHRAN. The Works Progress Administration will not enter into this at all?

Mr. WOODRUM of Virginia. It has nothing to do with this program.

Mr. COCHRAN. It is not going to be done by W. P. A. labor?

Mr. WOODRUM of Virginia. It may be, but not necessarily.

Mr. COCHRAN. How about the Public Works Agency? Is that going to enter into it at all?

Mr. WOODRUM of Virginia. It may, but not necessarily.

Mr. COCHRAN. But they have the power to bring them in if they can use their facilities?

Mr. WOODRUM of Virginia. That is right.

Mr. COCHRAN. I thank the gentleman.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I wanted to pursue that thought because I want the gentleman's help a little later. A great many localities are after this "gravy", and that is what it is, of course. Having in mind certain properties now already owned by the Government, they seem unable to get the Government even to consider them. This is a great opportunity for landing fields located in places where they should not be placed, perhaps, for defensive purposes, to come in on that program. I hope the gentleman will watch that situation; and I know he will. If I may give him some information on that point, I shall be glad to help him.

Mr. WOODRUM of Virginia. I shall be glad to have that information.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I believe the gentleman has made it clear to all of us that this program is in addition to the work which has been carried on throughout the past few years under the Work Projects Administration, under which the local communities, in cooperation with the Federal Government, have built and improved airports. Is it not a fact that this item is specifically asked for at this time due to the real need, the pressing need, for airports that will fit into the national-defense picture of this country? Is it not further the fact that there should be no so-called "gravy" but that we should keep a close check, and certainly ask the departments of Government to go forward with the one end in view of strengthening our airport system for national defense?

Mr. WOODRUM of Virginia. I think that is right. May I say that, speaking of it as "gravy", Congress has approved a

program of tremendous airplane expansion in the armed services—the Army, the Navy, and the Marine Corps—reaching up to 35,000 planes in the air. Even with the limited number of planes we have today, if any emergency should happen which would require a mobilization of the General Headquarters air force on the Atlantic seaboard, there would be no place to set those planes down, using all the civil airports we now have available.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Montana.

Mr. O'CONNOR. Referring to this "gravy" business, there is no such thing as "gravy" in the national-defense program about which we are speaking.

Mr. WOODRUM of Virginia. I do not feel that there is, I believe that it is a very pressing necessity.

Mr. O'CONNOR. I call the gentleman's attention to this matter, and I expect to try to enlist the gentleman's services later. We have very fine airports at Livingston, Billings, Great Falls, Lewistown, and other cities in Montana, and Sheridan in Wyoming, where extensive use is made of airplanes crossing that long stretch of country from the Middle West to the coast. I hope that if the gentleman has anything to say about the location of these various Government ports he will bear in mind the locations of which I am speaking. If war should occur either from Europe or Asia, there would be a tremendous movement of planes across the region I mention and there would be dire need of Government airports at these points.

Mr. WOODRUM of Virginia. I shall be very glad to bear that in mind, I will say to the gentleman.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Is it not true that many of the smaller airports in the United States today have only 2,500- or 3,000-foot runways?

Mr. WOODRUM of Virginia. That is right.

Mr. VAN ZANDT. The large, modern bombers we are constructing take at least 5,000-foot runways in order to make a safe landing or take-off.

Mr. WOODRUM of Virginia. The gentleman is quite correct.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Michigan.

Mr. MICHENER. I believe we all recognize that there would be no justification for the expenditure of money to establish airports throughout the country at this particular time——

Mr. WOODRUM of Virginia. May I correct the gentleman? It is not to establish airports but to enlarge and expand existing airports.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MICHENER. Yes; to enlarge or expand existing airports, unless it was a matter of national defense. Are there any limitations or requirements in the bill as to the regulation, the lighting, and the providing of a field so that it may be used as a field for national defense?

Mr. WOODRUM of Virginia. Yes; funds are also carried for that part of the facilities.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Georgia.

Mr. PACE. I have two questions I wish to ask the gentleman. The gentleman used the words "enlarging and expanding existing fields." Do I correctly understand that this money is to be confined to a present site, where there is presently a small field that cannot be enlarged? Is it possible in connection with this fund to abandon such a field and choose a new site and build an entirely new field?

Mr. WOODRUM of Virginia. I think there would be that authority, but the primary purpose of it was to enlarge or expand existing airports where the Secretary of War and the Secretary of the Navy certify that a field at a certain spot is necessary for national defense. I believe you might buy the land and establish an airport there.

Mr. PACE. The second question is, I should like to differentiate this fund, if there is any difference, from the $25,000,000 fund that was carried in the appropriation bill passed the early part of this year. In that bill W. P. A. funds were to be used where the Army and the Navy certify that a defense feature was involved in the W. P. A. project. Some of this $25,000,000 has been used for airports. Is this money going to supplement that fund, or is that fund going to join this one, or are they going to continue as two separate funds?

Mr. WOODRUM of Virginia. I understand the $25,000,000 has been allocated.

Mr. PACE. It has been exhausted?

Mr. WOODRUM of Virginia. It has been exhausted. It has possibly not all been spent, but all of it has been allocated. The $25,000,000 fund, as the gentleman knows, was administered through the W. P. A., after having been certified by the Army and the Navy. This fund does not have any connection whatsoever with the W. P. A., although there is nothing to prevent them from using relief labor on a project where it is possible to do so, but it is not tied up to the relief program in any way.

Mr. RANDOLPH. If the gentleman will yield for a further observation, I do feel that under the Work Projects Administration priority should continue to be given to the construction of airports because we do know that eventually all of these airports, even the ones in the smaller communities, will have a definite place in our aviation development and will fit into the national-defense picture.

Mr. WOODRUM of Virginia. I feel sure that is the case.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. I am asking this question for information. Do I understand that if the Secretary of Commerce determines that an improvement or addition to an airport is necessary for national defense and for the training of air pilots, including areas essential for safe approaches and so forth, he will recommend improvement of those airports without any requirement of contributions from the community?

Mr. WOODRUM of Virginia. He may do so, but it is not just the Secretary of Commerce. It is an interdepartmental committee composed of representatives of the Department of Commerce, the Army, the Navy, and the Civil Aeronautics Administrator.

Mr. McLAUGHLIN. I am glad to have that information, and if that committee makes the determination as I have indicated, it will not call for contribution from the community, but the committee will recommend the allotment of the money necessary to do the work.

Mr. WOODRUM of Virginia. It may construct the whole program, or it may negotiate for such assistance as the community may be able to give.

Mr. McLAUGHLIN. I thank the gentleman very much, and one further question, if the gentleman will pardon me. If the airport has been recognized as being of importance in the national-defense program and an allotment of funds has been made to it under a W. P. A. program, that fact does not in any way prejudice that airport from receiving additional funds under this program if it is determined that it is proper that it should receive them?

Mr. WOODRUM of Virginia. That is my understanding of it, I will say to the gentleman.

Mr. JOHNS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Wisconsin.

Mr. JOHNS. Is there any provision in this appropriation here for markets for air fields?

Mr. WOODRUM of Virginia. Yes; there is a fund carried in the bill for lighting and for other facilities that go with airports.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 5 more minutes.

The sum of $2,091,000 is carried for corresponding facilities for airports.

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. PLUMLEY. I would like to submit this interrogation with respect to the fields in New England, because I am going to be asked concerning them, as I have already been asked with respect to this proposed legislation. Are these extensions of fields going to be allocated on the basis of political strategy or on military necessity and strategy? [Laughter.] Are those fields heretofore somewhat developed to expect nothing or may they expect something? I mean—you know what I mean [laughter], I will leave that to the gentleman.

Mr. WOODRUM of Virginia. I may say to the gentleman, without getting into the academic question of the fine, clear-cut distinction between what might be considered a political necessity and a military necessity, certainly we would expect that these funds would be used entirely for defense purposes, and I have no doubt but what that will be the case.

Mr. PLUMLEY. Seriously, and to bring it right down to my own State, we have the Burlington Airport, 20 miles from the Canadian border, and we have the Barre Montpelier Airport, 65 miles from the Canadian border, and we have others which I shall not undertake to enumerate, such as the Swanton Airport, and they are concerned to know whether under this large appropriation any consideration will be shown with respect to their necessities for expansion.

Mr. WOODRUM of Virginia. I feel sure that very grave consideration will be given to them, I will say to the gentleman.

Mr. HORTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Wyoming.

Mr. HORTON. The gentleman has indicated that the W. P. A. will not necessarily do the construction work. Does that also mean that a private construction company would have an opportunity to bid and get a contract?

Mr. WOODRUM of Virginia. Exactly so; we did not want to tie their hands with the W. P. A. program, because there might be localities where W. P. A. would not be available.

Mr. HORTON. Do I understand that this program has very largely been completed at the present time or is it in process of being completed?

Mr. WOODRUM of Virginia. None of this program has been completed.

Mr. HORTON. So it is all wide open.

Mr. WOODRUM of Virginia. Yes.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COLE of Maryland. On the question of the Coast Guard, the gentleman will recall that I appeared before the committee in support of the items for Curtis Bay. I am very pleased to find that the committee has recommended the major part of the program, especially the floating drydock, building quarters for personnel, and other items listed in the hearings, but I note that the major reduction in the Budget estimate as found in the bill is $812,000, the item for shipbuilding ways at Curtis Bay.

I hope the gentleman will find it possible to make a statement that that item is temporarily laid aside.

Mr. WOODRUM of Virginia. The committee felt that very large sums are being expended all over the United States in the expansion of shipways and that perhaps it would not be necessary at the present time to go forward with these shipways at Curtis Bay, although the committee was very much impressed with the fine job which the Coast Guard had done at Curtis Bay. They have done a splendid job and have a wonderful plant up there. As you may know, some of us went to see it.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. COFFEE of Nebraska. Will the gentleman explain what is contemplated under the National Youth item, the sum of $30,000,000?

Mr. WOODRUM of Virginia. It is additional funds for the National Youth Administration, for work projects, where the youth can be put to work at skilled trades that may be useful to the defense program.

Mr. COFFEE of Nebraska. Is there any chance that this may set up a competitive system to our Office of Education?

Mr. WOODRUM of Virginia. No. I will say that we had the Director of the Office of Education, Dr. Studebaker, and Mr. Aubrey Williams both before the committee at the same time, and I think we have ironed out all of those difficulties and that there is now absolutely no conflict between the functions of the two agencies.

Mr. COFFEE of Nebraska. And there will be no overlapping whatever?

Mr. WOODRUM of Virginia. They have assured us there will be no overlapping whatever. I would be glad to have the gentleman refer to the hearings on that point.

Mr. ANGELL. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. ANGELL. In my district in Portland, Oreg., there is an airport partly finished. Under this bill, if it is found necessary in the interest of further development for military purposes, will it be possible to get an additional allotment from this fund?

Mr. WOODRUM of Virginia. Undoubtedly it will have proper consideration.

Mr. Chairman, I now reserve the balance of my time.

Mr. DIRKSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, on August 27 I made a statement to the press. I desire to make the same statement now to this Committee. The Permanent Canadian-American Joint Board of Defense, recently decreed by President Roosevelt, is an alliance, and under the Constitution such an alliance must be submitted to the Senate in the form of a treaty for ratification.

The negotiations in relation to this proposal have been secret. Secret negotiations of this character are wholly abhorrent in a republic and wholly opposed to democratic processes.

It is said that the proposal is a defensive alliance. As Canada is not now in a position to defend the United States, this means, in substance, that we are to defend Canada; and as Canada is, as a British Dominion, now engaged in the European war, this obviously exposes us, to all intents and purposes, to all the chances of the present armed conflict as far as Great Britain's enemies may think it expedient to involve us.

This commitment, therefore, plainly nullifies the power of the Congress to declare war and is a flagrant circumvention of the Constitution in this respect.

If this commitment is not submitted to the Senate in the form of a treaty for ratification and stands unchallenged, then President Roosevelt has as much dictatorial power in the United States in relation to peace and war as Hitler and Mussolini have in Europe.

The immediate and imperative business of the people of the United States is not to put down dictatorship in Europe or Asia but to put down dictatorship here and now with a heavy hand.

This is not the first time that President Roosevelt has secretly negotiated an alliance with a foreign power.

A few days ago Winston Churchill, speaking in Parliament in relation to the proposed cooperation between the United States and Great Britain, stated:

> The principles of association of interests for common purposes between Great Britain and the United States had developed even before the war in the various agreements reached about certain small islands in the Pacific Ocean which have become important as air fueling points. In all this line of thought we found ourselves in very close harmony.

Mr. Churchill had reference to a joint agreement between the United States and Great Britain, secretly negotiated in

1938 and relating to joint control over strategically located islands in the Pacific Ocean. This agreement was never submitted to the Senate in the form of a treaty for ratification. Yet it committed the United States to joint action with Great Britain in the Pacific, just as the recent agreement in relation to Canada commits the United States to joint action with Canada, a British Dominion and a belligerent in the present war, in the Western Hemisphere.

If these alliances are allowed to stand without being submitted to the Senate for ratification by the representatives of the people, as provided by the Constitution, the lives, fortunes, and future of the American people are committed to war by one man, President Roosevelt, and the United States is under the heel of a brazen dictator. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. LEAVY].

Mr. LEAVY. Mr. Chairman, I am going to address my remarks to a particular item in this bill.

Among the many millions of dollars that are here involved there is a small item of $20,000 for the Bureau of Mines. It is an item supplementing appropriations previously made to the Bureau of Mines for the purpose of further carrying on experimental work in a metal that is quite new to American industry. In 1917 it was selling for $3.50 per pound, and there was no domestic production. If the experimental work now going on at Washington State College proves that this new metal can be produced upon a commercial scale, it would almost revolutionize the metals industry, because it takes the place of aluminum. It alloys with aluminum and then supplements it. It is a superior metal to aluminum. This metal is known as metallic magnesium, and it is produced from magnesite ore.

We now have in the metals industry a metallic magnesium made by the Dow Chemical Co. from salt brine, up in the lake country, around Lake Michigan, and they are expanding that production by installing a $25,000,000 plant down in Texas. However, the metal that is produced from salt brine is produced under a patented process, and is a metal that of necessity has to sell for a sum so high that it is not in the competitive field with aluminum.

Aluminum is a monopolistic production metal. I am sure no one would attempt to gainsay that. The average Army or Navy plane requires 10,000 pounds, or 5 tons, of aluminum in its construction. If we can find any other metal that will serve the same purpose or that will supplement aluminum and that can be produced cheaper, naturally it will result in a tremendous saving to the Government.

Likewise, if this experiment, that we know has been carried to complete success in the laboratory, can be carried to success in the commercial field through pilot-plant production, then we can produce a new metal, new to American industry at least, to sell at about half the cost of aluminum. It will sell at about 10 cents a pound, whereas aluminum sells for 18 or 20 cents a pound.

Mr. COFFEE of Washington. Will the gentleman yield?

Mr. LEAVY. I gladly yield to my able and distinguished colleague, who is always present on the House floor and ever alert to the interests of our State of Washington.

Mr. COFFEE of Washington. Does not the gentleman, who has performed such a signal and magnificent service for Grand Coulee in promoting its logical development and expansion, believe that every aid and encouragement be accorded by our Federal Government to the development of magnesium as a formidable factor in national defense? Is not magnesium a mineral of tremendous potentialities in connection with airplanes and related military and naval equipment?

Mr. LEAVY. Emphatically yes. I thank my eloquent colleague for his contribution.

Mr. SCRUGHAM. Will the gentleman yield?

Mr. LEAVY. I yield.

Mr. SCRUGHAM. Is the metallic magnesium made from magnesite, which you propose to do at the Pullman plant, equal to the metallic magnesium made from salt or magnesium chloride?

Mr. LEAVY. It is not only equal generally, but it is superior to it. The metal made from the magnesite ore is 99.9 plus pure.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. LEAVY. I yield.

Mr. VOORHIS of California. It seems to me the gentleman is making a statement of tremendous importance. I would like to compliment him upon the very important work he has been doing in this field. I would like to ask him whether he can tell us anything about the situation with regard to patents and patented processes in the preparation of magnesium for commercial and practical use today, and whether this effort that he is making has anything to do with the situation that pertains with regard to those patents?

Mr. LEAVY. Certainly the effort I am making ties in rather closely, I think, with the patents in the metals field. I do not know the number of patents and the variety of patents and their purpose held by the Aluminum Co. I do not know how extensive they are. The Dow Chemical Co. have their patents, and they use their processes exclusively. The Germans in 1938 developed a method of producing metallic magnesium from magnesite ore, and they kept their patents a secret. They are treated as a military secret. Hitler under this secret process produced in 1938, which is the last record we have of their production, 40,000 tons of metallic magnesium made from ore against our production of 3,800 tons of magnesium made from salt brine. The Geran planes today are constructed of magnesium alloyed with aluminum; and, plane for plane, they are substantially lighter for the same carrying capacity than either the American or British planes.

This preliminary survey work in metallic magnesium from magnesite ore at our State college has been carried on by the Bureau of Mines cooperating with the State College of Washington at Pullman, Wash., for the last 7 or 8 years. About 3½ years ago a representative of the Bureau of Mines, cooperating with representatives of the State school of mines, made the laboratory discovery that by the use of electricity they could take from the magnesite ore the metallic magnesium. This experiment has been done over and over time after time and is now a scientific fact. I wish to exhibit to the Committee a sample. The base of this exhibit which I hold in my hand is magnesite ore. There are more than 10,000,000 tons of it known to be in the immediate vicinity of the Grand Coulee Dam. The material inside this bulb is metallic magnesium produced from the magnesite ore at the State college laboratory. Metallic magnesium, as I said, weighs just two-thirds what aluminum does. It is of equal or greater tensile strength. With electric power at the rate at which it can be sold by the Government at Grand Coulee, there can be produced not thousands but millions of pounds of this wonderful metal at 10 cents a pound, and our airplanes could be constructed in part or in whole of this metal at much less cost and with much greater carrying capacity.

The discoverers of this metal have patented the process, and the patents are not going to be held exclusively, nor are they going to be kept from the trade, nor is there any thought in this appropriation to further this pilot plant work, that it will in any way interfere with the metal trade or private industry but, on the contrary, will encourage it, because there is no thought of the Government going into the production of this metal. There is the purpose, however, of not permitting anyone to monopolize these patents.

The laboratory experiments that we seek to prove in the commercial field through the Bureau of Mines and the State school of mines by the construction of a pilot plant that will turn out from 50 to 100 pounds of this metal a day is all that is needed now to prove the possibility of mass production. Any producing concern will have the right, if they are satisfied that this is a profitable undertaking, by paying a fixed royalty—and it will be fixed by the State College of Washington—anyone may use these patents and there will be no

opportunity of their being monopolized or anyone taking undue advantage of them or in any way exploiting them, as has been done with other metals too often.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield further?

Mr. LEAVY. I yield.

Mr. VOORHIS of California. Could the gentleman tell us what the present situation is with regard to patents in this and related metal fields? My understanding has been that there did exist today a substantial monopoly in these patented processes with regard to aluminum and magnesium. My question a few moments ago was directed to the possibility of, by the successful development of this patent, breaking the monopoly.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield 5 additional minutes to the gentleman from Washington.

Mr. LEAVY. Answering the gentleman from California, I may say that I have not gone fully into that matter.

I have been informed and I have seen in the papers frequently the statement that there is a corporation here in this country known as the Magnesium Development Co., 50 percent of whose stock is held by some Swiss interests who succeeded to such stock through the German Dye Works or some German corporation, and 50 percent of this stock is held by American corporations. This corporation has patents by which they are doubtless reducing this ore into metal to the advantage and benefit of the Germans today.

The only place on the North American Continent where magnesite ore is found in large quantities is in the State of Washington in my congressional district. The important thing about this whole situation is that with this enormous expansion in airplane production it is highly essential that we should at least in part free ourselves from the grasp that the Aluminum Trust of America has upon American plane production. I am not charging here that they are dishonest, and I am not indicting them. I do state they have an absolute 100-percent monopoly on practically every pound of aluminum produced, and we cannot build a plane without paying their price and doing what they desire us to do.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from Montana.

Mr. O'CONNOR. Has the gentleman ever heard of anyone questioning the truth of his statement that the material called aluminum is absolutely in the hands 100 percent of the Mellon interests of this country? And the Government has no other source to look to in the construction of the airplane production.

Mr. LEAVY. No. On the contrary, I have had it verified time after time that those interests have absolute control of aluminum production and the Government has no other source from which to get this metal.

Mr. GEYER of California. Will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from California.

Mr. GEYER of California. I am very much interested in the statement the gentleman is making. It seems there is a remarkable contribution that can be made by this House to our national defense. I hope we do something about it.

Mr. LEAVY. I thank the gentleman.

Mr. PLUMLEY. Will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from Vermont.

Mr. PLUMLEY. I would like to make this contribution as a member of the Subcommittee on Appropriations for the Navy having to do with strategic minerals and metals. I do not care how much you attack the Aluminum Corporation of America, and I do not think that is the basis or reason for the gentleman's assertion that he needs this appropriation because he would need it anyway, and should have it.

Mr. LEAVY. I thank the gentleman. I did not make the statement based on the theory I needed it for the purpose of breaking up a monopoly. I made it for the purpose of establishing the fact that here we have for American industry a new metal, at a price one-third of what we now pay for an inferior metallic magnesium and at a price 50 percent of what we pay for aluminum.

Mr. VOORHIS of California. The gentleman would be willing to say, in substantiation of his own position on this matter, that to the extent it has been successful, if there is a monopolistic control over patents in this particular field this development would help to break it open for possibilities of greater production?

Mr. LEAVY. It certainly would.

Mr. PLUMLEY. Why start a row over it?

Mr. LEAVY. I am not interested in starting a row. Of course, I am interested in stating a fact and I do state that in my own opinion, and it is only an opinion, we are paying an exorbitant price for the aluminum that goes into American planes when we have doubled and trebled the output and when we are selling Bonneville power at 2 mills a kilowatt to produce it.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the gentleman 1 additional minute?

Mr. MURDOCK of Utah. Will the gentleman yield?

Mr. LEAVY. I yield to the gentleman from Utah.

Mr. MURDOCK of Utah. Did I understand the gentleman to say that the appropriation included in the bill that he is talking about is limited exclusively to the investigation of magnesite?

Mr. LEAVY. This $20,000 is supplemental to a $20,000 appropriated earlier so that this pilot-plant experiment at Pullman, Wash., can be hastened, and it is limited to that particular purpose.

Mr. MURDOCK of Utah. Limited exclusively to magnesite?

Mr. LEAVY. This $20,000 is limited to speeding up pilot-plant construction at Washington State College.

Mr. MURDOCK of Utah. Does not the gentleman think that by limiting the appropriation exclusively to magnesite, instead of being beneficial, as it should be to our national-defense program, we should tell the Bureau of Mines not only to look at the availability of magnesite as a substitute for aluminum but it should also be looking to other sources of aluminum, instead of limiting it to one metal?

Mr. LEAVY. I may say to the gentleman from Utah that there are very substantial sums for the purposes the gentleman now suggests. I feel the alunite found in large deposits in both your State and mine should be given much greater consideration.

Mr. MURDOCK of Utah. That is what I wanted to know. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I had intended no remarks on the pending bill until a situation in the Appropriations Committee this morning addressed itself to my attention which I think in the interest of fundamentals requires some observation.

The other day we observed the one hundred and fifty-third anniversary of the signing of the Constitution, a fact that has been immortalized by that canvas which hangs over in the rotunda of the Capitol. The idea of that document, of course, is first, a form of government epitomizing the only real representative republic on the face of the earth. One needs only to lift his eyes to look at and evaluate the democratic processes in some other countries, and he can tell at once that this is the only country where you can say we are still articulating the processes of democracy. If we want some estimate of how fitful the thing is, look at what Manuel Quezon did in the Philippines. Now, he used to serve in this body with a great many of the present Members. He got his political training sitting in the front row of this body. About 6 weeks ago he recommended to the Phillipine Legislature the necessity for a one-party government in the interest of efficiency in the Philippines. That is after all only symbolic of the rule of fascism.

It is only 8 weeks ago that a physically weak premier of Japan recommended to his country the necessity for embracing the totalitarian theory and set up a one-party government in that country. So fascism becomes complete there.

The whole theory of Italy, Germany, Russia, and all the rest of the world is so well known that it requires neither emphasis nor recital from me. That is why I am more interested in our own country in the separation of powers provided in the Constitution and in the articulation and translation of those powers in a very dignified and meticulous way.

It is the only thing in this feverish world to which we can look forward with any degree of comfort. Now let us see how we are gradually leeching it away. We take first the things which were alluded to in the United States News this week. The chairman of an executive agency, the National Labor Relations Board, made confession that their lobbying activities in order to get more out of this Congress are in contravention of a statute. Was he indicted? No. Was he removed by the President of the United States? No. Was any remonstrance addressed to him by his chief officer, the President of the United States? None of which I am aware. So here is an agency and the head of an agency which ignores and spurns and flouts the solemn law of the land, and nothing is done about it. It is one of those petty things, but just let it run on and finally it leeches away this whole structure and impairs the very integrity of representative government.

Secondly, how blindly we accept, for instance, a violation of the Corrupt Practices Act. It is a known fact that our friends on this side of the aisle, speaking through their national committee—and they are not responsible for it but their national committee is—received $150,000 in contributions to a campaign book, all of which was obtained from 170 corporations. There is not a man who knows anything about that law who will stand up and defend that kind of a practice. Well, what is done about it? Oh, people laugh. They shrug their shoulders. They regard it as a great joke. Is it not funny? Why, you get away with it so merrily, and why not? After all, maybe that is the new language, maybe that is the new moral climate of America. I do not know, but it is a tragic moral climate if it is.

Now consider for a moment the essential facts of the recent exchange of overage destroyers for Caribbean naval bases.

I have examined Attorney General Jackson's opinion from start to finish, and I cannot yet find anyone who will stand upon that opinion outside of the Attorney General and the President of the United States.

There you have three separate instances, one involving the Attorney General and the President, one involving a political committee that is seeking now to obtain the suffrage of the people of this country, or a majority, in order to continue the present administration in power, and finally, the chairman of an agency who freely admits that they did flout a law, and nothing has been done by way of discipline or disciplinary action.

How long do you think that can go on without completely leeching away the morality and the integrity of this country and sending our Government down to the forgotten dust?

I allude to it today because in this bill the matter is again presented. We had an appropriation bill in this session of the Congress whereby a subcommittee recommended that some $43,000 or $45,000 be taken away from the National Labor Relations Board and that a bureau which they had there, known as an agency on economic research, be disbanded as not particularly necessary, and maybe not conducive to the objectives for which public money ought to be spent. What happened? I read the report. They did disband that particular agency or group, but they transferred all the employees to a new agency—not quite all, but most of them—and they called it the Division of Technical Service, for which they get $34,000.

Let me submit this matter to you as Members of Congress, members of an independent branch of this Government to whom the Constitution entrusts the power of the purse. This Congress solemnly says to the chairman of that agency: "You do not need that division. It is not serving a useful purpose, and you have some people down there whose philosophies and ideologies are not quite in line with what we deem the democracy of this country to be, so there will be no money for that." So what does he do? He says: "Oh, I will fix that Congress. I will just give the division a new label; that is all. But it will be the same can with the same contents, so we will spend the money for the same purpose we are spending it for now." He in essence, along with those who were subordinate to him, is saying, "The hell with Congress, the hell with them." Excuse the inelegance of that term, but what other explanation can you place upon it? If Mr. Madden would flout the intent, the purpose, the will, and the expressed mandate of the Congress—and here sits the gentleman from Wisconsin [Mr. KEEFE], who, with his subcommittee, had Mr. Madden come up and make confession of that fact and confession of other facts—then who are we to complain when other statutes are violated?

Suppose they do not send this Congress a report on national-defense expenditures, as provided by law, and we say, "Now, send us a report," and they say, "Oh, well, there is hysteria in the country; everybody is for national defense; the devil with Congress; we will make no report to them." Suppose some other desirable objective should be achieved and it required the flaunting of a law.

They might say, "Oh, well, hysteria is running in the country and people are so singly minded on this thing called security that they are not particularly concerned whether the integrity of the law and the institutions of the country are preserved and defended even as they were 153 years ago, when they launched this great experiment in government."

Here are three instances. Here comes the fourth instance, where apparently the power of the Congress, under the Constitution, seems to mean very little to some of these executive agencies. Do you not understand how that dangerous virus moves out? If the chairman of an agency feels that way, can you blame him if a stenographer down at that agency feels that way? Can you blame him if a clerk receiving $1,440 feels that way? Why, that conversation will go along, and they will say, "Here we are, we are an agency, 400 people here. Our boss apparently ignored an act of the Congress this week and nothing was done about it. Maybe we can do the same thing." So little by little, where integrity fails at the top, it percolates down to the bottom, and in a little while—and this is the premise I started on—you have leeched away the very substance of this thing that we cherish so dearly and which we observed in its anniversary only a few days ago.

I say it is such a tremendously important thing in this rather fitful and feverish hour, that I propose to make my protest as we go along, because I have found that the people out in the hinterland, out in my country 900 miles away, are still intensely interested in preserving the structure and the processes that made this country great. It is a great responsibility in an hour of trial and despair, when the whole world is filled with madness.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I am glad the gentleman has made the remark about morality, but what can we expect from the rank and file of the people when high officials from the President down violate the mandates and laws passed by the Congress? Does not the gentleman feel that the morality of the people themselves is being destroyed under the example of our Executive leadership?

Mr. DIRKSEN. I recognize the pertinence of that observation, and I do not want to put it on personal grounds. I am thinking in terms of the country; I am thinking in terms of the consequences of this war; I am thinking in terms of the organic act under which we operate, and if we sit idly by and fail to make our protests, what kind of accounting are we going to make of our stewardship when we get home? The people will be very much interested. Make no mistake about that.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. GIFFORD. I regret to say that I had expected on tomorrow to make it a little more on personal grounds, but

I want to ask the gentleman, is this any recent discovery he has made? I thought I knew about the abject surrender of Congress some few years ago. I thought we had surrendered some time ago. Why do we not deserve the actual contempt of the Executive? Why should he not have contempt?

Mr. DIRKSEN. Frankly, I do not know what sort of rejoinder to make to that observation.

Mr. GIFFORD. I will make it tomorrow.

Mr. DIRKSEN. I recognize that in the celebrated hundred days of 1933 we first delegated power, and we have been delegating power ever since. So what will the ultimate score be, particularly in an hour like this, when we recognize the necessity for making this Nation secure against that which menaces from without and that which menaces from within. Now, let us look at it just a little more realistically, perhaps, from within.

Mr. GIFFORD. If I may suggest something there, I have asked for time on tomorrow and I may say, if it will interest the gentleman, my subject will be "Our own problem of dictatorship."

Mr. DIRKSEN. Let me just allude to that in terms of the situation from within. I have been tracing down some appropriation figures and expenditures this morning, insofar as they have gone, and they have not been entirely tabulated yet—first, fix this in your mind. According to the Secretary of the Treasury, the deficit for the fiscal year will be approximately $5,500,000,000. That is fifty-five hundred million dollars. That is a lot of money. If we expect to gear up and get away from constant borrowings, in the degree in which it is being done today, we will have to put this country on a $12,000,000,000 annual cash basis; and where are we going to get the revenues for that? It will mean a 100-percent increase in taxes over present revenues. Present taxes are 100 percent higher than in 1932. Meanwhile we are going along under contract authorizations and direct appropriations, with a $50,000,000,000 debt immediately ahead and we are shooting in the direction of a $60,000,000,000 national debt. If you will examine the figures of the Secretary of the Treasury you will find that the lowest interest rate now prevailing is 2.59 percent.

Expressing it on the basis of a $60,000,000,000 debt, your annual debt service will be over $1,500,000,000. When I was born, in 1896, they ran this great country, including the Post Office, pensions for Indians, the Army, the Navy, and all the regular responsibilities of the Regular Establishment of Government for $340,000,000. So here comes a debt service charge, coming on soon, that will be three and a half times the whole cost of Government only 2 generations ago.

Now, what will be the ultimate result? Will we finally get to that point where we will do what they have done in other countries, when out of the crucible of debt and despair they say, "Oh, well, I guess maybe somebody has got to be invested with lots of power to get us out of this difficulty."

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield myself 5 more minutes.

Someone must be invested with lots of power to keep the old prow of the ship heading into the wind, and when you have done that you have virtually signed the warrant to undermine the democratic processes of this country.

I have never been persuaded that any one man, I do not care who he is, wants to be a dictator in this country. I have never been persuaded that any one man, and I do not care what his name is, can reach out just casually, in a perfunctory way, and take over dictatorial powers. No; there has to be a condition out of which it is bred. There must be something to spew it out and set the stage.

So gradually we are setting the stage and adding to it certain disrespect for the law of the country as solemnly written by the Congress and signed by the Presidents of other days. If that tendency persists, gentlemen, look out. We are walking on dangerous ground in an hour when republics and representative governments and democracies so easily succumb to the totalitarian ideology.

Mr. PLUMLEY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PLUMLEY. If the gentleman will permit an observation, to the effect that without regard to what you may believe from the standpoint of partisan politics, it is nevertheless a fact that what you have said is true with respect to the usurpation and surrender of the prerogatives of this body. And else both sides of this aisle wake up to the fact that it does confront them, in view of the fact, as the gentleman has stated, that a man who sat here so long as the representative of the Philippine government has suggested that we need only a one-party government, and one of the most distinguished members of another body has advocated and established in his State a unicameral legislature, it will soon be that we will not be.

Mr. DIRKSEN. That may be true. Let me add this: There is just as much interest in preserving this Government on one side of the aisle as on the other side of the aisle. It is not a partisan matter, but we are all responsible for this. So often we become indifferent; so often there are other things to be done in the office; so often there are realistic things that go to make up the job of representing a constituency in the country, and we become slightly indifferent to what sometimes seems to be an academic matter. But it is not academic. It goes to the very vitals and the very heart of the perpetuity of this Government. What is to be done about it? I do not think I have ever expressed any alarm on this floor in the years that a constituency has kindly indulged me to be here, but you cannot view the world situation today, the pressure from the outside and the pressure of unsolved problems from the inside, without cherishing some degree of alarm. You cannot divest yourself of it any longer.

Mr. GIFFORD. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. GIFFORD. Because you have said what you have, did you not hear those reassuring words from Philadelphia on Friday afternoon, "No dictator ever dared to subject himself to a free and untrammeled electorate"? Did you hear it?

Mr. DIRKSEN. I did not hear it. I read it.

Mr. GIFFORD. Well, I listened carefully and the great precedent breaker is about to break that precedent.

Mr. DIRKSEN. That may be.

Mr. GIFFORD. Yes; he is about to break that precedent.

Mr. DIRKSEN. Perhaps I should apologize to the membership today for suggesting this matter in a rather casual manner. Yet it is something over which we must study and take heart. It is a time for quiet and undramatic courage as we address ourselves to the task of preserving both the form and substance of representative, constitutional government. When we find that our own processes are not fast enough or expeditious enough to meet the situation, then we are apt to say "More power in the interest of more efficiency." That was the gospel that Manuel Quezon sold to the Philippine Legislature not so long ago when he used the word "efficiency." He said, "We have to be more efficient." Oh, what a poor pupil he was of the tutelage that he got in this Congress. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. CREAL].

Mr. CREAL. Mr. Chairman, you have just listened to a very able address, in different words, but you have been hearing it for 5 years, and you are liable to hear it much more between now and November 5. Not much more thereafter.

There is an appropriation here for $100,000 for the enforcement of the Hatch Act, one of those things that was passed by a bulldozing, high pressure, and mental coercion that would have never passed either body of this Congress on a secret ballot. It took away the constitutional rights of the freedom of speech and the freedom of press of many in the country, where political knowledge and the dissemination of political knowledge is presumed to be the basis of a democracy. Departing from that un-American principle, our good Republican friends may well have all the credit for the passage of that act. I want to call their attention to one thing, that the Civil Service Commission just recently asked the Department of Justice for an interpretation of

the various phases of the Hatch Act and how to enforce it. One of them was that anyone receiving any money from any source, however small, from the Federal Government could not haul a voter to the polls. Now, of course, that forces you to leave your grandmother or your mother-in-law at home if she wanted to go to vote. If she wanted to go to do some shopping, she could slip out of sight and go to the polls and vote, but you could not haul her to the polls to vote if that is what she said she wanted to go for. Your boy could not go down the road and get granddad or Uncle Ben, who had the rheumatism and no way to get to the polls. He cannot do that at all if he is a postmaster and gets only $60 a year. He has got to let the old man walk or hint around to somebody and let somebody go back to pick him up. That is the ruling. As that is the ruling, I want to call your attention to the fact that there are Republican State organizations here in Washington. I have seen letters from some of them to civil-service employees in Washington asking: "Are you going home to vote? If you are, do you have room to take another in your car? If not, if you have no car, we will let you ride with somebody who has one." If the interpretation of the Department of Justice is correct, and if you cannot haul a voter to the polls even in a rural section where it has been the custom for years, then you cannot haul somebody back home with you from Washington to your district. I think the Republican Party, which is responsible for passing the Hatch Act, ought to send word back to these State Republican headquarters that what they are doing in the matter of absentee voters is contrary to the interpretation of both the Civil Service Commission and the Department of Justice. Why has not some Republican guardian of the Hatch Act called attention to this violation? [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, it has been rumored that we may obtain the joint use, with Great Britain, of the naval base at Singapore, out in the Far East. I do not know whether this is true or not. At any rate I do not believe we are showing enough vision or enough ambition with regard to the so-called national defense. We are restricting and confining ourselves to hemispheric and Far East defense. I say this is not enough. I say Congress is lagging behind on this question of national defense. What we really need is interplanetary defense. We speak of Great Britain as being our first line of defense. This, I believe, again indicates a lack of vision and ambition on the part of the servants of the people. Our first line of defense is not Great Britain. Our first line of defense is the milky way and therefore we ought to see to it that we get a base on Mars and Jupiter.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield briefly.

Mr. FISH. The gentleman remembers perfectly well, does he not, that a year or two ago, because of a radio broadcast the people thought that in New Jersey we were suffering an invasion from Mars?

Mr. MARCANTONIO. Oh, yes; and it was not so long ago that the mayor of that town was defending it against an invasion from the Bill of Rights.

Mr. FISH. Anything can happen in the State of New Jersey.

Mr. MARCANTONIO. And it can happen right here in the Well of this House. We have had many Orson Welles-like demonstrations right here since the first one took place on May 16.

Why confine ourselves to just a two-ocean Navy? What we really need is a nine-ocean navy. If you tell me there are only seven seas on which men can sail ships I say that all we have to do is to put the American boys we are conscripting to work digging two more oceans. What better way is there to toughen them up? After they have dug these two extra oceans then we can build two more navies and thus we shall have a nine-ocean navy.

Our defense program therefore should be based on an interplanetary defense with the Milky Way as our first line with a nine-ocean navy. With all this how can we miss protecting this so-called American way of life in the name of which we are now destroying the lives and liberties of the American people? [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, we are here to consider the first supplemental civil functions appropriations bill for 1941. This is not the first deficiency appropriation bill this year. We have passed many appropriation bills during this session of Congress. The fact of the matter is that a greater proportion of the bills we have passed since the 1st of January have been appropriation bills. We have spent more of the time of the House considering the spending of money than possibly any other subject, and this is probably the longest peacetime session of Congress in the history of this country.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question.

Mr. RICH. I yield.

Mr. TABER. Appropriation bills produce bigger and better deficits, do they not?

Mr. RICH. That seems to be the theory we are going on during this session of Congress, under the New Deal. The more appropriation bills we pass the greater the deficit.

There is much truth and hard common sense in the statement made by the gentleman from New York. I am a member of the Committee on Appropriation bills, but I have heard little said in the committee and hardly anything on the floor of the House as to where we are going to get the money. During this session of Congress we have appropriated and authorized over $20,000,000,000. According to the estimate of the President our expected revenues during the coming year will be about $5,600,000,000. That was before we passed the first tax bill this session. We passed one tax bill early this session that is supposed to raise $1,007,000,000 additional revenue, then we passed an emergency tax bill a week or two ago which we called the excess-profits tax bill or war preparation tax bill which is supposed to bring in $230,000,000 this year. Where are the New Deal spending tax bills, we should have had several of them. Anticipated revenue deducted from the items appropriated and authorized so far this session will leave us in the red next year somewhere between $12,000,000,000 and $15,000,000,000. A New Deal record. They have not balanced the Budget 1 year since they took office. They are from a billion and one-half to four and a half billion in the red each year the past 7 years, notwithstanding the fact the President promised a balanced Budget by 1936. He is getting worse off each year. All they know is—spend, spend, spend. Soon it will be crash, crash, crash, or wreck, wreck, wreck.

The reason I cannot say it is going to be twelve billion or twelve and one-half billion dollars, is because nobody knows what this Congress is going to appropriate before it adjourns, and they are talking about adjourning next Saturday night. They do not know one day what will happen the next.

Mr. TABER. Will the gentleman yield for another question?

Mr. RICH. I yield to the gentleman from New York.

Mr. TABER. We have heard a lot about the Appropriations Committee, but we do not hear very much about some of the other committees that help contribute to the deficit. For instance, the Banking and Currency Committee has authorized large sums of money for the R. F. C. that are just the same as appropriations, and may run into the billions of dollars.

Mr. RICH. I suppose our contingent liabilities now, including all appropriations that have been made the last 2 or 3 years, will run in the neighborhood of four or five billion dollars. If we add that to our national debt which on September 18 amounted to $44,060,797,000, you will see what it is—about $50,000,000,000. You will also remember that when they devalued the gold dollar from $20.60 an ounce to $35 an ounce they made $3,000,000,000, and that $3,000,000,000 was charged off. So if we add that to the deficit, we would be

over $53,000,000,000 in the red now. We increased the national debt from forty-five to forty-nine billion dollars and if we do not get out of here pretty doggone quick we will be over fifty-five billion before we adjourn the end of this week. It is terrible, it is a terrible situation I say. No business in the New Deal.

Mr. PLUMLEY. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Vermont.

Mr. PLUMLEY. The gentleman from New York has called attention to the fact that the Appropriations Committee is not alone to be held responsible for the expenditures, in view of the fact, as he suggests, that the Committee on Banking and Currency has authorized certain other expenditures. But is it not true that other committees of the House and the House itself by its vote have authorized tremendous expenditures, as I say unjustified, which the Appropriations Committee has had to undertake to cut down. Why not pay the devil his due? We have had to meet a situation. We have had to meet authorizations made and voted. We have tried to eliminate from those authorizations every expenditure that we thought was unwise. The gentleman as a member of this committee is attacking his own committee.

Mr. RICH. If the gentleman is trying to defend this committee, why he has got a real job. I know that the committees of the House of Representatives, the President, and everybody associated with the New Deal Congress are responsible, but you Republicans cannot stop them, and you will not stop them until the people of this country back home realize on November 5 that they have to clean house. They have got to clean out the house down there at 1600 Pennsylvania Avenue, which is the White House. That is the first place they will have to start. Then they will have to watch these New Deal Senators over there. Then the people of this country must say to the Congress: "You have gone so far and you cannot go any further." You must give the people a sound Republican administration. No more New Deal.

The point I want to make is that if the people of this country do not clean house, then your responsibility as members of the Appropriations Committee is to refuse to give the New Deal something that we have not got to give. If that is not a good point, then I would like to know what other point you can make? The Appropriations Committee must refuse to give the New Deal these extravagant funds that they are asking for. We have got to get rid of some of these bureaucrats that we have. Let me say to the gentleman from Vermont that he is one of the most intelligent men we have in the Congress. Does he not know that the President of the United States had 563,847 employees in the Government when he came into office on March 3, 1933? The number of employees he has put on the roll since then has been tremendous. On June 30 we had 1,066,011. That is more than we had at the highest peak of Government employees during the World War. At that time we only had 799,736 employees.

Just think of it, the President stated that he would consolidate the bureaus and cut down in his department. He increased them almost 100 percent. I am speaking now to the gentleman from Vermont: Does he not think that is a terrible travesty on the word he gave the American people at that time?

Mr. PLUMLEY. I admit that.

Mr. RICH. Why, certainly. I knew the gentleman would.

Mr. HAWKS. Will the gentleman yield?

Mr. RICH. I yield to the gentleman from Wisconsin.

Mr. HAWKS. Are we not between the devil and the deep blue sea? The longer we stay here the more money we spend, but if we go home we may come back here and find that they have given the dome of the Capitol away to a foreign nation.

Mr. RICH. I would not trust them with anything. Congress has put in peacetime conscription to raise 1,000,000 or 2,000,000 men in order that we might have an army so that a dictator can take over a great mass of people at one time. We ought to have a sound man in the White House, one that we are not afraid of. The worst thing that Congress ever did was to establish peacetime conscription. We could have had all the volunteers we needed for $35 a month and 1-year enlistment. When you go back home and take the record of all these fellows who voted for peacetime conscription, when they see how close we are coming to dictatorship, they will wake up, and if that time comes, and it is just a short distance away, the people will wake up, but it will be too late.

I warn the American people now to keep their eyes open and remember these things on November 5. The Congress of the United States has authorized the President, after he got behind them and drove them to it, to create an army of a million men. Who is afraid of Hitler? He is not coming 3,000 miles across the Atlantic Ocean. He is not going to attack this country. Any man who is in the White House should not be able to say that Mussolini stuck us in the back. We ought to have somebody in the White House who is friendly to the people all over the world if we want to be a good neighbor. Mr. Roosevelt has lost the confidence of most European nations.

Now, let us get to this bill that we have under consideration, which is a supplemental civil-functions appropriation bill. If the House of Representatives wants to do the right thing, it will cut out a whole lot of appropriations that appear in this bill; cut down on useless Government expenditures.

Let us just see what some of them are. Here we have $38,167,000 for the reduction of interest on farm-mortgage payments to the Federal land banks and the Federal Farm Mortgage Corporation. What is that for? You passed laws reducing the interest rate to the farmer. That might be all right, but when the time comes that the Congress of the United States passes a bill—and this is what the gentleman from Vermont was referring to a few moments ago—and makes certain conditions, you ought to know exactly what the conditions are and how you are going to handle the situation. What are you going to do? You are going to pay $38,167,000 to the bankers of this country. Think of it. You are not going to pay that to the farmers. The farmers are going to get a reduction in their interest rate, to be sure, but this is a refund to the bankers. How will the taxpayers like that?

Mr. COCHRAN. Mr. Chairman, will the gentleman yield right on that point?

Mr. RICH. You get this point. You are going to pay that $38,167,000 to the bankers of this country. Who is going to do it? The taxpayers—the people in need that are out over the United States—men and women who are making $1,000 or $500 a year, or whatever they are making. Those people are going to pay the greatest amount, and they are going to pay that money to the bankers of this country just because you pass some laws that are not justifiable and that cannot be substantiated.

Mr. COCHRAN. Now will the gentleman yield on that subject?

Mr. RICH. Just wait until I give you a little more information here.

Mr. COCHRAN. I mean on the very point the gentleman is making.

Mr. RICH. I am going to make the point now.

Take the fellow who makes $1,000 a year, he pays $190 a year in taxes. The fellow who makes $2,000 a year pays $335 a year in taxes. The fellow who makes $5,000 a year pays $1,060 in taxes. The point I make is that the smaller the salary a fellow gets the larger the percentage of his earnings that goes into taxes. But that is not all. This is the crux of the situation. The fellow who paid $190 out of his $1,000 salary under the tax plan we have had up to this time is going to be compelled to pay twice that much, because you are going to be more than twice that much in the red this year over what you were last year, and last year you were in the red over $3,600,000,000. If you can go back to your constituents and satisfy them that that is a wise thing for Congress to do, then I should like to know how you can camouflage them like that. You will have to have more taxes or bust the Government?

Now come on with your question.

Mr. COCHRAN. The gentleman is blaming everything on Sixteenth and Pennsylvania Avenue. Now let me ask about the $38,000,000 about which the gentleman is making a lot of noise. Is that the fault of Sixteenth and Pennsylvania Avenue?

Mr. RICH. I do not yield any further, Mr. Chairman.

Mr. COCHRAN. The gentleman knows that he voted to override the President's veto.

Mr. RICH. I want to show you that I am blaming things on 1600 Pennsylvania Avenue. You are right. When that man took his oath of office on March 4, 1933——

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. RICH. The gentleman is right when he says I am blaming this on Sixteenth and Pennsylvania Avenue. That is the White House, for the benefit of anybody who does not know what it is. Franklin D. Roosevelt lives down there. He is the man who is being interfered with now by a third-term candidate by the name of F. D. Roosevelt. He wants to break down that precedent of two terms for a President. He is the third-term candidate who said in Philadelphia the other day that he wanted free and untrammeled elections. When you had the convention out in Chicago you did not have a free and untrammeled election. He said who was going to be the Presidential candidate as well as the Vice Presidential candidate and you had to take it. It is a pretty bitter pill for a lot of you, too, on the Democratic side of the aisle.

Mr. COCHRAN. I am asking the gentleman if he voted to override the President's veto?

Mr. RICH. I do not yield to the gentleman. I want to answer his first question.

Mr. COCHRAN. Answer "Yes" or "No." Did the gentleman override his veto?

Mr. RICH. I have tried to override it a good many times, and I have sustained his veto many, many times. He whips you into line, and nobody can override him on the New Deal side of the aisle. When he licks you into line you always walk down the chalk mark and you say, "Well, we will have to take it because we are good rubber stamps here, we have given him everything he wants, and we will continue to give it to him."

Mr. COCHRAN. How about the gentleman? Did he take it?

Mr. RICH. No; he never told me how I should vote; I would not obey him. The only thing you have to do is to get rid of him. Now, wait until I tell you. When he took office I thought he was an angel sent from heaven. I told the people back in my district I would support him. When he made the pre-election promises that he did, they were some of the finest statements that any man ever made before he got into office, but when he came into office he was not here 6 months until he started to repudiate his word. When a man tells me one thing and repudiates his word and does not carry it out, I do not have any time for him, and I do not care where he lives, what his name is, or where he comes from. A man who is not as good as his word is not worth a whoop.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield now?

Mr. RICH. I yield now.

Mr. COCHRAN. I asked the gentleman to tell the House whether he voted to override the President's veto of this act that requires the payment of this $38,000,000.

Well, did you do it? Did you vote to override the veto?

Mr. RICH. Wherever he has acted to cut down expenses and save this Government money I have supported him in most every instance.

Mr. COCHRAN. What did you do in that instance? That is what I am asking the gentleman now.

Mr. RICH. Oh, sit down.

Mr. COCHRAN. So now you refuse to say "Yes" or "No."

The CHAIRMAN. The gentleman from Pennsylvania declines to yield.

Mr. COCHRAN. I will look up the RECORD and see how the gentleman voted.

Mr. RICH. I want to call your attention to some more of these things.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield for a question.

Mr. WHITE of Idaho. The gentleman speaks of paying money to the bankers. Has the gentleman made any computation of what the bankers are collecting for the circulation of Federal Reserve notes in this country?

Mr. RICH. When the President took the gold over here and paid from $25.60 to $35 an ounce he lost many billions. He also went out into your State and into other Western States and gave you big premiums for silver, and he has gone into all the countries of the world and paid them big premiums for gold and silver, and the taxpayers of this country have got to foot the bills. Is that right? Is it just to tax your people for something that the foreigners are going to get the benefit of?

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. RICH. I yield to the gentleman from New York.

Mr. TABER. The gentleman from Missouri [Mr. COCHRAN] was asking the gentleman if he voted to override the President's veto on the $38,000,000 for the reduction of interest upon farm mortgages. I understand the facts are that the President vetoed that proposition last year, but that this is election year and he has signed it.

Mr. RICH. Well, he does a lot of things like that. You know, he is the greatest politician that ever came into office, and he will do anything to get political favor in this country. A clever politician for F. D. R., but a mighty poor businessman.

Mr. WHITE of Idaho. The gentleman asked me a question. Will he yield for an answer?

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield for a question to the gentleman from Washington.

Mr. LEAVY. The gentleman has repeatedly said in the course of his remarks that he would get rid of the gentleman down at the White House, and, of course, that implies displacing him with somebody else.

Mr. RICH. That is right. I certainly would replace him.

Mr. LEAVY. Whom would the gentleman put in his place?

Mr. RICH. Well, there is one fellow we can try, because we can try anybody but F. D. R. A gentleman over in the Senate said the other day it does not make any difference whom we have in the White House so long as we do not have the present occupant of the White House. We cannot have anybody half as bad.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Pennsylvania 5 additional minutes.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. RICH. I cannot yield any further. I want to talk about Grand Coulee.

Mr. LEAVY. If the gentleman will just let me ask this one question. If you mean that we should put Mr. Willkie in the White House, he is for the selective service and just as much so as Mr. Roosevelt.

Mr. RICH. Let me tell you this. Mr. Willkie might be for the selective service, and I am against it, but Mr. Willkie is not going to tell me how to vote; at least I will not vote that way. The people of my district sent me here to use my head and I am going to tell you that neither Mr. Willkie nor Mr. Roosevelt nor anybody else is going to tell me to do something wrong. That is the answer, if that is what you would like to have.

Mr. LEAVY. I agree with the gentleman and I think we all are just as much——

Mr. RICH. Now, I want to get back to this bill. When you have a subcommittee of the Appropriations Committee on the Interior Department, the bureau heads come in here and ask for a lot of funds without the chairman of the Appropriations Committee calling on the members of the subcommittee to see whether the appropriations are justifiable. They do not do that. There is not the business organization

to the Appropriations Committee that there should be, because if a subcommittee is supposed to handle the appropriations for the Interior Department they ought to be kept informed at all times of just what is going on. They are in better position to advise the full committee. That is what you have them for. Why do you not use them? That is the business way to do it.

Let me now call your attention to some of the things that we have put in this appropriation bill which I claim are not justifiable items and should be stricken out of the bill. You have added $137,000 to the appropriation for the Bituminous Coal Commission. The Bituminous Coal Commission has been working for 5 years and they have spent $10,000,000 or $12,000,000 and it was just recently that they established the price of coal; some expense for such an item. It took them 5 or 6 years to establish the price of coal. They cut down on a lot of their offices and we could have cut out that $137,000 very easily and it would not have made any difference to that Commission, and that is the point I want to make. We should keep our eyes on the pennies and the dollars will take care of themselves. Save, save, save, should be our motto; not spend, spend, spend. Save means thrift. Spend means recklessness or break-down. We could save here and there hundreds of thousands of dollars if we had the will to do it in this bill.

Now, take the next item, the Bonneville power project; you are giving $3,850,000 in this bill. That Bonneville power item could have been kept out of this bill, because they have had enough money to buy all the transmission lines that they could have judiciously purchased or erected this year.

The amount that has been put in for the Bureau of Indian Affairs should not have been in this appropriation bill.

Here is the Bureau of Reclamation. They gave to the Pine River project in Colorado $400,000. That does not need to be appropriated for now.

The Colorado River project in Texas, $2,500,000. That is not necessary for national defense. It is not necessary to make appropriations now for the Biological Survey.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. RICH. The National Park Service: Here they are going down into Virginia and putting an addition on the building at the Jamestown Museum costing $10,000. That has no place in this bill.

Photographic Mat Service, not to exceed $6,000. That is for making mats for pictures to be put out over the country when they have appropriated money for these various departments for their advertising.

Here they are giving not to exceed $3,000 for additional mats. That has no place in this deficiency appropriation bill. Why the committee granted it I do not know. Poor business for the committee to do so.

Government of the Territories: They give $3,000 to take care of the insane in Alaska. We took care of all of the insane in Alaska, according to the wishes of the Department, when we made that appropriation bill 3 or 4 months ago. Now, they come in here and want three or four thousand dollars more.

The Virgin Islands Co., $8,450. I do not know how the gentleman in charge of this bill, or any other gentleman, can justify that amount. That is the place where all the people in this country are in the rum business; where they are selling 500 cases of rum up in New England, giving away 200 cases free; where the Government has started in the rum business and bought these old, worn-out rum mills, trying to take care of these people in the rum business when the people in this country do not want it. It is of no more use than the fifth wheel on a wagon to give that much money to the Virgin Islands Co. at this time. They always have been an expense to our Government. We need new management. We need to take the Government out of business, especially the rum distilling that you put all the American people in against their will and in competition with the rum manufacturers of America and the wost possible kind of unethical competition. The rum people of America do not like it and the taxpayers do not like it.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

BONNEVILLE POWER AND NATIONAL DEFENSE

Mr. ANGELL. Mr. Chairman, there is one item in this deficiency bill—first supplemental civil functions appropriation bill, 1941—which I desire specifically to call to your attention. It is the appropriation of $3,850,000 for additional extension facilities for the Bonneville project on the Columbia River in Oregon. The President and the Bureau of the Budget transmitted a Bonneville supplemental estimate of $3,850,000 covering this which is divided as follows:

Item 1. Grand Coulee-Covington transmission line, initial materials, right-of-way, and clearing	$1,500,000
Item 2. Covington-Seattle line	200,000
Item 3. Substation additions	1,600,000
Item 4. Feeder connections	500,000
Item 5. Tools and equipment	50,000
Total	3,850,000

In view of the President's Executive order the first two items are necessary to start work on outlets to permit the sale of Coulee power. No direct Coulee outlets have been authorized to date, and it is obvious that they are necessary. Grand Coulee will bring in three generators totaling 324,000 kilowatts within the next year. This is 50 percent more firm power than was assured by the $65,000,000 T. V. A. appropriation bill but will not be fully available within 3 years. I might mention in this connection that Bonneville Dam is completed and Coulee will be within a year. All that is needed hereafter at both sites to acquire any amount additional capacity is the installation of machines—water turbines and generators with a roof above. For the capacity included in the T. V. A. appropriation, these Bonneville or Coulee machines could have been secured for about one-sixth of the amount necessary for a full hydro development with steam auxiliaries. I have been advised that the three Coulee machines I mention cost less than $10,000,000. Columbia power does not require a steam support.

Mr. Chairman, I might also state that additional Bonneville or Coulee capacity can be secured for one-half of the cost of any steam plant, and thereafter there would be no fuel costs involved. Bare fuel operating costs on the basis of T. V. A. reports range from about 1.6 to 3 mills per kilowatt-hour, depending on the distance from the fuel source. In the northwest, Columbia power costs, including all charges, interest, and amortization, are less than the bare fuel cost.

The remaining items of this estimate come within the scope of my investigations, and I desire to comment on the strategic metal and defense contribution that the northwest can make. The last three items of the submission can fit directly into such a program in my State. The submission is flexible enough to permit the use of these funds, wherever defense industrial requirements arise. Bonneville and Grand Coulee will within the next year have over 500,000 kilowatts of available low-cost power. The advisory commission in their appearance before the Appropriations Committee on the T. V. A. matter, stated in effect that there was a shortage of power capacity required for defense, and there was no private company in the United States capable of supplying even 200,000 kilowatts. I could add to this statement by saying that there are no power sources in America that can approach the Columbia River plants in low cost.

POWER COSTS AND ELECTROLYTIC PROCESSES

Inquiry and investigation develop the following over-all power facts: The hydro power that the Aluminum Co. is purchasing at the T. V. A. costs about 50 percent more than Bonneville delivered power. The T. V. A. steam power, with low coal prices, will cost over two times as much as Bonneville power. The Holston Reservoir hydro power will cost, if fully amortized, like the estimate before you, nearly one and nine-tenths times as much as Columbia power. Niagara industrial power sells for 50 percent more than Bonneville power. Eastern and midwestern steam power will cost nearly three

times as much. All of these comparisons are made on a kilowatt-hour basis for the purpose of pointing out the base economics behind the electrolytic processes, on which the defense program must rest. Electrolytic metal processes cannot economically stand power costs above 3 mills per kilowatt-hour unless there is a Federal subsidy in the metal price paid. This economic fact precludes steam power from consideration from such process use. Columbia power derives its advantage from the gifts of nature in the form of high-average river flows, steadiness of flow, high waterfalls, low-cost reservois sites, and advantageous dam sites with solid floors. As a power producer, the Columbia tops the list of high-class power streams, like the Niagara, St. Lawrence, and Colorado.

THE DEFENSE PROBLEM

Modern warfare is one of machines. Machines require metals and modern machine electrolytic metals. I have stated before that the Detroit automobile industry would not have been possible without the superior electrolytic metals produced by Niagara 3-mill current. The two bottlenecks of the last war were power and strategic metals. As time goes on we will see these bottlenecks develop unless remedial measures are early adopted. The Northwest has both. All that is needed is to harness them together. It is apparent that we cannot afford to isolate such a block of power capacity at this time.

STRATEGIC METALS

Mr. Chairman, on May 8 last, before the present Defense Advisory Committee was created, I addressed the House on the metal and power situation. Originally I started this investigation as an aid to unemployment, and in the course of this investigation I discovered our great national-defense weakness from the standpoint of vital metals and power. I found that we are importing nearly $200,000,000 annually in vital metals. This importation represents an employment displacement nearly equal to the total metal-mining employment in the United States. To feel absolutely secure we must declare our independence from foreign material sources. For example, our steel industry would be helpless if the foreign supply of manganese were to be cut off. Large deposits of manganese ores exist in the West, notably in the Olympic Peninsula in Washington. Our western ores are more complex than the ores of other sections, but these can be reduced by electric processes. The Bureau of Mines has developed an electric process for the reduction of western manganese ores. The same situation exists as to magnesium, aluminum, from western alunite, chrome, tungsten, antimony, mica, and mercury.

DEFENSE INDUSTRIES

Civilization today would grind to an abrupt stop if the products of the electric furnace and the electrolytic cell should cease to be available. Our automobiles require the high-grade steel and steel alloys made in the electric furnace. The modern transport and military planes of today would be nonexistent if it were not for aluminum and magnesium metal products of the electrolytic cell. The examples can be multiplied as to cover every phase of modern industrial life—and, consequently, the importance of electric power becomes self-evident, especially if we note that these electroproducts require huge quantities of cheap power.

It is not easy to find cheap sources of dependable power in the Nation. Present plants are fast becoming loaded up to maximum capacity. We must not be subject to the almost disastrous power shortage of the last World War, and, gentlemen, we need not; the Columbia River projects at Bonneville and Grand Coulee are ready now to furnish ever-increasing quantities of the lowest-cost electric power in the United States. But great as this availability may be, we need the transmission lines to carry the energy from the power plants to the sites where industry will locate.

Ripe fruit can rot and fall to the ground unless we provide the baskets with which to collect the bounties of the fruit tree and transportation facilities to carry it to the markets.

Bonneville is ready to deliver 65,000 kilowatts to the Aluminum Co. of America's plant at Vancouver, Wash., which began operation September 3 of this year for the production of 30,000 tons a year of aluminum which we need in the production of sheets, rods, and structural shapes for our airplane program.

Bonneville is ready to deliver power to the Pacific Carbide & Alloys Co. in Portland for the production of calcium carbide, a chemical important in peace and war.

And Bonneville is in active contact with manufacturers and industrial groups contemplating northwestern production of high grade steel and steel alloys, ferrochrome—so important for armor plate—electrolytic zinc and manganese, aluminum from western raw materials, chromite, and chlorates. All these are electroindustries whose power demands will aggregate many tens of thousands of kilowatts.

Mr. Chairman, I call your attention to a timely report, just made public, prepared by the Bonneville Power Administration on industries important to national defense feasible of establishment in the Pacific Northwest. This report analyzes the specific contributions which the Northwest can well make to the national-defense program. It lists industries, a basic requirement of which is cheap and large blocks of power, industries whose products can provide some of the sinews for the defense of the west coast of our Pacific outposts, industries that are needed in the normal economic development of the Oregon country. I am told that if all these interested industries were to be established in the Northwest, their total initial power requirements would be in excess of 250,000 kilowatts. Where else in this Nation can such power be provided, especially in an area where most of the necessary raw materials can be found or readily made available from contiguous areas?

SELF-LIQUIDATION

Under the terms of the Bonneville Act this appropriation will be fully recovered. The act is mandatory in this requirement, and the rates to insure repayment are subject to periodical revision and check by the Power Commission before becoming effective. Manifestly this is strictly a business proposition, and also a worth-while contribution to our defense program.

Mr. Chairman, I sincerely urge my colleagues to approve this appropriation for providing these transmission facilities for the Bonneville and Grand Coulee projects so that this large block of much needed electric power may be made available at the very earliest time for use in our defense program.

There are a number of concerns that are engaged in manufacturing various articles going into our armaments that are now negotiating for plants in the Columbia River area in order to take advantage of this low-cost hydroelectric power. The Federal Government has a large investment in these projects and good business judgment dictates that the investment be put to use in furthering the early completion of our national defenses.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN. Mr. Chairman, I want the attention of the gentleman from Pennsylvania [Mr. RICH]. He refused to answer my question, but I have the RECORD of June 15, 1938, before me. The President vetoed a bill that requires the appropriation of $38,000,000, and among those voting to override the veto is the gentleman from Pennsylvania [Mr. RICH]. There is the gentleman's name. Do you want to have the RECORD corrected? [Laughter.]

Mr. RICH. Now, you look here. We wanted to give the farmers the advantage of that, but why did you wait until the time came and then not permit the farmers to get the advantage of it, but pay it to the bankers? [Laugher and applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 1 minute.

The gentleman from Missouri [Mr. COCHRAN] has made a mistake this time, because the bill under which we are

proposing $38,000,000 was passed this year, election year, and was signed by the President. [Laughter.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, this supplemental civil-functions appropriation bill contains an item for the Washington National Airport. I know that in recent weeks, especially, there has been considerable discussion of this project and certain individuals have stated publicly that it appeared that excessive amounts were being spent in the construction of the airport. Money should, of course, be carefully expended, but we must realize that the airport in Washington deserves to serve as a model for the metropolitan terminal throughout the United States. I feel that I should speak briefly about the fine work which has been done, under the tireless efforts of Col. Sumpter Smith, chairman of the Interdepartmental Engineering Commission. It was just a little less than 2 years ago that construction started. On Wednesday afternoon President Roosevelt will lay the cornerstone of the Terminal Building. At this point we should note the committee recommends the sum of $2,700,000, in lieu of the Budget estimate of $2,750,000, for use in making available proper facilities to take care of the operating transport air lines using the airport.

This money is to be used for the construction of five additional hangars and necessary improvements thereto. Under the Public Works Administration and Work Projects Administration there was provided a sum necessary for the construction of one hanger, but we find today that it is absolutely necessary to have constructed at the Washington National Airport sufficient hangar space to take care of the ever-increasing flow in and out of Washington of the operating lines that are handling passengers, express, and mail in the ever-growing transport system of the United States.

I think that all of us, regardless of the section of the country from which we come, understand full well that in the United States today we are developing a great system of air transportation. It is right, and it is proper, and it is necessary that at Washington, D. C., we have every possible facility to go with the actual airport itself, to take care of this ever-developing and ever-enlarging flow of traffic. Increasingly, Washington is the mecca for citizens from all sections of the Nation. They are coming here by all means of travel, but in greatly increased numbers by air each year.

We do know that this Washington airport is going to be a vital factor not only in the life of the Capital itself but in the life of the Nation as well.

It is fortunate that the location of the airport is but a 10- to 15-minute drive from the center of the Capital.

At present the airport being used here accommodates 144 scheduled landings and take-offs every 24 hours, making it already the third busiest in the country.

Mr. Chairman, I desire to touch briefly on another item in the pending measure. It is the amount which is to be appropriated for domestic air mail in this country, under which we shall have the expansion of the air mail pick-up system.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Indiana.

Mr. LUDLOW. Mr. Chairman, I asked the gentleman to yield at this point because I want the RECORD to show that the gentleman from West Virginia [Mr. RANDOLPH] is entitled to a distinctive place in the aviation history of our country. He is the father of the air mail pick-up service. It was through his splendid initiative and farseeing vision that this service was originally established on an experimental basis. As the chairman of the subcommittee of the Appropriations Committee dealing with post-office appropriations, I early came under the spell of his persuasive influence. Years ago when the idea of a pick-up service was regarded as more or less fantastic the gentleman from West Virginia was its faithful and determined sponsor. He stuck to his guns and prosecuted his plea with such force and impressiveness that the Congress eventually provided funds to test it on an experimental scale. The period of test ended last May at which time the value of the service had been so well and conclusively established that the Post Office Department formally endorsed it as a regular and permanent postal activity never to be abandoned, and to be extended as wise administration and the national finances would permit. It is a wonderful and successful service and when we contemplate its promising future we may very properly pause to pay our tributes in the annals of Congress to the gentleman from West Virginia [Mr. RANDOLPH] as the father of the pick-up service. [Applause.]

Mr. RANDOLPH. The gentleman from Indiana is very kind. I am sure his words are undeserved, but I do appreciate his thoughtfulness and graciousness in calling attention to my efforts in connection with the air mail pick-up system.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 1 additional minute to the gentleman from West Virginia.

Mr. RANDOLPH. Mr. Chairman, under this system we are going to serve approximately 150 cities and communities of the United States served by the air mail pick-up system. Prior to the proving of this system we had just a few major cities served by air mail through the regular channels of transport lines which have access to airports. Now we have this new service in some seven States. In this method of operation you will recall that the plane swoops down, drops the mail for delivery, and picks up the outgoing mail. No airport is needed. Thus hundreds of communities in this country where the terrain will not allow the construction of airports or where the local communities do not have the money for construction are going to receive the benefits of this pick-up service. I ask all Members of this body for active support in seeing that this service is not limited to 150 communities, but that eventually it will spread to 1,000 and possibly 2,000 communities that the people at large may be served by this great boon to aviation in the United States. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise,

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10539, the supplemental civil functions appropriation bill, 1941, had come to no resolution thereon.

PERMISSION TO ADDRESS THE HOUSE

Mr. COX. Mr. Speaker, I ask unanimous consent that on tomorrow, after the completion of the legislative program for the day, I may be permitted to address the House for 30 minutes, speaking to a resolution I shall then offer ratifying the action of the President in acquiring certain air bases.

The SPEAKER. With the understanding that the gentleman's time will follow other special orders heretofore granted, is there objection to the request of the gentleman from Georgia?

There was no objection.

FIRST SUPPLEMENTAL CIVIL FUNCTIONS APPROPRIATION BILL, 1941—RULE

Mr. SABATH, from the Committee on Rules, submitted the following report on the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, which was read and referred to the House Calendar and ordered to be printed:

House Resolution 609

Resolved, That during the consideration of the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, all points of order against the legislative provisions of the bill are hereby waived.

Mr. SABATH. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 609.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read as follows:

Resolved, That during the consideration of the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, all points of order against the legislative provisions of the bill are hereby waived.

Mr. SABATH. Mr. Speaker, this is a special rule waiving points of order against certain legislative provisions in the bill H. R. 10539, the supplemental civil functions appropriation bill, 1941.

Mr. Speaker, I have no desire to take up the time of the House, but I do yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed out of order for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, there is no apparent objection to this rule that makes in order certain provisions of the first supplemental defense appropriation bill for 1941. The words "first supplemental civil functions appropriation bill" are sort of new terminology to me. It probably means a deficiency bill under another name, it is a sort of alias for a deficiency bill. A rose by any other name smells just as sweet, and a deficiency bill under any other name smells just as rotten; but as far as I know there is no objection to the rule making these provisions in this bill in order.

Mr. Speaker, I have taken these few minutes not to defend myself on the floor but rather to defend the 207 Members—140 Republicans and 67 Democrats—who voted for the amendment I introduced allowing 60 days in which to give volunteers an opportunity to enlist under the conscription bill. Every Member of Congress, whether for or against my amendment and regardless of its merits or demerits—and I agree they are all honest men and women—knows that my amendment would not have delayed the draft by a single hour or a single minute. I provided for 60 days for volunteers on a call to be issued by the President so as not to interfere with the draft; otherwise I would have provided 90 days, which was my preference and more desirable. A provision was written into my amendment that nothing in the subsection should interfere with the registration, classification, or induction into service of any of the draftees. Nevertheless, the New York and Washington newspapers deliberately falsified my amendment and carried large headlines perverting the truth, stating that it would delay the draft by 60 days.

As all Members of Congress know, under the draft law no one is to be called into service before November 15. This has since been changed to delay it another 2 weeks. There would not have been a minute's delay under my amendment. The call by the President for volunteers would have gone out and 400,000 might have volunteered in advance of November 15. It would have expedited enlistments but not possibly delayed it.

Mr. Speaker, I make this statement, not in defense of myself but in defense of a majority of the Members of the House who may be maliciously and viciously attacked because of their vote for my amendment on account of the deliberate lies that have been carried in the big eastern interventionist newspapers. I had two opponents in a primary election only last Tuesday. I made no campaign for myself in spite of the deliberate falsehoods in the eastern press and in some of the papers in my own district. I spent $88 for postal cards and $50 for workers and cars. I had two opponents against me, both of them benefiting from the falsehoods about my amendment, which the New York press stated would delay the draft. I made only one radio speech in my district, yet I carried the district by a vote of 10 to 1 in the primaries against these two opponents. I have not taken this time to defend myself but to keep the record straight on my amendment, and to defend the record of this House. I have from the very beginning, and I shall continue to lead the fight to keep America out of foreign wars unless we are attacked or the Monroe Doctrine is violated. If this be treason to the Amerian people let the interventionists and warmongers make the most of it. I received something like 7,500 votes, while my two opponents received approximately 700 votes each. I say to you Members who voted for my amendment that you have nothing to apologize for; a majority of this House on two occasions voted for it. It did not provide for a single day's delay, and I want it to go in the RECORD that these New York newspapers deliberately and maliciously falsified the truth and perverted it for their own selfish purposes. My amendment might have resulted in securing 100,000 or 400,000 volunteers weeks in advance of the induction of a single draftee.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. ENGEL. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Michigan.

Mr. ENGEL. May I say to the gentleman that the day after the Fish amendment passed in the Committee of the Whole I called the attention of the House to the speech made on the floor of the House by the gentleman from New York [Mr. WADSWORTH] who introduced the bill, in which he opposed the Fish amendment. He said not one word about delay. On the contrary, his opposition to the Fish amendment was directed to the fact that that amendment would bring volunteers to the Army so fast that the Army could not handle them. If that be true how could we have delay?

Mr. FISH. I am very much obliged to the gentleman. This is simply a matter of getting the record straight. It has nothing to do with the merits or demerits of the proposition.

It was further stated in the New York papers, and this is a direct attack on every Member of the House of Representatives, that the 60 days' alleged delay was aimed to carry it over election day, that it had to do with politics, and with votes. It was just another contemptible lie. The 60-day amendment was put in so that it would not interfere with the draft and had nothing to do with election day. I am not a rubber-stamp Member of Congress and even my bitterest opponent has never questioned my political independence or courage. This is my answer to those false charges and also to uphold the prestige, dignity, and honor of the House. I have faith in our free institutions and representative form of government, and I believe in the loyalty of the Democrats just as much as I do the Republicans in maintaining a decent respect for majority rule and the right of the Congress to legislate without being denounced and misrepresented in the eastern interventionist press. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I cannot resist congratulating the gentleman upon his renomination. I presume his renomination was brought about mainly because he has supported the President's program of national defense and preparedness. The gentleman has been loyal and has cooperated with me in the Rules Committee in support of all rules that would tend to hasten the preparedness and defense program.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

FIRST SUPPLEMENTAL CIVIL FUNCTIONS APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further cosideration of the bill H. R. 10539, with Mr. BLAND in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, first of all, may I say that I am gratified to find in this bill there are carried appropriations for the payment of the Philippine travel pay, a matter which has been of great interest to many of the veterans of the Spanish-American War for many years.

I want to say a few words about the paragraph in the section relative to the National Labor Relations Board which would require the abolition of the Division of Economic Research.

It is clear as crystal that it is now more important than it ever was for Congress to exercise the most careful scrutiny over the expenditure of the money it appropriates. In a previous appropriation bill, I understand, a cut was made in the N. L. R. B. appropriation, and that in the report it was stated that this was intended to bring about the abolition of the Division of Economic Research. I understand further that such a situation has always been taken by executive agencies as evidence of the intent of Congress, but that in this case it was not so taken. I realize there is something important at stake here; and although I think the abolition of this Division is a mistake and have opposed it, I am frank to say I do not see what else the committee could do under the circumstances except to specifically write into this bill the instructions which undoubtedly represent the views of a majority of the House.

So I shall offer no amendment, although as I say I do think this action is a mistake in judgment. I think it is a mistake, first, because I believe that that division is important to the effective and proper functioning of the Board in the discharge of its duties. I think Members will find that to be true if they examine the work that has been done there or if they consult the organizations that have been affected by the work of the Board, such as the American Federation of Labor.

I realize, as I have pointed out this afternoon, that there can be no question with regard to the relationship of Congress to an executive agency, or the right of Congress to determine how the money it appropriates shall be spent. On that point I will say that generally I am in hearty agreement with those who have taken the position that executive agencies ought to carry out the intent of Congress carefully and cooperatively. I do want to say, however, that in this case there are certain other considerations that are important.

I presume, although I do not know, that there are Members of the House who are still laboring under the impression that the head of that division, Mr. Saposs by name, is a man who is subversive and a Communist. I say to the House that that simply is not true, that, on the contrary, the one group of people in this country who will be most delighted if this division is abolished and if Mr. Saposs is gotten out of the National Labor Relations Board are the Communists themselves, and that, as a matter of fact, due to his knowledge of the labor movement and all related fields, he is now and has been one of the most effective opponents of communism or the Communists in any form that we have. I am not meaning to say that I stand sponsor for Mr. Saposs' ideas, nor that I would agree with him on many things. But I believe that the fundamental test is the test of a person's loyalty, the test as to whether his first loyalty belongs to the United States of America without question of a doubt, rather than what his particular views on particular questions may be. There is no doubt that he passes that test, nor is there any doubt that he is one of the most effective opponents there is in this country of those who do not pass that test.

Mr. ROUTZOHN. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Ohio.

Mr. ROUTZOHN. May I recall to the gentleman the fact that the majority of the committee did find him to be subversive and that in the minority report it is the one thing upon which the minority did not disagree with the majority.

Mr. VOORHIS of California. I do know that but I wonder whether the committee ever examined him and gave him an opportunity to state his own case. Did they?

Mr. ROUTZOHN. I can answer that. We not only did that, we had him up just the other day again on an examination which proved conclusively that he is a Communist. Besides that, we had his writings which cannot but convince anyone that he has been communistic for a great many years.

Mr. VOORHIS of California. I know about the argument that has taken place regarding some of those writings. I do not agree with them, but I do think it is true that in one case, most frequently quoted against Mr. Saposs, he was not stating his own views at all but he was reporting on the views of a group with which he himself was in sharp disagreement.

I do not propose to enter into a controversy with the gentleman and if the gentleman feels it is the thing to do, it is all right with me, but I do say that what I said is true, that if you do this thing the Communists of the United States will be delighted at the move that has been made.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, while the gentleman from Pennsylvania and the gentleman from Missouri were indulging in their discussion with respect to matters and things, I had in mind making a speech superinduced, as they say medically, by the situation that then obtained. I have got more or less over being excited and mad since that time, nevertheless I do want to say that this bill, which is an attempted alibi and a poor excuse for a deficiency bill, has no more business before the Deficiency Committee than a polynesian amazon would have in Aztec, Mexico, on Christmas. It is no more a deficiency bill than I am; as such it absolutely is not.

It contains so many items which have been directly or indirectly presented to the regular subcommittees of the Appropriations Committee, which proves it not to be a deficiency, and/or turned down as to be almost innumerable, or else have not been presented at all, and they are now presented to this so-called deficiency committee, who are doped or misled into a sense of permitting the enactment thereof into law. They are fooled into approving appropriations that the progenitors and proponents would never dare to present regularly to the lawful and legislatively authorized subcommittees of the Appropriations Committee.

None of us submerged and junior members of the Appropriations Committee are jealous of the ability of any of these members who constitute the so-called and self-constituted deficiency committee by reason of the fact that they are chairmen and ranking members. There is no man on this floor who holds in higher respect the ability of any of those men than do I. But after I have spent 11 months and 10 days down here studying a particular matter, for them in a week to go over my head and approve something which after 11 months and 10 days of study I have said was absolutely no good, is nothing short of an insult to my supposed intelligence; and I am telling them, whether anybody else dares to or not, that I represent the substantial sentiment of all those who are not ranking members of the Appropriations Committee, whether they like it or not.

All this talk in another body about conference committees and their usurpation of legislative prerogatives is inconsequential when one takes into consideration what the ranking members of the Appropriations Committee, as an alleged deficiency committee, are doing or undertaking to do to their associates on that committee under the silly and easily discernible alibi of "deficiency." Deficiency! Bologny!

The name of the bill condemns it. It is neither deficiency, fish nor fowl, nor red herring, and never a deficiency.

If the House Appropriations Committee is top-heavy, reduce the number of members. If all the brains are to be found in those who by reason of service happen to be at the top, then let us make the most and best of it. Let us stop this useless waste of time by men sent to Congress who have tried for 11 months to help do the work of the Committee

on Appropriations and of Congress to eventually be ignored because somebody who could not get their pet measures considered by them has appealed to—and deliberately so—this misnamed, overofficious, and parliamentarily irregular, as well as legislatively illegitimate deficiency committee.

If that is treason, make the most of it. The people should know, and will if it takes me till doomsday to iterate and reiterate this statement, which, after all the trimmings and oratory are discounted, cannot be controverted, as everybody not on the so-called deficiency committee can substantiate.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, I was very much interested in the little argument between the gentleman from Missouri [Mr. COCHRAN] and the gentleman from Pennsylvania [Mr. RICH] regarding the Presidential veto of the 3½-percent farm loan interest bill. On the day that that veto came before this House, by which the President vetoed the reduction of the interest rate on the Federal land-bank loans to 3½ percent there passed through this House a bill which made appropriations and provided for the purchase of land for the farm tenants under the Farm Tenant Act. That bill provided for a 3-percent interest rate. I called attention in the House at that time that in the Farm Tenant Act—under which, by the way, loans are made of 100 percent of the value of the farm at 3 percent—the President was trying to make farm owners out of farm tenants, and by vetoing the 3½-percent rate bill he was making farm tenants out of farm owners.

I want to discuss here today, in the few minutes allotted to me, the question of the C. C. C. appropriations. In doing so I want to emphasize the fact again that I am not opposed to the C. C. C.

The subcommittee of the Appropriations Committee, which had that bill under consideration, worked very hard. They came out with a unanimous report, 4 Democrats and 2 Republicans, on this item and every other item in the C. C. C. bill. In 1939 the C. C. C. had an authorization of 300,000 men with approximately 90 percent of the enrollment filled, or 270,000 men actually enrolled, 10 percent being usually unfilled through enlistments, and so forth. They asked for $1,000 per man, $600 of which went for pay, subsistence, clothing, and doctors' bills, and the other $400 going for overhead. If the House intended, as I believe they did, by increasing the amount on the floor, to put the bill back where it was in 1939, they would have put it back to the actual enrolled strength of 270,000 men, which at $1,000 per man would have required $270,000,000. The House increased the amount to $280,000,000, $10,000,000 more than was necessary to carry on the whole program on a 1939 basis. In doing so they threw the bill out of balance and added more to pay and subsistence items and less on the overhead item. The subcommittee, in considering this original appropriation, and after careful consideration, was unanimously of the opinion that we ought to give them the $600 per man for pay, subsistence, and clothing allowance, but felt that the $400 per man was too much for overhead and that the extra money ought to go to the boys themselves. We therefore cut the overhead from $400 per man down to $350 per man, and put the balance of that money into the pay and subsistence item. I submit that that was a fair adjustment between the pay and subsistence item and the general overhead item in this bill.

Now, this deficiency committee comes back, Mr. Chairman, and restores that item to $400 per man to where it was before. They put in the $600 per man for the pay and subsistence item, and put back $404 per man for the overhead item in the face of the committee adjustment of $350.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Michigan 5 additional minutes.

Mr. ENGEL. I want to call attention to the way they have juggled those figures in 1939. For instance, we gave them for repairs and alterations about $8,000,000, and they spent $15,000,000. Of course, it was put on a 1,200-camp basis, and they should have a proportionate increase, of course, but they used more than double the amount they justified on a 1,200-camp basis, when this was only a 25-percent increase in camps.

At that time, Mr. Chairman, in speaking on the floor of the House, I called attention to the fact that they had 32,406 civilian employees, most of whom were political, and a great many of whom were appointed from the Friant list. A person can only get on the Friant list by having the endorsement of a Democratic Congressman. I also called attention to the fact that these 32,406 men received $58,234,711 in salary in 1939.

I want to read you what I said on the floor of the House at that time:

> The C. C. C. has been a sacred cow. While the people have worshipped the cow the politicians have milked her. Thirty-two thousand four hundred and six civilian employees, most of whom are political appointees, will receive this year $58,234,711 in salaries, while 270,000 C. C. C. enrollees and their families will receive $101,185,200 in pay. I am not opposing the C. C. C. I am just trying to stop the politicians from milking the sacred cow.

I thought we had stopped the politicians from milking that sacred cow, but, apparently, under this bill, in an election year, they are going to keep right on milking her. I presume it is too much for a Republican to ask a bunch of New Deal Congressmen up for election to stop milking that sacred cow in an election year. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE of Idaho. Mr. Chairman, the gentleman from Pennsylvania [Mr. RICH] was very much concerned a while ago with the item carried in this bill of $38,000,000 to ease the interest load on the farmers of this country because the bankers would get the money. The gentleman from Pennsylvania is always bringing up questions of money. I am sorry he is not in the Chamber now. I wonder if he ever makes a study of the daily balance sheet issued by the Treasury Department giving us the figures on silver and gold and money in this country; and something which does not appear on the sheet but which we all know about, the interest that the bankers are collecting as a price of circulating the bulk of our currency. By examining the Treasurer's statement of September 18 we find there are gold certificate funds, Board of Governors, Federal Reserve System, $15,940,855,670.77. Fifteen billion dollars in gold which we are storing in Kentucky and for which the Federal Reserve System holds warehouse receipts. Does that money belong to the Government or does it belong to the Federal Reserve? It is the basis of our currency. Circulating as money against that hoard of gold, in the form of Federal Reserve notes and Federal Reserve bank notes we find as of August 31 there are $5,355,345,031. We are circulating in currency against that hoard of gold only about one-third of its value in money.

I would like to have the gentleman from Pennsylvania [Mr. RICH], when he is complaining about the bankers getting this money that is appropriated to relieve the interest load on the farmers, explain to me how any dollar of Federal Reserve notes will circulate unless some firm or individual pays the interest to support and keep that money in circulation. That is the system we are working under, and that is the interest income that the bankers are drawing from the circulation of money in this country. Let anybody explain to me how any dollar of Federal Reserve notes can circulate unless somebody pays interest all the time it is in circulation. Let the gentleman from Pennsylvania [Mr. RICH], if he is so solicitous about the money that is being drawn out of business to pay the bankers of the country, study the daily financial statements of the Treasury and help us work out some workable money system that will relieve business and the people of this country of this huge interest load.

I want to refer the gentleman from Pennsylvania [Mr. RICH] to another item of the Treasury statement, and that is the item of silver about which he makes so much complaint. We find there are silver certificates outstanding as of September 18, $1,841,096,901; almost $2,000,000,000. When we add the silver dollars in circulation making about $2,000,000,000 of silver money in the tills and in the pockets of our people in

the form of $1, $5, and $10 silver certificates, good legal tender money. And, remember, members of the Committee, that that money circulates free of interest and does not cost the Government a dime except the cost of printing the silver certificates. That is the big item. That is the objection to silver money—it does not pay the banker interest and displaces the equivalent in interest-yielding Federal Reserve currency. That is the reason they are so solicitous about discarding silver and increasing the interest load on the American people. As against the interest paid on Federal Reserve notes as the price of circulating money in this country, what is $38,000,000 carried in this bill that will ease the interest load on the farmer? Talk about the bankers getting interest; they are getting the farms. In a great many agricultural States in this country half the farms are owned by the insurance companies and the banks and the farmers who have developed those farms are mere tenants.

Let us continue this item. Let us pass this bill and ease the interest load on our farmers. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself the balance of the time.

The CHAIRMAN. The gentleman is recognized for 24 minutes.

Mr. TABER. Mr. Chairman, this bill carries a lot of money, something like $300,000,000, including direct appropriations and contract authorizations. A large portion of it is alleged to be for national defense. Actually, with the exception of a few dollars for the Coast Guard, there is none of it for national defense.

It calls for something like $40,000,000 for the vocational-training outfit and the Bureau of Education, to set up vocational training for men who might work in industry. It provided thirty-odd million dollars for the N. Y. A. That is perhaps the most ridiculous performance of the whole lot. [Applause.]

I call attention to page 26 of the supplemental hearings, where a break-down is given of the operations that they propose to perform with that $30,000,000. It runs something like this: For pay of students or people who are enrolled, $11,000,000. For pay of supervisory employees, $4,800,000, indicating that it is proposed to set up at least one supervisory employee for every five employees, a most ridiculous situation.

Then in spite of the fact that they have stated to the committee that they have entered into an agreement with the vocational-education outfit that they will not go into training, they propose to spend $8,000,000 of this $30,000,000 for construction and equipment of factory stuff. The two stories do not go together and it presents a set-up of the most ridiculous waste and extravagance.

If we are going to escape from the present situation which we are in, with reference to national defense, it is time for us to begin to conserve.

It is time for us to stop foolish appropriations and begin to sift out the things that are most needed. Otherwise we are not going to be able to carry this country through. My own experience is that these boys who have been to the N. Y. A. and the C. C. C. are totally unfitted for anything when they get out and that their effectiveness and productivity is practically ruined. We have gone about working out of this depression trying to make everybody dependent upon the Government rather than urging them to work out of it by their own efforts. The further we go in making people dependent on government, the worse off the country becomes, because there has never been any way out of a depression except that of the people working harder and harder and putting more of themselves into the effort. The more we encourage reliance on a way that is absolutely nonproductive of anything toward national defense, the worse off we are going to be.

Something like $30,000,000 is provided to embark upon a program of constructing airports all over the country, and the propaganda that has been designed is something like this: A proposal for 4,000 airports and reconstructed airports, and they have knocked them around the country in such fashion that there will be two or three, and maybe four or five, in every congressional district, so that we shall be sufficiently deluded that we shall think we are going to have an airport in our own district; but we are not. The whole program before they get through with it would cost something like a billion dollars, and things are not going to be so that a billion dollars can be available for that performance.

Then, again, it is under the direction of the C. A. A. You will remember they had charge of supervising airports under the W. P. A. and the P. W. A. Amongst others, they had charge of this one across the river. This one across the river is probably as good an example as any. Before it is through it is going to cost something like $18,000,000. The joint board that investigated the proposition of locating an airport near the District of Columbia chose the Gravelly Point site and itemized what it would cost. Their total was around $4,800,000. It is costing only from four to five times as much as it ought to under the direction of this outfit. They are not the people to do this kind of work, anyway, and we are not going to reach anything like the goal we should reach under their management.

It has been said there are only a few airports capable of accommodating the big bombers, 36 I think. We have not many of the big bombers. Outside of those that are on the carriers, my understanding is that at the present time we have something like 60 or 70. If we do not give them away before then we may have 150 in another year. We are not suffering very badly from the standpoint of space to put those bombers or for them to land on.

There are at the present time all sorts of schools for flying. Our pursuit planes can land on thousands of fields. Even the big bombers can land on grass fields in probably 300 or 400 places, because it only takes a little less than 3,000 feet for them to land on grass rather than concrete. I do not believe we are justified at this time in going on with that program under that outfit.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. Can the gentleman tell me if sites have been selected in the various districts where the airports will be located?

Mr. TABER. No; they have not been selected. There was presented to the committee a list of 4,000 places where airports either existed or might exist, and an estimate of the Government's portion of the cost of airports in these places.

Mrs. ROGERS of Massachusetts. Is that list in the hearings?

Mr. TABER. Anyone who wants it can obtain it from the Civil Aeronautics Authority.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CRAWFORD. Are the reconstructed airports to be made suitable for the landing of the bombing planes, or are they simply to be enlarged to accommodate such planes as are in use at the present time?

Mr. TABER. I should think that out of those that are not now able to accommodate big bombers on concrete runways, probably 30 or 40 were projected to be large enough to do so. It is not proposed to make the majority of the airports large enough for anything of that character.

Mr. CRAWFORD. One additional question if the gentleman will permit: Is it intended to reconstruct the present operating airports in such manner that most of them will accommodate these large passenger ships, the ships that carry from 14 to 21 passengers?

Mr. TABER. No; it is not. I should say that in the matter of class 3 airports it is proposed to make probably 75 of them large enough for that purpose.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RABAUT. Will not the gentleman explain the four types of air fields?

Mr. TABER. Yes. There are four types of air fields. One is a very small type with runways about 1,800 feet in length.

Mr. RABAUT. And they are grass-covered fields.

Mr. TABER. On the other hand most of these fields can be extended to provide runways of 2,500 feet by placing the runways in diagonal directions.

Class 2 airports are supposed to have runways 2,500 feet in length. I imagine most of those would run 3,000 feet or perhaps 3,500 feet. Then class 3 would be the type that would accommodate the passenger planes carrying 10 or 12 passengers. I would hardly think they would be good enough for the largest plane that flies. The class 4 type would be confined to the very largest places and would have runways of 5,000 feet.

Mr. RABAUT. And multiple runways.

Mr. TABER. Several of them, so perhaps more than one plane could land and take off at a time. There would not be so many of those. They would be the only ones that really could be sure of handling the big bombers on a concrete runway. But on a grass runway I think most of the class 2 outfits would take care of them in moderate weather.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. In connection with those airports, is it provided that underground hangars be built where they may be protected from bombing?

Mr. TABER. No. That has not been discussed at all before our committee and I do not think the proposition is as important here as it might be farther away from us. The only approach that an enemy bomber might have to us would be from a carrier and our defense against them would be largely pursuit planes. There would not be very much chance on most of these fields of an enemy bomber getting in.

Mr. WHITE of Idaho. They do have underground hangars in Europe and in England, do they not?

Mr. TABER. Yes; but their situation is altogether different from ours. The distances over there are so short you could cross any of them while you are going across the State of Pennsylvania.

Mrs. ROGERS of Massachusetts. Has it been considered in connection with this appropriation—Fort Devens, a very fine field, and they also could have underground hangars there?

Mr. TABER. No Army airport has been considered for anything in connection with these civil airports, and should not be because the Army should be given complete authority and control over its own set-up. It would be a great mistake for anybody to attempt to take the Army airports away from them.

Mrs. ROGERS of Massachusetts. Could some of this money be used for those airports?

Mr. TABER. There is plenty of money for the Army for its own airports.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The gentleman some time ago, in a conversation with his colleagues, mentioned a list of proposed sites.

Mr. TABER. A mimeographed list of proposed sites was presented to the committee containing, as they said, 4,000 places. I did not add them up so I would not guarantee it.

Mr. VAN ZANDT. May I ask the gentleman where we could get such a list?

Mr. TABER. From the Civil Aeronautics Authority. I think they have it available. It is a public document at the present time, because it was submitted to us. We did not publish it due to the fact it was so voluminous we did not feel justified in doing so. It is over at the committee room and is a part of our file of hearings. I am sure it is available to anyone who wants to see it there. The Commission would probably be glad to give the gentleman a copy. It is entirely civil, nothing else.

Mr. Chairman, I want to take up two or three other things. An application was made to us for funds for enforcement of the Hatch Act. An allowance was made along these lines of $10,000 to the Department of Justice and $100,000 to the Civil Service Commission. The Department of Justice had no cases and the Civil Service Commission had had six, with one now pending. How important they were the Commission could not say.

In the Department of Justice this is under the direction of O. John Rogge, who is in charge of the Criminal Division of the Department of Justice. At the time the hearings were being held I called attention to the fact that no indictments had been attempted by Rogge in Louisiana against these W. P. A. fellows who built W. P. A. activities on private property, who operated on the asphalt contracts, limiting the operations to one bid, who helped remove streetcar rails for the benefit of a public-utility corporation, who built a maintenance garage without authority of law, who worked on the yacht-basin project, who worked on everything else except the projects that they were supposed to be working on, and who worked upon the development of an amusement park that was operated by a private concessionaire, entirely in violation of the W. P. A. statute. There were a great many other projects down there that were irregular, and certainly some of them were bad enough so that some of these fellows who were in charge of the W. P. A. should have been given a twist before the grand jury in Louisiana. Nothing of that kind was done.

Amongst other high points in Mr. Rogge's record is the continued suppressing of the 22 indictments for internal-revenue tax violations in New Orleans, which have been hanging for 4 or 5 years. There is also the delay in the trial of indictments of W. P. A. in Indiana. There is also the freeing of 125 who were indicted by a Federal grand jury for violation of section 28 of the Emergency Relief Act in Minneapolis last February.

I hesitated to vote to give money to this man for anything else. I feel that the record of the Department of Justice in connection with the prosecution of indictments and the bringing of offenders to justice has been such that it does not merit the confidence of the people. I am sorry to have to take that kind of a position, but that record has been rather continuous, it has been rather persistent, and it has been disgusting to one who believes in fair enforcement of the law.

There is another item here for the Federal Communications Commission involving $125,000 for operating on the telephone outfits. They claimed to us that they had authority to regulate telephone rates. As I read the statute this authority does not exist. They are only given authority to stipulate rates in case of a consolidation, under my interpretation of the statute, and I am disappointed to find that what they told us there does not seem to pan out.

Then there is $137,000 for the Bituminous Coal Commission, just to give them a little more money to spend. This outfit has not accomplished anything, and I believe it is a menace to the coal industry. All in all, I do not believe there are very many items in this bill that really should receive the approval of the Congress. I do not know to how many of them I shall offer amendments, but I will start in and get as far as I can in trying to clean up some of the situations that have developed.

When we bring in a bill for nearly $300,000,000 at a time when we are all stretching ourselves out of shape and voting for national defense tremendous items, when we really are not sure they are needed, but are doing it in order to be sure that nothing can happen to the country, we should not be reaching out and trying to build up activities which have no excuse for their existence. I hope there may be some spirit of economy on the part of the House as these amendments are offered. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, I do not believe there is a Member of the House, and certainly no member of the committee, who works more diligently, who goes more thoroughly into the facts, than the distinguished gentleman from New York, my colleague, the ranking member

of the Committee on Appropriations. He is always informed. He is is always fair, and he is always accurate. However, this once, "even Homer nods," and by a remarkable exception to the usual rule I find that, in addition to the remarks he has just made, the gentleman from New York on September 13, on page 12118 of the RECORD, said:

Mr. Speaker, I notice by the Treasury statement that is available this morning the expenditures for N. Y. A., C. C. C., and the W. P. A. are now running at a rate higher than a year ago, in spite of the fact that employment figures went up net in June 250,000 in July 100,000, and in August 250,000.

Now, unfortunately for the acceptance of these comparative statistics, I have here the daily statements of the United States Treasury for those dates cited by the gentleman, and find that while he is eminently correct in his statement that employment figures have been going up steadily, 250,000 in June, 100,000 in July, and 250,000 in August, through some error he has mistaken the relative amounts expended for these purposes for the present year as compared with last year. For example, here is the daily statement of the Treasury for July 31, 1940, which shows that total W. P. A. checks paid during July 1940 amounted to $110,124,000. This figure, instead of being more than the comparable figure for the previous year, was $39,224,000 less than in July 1939.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. If the gentleman has with him and available the statement of September 13, if that was the day to which I referred, he will find that the current monthly expenditures for all three of those outfits for the month of September were higher than they were the previous September. I believe the gentleman will find that. I know I did when I looked at it.

Mr. CANNON of Missouri. In response to the gentleman's suggestion, here is the statement of September 13, 1940. The Works Progress Administration expenditures, according to the daily statement of the Treasury Department as of September 13, 1940, were $45,684,959.46, and on the corresponding day of the previous year, 1939, they were $46,863,677.17; in other words, $1,178,717.71 less this year than last year.

Mr. TABER. Is the gentleman referring to the year's figures or the month's figures?

Mr. CANNON of Missouri. I am referring to the comparative analysis of receipts and expenditures, September 13, 1940, from the Treasury Statement for the Works Progress Administration.

Mr. TABER. I believe if the gentleman would look at the monthly figures he would find that my statement was correct for the current month. That is what I was referring to.

Mr. CANNON of Missouri. The Treasury's statement here is not broken down by months but that is immaterial. The real question at issue is whether the gentleman's statement indicates increasing expenditure when, as a matter of fact, expenditures are decreasing. The actual statement here shows that in each of these instances the amount spent this year was materially less than the previous year, instead of being more than the previous year, which was the impression the gentleman had. In other words, on all these items we are constantly decreasing expenditure and at the same time employment figures are rising. We are keeping faith and redeeming pledges to take up the slack in unemployment and at the same time W. P. A. is keeping faith by consistently reducing expenditure.

Then the gentleman makes this statement in his remarks:

They are trying to frame the thing up so that these three incompetent outfits can be a refuge for all draft dodgers.

Of course, we all know that employment in either the W. P. A., the N. Y. A., or the C. C. C. will not exempt anyone from the provisions of the Selective Training Act of 1940. So the gentleman is certainly as much mistaken in that unfortunate statement as in his comparison of annual expenditures. These activities cannot be a refuge for draft dodgers because men employed in any of them are still subject to every provision of the Selective Training Act. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

FEDERAL COMMUNICATIONS COMMISSION

Salaries and expenses: For an additional amount for salaries and expenses, Federal Communications Commission, including the objects and subject to the limitations specified under this head in the Independent Offices Appropriation Act, 1941, $125,000: *Provided*, That the limitation in such act of $1,246,340 which may be expended under this head for personal services in the District of Columbia is hereby increased to $1,350,000.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On pages 4 and 5, after line 20, on page 4, strike out lines 21 to 25, and lines 1 to 4, inclusive, on page 5.

Mr. TABER. Mr. Chairman, this is the item for the Federal Communications Commission to which I referred when I was up here before. It was turned down by the regular Independent Offices Committee last winter. It was turned down by the Deficiency Committee on two occasions, and still it is back here.

When the members of the Commission were up in front of us they told us they were charged under the law with the regulation of telephone rates. The provision with reference to that is section 221 of title XLVII of the code, and it provides that in cases of consolidation the Commission will be required to approve of the rates before the consolidation can go through. However, it does not give the Commission the right to have control over the rates. Under the circumstances, it looks to me as if money was secured from the committee under false representations. I do not believe they need it. They already have a very large number of employees on the roll, 40 or 50, working on telephone operations. Under the circumstances, I believe we ought to save $125,000 and throw out this item. [Applause.]

Mr. WOODRUM of Virginia. Mr. Chairman, referring to page 28 of the hearings where we had an outline of the act inserted, section 205 charges the Commission with the duty of prescribing just and reasonable charges for telephone companies and other common carriers and the situation is simply this: The organic law places upon the Federal Communications Commission a specific duty with reference to telephone rates and Congress, except when special funds were given for a special investigation, has never given them any personnel or any funds to carry out these duties. This is a very small amount and a very small set-up to perform very important duties, and I hope the amendment will not be agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 21, noes 37.

So the amendment was rejected.

The Clerk read as follows:

Such act is further amended by adding after the last sentence under such heading the following:

"Notwithstanding the limitation herein on expenditures by the Office of the Director within the District of Columbia, the Director, Civilian Conservation Corps, in administering the funds herein appropriated is authorized, with the approval of the Federal Security Administrator, to fix the amount of and to transfer to the Office of the Director the funds necessary to carry out the functions transferred, with the approval of the Federal Security Administrator, from cooperatiing agencies to the Office of the Director."

Mr. BROWN of Ohio. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN (Mr. BLAND). The gentleman will state it.

Mr. BROWN of Ohio. Mr. Chairman, lines 20 and 21, on page 5, seem to indicate that the amount in this section has been reduced. Can that be correct and proper, or is it a typographical error?

Mr. WOODRUM of Virginia. If the gentleman will yield, it is not a reduction in the amount of the funds, but is a reallocation of the funds.

Mr. BROWN of Ohio. That answers my question. I thought it could not possibly be a reduction of the appropriation. I have not seen anything like that since I have been in Congress.

Mr. WOODRUM of Virginia. There are many places where there ought to be reductions, but not in the Civilian Conservation Corps, I would say to the gentleman.

Mr. BROWN of Ohio. I thank the gentleman.

The Clerk read as follows:

Cooperative vocational rehabilitation of persons disabled in industry: For an additional amount for carrying out the provisions of the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry," approved June 2, 1920, as amended, $319,500.

Mr. LUDLOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW: On page 10, after line 18, insert a new paragraph, as follows:

"No trainee under the foregoing appropriations shall be discriminated against because of sex, race, or color, and where separate schools are required by law for separate population groups, to the extent needed for trainees of each such group, equitable provision shall be made for facilities and training of like quality."

Mr. LUDLOW. Mr. Chairman, the amendment I propose has the support and, in fact, was initiated by the Federal Security Agency, and has approval of the Council of National Defense and of the Budget Bureau. It would provide in respect of the trainees who are to be recruited under these two activities, the Office of Education and the National Youth Administration, the same freedom from discrimination that is contained in the conscription law. If this provision is not inserted in the present law you will have one provision with reference to the draftees under the conscription law and a lack of the same provision in its application to the training under this act.

I have here a letter from Mr. Wayne Coy, Acting Administrator of the Federal Security Agency, sent to me a few moments ago, which I would like to read:

FEDERAL SECURITY AGENCY,
Washington, September 23, 1940.

Hon. LOUIS LUDLOW,
House of Representatives, Washington, D. C.

DEAR MR. LUDLOW: This is in answer to your request for advice as to the attitude of this agency toward the incorporation in the provisions for an expanded national-defense program the following:

"No trainee shall be discriminated against because of age, sex, race, or color, and where separate schools are required by law for separate population groups, to the extent needed for trainees of each such group equitable provision shall be made for facilities and training of like quality."

It is the position of this Agency that such a provision as the one quoted above is highly desirable. The language of the provision is such as not to in any way interfere with the proposed training program, and makes it clear that the training program for national defense will be in no way warped by any discrimination because of age, sex, race, or color. It further appears to follow the labor policies recently published by the Advisory Commission to the Council of National Defense.

I am advised by the Director of the Bureau of the Budget that this proposed amendment would not be at variance with the program of the President.

Sincerely yours,

WAYNE COY,
Acting Administrator.

I think the proposed amendment speaks for itself. As I say, it has the backing of the Federal Security Administration, and it also has the support and approval of the Advisory Commission of the Council of National Defense, which finds it to be in harmony with its labor policy; and of the Budget Bureau, which finds it to be in harmony with the program of the President. It injects no new policies into the administration of our laws but merely makes this act in respect of training conform to the policy already determined upon by Congress in respect to conscriptees under the new Conscription Act. I respectfully ask the Committee to adopt the amendment.

I am happy to offer this amendment because it gives to the colored people of our country an assurance that there will be no discrimination against them in training for national defense. In every war in which our country has engaged Negroes have responded to the call of our country and have demonstrated their loyalty and devotion in every way. Now that our beloved country is face to face with another emergency, they are manifesting the same spirit of patriotism that has guided them in former crises of our national history, and the amendment I have offered would remove racial barriers and guarantee their right to serve. [Applause.]

The amendment was agreed to.

The Clerk read as follows:

For salaries and other administrative expenses specified in paragraph 2 of such act, $1,941,063, of which sum not to exceed $250,000 may be transferred to appropriations of the Treasury Department in accordance with the provisions of such paragraph.

For printing and binding, $23,562.

Mr. TABER. Mr. Chairman, I offer an amendment, which is at the desk. Mr. Chairman, there is also another amendment of like character for the next paragraph. I ask unanimous consent that the two amendments may be considered together. The amendment is to strike out the paragraph in each instance.

The CHAIRMAN. Is there objection to the request of the gentleman from New York that the two amendments may be considered at the same time?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 11, strike out lines 9 to 15, inclusive.

Amendment offered by Mr. TABER: On page 11, strike out lines 16 to 20, inclusive.

Mr. TABER. Mr. Chairman, this is a scheme to add $32,000,000 to the National Youth Administration. Let me give you the break-down:

Youth employees, $11,900,000.

Supervisory employees, $4,802,000.

Total personal services, $16,706,000.

Equipment and buildings, $8,875,000.

Now, this is one of the sorriest exhibitions that any bureau or department ever presented to the Appropriations Committee, asking for one-third as much for supervisory employees as they did for the youth employees, indicating great incompetence, great waste, and a most ridiculous set-up.

It is not surprising the results we get from this kind of management. Aubrey Williams runs this outfit. He agreed, according to the testimony given before our committee, that he would keep away from this idea of training youth in industry. At the same time he wants $8,800,000 for equipment and buildings and he wants one-third as much for supervisory employees as he wants for the youth employees.

The whole proposition is perfectly ridiculous.

There is nothing going to result along this line for national defense. It is just a terrific, ridiculous waste, getting in a lot of people who ought not be there. We are establishing a precedent that will be hard to get away from. It is not contributing to national defense. It is working steadily and vigorously against national defense.

I hope that the House will adopt these amendments and try to clear up this situation.

Mr. WOODRUM of Virginia. Mr. Chairman, the representatives of the Advisory Commission to the Council of National Defense came before the committee, two gentlemen who have been recruited to the Defense Commission from private industry, both occupying very high, responsible positions, one with the Standard Oil Co. and one with the Western Electric Co., and they made a very strong and very emphatic statement to the subcommittee, which will be found fully set out in the hearings, about the value of this training.

This is supposed to give to the National Youth Administration additional funds with which to have work projects for unemployed youth. We have also provided for their training for the defense program under the Office of Education.

I do not want to take the time of the Committee, because I am sure it is not necessary, but I hope very much that the gentleman's amendments will not prevail.

Mr. MURDOCK of Arizona. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, the gentleman from New York [Mr. TABER] usually opposes any appropriation for N. Y. A. Surely he must be unable to see the regenerative power in our human society which education in general, and that type in particular, has. However, I feel constrained to speak, also along with the chairman of the subcommittee, in favor of this appropriation.

Something has been said about this being in no wise a part of our defense program. I think it is a vital part of our defense program. We have just voted billions of dollars for the building of war machines as a part of our national defense. We have recently passed a bill for the training of the manpower for those war machines, all of which is logical and necessary in the interest of national defense. Several of our Members have pointed out that the training of our defenders of America does not consist alone in the purely military training which these young men will receive in camps. That is only a part of it. Wars of the future will be more and more wars of machines. For that reason we ought to support heartily all of the provisions here for vocational training, for mechanical science and skill, for the increased power of the N. Y. A., all to the same purpose, training young men—and from the amendment added a moment ago, also young women—for a part in our defense program. At the same time we will be giving them vocational training which will stand them in good stead in peacetimes. So it is necessary that we have young men trained in industrial arts, not only in schools, but in factories as well, so they may play their part, whether in the Army or behind the lines in this defense program.

Mr. COFFEE of Nebraska. Will the gentleman yield?

Mr. MURDOCK of Arizona. I yield.

Mr. COFFEE of Nebraska. How does the gentleman propose to reconcile the program of the N. Y. A. in vocational training and that which is now being conducted under the Smith-Hughes Act, the George Act, under the Office of Education? It seems to me there is an overlapping of authority.

Mr. MURDOCK of Arizona. There may be some overlapping. It is logical to expect some but we must minimize it. As a school man I want to see less overlapping and a coordinating of all these agencies which I believe is possible and which is planned. I do not want to see any new educational agencies set up, as that would involve expensive new equipment, and only such new shops as local needs require. I believe that a part of this training should be done with the same equipment that we have been using under the Smith-Hughes Act, merely doubling the use of the school plant by increasing the appropriation and the instructional force in that respect.

Good instructors and actual power equipment are needed in the school shops. A part of this training may be done in factories.

The N. Y. A. should and probably will coordinate with Vocational Education by hooking together the shops in these schools and making the results in these shops such that they will not everlap but will supplement and complement each other.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield.

Mr. VOORHIS of California. As a matter of fact—and I would like to be corrected if I am wrong—my understanding is that the provisions of this bill for the Office of Education taken together with the provision for the N. Y. A. are aimed to accomplish the very thing the gentleman had reference to. I also have in my hand here, if I may make this additional statement, a letter from the chairman of the California Committee of Junior College and Trade School Administrators of the whole State where they have gone over this whole program and recommend that the very thing be done which, if I can read correctly, has been done in this bill. The whole school system of California will agree to cooperate on this very program that is being carried out. Most of it will not cost the Government a cent. Most of it will be done by the schools in cooperation with and supplementing the work experience these boys get in the N. Y. A. and regular schools.

Mr. MURDOCK of Arizona. I thank the gentleman for his contribution. The chairman was exactly right when he said that experts and members of the Council for National Defense have advised that this sort of program be carried out; and that is the way, to my best knowledge, the educators of this country feel, and here is the place where they may have their distinctive part in the total training program. This type of training certainly appeals to me. Let us not cut out any of it. The two amendments offered by the gentleman from New York should be voted down.

Mr. BREWSTER. Mr. Chairman, it is with reluctance that I disagree with the ranking Member on our side with whom it is my pleasure very frequently to agree. The National Youth Administration has been a matter of very great interest to me because of my own contact with educational problems for many years during a time when I was a school teacher myself and a member of the Portland school committee, and also of the Committee on Education of the Maine Legislature.

I think the answer to the immediate problem we face is found in the fact that it is a condition and not a theory that confronts us. Hundreds of thousands of trained mechanics are urgently required. The working span of a mechanic averages only 25 years. Their ranks have been greatly depleted during the last two decades when practically no apprentices have been trained. The National Youth Administration has been seeking to fill this need. The gentleman who offers the amendment suggests that they have not in any way served this purpose. That I think is not correct.

Mr. TABER. I think, if the gentleman would yield, there is not any question that they have not in any way supplied trained mechanics to the industries of this country.

Mr. BREWSTER. Would the gentleman feel differently if he found that he were wrong on that score? Would he perhaps be somewhat more lenient in this matter?

Mr. TABER. I am sure I am not wrong, because, if I had been, Mr. Williams would have claimed it when he was before the committee.

Mr. BREWSTER. I do not know as to Mr. Williams' testimony before the committee, but I know of my own personal experience during the last year and a half that boys have been trained as mechanics and are now filling jobs as mechanics in the State of Maine trained in the N. Y. A. trade school with a year's training. This is a matter that is under my own personal observation and is the reason for my rising here. I cannot undertake to speak regarding the experience or practice elsewhere, but I know that this has actually been carried out. It is naturally not a perfected system in the course of 1 or 2 years, but it is the only real endeavor to meet this problem, as the public-school systems, with their vocational education, have never been able—for reasons that my time will not permit me here to discuss—to do this job. Trade-unions have said they do not object to the vocational education of the public-school system because it never produced any trained mechanics.

The N. Y. A. schools that I have observed are going a long way in that direction, and I have no question but that within the next 6 months at least between 100 and 200 more trained mechanics will emerge from the N. Y. A. schools in the State of Maine ready to fill jobs that urgently require filling in the interest of our national defense. For this reason I hope these N. Y. A. schools may be permitted to carry on and expand to some degree this work. One may recognize the possibility of overlapping, duplication, and conflict and yet recognize also that the public-school system of this country in large measure has absolutely failed to fill this bill, and that unless we take some step along this line there seems no way in which we can meet the challenge of the mechanized autocracies overseas. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment.

On your desk this morning was a long list from the Civil Service Commission stating some 30 or 40 different types of mechanics needed in connection with the defense program. I have surveyed my own district. We have no facilities there for the practical training of young men for these places that are open. It seems to me if you will make the same survey, unless you happen to have an arsenal in your district, or a shipbuilding plant in your district, you will realize there are very few in your district that today have the opportunity to train themselves to be ready to take their part in the national-defense program from the standpoint of the industrial needs.

During the coming months many industries are going to be stimulated by the national-defense program. These industries are going to employ more workers. They will be seeking workers who have had at least some working experience. However, thousands of youths who are looking for jobs today have had no such experience.

For example, of the youth coming on to National Youth Administration projects, half have never held a job, while another 40 percent have held jobs which have given them little or no work experience of value. In other words, 90 percent of the youth who have been entering the rolls of the National Youth Administration would otherwise have had little chance of getting a job if they had applied with one of the defense industries. The employers would have said to these youth, "No experience, then no job."

There is thus a dire need among unemployed youth for work experience. They must be given this work experience if we are to make a dent in the problems of unemployed youth. The National Youth Administration is today giving such a job-qualifying experience to more than 250,000 youth. But there are many other youth, now outside the National Youth Administration, who should also be given this opportunity of bettering their chances of getting private employment. On July 31 there were 450,000 youth, eligible for N. Y. A. employment, who were waiting assignment to N. Y. A. projects, who were waiting their turn to get a well-rounded experience that would help them obtain the jobs that are being created by the national-defense program.

In my own State of Georgia, for example, there were 15,251 youth who were certified and waiting assignment to National Youth Administration projects. I would like to see many of these youth and other youth now waiting assignment given the opportunity to work and to receive the significant values that come from work. It is important to these youth that they get this opportunity. It is also important to the national-defense program that there be a reservoir of experienced workers upon which they can draw in this national emergency.

Because so many youth have never held jobs, they are the last to be hired by industry. They are not receiving their fair share of the openings that occur in private employment. Placements made by State employment offices during the year ending May 1940 show that youth received but 25 percent of the jobs. They would have received at least one-third of the jobs if they had been hired in proportion to their number among the unemployed.

The National Youth Administration has been doing a splendid job in preparing youth for private employment. Over 100,000 left the N. Y. A. rolls during the year ending May 1940 to enter private industry. This program should be expanded to meet the need for experienced workers in defense industries.

The National Youth Administration is, at this moment, in touch with some 450,000 youth who are in need both of jobs and of work experience. The amendment to strike out this supplemental appropriation should be voted down and we should give the boys the type of work experience that will help them get their fair share of the jobs that are going to open up during the coming critical months.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was rejected.

The Clerk read as follows:

CONTINGENT AND MISCELLANEOUS

Reunion of United Confederate Veterans: The sum of $12,500 provided by the Second Deficiency Appropriation Act, 1940, approved June 27, 1940 (Public Act No. 668, 76th Cong.), for expenses of the reunion of United Confederate Veterans to be held in Washington, D. C., in 1940, is hereby made available for expenditure by the Commissioners of such District, notwithstanding the provisions of any other act, for the payment of such expenses as they may deem necessary for and in connection with such reunion including the payment of obligations heretofore incurred.

Mr. MAHON. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the Deficiency Committee about this $12,500 item which we are appropriating for the reunion of the United Confederate Veterans. I know that the hearings show that this matter was gone into very carefully. A number of people have asked me on numerous occasions whether or not this appropriation is now in such shape that it may be utilized by the District of Columbia in providing for this reunion of the United Confederate Veterans. May I ask the chairman if the committee has gone into that fully and if he is absolutely confident this will take care of the situation?

Mr. WOODRUM of Virginia. We understand this clears it so it can be used. The appropriation was made heretofore in a previous bill, but there was some technical question involved with the Comptroller General, but this will turn it loose.

Mr. MAHON. I thank the gentleman.

Mr. FULMER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in taking only 2 or 3 minutes I want to refer to the statements made awhile ago about the activities of the N. Y. A. I have received several letters recently from my State about the N. Y. A. and what it proposes to do. It may be that this agency has been doing quite a lot of good work, but when it comes to training folks in my State in mechanics or in any other trade work I do not believe very much has been accomplished.

This is a very important matter, one that I am deeply interested in. My thought is that you are creating another activity that, like all other programs, will call for large increases in personnel and the increasing of appropriations with the spending of a lot of money without accomplishing very much. We have already started with certain appropriations and we are going to increase them from time to time, in an endeavor to tie them in with the public schools or with some other agency to do that which we ought to have been doing all these years. One of the most important things in this country is training boys and girls to do something. It is pitiful to me to see in our public-school system today that they are teaching boys and girls Latin and various other studies when perhaps 75 percent of them will never see the inside of a college. When they have finished the eleventh grade they have not been trained to do a single thing.

This will never be accomplished until we pass proper legislation through the Congress appropriating the necessary money to set up facilities in connection with the public high schools and establish rules and regulations in cooperation with State legislatures to carry out a program of definitely training boys and girls to do things. I am very fearful that in these appropriations we are making for the N. Y. A. in the name of teaching the boys and girls along trade lines we will be spending more money without receiving any real good results.

I find since I have been a Member of Congress that the tendency on the part of those who have charge of the various departments of Government is to stress the need of increased appropriations, the employing of more people for the purpose of trying to secure actual results by what they call an educational system.

This is usually a long drawn out program, and one which, as a rule, never accomplishes that which we have in mind. In other words: "Give us the money and leave it to us to set up the various bureaus and activities, and we will eventually get it down to the people, and we will sooner or later get results."

We have been appropriating millions for research, new uses for cotton, for instance. However, you cannot show me any really definite results except annual reports to the Congress.

Take the operations of the Forest Laboratory at Madison, Wis. I had the privilege sometime ago of visiting and going through several buildings which are being used for this line of work. I found the work at this laboratory very interesting, and, apparently, in a great many instances, they are doing some wonderful work. However, as usual, it is on the inside. In other words, we are not actually getting definite results on the outside, getting them down to the people.

They are sending out pamphlets, booklets, and they carry beautiful stories in the press; but, as a matter of fact, only a very few well-organized and well-financed groups are putting into operation the findings in connection with this work. In other words, we are not getting our money's worth. The type of people who should have this information, and who should reap the benefits from these findings, know nothing about it.

We have been spending millions in connection with our Extension Service work in trying to educate farmers how to do things, how to get results; but we have gotten very small definite results during all of these years. In fact, under the agricultural program during the last 3 or 4 years, we have accomplished more in building up our soils, increasing production per acre and in improving farm products than we have done all of these past years.

Now, the reason for this is that we are definitely having farmers to do those things which they should have been doing all of these years, that which we have been trying to educate them to do for the reason farmers are complying because of certain benefits received for their compliance under the rules and regulations governing soil building, improvements, and so forth.

Why, back in the old days, when I used to furnish farmers fertilizer and supplies for the purpose of producing their crops, it was a matter of planting all the acres they could in cotton without doing the things that they should do to increase the production per acre.

During those years they would produce anywhere from 100 to 250 pounds of lint cotton per acre.

Under the present program, wherein we have allotted to them a certain acreage, giving them the definite right to sell all that they can produce on this acreage, they have actually increased the production up to as high as two bales of cotton, or 1,000 pounds of lint, per acre. The average in South Carolina for 1939 will be about 350 pounds per acre.

Some time ago I had a conference with Dr. Studebaker, from the Office of Education here in Washington, and he definitely understands the real picture of the situation about which I am talking, but apparently Dr. Studebaker, like all other Government officials and employees, is perfectly willing to spend more money in creating committees, like they are doing under the N. Y. A. for the purpose of cooperating with the officials of the public schools of the country, to advise and talk about these things.

I am anxious to see the members of the Committee on Education call on Dr. Studebaker for the purpose of working out a definite bill authorizing millions annually in aiding the States under proper State laws and State supervision, rules, and regulations to actually create proper facilities, which the high schools do not have at this time, to actually and definitely train boys and girls to do something with their hands.

We are now building electric lines in all of the rural sections of the country. It is important that we put on a program of building community and cooperative industries and woodworking plants.

Think what it would mean to farmers, the unemployed, and to boys and girls when they have finished high school, if they have been properly trained so as to be able to engage in the various lines of work where we need so many trained people today, at a time when we do not have them.

As stated, it is pitiful to me having boys and girls who finish high school, and who have an ambition to make good, write in with the hope of getting work with some industry or with the Government, and when asked: "What training have you had, or what line of work can you do?" to have them write back, saying: "I have had no training, but I am sure I could do filing or some kind of office work."

I have had school teachers communicate with me about securing work with the various departments of Government, and, in that they have had no special training except to teach, the only position they can apply for is filing or office work.

We need the youth of the country trained to do something which, as far as I am concerned, is more important to millions of boys and girls than even finishing the eleventh grade in the public schools of the country.

I am speaking about the million of boys and girls who will never have an opportunity to secure a college education. Many of these boys and girls possess the best brains and the best possibilities of making a fair income and a name for themselves, if they only had a chance.

Let us actually do it—let us give them a chance.

Mr. ROUTZOHN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it was not my purpose to offer any observations of my own here this afternoon, but in view of the remarks that my good friend from California offered heretofore relative to the National Labor Relations Board I would like to set this House at ease concerning that which has just now been read by the Clerk, expressly stipulating that none of the appropriation for the Board shall be used for the Division of Economic Research or the Division of Economic Service.

Several months ago—since June 1 to be exact—this House passed by a 2 to 1 vote amendments to the National Labor Relations Act, but since that time the Committee on Education and Labor in the Senate has seen fit to withhold Senate action upon those amendments. So long as that action is withheld we will have a disturbed labor condition in this country. In view of the other conditions that are confronting us at the present time calling for immediate preparations for national defense, I believe it is high time for affirmative action on the part of the Labor Committee in the Senate, and I say this with all due respect to the committee. On September 11 this year the head of the research department of the National Labor Relations Board, David Saposs, appeared before the Smith committee, and at that time he admitted again to consorting with the Communists of this country and Europe. In addition to that he admitted that he sat in Communist meetings with Earl Browder and other "reds." He says he is not a Communist. I do not know how we can prove a man to be a Communist unless we know his mental processes or unless we can prove that he carries a Communist card. He does admit that he is a Socialist, of some sort or other, and that his socialism is based upon the teachings of Karl Marx. Whether he is a Communist or Socialist makes very little difference in determining his subversive beliefs and influence, and I shall read just a few little excerpts which prove that he believes in the overthrow of our present Government by force.

I read from the publication Labor Age, of December 1931, in which he made the following statement:

> As for democracy, the opposition also wants to safeguard it. But bourgeois democracy is a sham. When it is evident that socialism is the only remedy it is not worth saving a democracy in which socialist parties only collaborate with capitalism.
>
> If in the attempt to carry out such a program—

And he is speaking here of the overthrow of the Government—

> political action fails, then the workers must unhesitatingly resort to organized force. The International must take the position that

if another war occurs the workers will destroy capitalism. With that end in view the workers must be prepared to stretch arms across the frontiers in case of war and definitely win power for themselves.

Another excerpt:

Unless such a movement (of middle class and workers) is brought into being, capitalism will go marching on, with its poverty, misery, and economic insecurity. The time is ripe; have the middle class and workers the will to rise to the occasion?

I could read much more from his writings which indicate that as far as Mr. Saposs, who is the head of the Economic Research Division in the National Labor Relations Board, is concerned, and as far as his actual membership in the Communist Party is concerned, it makes very little difference whether he is a card Communist or not, when his philosophy of "socialism," as he terms it, calls for the overthrow of the Government by force.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. ROUTZOHN. I yield to the gentleman from Michigan.

Mr. MICHENER. Did he make those statements before he was selected by the Government and appointed to this most important position in the Government?

Mr. ROUTZOHN. What I just read was published by him in 1931, which was before the Labor Act was enacted and before he could take office. May I add at this time that the Labor Board itself has defied the Senate and this House in refusing to dismiss the department, headed by Mr. Saposs, and that such conduct of the Board was contrary to a provision in an appropriation bill that was passed by both legislative bodies.

Mr. MICHENER. As I understand, an appropriation bill specifically made provision to do away with the service of this man in connection with the Government, and the Labor Board circumvented that expressed prohibition by the Congress and retained this man in the service.

Mr. ROUTZOHN. The Labor Board defied a mandate of the Senate and this House, contained in an appropriation bill that was passed prior to June 30, this year.

[Here the gavel fell.]

The Clerk read as follows:

Establishment of air-navigation facilities: For an additional amount for the establishment of air-navigation facilities, including the objects specified under this head in the Independent Offices Appropriation Act, 1941, $2,091,000, to remain available until June 30, 1942.

Mr. CANNON of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Civil Aeronautics Authority is to be commended for the promptness and efficiency with which it investigated the crash of the great air liner in Virginia the first of the month. In view of the fact that some partisan suggestion was made with reference to the matter, it is particularly gratifying that an exhaustive investigation of the situation discloses that the accident was unpreventable and could not be charged under any circumstances to delinquency upon the part of any governmental agency.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. In just a minute.

In this connection, as is usually the case in reporting and discussing aviation accidents, there has been frequent comment on the dangers attending travel by air.

It is interesting to note that the actual comparative statistics of transportation show air travel to be the safest method of transportation in use today. This was the first fatality in commercial aviation in 17 months. It was the first accident on this particular line, the Pennsylvania-Central Air Lines, in 14 years of continuous service. Since the last accident of this character in the air more than 2,500,000 passengers have flown a total of more than a billion passenger-miles without a single fatality.

In comparison with this remarkable record, railroad fatalities in the United States from April 1, 1939, to June 31, 1940, according to the Bureau of Railroad Economics, aggregated a total of 5,643 persons killed. Projecting these figures at the same ratio over the 17 months of the record by aviation, it is to be noted that while losing these 25 passengers by aviation we have lost approximately 7,000 people killed on the railroads of the country.

Simultaneously, from April 1, 1939, to June 30, 1940, on the authority of the American Automobile Association, motor vehicle fatalities in the United States amounted to 40,590 people. In other words, extending the statistics just cited to the period of 17 months, which covers the death of these 25 air-line fatalities, there have been killed on the railroads of the country more than 7,000 people and on the highways of the Nation more than 50,000 people, and there has been little comment in the newspapers or over the radio, and no reference to the dangers of rail or highway traffic.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Does the gentleman include employees of the railroads as well as passengers in the 7,000?

Mr. CANNON of Missouri. The figures include all who have been killed on the railroads, both employees and passengers, just as the statistics cited include both employees and passengers, 4 employees and 21 passengers killed in the Virginia crash.

Mr. VAN ZANDT. That is something different.

Mr. CANNON of Missouri. No, it is not different in any respect. The figures just given include all railroad, motor, and aviation fatalities under exactly similar conditions and classifications in all three lines of transportation. They are authoritative and taken from official reports as indicated.

Mr. VAN ZANDT. Both employees and passengers?

Mr. CANNON of Missouri. Both employees and passengers.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Texas.

Mr. MAHON. Does the gentleman mean to include those who were killed by trains or who were passengers or employees of the railroads on trains?

Mr. CANNON of Missouri. In all these statistics, those of the railroads, those of the highways, and those of the airplanes, we have included both employees and passengers, all those who have been killed on and by these various means of transportation. Classification of fatalities is identical in all three.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. I believe this House is fortunate in having men like the gentleman from Missouri to bring before our body these statistics in connection with the safety of air-transport travel in this land. May I just add this further observation: I believe the gentleman made a mistake in giving the number who had been transported over the air lines. The figure is 3,250,000, rather than the 2,500,000 the gentleman used.

Mr. CANNON of Missouri. I am glad to be corrected. However, the travel was in excess of a billion passenger-miles. The reaction of the country, fortunately, is in proportion to the comparatively slight risk involved. Notwithstanding this one deplorable accident, the most disastrous in the history of either military or civil aviation, there has been no diminution in travel by airway.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. VORYS of Ohio. Reserving the right to object, Mr. Chairman, I shall be forced to object if the gentleman persists in refusing to yield to me for a question.

Mr. CANNON of Missouri. Mr. Chairman, I had no intention of refusing to yield to the gentleman. It is my misfortune to have overlooked his request.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. I yield now to the gentleman from Ohio.

Mr. VORYS of Ohio. In view of the fact that the C. A. B. was investigating itself, did the gentleman have any doubt from the beginning that this investigation would result in the Board's finding that it was without fault. If there had been any fault found on the part of the Government, then the prophecies of those of us who said that this was the sort of investigation we would have might not have come true, but this whitewash investigation tends to show exactly what we did prophesy, that when the C. A. B. investigates itself it will, after due deliberation, find that there was nothing wrong with what it did.

Mr. CANNON of Missouri. Mr. Chairman, this unfortunate accident, one of the most spectacular and most widely discussed in recent times, has been under the white light of investigation from every possible point of view and by every available agency. Every shred of evidence, every source of information, every known witness has been examined and reexamined by the Government, by the owners, by the representatives of the air lines, and especially by the newspapers of the country, and no one out of all this host of investigators has at any time suggested, and I am certain that not even the gentleman himself can suggest, evidence of any kind whatever which tends in the slightest way to indicate there was any dereliction of duty upon the part of any governmental agency.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my friend the gentleman from Colorado.

Mr. LEWIS of Colorado. The gentleman has referred to the number of casualties on the highways. It it not a fact that the casualties on the highways for any period of time are comparable with the losses of the American forces in the last war?

Mr. CANNON of Missouri. If in any battle we should lose as many men as we lose on the highways in 1 year, it would be considered a great catastrophe.

But, Mr. Chairman, I particularly allude to this great disaster because of my warm friendship for, and my long associations with, Senator Ernest Lundeen, who fell with the plane, closing one of the most remarkable careers in the history of the Congress.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. Is the gentleman really satisfied that the Civil Aeronautics Bureau, or whoever permitted the ship to take off at the time it did, late, and going into an area of electrical disturbance, was warranted in doing so under the circumstances?

Mr. CANNON of Missouri. Full evidence on that point was submitted; every one who could give any information was subpenaed, and the evidence adduced was conclusive to the effect that there was nothing unusual in any way in the take-off of this plane, and no variation in any respect from the routine customarily observed in every airport in the country. If the gentleman has anything to the contrary, he should let us know of it.

Mr. MILLER. Mr. Chairman, will the gentleman yield to me before he leaves that subject?

Mr. CANNON of Missouri. I yield to the gentleman from Connecticut.

Mr. MILLER. As one who uses the airlines almost every week, I admit I was disturbed by the testimony that was under review, to the effect that the ship came back, that the filter was foul and was cleaned, but no effort was made to secure any knowledge about what was fouling the filter. I admit, as one who uses that line a good deal, I would have felt better if they had found what fouled the filter before they let it go out.

Mr. CANNON of Missouri. The evidence before the investigating board was conclusive on that point. The very fact that the pilot, observing a slightly lowered pressure, returned to the ramp is evidence of the care and precaution observed. It is not unusual for a ship to taxi back for some slight readjustment. The evidence was that he could have continued the flight without cleaning the filter with no prospect of any serious results, but he preferred to return for even this slight and comparatively unimportant readjustment before taking off. There was nothing exceptional about the fouling of the filter. In ordinary use of any engine using that class of fuel there is a slow accretion of dirt in the filter and all filters are periodically cleaned, as they are in an automobile. The very purpose of a filter is to strain impurities from the gas. All evidence shows that the filter had nothing to do with the accident as both motors were functioning perfectly at full speed when the ship crashed.

Mr. MILLER. Was not the answer, when that question was asked, to the effect they did not know why it fouled? I attended the hearing of the testimony and I thought I heard that answer given and I was disturbed about it.

Mr. CANNON of Missouri. The gentleman must have misunderstood the purport of the evidence. No one at any time intimated that it was anything more than the natural accumulation strained from the fuel and in no way connected with the cause of the crash.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. The gentleman asked if I had any suggestions as to any faults. In answering, I want to say that I think the floor of Congress is about the poorest place in the world to attempt to investigate an airplane accident, and next to that is to have an investigation carried on by those whose very regulations are under investigation in the very inquiry which they are making.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 4 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. I fully agree with the gentleman, and no attempt has been made to investigate the matter here. The suggestions kindly submitted by the various gentlemen on both sides of the aisle have been gratuitous. I merely wish to complete the reference I have been trying to make for some time to my friend, Senator Ernest Lundeen, of Minnesota, who died untimely in the disaster.

Senator Lundeen was a veteran in aviation. He probably had more flying hours to his credit than any Member of either the House or the Senate, and it was my good fortune to accompany him across to Europe on the Clipper on its first trip along the North Atlantic route. On our way across on one occasion when we prepared to take off from a port in Ireland, Senator Lundeen and I were engaged in conversation and neglected to fasten our safety belts, and Colonel Gorrell, who organized the first American air forces in Europe in the World War, one of the most gallant and most colorful figures in the history of American military aviation, sitting across from us said, "Gentlemen, you have not fastened your belts." And Senator Lundeen said, "Oh, nothing ever happens, and so why take the trouble." Colonel Gorrell said, rather gravely, "My belt saved my life on two different occasions. I advise you to fasten yours." We fastened them and thereafter always observed the signal flashed on to close belts when we were taking off or preparing to land. All evidence tends to show that the plane went down in this instance with its landing wheels retracted, with both throttles wide open in a desperate effort to climb, and that all safety belts were fastened. So I am certain that Senator Lundeen in the light of his knowledge of the fundamentals of aviation and his long experience aloft—with the signal flashing above him—must have realized the situation and have known what was coming. And all who knew him in

life may be certain that in that one brief instant he faced the inevitable—calm and imperturbable and unafraid.

Mr. CASE of South Dakota. Mr. Chairman, I rise in opposition to the pro forma amendment.

I would like to ask a question of the chairman of the subcommittee. In connection with the establishment of air navigation facilities, I note that this is an amount in addition to the amount specified under this heading in the Independent Offices Appropriation Act. The question I would like to ask is, Did the Civil Aeronautics people suggest that they would follow the same list of priority that was submitted in connection with the hearings on the independent offices item last year?

Mr. WOODRUM of Virginia. The amount provided in this paragraph, $2,091,000, for air navigation facilities is for the facilities that would be required in the new program, for which in this bill we appropriate $30,000,000 in cash and $50,000,000 in contract authorizations. I do not understand that this additional amount of $2,091,000 relates in any way to the program carried in the independent offices bill.

Mr. CASE of South Dakota. As I recall, we carried some cash and we also carried some contract authorizations in the independent offices bill. This item in this bill is not necessarily carrying out the contract authorizations carried in the independent offices bill?

Mr. WOODRUM of Virginia. I do not so understand it. I do not think it has any relation to that program at all in the independent offices bill.

Mr. CASE of South Dakota. The other question I would like to ask is this: In connection with the matter discussed by the gentleman from Missouri [Mr. CANNON] did the committee have brought before it any evidence pertaining to the resignation of inspectors in the Civil Aeronautics Board since it has been put into the Department of Commerce, from the time it was an independent agency?

Mr. WOODRUM of Virginia. No; the committee did not go into that at all. I am told by Mr. Sheild that on one occasion when I was not present a question was asked to that effect, and the information was put in the hearings. I am sorry I do not know where it is. Mr. Hinckley was asked a question about it and something is in the record on it, but I cannot tell the gentleman what it is.

Mr. CASE of South Dakota. I wanted to express the thought that I believe the House and the committee should take upon itself the responsibility of going into this unfortunate crash more deeply. I was told recently that a number of investigators who had been with the Civil Aeronautics Authority when it was an independent agency had resigned because of policies they felt were being forced upon them since it had gone into the Department of Commerce. I do not state this as a fact, because I do not know, but the remark was made by a party whose opinions are worthy of study. I was told that a number of the very best men had resigned and that more were intending to resign because they saw that people were being put into responsible positions in the C. A. B. who were more or less in the nature of political pets and were not competent to carry on the standards set by the old C. A. A.

I rather question the conclusion that was reached by the gentleman from Missouri [Mr. CANNON] that the country has accepted the verdict of the Civil Aeronautics Board that this crash was unavoidable. Until there is an independent investigation I think the country will continue to wonder if the accident might have been prevented.

In my own case that may grow out of an experience last spring in connection with a visit to the Army maneuvers in Louisiana. The gentleman from Pennsylvania [Mr. SNYDER] and the gentleman from Louisiana [Mr. BROOKS] and myself were flying one night and we flew into an electric storm. We lost a thousand feet in 10 seconds and were blown 20 miles off of our course in a few minutes. Because of comments of the pilots at the time, the question persists in my mind as to whether the P. C. A. ship did not run into an identical situation, and not having enough altitude simply crashed. Out of our experience, I came to the conclusion that commercial passenger ships should not be permitted to fly over mountainous country when there is a combination of violent winds, heavy rain, and sharp lightning.

I want to express the hope that the committee will pursue further the circumstances surrounding the P. C. A. crash and also look into the reorganization of the C. A. B. to see what changes of personnel and policy, if any, have been forced upon the old C. A. A. that made such a splendid record. I yield back the balance of my time.

Mr. MILLS of Louisiana. Mr. Chairman, I move to strike out the pro forma amendment.

Mr. Chairman, I hope I may have the attention of the House as I would greatly appreciate if you would give me your sympathy at this particular time.

Beginning July 1 of this year it rained practically 45 days in my congressional district and destroyed 50, 75, 80, and 90 percent of certain crops. Certain of my people are absolutely hungry. I know similar stories have been coming to this House, but I am representing a farm area that has had absolutely a crop failure due to excessive rains. The Government has shipped into that congressional district several hundred carloads of commodities in the last 2½ months and certain of my people are in breadlines today. Every agency of the Federal Government is aware of my position and the needs of my people. Here is what I want to bring before this House. I have taken up this subject with the office of the Chief of Engineers, War Department, and with the W. P. A. officials, and they have agreed to coordinate their work if you Members will sympathize with my interest. I am especially calling on the Appropriations Committee at this time. You will recall under section 2 of the Flood Control Act of August 28, 1937, as amended by section 1 of the Flood Control Act of August 11, 1939, that the allotment cannot exceed $300,000 in any one fiscal year for removing snags and debris in navigable streams; however, the office of the Chief of Engineers advised me that all their funds had been allotted with the exception of about $20,000 which they agreed to use in promoting W. P. A. drainage projects in my section, but that is not sufficient money to help care for my people. We need an appropriation of $100,000 and I hope the Members of the House as a whole will agree to grant this $100,000.

We have not asked this House for any direct relief. It is true, of course, you have given my people certain agricultural-benefit checks, but this is the first time in 4 years that I have come before the House asking for any specific direct relief. I trust that the membership of the Appropriations Committee as well as the House goes along with this $100,000 request that we hope will be added on the Senate side.

I admit that the usual procedure is to request the Budget Bureau to make a recommendation. I have not asked the Budget Bureau in this instance.

You may ask, "What are you going to do with $100,000?" We propose to sponsor certain W. P. A. drainage projects, whereby employment may be given to a hungry people.

We have a pitiful story. We are not asking for this money in order that somebody may have a big time. We are only asking permission to live. So I hope this House will agree to accept this amendment when it is added to the bill.

Mr. Chairman, I yield back the balance of my time.

By unanimous consent the pro forma amendment was withdrawn.

The Clerk read as follows:

Salaries and expenses, Bituminous Coal Division: For an additional amount for salaries and expenses, Bituminous Coal Division, including the objects specified under this head in the Interior Department Appropriation Act, 1941, $137,000.

Mr. ROBSION of Kentucky. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBSION of Kentucky: Page 21, line 3; strike out the period, insert semicolon, and add the following:

"To investigate the safe operation of mines for the purpose of minimizing working hazards, and for such purpose shall be authorized to utilize the services of the Bureau of Mines as provided in section 14, subsection a–2, Public, No. 48, Seventy-fifth Congress, the sum of $50,000."

Mr. WOODRUM of Virginia. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the paragraph.

Mr. ROBSION of Kentucky. Will the gentleman withhold his point of order?

Mr. WOODRUM of Virginia. Yes; I will withhold my point of order to permit the gentleman to make a statement.

Mr. ROBSION of Kentucky. Mr. Chairman, I offer the following amendment:

To investigate the safe operation of mines for the purpose of minimizing working hazards, and for such purpose shall be authorized to utilize the services of the Bureau of Mines as provided in section 14, subsection (a) (2), Public, No. 48, Seventy-fifth Congress, the sum of $50,000.

As the amendment shows, it amends section 14, subsection (a) (2) of the Bituminous Coal Act. The gentleman from Virginia [Mr. WOODRUM], who has charge of this deficiency appropriation bill, made a point of order against the amendment. He later withdrew his point of order.

Several months ago the Senate passed what is known as S. 2420. That measure sought to have coal mines investigated to lessen accidents and disasters in coal mines. This measure came to the House and was referred to the Committee on Mines and Mining. The chairman, Hon. JOE SMITH, of West Virginia, appointed a subcommittee of five to make a study of S. 2420 and report back to the full committee. The subcommittee was made up of five capable, experienced Members of the House, and on this committee there were some able and experienced lawyers. The committee was made up of three Democrats, with the gentleman from New York, Hon. ANDREW L. SOMERS, a Democrat, chairman, and two Republicans. This committee held very extensive hearings. The miners appeared with their attorneys, the coal people likewise appeared with their attorneys, and the State officials, and especially those that had to do with inspection of coal mines in the coal-producing States, appeared. The State officials of the several States are very much opposed to this legislation and so are the coal producers. The State officials insist that under their State laws they have able and experienced men who look after these inspections and investigations, and their laws provide for the safety of mines and impose heavy penalties on the operators who fail to observe the safety of the laws of their respective States, and the States also provide other measures for the safety of the mines and the miners. These officials insist that this new measure is not necessary, and that it invades the rights of the States, and they also contend that S. 2420 is clearly unconstitutional. The operators claim it would impose an unnecessary burden upon the industry. The miners contend that the State officials are lax in performing their duties and insist that this measure is constitutional, and also point out the disasters in coal mines and the loss of life.

After months of investigation, the subcommittee headed by the gentleman from New York [Mr. SOMERS] made its report to the full Committee on Mines and Mining, August 15, 1940. This subcommittee pointed out in its report that this legislation was unnecessary. The committee called attention to the provisions of the Bituminous Coal Act, and especially section 14, subsection (a) (2) of that act, which provides:

The Commission * * * shall further investigate the safe operation of mines with the purpose of minimizing working hazards and for such purposes shall be authorized to utilize the services of the Bureau of Mines.

Every fair-minded person should deplore the fact that we have had a number of disasters in the coal mines with the loss of many lives, and necessary steps should be taken to protect the limbs, the health, and the lives of those who work in and about the mines. No one could consistently take an opposite view. The limbs, the health, and the lives of those who engage in this industry should be protected from preventable accidents and disasters.

The subcommittee's report points out that under the Bituminous Coal Act which is now the law of the land, greater and wider authority is given to inspect and investigate coal mines in order to prevent hazards and accidents than is provided in S. 2420.

The Bituminous Coal Commission operated for some considerable time as an independent commission. About a year ago it was placed under the Secretary of the Interior. Strange to say, neither the Commission nor the Secretary of the Interior have taken any steps to carry out this provision of the Bituminous Coal Act. Sometime ago I wrote a letter to the Commission, but received no reply, and later on I wrote a letter to the Honorable Harold L. Ickes, Secretary of the Interior, calling his attention to this provision of the Bituminous Coal Act, and sent a copy of that letter to the Commission, but I received no reply either from Secretary Ickes or the Bituminous Coal Commission. However, considerable effort has been made by the mine workers to have S. 2420 acted upon in the House.

The Committee on Mines and Mining, by a tie vote, failed to report the bill to the House after receiving the report of the subcommittee. The United Mine Workers, so far as I have been able to learn, have made no demands on the Secretary of the Interior or the Bituminous Coal Commission to carry out this provision of the Bituminous Coal Act.

It has been intimated that the act does not give the authority to investigate coal mines in order to prevent accidents and hazards as claimed by the Subcommittee on Mines and Mining, but the language of that act appears to be very clear. There has been some intimation that neither the Commission nor the Secretary of the Interior has had or now has available the money to make these investigations. This is about the first complaint I have heard that a commission or bureau of this administration did not have all the money it could spend or could not get all the money it could spend. This is a deficiency appropriation bill before us. Additional appropriations are being asked for by the Secretary of the Interior for the Bituminous Coal Commission and for the Bureau of Mines. In order that there may be no further complaint along this line I have offered this amendment providing that the Secretary of the Interior and the Bituminous Coal Commission may have $50,000 to be used by the Bureau of Mines to make such investigations as may be necessary to prevent accidents and hazards in coal mines.

I can see clearly, though, from the action of the chairman in charge of this bill and our Democrat friends that they will vote my amendment down.

We begin to hear on every hand now that S. 2420 is a political bill and it must be brought out to save the faces of certain persons, and that this bill will be used in the campaign this fall. It seems to me if any measure can be adopted that is constitutional, it is already in the law in this Bituminous Coal Act, and if the provisions of that act cannot be invoked to protect the miners from the hazards and accidents in coal mines, I cannot see how any act could be passed that would accomplish that purpose. The subcommittee was very positive in its opinion that the Bituminous Coal Act is broader and contains more authority than is proposed in S. 2420.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. VAN ZANDT. Do I understand that the appropriation carried by the gentleman's amendment would make possible a Federal investigation of the conditions that prevail in the bituminous coal fields of the country today?

Mr. ROBSION of Kentucky. My amendment merely authorizes an appropriation to carry out the provisions of section 14, subsection a–2. It would accomplish that purpose provided Congress has the constitutional power to pass such an act. It was strongly insisted by very able counsel that appeared before the subcommittee, of which I was not a member, that Congress has no such constitutional power, and he cited a number of recent decisions of the Supreme Court to support his contention. I think that provision in the Bituminous Coal Act contains a broader provision than is contained in S. 2420. If that is true, why not rely on the law as it is and why pass S. 2420?

Mr. VAN ZANDT. And a report would be submitted to this Congress?

Mr. ROBSION of Kentucky. Yes.

Mr. VAN ZANDT. And Congress would then enact the necessary legislation?

Mr. ROBSION of Kentucky. Congress would receive these reports and, of course, would take such action as the Congress might deem advisable and necessary.

Mr. WOODRUM of Virginia. Mr. Chairman, I make the point of order that the amendment is out of order because it is not germane to the paragraph.

I submit further that the Bureau of Mines was given $676,000,000 this year for the very purpose the gentleman seeks by his amendment appropriating money to the Bituminous Coal Commission.

Mr. ROBSION of Kentucky. I ask unanimous consent to withdraw my amendment. I will offer it to that section which applies to the Bureau of Mines.

Mr. WOODRUM of Virginia. I do not want the gentleman to labor under any misapprehension. I do not mean that the money is appropriated in this bill. There is nothing in this bill for it, but there was a separate bill for the Bureau of Mines which carried an appropriation for this item.

Mr. ROBSION of Kentucky. Mr. Chairman, may I say just one word?

Mr. WOODRUM of Virginia. Mr. Chairman, I withdraw the point of order. Let the committee vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. ROBSION].

The amendment was rejected.

The Clerk read as follows:

Domestic Air Mail Service: For an additional amount for the inland transportation of mail by aircraft, and so forth, including the same objects and subject to the same conditions specified under this head in the Post Office Department Appropriation Act, 1941, $325,000.

Mr. JENKINS of Ohio. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the subcommittee or someone on the Appropriations Committee with reference to this $325,000 appearing on page 27, Domestic Mail Service, and whether or not any special routes have been laid out for which the money will be spent? In other words, how will the money be spent?

Mr. WOODRUM of Virginia. It is fully set forth on pages 20 and 21 of the report.

Mr. JENKINS of Ohio. Will the gentleman tell me briefly whether or not the routes have been established?

Mr. WOODRUM of Virginia. I understand they have been. It is rather voluminous.

Mr. JENKINS of Ohio. I will find that where?

Mr. WOODRUM of Virginia. On pages 20 and 21 of the report.

Mr. JENKINS of Ohio. I thank the gentleman for the information.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Emergency construction, Coast Guard vessels and shore facilities: For additional vessels and their equipment, and the construction, rebuilding or extension of shore facilities, including the acquisition of sites therefor, and including the construction of a floating drydock and shipways at the Coast Guard Depot, Curtis Bay, Md., to remain available until expended, $9,228,000, of which amount not to exceed 4 percent shall be available for administrative expenses in connection therewith, including personal services in the District of Columbia.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 31, line 22, strike out "$9,228,000" and insert "$8,648,000."

Mr. WOODRUM of Virginia. Mr. Chairman, that is simply to correct a typographical error.

The amendment was agreed to.

Mr. WOODRUM of Virginia. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM of Virginia: On page 32, after line 2, insert a new paragraph as follows:

"General expenses: For an additional amount for general expenses, Coast Guard, including the objects specified under this head in the Treasury Department Appropriation Act, 1941, $580,000."

The amendment was agreed to.

The Clerk read as follows:

SEC. 206. Judgments against collectors of customs: For the payment of the claim allowed by the General Accounting Office covering a judgment rendered by the United States District Court for the Southern District of New York against a collector of customs, where a certificate of probable cause has been issued as provided for under section 989, Revised Statutes (28 U. S. C. 842), and certified to the Seventy-sixth Congress in House Document No. 909 (under the Department of Labor), $529.51.

Mr. COCHRAN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: Page 46, line 20, insert as a new section the following:

"SEC. 207 (a). The Architect of the Capitol is hereby authorized and directed to carry into effect for the House of Representatives, and to exercise the authorities contained in, the resolution of the House of Representatives No. 590, adopted September 5, 1940, and any other resolution of such House amendatory thereof or supplementary thereto hereafter adopted. Such authority and direction shall continue until the House of Representatives shall by resolution otherwise order.

"(b) There is hereby established with the Treasurer of the United States a special deposit account in the name of the Architect of the Capitol for the House of Representatives Restaurant, into which shall be deposited all sums received pursuant to such resolution or resolutions and from the operations thereunder and from which shall be disbursed the sums necessary in connection with the exercise of the duties required under such resolution or resolutions and the operations thereunder. Any appropriation hereafter made from the Treasury of the United States for such restaurant shall be a part of the appropriation 'Contingent Expenses, House of Representatives, Miscellaneous Items,' for the particular fiscal year involved and each such part shall be paid to the Architect of the Capitol by the Clerk of the House of Representatives in such sum as such appropriation or appropriations shall hereafter specify and shall be deposited by such Architect in full in such special deposit account.

"(c) Deposits and disbursements under such special deposit account (1) shall be made by the Architect, or, when directed by him, by such employees of the Architect as he may designate, and (2) shall be subject to audit by the General Accounting Office at such times and in such manner as the Comptroller General may direct: *Provided*, That payments made by or under the direction of the Architect of the Capitol from such special deposit account shall be conclusive upon all officers of the Government.

"(d) The Architect, Assistant Architect, and any employees of the Architect designated by the Architect under subsection (c) hereof shall each give bond in the sum of $5,000 with such surety as the Secretary of the Treasury may approve for the handling of the financial transactions under such special deposit account."

Mr. WOODRUM of Virginia. Mr. Chairman, I have no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 207. This act may be cited as the "First Supplemental Civil Functions Appropriation Act, 1941."

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that section No. 207 be corrected to 208.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. HARE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I call attention to the item provided for on page 23 of the bill under the subject Bureau of Mines, line 14, appropriating $275,000 for the investigation of the domestic sources of mineral supplies. I invite attention to this item for the reason that in recent months some anxiety has been expressed by our military experts as to whether or not there will be a sufficient supply of aluminum in this country within the next 2 years to meet the requirements for the construction of airplanes provided by Congress in the national-defense program.

As I understand, Mr. Chairman, and I have obtained this information from the chairman of the committee, this item

will enable the Bureau of Mines to investigate new or additional sources of aluminum, particularly the cost of processing aluminum from koalin deposits. Investigations so far show that aluminum can be processed or obtained from kaolin, and the percentage runs from 20 to 40 percent per unit. The question involved, however, is whether kaolin can be processed and aluminum obtained at a cost that will justify the construction of plants to be used in processing these deposits in commercial proportions. Of course, it is generally understood that aluminum is indispensable in the construction of airplanes, and it is highly important that a sufficient supply of it should be available at any time. It is also understood that bauxite is probably the best source of aluminum at present. However, the greater portion of it used in this country is imported from the Guianas in South America, and it is known that if anything should develop whereby this supply or source of supply should for any reason be cut off it would then be highly important for us to know of other sources from which alumina may be obtained. Too, if it is found that alumina can be processed from kaolin as cheaply as from bauxite our manufacturers would like to know it.

Therefore, the purpose of this investigation, if made, would be to determine the approximate cost of processing the material on a commercial scale so that in case a condition should arise when it would be impossible to import bauxite from South America or obtain it elsewhere and it should be necessary for us to resort to other sources to secure aluminum, the information would be available and we would, therefore, know in advance whether or not aluminum for the purposes already mentioned can be obtained from kaolin. I felt that probably other Members of the House would be interested in knowing that this appropriation will enable the Bureau to ascertain this information.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. HARE. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I wonder if the gentleman had an opportunity to see the announcement the other day that Mr. Walthall, of the Tennessee Valley Authority chemical engineering research staff, had discovered a process for the extraction of alumina from kaolin and other clays.

Mr. HARE. I had noticed this report, and I understand a number of chemists have recently discovered or worked out different formulas by which alumina can be cheaply processed from kaolin. I assume the Bureau of Mines will endeavor to avail itself of these processes if they are available.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. HARE. I yield to the gentleman from Washington.

Mr. LEAVY. Does this appropriation also make it possible to investigate the ore alunite, from which alumina is made?

Mr. HARE. I presume it does. The bill does not state specifically about that, but it does mention specifically the investigation of the domestic sources of mineral supply.

Mr. LEAVY. It is my understanding that it is intended to cover alunite as well as kaolin.

Mr. HARE. I would not be prepared to say so, because the hearings were not before the subcommittee of which I am a member.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill, H. R. 10539, the first supplemental civil functions appropriation bill, 1941, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

DISAPPOINTMENT EXPRESSED IN YARDSTICK USED BY DIES COMMITTEE TO DETERMINE UN-AMERICANISM IN CONNECTION WITH NAZI PROPAGANDA—KEEP THE RECORD STRAIGHT—LET ONLY AMERICANS STAND GUARD

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and include therein certain excerpts in explanation thereof.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I desire to express disappointment in the action of the Dies un-American activities committee for the way the charges against Lt. Col. Carl Byoir were handled and disposed of.

During the latter part of May and the first part of June, this year, in two or three speeches on the floor of the House, I called attention to the Dies committee of the fact that Lt. Col. Carl Byoir, Specialists Reserves, has been the first Hitler propagandist in this country and that he laid the groundwork, helped formulate the plans, and commenced the largest propaganda machine ever established in any country on the face of the earth for the purpose of trying to make the American people prefer a Hitler dictatorship to our own form of government, which is ruled by the people.

The Dies committee is composed of the following members: Representative DIES (chairman), DEMPSEY, STARNES of Alabama, VOORHIS of California, CASEY of Massachusetts, MASON, and THOMAS of New Jersey.

Chairman DIES appointed Representatives DEMPSEY, CASEY of Massachusetts, and MASON to investigate the charges. July 15, 1940, the subcommittee, without giving me, the author of the charges, any notice whatsoever, issued a statement to the effect that the commitee found satisfaction in clearing Mr. Carl Byoir of the charges made against him, and recommended that a resolution covering a complete exoneration of Mr. Byoir be voted by the full committee as soon as possible. I immediately protested the action of this subcommittee, because it had acted in an undue haste; had not permitted me, the author of the charges, to be heard; and for making public a subcommittee report before it was passed upon by the full committee. I pointed out that his exoneration would place Byoir in line for appointment in connection with the administration of the Selective Service Act soon to be passed.

August 29, 1940, I was given a hearing before the Dies committee on the charges. Unrevised copies of the hearings are available and may be obtained from the Dies committee.

In my testimony I showed beyond a doubt that Lt. Col. Carl Byoir had been the first and the highest-paid Hitler agent in this country, and sustained every charge that I had made in connection with his un-American activities in representing a foreign government while a lieutenant colonel in our own Army Reserves.

In order to keep the record straight, I submit that the following testimony was furnished the Dies committee, and it is uncontradicted:

1. January 30, 1933, Adolf Hitler came into power in Germany. There was an immediate influx of more money, more literature, and more power into American propaganda channels. An effort was then made to place as many "fifth columnists" as possible in our Army and armed forces.

2. Carl Byoir, a New York publicity man, was also lieutenant colonel in the Army, Specialists Reserves. He had been a lieutenant

colonel less than 2 years. He accepted $4,000 in cash from the German Consul in New York to spread Nazi propaganda in this country. This money was paid within 2 or 3 months after Hitler came into power.

3. Lt. Col. Carl Byoir furnished German agents and German representatives lists of people over the entire Nation to contact and he, himself, contacted some of them for German representatives.

4. German agents were smuggled in and out of the country at will.

5. Lt. Col. Carl Byoir sent George Sylvester Vierick, who called himself "The Kaiser's spokesman in America," and who has always been a German propagandist in the United States, to Germany in August 1933, for the purpose of securing for him, Lt. Col. Carl Byoir, a contract with the German Government to disseminate Nazi propaganda in the United States.

6. George Sylvester Vierick, when in Germany in August 1933 conferred with Hitler, himself, and other prominent German officials and discussed with them the employment of Lt. Col. Carl Byoir on a more permanent basis. Byoir was then on the pay roll of the German consul in New York.

7. A contract was given Carl Byoir by a front organization for the German Government, known as the German tourists' information office, but which was approved by the German minister of propaganda, which provided that Byoir would receive $6,000 a month for 18 months and, specially, "to promote trade between the United States and Germany and to build good will between the peoples of both countries." It was dated November 22, 1933. (Germany has always used tourist information offices in the different countries as a front to disseminate Nazi propaganda.)

8. In pursuance of that contract, Carl Byoir and George Sylvester Vierick occupied the same office in New York City and their relationships were such that they were partners. This partnership—Carl Byoir and George Sylvester Vierick—then continued to flood this country with Nazi propaganda.

9. Byoir and Vierick established and maintained a propaganda office in Berlin, Germany. Much of the Nazi propaganda, including anti-Semitic and church and state, came to this country from their Berlin office and was disseminated from their New York office.

10. Byoir and Vierick continued their activities in behalf of Hitler and the Nazi German Government in the years 1933, 1934, and 1935. All during this time, Byoir was, and is now, a lieutenant colonel in the Army Reserves.

11. The Dies committee has information in its files that Lt. Col. Carl Byoir was representing Germany in 1938.

12. Lt. Col. Carl Byoir stated in 1938 that he represented American industry with assets of $14,500,000,000. The Dies committee did not make a diligent effort to find out the concerns that he was representing at that time and whether or not they had any connection with German interests. To the Dies investigation, he only accounted for a small part of such enormous assets that he claimed to represent.

13. During the time that Lt. Col. Carl Byoir was representing Hitler, German "fifth columnists" were swearing falsely for the purpose of getting into the National Guard in New York and in other cities. In other words, they were swearing that they were American citizens, when they were aliens. Different "front" organizations for the Nazis were also being organized over the Nation. In other words, Lt. Col. Carl Byoir laid the groundwork and started Hitler's Nazi propaganda in this country and was, therefore, the first Hitler Trojan horse to enter the United States for Hitler.

14. George Sylvester Vierick is now registered with the Department of State as a German agent. He is still flooding this country with Nazi propaganda literature from 17 Battery Place, New York. He is under contract with Germany to color the news favorably to Germany. He is still trying to make the people in this country desire a Hitler dictatorship in preference to our own great form of government.

I invite any member of the Dies committee to deny either of these allegations.

It was my contention before the committee, and is now, that any lieutenant colonel in active service or inactive service who has ever, at any time, represented a foreign government for the purpose of disseminating that foreign government's propaganda in this country, should be immediately dismissed from the service. Further, action should be taken as the facts in the case and the laws of our country warrant.

It is my understanding that at the conclusion of the hearing, August 29, and before the testimony was examined or even copied, the committee decided to adopt the July 15 report of the subcommittee exonerating Lt. Col. Carl Byoir. Those present at this meeting were: DIES, chairman, presiding; CASEY; MASON; and VOORHIS of California. It will be noticed a majority of the voting members present had already prejudged the case and were naturally in a position of having every reason to want to justify their former action.

Again, on September 10, 1940, the full committee had another meeting, composed of: STARNES of Alabama, acting chairman; MASON; CASEY; and VOORHIS of California, at which Byoir was again exonerated. It will be noticed at this meeting that Representatives MASON and CASEY constituted a majority of the voting members and would naturally like to justify and uphold their former action.

If the Dies committee is willing to set the above standard to govern its actions in the future, there is nothing I can do about it except protest, which I am now doing.

EVERY GERMAN ALIEN ENTERING COUNTRY DURING BYOIR CONTRACT WITH HITLER SHOULD BE INVESTIGATED

Although I would not charge that Lieutenant Colonel Byoir had anything personally to do with the German alien who kidnaped the De Tristan baby coming into this country, yet it is a fact that this alien, Jakob Muhlenbroich, came into the United States during the time that Lt. Col. Carl Byoir was representing and trying to build up Hitler in this Nation. At that time, all of the Germany "fifth columnists" that it was possible for Hitler to get into this country were coming here, some under quota, some not under quota. Every German alien who came to this country during the time Byoir was known to have been representing Hitler should be immediately investigated. They should have been investigated before now.

I desire to particularly express disappointment in the committee's failure to determine whether or not any of the concerns represented by Lt. Col. Carl Byoir had given employment to these "fifth columnists," which came in under quota or were smuggled in during the time he represented them.

At this time, it is my understanding from information which I am willing to rely upon, that Lt. Col. Carl Byoir is the representative of the following concerns:

1. Schenley Distillers Corporation—which, as of December 31, 1939, controlled 100 percent of the voting power of the following-named concerns:

Astor Pure Rye Distilling Co.
Baird-Daniels Co., Inc., Missouri.
The J. T. B. Co., Maryland.
B. of A. Co., Delaware.
Belmont Distilling Co.
The A. B. Blanton Small Tub Distilling Co., Maryland.
Henry C. Distilling Co., Pennsylvania.
Clifton Springs Distilling Co., Delaware.
The Cove Spring Distilling Co., Maryland.
Geo. A. Dickel & Co., Delaware.—Distilling, Lexington, Ky.
Geo. A. Dickel Distilling Co., Delaware.
Rontang Distilleries, Inc., Pennsylvania.
Joseph S. Finch & Co., Pennsylvania.—Distilling and warehousing, Schenley, Pa.
The Gibson Distilling Co., Maryland.—Rectifying, blending, and bottling plant, Aladdin, Pa.
The Greenbrier Distilling Co., Maryland.
The Melvale Distillery Co., Maryland.
Merit Advertising Agency, Inc.
The Monticello Distillery Co., Maryland.
Napa Valley Wine & Brandy Co., Inc., Maryland.
The New England Distilling Co., Kentucky.—Distilling, Covington, Ky.
Bernheim Distilling Co., Kentucky.—Distilling, Louisville, Ky.
Number One Distilling Co., Pennsylvania.
Old Charter Distillery Co., Delaware.
The Old Quaker Co., Maryland.—Distilling, Lawrenceburg, Ind.
Jas. E. Pepper & Co., Kentucky.—Distilling, Lexington, Ky.
Registered Brands, Inc., Kentucky.
Schenley Distilleries, Inc., Maryland.—Bottling plant and warehouse, San Francisco, and brandy distillery at Manteca, Calif.
Schenley Distributors, Inc., New York.—Distributing agent, New York State.
Schenley Distributors of New England, Inc., Massachusetts.—Selling, New England States.
Schenley Import Corporation, New York.—Imports wines, spirits, cordials, etc.
Schenley International Corporation, Delaware.
Schenley Products Co. (Pa.), Pennsylvania.
Schenley Research Institute, Inc., New York.
The Geo. T. Stagg Co., Kentucky.—Distilling, Frankfort, Ky.
The Steinhardt Co., Inc., New York.—Whisky-blending plant, New York City.
Sam Thompson Distilling Co., Maryland.
United American Co.
The Wilken Family, Inc., Pennsylvania.

2. Freeport Sulphur Co., which also controls the Cuban-American Manganese Corporation. He has represented this company since 1935. (In the latter part of 1936 Lt. Col. Carl Byoir also became the public relations and publicity representative of the State of Louisiana, which relationship continued through 1938. In July 1936 the production tax on

sulfur in Louisiana was increased from 60 cents per ton to $2, which continued until July 27, 1938, when it was reduced to the present rate of $1.03 per ton.)

3. Libbey-Owens-Ford Glass Co.:

SUBSIDIARIES

This is principally an operating company. At December 31, 1939, 100 percent of the voting power was owned in the following subsidiaries:

Name, place of incorporation, and business:

Blairsville Glass Co.
Peacock Laboratories, Inc.
The Thermopane Co.

Subsidiaries in which less than 100 percent of the voting power was owned were as follows:

The American Bicheroux Co. (55 percent), patent holding company.

In addition, the company has investments in the foreign companies listed below. These are not regarded as being in the nature of subsidiaries:

Compagnie Internationale pour La Fabrication Mecanique du Verre, S. A. (see appended statement).
Nippon Sheet Glass Co., Ltd., Futashima, Japan.
The Canadian Libbey-Owens Sheet Glass Co., Hamilton, Ontario.
Societe Franco-Belge pour La Fabrication Mecanique du Verre St. Etienne and Lens, France.
Compagnie Reunies de Glaces et Verres Speciaux du Nord de la France.
Deutsche Libbey-Owens Gesellschaft fuer Maschinelle Glasherstellung Aktiengesellschaft, Gelsenkirchen, Germany.

4. Aluminum Co. of America:

SUBSIDIARIES AND AFFILIATES

Both an operating and holding company. As of February 16, 1940, the following were the principally wholly owned subsidiaries:

Name, place of incorporation, and business:

Alton & Southern Railroad, Illinois, a common-carrier railroad which serves company's St. Louis plant.

Aluminum Colors, Inc., Delaware, licenses oxide or anodic treatment and coloring of aluminum.

The Aluminum Cooking Utensil Co., Pennsylvania, cooking utensils.

Aluminum Ore Co., Delaware, makes alumina from bauxite.

Aluminum Seal Co., Pennsylvania, closures for bottles and containers.

Bauxite & Northern Railway Co., Arkansas, common-carrier railroad linking mines with trunk railroads.

Carolina Aluminum Co., North Carolina, smelts aluminum at Badin, N. C.

Cedar Rapids Transmission Co., Ltd., Canada, transmits electricity to Canadian border for use of Massena plants.

Kensington, Inc., Pennsylvania, sells giftware and similar articles.

Knoxville Power Co., Tennessee, distributes electricity near Alcoa, Tenn.

Massena Securities Corporation, New York, holding company.

The Massena Terminal Railroad Co., New York, a common-carrier railroad linking Massena with trunk railroads.

Nantahala Power & Light Co., North Carolina, generates, transmits, distributes electricity to public in western North Carolina and owns undeveloped water-power sites.

Ocean Dominion Steamship Corporation, New York, operates steamships between South America, United States, and West Indies.

The Republic Mining & Manufacturing Co., Delaware, owns and operates the United States bauxite properties.

St. Lawrence River Power Co., New York, generates, transmits, and sells electricity.

St. Louis & Ohio River Railroad, Illinois, common-carrier railroad serving company's St. Louis plant.

Surinaamsche Bauxite Maatschappij, Dutch Guiana, holds and operates bauxite mines in Dutch Guiana.

The United States Aluminum Co., Pennsylvania, fabrication of aluminum products.

Also, as of February 16, 1940, company or subsidiaries numbered among investments the following:

Aluminum Manufactures, Inc. (77.25 percent), Delaware, aluminum products.

Aluminum Goods Manufacturing Co. (26.91 percent), New Jersey, cooking utensils and other products.

American Lumber & Treating Co. (35.74 percent).
American Magnesium Corporation (50 percent).
Magnesium Development Corporation (50 percent).
National Aluminate Corporation (27.5 percent).
Republic Carbon Co (33.33 percent).
Skibsaktieselskapet Karaibien (40 percent).

5. The Great Atlantic & Pacific Tea Co., of America:

SUBSIDIARIES

Company controls the following concerns through ownership of entire capital stock:

Great A. & P. Tea Co. (N. J.)
Great A. & P. Tea Co. (Ariz.)
Great A. & P. Tea Co. (Nev.)
Great A. & P. Tea Corporation.
Great A. & P. Tea Co. (Ltd.).
Quaker Maid Corporation.
Quaker Maid Co., Inc.
Nakat Packing Corporation.
Felton Packing & Manufacturing Co.
Packers Supply Co.
Great American Tea Co.
American Coffee Corporation.
Atlantic Commission Co.
Atlantic Warehouses, Inc.
Whitehouse Milk Co., Inc.
A. & P. Food Stores, Inc.
Stores Publishing Co., Inc.
The Great Atlantic & Pacific Co., of Vermont, Inc.

BUSINESS AND PRODUCTS

Controls through stock ownership companies operating about 13,300 chain grocery stores (including meat departments) in 39 States and the District of Columbia in the United States and 2 provinces in Canada. Stores are supplied from 62 warehouses located in the principal cities. These subsidiaries also operate 35 bakeries, 4 salmon canneries in Alaska, 6 manufacturing plants, 3 cheese plants, 4 laundries, and a printing plant.

6. Continental Can Co.:

SUBSIDIARIES

On December 31, 1939, held 100 percent voting power in the following subsidiaries:

(Name, place of incorporation, and business)

Continental Can Co. (Pa.)—Can manufacturing.
Continental Can Co., of Canada, Ltd. (Canada)—Can manufacturing.
Dixie Canner Co. (Ark.)—Sales.
Millbrook Warehouse Corporation (N. Y.)—Finance.
Nashville Corrugated Box Co. (Tenn.)—Paper boxes.
Sociedad Industrial de Cuba, S. A. (Cuba)—Can manufacturing.
Standard Tin Plate Co. (Pa.)—Tin-plate manufacturing.
Canonsburg Coal Co. (Pa.)—Coal mining.

A subsidiary in which voting power held was less than 100 percent was:

The Whittall Can Co., Ltd. (99+ percent)—Inactive.

On December 31, 1939, company owned 100,000 shares or 8 percent of Metal Box Co., Ltd.

7. North American Co.:

BUSINESS

The company is a holding company. Principal operating companies serve a total area of approximately 18,130 square miles, having an estimated population of 5,105,000 and including 672 communities to which various classes of public-utility service are furnished. North American controls, through stock ownership, representing at least 75 percent of the common stock and a majority of the voting stock, four of five groups of companies. The District of Columbia group is controlled by Washington Railway & Electric Co., in which North American has approximately a 90-percent common-stock interest but less than a majority of voting stock. The electric properties in each group form a distinct interconnected power system. Summaries of the major operations of each group, together with the companies comprising the group, follow:

District of Columbia group: Potomac Electric Power Co.; Braddock Light & Power Co.: Electric service in Washington, D. C., and 31 other communities in adjoining sections of Maryland and Virginia. Territory served, area 631 square miles, population 820,000. Washington Railway & Electric Co., the subholding company through which the foregoing companies are controlled, was not a majority-owned subsidiary at December 31, 1939, nor was it and its subsidiaries included in consolidated accounts at December 31, 1939.

Ohio group: The Cleveland Electric Illuminating Co.: Electric service in Cleveland and 132 other communities. Territory served extends 100 miles along Lake Erie, area 1,700 square miles, population 1,300,000.

Missouri-Illinois-Iowa group: Union Electric Co. of Missouri; Union Electric Co. of Illinois; Mississippi River Power Co.; Iowa Union Electric Co.; the St. Louis County Gas Co.; Electric service in St. Louis, Mo., and East St. Louis and Alton, Ill., and 123 other communities in the Mississippi Valley. Gas service in St. Louis County, Mo., Alton, Ill., and Keokuk, Iowa. Territory served, area 3,113 square miles, population 1,540,000.

Kansas-Missouri group: The Kansas Power and Light Co.; Missouri Power & Light Co.; Nebraska Natural Gas Co.; Kewanee Public Service Co.: Electric service in Topeka, Atchison, Salina, Jefferson City, Kewanee, and 394 other communities in Kansas, Missouri, and Illinois; population of territory served 410,000. Gas service in Atchison, Salina, Jefferson City, Kewanee, and 133 other communities in Kansas, Nebraska, Missouri, and Illinois; population of territory served 260,000.

Wisconsin-Michigan group: Wisconsin Electric Power Co.; Wisconsin Gas & Electric Co.; Wisconsin-Michigan Power Co.; the Milwaukee Electric Railway & Transport Co.: Electric service in Milwaukee, Racine, Kenosha, Waukesha, Watertown, Appleton, Iron Mountain, and 355 other communities in Wisconsin and Upper Peninsula, Mich. Gas service in Racine, Kenosha, Watertown, Appleton, and 64 other communities in Wisconsin. Transportation

service in Milwaukee and surrounding territory and in Racine, Kenosha, and Appleton. Territory served, area 12,686 square miles, population 1,515,000.

In addition, company has a substantial majority interest in Detroit Edison Co. and Pacific Gas & Electric Co. and through North American Light & Power Co. a minority stock interest in Northern Natural Gas Co. and Illinois-Iowa Power Co.

SUBSIDIARIES

(Company designates as subsidiaries only those companies in which it owns at least 75 percent of the common stock and a majority of the voting stock.)

Company and type of business (all 100 percent common controlled unless otherwise stated):

Union Electric Co. of Missouri.—Electric, heat, also holding company.
Union Electric Co. of Illinois.—Electric and gas; Union Colliery Co.—Coal company.
Mississippi River Power Co. (99.82 percent).—Electric.
Iowa Union Electric Co.—Electric, gas.
Cupples Station Light, Heat & Power Co.—Electric, heat.
St. Charles Electric Light & Power Co.—Electric.
Lakeside Light & Power Co.—Electric.
Union Electric Land & Development Co.—Land company.
St. Louis & Belleville Electric Railway Co.—Electric railway.
St. Louis & Alton Railway Co.—Owns electric railway leased to Illinois Terminal Railroad Co.
East St. Louis & Suburban Railway Co.
East St. Louis Railway Co.
Wisconsin Electric Power Co.—Electric, heat.
Wisconsin General Railway.—Land company.
Milwaukee Electric Railway & Transport Co.—Transportation.
Badger Auto Service Co.—Parking stations and gasoline filling stations.
Wisconsin Gas & Electric Co.—Electric, gas, heat, and transportation.
Wisconsin-Michigan Power Co.—Electric, gas, transportation.
Milwaukee Light, Heat & Traction Co.—Land company.
Hevi-Duty Electric Co. (73.8 percent)—Electric furnace construction.
Cleveland Electric Illuminating Co. (79.49 percent)—Electric, heat.
The Power & Light Building Co.—Real-estate company.
Ceico Co.—Land and metering company.
North American Light & Power Co. (84 percent)—Holding company.
Kansas Power & Light Co.—Electric, gas, heat, water, ice, and transportation.
Missouri Power & Light Co.—Electric, gas, heat, water, ice.
The Blue River Power Co. (50 percent)—Electric.
Nebraska Natural Gas Co.—Gas.
The McPherson Oil & Gas Development Co.—Gas production.
Power & Light Securities Co.—Miscellaneous investments.
North American Oil & Gas Co.[1]
Illinois Traction Co. (99.95 percent)—Holding company.
Kewanee Public Service Co.—Electric, gas.
Cahokia Manufacturing Gas Co.—Sells gas at wholesale only.
Western Illinois Ice Co.—Ice.
St. Louis County Gas Co.—Gas.
West Kentucky Coal Co. (N. J.)—Coal.
West Kentucky Coal Co. (Del.)—Coal sales.
Peoples Coal Co.—Coal sales.
St. Bernard Coal Co.—Coal sales.
60 Broadway Building Corporation—Real-estate company.
North American Utility Securities Corporation (80.6 percent)—Investment company.

SUBSTANTIAL MINORITY INVESTMENTS

Company and type of business (all common 100-percent owned, unless otherwise stated):

Washington Railway & Electric Co. (89.79 percent)—Holding company.
Potomac Electric Power Co.—Electric.
Great Falls Power Co.—Land company.
Washington & Rockville Railway Co. of Montgomery County—Holding company.
Braddock Light & Power Co., Inc.—Electric.
Capital Transit Co. (50 percent)—Transportation.
Montgomery Bus Lines, Inc.—Transportation.
The Glen Echo Park Co.—Amusement park.
The Washington & Glen Echo Railroad Co. (98.5 percent).[1]
Illinois-Iowa Power Co. (40.47 percent)—Electric, gas, heat, water, ice, and transportation; also holding company.
Des Moines Electric Light Co.—Electric, gas, and heat; also holding company.
Iowa Power & Light Co.—Electric, gas.
Illinois Terminal Railroad Co.—Railroad company.
Central Terminal Co.—Warehouse company.
Bloomington & Normal Railway, Electric & Heating Co.[1]
The Brighton Electric Light & Power Co.[1]
Cairo City Gas Co.[1]
Champaign & Urbana Gas Light & Coke Co.[1]
Chicago & Illinois Valley Railroad Co.[1]
Danville Gas Light Co.[1]
Decatur Electric Co.[1]
The Decatur Light, Heat & Power Co.[1]
Elkhart Electric Light Co.[1]
The Jacksonville Gas Light & Coke Co.[1]
Jacksonville Railway & Light Co.[1]
St. Louis Electric Terminal Railroad Co.[1]
Venice Gas Co.[1]
Detroit Edison Co. (19.29 percent)—Electric.
Pacific Gas & Electric Co. (32.89 percent)—Electric, gas.
Northern Natural Gas Co. (35 percent)—Gas.

[1] Inactive or in process of dissolution.

8. Goodrich Tire and Rubber Co.:

The assets represented by these concerns aggregate about $2,000,000,000. Although this is a large amount, it is far short of $14,500,000,000, which Lt. Col. Carl Byoir admittedly stated in 1938 that he represented. I am disappointed because the Dies committee did not further investigate this matter and determine the names of the other concerns he represented and whether or not any of them had been persuaded to use the "fifth columnists" that were brought into this country during the time that Lt. Col. Carl Byoir admittedly represented the German consul in New York and Adolf Hitler.

IMPORTANT TESTIMONY CAN ONLY BE OBTAINED BY CONGRESSIONAL RESOLUTION

I am further disappointed in the failure of the Dies committee to seek the passage of a resolution in Congress which would have given the committee the power to have examined secret instruments, documents, and testimony obtained by the McCormack committee in 1934 and 1935, which are now in the Congressional Library and can only be examined after the passage of such a resolution.

On June 6, 1940, I delivered to the investigator for the Dies committee a letter which I had received from one purporting to be a citizen of New Jersey, only a short distance from New York City, which was written in the person's own handwriting and which gave her correct street address, as follows:

DEAR SIR: I saw in one of the New York papers where you had accused the firm of Carl Byoir of being the head of the Nazi movement in the United States of America and where he denied it.

My daughter worked for Carl Byoir, and they even had Nazi reps right there. Carl Byoir went to Germany personally to receive the money which financed their work in the United States of America. They were connected with the Friends of Germany, and people came in there who were only known by numbers among the employees. George S. Viereck was also connected with the firm. They had doors cut through to other streets and through other buildings, so they could come and go without being seen. He subscribed to a clipping bureau for Hitler, and of all the filthy obscene conversations and actions. Then that year he got some publicity for it, and to cover up he got himself appointed on the committee for the President's birthday ball. One woman secretary (a Nazi) took care of the more secret work, and she was rabid.

Just thought this might interest you.

Sincerely yours,

———.

I gave this letter to the Dies investigator. He went to New Jersey to see this lady and was informed by her daughter, who worked for Byoir, that she had given full and complete information to the McCormack committee to corroborate everything that her mother had said in this letter. The Dies investigator came back to Washington for the purpose of examining the papers and documents that were filed with the McCormack committee. The investigator discovered, however, that they were placed in the Congressional Library under lock and key with instructions not to permit anyone to see them, except in pursuance of a resolution passed by Congress. The investigator made this report to the Dies committee and nothing was done towards securing permission to see these papers that would corroborate the information in this letter.

UNHEALTHY SITUATION FOR COUNTRY

It will be noticed that Lt. Col. Carl Byoir represents great wealth in this country and naturally has much power and influence. Although I do not claim that the press generally is intimidated by Lt. Col. Carl Byoir and the three or four other great public-relations men in this Nation, who represent practically all of the national advertisers, I do say it is an unhealthy situation for a country. As evidence of this fact,

[1] Inactive or in process of dissolution.

recently a newspaper owner stated that he would like to carry a certain story, which he knew to be true and which would be in the public interest, if it were published, but that he could not afford to carry it unless at least three-fourths of the other newspapers in the country carried it. He expressed the fear that his newspaper would be destroyed in a very short time if he were to get out of line. He stated that three or four public-relations men in this country could withdraw practically all of his advertising, which would destroy his business in 30 or 60 days. Byoir alone could withdraw a large part of it.

BYOIR REPRESENTS TRUSTS THAT SPEND MONEY FOR ADVERTISING

It is a well-known fact that the glass trust, the aluminum trust, the can trust, the sulphur trust, and the liquor trust all represented by Lt. Col. Carl Byoir spend lots of money for advertising. It is reasonable to assume that the newspapers and magazines that deal with him in a way that he considers fair will certainly get their share of advertising from these concerns, but if he does not believe that they are dealing fairly with them, it is reasonable to assume that they will not get the advertising that they would get otherwise and possibly none at all.

WHY WESTRICK NOT INTERROGATED

I cannot understand why Dr. Gerhard A. Westrick, German Trade Envoy, was allowed to leave the country before being questioned by the proper authorities. It is evident that he was having business relations with some of the biggest concerns in America, and, doubtless, had in mind leading the people to believe that we should accept the theory that Germany was going to win and that we should now get ready to do business with Germany.

I respectfully submit that three or four such men in America have more power today over the means of communication to the people than any other group or class, or even the United States Government.

I respectfully suggest that in this trying time through which we are now going that George Washington's admonition that only Americans should be permitted to stand guard should be heeded.

EXTENSION OF REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a letter I have addressed to the chairman of the Committee on Merchant Marine and Fisheries.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, in tribute to the beloved Speaker William B. Bankhead, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a statement on Mr. Bankhead.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein an article.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a statement by Colonel Myers, of the Aviation Defense Association.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a communication recently made to the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. THORKELSON. Mr. Speaker, I have two requests. First, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. THORKELSON. My second request is to extend my own remarks in the RECORD and include therein quotations from publications.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

FORT DEVENS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a brief description of Fort Devens, which is situated in Ayer, Mass., in my district.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, when Fort Devens is entirely completed it will be one of the most beautiful forts in the entire country and will play an extremely active part in our great national-defense program, just as it did during the World War, when it started as an Army camp.

Yesterday I attended the first annual drum corps competition held at Fort Devens. It was held under the auspices of the St. Mary's Church of Ayer, Mass., with Fort Devens acting as host. I was invited to attend as special guest by Father Flaherty, a young priest at St. Mary's Parish, which gave me special pleasure, as he won my medal presented to the most outstanding C. M. T. C. student 4 years ago at Fort Devens.

Mr. Speaker, yesterday, at Fort Devens, as I watched the competition of some 20 drum corps units, I realized that probably in no other nation in the world today would such a peacetime parade take place. I vowed anew to keep this country at peace.

The young girls and boys who marched were in the gay, cheerful colors of the various organizations that participated. It was a triumphant parade if you will. Many of the boys and girls who marched were sons and daughters of men who fought in the World War. They carried themselves proudly because of their splendid heritage.

The competing units showed in their marching, in their drills, the results of training, the results of sacrifice. They proved what preparation and cooperation can accomplish even in the very young, because some of them were little children.

There were thousands watching the marchers; among them were the enlisted men of the fort, dressed in their khaki. Eager faced and fine were these men who have entered the Army to serve and to protect America. The khaki uniform to me is a symbol of courage, of self-sacrifice, of honor, of patriotism. These young soldiers brought back to my mind the early days of Devens when it was a camp and the frantic rush to train men for the World War, and then I recalled the return of our soldiers after their winning the war and the triumphal review there of an entire division of gallant World War veterans, and recalled the return of the sick and the wounded. Then came peacetime training of the Regular Army, the summer training of the Twenty-sixth Division of the National Guard, the training of the R. O. T. C., the C. M. T. C., and the camp at Devens for the C. C. C.

Mr. Speaker, may I thank at this time the Members of the House and Senate who helped me to have Camp Devens made Fort Devens when it was planned to abandon it. I wish to thank also the Members of Congress who have helped me fight to develop and strengthen Devens in recent years. I am most sincerely grateful. I appreciate all that the various Army officers have planned and have accomplished to make Fort Devens such a fine, beautiful Army post. It is ideally located

on fine, hard, extra good, healthy soil, splendid railroad and other transportation facilities. It has a good natural landing field. It is in a splendid community.

As I watched the scene yesterday at Fort Devens I saw the picture of the future of Devens—the reception center already begun to take a thousand men—and the important part Fort Devens will play in training in the near future a division of men for the protection of our Nation. It will give to thousands of young men the opportunity, the great privilege, of training in time of peace. It will give them a chance to learn how to safeguard themselves. It will give them a vital part in our national-defense program. Truly Fort Devens has a great future.

The program and a brief history of Fort Devens, by Miss Helen McGuane, is as follows:

FIRST ANNUAL FORT DEVENS DRUM CORPS COMPETITION

Rogers Parade Grounds, Sunday, September 22, 1940

Prize donors: Bishop Richard J. Cushing, Congresswoman Edith Nourse Rogers, Mayor Maurice J. Tobin, of Boston; Lt. John J. McDonnell, Ayer Board of Selectmen, Miss Bette Dumaine, Ayer Hunt and Gun Club.

PARTICIPATING UNITS

1. St. Mary's Corps, Ayer.
2. Guy de Fontgalland, Jr., Fitchburg.
3. Holy Name Band, Roxbury.
4. Sacred Heart Crusaders, Malden.
5. St. Catherine's Corps, Norwood.
6. St. Anne's Crusaders, Lawrence.
7. St. Ann's Band, Neponset.
8. St. Mary's Senior Band, Cambridge.
9. St. Mary's Junior Band, Cambridge.
10. Sacred Heart Cadets, Woburn.
11. Jewish W. V. Corps, Chelsea.
12. Leominster Eagles, Leominster.

Committee: Col. William Smith, post commander; Lt. Col. Albert F. Christie, recent post commander; Major MacIntosh, chief of judges; Lt. John J. McDonnell, master of ceremonies; Lt. Walter T. McCracken, assistant master of ceremonies.

Assisting committee: Rev. W. L. Flaherty, Mr. J. J. Dwyer, Mr. R. L. Stevenson, Mr. Stanley Knox, Mr. Frank Knox, Mrs. P. Mullen, Mrs. Sullivan, Mrs. Hyde, Mrs. Wainwright, Mrs. J. J. Barry, Mrs. Carrigan, Mrs. Watson, Mrs. J. Markham, Mrs. M. Markham, Mrs. P. McGuane, Mrs. Hurley, Mrs. Corneillier, Mrs. Cass, Mrs. Perreault, and members of St. Mary's Corps.

A BRIEF HISTORY OF FORT DEVENS

(By Miss Helen McGuane)

Hard on the declaration of war with Germany on April 6, 1917, came the problem of raising an army to send to Europe to join the allied forces. Our Navy, being better prepared than the Army, was mobilized on the day war was declared. On the other hand, we had a Regular Army of approximately only 200,000 men, since there was no system of compulsory military training such as existed in many European countries. Consequently, Secretary of War Baker submitted to Congress the recommendations of the General Staff for filling the quotas of the Regular Army and the National Guard both by volunteer enlistment and by a selective draft. One provision of the Selective Service Act, passed on May 28, 1917, allowed the President to raise a volunteer infantry force of four divisions and required the registration of all men between the ages of 21 and 30. On June 5, 1917, about 10,000,000 young men were enrolled. Six weeks later about 1,500,000 men were drafted, and of this number 687,000 were retained for service. These were apportioned among 16 cantonments, while the National Guard, having been called to Federal service, were sent to 16 other camps. These 32 camps, with all their apparatus, were built within a few months' time, at a cost of $200,000,000.

Let us now turn to one cantonment in particular—Fort Devens as it is now called—Camp Devens as it was called in 1917. Camp Devens was named in honor of Gen. Charles Devens, one of New England's soldiers in the Civil War. The site for the camp was selected by a group of Army officers, among them Maj. Gen. Clarence R. Edwards, and a few civilians. The land selected, covering an area of around 10,000 acres, for the most part waste land, was located in Ayer, Shirley, and Harvard. Farms which happened to be located in that section were purchased by the Government and the people moved to other homes. Early in June the leases on the land were signed, the contracts awarded to the Fred T. Ley Co., of Springfield, and on June 18 the laborers began to arrive.

In a remarkably short space of 9 weeks' time the land was cleared, wooden barracks constructed, and on September 1, Camp Devens was ready to receive her quota of men to be trained for war. Here, under the command of Maj. Gen. Harry Foote Hodges, were to be trained the men of New England and northern New York State. This camp was the first to be completed. On September 5 arrived the first men of the first draft trained at Camp Devens. Two divisions were trained here—the Seventy-sixth Division and the Twelfth or Plymouth Division.

Nonmilitary organizations combined with the military authorities to provide entertainment and recreation for the soldiers. Among these organizations were the Knights of Columbus, the Salvation Army, the Y. M. C. A., and the Jewish Welfare Board. The Red Cross aided in caring for the wounded soldiers who came from France to the base hospital at the camp. Weekly a delegation of actors came from Boston to entertain the encamped men. Prominent among these was Fred Stone. A hostess house was built under the auspices of the Y. W. C. A. for the benefit of the women who came to visit members of their families who were at the camp.

Following the signing of the Armistice, preparations were made for the demobilization of the men who were at the camp. Here too came many units from France to be discharged. This process lasted until the spring of 1919. After the war the camp was not abandoned, but the leased land purchased and a permanent army post established. In 1922 the Thirteenth and Thirty-sixth Regiments were stationed here for general maintenance of the camp. In the summer the regiments engaged in training the C. M. T. C. and R. O. T. C. summer training camps authorized by the National Defense Act. In 1927, camp reached its lowest ebb when it was placed on a caretaking basis. In 1929, a detachment of troops from the Fifth Infantry Regiment of Maine entered the camp to protect the permanent buildings. In 1933, the camp became Fort Devens. Here in 1933 came the boys of the C. C. C. From 1927 up to the present time an extensive building program has been carried out.

What a far cry from the Camp Devens of 1917 is the Fort Devens of 1940. Red brick barracks forming a quadrangle. Beyond these the officers' quarters, also of red brick. Between the two the green, well-cared-for parade ground—Rogers parade ground—named in honor of the late John Jacob Rogers, long a Representative from this congressional district. Nearby the attractive quarters of the noncommissioned officers. A hospital, a church, a theater, a commissary, and a post exchange combine to make Fort Devens sufficient unto itself. Smooth concrete roads throughout the post provide quick and easy transportation. Near the railroad are located the warehouses. At the present time, this being a C. C. C. supply depot, many of the warehouses are used for storing the materials of that organization.

Fort Devens is the largest and one of the most modern Army posts in the United States. Varied have been the pictures presented by this post in the short 23 years of its existence. Many happy thoughts are associated with the name Fort Devens. Busy was the town of Ayer in 1917, bustling with the activity and the novelty of an Army cantonment in that quiet town. There is a question in the minds of the citizenry today—What will be the future of Fort Devens?

My answer to Miss McGuane's query, What will be the future of Fort Devens?, is that Fort Devens will prove even greater in the future than it has in the past.

ORDER OF BUSINESS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to address the House for one-half minute in order to ask the gentleman from North Carolina [Mr. WARREN] what the program for tomorrow is.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WARREN. Mr. Speaker, the only program will be the consideration of two rules on bills from the Judiciary Committee, one to amend the act providing punishment for willful injury or destruction of war materials and the other to permit assignment of claims under public contracts.

Mr. MICHENER. Could the gentleman give any further advice as to the program for the rest of the week?

Mr. WARREN. On Wednesday the Mexican Claims bill will be considered and on Thursday we are expecting the final appropriation bill. Of course, we are hoping also to get an agreement on the tax bill.

Mr. MICHENER. As I understand, there is no expectation on the part of the gentleman that the House will adjourn this week?

Mr. WARREN. I am unable to say about that at the present time.

EXTENSION OF REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by my esteemed colleague the gentleman from Oregon, Hon. JAMES MOTT, the principal address given at the Twenty-sixth Annual Meeting of the American Association of State Highway Officials at Seattle, Wash., on September 17, 1940.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

SPEAKER RAYBURN

Mr. LEWIS of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point and to include therein a short editorial from the New York Times of Wednesday, September 18, 1940.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The editorial referred to follows:

SPEAKER RAYBURN

Sam Randall, Tom Reed, and Nick Longworth are names that mark by their affectionate familiar contractions the American democratic style. Speaker RAYBURN was baptized in his native Tennessee as "Samuel Taliaferro." By what surprising forethought or happy chance he shortened it history doesn't tell us. Sam he is and will remain. He started from scratch. He was one of 11 children of a Confederate soldier.

He got into the Texas Legislature at 23; he was speaker of the Texas House at 29. In 1912 he was 30 and elected to the House of Representatives, where he has been ever since. His constituency is agricultural. Our southern friends have the good habit of sticking to a Representative. Going to Washington perfectly obscure, he got on the Committee on Interstate Commerce and worked up to its head. There was talk of making him Speaker in 1934. He became majority leader. Nobody will deny that he deserves the promotion to Speaker that has now come to him.

A friend of Mr. GARNER and a conductor of the latter's boom in 1932, he has that intense partisan orthodoxy, that follow-my-leader spirit that political prudence dictates. He happens to have had a hand in New Deal legislation that is wormwood to many in these parts, but he is respected as a man of ability, integrity, and experience. He is pretty young for a veteran, and he comes from a State for which nothing is too good—except a little thing like the Presidency.

The SPEAKER. Under the previous order of the House, the gentleman from Vermont [Mr. PLUMLEY] is recognized for 25 minutes.

THE MAKING OF A CONGRESSMAN—A 1940 REVISION

Mr. PLUMLEY. Mr. Speaker, on the 5th of June 1930, the Honorable Guy U. Hardy, then a Representative who had been for 14 years a Representative from Colorado, inserted in the RECORD a compilation of information which was one of the most valuable contributions ever made for the benefit of Members of Congress and for the general public. He entitled it: "Many Questions That Many Ask About the Congress, Its Works and Ways, Are Here Answered."

Since that date contributions have been made based on Representative Hardy's original, none of which has contained all of the subject matter, and none of which has entirely brought down to date the information therein undertaken to be broadcast.

Mr. Lamneck, of Ohio, and I both have undertaken at one time or another to use a part of the material, and to add to it along certain informative lines.

Now, at the request of many Representatives, and with the cooperation of the Honorable Lewis Deschler, Parliamentarian of the House, I have attempted to revise and extend the speech I made, entitled "The Making of a Congressman," and have taken the liberty to correct the Hardy original and bring it up to date wherever, by reason of changes in law, or rules, or for other reasons, the original is now obsolete or incorrect.

The revision of my speech, The Making of a Congressman, including the matters and things to which I have heretofore referred, now reads as follows:

Mr. Speaker, on the 27th day of February, 1882, 57 years ago come Monday next, the then Senator James G. Blaine, of Maine, delivered a memorial oration before the two Houses in commemoration of the life and death of James A. Garfield, then late President of the United States.

In the course of his oration Senator Blaine said:

"There is no test of a man's ability in any department of public life more severe than service in the House of Representatives; there is no place where so little deference is paid to reputation previously acquired, or to eminence won outside; no place where so little consideration is shown for the feelings or the failures of beginners. What a man gains in the House he gains by sheer force of his own character, and if he loses and falls back he must expect no mercy, and will receive no sympathy. It is a field in which the survival of the strongest is the recognized rule, and where no pretense can deceive and no glamor can mislead. The real man is discovered, his worth is impartially weighed, his rank is irreversibly decreed."

The truth of the above statement is just as obvious to all of us who sit in this Chamber today and observe its inexorable demonstration as it was 57 years ago.

"The mills of the gods grind slowly, but they grind exceedingly small" might well be a text for a sermon to those who in any session of Congress attempt the rapids before they have learned to swim.

How, then, may a newly elected Representative fit himself for efficient service and the discharge of his duties, as such, is an ever-recurring question with which all of us are confronted.

So it may not be out of place, and I hope may not be considered presumptuous, Mr. Chairman, if, with a due appreciation of my own limitation, I undertake to pass on to others some of the answers, counsel, and advice so generously given by those older and more experienced in service, to whom, on both sides of the aisle, we are grateful for such counsel, sought and given, as has helped us to steer past whirlpools wherein we most surely would have at least capsized and has saved us from many prospective bumps and bruises, and made life bearable for us.

One of the wiser and more farseeing of my friends advised me to familiarize myself with Lewis Deschler's (House Parliamentarian) Jefferson's Manual and Rules of the House of Representatives.

Says Deschler:

"From the beginning of the First Congress, the House has formulated rules for its procedure. Some of them have since gone out of existence. More of them have been amplified and broadened to meet the exigencies that have arisen from time to time. Today they are perhaps the most finely adjusted, scientifically balanced, and highly technical rules of any parliamentary body of the world. Under them a majority may work its will at all times in the face of the most determined and vigorous opposition of a minority.

* * * * * * *

"I believe that I am not making too broad a statement when I say that the parliamentary practice of the House is a system of procedure that ranks second to none. It has proven adequate to meet all the emergencies that have arisen in the past. It will meet the emergencies and problems of the future with the same degree of success."

Having done that, he advised me to study CLARENCE CANNON'S (Missouri) Procedure in the House of Representatives.

CLARENCE CANNON, as you know, is our colleague, the distinguished Representative from the State of Missouri and former Parliamentarian of the House. In the foreword to his work he says:

"The time of the House is too valuable, the scope of its enactments too far-reaching, and the constantly increasing pressure of its business too great to justify lengthy and perhaps acrimonious discussion of questions of procedure which have been authoritatively decided in former sessions.

"The purpose of this book is to provide a synopsis of the procedure of the House for use on the floor where the authorities and sources, because of their bulk and diversity, are not always immediately available. While comprehensiveness and detail have been sacrificed to brevity and accessibility, no notable decision has been omitted, and each topic is, for practical purposes, a complete résumé of the procedure on that subject."

Having studied these, it was suggested that I make it my business regularly to attend the sessions of the House, in order to learn by observation and assimilation the application of the rules and how the House operates thereunder.

Then one man of long years of service said to me:

"PLUMLEY, you will never know what it is all about and why unless and until you read Legislative Procedure, Legislative Assemblies, Legislative Principles, and Legislative Problems, four recognized works of authority with respect to the subjects suggested by the titles written by ROBERT LUCE, the eminent parliamentary authority and our colleague from Massachusetts."

In Legislative Procedure, Mr. LUCE states:

"Lawmakers must themselves be governed by law, else they would in confusion worse confounded quickly come to grief.

"It is true"—

Says he—

"that with Coke and Blackstone and Kent we do not ordinarily class Hatsell and Cushing and Hinds. It is true that the literature of parliamentary law is scanty and that it deals with minutiae of seemingly little consequence to human rights. Yet think what the law and the practice of legislative assemblies really mean. They make it possible under a representative form of government for the will of the people to be ascertained. Starting with the assumption that this will is the will of the majority, we can give it expression and effect only by processes that at the same time endow it with form and win submission by the minority. Lacking either achievement, chaos follows."

Again he says:

"Herein lies the safety of the minority, and this it is that makes parliamentary law and procedure of the greatest consequence to the public safety. Government survives because the lesser part yields to the greater part. Teutonic peoples have had more success than others in self-government because with them the minority, however convinced of its own wisdom, consents to be ruled by the majority until in orderly fashion the minority can make itself the majority. The minority insist on only the right to be heard. Theirs is the cry of Themistocles to Eurybiades, 'Strike, but hear me!' Give them but the chance to present their arguments fairly,

fully, and they will abide the issue. This is what we call liberty, though just why it would be hard to tell.

* * * * * * *

"Thomas Jefferson took the same view. Referring to Hatsell in the introductory words of his Manual, he recalled that Mr. Onslow, the ablest among the Speakers of the House of Commons, used to say: 'It was a maxim he had often heard when he was a young man, from old and experienced members, that nothing tended more to throw power into the hands of administration, and those who acted with the majority of the House of Commons, than a neglect of, or departure from, the rules of proceeding; that these forms, as instituted by your ancestors, operated as a check and control on the actions of the majority, and that they were in many instances a shelter and protection to the minority against the attempts of power.' So far, said Jefferson, the maxim is certainly true and is founded in good sense, that as it is always in the power of the majority, by their numbers, to stop any improper measures proposed on the part of their opponents, the only weapons by which the minority can defend themselves against similar attempts from those in power are the forms and rules of proceeding which have been adopted as they were found necessary from time to time and are become the law of the House; by a strict adherence to which only the weaker party can be protected from those irregularities and abuses which these forms were intended to check, and which the wantonness of power is but too often apt to suggest to large and successful majorities."

I commend the foregoing references to your careful consideration.

And now we come to the practical proposition which has confronted us all, as to the source of information with respect to our daily duties, and as to where we can get information, and from whom; and what shall we do next.

At this point may I say that I have omitted certain discussion appearing in the former text, including comments made by the gentleman from Kansas [Mr. LAMBERTSON], which occurred with respect to the revision of the Hardy original, made by Mr. Lamneck, of Ohio, in which the gentleman from Kansas [Mr. LAMBERTSON] pays a deserved tribute to Mr. Hardy.

With certain deletions, therefore, I now offer for your consideration the Hardy original brought down to date:

In making speeches in the House and Senate, Members often say "the country should know" this or that and "I want the country to know" this or that, with the implication that they are not speaking entirely for the benefit of the few gentlemen listening but for the whole country at large. And so it is with these remarks. I am not making them for the Members of the House of Representatives, although peradventure some Members may find some information here that will help them to answer questions a little more freely in the House gallery and at the Rotary Club back home.

Mr. Hardy said:

I am putting these questions and answers out in printed form for the benefit of the many who like to know a little more about the inside workings of, and the side lights on, the Congress. I know I have a lot of friends who like to know about these things and who encourage me to talk of them in little groups and through the press, and there may be other inquisitive people in other sections of this United States who read the CONGRESSIONAL RECORD.

WHAT IS CONGRESS?

Congress is the legislative body of the United States Government. The functions of the National Government are divided into three parts: Executive, judicial, and legislative. States have their State legislatures. Cities have their city councils. The Nation has its Congress. Its existence, authority, and limitations are provided by the Constitutuion. Article I, section 1, reads: "All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives."

HOW LONG HAVE WE HAD A CONGRESS?

The first and second sessions of the First Congress of the United States were held in New York City; subsequently, including the first session of the Sixth Congress, Philadelphia was the meeting place; since then Congress has convened in Washington, D. C.

The earlier Continental Congress, 1774–89, to be sure, had various places of meeting and included Philadelphia, Pa.; Baltimore, Md.; Lancaster, Pa.; York, Pa.; Princeton, N. J.; Annapolis, Md.; Trenton, N. J.; and New York City.

Incidentally, the President is authorized by proclamation to convene Congress at such place other than Washington as he may judge proper when "from the prevalence of contagious sickness, or the existence of other circumstances, it would, in the opinion of the President, be hazardous to the lives or health of the Members to meet" in Washington.

WHEN DOES CONGRESS MEET?

The Constitution, article I, section 4, provides that—

The Congress shall assemble at least once in every year * * * on the first Monday in December, unless they shall by law appoint a different day.

Pursuant to a resolution of the Continental Congress, the first session of the First Congress convened March 4, 1789. Up to and including May 20, 1820, 18 acts were passed providing for the meeting of Congress on other days in the year. Since that year Congress met regularly on the first Monday in December until 1934, when the twentieth amendment to the Constitution became effective, changing the meeting of Congress to January 3, unless the Congress shall, by law, appoint a different date.

The general elections held in the fall of every even year determine the composition of the House membership for the ensuing 2 years with the members-elect subscribing to the oath of office and being inducted into office in the January following.

WHAT IS A CONGRESSMAN?

Strictly speaking, a Member of either Senate or of the House of Representatives is a Congressman. However, in general practice we speak of a Member of the Senate as a Senator and of a Member of the House as a Congressman, although the official title of the latter is Representative in Congress.

HOW MANY MEMBERS?

There are 96 United States Senators, two from each of the 48 States in the Union.

There are 435 Members of the House of Representatives, each State being entitled to the number its population justifies. The Member or Members of the House to which each State is entitled is determined on the basis of the decennial census. There are two methods under existing law which may be followed in making the apportionment; one method is known as that of "major fractions," and the other is known as "the method of equal proportions." Under no circumstances shall any State have less than one member.

While Congress, by law, apportions the number of Representatives to each State, the State legislatures establish the districts from which the selection shall be made.

In addition to the Members of the House from the various States, Alaska, and Hawaii each have Delegates, and the Philippines and Puerto Rico have Resident Commissioners. These Delegates and Resident Commissioners have the right of debate but have no vote upon legislation appearing before the House for action.

WHAT QUALIFICATIONS ARE REQUIRED FOR MEMBERSHIP?

The Constitution provides that a Member of the House of Representatives must have attained the age of 25, have been a citizen of the United States for 7 years, and be an inhabitant of the State in which he is elected. In practice he is usually a resident of the district which he represents, but that is not a constitutional requirement. A United States Senator must have attained the age of 30 years, have been a citizen of the United States for 9 years, and be an inhabitant of the State which elects him.

WHAT OATH DO MEMBERS TAKE?

The oath of office taken by the Members of the House is administered by the Speaker, and by the Vice President to the Senators. It reads:

"I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

The Constitution provides that the President of the United States, Senators, and Representatives, members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support the Constitution.

WHAT ABOUT EXTRA SESSIONS?

The President may call the Congress to meet in extraordinary session at any time he thinks the interests of the country justify it.

There has been only 1 four-session Congress, the Sixty-seventh, during President Harding's administration.

The longest session of the Congress was the War Congress of 1917–18, which lasted 354 days; the shortest session was the

10-day session called by President Pierce to enact an army appropriation measure in 1856. The Senate, alone, has been called into special session even for 1-day or 2-day sessions, but in such cases it was for the purpose of confirming Presidential appointments; the latter body may be called in extra session, without the House to consider treaties, try impeachments, and confirm appointments.

HOW ARE VACANCIES FILLED?

Members do die in office, and occasionally one resigns, usually to take what he considers to be a better office, however. When a Senator dies or resigns, the Governor of his State may appoint his successor to serve only until an election is held, providing his State legislature has given him the authority. If a Representative dies or resigns, his place cannot be filled by appointment. The Governor of his State may call a special election to fill the place, if he desires, or, as is done in many cases, the place may be left vacant until the next general election.

WHAT ARE THE DUTIES OF A MEMBER?

They are many and manifold. He should study legislation and attend the meetings of his House. He should listen to a good deal of the debates, but not all of them by any means. Many Members are kept in committee meetings many hours of many days of every session. The average Member develops a large office business. The Members get a vast amount of mail. This requires much study, dictation of replies, and often visits to different executive departments downtown. The departments are far away and often far apart. Many ex-service men bring their problems to their Congressmen, and he is always glad to help them out when and wherever he can, although he has not the power always to do as much as he would like.

A Member will get a thousand letters or maybe several thousand letters in a session from citizens advocating or opposing proposed legislation. Usually a Congressman answers every letter, though he cannot tell everybody what he thinks about every bill that has been introduced. He must wait developments through committee hearings and give thought to those measures that are being brought forward by favorable committee action.

WHAT ARE THE IMPORTANT COMMITTEES?

There are several. The two most important are probably Appropriations and Ways and Means. All bills that relate to the appropriation of money must be considered by and reported out by the Appropriations Committee of the House. This committee consists of 40 members, 25 Democrats and 15 Republicans. It reports out several bills that carry appropriations for a little over $4,000,000,000 each year. The Ways and Means Committee has to consider and report out all bills that have in any way to do with raising revenue, tariff, or any sort of taxes. This committee consists of 25 members, 15 Democrats and 10 Republicans. All revenue bills must originate in the House of Representatives and come out of the Ways and Means Committee.

There are about 47 standing committee, 9 joint standing committees, and several select committees appointed for specific purposes. The 10 principal committees are called exclusive committees in that a majority member of any one of these committees cannot serve on any other.

HOW DO COMMITTEES WORK?

They meet regularly or on call. They consider the bills that have been referred to them. They sometimes hold long hearings on important bills when those interested either for or against may come in and tell the committee what they think of the bills in question. Some hearings last several days and some several weeks. The committee then considers the bill and may report it out with or without amendments or may decide not to report it out. Sometimes the committee takes up several bills of a similar character, considers all phases of the question, and writes a new bill and reports that out.

WHO SELECTS MEMBERS FOR COMMITTEE ASSIGNMENTS?

Majority Members are assigned to committees by the Committee on Ways and Means. As a rule, once on an important committee a Member stays there as long as he is in Congress. If a vacancy occurs on an important committee, a member from another committee may be given the place by the Committee on Ways and Means if he desires it, and if he has the seniority and influence to get it. New Members get the places left available. The minority's committee on committees performs this function for them. All selections must be confirmed by election in the House.

WHO APPOINTS THE CHAIRMEN OF COMMITTEES?

They are elected by the House, and theoretically the Committee on Ways and Means makes the selections of chairmen. In actual practice, however, the Member of the majority party who has served longest on any committee is selected as chairman. Here seniority plays an important part. The chairmen, of course, all come from the majority party, and the majority of the members of all committees are of the dominant party.

WHAT IS THE COMMITTEE ON RULES?

This is one of the most important committees, as it controls the destiny of more proposed legislation than any other. Bills from the Ways and Means and Appropriations have the right-of-way, so to speak, and can always be brought up for consideration. Other committees have only a few calendar days in any one session. So many bills reported out cannot be brought up for consideration. The Rules Committee can report a rule for consideration of a bill any day. It can bring in a rule for the consideration of any bill that has been reported out of any committee any time. In the last days of a session special rules to bring out special bills are much in demand. The Rules Committee has much power, certainly has the power of selection, but it must be fair and discriminating, selecting what the majority of Congress seems to want most, as the rule it brings in must be adopted by the House.

WHAT IS THE STEERING COMMITTEE?

This is a committee not much heard of nor mentioned in the newspapers. And I dare say that hardly two dozen Members of the House can tell the names of all of the members on the steering committee. This is a little party adjunct to help promote legislation the majority is interested in, and help to iron out a program of procedure, especially in the closing days of a session. It is composed of nine of the older majority Members. In addition, the majority leader acts as chairman. When important matters are up for consideration the Speaker and the chairman of the Rules Committee sit in. This committee really has a good deal of influence in helping to shape up the legislative program.

WHAT ARE CONFERENCES AND CONFEREES?

The House passes a bill, for instance. It goes to the Senate and may be much amended over there, as are appropriations and tariff bills usually. The House will not accept the amendments. So the bill is sent to conference. The House appoints three or five Members as conferees and the Senate appoints an equal number. These gentlemen meet and hold a conference and discuss the points in disagreement. The conferees of the Senate give up some items and the conferees of the House agree to some. Finally they get together on a bill somewhere between the position taken by each House. Sometimes the conferees do not give up easily; sometimes the conference drags on for days or weeks, and they have run for months. Usually they get together, and usually the conference report is adopted by both Houses. Which end of the Capitol is the most stubborn? Well, the other end, of course.

WHAT RESEARCH ASSISTANCE IS AVAILABLE TO THE MEMBERS?

The Library of Congress has an expanding division known as the Legislative Reference Service, to which most of the Members refer when in search of specific data otherwise not readily available.

This Division to be of the utmost worth to a membership representing conflicting and widely diverse viewpoints must render an objective rather than slanted service, delivering exhaustive, unbiased, factual data irrespective of the personal predilections of its staff.

HOW DO MEMBERS KNOW TO WHOM TO ADDRESS INQUIRIES?

With an expanding Federal service and the growth of governmental machinery, it has been found necessary to bring into being a clearing house known as the United States Information Service. Handling thousands of inquiries asking general information concerning all phases of governmental activity, this Division, in addition, edits a three-times-a-year manual, in which is recorded integrated authoritative information on the organization and functions of the departments and agencies of the Federal Government. It is a volume which no congressional office could well do without.

HOW ARE BILLS WRITTEN?

Although many bills are written by the Members, the Congress has wisely provided for legislative counsel to aid the Members and the committees in drafting measures of a more complicated nature. This corps of expert legislative draftsmen take note of the general objective sought to be attained by the Member and mold his idea into parliamentary legal form.

A Member writes up his bill and drops it in the basket on the Clerk's desk. It is then referred to the appropriate committee. Many bills lie in committee undisturbed and are never heard from again. In some cases they have served their purpose without further action. They have advertised the Member and the project. Many bills are introduced that have not the slightest chance of serious consideration or passage.

STAGES OF A BILL OF THE HOUSE

The following statement with respect to stages of a bill appears in the revision made by Representative Lamneck but is not found in Representative Hardy's original presentation:

First. Introduction: By a Member by laying the bill on the Clerk's table informally. A Member sometimes introduces a petition only, leaving to the committee the drawing of a bill, such a petition referred to a committee having jurisdiction of the subject giving authority to report a bill. Sometimes communications addressed to the House from the executive departments or from other sources

are referred to committees by the Speaker and give authority for the committees to originate bills. Messages from the President also are referred by the Speaker of the House and give jurisdiction to the committees receiving them to originate bills.

Second. Reference to a standing or select committee: Public bills are referred under direction of the Speaker; private bills are endorsed with the names of the committees to which they go under the rule by the Members introducing them. Senate bills are referred under direction of the Speaker. A bill is numbered and printed when referred.

Study of the bill is then undertaken by the committee membership, oftentimes by a subdivision of the committee before whom proponents and opponents of the contemplated legislation are heard. The various governmental subdivisions to be affected are consulted, and members of Congress other than committee members are heard.

Third. Reported from the committee: Committees having leave to report at any time make their reports from the floor; other committees make their reports by laying them on the Clerk's table informally. The bill and the report are printed when reported.

Fourth. Placed on the calendar: Occasionally a privileged bill is considered when reported, but usually it is placed with the unprivileged bills on the calendar where it belongs under the rule by direction of the Speaker.

Fifth. Consideration in Committee of the Whole: Public bills which do not raise revenue or make or authorize appropriations of money or property do not go through this stage. All other bills are considered in Committee of the Whole. The stages of consideration in Committee of the Whole are: General debate; reading for amendment under the 5-minute rule; order to lay aside with a favorable recommendation or to rise and report; reporting of to the House.

Sixth. Reading a second time in the House: Bills not requiring consideration in Committee of the Whole are read a second time in full, after which they are open to debate and amendment in any part. Bills considered in Committee of the Whole are read a second time in full in that Committee and when reported out with or without amendments, are not read in full again, but are subject to further debate or amendment in the House unless the previous question is ordered at once.

Seventh. Engrossment and third reading: The question on House bills is taken on ordering the engrossment and third reading at one vote. If decided in the affirmative, the reading a third time usually takes place at once, by title. But any Member may demand the reading in full of the engrossed copy, in which case the bill is laid aside until it can be engrossed. Senate bills come to the House in engrossed form, and the question is put on third reading alone. When the question on engrossment and third reading of a House bill or third reading of a Senate bill is decided in the negative, the bill is lost as much as if defeated on the final passage. The question on engrossment and third reading is not made from the floor, but is put by the Speaker as a matter of course.

Eighth. Passage: The question on the passage of a bill is put by the Speaker as a matter of course, without awaiting a motion from the floor.

Ninth. Transmission to the Senate by message.

Tenth. Consideration by the Senate: In the Senate, House bills are usually referred to committees for consideration and report, after which they have their several readings, with opportunities for debate and amendment. The same procedure takes place in the House as to bills sent from the Senate.

Eleventh. Return of, from the Senate without amendments: If the Senate passes a House bill without amendment it returns it to the House, where it is at once enrolled on parchment for signature. A bill thus passed without amendment goes into possession of the Clerk and is not laid before the House prior to enrollment. If the Senate rejects a House bill the House is informed. Similar procedure occurs when the House passes a Senate bill without amendment.

Twelfth. Return of, from the Senate with amendments: House bills returned with Senate amendments go to the Speaker's table. If any Senate amendment requires consideration in Committee of the Whole the bill is referred by the Speaker informally to the standing committee having jurisdiction, and when that committee reports the bill with recommendations it is referred to the Committee of the Whole House on the state of the Union, to be there considered and reported to the House itself. When no Senate amendment requires consideration in Committee of the Whole the bills come before the House directly from the Speaker's table.

Thirteenth. Consideration of Senate amendments by the House: When a bill with Senate amendments comes before the House the House takes up each amendment by itself and may vote to agree to it, agree to it with an amendment or disagree to it. If it disagrees, it may ask a conference with the Senate or may send notice of its disagreement, leaving it to the Senate to recede or insist and ask the conference.

Fourteenth. Settlement of differences by conference: When disagreements are referred to conference the managers embody their settlement in a report, which is acted on by each House as a whole. When this report is agreed to the bill is finally passed and is at once enrolled for signature.

Fifteenth. Enrollment on parchment: The House in which a bill originates enrolls it.

Sixteenth. Examination by the Committee on Enrolled Bills: While the Committee on Enrolled Bills is described as a joint committee, each branch acts independently. The chairman of each branch affixes to the bills examined a certificate that the bill has been found truly enrolled.

Seventeenth. Signing by the Speaker and President of the Senate: The enrolled bill is first laid before the House of Representatives and signed by the Speaker, whether it be a House or Senate bill, after which it is transmitted to the Senate and signed by the President of that body.

Eighteenth. Transmittal to the President of the United States: The chairman of the Committee on Enrolled Bills for each House carries the bills from his House to the President. In the House of Representatives a report of the bills taken to the President each day is made to the House and entered on its Journal.

Nineteenth. Action by the President: He may (1) promptly sign it, whereupon it becomes law as of its effective date. He may (2) hold it without taking any action, in which case it becomes law at the expiration of 10 days (Sundays excepted) without his signature, provided Congress is still in session. He may (3) hold the measure, and by so doing, kill it, if Congress adjourns before the bill has been in his hands 10 days (the so-called pocket veto). He may (4) veto the bill outright.

Twentieth. Action on, when returned disapproved: The House to which a disapproved bill is returned has the message read and spread on its Journal. It may then consider at once the question of passing the bill notwithstanding the President's objections, or may postpone to a day certain, or refer to a committee for examination. The vote on passing the bill notwithstanding the President's objections must be carried by two-thirds. If the bill fails to pass in the House to which it is returned, it remains there; but if it passes it is sent to the other House for action.

Twenty-first. Filing with the Secretary of State: When approved by the President a bill is deposited in the Office of the Secretary of State; and when the two Houses have passed a bill notwithstanding the President's objections, the presiding officer of the House which acts on it last transmits it to the Secretary of State.

VETOES

Contrary to the practice followed in most of the State governments, the Chief Executive must approve or disapprove a bill in its entirety; he cannot accept part and reject part.

Nevertheless, not so many bills are vetoed as one might expect. By and large, the opinion of Alexander Hamilton that the veto would "generally be employed with great caution" has been borne out. Grover Cleveland set an all-time high, however, with 358 vetoes, until the administration of Franklin Roosevelt, whose vetoes have exceeded Cleveland's considerably.

The following summary indicates the more recent actions taken:

President	Regular veto	Pocket veto	Total vetoes	Vetoes overridden
Wilson	33	11	44	6
Harding	5	1	6	
Coolidge	20	28	48	4
Hoover	21	13	34	3
Roosevel [1]	234	239	473	7
Roosevelt:				
First term	102	117	219	2
Second term [1]	132	122	254	5

[1] Up to and including Aug. 28, 1940.

It is interesting to note that seven Presidents made no use of the veto power whatever, the last of these being President Garfield.

ARE MANY BILLS INTRODUCED?

The all-time-high record is held by the Sixty-fifth Congress, during which 33,015 bills were introduced in the two Houses. More nearly normal, although still above the average, is the number introduced in the Seventy-sixth Congress, 18,754 bills.

Not all the bills introduced are enacted, however. The chances are, roughly, about 1 in 10 that the bill introduced will be enacted into law.

WHAT IS "UNANIMOUS CONSENT"?

Many little actions are done in and taken by the House by unanimous consent. The Member asks for unanimous consent to

do this or that—to correct the RECORD, to speak for 5 minutes or more out of order, to insert remarks in the RECORD, to change an amendment he has offered, to have a letter read. If there is no objection on the part of any Member, then consent is granted. Frequently a gentleman says, "I object," and that settles that.

The leader of the majority makes many unanimous-consent requests, and usually they are granted. He may ask consent to meet at a certain hour, to adjourn over for a day or two, to hold a night session, to have so many hours for debate on a bill, to take up specified matters on certain days out of order, to set days for the Private and Consent Calendars. The granting of the request saves the passing of motions or the making of rules.

Many bills are passed by unanimous consent. All bills of a private character go on the Private Calendar. And another character of bills go on the Consent Calendar. On days when these bills are in order the Clerk reads the title of the bill, the Speaker asks, "Is there objection?" Any Member may say, "I object," if he desires, in which case the bill cannot be taken up; and the next title is read. If no objection is made, the bill is read and passed very quickly, usually. The theory is that if no one cares to object to a bill certainly many would not vote against it, so it ought to be passed. Both party organizations have several Members who make it their business to study all bills on the Consent Calendars and be ready to object or insist on what they think to be the proper amendments before consent is granted for the bill to be considered.

Often a Member will arise and say: "Reserving the right to object," and ask questions about the bill. This gives the author of the bill a chance to explain or defend it, and sometimes quite a little debate is stirred up even on consent days. After a while somebody may shout "Regular order!" The Speaker says, "Regular order is demanded." Whereupon the gentleman who started the trouble by "reserving the right to object" must immediately make his objection or withdraw it. He may be just as apt to do one as the other, and on his decision rests the destiny of some anxious Member's important bill—for all bills are important to their hopeful authors. On consent days Members with bills on the calendar are most patient, polite, and persuasive in their ways toward the gentlemen who sit at the table and whose business it is to inquire into the merits of bills coming up.

HOW ARE VOTES TAKEN?

Four different ways. Usually the Speaker puts the question in this form: "As many as are in favor (of the motion) say 'Aye'," and then, "As many as are opposed say "No.' " In most instances the vote taken thus is decisive enough to satisfy. But if the Speaker is in doubt, or if it sounds close, any Member may ask for a division. In this case the Speaker asks those in favor to stand up and be counted. Then those opposed to the proposition to stand up and be counted. The Speaker does the counting and announces the result. But if he is still in doubt, or if a demand is made by one-fifth of a quorum—that is, 20 in the Committee of the Whole or 44 in the House—tellers are ordered. The Speaker appoints one gentleman on each side of the question to make the count. The two tellers take their place at the head of the center aisle. All Members favoring the proposition walk through between the tellers and are counted. Then those opposed walk through and are counted. This vote settles most questions.

But a roll call may be demanded by anybody on any question in the House, and if supported by one-fifth of those present it is ordered. This privilege is guaranteed by the Constitution. The Clerk reads the names of the whole membership, and as his or her name is called the Member answers "Aye" or "No." The names of those not voting the first time are read a second time, so that all Members in corridors, cloakrooms, committee rooms, or offices, who have been notified of a roll call by signal bells, may come in and vote.

Roll calls are ordered sometimes to get a full vote on a measure, because of a lack of a quorum, sometimes because Members want to be on record on a measure, and sometimes to put the other side on record against the measure for imaginary political advantage. The roll calls are published in the CONGRESSIONAL RECORD and are sometimes quoted to a Member's advantage or disadvantage, as the case may be.

Many bills of lesser importance and some of greater importance are passed without a roll call. This can be done if a quorum is present when the vote is taken and as many as one-fifth of those present do not demand a roll call. This is done often to save time and sometimes to save Members the embarrassment of having to be recorded for or against a measure.

WHAT IS A QUORUM?

Everybody who ever attended a literary society knows that it requires a quorum to do business. In the House of Representatives a quorum is a majority of the membership. When there are no vacancies in the membership a quorum is 218. There are usually a few vacancies—Members who have died or have resigned and their places yet unfilled. So an actual quorum is usually a little under that figure. Much business is transacted without a quorum. But no business of any character, except to adjourn, can be transacted without a quorum present if any Member objects. All any Member has to do to get a full House is to arise, address the Speaker, and make the point of order that "no quorum is present." The Speaker says, "I will count." If he cannot count a majority present, the doors are closed, the bells are rung in the corridors and House Office Building, and the roll is called. This usually produces a quorum, and business proceeds.

When the House is in Committee of the Whole a hundred Members make a quorum.

IS LEGISLATION MUCH INFLUENCED BY ORATORY?

Not much. People back home may picture the House as a forum for debate upon the merits of the many bills they read about. It is in a way, but most of the debate is as potent as a sham battle. Very few bills that are brought up in the House for action under general or special rules are defeated. I think more than 95 percent of bills thus brought up are passed, despite the forensic display of oratory that may be directed against them, and usually is, by the minority or the opposition. Hardly 1 amendment in 40 offered to bills on the floor is adopted unless offered or accepted by the committee reporting out the bill up for consideration.

Legislation enacted by any Congress is largely that originating with or sponsored by the majority party. Important measures brought up have had thorough scrutiny and a favorable report by a well-organized committee. They have probably had strong backing from the country. Some have had the approval of the steering committee and some have been reported out by the Rules Committee. Such measures are on the program for passage, and long debates and much oratory cannot defeat them. On the other hand, bills that are not slated for passage do not often get up for action in the House.

Committee responsibility is great and committee action influential. On most amendments and on most bills a majority of the Members vote most of the time with the committee—and it is difficult to break into that influence even with fine oratory.

WHAT ARE THE DUTIES OF THE SPEAKER?

He presides over the House, appoints the Chairman to preside over the Committee of the Whole, appoints all special or select committees, appoints conference committees, has the power of recognition of Members, makes many important rulings and decisions in the House. The Speaker may vote, but usually does not except in case of tie. He may appoint a Speaker pro tempore but not for more than 3 days at a time without the consent of the House.

WHAT IS A PARTY LEADER?

There is a majority leader and a minority leader. In talk on the floor we do not refer to Democrats and Republicans usually. It is more dignified, it seems, to refer to the majority and the minority. The majority leader has the more influence, of course, since he has the majority of the membership back of him.

The leader is all the title implies. He leads in party debate, brings forward party programs and policies. His advocacy of or opposition to proposed legislation indicates the party preference. The majority leader has much control over what comes up and when of the legislative program from week to week. When he makes a motion it is nearly always carried. He usually makes the motion to adjourn, and it always carries. If someone else, not authorized to do so, makes a motion to adjourn, it is nearly always defeated.

WHAT ARE THE CHAPLAIN'S DUTIES?

Both Senate and House have a chaplain, who offers prayer at the opening of each daily session, usually at 12 o'clock noon. Both are eloquent and Godly men. The prayers are printed in the CONGRESSIONAL RECORD with the proceedings each day.

WHAT ARE THE DUTIES OF THE WHIP?

The whip is not an official position. It is a party designation. Both parties have their whip. The whip looks after the membership of his party, advises them of weekly programs, and endeavors to have all present when important measures are to be voted upon. When the vote is apt to be close he checks up, finds out who is out of the city, and advises them by wire of the important measure coming up.

The efficacy of the majority in securing the legislation it desires and of the minority in making felt its opposition depends upon the efficiency of the party "machinery" on the floor. The party "whips" are vital cogs in this machinery.

WHAT IS PRINTED THAT BEST TELLS OF THE CONGRESS?

The Constitution of the United States is the most informative thing printed dealing with the Congress. It provides the authority for Congress, specifies its duties, powers, privileges, and much of the procedure in both Houses of Congress. The Constitution is not very long, is easily obtainable in any city or town, and should be read occasionally by every citizen. It will surprise you how much information it contains.

HOW OLD IS THE CONSTITUTION?

It was adopted by the Federal Constitutional Convention in 1787, ratified by the several States, and the new Government provided for by it became fully operative with the inauguration of George Washington as President of the United States on April 30, 1789.

HOW CAN THE CONSTITUTION BE AMENDED?

A proposal to amend the Constitution must be passed by the Congress by a two-thirds vote of the Members present in both House and Senate. The proposed amendment then must be ratified by the legislatures of three-fourths of the States or by conventions in three-fourths of the States; the choice of method of ratification rests with the Congress.

HAVE MANY CONSTITUTIONAL AMENDMENTS BEEN ADOPTED?

No, not very many; only 21 in 151 years, and this question brings out some interesting figures and dates.

The first 10 amendments to the Constitution were proposed by the first Congress in 1789 and were practically agreed to before the adoption of the Constitution. The eleventh and twelfth amendments were proposed in 1794 and 1803.

Since 1804 when the twelfth amendment was ratified, over a period of 136 years, only nine amendments have been adopted to the Constitution.

The thirteenth, fourteenth, and fifteenth amendments relate to abolition of slavery, rights of citizenship, and the franchise, coming after the Civil War, and were proposed and ratified between 1865 and 1870.

Since the Civil War period only six amendments have been ratified, as follows:

Sixteenth amendment provides power for Congress to levy a tax on incomes. Was ratified in 1913.

Seventeenth amendment provides that United States Senators shall be elected by popular vote. Previous to its adoption Senators had been chosen by State legislatures. Proposed in 1912 and ratified in 1913.

Eighteenth amendment provides for prohibition. Proposed 1917 and ratified by 1919. Subsequently ratified by all States in the Union except two.

Nineteenth amendment provides the right of suffrage of women. Proposed 1919 and ratified by 1920.

Twentieth amendment is the so-called lame-duck amendment. It relates to the terms of the President, Vice President, Senators, and Representatives and sets the time the Congress shall convene.

The twenty-first amendment repealed the eighteenth or prohibition amendment to the Constitution.

ARE AMENDMENTS SOMETIMES PROPOSED BUT REJECTED BY THE STATES?

Yes; that has occurred several times. Amendments were proposed in 1789—two—1810, 1861, and 1924, that were not ratified by the States. All of these except the last one are out of date, of no use now, and time has shown the wisdom of their rejection.

The one submitted to the States in 1924 was known as the child-labor amendment and reads in part, "The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age." So far 27 States have ratified this amendment, and 16 State legislatures have voted to reject it, with there being no record of action by five States; namely, Alabama, Mississippi, Nebraska, New York, Rhode Island. Since 36 States must ratify an amendment to make it effective, it would appear that this one also has been lost. Recent social legislation on the part of the various States has materially decreased the alleged necessity for its enactment.

WHO PAYS FOR SPEECHES MEMBERS MAIL OUT?

The Senator or Congressman pays for the speeches he sends out. They are printed usually at the Government Printing Office and are charged for at cost price, but the cost price is about what they would cost in a privately operated print shop. A Member will often send out another Member's speech on some subject he thinks will be of interest to his constituents.

In the fiscal year 1939, Members paid the Public Printer $60,488.47 for speeches. Ten years before, in 1929, the sum was $66,400.07.

WHAT OF THE INFLUENCES OF SENIORITY OR LENGTH OF SERVICE?

In no other place, perhaps, in this broad land of ours does seniority or length of service cut so much figure as it does in the Congress of the United States.

It is the first discouraging thing the new Member meets, and many have been the bitter denunciations of its rule. Right or wrong, however, the rule of seniority has long been an important factor in the Congress, and no one these days has the optimism to predict that it will soon be abolished.

The new Member meets the rule of seniority when he applies for his first office room. He gets only what is left after all older Members have made their selections. He may file on a vacant room in the House Office Building. Another Member who has served before may come along and take it away from him. He may file on numerous rooms and see them go to older Members. The oldest Member requesting a vacant office room gets it.

He meets with it at any official dinner he attends. The new Member sits near the foot of the table; the older Members, in the order of their term of service, near the head of the table.

The new Members find the rule of seniority when they apply for committee assignment. The older Members pick out the favored places; the new Members must work their way up.

The new Member finds it in the committee room when he attends the first meeting of his committee. He finds his name on his place at the foot of the table. The oldest member of the committee will probably be the chairman at the head of the table. And by length of service they rank down to the newest members at the foot.

New Members are welcome and are shown every courtesy on the floor. They are never hazed nor snubbed. But there are some years in the beginning of their service when new Members must feel that they are hardly in the thick of things—when they must think that they would like to sit, even in the committee room, up near the middle of the table.

The important places in the House go to the older Members. Choice committee assignments go to the older Members who desire them. The chairman of every committee is, almost without exception, the longest-serving majority member on the committee. Chairmen of committees have a good deal of influence and get their names on the most important bills.

A great deal of legislation is written by or determined by the conferees on conference committees between the House and Senate. Almost invariably the conferees appointed by both House and Senate are the two oldest Republican and the oldest Democratic members of the committees reporting out the bills in each House. Conferees have had much to do with the final writing of appropriation and tariff bills especially, as well as with many other important bills in which there is a difference between House and Senate. Members may orate and the two Houses may vote, but the conferees, the old boys, bring back the language agreed upon, and it will be adopted.

Of course, this seniority influence is not unique nor original in the Congress. It works similarly in every legislative body in the country from the city council up. It works in the local lodges and grand lodges of every order. It is especially strong in the national meetings of a number of church organizations. It is particularly noticed in the Congress and commented upon because the Congress is more or less a permanent working body of long standing and represents all of the people of our country.

Legislation is unquestionably much influenced by the men who have served long and occupy these important places in the organization of the House, and greater influence in and with the departments is certainly felt by those who have had the advantage of knowledge and acquaintance gained by years on the job. This long service in the House brings Members in contact with the personnel of the several departments and helps them to be of service in many little and some big ways to their constituents back home.

Seniority or length of service in the House of Representatives is certainly a large factor in giving a Member position and influence in the Congress and in Washington. Brilliancy and unusual ability, of course, count for much, but without years of service they do not get one far here. Those districts which have returned their Members term after term have contributed much toward the cause of good government and are today represented by Members in Congress who have standing and influence in Washington.

[Applause.]

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LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DARDEN of Virginia, for an indefinite period, on account of inspection of naval bases in the Pacific with a subcommittee of the Committee on Naval Affairs.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 10361. An act to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1379. An act granting the consent of Congress to the State of Michigan to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan; and

S. 1450. An act to provide funds for cooperation with School District No. 15, Froid, Mont., for extension of public-school buildings to be available to Indian children.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on Friday, September 20, 1940, present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 4031. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording and Computing Machines Co., of Dayton, Ohio;

H. R. 8551. An act for the relief of Xenophon George Panos;

H. R. 10026. An act to provide for the disposition of certain photographed records of the United States Government, and for other purposes;

H. R. 10176. An act authorizing the Secretary of the Interior to issue patents for lands held under color of title;

H. R. 10438. An act to extend the age limits for applicants for appointment as midshipmen at the United States Naval Academy;

H. J. Res. 445. Joint resolution to establish a Commission for the Celebration of the Two Hundredth Anniversary of the Birth of Thomas Jefferson;

H. J. Res. 596. Joint resolution to authorize Commander Howard L. Vickery to hold the office of a member of the United States Maritime Commission; and

H. J. Res. 607. Joint resolution making additional appropriations for the Military Establishment for the fiscal year ending June 30, 1941.

ADJOURNMENT

Mr. WARREN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly, at 5 o'clock and 7 minutes p. m., the House adjourned until tomorrow, Tuesday, September 24, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1952. A letter from the Postmaster General, transmitting a draft of a proposed bill to amend section 3 of the act of June 25, 1938, to permit the appointment of acting postmasters to fill vacancies caused by the absence on military duty of the regular postmasters; to the Committee on the Civil Service.

1953. A letter from the Chairman of the Public Utilities Commission of the District of Columbia, transmitting a report of the Commission's official proceedings for the year ended December 31, 1939, and balance sheets and other financial and statistical data of the several public utilities for the year ended December 31, 1939; to the Committee on the District of Columbia.

1954. A letter from the Secretary of Agriculture, transmitting a proposed bill for amendment of the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

1955. A letter from the Acting Secretary of the Navy, transmitting a report pursuant to the provisions of the act of March 5, 1940, on contracts that have been awarded under authority of this act; to the Committee on Military Affairs.

1956. A letter from the Secretary of Agriculture, transmitting a request for the addition of a sentence to the proposed amendment of the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938; to the Committee on Agriculture.

1957. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 20, 1940, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Crooked River, Oreg., authorized by the Flood Control Act approved August 28, 1937; to the Committee on Flood Control and ordered to be printed with illustrations.

1958. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 20, 1940, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Boise River, Idaho, authorized by the Flood Control Act approved June 28, 1938, and by act of Congress approved March 4, 1937 (H. Doc. No. 957); to the Committee on Flood Control and ordered to be printed, with two illustrations.

1959. A letter from the Chairman, Securities and Exchange Commission, transmitting the concluding portion of the Securities and Exchange Commission report on the study and investigation of the work, activities, personnel, and functions of protective and reorganization committees, pursuant to section 211 of the Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RANDOLPH: Committee on the District of Columbia. H. R. 10322. A bill to amend further the District of Columbia Unemployment Compensation Act; without amendment (Rept. No. 2965). Referred to the Committee of the Whole House on the state of the Union.

Mr. TAYLOR: Committee on Appropriations. H. R. 10539. A bill making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes; without amendment (Rept. No. 2966). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 609. Resolution for the consideration of H. R. 10539, a bill making supplemental appropriation for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes; without amendment (Rept. No. 2971). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 3936. An act to extend the provisions of the act of May 22, 1934, known as the National Stolen Property Act; with amendment (Rept. No. 2974). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 9756. A bill granting an increase of pension to Nellie J. Merriman; without amendment (Rept. No. 2968). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 10540. A bill granting pensions to sundry widows; without amendment (Rept. No. 2969). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 10541. A bill granting pensions and increase of pensions to certain dependents of veterans of the Civil War; without amendment (Rept. No. 2970). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 10311. A bill for the relief of Ernst Gottlieb, his wife, Margot, and daughter, Mary; without amendment (Rept. No. 2972). Referred to the Committee of the Whole House.

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 10326. A bill for the relief of Dr. Frantisek Blonek and Erna Blonek; without amendment (Rept. No. 2973). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. BLOOM: Committee on Foreign Affairs. House Resolution 599. Resolution requesting information from the President of the United States concerning transfer of military and naval equipment to Great Britain (Rept. No. 2967). Laid on the table.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 10427) granting a pension to Mary A. Green, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAY:

H. R. 10542. A bill authorizing the President to appoint an Under Secretary of War during national emergencies, fixing the compensation of the Under Secretary of War, and author-

izing the Secretary of War to prescribe duties; to the Committee on Military Affairs.

By Mr. SCRUGHAM:

H. R. 10543. A bill to make the excess land provisions of the Federal reclamation laws inapplicable to the lands of the Washoe County Water Conservation District, Truckee storage projects, Nevada, and the Pershing County Water Conservation District, Nev.; to the Committee on Irrigation and Reclamation.

By Mr. THORKELSON:

H. R. 10544. A bill to restrain and control abuses under the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

H. R. 10545. A bill to define the status of conscientious objectors under the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOREN:

H. R. 10546. A bill for the relief of Flossie Bivins; to the Committee on Claims.

By Mr. BUCKLEY of New York:

H. R. 10547. A bill to record the lawful admission to the United States for permanent residence of Harry Kaplan, Rebecca Kaplan, Hyman Kaplan, and Guelda Kaplan; to the Committee on Immigration and Naturalization.

By Mr. CURTIS:

H. R. 10548. A bill for the relief of Rodney Eugene Hoover; to the Committee on Claims.

By Mr. DIMOND:

H. R. 10549. A bill for the relief of Paula Liebau Anderson; to the Committee on Claims.

Mr. KILDAY:

H. R. 10550. A bill for the relief of the estate of William Kearney; to the Committee on Claims.

By Mr. LUDLOW:

H. R. 10551. A bill for the relief of Fred McGarrahan; to the Committee on Military Affairs.

H. R. 10552. A bill authorizing and directing the Secretary of the Treasury to reimburse Joseph E. Wilhelm and Helen B. Wilhelm, husband and wife, for the losses sustained by them by reason of the death of their son, John Lee Wilhelm; to the Committee on Claims.

By Mr. PETERSON of Florida:

H. R. 10553. A bill for the relief of W. P. Richardson, as successor and assignee of W. P. Richardson & Co., of Tampa, Fla., a partnership composed of W. P. Richardson, George W. Hessler, and L. C. Park, by reason of certain claim arising within the World War period; to the Committee on War Claims.

By Mr. RAYBURN:

H. R. 10554. A bill for the relief of Raymond W. Reed and Rose Reed; to the Committee on Claims.

By Mr. REECE of Tennessee:

H. R. 10555. A bill granting a pension to Ida Barber; to the Committee on Invalid Pensions.

H. R. 10556. A bill granting a pension to Lizzie Lype; to the Committee on Invalid Pensions.

H. R. 10557. A bill granting a pension to Ida Lott; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9305. By Mr. CULKIN: Petition signed by approximately 300 men of the Thirty-second District of New York, petitioning Congress to amend the Railroad Retirement Act of 1937; to the Committee on Interstate and Foreign Commerce.

9306. By Mr. VAN ZANDT: Petition of the Grand Lodge of the Unemployed Brotherhood of Pennsylvania, Altoona, Pa., concerning un-American activities; to the Committee on Rules.

9307. By the SPEAKER: Petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to peace policy; to the Committee on Foreign Affairs.

9308. Also, petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to Senate bill 591, United States Housing Authority; to the Committee on Banking and Currency.

9309. Also, petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to a bill to deport Harry Bridges; to the Committee on Immigration and Naturalization.

9310. Also, petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to the La Follette Oppressive Labor Practices Act; to the Committee on Labor.

9311. Also, petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to antialien bills; to the Committee on Immigration and Naturalization.

9312. Also, petition of the American Newspaper Guild Auxiliary of Los Angeles, Calif., petitioning consideration of their resolution with reference to the antitrust acts; to the Committee on the Judiciary.

9313. Also, petition of the American Newspaper Guild Auxiliary of Los Angeles, Calif., petitioning consideration of their resolution with reference to education; to the Committee on Education.

9314. Also, petition of the American Newspaper Guild Auxiliary of Los Angeles, Calif., petitioning consideration of their resolution with reference to antiprofiteering; to the Committee on Military Affairs.

9315. Also, petition of the American Newspaper Guild Auxiliary of Los Angeles, Calif., petitioning consideration of their resolution with reference to Senate bill 3230, the hospital bill; to the Committee on Interstate and Foreign Commerce.

9316. Also, petition of the American Newspaper Guild Auxiliary, of Los Angeles, Calif., petitioning consideration of their resolution with reference to the training conscription provisions of the Selective Training Act of 1940; to the Committee on Military Affairs.

9317. Also, petition of the International Union of the United Automobile Workers of America, Congress of Industrial Organizations, Local No. 2, Detroit, Mich., petitioning consideration of their resolution with reference to Senate bill 591, United States Housing Authority; to the Committee on Banking and Currency.

9318. Also, petition of the Marine Cooks and Stewards Association, steamship *Lurline*, Wilmington, Calif., petitioning consideration of their resolution with reference to the national-defense program; to the Committee on Military Affairs.

9319. Also, petition of the Methodist Benevolent Association, of Nashville, Tenn., petitioning consideration of their resolution with reference to Sunday shall be observed as rest day, in the execution of this law; to the Committee on Military Affairs.

SENATE

TUESDAY, SEPTEMBER 24, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou, whose infinite tenderness for all burdened lives betokened the full and free expression of Thy love, whose contact with all want and misery caused the sacrament of human sympathy to live and glow with radiant power: Keep us, we beseech Thee, in perfect harmony one with another,

and, by the influence of our association with all humble folk, may we lay aside the garments of ambition and only be content with the vesture of holy aspiration. Teach us to forsake the love that cleaveth to the dust and make us rich in the treasure that rust cannot corrupt.

Humble us to Thine own yoke of freedom, O Thou whose feet have toiled the rugged way, whose lips have drawn our human breath, lest we be no longer strong enough to bear the burdens of the weak, and all our passionate service in the cause of liberty become a faded dream. We ask it in Thy name, O Lord, our strength and our Redeemer. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Monday, September 23, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Johnson, Colo.	Schwellenbach
Andrews	Ellender	King	Sheppard
Ashurst	Frazier	Lodge	Shipstead
Austin	George	McKellar	Smathers
Bailey	Gerry	McNary	Smith
Barkley	Gibson	Maloney	Stewart
Bilbo	Gillette	Mead	Taft
Bridges	Glass	Miller	Thomas, Idaho
Bulow	Green	Minton	Thomas, Okla.
Burke	Guffey	Murray	Thomas, Utah
Byrd	Gurney	Neely	Townsend
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hatch	O'Mahoney	Van Nuys
Chavez	Hayden	Overton	Wagner
Clark, Idaho	Herring	Pepper	Walsh
Clark, Mo.	Hill	Pittman	Wheeler
Connally	Holt	Radcliffe	White
Danaher	Hughes	Reed	Wiley
Davis	Johnson, Calif.	Schwartz	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent due to illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Illinois [Mr. SLATTERY], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from New Jersey [Mr. BARBOUR], the Senator from Oregon [Mr. HOLMAN], and the Senator from Wisconsin [Mr. LA FOLLETTE] are necessarily absent.

The PRESIDENT pro tempore. Seventy-nine Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 9989. An act authorizing the Administrator of Veterans' Affairs to grant an easement in certain land to the city of Memphis, Tenn., for street-widening purposes;

H. R. 10322. An act to amend further the District of Columbia Unemployment Compensation Act; and

H. R. 10539. An act making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1379. An act granting the consent of Congress to the State of Michigan to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between Saint Ignace, Mich., and the Lower Peninsula of Michigan; and

S. 1450. An act to provide funds for cooperation with school district No. 15, Froid, Mont., for extension of public-school buildings to be available to Indian children.

SETTLEMENT OF CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 276)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a schedule of claim allowed by the General Accounting Office, amounting to $1,165, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIM ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 277)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation for payment of a certain claim allowed by the General Accounting Office, amounting to $26, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JUDGMENT RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURT (S. DOC. NO. 278)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States transmitting, pursuant to law, record of a judgment rendered against the Government by a district court in a special case, A. L. Eldridge against The United States, amounting to $412.50, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 279)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, an estimate of appropriation for payment of certain claims allowed by the General Accounting Office, amounting to $416,244.10, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 280)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations to pay claims for damages to privately owned property, amounting to $7,642.28, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS FOR DAMAGES BY COLLISION INCIDENT TO OPERATION OF NAVAL VESSELS (S. DOC. NO. 281)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations to pay claims for damages by collision or damages incident to the operation of vessels of the Navy, amounting to $890.61, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SCHEDULE OF CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 282)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a schedule of claims allowed by the General Accounting Office, amounting to $195,242.34, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DEFICIENCY AND SUPPLEMENTAL ESTIMATES, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 283)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations for the Department of the Interior, fiscal years 1940 and 1941, amounting to $213,750, together with drafts of proposed provisions pertaining to existing appropriations, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

APPROPRIATIONS FOR THE PUBLIC HEALTH SERVICE—FEDERAL SECURITY AGENCY (S. DOC. NO. 284)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a draft of proposed provision pertaining to existing appropriations for the Public Health Service, Federal Security Agency, fiscal year 1941, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, POST OFFICE DEPARTMENT (S. DOC. NO. 285)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Post Office Department, fiscal year 1941, amounting to $130,317, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES—FEDERAL WORKS AGENCY (S. DOC. NO. 286)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriation for the Federal Works Agency, fiscal year 1941, amounting to $1,126,435, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—ARLINGTON FARM, VA. (S. DOC. NO. 287)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1941, for the War Department, for transfer to the credit of the Secretary of Agriculture for expenditure by him, for the removal and reestablishment of Arlington Farm, Va., amounting to $3,200,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE—LEGISLATIVE ESTABLISHMENT (S. DOC. NO. 288)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Architect of the Capitol, fiscal year 1941, amounting to $2,800, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

LEGISLATIVE ESTABLISHMENT—LIBRARY OF CONGRESS (S. DOC. NO. 289)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, Library of Congress (completion of the Definitive Edition of the Writings of George Washington), amounting to $106,531.66, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

REPORT OF SECURITIES AND EXCHANGE COMMISSION—EQUITY AND BANKRUPTCY REORGANIZATIONS

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, a report on the study and investigation of the work, activities, personnel, and functions of protective and reorganization committees—part VIII, a summary of the law pertaining to equity and bankruptcy reorganizations and of the Commission's conclusions and recommendations—which, with the accompanying report, was referred to the Committee on Interstate Commerce.

PETITIONS

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Forty-second Annual National Encampment of the United Spanish War Veterans at Detroit, Mich., condemning the subversive activities of undesirable aliens in the United States and favoring the placing of loyal Americans in key positions of the Republic, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by the Forty-second Annual National Encampment of the United Spanish War Veterans at Detroit, Mich., favoring the adoption of strong and adequate national-defense measures, which was ordered to lie on the table.

Mr. VANDENBERG presented a petition of sundry citizens of the State of Michigan, praying that the Americas be united for peace, and also praying for the prompt enactment of pending legislation to prevent and punish the crime of lynching, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of the State of Michigan, praying that the United States transfer 25 Boeing bombers to the Royal Air Force of Great Britain, and also that the United States render other aid to the British in the United Kingdom in the pending crisis abroad, which was referred to the Committee on Military Affairs.

RESOLUTION OF SOUTH BOSTON LITHUANIAN CITIZENS' ASSOCIATION—INDEPENDENCE OF LITHUANIA

Mr. WALSH presented a resolution adopted by the South Boston (Mass.) Lithuanian Citizens' Association, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas Lithuania has experienced a crisis which has wiped out its territorial boundaries, and has extinguished its very independent existence at the hands of Soviet Russia;

Whereas history shows that the nations of the world owe Lithuania an expression of gratitude for its part in checking barbarian advances, and fostering the advance of civilization throughout the ages;

Whereas of the 7 new nations appearing upon the map of Europe at the close of the World War, and of the 15 which have been subjugated, dismembered, or obliterated in the last few years, Lithuania is perhaps the oldest racially;

Whereas Lithuania is geographically so located as to be in a most strategic position in eastern Europe;

Whereas said strategic position has made Lithuania the cockpit of eastern Europe, and rendered it the battle arena over many centuries, subjecting its territory to the rigors of every war of major importance;

Whereas its geographic position caused it to suffer greater hardships than any other country during the World War;

Whereas the effects of the World War on its numerical, economic, and financial strength rendered its recovery slower than that of most other nations;

Whereas the League of Nations has guaranteed the independence of small nations;

Whereas governments of democratic form have, by expression or implication, indicated a desire for the continuation of a democratic form of government in nations, irrespective of size;

Whereas Lithuania declared its independence on February 16, 1918, with Vilna as its capital;

Whereas the independent Government of Lithuania has been recognized in fact by all the great nations of the world;

Whereas the efficacy and sanctity of treaties has always been regarded as a means of maintaining peaceful international relations;

Whereas the ultimatum which Soviet Russia issued in September 1939, demanding the privilege of establishing military bases, was enshrouded with the pretense that it was designed to offer Lithuania defense—an unsolicited defense;

Whereas subsequently, Soviet Russia returned to Lithuania about one-fourth of the land which she, herself, in 1920 had acknowledged to belong to Lithuania, retaining the other three-quarters for herself;

Whereas observing the discontent of the residents who had remained on this land, Soviet Russia exiled 10,000 of them to distant parts of Russia, to the anguish and bitter sorrow of relatives who were ruthlessly separated;

Whereas, becoming cognizant of social and economic unrest, Soviet Russia hastened its domination after subjugating Finland, and on June 15, 1940, completed definite occupation;

Whereas, under pretext of taking offense at alleged misconduct of Lithuania in reference to a few Russian soldiers, a charge grossly fabricated, Soviet Russia created an atmosphere of apprehension, and summoned the Lithuanian Prime Minister and Minister of Foreign Affairs to Moscow;

Whereas, on the evening of June 15, Foreign Minister Urbsys received an ultimatum demanding a cabinet favorable to Soviet

Russia, and insisting on the privilege to establish an unlimited Russian army of occupation;

Whereas Lithuania aiming to adopt a conciliatory and placatory attitude to its gigantic neighbor, offered to the popular General Rastikus the task of forming a new cabinet, but Soviet Russia countered by sending Dekanozov to Lithuania to form the cabinet, thus insuring that the popular uncompromising wish for independence, freedom, and liberty be stultified;

Whereas with the Cabinet of Dekanozov's making, freedom shrieked, liberty tumbled, for the overpowering Soviet Russian horde, numbering a mechanized army of several hundred thousand, would tolerate no opposition;

Whereas thus was created the Palecki Cabinet, composed almost of its entirety of enemies of Lithuania, the one exception in its membership being made to avoid sudden and damaging reactions to the rate of foreign exchange;

Whereas with the creation of this Cabinet came the demise of all political parties having any semblance of democratic principles;

Whereas the only party permitted was the so-called Working People's Party, and consequently balloting and elections became a fantastical fiction, in the face of which a congress was elected on July 14 to perpetuate the fiction, with the outcome being a fanatical alleged majority of 99.19 percent;

Whereas said elections of July 14 gave no opportunity whatsoever for a free expression of popular will, in view of the absence of party delineations, and the presence of no alternatives on the ballot;

Whereas on July 21 this so elected, so-called congress convened in Kaunas, and purported to vote for union with Soviet Russia;

Whereas the Under Secretary of State of the United States has deprecated and sorely denounced these atrocities on the part of Soviet Russia under the guise of voluntary self-extinction, and has recalled Minister Owen J. C. Norem for "consultation," issuing a strong note of condemnation simultaneously: Now, therefore, be it

Resolved, That the nations of the world should show their appreciation of Lithuania's contribution to the advance of civilization, and manifest toward Lithuania a helpful and cooperative attitude; and be it further

Resolved, That the nations of the world recognize the depredations of the World War, which caused Lithuania's present lack of strength against Russian odds, and lend Lithuania succor in this its hour of need; and be it further

Resolved, That the nations of the world recognize the legal right of Lithuania to its independence and its legal right to sovereignty; and be it further

Resolved, That the nations of the world make every effort to reestablish the efficacy and sanctity of treaties as a means to peaceful international relations; and be it further

Resolved, That the nations of the world repudiate the doctrine of might being right, whether might take the form of resorting to arms or the circuitous, dubious, and fictitious course of coercion and duress through the appearances of voluntary choice; and be it further

Resolved, That the nations of the world indicate to Soviet Russia their displeasure at its ignoring of its own decrees and acknowledgments of Lithuanian independence and sovereignty; and be it further

Resolved, That the conduct of Soviet Russia in subjugating a nation only a fraction as strong, at a time of general international unrest, imposing on it arbitrary cultural limitations, and undermining its social, economic, religious order is seriously deprecated.

Resolved, That copies of this resolution be forwarded to the President, Secretary of State, Members of Congress of the United States, to the Governments of Great Britain, France, Lithuania, Latvia, and Estonia, to the League of Nations, to Soviet Russia, and to the press.

REPORTS OF COMMITTEES

Mr. SHIPSTEAD, from the Committee on Indian Affairs, to which was referred the bill (H. R. 8369) authorizing a per capita payment of $10 each to the members of the Red Lake Band of Chippewa Indians from any funds on deposit in the Treasury of the United States to their credit, reported it without amendment and submitted a report (No. 2160) thereon.

Mr. ADAMS, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 7) to revise the boundaries of the Saguaro National Monument, reported it without amendment and submitted a report (No. 2161) thereon.

Mr. OVERTON, from the Committee on Commerce, to which were referred the following bills and joint resolution, reported them severally without amendment and submitted reports thereon:

S. 4341. A bill to expedite national defense by suspending, during the national emergency, provisions of law that prohibit more than 8 hours' labor in any 1 day of persons engaged upon work covered by contracts of the United States Maritime Commission, and for other purposes (Rept. No. 2162);

H. R. 7357. A bill to amend section 4472 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 465) to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels; to make more effective the provisions of the International Convention for Safety of Life at Sea, 1929, relating to the carriage of dangerous goods; and for other purposes (Rept. No. 2163);

H. R. 9581. A bill to amend the Merchant Marine Act, 1936, as amended (Rept. No. 2164); and

S. J. Res. 299. Joint resolution to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes (Rept. No. 2165).

Mr. OVERTON also, from the Committee on Commerce, to which was referred the bill (H. R. 9982) to amend section 4551 of the Revised Statutes, as amended, and for other purposes, reported it with an amendment and submitted a report (No. 2166) thereon.

Mr. MALONEY, from the Committee on Commerce, to which was referred the bill (S. 4362) to provide for the completion of certain local protection works at East Hartford, Conn., reported it with an amendment and submitted a report (No. 2167) thereon.

Mr. CLARK of Missouri, from the Committee on Commerce, to which were referred the following bill and joint resolution, reported them each with an amendment and submitted reports thereon:

S. 4364. A bill to provide for necessary facilities for the District of Columbia National Guard Air Corps Squadron (Rept. No. 2168); and

S. J. Res. 295. Joint resolution authorizing the participation of the United States in the celebration of a Pan American Aviation Day, to be observed on December 17 of each year, the anniversary of the first successful flight of a heavier-than-air machine (Rept. No. 2169).

Mr. CLARK of Missouri also, from the Committee on Commerce, to which was referred the resolution (S. Res. 307) providing for an investigation into the cause of the airplane accident at Lovettsville, Va., on August 31, 1940, and for other purposes (submitted by Mr. MCCARRAN on September 14, 1940), reported it with amendments, and submitted a report (No. 2174) thereon; and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the resolution (S. Res. 309) to investigate conditions of interstate and foreign commerce which may or do delay, interfere with, or obstruct the national defense (submitted by Mr. WHEELER on September 9, 1940), reported it with amendments and submitted a report (No. 2170) thereon.

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3943) providing for judicial review in certain cases involving the disposition of the public lands, reported it with an amendment and submitted a report (No. 2171) thereon.

Mr. CONNALLY, from the Committee on the Judiciary, to which was referred the bill (H. R. 10094) to require the registration of certain organizations carrying on activities within the United States, and for other purposes, reported it with amendments and submitted a report (No. 2172) thereon.

Mr. CHAVEZ, from the Committee on Indian Affairs, to which was referred the bill (S. 4212) for the relief of certain Navajo Indians, and for other purposes, reported it without amendment and submitted a report (No. 2173) thereon.

Mr. MCKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 4373) to amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes, reported it without amendment and submitted a report (No. 2175) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BYRD:

S. 4376. A bill to provide for the issuance of a license to practice chiropractic in the District of Columbia to Lou Davis; to the Committee on the District of Columbia.

By Mr. WHEELER:

S. 4377. A bill to repeal the provision of law requiring recoupment by the United States of sums advanced by it for school-construction purposes to certain school districts furnishing school facilities to Indian pupils; to the Committee on Indian Affairs.

By Mr. WALSH:

S. 4378. A bill to amend section 509, as amended, of the Merchant Marine Act, 1936; to the Committee on Commerce.

By Mr. BARKLEY:

S. J. Res. 301. Joint resolution to authorize the acquisition of a suitable frame for the painting of the Signing of the Constitution to be used in mounting said painting in the Capitol Building; to the Committee on the Library.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 9989. An act authorizing the Administrator of Veterans' Affairs to grant an easement in certain land to the city of Memphis, Tenn., for street-widening purposes; to the Committee on Finance.

H. R. 10322. An act to amend further the District of Columbia Unemployment Compensation Act; to the Committee on the District of Columbia.

H. R. 10539. An act making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes; to the Committee on Appropriations.

HOUSING IN CONNECTION WITH NATIONAL DEFENSE—AMENDMENT

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (H. R. 10412) to expedite the provision of housing in connection with national defense, and for other purposes, which was ordered to lie on the table and to be printed.

TRANSPORTATION OF FARM PRODUCTS—AMENDMENT OF THE FAIR LABOR STANDARDS ACT

Mr. GLASS submitted an amendment intended to be proposed by him to the bill (H. R. 8354) to provide for complaint, assistance to farmers, and intervention by the Secretary of Agriculture in proceedings before the United States Maritime Commission relating to the transportation of farm products, which was ordered to lie on the table and to be printed.

SUPPLEMENTAL APPROPRIATIONS, 1941—AMENDMENT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill to insert the following:

"Not to exceed $125,000 of the appropriation of $50,000,000 for the purchase, transportation, and distribution of agricultural, medical, and other supplies for the relief of refugee men, women, and children contained in section 40 (b) of the Emergency Relief Appropriation Act, fiscal year 1941, is hereby made available for allocation by the President to the Children's Bureau, Department of Labor, for all expenses necessary for the establishment and maintenance of standards for the care of children obtaining refuge in the United States from conditions arising out of the war in Europe, including the maintenance of a register of such children, such expenses to include personal services in the District of Columbia and elsewhere."

DEFICIENCIES OF NATIONAL DEFENSE

Mr. DAVIS. Mr. President, the deficiencies of national defense become increasingly clear as we proceed with the present program. We are inseparably bound as a nation to the destinies of the North American continent. We cannot afford to neglect the defense needs of any part of this great area, vast and far-reaching as it is. I wish to call attention to two important matters in this connection. The first is represented by an editorial entitled "Needed; a Road to Alaska" which appeared in the Pittsburgh Press, Saturday, September 21. The second is found in an important letter I have received from Mr. Samuel Diescher, distinguished consulting engineer of Pittsburgh, Pa., in which he reviews a recent book written by H. Dyson Carter, Sea of Destiny. This book reveals for the first time the grave need for defense in the Hudson Bay area.

I ask unanimous consent to have these two articles printed in the RECORD as a part of my remarks and referred to the Senate Committee on Military Affairs.

The PRESIDING OFFICER. Is there objection?

There being no objection, the editorial and letter were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

NEEDED: A ROAD TO ALASKA

In their survey of west coast defenses, members of the United States-Canadian Joint Defense Board are flying as far north as Sitka, Alaska.

Sitka, an island village far southeast of the great bulk of the Alaskan mainland, is the site of one of the new naval air bases being built for the defense of the territory. Another is being installed on Kodiak Island. The Army, likewise, is rushing air bases at Anchorage and Fairbanks on the mainland.

Those bases are costing a great many million dollars, and their operation will be expensive. But Americans who have read about Russian military activities in and along the Bering Strait, and who are aware of Japan's widening imperialistic horizons, will not fuss about the expense.

At the same time it is well to bear in mind that in time of war these bases might be quickly isolated by an aggressor, especially if the United States fleet were engaged elsewhere, as would be likely. There is no railroad from the United States to Alaska. There is no highway. The only transportation, aside from that by air, is by a difficult and often dangerous sea route, which offers ideal conditions for hostile submarines and mine layers. It is said that if sea communications were cut off, Alaska would begin to starve within 3 months.

All this leads up to a question: "Isn't the time at hand for doing something about that long-talked-about highway to Alaska?

This highway has been for some years the subject of study by American and Canadian commissions. The road would run about 1,400 miles—from the terminus of the Canadian National Railroad (about 1,000 miles north of Seattle) to Fairbanks, deep in the interior of Alaska.

It would run to the east of the Coast Range, which would protect it both from the enemy and from the worst of the weather. It would cost, according to Donald McDonald, a member of the Alaskan International Highway Commission, up to $30,000,000, and he says that "with 2,000 men properly equipped on the job, it could be built in a single season."

It would be a military asset, not only because it would immediately simplify the problem of wartime supply for our Alaskan outposts but because it would encourage emigration—of "Okies," for instance—to unexploited Alaska, and thus provide a larger population on which to draw for emergency defense.

The hitch about this road heretofore has been that about five-sixths of the money would have to be spent on Canadian soil and only about one-sixth in Alaska, and Canada has not been interested in spending that kind of money on what it regards as principally a United States problem.

It seems to us that now is the time for Ottawa and Washington to make a deal—with this country shouldering the heavier share of the cost—and get going on this highway.

We may need it badly one of these days.

S. DIESCHER & SONS,
CONSULTING ENGINEERS,
Pittsburgh, Pa., September 19, 1940.

Senator JAMES J. DAVIS,
307 Senate Office Building, Washington, D. C.

This letter deals further with the matter of our national defense, regarding which I wrote you on May 22, which writing was in response to questions you had asked regarding vulnerability of the Pittsburgh district to air attack through Canada. The instant letter deals with your recent further question, namely:

"In what manner does the possibility of invasion of Canada through the Hudson Straits and Bay, as presented in the recently published book, Sea of Destiny, affect our need of national defense against invasion from Canada?"

My previous letter dealt with the paramount need of powerful aerial defense of the Pittsburgh region, which, because of its including nearly half the steel-making capacity of the United States, really constitutes the heart of our national defense. The importance of promptly establishing powerful aerial defense in the Pittsburgh region may in no manner be regarded as relegated to secondary rank by what will be said in the following paragraphs, for it is obvious that safeguarding all of the United States from aerial attack from

the north cannot be accomplished by an adequate defense provision in but one region in the vast extent of the highly industrialized zone that crosses North America along the common boundary of the United States and Canada.

The book Sea of Destiny, by H. Dyson Carter, appeared recently and was not known to me until after my writing you on May 22, prior to which time we, however, knew from the maps that the Hudson Bay promised an enemy nation powerful enough to occupy it a ready-made salient penetrating Canada southwardly quite dangerously close to our borders, which salient pointed directly at our major steel-making district, and, moreover, penetrated even more nearly toward our major sources of iron ore, as well as toward virtually all of our automotive and some of our prospective airplane and mechanized armament-producing regions.

Also, because Hudson Bay is a body of sea water and subject to heavy tides, we could conclude that its ice-free season would continue longer than that of the Great Lakes. It can be seen from the maps of our continent that Hudson Bay has an area about half that of the Gulf of Mexico; that the region is habitable, for it possesses a seaport, namely, Churchill, where it is known generally that large grain-storage facilities are located, from the harbor at which storage ships are navigated across Hudson Bay through Hudson Straits to Europe; and also the maps show that Hudson Straits seem capable of being fortified against enemy seacraft passing through them to occupy Hudson Bay; but I for one did not know until I read Mr. Carter's book that the bay and straits are virtually ice-free all year around as far as present-day navigation is concerned, nor did I know that defense of these waters is virtually nonexistent, and, besides this, that this highly menacing condition is added to by the condition that the entire stretch from Lake Superior northwestwardly to Alaska is dotted with countless lakes suitable for camouflaged aircraft station use, with hardly any humanity in the region to bring word of invasion to military headquarters, and that Canada had afforded Germany the opportunity to make an aerial survey of this region.

Although many of us know of the swindling of our public by railroad groups during the building of our early transcontinental lines, which, through such scandalous ventures as the Credit Mobilier, added much to the severity of our panic in 1873, I for one did not know until I read Mr. Carter's book that similar financial depredations had been indulged in during the building of the transcontinental railroads in Canada, and that, aided by shipping activities plying the St. Lawrence and the Atlantic, these Canadian railroads, to prevent the use of the Hudson Bay waters for lower-cost transportation, did succeed in preventing a northerly directed railroad being built to the Hudson Bay port, Churchill, until as late as 1927.

Can there be any wonder that there has prevailed the impression that Hudson Bay is a dangerous sea to navigate when Canada itself permitted the teaching of this by propaganda continuing from even through the days of the Hudson Bay Co., as Mr. Carter shows, until virtually now?

Mr. Carter's presentation makes clear that Canada can protect neither its Hudson Bay nor any of its other shores from occupation by a powerful enemy maritime nation. If given a moment's thought, the truth of this seems clear from the very fact that although Canada has an area about equal to that of the United States, yet it has no more than but one-thirteenth the population of the United States.

England now has all it can do to keep the Axis Powers from promptly devastating the English island itself and as a next step attacking England's possessions, among which Canada ranks as a dominion. Canada has, a year ago, as a dominion, separately declared war against Germany.

Moreover, Canada is the bread basket of England. How soon will Canada's turn come, and then what next?

Thus far during the present calendar year, the Axis Powers have conquered, or otherwise subjugated, Finland, Denmark, Norway, Luxemburg, Holland, Belgium, France, Latvia, Estonia, Lithuania, Albania, and Rumania—a dozen countries in all. If no more than these fall before the year's end, the Axis Powers are already entitled to chalk on the martian scoreboard a world history record of one country submerged into slavery for each month of the year.

Should we extend any credence of good faith to peace suggestions that may before long come from the Axis Powers with these achievements behind them, we will fall into a trap laid only to give the Axis Powers time to consolidate their gains. We may be sure that the Axis Powers will not cease fighting while in any quarter there may be gains in prospect. If England proves not possible to invade, the warfare will likely shift to other scenes. It seems that for decades to come whatever we accomplish possessing the nature of adequate defense will have to be vigilantly and constantly maintained in full working order, for as long as the Axis Powers have strength we can never know when the sword of Damocles is to fall upon our Nation's head.

Should the axis powers fail to invade England, what better way could these powers find to cripple England than by entering Canada's back door? Then where would our much depended upon British Fleet be occupied? Surely that fleet would then have to protect its shipping from distances much greater than between Canada and England. It could certainly receive no aid from the defense base we have yet to provide at Newfoundland. Its navy would likely have to close the St. Lawrence and would, besides this, have to break its way through a heavily mined and otherwise axis-defended comparatively narrow stretch of sea about 300 miles long, bounded on both sides by enemy fortified cliffs of mountainous height.

It seems apparent that our country must give immediate attention to the protection of the Hudson Straits and also the shores of Hudson Bay. This need seems imminent.

The matter of protecting the Hudson Bay region as well as the intensely industrialized regions within the northern part of our own country seems to have been neglected, and because of this neglect seems now all the more urgent. We know very well that should the Axis Powers wish to attack us there will be no more preliminaries than at most a few violent speeches regarding claimed breaches we committed against the Axis Powers, wherewith war against us would commence. Moreover, it is conceivable that the attack may come first entirely without warning, for such speeches directed against our country can no longer have any major nonwarring democracies as an audience, for there would remain none.

Hoping that something materializes on defense fields to protect our highly industrialized centers along our northerly borders, I remain,

Yours sincerely,

SAMUEL E. DIESCHER.

ADDRESS BY SENATOR M'NARY AT EXPOSITION PARK, AURORA, ILL.

[Mr. CAPPER asked and obtained leave to have printed in the RECORD the address delivered by Senator MCNARY at Exposition Park, Aurora, Ill., on September 21, 1940, which appears in the Appendix.]

THE THIRD TERM—QUOTATIONS FROM BOOKLET BY SECRETARY ICKES

[Mr. HERRING asked and obtained leave to have printed in the RECORD quotations from a booklet written by Secretary of the Interior Ickes upon the question of a third Presidential term, which appear in the Appendix.]

SUPPORT OF PRESIDENT ROOSEVELT BY DAILY WORLD, OF ATLANTIC CITY

[Mr. SMATHERS asked and obtained leave to have printed in the RECORD an editorial from the Daily World, of Atlantic City, N. J., announcing its support of President Roosevelt for reelection, which appears in the Appendix.]

MR. LADNER'S SUPPORT OF PRESIDENT ROOSEVELT—EDITORIAL FROM PHILADELPHIA RECORD

[Mr. GUFFEY asked and obtained leave to have printed in the RECORD an editorial from the Philadelphia Record of the issue of September 11, 1940, under the heading "From his own camp," which appears in the Appendix.]

ARTICLE BY RICHARD L. NEUBERGER ON BROADER HORIZONS

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an article entitled "Broader Horizons," published in the Portland Oregonian of August 18, 1940, written by Mr. Richard L. Neuberger, which appears in the Appendix.]

SENATOR CHAVEZ—LETTER FROM LAREDO TIMES

[Mr. HATCH asked and obtained leave to have printed in the RECORD an open letter to President Roosevelt from the Laredo Times in relation to Senator CHAVEZ, which appears in the Appendix.]

EXTENDING THE CLASSIFIED CIVIL SERVICE

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York [Mr. MEAD] to proceed to the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

Mr. BURKE. Mr. President, when the Senate recessed last evening I was in the process of stating the fundamental propositions contained in the Logan-Walter bill. I explained that I was doing it at that time, while the matter before the Senate was the motion of the junior Senator from New York [Mr. MEAD] to take up the civil-service bill, because the proponents of the Logan-Walter bill month after month have been unable to secure the privilege—if we may call it that—the concurrence of our leadership in giving us an opportunity to present this matter in its own way on its merits on the floor of the Senate.

I shall conclude my remarks rather briefly, in 20 minutes or so, I hope; and, as far as I am concerned, I trust that there may then be a vote on the motion to take up the other measure. I shall ask for a yea-and-nay vote, and, if successful in securing that vote, shall myself vote "no" on the motion, although, as I stated yesterday, I have no opposition whatever at this time to the bill which would be before the Senate if the motion should prevail. If, however, there are

enough Senators so interested in the civil-service bill that they cannot bring themselves to the point of giving us an opportunity to present the Logan-Walter bill ahead of it, and if that measure is taken up, then immediately upon the conclusion of the consideration of that measure we propose to seek recognition for the purpose, if we can, of making the Logan-Walter bill the business before the Senate.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BURKE. I yield to the Senator from Texas.

Mr. CONNALLY. Have the Senator and his associates contemplated the possibility of offering the Logan-Walter bill as an amendment to the civil-service bill? It would be in order.

Mr. BURKE. The possibility of offering the Logan-Walter bill as an amendment to the civil-service bill has been suggested. Personally, I should not like to do that, because I prefer to have each of these matters handled upon the basis of its own merits. I assume, however, that there would be no objection to any other Senator offering the bill as an amendment; and whenever it comes before the Senate, in whatever form, as an amendment to another bill or in its own right, I expect to support it fully, because this bill which seeks to throw some reasonable checks and curbs around the administrative agencies in their handling of the property and personal rights of citizens who are brought before them appears to me to be one of high importance which certainly should have the attention of the present Congress.

As I say, if the motion to take up another measure prevails, and if the Logan-Walter bill is not offered as an amendment to that measure which will then be pending, we shall seek recognition immediately upon its conclusion. If, however, some other Senator is recognized to move to bring up another measure, that motion being debatable as this one is, we propose then—this subcommittee which has been unanimously instructed by the Senate Judiciary Committee to bring this matter before the Senate—we propose then, whatever the other measure may be, really to discuss at considerable length the merits of the Logan-Walter bill. The senior Senator from New Mexico [Mr. HATCH], the senior Senator from Utah [Mr. KING], the senior Senator from Vermont [Mr. AUSTIN], and the junior Senator from Nevada [Mr. MCCARRAN], if he is here, and myself, who constitute the subcommittee, will each and all of us have a good deal to say at that time about the merits of the Logan-Walter bill, and the necessity of bringing it to action at this session of Congress.

On yesterday I had attempted to show that, after all, the heart of this proposal dealing with administrative agencies is this: There are other features in the bill, but the central point in the bill is that it requires a real record of the administrative action in determinations made in quasi-judicial proceedings. That is the first thing. In the second place, upon that record it requires a judicial review to insure that the administrative action is within the limits of the Constitution and the statutes. Third, the record must show that a full and fair opportunity was afforded to all interested parties to present their case and be heard upon the matter upon which the administrative determination is based. So far as the main feature of the bill is concerned, those are the three things that are required—a record of the proceedings, a record which must show that the determination made was within the limitations of the Constitution and the statutes applicable; a record which must show that all parties interested had notice, and a right to be heard.

Mr. MINTON. Mr. President——

Mr. BURKE. I gladly yield to the Senator from Indiana.

Mr. MINTON. The Senator does not mean to intimate that the bill covers only those agencies to which he has referred as exercising quasi-judicial functions, does he?

Mr. BURKE. The point I was making was that in all agencies exercising quasi-judicial functions to which this bill would apply what I have outlined would be the operation of the proposal so far as review is concerned. If there are administrative agencies which do not exercise quasi-judicial functions, and if there are such agencies which are not exempted from the bill, this provision would not apply. Possibly there is some point in what the Senator is saying. Are there such agencies which do not exercise quasi-judicial functions?

Mr. MINTON. The Senator must know that the Veterans' Administration, by way of illustration, does not exercise any quasi-judicial functions.

Mr. BURKE. If the Veterans' Administration is not specifically exempted from the provisions of this bill, I hope it will be, because, so far as I know, there is no need or occasion to make the provisions of the Logan-Walter bill applicable to the Veterans' Administration.

Mr. MINTON. How about the Social Security Board?

Mr. BURKE. Some other members of the committee who are more familiar than I am with the operations of the Social Security Board would have to answer that question.

Mr. MINTON. The Senator is sponsoring this bill.

Mr. BURKE. I am a member of the subcommittee.

Mr. MINTON. Yes; the Senator is a member of the subcommittee, but he is sponsoring this bill. I want to know from the Senator if it is not true that this bill applies to any action which might be taken by the Veterans' Administration and by the Social Security Board.

Mr. BURKE. I know that the Social Security Board is not exempt from the bill, and so, of course, the provisions of the bill would apply fully to the Social Security Board. A fight was made on that point in the other Chamber, to try to have the Social Security Board exempted, and the House by a tremendous majority refused to do so. But I repeat what I said about the Veterans' Administration, which is a very different matter—that if it is not specifically exempted, I am sure a simple amendment would meet with no opposition from any members of the committee.

Mr. MINTON. Of course, the Senator knows that the Railroad Retirement Board comes under this bill, and it does not exercise quasi-judicial functions.

Mr. BURKE. I also know that the National Labor Relations Board comes under the bill.

Mr. MINTON. Ah, and that is what the Senator is after.

Mr. BURKE. I am not after anyone; but I know that the need for the enactment of this bill is more apparent——

Mr. MINTON. Real.

Mr. BURKE. More real in the case of the National Labor Relations Board and a few other agencies than in the case of many of the other agencies. Take, for instance, the Interstate Commerce Commission, the oldest of them all.

Mr. MINTON. It is exempted.

Mr. BURKE. Yes; it is specifically exempted.

Mr. MINTON. So there is no need to talk about it.

Mr. BURKE. I am illustrating my point. When we began to consider this great evil that has developed in some of the administrative agencies, we naturally looked first to the oldest of them all to see how they had avoided——

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BURKE. I should like to finish my sentence, but I yield.

Mr. MINTON. This oldest agency to which the Senator refers, the Interstate Commerce Commission, was excluded from the first draft of the bill which was introduced at the behest of the American Bar Association.

Mr. BURKE. Yes.

Mr. MINTON. It always was excluded from the bill.

Mr. BURKE. I will answer that statement when I come to that point.

Let me say that when we on the committee, taking what was before us, began to consider this question, we looked at the Interstate Commerce Commission to see whether this oldest of all the administrative agencies might have piled up mountain-high grievances after grievances during the years. We found, to our very great enlightenment and interest, that so far as the Interstate Commerce Commission are concerned there is no real need for a measure of this kind, because, by virtue of the fact that they have had a different personnel, and possibly because they are dealing

with problems of a different nature, they have worked out the matter in their own way; and there is no objection to exempting the Interstate Commerce Commission.

Mr. MINTON. But the Interstate Commerce Commission was exempted in the very first draft of the bill that was introduced, so the Senator certainly was not considering putting the Interstate Commerce Commission back under it; was he?

Mr. BURKE. I am telling the Senator the reaction of the committee. In the course of the 3 or 4 years' study of this subject—which the Senator evidently likes to brush aside, saying that there were never any hearings—consideration was given from the beginning to the question whether there should first be passed a law from the operation of which there would be no exemptions at all, all the agencies to be included.

Personally, speaking only for myself, I favored that provision from the start, and felt we should not exclude the Interstate Commerce Commission, the Federal Trade Commission, or any other agency, but that the law should be made applicable to them all. That was my original position. But going on a little further and studying the question, I could see that the matter applies differently to different agencies, and that there was no need or reason for including the Interstate Commerce Commission, and since in the draft of the bill it was out, we did not need to take it out again.

Mr. MINTON. The Senator says that the Interstate Commerce Commission is a quasi-judicial body—as it is—and, of course, it was exempted because of its long experience, and the practice which it had established. Was that the basis upon which these exemptions were made?

Mr. BURKE. I assume the Senator wants me to say that some agencies were exempted because they were able to bring enough pressure to bear to have them exempted.

Mr. MINTON. I do not want the Senator to say anything except what is the truth. I want to know if it is a fact that the committee sought to exempt merely those agencies which exercise quasi-judicial functions, such as the Interstate Commerce Commission, which had a well built-up procedure to which the Senator has referred.

Mr. BURKE. The subcommittee of the Senate Committee on the Judiciary sought to bring within the scope of the measure every administrative agency which needed to have Congress place some check and curb upon the way it was proceeding to deal with the citizen, so far as his rights were concerned, when he came before the agency.

Mr. MINTON. Does the Senator think that the Veterans' Administration should be exempted?

Mr. BURKE. I do. I came to feel eventually that if we were to make any exemptions at all, there were a number of bureaus which could very well be exempted, because I could see no great evil in the way in which they were handling matters, such as I see clearly spread before my eyes in the case of other agencies. While, as I have said, I started in originally, and even now would think it might be preferable, to put them all in, and let the law apply to them all alike, whether they needed it or not, if we are to have some exemptions, to which I have no serious objection, then I would exempt the Veterans' Administration.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BURKE. I yield to the Senator from New Mexico.

Mr. HATCH. I merely wanted to observe that while the discussion which has been proceeding between the Senator from Nebraska and the Senator from Indiana is, without question, of much value and is of great importance, it seems to me there is a more important question involved than any of the details of this measure at this time. As I see it, the important question is whether, when a measure has received the consideration this bill has had, has passed the House of Representatives by an overwhelming vote, and has been on the Senate calendar since May 17, 1939, the Senate of the United States is to be given the privilege of voting "yes" or "no" on the question as to whether the measure shall be taken up, or whether under the procedure of the Senate a measure of such importance can be delayed, and Senators denied the right to vote, merely because a Senator cannot secure recognition from the Chair to make a motion to take it up. To me, that presents a very serious question in regard to our method of making laws.

Mr. BURKE. I agree with the Senator. I yield further to the Senator from Indiana.

Mr. MINTON. There occurs to me the other side of that question—that since no hearings were held, and the departments and governmental agencies were given no opportunity to appear before the committee, it would be wise to defer action. The Senator from Nebraska holds up a volume of hearings. I know all about those. There were no hearings on the bill now being discussed.

Mr. BURKE. On the bill bearing the present number.

Mr. MINTON. That is correct; and that is the bill we are going to pass, if we pass any, and that is the bill for which the Senator from New Mexico has been asking consideration. On that bill no one was permitted to appear before the committee to testify as to how it would affect the various bureaus and boards in Washington.

The Senator knows that at the request of the President the Attorney General of the United States appointed a committee of distinguished lawyers, headed by Dean Acheson, upon which committee is a former president of the American Bar Association, as well as the present chief justice of the United States Court of Appeals for the District of Columbia, Chief Justice Groner, and many other distinguished lawyers. During the past few months they have been making a study of the various Government departments, department by department, to determine how the proposed legislation would affect them, and how legislation should be framed to affect them. Does not the Senator think that his committee should take into consideration the studies this important committee has been making during many months to the very things to which the bill relates? Is not that important? Is it not just as important as the point referred to by the Senator from New Mexico?

Mr. BURKE. Mr. President, there are at least half a dozen things I should like to say in answer to that suggestion,

Mr. SCHWELLENBACH rose.

Mr. BURKE. I yield to the Senator from Washington.

Mr. SCHWELLENBACH. Recurring to the question of the exemption of the Interstate Commerce Commission, if Mr. Madden and the two Mr. Smiths were appointed on the Interstate Commerce Commission and obtained control of the policies of the Interstate Commerce Commission because of their ability to control people, I should like to ask the Senator whether or not he would want the Interstate Commerce Commission included under the bill.

Mr. BURKE. I will answer the question in this way: The great legal adviser of the National Labor Relations Board was Mr. Fahy, and the decisions of the Board, and its actions to which I objected most seriously, and to which I still object, of course had the approval, from the legal standpoint, at least, of Mr. Fahy. Yet when Mr. Fahy's name came before the Committee on Judiciary as a nominee for a high position in the Department of Justice, I very gladly gave my approval to the nomination, because I consider him an able man. I thought there was some quirk in his reasoning, and that he was wrong in some of the things he did as the chief legal adviser to the National Labor Relations Board, but I do not dispute his ability, or question the very real likelihood that in another field, where he will not have the opportunity to make the mistakes he made in his former position, he may do very well.

In reference to the members of the Board whose names have been mentioned, if they were placed in some position such as membership on the Interstate Commerce Commission, where they did not start in with the preconceived notion that they were there to do a certain job of national unionization of all the workers of the country, whether the workers wanted it or not, and in a particular kind of unionization, I have no doubt that Mr. Madden and Mr. Edwin Smith—the other Mr. Smith is no longer on the Board—might do very well in some other field. It was because of the erroneous ideas and the prejudices with which they started upon their task, their one-sided view of the whole matter, that I

objected to many of the things they have done on the National Labor Relations Board.

Mr. SCHWELLENBACH. Suppose they "got tough" with the railroad companies when they were on the Board; would the Senator then think the Interstate Commerce Commission should be included in the proposed act?

Mr. BURKE. I am in favor of any regulating agency acting just as "tough" as is necessary with anyone who does not obey the law, but if they are going to be "tough," I want them to start in with open and fair minds. I would recommend, as a complete answer to what the Senator from Washington has been saying, that he read the testimony before the Smith committee of the House of Representatives, as to what has been going on in the National Labor Relations Board, and if with his open mind, and his judicial powers, which some day possibly are going to be called into active play, he does not agree with me that things have not been right in the National Labor Relations Board, convicted out of their own mouths, then I shall be greatly surprised.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. BURKE. I will yield in a moment.

Mr. MINTON. I merely want to revert to the matter of Mr. Fahy before the Senator goes away.

Mr. BURKE. I am not going away. I am coming back to the question the Senator asked originally.

Mr. MINTON. Since the Senator from Nebraska has referred to Mr. Fahy and to the peculiar quirk of mind Mr. Fahy had, and to the fact that, notwithstanding that quirk of mind of Mr. Fahy, the Senator from Nebraska was for him for a new job in the Department of Justice, I should like to say, in regard to that quirk of mind of Mr. Fahy, that the Supreme Court of the United States has agreed with that quirk of mind of Mr. Fahy in 12 out of 16 cases in toto, and partially in two of the others, and that was not the new Supreme Court; that was the old Supreme Court.

Mr. HATCH. Mr. President, will the Senator yield on that point?

Mr. BURKE. I yield.

Mr. HATCH. I wish to add a word about Mr. Fahy's appearances before the Court. Recently I read in an article, I do not recall the name of the publication, the statement that some criticism had been made of Mr. Fahy because he speaks in a very low tone of voice, and is a very mild-mannered gentleman, as he is. The chairman of the Board said, "Yes; he does speak in a low tone of voice, but it is loud enough for the Justices of the Supreme Court to hear and understand."

Mr. BURKE. It is certainly true that the National Labor Relations Board, with respect to its record in the Supreme Court, has had an unusual experience, so far as administrative and quasi-judicial boards or any kind of boards are concerned, in that in the overwhelming majority of cases its contentions have been withheld. But on that point I wish to say that if the Senator from Indiana would read some of the decisions of the circuit courts of appeals of this country, courts scattered all over the country, passing on decisions of the National Labor Relations Board which came before them, in which cases, upon the decisions of the Board being overturned by the circuit courts of appeals, the Board never took them to the Supreme Court for decision, he would have a little different conception of the high standing of the National Labor Relations Board. Take, for instance, the case of the Union Pacific Stages, Inc., tried in the Ninth Circuit Court of Appeals, involving a unanimous decision of the Board, which the circuit court of appeals, by a unanimous decision, overturned, and presented an indictment against the National Labor Relations Board and its process of reasoning and of handling these matters, the most startling and condemnatory I have ever seen in the decision of any court in reference to any body.

There are not one or two, but a very large number of other decisions of the circuit courts of appeals of this country, calling the Labor Board to account. So do not tell me that the Board has not made any serious mistakes, or has set out to try to correct them when they were called to its attention. My chief criticism of the Board is that when its errors have been called to its attention in the courts or elsewhere, it goes on in its own way, because it knows in advance just what it wants to do, and it is going to do that regardless of Congress, as demonstrated in the recent trouble of the Board before the Appropriations Committee in the House. Regardless of what Congress wants, regardless of what the courts say, here is a Board which considers itself so powerful, and so certain are its members—or its old members were—of their conclusions as to just what ought to be done, that it has gone on much in its own way.

Mr. MINTON. Mr. President——

The PRESIDING OFFICER (Mr. HERRING in the chair). Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. BURKE. I yield.

Mr. MINTON. I am not here to say that the National Labor Relations Board has not made any mistakes, and possibly some very serious ones, but I do say, since the Senator referred to its record in the Supreme Court, and said it was an outstanding record, that he was right about that. Then he referred to the record of the National Labor Relations Board in the circuit courts of appeals. I wish to say to the Senator that the Board's record is equally good in the circuit courts of appeals. The Board has won about the same percentage of its cases in the circuit courts of appeals that it has in the Supreme Court of the United States. There were some cases in which the Board was not upheld, and some cases in which the Board was totally wrong, but there never was any agency of the Federal Government which has had a record in the Supreme Court and in the circuit courts of appeals at all comparable with the record of the National Labor Relations Board. Further than that, the Attorney General of the United States in filing his report said that the record of these administrative agencies in the Supreme Court of the United States and in appellate courts above the bureaus was better than that of the lower courts themselves.

Mr. BURKE. The Senator from Indiana is as wrong about the record of the National Labor Relations Board in the circuit courts of appeals, when we get down to the essence of it, as he is correct with respect to its record in the Supreme Court. Taking the percentages of cases won, a very strong showing can be made for the Labor Board in the lower courts, because in the days when the act first became effective, when its constitutionality was being questioned, and when it was uncertain, for instance, whether the employer against whom charges were filed did or did not have the right to go into the United States District Court if he denied he was engaged in interstate commerce so as to come under the provisions of the act, there were many cases all over the country involving exactly the same point. If I remember correctly—I may be wrong about it, but it was a very large number—96 cases were in the courts, all involving exactly the same question. The question was whether the employer had a right, before the Board had held its hearings and decided the matter as to whether he had violated the act, to submit to a court the question whether he came within the act at all by being engaged in interstate commerce. So when one decision was made on that question finally in the Supreme Court, the clearly correct decision, upholding what was maintained by the Board, that under the language of the act as Congress had passed it, the employer had no right to go into court at all until after the Board had taken the final action, then there were 96 decisions, or whatever the number was, in the lower courts favorable to the Board, which would, of course, bring up the total percentage of cases won.

The Senator is thoroughly familiar with the matter of percentages in political questions in determining who is going to carry a State, and by how large a majority, and applying that same principle, a good showing can be made for the Labor Board in the circuit courts of appeals.

But I say to the Senator that if he will take the important cases decided by circuit courts of appeals—and sometimes the question was settled in the district court, and never went

to the circuit court of appeals—take all those cases in respect to which courts all over the country, in every circuit, have rendered decisions adverse to the conclusions of the Labor Board, and the Senator will find that on the vital, fundamental matters, the Labor Board has been so far wrong in so many cases of great importance, that he would not rise and defend its record in the lower courts to the same extent or with the same verity that he is able to do in the few cases which have reached the Supreme Court.

Mr. MINTON. Mr. President, will the Senator again yield?

Mr. BURKE. I yield.

Mr. MINTON. I am not referring at all to the cases which challenged the constitutionality of the act. I am referring only to the cases in which the Board issued an order that went up to the circuit courts of appeals—and the Senator knows that right of appeal exists—and I say to the Senator that the record of the National Labor Relations Board in the circuit courts of appeals in the matter of appeals from their orders, is as high in percentage as is its record before the Supreme Court.

Mr. BURKE. I repeat, that the Senator is in error. In order to get a favorable record there he would have to take the decisions in all the cases in order to get a high percentage of cases won by the Board. There is a great difference in the importance of the cases, and in many of the vitally important cases, decisions adverse to the Board have been made in every circuit of the country.

But we are really getting far away from the subject. In fact, I am a little surprised that the Senator from Indiana, one of the steering Members of this body to determine what legislation should come up for consideration, at this stage of the proceedings, when we are merely struggling to get the opportunity to present the case of the Logan-Walter bill to the Senate for its consideration, should feel it proper to interrupt and raise these points about the bill. I am glad to have him do so, but I cannot quite understand how he can reconcile that with his continued and violent, and very capable opposition to permitting the measure to come before the Senate for consideration, when I would not need to be bearing this burden alone, but could have with me all the members of the subcommittee, and most of the members of the Judiciary Committee, which body will present a real solid phalanx in support of the bill if we get the opportunity to have it considered.

Mr. MINTON. Mr. President, will the Senator again yield?

Mr. BURKE. I yield.

Mr. MINTON. I am not preventing the Walter-Logan bill from coming before the Senate. The Senator from Nebraska is preventing the Ramspeck bill from coming before the Senate. He is doing the preventing; not I.

Mr. BURKE. I do not think that is quite correct.

Mr. MINTON. Is not that the situation? What is before the Senate now?

Mr. BURKE. The motion of the Senator from New York to bring before the Senate the Ramspeck civil-service bill, and I am opposing that motion.

Mr. MINTON. I am talking about the Walter-Logan bill.

Mr. BURKE. I am opposing that motion in order to present, briefly, as I said to the Senate at the start, the case for the Walter-Logan bill, the history of the proceedings, and I was going to say the nefarious—but that is a little strong—practices by which we have been unable in a year and one-half to get it before the Senate for consideration. I was not recognized to say anything on this subject until after 4 o'clock yesterday, and at the suggestion of the majority leader we concluded at 5 o'clock, and I had my argument so arranged that when I started shortly after 12 today I knew that I could have finished all I wanted to say in 20 minutes, but I have not yet started on that phase of my statement, because almost immediately, while I dallied for a moment in reviewing what I had said yesterday, interruptions came, which I have been glad to have. There is still an unanswered question which the Senator from Indiana put to me, and before proceeding and concluding very hastily, and hoping that then the motion of the Senator from New York may be brought to a vote—before doing that, let me answer the question the Senator from Indiana asked me a moment ago.

The Senator wanted to know, as I recall, since a very able committee, which had been appointed by one of the series of Attorneys General during the past 3 years, was studying this matter, whether we ought not to have the benefit of the studies of that very able committee, as everyone will admit it is, before we take action.

In my remarks yesterday I called attention to the fact that more than 2 years ago the essential proposals embodied in this bill, in the form of a draft, were laid before the then Attorney General, the Honorable Homer Cummings, and his opinion was asked on all the details of the bill, and I had just reached the point last night in my discussion of reading the answer, on behalf of the Attorney General, by Golden W. Bell, who was then the Assistant Solicitor General. Because so much time has been taken up already today I shall merely refer to two sentences in this rather long letter, and then ask unanimous consent that it may appear in the RECORD in full as a part of my remarks. The letter is dated October 18, 1938, and is addressed to the chairman of the special committee on administrative law of the American Bar Association. The letter is in reply to the letter of September 16 to the Attorney General.

The Attorney General, speaking through his Assistant Solicitor General, said:

> The desirability for improvement and development in at least some of the subjects treated in the proposed measure will hardly be questioned. The details and methods, on the other hand, leave wide room for differences of opinion.

On the next page the Assistant Solicitor General said:

> While I feel that the Attorney General should not express an opinion upon the merits of those features of the bill which may become the subject of controversy—

And so forth. In 1938 the Attorney General said, in effect, "Here is a bill which has some controversial features connected with it, and we do not think the Attorney General ought to express any opinion about them," very clearly intimating that that was a matter for Congress to handle in its own way. Now, after 2 years of struggling by Congress, it is said, "No; we must not go ahead and even consider this matter, because the Attorney General has a committee which has been studying all the matters of detail, and some time in the sweet by and by it may be ready to report, so we must hold up matters until that time."

Mr. President, I ask unanimous consent that the full text of the letter from the Assistant Solicitor General may appear at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, October 18, 1938.

Mr. O. R. MCGUIRE,
Chairman, Special Committee on Administrative Law, American Bar Association, 1703 North Highland Street, Arlington, Va.

MY DEAR MR. MCGUIRE: Your letter of September 16, 1938, to the Attorney General relative to the proposed bill, entitled "A bill to provide for the more expeditious settlement of disputes with the United States and for other purposes," contained in the report which the Special Committee on Administrative Law of the American Bar Association made to the 1938 convention at Cleveland, Ohio, has been referred to me for attention.

The proposed measure appears to embody three basic purposes—the improvement of methods of formulating rules and regulations (including provision for judicial review of rules so formulated), the establishment of a system of administrative review (through "administrative boards") within Government agencies, and provision for judicial review of the decisions of administrative boards. In connection with each of these three objectives, it is sought to standardize the methods and machinery; and the three subjects cover, generally, three consecutive stages of administrative process—that is, the formulation of regulations, the administrative review of the application of such regulations, and, finally, judicial review of the administrative conclusions.

The desirability for improvement and development in at least some of the subjects treated in the proposed measure will hardly be questioned. The details and methods, on the other hand, leave wide room for differences of opinion. In the attempt to standardize these procedures and apply them to all agencies, serious practical difficulties may arise. The apparently logical administrative stages covered may not fit all types of administration.

The determination of these questions, of course, should be made after careful study, investigation, and consideration.

While I feel that the Attorney General should not express an opinion upon the merits of those features of the bill which may become the subject of controversy, in view of some of the provisions of section 1, I call attention to the extensive work now being carried on under existing legislation, because apparently the bill contemplates considerable duplication of it. Section 11 of the Federal Register Act (49 Stat. 500), as amended by the act of June 19, 1937 (50 Stat. 304), provides for codification of all existing administrative rules and regulations which have general applicability and legal effect. As you know, for some months the several executive departments and agencies of the Government, under the supervision of the codification committee established under that section, have been engaged in the work of preparing these codifications. In title I of the Second Deficiency Appropriation Act of 1938, approved June 25, 1938 (Public, No. 723, 75th Cong., 3d sess.), the Congress has provided funds for the publication of these codifications when completed and approved by the President, and it is expected that publication will begin in the near future.

Other provisions of the Federal Register Act and the regulations prescribed thereunder require that rules and regulations or amendments hereafter issued and having general applicability and legal effect shall be filed with the Division of the Federal Register before becoming effective and shall be forthwith published in the Federal Register. The purpose of these requirements and of the preparation and publication of the codifications above-mentioned concerning all administrative rules and regulations as they exist at any particular time.

Therefore you may deem it sufficient if the provisions of section 1 of the proposed bill are limited to those relating to the issuance of new rules and amendments, the filing and publication of them, the dates upon which they are to become effective, and the protection of persons acting in good faith under a rule or regulation which has been rescinded or declared invalid.

It is suggested that a requirement that the President approve every rule or regulation or amendment of a rule or regulation, hereafter issued may place upon him a burden both onerous and unnecessary; and that, if regulations are not to become effective until published in the Federal Register except in cases where emergencies exist, the desired protection of the public can be assured by requiring that in cases of regulation issued under statutes which do not require the President's approval such approval shall nevertheless be required if they are issued under emergency provisions of the proposed bill and thus made effective prior to their publication.

It is noted that the proposed bill provides for the settlement of disputes arising in a department or in an independent agency whose governing body consists of a board of not less than three members, but no such provision seems to be made in the case of an independent agency whose governing head is not such a board. It does not appear whether this was intentional.

Respectfully,

GOLDEN W. BELL,
Assistant Solicitor General.

Mr. BURKE. Following that, there was a reply under date of October 21, 1938, by the chairman of the Special Committee on Administrative Law. I shall not read the full letter. The Solicitor General had pointed out some objections which had been urged to the administrative law bill, and one of them was that it was an attempt to standardize all the agencies—the Interstate Commerce Commission, the National Labor Relations Board, the Veterans' Administration, and other agencies, except those which were specifically exempted. I wish to read the answer which was given to that part of the statement:

I have noted your statement that an attempt to standardize administrative procedures and apply the standard procedure to all agencies might result in serious practical difficulties with respect to some of the agencies. This suggestion has been made by others. However, it will be noted that in the Constitution of the United States it required but a phrase to vest in the Federal courts jurisdiction over all cases arising in law, equity, or admiralty. Further, the judicial codes commencing with the first Judiciary Act did nothing more than attempt to establish a standard procedure to be followed in all litigation arising under the Constitution and the Federal statutes. It would seem that the same elements of fairness and justice as to the hearing of witnesses, building of record, and for judicial review should apply whether the issue involved be one arising under the contract laws or the Federal Trade Commission laws or whatever laws the administrator may be administering. At least, the committee has proceeded upon such a basis, because the alternative would necessitate an itemization of various and sundry statutes somewhat along the lines of the Logan bill pending before the Senate Judiciary Committee at the last Congress.

That was the bill which Senator Logan first introduced, and which we found defective in some particulars.

I ask unanimous consent that at this point in my remarks the full text of the letter from which I have just quoted may appear.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN BAR ASSOCIATION,
SPECIAL COMMITTEE ON ADMINISTRATIVE LAW,
October 21, 1938.

Hon. GOLDEN W. BELL,
Assistant Solicitor General of the United States, Department of Justice, Washington, D. C.

DEAR MR. BELL: I have your letter of the 18th instant to the effect that the Attorney General had referred to you my letter of the 16th ultimo relative to the draft of bill attached to the 1938 report of this committee to the Cleveland convention of the American Bar Association and wherein you inquire whether it might not be sufficient if the provisions of section 1 of the draft should be limited to those rules hereafter issued and to amendments of existing rules, the filing and publication of them, the dates upon which they are to become effective, and the protection of persons acting in good faith under a rule which has been rescinded or held invalid.

This inquiry appears to result from the fact that under section 11 of the Federal Register Act (49 Stat. 400), as amended by the act of June 19, 1937 (50 Stat. 304), the Department of Justice has been engaged in the codification of existing administrative rules having general applicability and legal effect. Also, that the operation of section 1 of the draft might result in some duplication of work.

The restriction of section 1 of the draft to rules hereafter issued and to amendments to existing rules, with protection to the citizen wherein the rules are rescinded or are held invalid would be better than the existing situation but would not meet the entire problem. As you know, it is a rare instance where administrative hearings are accorded preliminary to the issuance of rules and there exists no procedure—except in a very few specific statutes enacted at the last Congress—for a judicial review of a regulation as suggested. In other words, practically all of the existing regulations have been issued without hearing and in practically none of the instances has there been available a judicial remedy to test the legality of the rule. It seems to me that in order to place this matter upon a proper basis—and thus avoid much litigation for the purpose of establishing a rule—we must commence anew by holding of hearing, etc., as contemplated in sections 1 and 2 of our draft.

I think that upon further reflection you will agree that the work done and now in progress with respect to codification of existing rules having general applicability and legal effect will dovetail very nicely into sections 1 and 2 of our draft. That is to say, much preliminary administrative work would have to be done in any event to eliminate obsolete and conflicting regulations. This administrative work should be done before the proposed rule is placed on the agenda for hearing. I think that the work of codification, when completed, could and should be submitted to public hearing as to particular subject matter before they become effective with a limiting period thereafter within which to secure judicial review of such rules. In any event, I should like for you to consider this phase of the matter further in the light of the above.

There is, of course, merit in your suggestion that it would impose an onerous burden on the President to approve every rule or amendment thereof. However, it is not expected that as a matter of practice the President will do more than affix his signature. The work of reviewing the rules before they are promulgated could and should be performed by the Department of Justice as Executive orders submitted to the President are now reviewed and approved by that Department. In other words, the President had to informally establish the procedure now in effect with respect to Executive orders so as to secure a greater measure of assurance as to their legality. A similar procedure could, and should be adopted with respect to the rules. Such a requirement upon the Department of Justice would, of course, result in some increased work, but it is highly questionable whether such increase would equal the decrease in the amount of litigation now necessary because of invalid rules.

Furthermore such a requirement—if handled as suggested—would insure a larger measure of control in the Chief Executive over the daily work of the various and numerous agencies now in the executive branch of the Federal Government. Such a requirement would bring about, to some extent, that measure of Executive control thought necessary in the report of the President's Committee on Administrative Management.

In any event, I should like for you to further consider this second point in the light of the foregoing.

I have noted your statement that an attempt to standardize administrative procedures and apply the standardized procedure to all agencies might result in serious practical difficulties with respect to some of the agencies. This suggestion has been made by others. However, it will be noted that in the Constitution of the United States it required but a phrase to vest in the Federal courts jurisdiction over all cases arising in law, equity, or admiralty. Further, the judicial codes commencing with the first Judiciary Act did nothing more than attempt to establish a standard procedure to be followed in all litigation arising under the Constitution and the Federal statutes. It would seem that the same elements of fairness and justice, as to the hearing of witnesses, building of record, and for judicial review should apply whether the issue involved be one arising under the contract laws or the Federal Trade Commission laws or whatever laws the Administrator may be administering. At least, the committee has proceeded upon such a basis because the alternative would necessitate an itemization of various and sundry statutes somewhat along the

lines of the Logan bill pending before the Senate Judiciary Committee at the last Congress, together with the vast addition if a judicial review is to be extended to other classes of controversies not included in said bill. The committee has doubted the wisdom of such a procedure of itemizing the matters included or attempting to incorporate by reference existing statutory procedures for hearings and judicial review or to write separate provisions for each class or various general classes of controversies.

I wish to assure you, and through you, both the Attorney General and Assistant Attorney General McFarland our appreciation for the study that you and they have given to this matter. If you feel that it is proper to do so, I should like to have your further comments for the information of the committee and the officials of the association.

Cordially and sincerely yours,

O. R. McGUIRE, *Chairman.*

Mr. BURKE. All the suggestions made on behalf of the Attorney General in 1938 were given careful consideration when a new draft of the bill was prepared in 1939. All these matters were before Senator Logan when he drafted Senate bill 915, and were considered by the subcommittee of which he was chairman. That subcommittee modified the proposal in many respects before it reported to the full committee. The full committee approved its action, and the bill has been on the Senate Calendar for almost a year and a half.

I have gone somewhat into detail concerning the history of the bill for the reason that some who desire to kill any legislation of this kind assert that it is a hastily conceived measure, loosely thrown together, and that no adequate consideration was ever given to the subject. That is an idea which by now should be pretty well exploded.

Mention must be made of the hearings which were held. The common assertion, repeated again today on the floor by the able junior Senator from Indiana [Mr. MINTON], is that there is no record of hearings on Senate bill 915. In a strict and absolutely literal sense, that is true; but in reality it is a completely erroneous conclusion. These are the facts:

In an effort to deal constructively with the important problems connected with the so-called "fourth column" of government—the administrative tribunals—Senator Logan prepared and introduced in the Seventy-fifth Congress a bill known as Senate bill 3676. It seemed to the author of that measure that the most urgent feature had to do with the question of the simplification and expedition of judicial review of the determination of administrative boards. He therefore provided in his original bill for the creation of a new court, to be known as the United States court of appeals for administration, to be composed of a chief justice and 10 associate justices, and to have no other jurisdiction than to hear and determine appeals from administrative boards.

A subcommittee was appointed by the chairman of the Judiciary Committee, consisting of Senator Logan as chairman, the Senator from Utah [Mr. KING], my colleague [Mr. NORRIS], the Senator from Vermont [Mr. AUSTIN], and myself. Extended hearings were held. I have before me the five or six volumes containing those hearings. An array of distinguished witnesses gave us the benefit of their thought and study. At the first meeting of the committee, on April 1, 1938, there was presented to the committee, and printed in full in the hearings of that day, a bill worked out by the American Bar Association Committee on Administrative Law, which in essence is the bill now before the Senate. It was also pointed out that since both Houses of Congress had just passed bills creating something like 25 additional Federal judgeships, the proposal to establish a new court with 11 additional judges would be able to command scant support. For this and other reasons the question of a separate court faded into the background at once, at the first meeting of the committee, and the committee thereafter devoted its attention largely—and, as I say, from the very beginning—to the broad provisions of the bill now before us. At least three members of the American Bar Association committee testified in the course of the hearings, including its chairman, Dean Roscoe Pound. However, the adjournment of that session of Congress came without any action by the committee.

At the opening of the first session of the Seventy-sixth Congress Senator Logan introduced Senate bill 915, which he had developed as the result of the testimony offered in the hearings and as the result of a study by himself and the other members of the subcommittee of the proposals worked out through the years by the very able special committee of the American Bar Association. At the same time he introduced Senate bill 916, again providing for a separate court. The subcommittee was reconstituted, and held many meetings. There was no further formal taking of testimony. That had already been done to the satisfaction of the committee at the previous session. On numerous occasions we did invite different experts on the subject of administrative law to confer with us about the provisions of the bill which we were preparing to report. No consideration was given by the subcommittee to Senate bill 916, which, as I have said, provided for setting up a separate court of appeal. The committee concentrated solely on Senate bill 915.

Senator Logan was authorized to request the different administrative bodies to submit briefs outlining their views, or, if they desired, to have representatives appear before the committee. A number of them complied with the request to the extent of submitting certain statements.

After long study, the subcommittee reported to the full committee. Its report was approved. So, almost 18 months ago, Senate bill 915 was placed on the Senate Calendar. Meanwhile, the subcommittee of the House Committee on the Judiciary conducted rather extensive hearings on a similar bill. The full committee approved its work. As I recall, the measure was passed by the House by a majority of about 3 to 1.

In view of these facts, it would appear to me to be an understatement to say that the proposed legislation has had the careful consideration which its importance deserves. I think we may go further and say that very few measures which have come before Congress in recent years have had such long-continued and careful study by those within and without the Congress. However, it is said—and I come now to the point raised by the junior Senator from Indiana a few moments ago—that the Congress should not act until the Attorney General's committee has submitted a report.

Early in the year 1939 there was made public a letter from President Roosevelt to Attorney General Murphy from which I shall quote. I call attention to the fact that the year before, while the Honorable Homer Cummings was still Attorney General, the draft of a bill had been submitted to him, and correspondence went on for some months between the Assistant Solicitor General and those who were interested in drafting the legislation. Early in 1939, when it appeared that Congress was about to go ahead and take some action in the matter, when the committee had reported or was ready to report a bill, and there was general sentiment in favor of its passage, for the first time President Roosevelt wrote to the new Attorney General, Mr. Murphy.

I quote from his letter:

I have been greatly impressed by your statement to me that the experience of the Department of Justice in endeavoring to uphold actions of administrative agencies of the Government, when the validity of their decisions is challenged in the courts, leads you to the conclusion that there is need for procedural reform in the field of administrative law.

If I may interpolate there, apparently the Department of Justice was not so completely satisfied with the manner in which the Labor Board and other agencies—the Labor Board is not specifically mentioned, but I will say the Labor Board and other agencies—were handling their matters in the courts.

I proceed with the letter.

A thorough and comprehensive study should be made of existing practices and procedure with a view to detecting any existing deficiencies and pointing the way to improvement.

I shall be glad, therefore, if you will undertake to cause to be made an investigation and study of the entire problem with a view to recommending such action as may be deemed appropriate, and suggest that you appoint a committee for that purpose.

That letter was written rather early in the year 1939. Thereupon Attorney General Murphy appointed a very able committee with the then Assistant Attorney General Morris as chairman. The other members were Chief Justice Groner, of the United States Court of Appeals for the District of

Columbia, the then Assistant Attorney General McFarland, the then Assistant Solicitor General Bell, Dean Acheson, and former president Vanderbilt, of the American Bar Association.

All will admit that that was an extremely able committee. With all its membership I am well acquainted, and I should say that that committee, if given an opportunity, would not adopt dilatory tactics and delay what they set out to do. From the fact that that very able committee did not promptly, within 30 days, or 60 days, at the most, complete its study of the administrative agencies and make its report to the Attorney General to be submitted to the Congress, I can draw no other conclusion than that facilities were not furnished the committee, or it was not directed to proceed to make the study.

Thereafter the Attorney General's committee was enlarged, and other changes in personnel took place. A significant step was then taken—I am referring to a period of more than a year ago. Mr. Walter Gellhorn, a professor of law at Columbia University, and an active member of the C. I. O. organization known as the National Lawyers' Guild, was appointed secretary or research assistant to the Attorney General's committee. If Senators knew the circumstances, and knew Mr. Gellhorn's activities, they would understand why the very able committee whose names I read a moment ago did not proceed to carry on in their own way, as lawyers and judges would, a very worth-while investigation of the administrative agencies because Mr. Walter Gellhorn was made secretary or research assistant to the Attorney General's committee. It is my understanding that, for all practical purposes, the committee's activity from that time on has been not the activity of the members whose names I have read, but Gellhorn's activity.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BURKE. I yield.

Mr. BARKLEY. Did the Senator receive that information from any member of the committee which has been mentioned by him as the Attorney General's committee?

Mr. BURKE. What information? Does the Senator refer to the opinion that I am now expressing?

Mr. BARKLEY. The opinion that Mr. Gellhorn has been, practically, the entire committee and that the committee has abandoned its part of the functions and turned them over to Mr. Gellhorn. That is the effect of what the Senator has stated.

Mr. BURKE. I have stated the fact that Mr. Gellhorn became the research assistant, and I shall show in a few moments from further testimony what has been done since then. I express my opinion from all the facts. I am not going to involve any member of the Attorney General's committee by saying that I talked to him and he told me that Gellhorn took charge of the matter. I give my opinion, based on facts.

Mr. BARKLEY. There is no question that Mr. Gellhorn, who is a distinguished lawyer, was made research secretary of the committee, but my information is—and I think I can demonstrate its accuracy, if necessary—that the committee has been quite active. It has not been in continuous session; but it has had numerous meetings; it has held public hearings; and I am informed by the Attorney General that it will make its final report in the third week in October. So, there has been no deliberate effort to delay the report.

Mr. BURKE. There have been at least a dozen occasions during the past year and a half when it was stated that the committee's report "was going to be presented before very long."

Mr. BARKLEY. No; there has never been a statement, either by the committee or by any Senator on the floor, that the committee's report would be ready earlier than October of this year.

Mr. BURKE. I think the Senator is mistaken about that; but I will say to him that I hope on the floor of the Senate very soon, before we adjourn, he will present the facts in reference to the committee; indeed, we can arrange for that right now, if the Senator is willing, for we can have a vote on the motion that is pending, and dispose of that measure, if the Senator will undertake to have someone representing the Walter-Logan bill recognized to present it.

Mr. BARKLEY. I will discuss that matter in my own time.

Mr. BURKE. Very well. I will proceed with Mr. Gellhorn, and I say that when the occasion comes I can give further evidence to support my contention that the committee's activity has been, at least very largely since that time, Gellhorn's activity.

In this connection I ask the Senate to consider a letter sent to the members of the National Lawyers' Guild of which Mr. Gellhorn is a very active member, and, I am quite sure, has been an officer. This letter was sent on May 26, 1939, over the signature of the secretary of the National Lawyers' Guild. The letter recites that S. 915, to which it refers not as the Logan bill, but as the American Bar Association bill had been reported favorably by the Senate Committee on the Judiciary and was then on the Senate Calendar. The letter goes on to say that the National Lawyers' Guild is vigorously opposed to this legislation. It suggests that a letter from each member of the C. I. O. guild members addressed to Senators would be helpful.

At about the same time this letter was going out—and this is a significant fact—Mr. Walter Gellhorn, professor of law at Columbia University, and an active member, if not an officer—and I think he was an officer—of the National Lawyers' Guild, the very organization which was sending out the letter expressing its extreme opposition to the Logan-Walter bill and urging its members to write to Senators, through what means I do not know, became secretary or the research adviser on the Attorney General's committee, and, from then on the major portion of the activities of that committee, I charge again, were Mr. Gellhorn's activities, he being an active member of the organization, the National Lawyers Guild, that was violently opposing the enactment of any legislation of this kind. Still we are asked now, when another year and more has gone by, to wait until the Attorney General's committee makes its report.

Why not face the facts? Neither the C. I. O. nor its active body, the National Lawyers' Guild, wants Congress to pass the Logan bill, the Walter bill, or any bill which will impose any check or restraint whatever upon these administrative bodies, in some of which the C. I. O. has such a vital interest, both as to personnel and as to results obtained.

As evidence that this estimate of the results which may be expected from the Gellhorn committee is not overdrawn, let me cite an exhaustive analysis of the Gellhorn study of the Federal Communications Commission. I say "the Gellhorn study": You will recognize that I mean by that a study nominally by the Attorney General's special committee but conducted, I am told, by Mr. Gellhorn and by his nominees.

This analysis of the study of the Federal Communications Commission by the Attorney General's committee or its agent was prepared by Louis G. Caldwell, a recognized authority on administrative law. I am very glad to offer this statement by Mr. Caldwell. I know it will not be criticized, because although Mr. Caldwell was a member of the Special Committee on Administrative Law of the American Bar Association when it was set up, and worked diligently with it for some time, a year or more later he became convinced that in some ways this type of legislation was not satisfactory, and he has been critical of the Logan-Walter bill, and has offered some very helpful suggestions about improvement; so he is not one who comes altogether as a friendly witness on this point. This is what he has to say about the Gellhorn study of the Federal Communications Commission; and we are asked to wait until similar studies are made of all the 125 or more agencies which are covered by this bill before action is taken.

I quote from Mr. Caldwell. I have his full pamphlet here, but I quote only this part:

> The creation of the Attorney General's committee, a step which should have been taken years ago, was at least accelerated, if not caused, by widespread criticism of American administrative

agencies and particularly by the rapid progress early in 1939 of the Logan-Walter bill in both Houses of Congress, in the press, and generally among the public. That the Logan-Walter bill has not already passed both Houses of Congress is largely due to an urgent plea by Attorney General Murphy that such drastic action not be taken until prerequisite fact-finding studies could be completed.

That was early in 1939.

This plea has seemed well founded. Its premise, however, is that the studies will be objective, will report facts accurately, and will not be made the vehicle for propaganda for any school of thought, new or old. Otherwise, the work will not promote progress toward sound conclusions and, in particular, will not be of help to Congress in resolving the issues raised by the Logan-Walter bill.

I will say, for the benefit of any Senators who may have come in since I started, that I am reading from a report prepared by Louis G. Caldwell, one of the best-known lawyers in the District of Columbia, a report which he prepared which he calls "Comments on the Report of the Staff of the Attorney General's Committee on Administrative Law in Reference to the Federal Communications Commission:"

I go on reading from Mr. Caldwell's report:

Even a superficial examination, however, is sufficient to reveal that all the monographs—

He is referring to all the reports which have been prepared so far by the Attorney General's committee in reference to these various agencies. This is what Mr. Caldwell says after a study of them all:

Even a superficial examination, however, is sufficient to reveal that all the monographs bear the imprint of a preconceived notion of what administrative procedure should be, both in basic structure and in detail.

It would be very helpful to Congress, certainly, in working out a measure to regulate these agencies, to have before it 128 or more monographs prepared by young men who started their examination of the agencies with "a preconceived notion of what administrative procedure should be."

This phenomenon, the reaching of conclusions before the facts are in, is, curiously enough, one of the principal counts in the indictment of the administrative process by its critics and one of the principal counts in the indictment of the Logan-Walter bill by its opponents.

Students of Federal administrative practice have welcomed the project undertaken by the Attorney General's committee—

This report of Mr. Caldwell's came off the press in March of 1940, some 6 months ago—

realizing that the marshaling of the myriad facts under able and disinterested auspices is a helpful prerequisite to any correct diagnosis of the evils and prescription of enduring remedies. It is with deep disappointment that I report that the monograph on the Federal Communications Commission lacks accuracy and objectivity to such a degree that only with the greatest caution may use be made of its contents. When it is observed that the Commission's present procedure, credited with virtues and advantages which it does not have, is, to a large extent and with only mild criticisms, made the model in terms of which the procedures of other agencies are tacitly measured, there is occasion for genuine concern over the outcome.

Three causes, it seems to me—

This is still Mr. Caldwell speaking—

have contributed to deficiencies such as those exhibited by the monograph under discussion:

1. The investigation has been made in the brief space of a few months by young men well equipped on the side of scholarship, no doubt, but without experience in the highly specialized fields assigned to them, lacking familiarity with the subject matter and its historical background, and taught to distrust the judicial process and all that goes with it. All this is unavoidable and forgiveable. Such persons should, however, be on their guard lest green spectacles be slipped on their noses as they explore the Land of Oz.

I interrupt myself in reading the report to say that in what Mr. Caldwell says about young men with some degrees attesting to their scholarship, no doubt, but wholly lacking in experience, being placed around in the administrative agencies to make this study, he is reciting only what the evidence of the Smith committee in the House conclusively shows is the way in which the Labor Board has handled its procedure. There was brought before the Board day after day the record of young attorneys, chiefly from eastern law schools, some of whom, before the ink on their diplomas was dry, were called in to sit on the review section of the National Labor Relations Board and determine the life or death of great business institutions and industries in this country. Mr. Caldwell tells us that these wonderful examinations of the agencies by the Attorney General's committee, which we must wait month after month to have completed before this great Congress may take any action, are being made by the same type of men and women who have brought the National Labor Relations Board into disrepute.

His second point is this:

2. Unfortunately, the studies are being carried on at a time when the issues raised by the Logan-Walter bill have crowded other issues off the stage and have prescribed a dead line for completion of the work. The purpose of the studies is not simply, I hope, or even primarily, to defeat the bill or to clear the agencies of the particular charges made by its sponsors. It should be to hew scrupulously to the line of facts, in trust that, when assembled and analyzed, they will, like filings around a magnet, arrange themselves in symmetric patterns. The monographs, however, bear evidence of conscious or unconscious briefing against the bill.

Bear in mind, Senators, that the studies which the Attorney General's committee is making, the monographs which it is preparing, when examined by an impartial and able lawyer who himself is critical of certain features of the Logan-Walter bill, "bear evidence of conscious or unconscious briefing against the bill."

3. Preconceived notions and a priori conclusions have been brought to the undertaking. In other words, the evils have been diagnosed and the remedies prescribed by mail or at least at an early stage in the study of the patient's symptoms. Categorical approval or disapproval of particular practices is repeatedly expressed, and changes have already been confidently recommended to the agencies, in several instances with success. Even more significant is the almost complete omission to report facts and problems of procedure which might tend to show that any fundamental or basic reform deserves consideration. To all appearances, the investigation is going forward on laissez-faire premises, such as (1) that diversity (multiplicity, overlapping, duplication, confusion, and all their kin) is so clearly a virtue or, at any rate, so clearly not an evil, that no time need be wasted on the matter, and (2) that all that is needed to cure the ills of Federal administrative practice is to sew a few patches here and there on procedural garments. Perhaps the apostles of diversity are right: We must continue to have unlimited experimentation in procedure even if it kills us. But I, for one, should like to see the facts correctly reported on experiences had and results achieved to date before deciding on such a course.

Mr. President, there appears to me to be only one way to secure that result, to take up the Logan-Walter bill for consideration, and pass it at this session of Congress. Experience under it will quickly demonstrate whether or not any changes in the act are necessary and, if so, what their nature should be. However, If Congress permits the administrative agencies to go on unchecked, there is a very real danger that they will bring so much discredit upon themselves that drastic remedies will be applied which may easily impair the usefulness of this arm of our Government.

The way to make sure that all that is good in the administrative agencies will be preserved is by removing now existing abuses by the enactment of the Logan-Walter bill. But we cannot do that unless we can get it officially before the Senate for action, and I think enough has been said and enough is known about the attitude of the leadership here to make it very certain that we will never get it before this body unless we stand up and fight for it.

It has been with very deep regret that I have delayed at all action on the motion of the distinguished junior Senator from New York [Mr. MEAD] to bring before the Senate the measure in which he is interested, also a most important one, but we have decided that our only chance to secure action on the Logan-Walter bill at this session is to seek recognition whenever the pending matter is concluded, and to resist taking up any measure to the fullest extent of our ability, and we have attempted to do that in connection with the pending motion.

When the time comes to vote on the motion, which I hope may be very soon, I shall ask for a yea-and-nay vote. If we are able to command enough votes to postpone the consideration of the Ramspeck bill and proceed with the Walter-Logan bill, no one need have any doubt that the Senator from

New York will be able to get recognition and bring up his measure very quickly and have it passed. If, on the other hand, we are not able at this time to command a sufficient number of votes in the Senate to vote down the pending motion, we propose immediately to seek recognition, as I have said, and to debate at length the Logan-Walter bill. I shall not be the only one to speak. The other members of the subcommittee are prepared to go forward at very considerable length with their discussion.

I may also say, for the benefit of the leader on this side, if he has any interest in the matter, that the remarks I made yesterday, and in the time I have been talking today, are really just a foreword to the opinions I hope it will not be necessary to express, but which certainly will be expressed on this highly important measure if it shall become necessary.

Mr. DAVIS. Mr. President, I wish to say that, in my judgment, the Walter-Logan bill is of great importance and should be acted upon by the Senate before we adjourn. Although this has been a long session and many Members would like to return to their homes, the needs of the Nation in legislation should take precedence over all else for we have been called here for this purpose. Much important legislation has been enacted at this session of Congress, and yet none is more vitally needed than the Walter-Logan bill insofar as it embodies the principles of constitutional restraint upon executive agencies of government.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks an editorial from the Pittsburgh Press for September 21, entitled "Work Still Waiting," which emphasizes need for prompt action on the Walter-Logan bill and the Smith amendments now pending. The Senate Committee on Education and Labor is now holding hearings on the Smith amendments.

The PRESIDING OFFICER. Without objection, the editorial will be printed in the RECORD.

The editorial was ordered to be printed in the RECORD, as follows:

[From the Pittsburgh Press of September 21, 1940]

WORK STILL WAITING

Congress is getting the adjournment itch again. We still think that, in times like these, Congress belongs on the job in Washington. But in the 3 months since early June, when many of the lawmakers were yearning to quit and President Roosevelt was trying to speed them homeward, a tremendous volume of defense legislation has gone through the mill.

So the Senators and Representatives may have some right to feel that they have earned a little vacation at election time. But—

They certainly should not rush home until they have completed action on two important domestic measures which got sidetracked last spring when Hitler's "blitzkriegs" began and national defense became the big issue. We mean:

1. The Smith amendments to the National Labor Relations Act.
2. The Walter-Logan bill.

We refer to these as domestic measures, but we believe they are also vital to national defense, since both are designed to insure fairer, better administration of Government. Both passed the House months ago by overwhelming majorities, drawing strong support from Democrats as well as Republicans. Both have been blocked in the Senate by administration supporters.

The purpose of the Smith amendments is to clean up the mess that has been made by biased and incompetent administration of the Labor Act. The purpose of the Walter-Logan bill is to provide checks and balances against abuse of bureaucratic power by Government agencies. Some Senators believe sincerely that these measures, as they came from the House, go too far. That view may be correct, but as to the urgent need for legislation on both subjects there is, in our opinion, no question at all.

The duty of the Senate is to debate the Walter-Logan bill and the Smith amendments, to improve them if need for improvement is shown, and to vote on them one way or the other before it thinks of quitting work.

The PRESIDING OFFICER (Mr. HERRING in the chair). The question is on agreeing to the motion of the junior Senator from New York.

Mr. BURKE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Byrd	Chavez
Andrews	Bilbo	Byrnes	Clark, Idaho
Austin	Bulow	Capper	Clark, Mo.
Bailey	Burke	Caraway	Connally
Danaher	Hayden	Neely	Stewart
Davis	Herring	Norris	Taft
Downey	Hill	Nye	Thomas, Idaho
Ellender	Holt	O'Mahoney	Thomas, Okla.
Frazier	Hughes	Overton	Thomas, Utah
George	Johnson, Calif.	Pepper	Townsend
Gerry	Johnson, Colo.	Pittman	Tydings
Gibson	Lodge	Radcliffe	Vandenberg
Gillette	McKellar	Reed	Van Nuys
Green	McNary	Schwartz	Wagner
Guffey	Maloney	Schwellenbach	Walsh
Gurney	Mead	Sheppard	Wheeler
Hale	Miller	Shipstead	White
Harrison	Minton	Smathers	Wiley
Hatch	Murray	Smith	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

The question is on agreeing to the motion of the Senator from New York [Mr. MEAD] that the Senate proceed to the consideration of House bill 960.

Mr. BURKE. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. Not knowing how he would vote if present, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN]. I understand that if present he would vote as I desire to vote. I am therefore free to vote, and vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Michigan [Mr. BROWN] and will vote. I vote "yea."

The roll call was concluded.

Mr. SHIPSTEAD. I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if present he would vote "nay." If at liberty to vote, I should vote "yea."

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that if present he would vote "yea." If at liberty to vote, I should vote "nay."

Mr. CLARK of Missouri. My colleague the Senator from Missouri [Mr. TRUMAN] is unavoidably detained from the Senate. If he were present, he would vote "yea."

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senators from Arizona [Mr. ASHURST and Mr. HAYDEN], the Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], the Senator from Oklahoma [Mr. LEE], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Nevada [Mr. McCARRAN], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Georgia [Mr. RUSSELL] are necessarily detained.

Mr. AUSTIN. The Senator from Wisconsin [Mr. LA FOLLETTE] has a pair on this question with the Senator from Mississippi [Mr. BILBO]. If present, the Senator from Wisconsin would vote "yea" and the Senator from Mississippi would vote "nay."

The Senator from New Jersey [Mr. BARBOUR] has a general pair with the Senator from Oklahoma [Mr. LEE].

The Senator from New Hampshire [Mr. TOBEY] has a general pair with the Senator from Illinois [Mr. LUCAS].

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from New Jersey [Mr. BARBOUR], the Senator from Oregon [Mr. HOLMAN], and the Senator from Wisconsin [Mr. LA FOLLETTE] are necessarily absent.

The result was announced—yeas 52, nays 18, as follows:

YEAS—52

Andrews	Byrd	Chavez	Downey
Barkley	Byrnes	Clark, Idaho	Frazier
Bulow	Caraway	Clark, Mo.	George

Gerry	Hughes	Nye	Thomas, Idaho
Gibson	Johnson, Colo.	O'Mahoney	Thomas, Okla.
Gillette	McKellar	Pepper	Thomas, Utah
Green	Maloney	Pittman	Tydings
Guffey	Mead	Radcliffe	Van Nuys
Harrison	Miller	Schwartz	Wagner
Hatch	Minton	Schwellenbach	Walsh
Herring	Murray	Sheppard	Wheeler
Hill	Neely	Smathers	White
Holt	Norris	Smith	Wiley

NAYS—18

Adams	Connally	Johnson, Calif.	Taft
Austin	Danaher	Lodge	Townsend
Bailey	Ellender	Overton	Vandenberg
Burke	Gurney	Reed	
Capper	Hale	Stewart	

NOT VOTING—25

Ashurst	Chandler	La Follette	Shipstead
Bankhead	Davis	Lee	Slattery
Barbour	Donahey	Lucas	Tobey
Bilbo	Glass	McCarran	Truman
Bone	Hayden	McNary	
Bridges	Holman	Reynolds	
Brown	King	Russell	

So Mr. MEAD's motion was agreed to, and the Senate proceeded to consider the bill (H. R. 960) extending the classified executive civil service of the United States, which had been reported from the Committee on Civil Service, with amendments.

POSITION OF WENDELL L. WILLKIE ON THE POWER QUESTION

Mr. McKELLAR. Mr. President, yesterday there was published in the Washington Evening Star an article by J. A. O'Leary, dated Portland, Oreg., September 23. I first read the headline:

WILLKIE FAVORS CHEAP POWER AT FEDERAL DAMS—TELLS OREGON CROWD LOCAL AREAS SHOULD DECIDE DISTRIBUTION

PORTLAND, OREG., September 23.—Wendell L. Willkie told the people of the Northwest today he favors making available to them "at the lowest possible rate" the power that will be generated at the Federal Government's two big dams in this area—Bonneville in Oregon and Grand Coulee in Washington.

In view of that statement and knowing the record of Mr. Willkie in reference to power, by reason of his being at the head of the holding company which owned two of the great power companies in Tennessee, and being familiar with Mr. Willkie's uniform course through a number of years in the power business, I wish to discuss for a few moments Mr. Willkie's attitude on the question of power.

In the first place, he says—and it is in quotations—that he favors making power available to the people at the lowest possible price. Mr. Willkie was president of the electric power company at Nashville, which also owned the streetcar company. That company distributed power in Nashville until the T. V. A. contract went into effect a year or more ago, by which the arrangement was changed.

What was Mr. Willkie's judgment as to reasonable price then? I read from a letter from one of my constituents. The letter was written in another connection, but it applies to this discussion.

All the while the Willkie corporation—

That is, the Willkie streetcar company of Nashville—

has been letting its streetcars run down, the Tennessee company continued to buy electric current from the National Government near Muscle Shoals at about 2 mills or less per kilowatt-hour and sell the current to Nashville light patrons at 10 cents (net) per kilowatt-hour, a profit of about 5,000 percent.

Until the advent of the T. V. A. in Tennessee, Mr. Willkie's idea, as shown by the action of his company, was to charge the light patrons of Nashville, Tenn., a profit of 5,000 percent on the cost of the power to him. Incidentally, at that time he bought the power at the dam. Senators will see the significance of the headline:

Willkie favors cheap power at Federal dams.

Yes; he favors cheap power at Federal dams, and he wants to distribute it at a reasonable price. That reasonable price, as fixed by Mr. Willkie's company at Nashville, represented a profit of about 5,000 percent levied on the users of electric power in the capital city of my State. Reasonable indeed!

The whole question of power is the question of its distribution. We all know what it costs to generate it. The T. V. A. generates it at a reasonable price. Mr. Willkie distributed it as long as he could at a profit of 5,000 percent or more. He charged even more than 10 cents per kilowatt-hour in the case of some of the little towns in Tennessee close to Muscle Shoals.

Mr. President, let us see the remarkable sentiment on the power question by Mr. Willkie. What does he say?

Mr. Willkie laid down the principle that local areas to be served should determine whether this Federal power, generated by water, ought to be distributed by municipal or private systems.

If they decide in favor of public distribution, then "appropriate machinery should be set up for determining the fair price to be paid for the existing privately owned systems," he declared.

His position on the water-power question has been awaited with keen interest, since he was the head of a big private utility corporation before winning the Republican Presidential nomination, and he selected this city, within 24 miles of Bonneville, to make his attitude clear.

Speaking to a large crowd in the city auditorium following a parade through Portland and vicinity, he declared:

"The United States Government has invested some $270,000,000 in the development of Bonneville and Grand Coulee Dams."

Listen to this, Senators—

"It seems inconceivable, therefore"—

I am quoting Mr. Willkie—

"that anyone would suggest that these projects should not be completed."

That is from Wendell Willkie. I see my distinguished friend from Nebraska [Mr. NORRIS] smiling, as well he may. Any other man who is familiar with the facts must of necessity smile when he hears such an idea coming from Mr. Willkie.

This is the same Mr. Willkie who not only conducted light and power plants and streetcar plants in my State at 5,000 percent profit, but also filed lawsuits in my State. As we all know, several years ago Mr. Willkie filed a lawsuit in my State on behalf of himself and his associates. The petition was filed on behalf of 7 holding companies and 12 other companies which were associated with him in Georgia, Alabama, and surrounding States—19 companies in all. What did they ask for? I call attention again to his present statement:

It seems inconceivable, therefore, that anyone would suggest that these projects should not be completed.

We have exactly the same kind of a water-power project on the Tennessee River that he is talking about at the Grand Coulee and Bonneville Dams in Oregon and Washington. All such projects are based upon the same principle, and they are all erected by the Government of the United States. What was Mr. Willkie's attitude 3 years ago? I have the record. After all, it is the record a man makes as he passes along the road which counts. This is the record of Mr. Willkie, who now says that—

It seems inconceivable, therefore, that anyone would suggest that these projects should not be completed.

This is what he said in his prayer for relief in the bill which he filed in the Federal court in my State a number of years ago, praying for an injunction against the T. V. A., against his own Government, against the United States. What did he pray for?

That this court—

The Federal court of the United States.

shall adjudge and decree that the Tennessee Valley Authority Act of 1933 * * * and the power program * * * are severally in violation of the Constitution of the United States.

That statement is from the printed record at page 67.

There was another prayer—

That this court shall * * * enjoin the defendants * * * from purchasing, constructing, or otherwise acquiring works for the purpose of creating a supply of electric power for use in carrying on a federally owned electric public utility.

That is from page 67 of the record.

What are his words today when he is a candidate for office as the nominee of a party for which he never voted before in

his life? What does he say today when he is a candidate? Here is what he says today:

It seems inconceivable, therefore, that anyone would suggest that these projects should not be completed.

Up to a short time ago he was praying for—what? To prevent the completion of exactly similar projects in the State of Tennessee, brought about in exactly the same way, by the Government of the United States.

But that is not all he prayed for. He further prayed:

From disposing of electricity generated at dams or other works constructed by or on behalf of the United States.

That is on page 67.

And again:

From constructing—

This covers the Bonneville Dam, if the prayer had been granted as it was granted by the judge to which the bill was first offered. Here is what it said:

From constructing, purchasing, or otherwise acquiring hydroelectric plants.

Of course, if the Government had been enjoined as the trial judge undertook to enjoin it, the construction of the Bonneville Dam would have been prevented.

That is on page 68 of the record.

Again:

From using Federal funds to construct or purchase electric-utility distribution systems.

That would take in the Bonneville Dam; it would take in the Grand Coulee Dam and other Federal construction. Yet this man, who went before the court in Tennessee and prayed that court in writing to issue an injunction prohibiting the use of Federal funds to construct or purchase electric-utility distribution systems, now less than 2 years afterward, tells American citizens away out in Oregon and Washington, nearly 3,000 miles from where he instituted his lawsuit, "You need not be bothered about Bonneville; you need not be bothered about Grand Coulee." For—

It seems inconceivable—

I read it again—

It seems inconceivable, therefore, that anyone would suggest that these projects should not be completed.

Yet that is the very man who in Tennessee filed the bill to prevent their further construction, to prevent the Government from using any of its money to construct these or any similar power plants.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. OVERTON. What the Senator has been quoting from Mr. Willkie, I understand, are political utterances, whereas what he said a few years back was in the form of a prayer, and a prayer is much more sacred, for when a man expresses his sentiments by prayer, of course, it comes from the very soul.

Mr. NORRIS. In that case the prayer should prevail, of course, and what he said in his prayer would apply to Bonneville, and that project would have to stop.

Mr. OVERTON. There is no doubt about that.

Mr. McKELLAR. Of course. It must be remembered, however, that at that time Mr. Willkie was not thinking of running for President of the United States. Mr. Willkie's desire—and I will come to that in a few moments—his only desire then was to get something for nothing by building up, by means of watered stock, public-utility holding companies. He had no further idea. He did not know what was going to happen in the future; he was looking at the present; and, therefore, he prayed—under oath, too, though I do not know whether he personally made the oath to the bill—for an injunction against the Government. There cannot be any doubt about Mr. Willkie being the father of that suit.

I have in my hand a copy of the Chattanooga Times of Chattanooga, Tenn., of the issue of Sunday, August 25, 1940. I believe the Chattanooga Times is a Willkie newspaper. They had a centennial or some kind of a memorial edition of that newspaper on August 25, 1940, and, among the various other things that had happened in Chattanooga about which articles were written in the newspaper, was the celebrated T. V. A.-Willkie case. I find on page 13–F of the Chattanooga Times of that date, August 25, 1940, a picture of the building in which sat the court to which Mr. Willkie had prayed, not to the people of the United States, but to three judges. Those three judges were Judge Gore, who issued the injunction against the United States and against the T. V. A.; Miss Florence Allen, a circuit judge of Ohio; and Judge John D. Martin, of Memphis, a district judge. They were the three judges who sat in the case, and I find in the picture, which is a very attractive picture of a very attractive courtroom, Mr. James Lawrence Fly standing arguing the case for the people, for the United States, and for the Tennessee Valley Authority, and sitting right behind him is—who? None other than Wendell Willkie, then the grand mogul of the power-utility interests of the country, the man who was representing the watered stock of the holding-utility companies of the United States. There [exhibiting] is the picture. Will it be said that he did not know? Will he try to get out of it by saying he did not know what he was saying in 1937 when he was praying to the court for relief by enjoining the United States, by enjoining the T. V. A. from doing the very things he now approves when he is a candidate for office?

It seems inconceivable, therefore, that anyone would suggest that these projects should be completed.

It is impossible for the present Mr. Willkie, the present—I started to say "Republican," and I believe he is a Republican now, though he claimed to be a Democrat a few weeks ago—it is impossible for the present Republican candidate for President of the United States to conceive how anybody would want to stop the grand work that he himself undertook to stop.

But if there be any doubt about his presence, I turn to page 12–F of the same newspaper. There we find a magnificent picture—I am sorry it cannot be put in the RECORD—and outstanding in the front place, right under the ears of the court, right at the desk, right behind the Tennessee Valley Authority's lawyer, sitting out in front, appears Mr. Willkie. He was there; he was the man who was forwarding the bill for injunction. He had prayed that the court enjoin the United States and the T. V. A. from further constructing this project.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield with pleasure.

Mr. OVERTON. While the Senator is making observations as to who is sitting around, and where, let me say that when he began his discourse I noticed quite a number of Republican Senators on the floor and in their seats. Will he look around now and see how many have remained here during his observations about Mr. Willkie?

Mr. McKELLAR. I do not see any just at this minute.

Mr. OVERTON. I see quite a number of Democrats.

Mr. McKELLAR. I take back that statement. I see the distinguished and handsome Senator from Massachusetts [Mr. LODGE] standing by the clerk's desk; but I want to defend those gentlemen. My sympathy goes out to the Republicans in this campaign. I can understand how they feel about it. Here were a number of splendid Republicans. I see another one over there, my friend from Ohio [Mr. TAFT]. That makes two. [Laughter.] I can understand how they feel about the matter. There were a number of old-line Republicans who were candidates for the Presidential nomination at the hands of the Republican convention in Philadelphia, able and splendid men. Some of them I know, because

I serve with them here all the time—men like the distinguished senior Senator from Michigan [Mr. VANDENBERG], for whom we all entertain the greatest respect and esteem and admiration. Then there is the rather younger Member from the State of Ohio, the distinguished Senator ROBERT A. TAFT, himself not only a Senator, not only a candidate for the Presidency of the United States, but the son of one of the most distinguished and one of the most beloved men who ever was in this Capitol, Chief Justice and former President Taft.

Then there were other candidates—my friend from Kansas [Mr. CAPPER], who does not happen to be here; my friend from New Hampshire [Mr. BRIDGES], the gentleman who made—I had better qualify the statement I started to make. [Laughter.] I will strike it out altogether, because I have learned to like the Senator from New Hampshire. He is a fine fellow. He has many good qualities. He has a way of looking into affairs in other States more carefully than he looks into the affairs of his own State; but he means well, he is a fine fellow, an old-line Republican, and naturally he had some interest in the nomination. He wanted to be the Republican nominee for the Presidency, and we cannot blame him. We cannot blame any one of these four gentlemen, all of them with distinguished Republican records.

The father and grandfather of the Senator from Ohio [Mr. TAFT], I know, were Republicans. One of them was Attorney General; and we know how long the other, his father, was a Republican. The Senator from Michigan [Mr. VANDENBERG] edits and owns a Republican newspaper. The Senator from New Hampshire [Mr. BRIDGES] is a lifelong Republican, and so is the Senator from Kansas [Mr. CAPPER]. All of them believe in the tenets of their party as they understand them. All of them are honorable, high-minded men. They went to a convention, and there came a Democrat. [Laughter.]

Mr. BARKLEY. The Senator should not overlook Dewey and Gannett.

Mr. McKELLAR. I am going to come to them in a minute.

When these four gentlemen got to the convention, they found the galleries ringing with another name. They had galleries there something like we have here. Not much was said about TAFT when his name was mentioned; not much was said about VANDENBERG when his name was mentioned; not much was said about BRIDGES when his name was mentioned; not much was said about ARTHUR CAPPER when his name was mentioned; but when somebody accidentally or inadvertently referred to a Democrat in that convention—a Democratic utility leader, a man who became famous for prosecuting the T. V. A. and prosecuting Government-owned public utilities of all kinds, going to the length of getting an injunction against the T. V. A., and fighting for years to put it out of business—whenever his name was mentioned, the galleries roared. The Power Trust was on guard at that convention.

Mr. BARKLEY. Mr. President, are they not still roaring? [Laughter.]

Mr. McKELLAR. I think they are still roaring. I do not know how much longer they will roar, but I think they will be by the still, still waters on the 6th of November.

But, Mr. President, referring again to those Republican candidates who are absent to such a large extent today, we cannot blame them. Here was a newcomer, not even a member of their own party, a man whose views were wholly at variance with the views of many Republicans, as he has shown, because while Mr. Willkie has given us Democrats Hades from time to time he has been very generous in giving some of the same Hades to his Republican friends, too. Not long ago we had a vote here on whether or not we should conscript wealth. We were conscripting the boys. Twenty-three Republicans voted on that question, and 8 of them voted against conscription of wealth—the Russell-Overton amendment, as it was commonly known. Ten of them voted for it, and 3 more were paired for it, making a total of 13 to 8. Then, the next morning, Mr. Willkie denounced all of the Republican Senators who voted for the Russell amendment as being Sovietized Americans, communistic Americans. Thirteen out of twenty-three Republicans voted for the amendment, and I am not including in that list the Progressives, like our splendid friend the Senator from Nebraska [Mr. NORRIS], and our splendid friend, the Senator from Wisconsin [Mr. LA FOLLETTE], and our splendid friend, poor Senator Lundeen, who lost his life by accident. All those Senators voted for the amendment or were paired for it. Mr. Willkie abused them all, just as he abused us Democrats. Under those circumstances, remembering how Mr. Willkie euchered the old-line Republicans at the Philadelphia convention and how he ran away with the nomination that nobody knew he was a candidate for until May 23, I believe, just a few weeks before the convention, I am not at all surprised that they are not here defending him. I do not blame them. They are in a very awkward position. I do not think I would defend a Democrat under those circumstances. I do not think I would defend a candidate on the ticket of my own party. I think I would do as the Republicans have done; I would say very little about him; and I think that is what they are going to do in this election.

But I have rather allowed my political interest to divert me from the power question, and I do not want to do that.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. McKELLAR. Yes; I yield.

Mr. NEELY. The distinguished Senator from Tennessee has in his inimitable way commented on the apparent unpopularity of Mr. Willkie in the Senate, as evidenced by the failure of any Republican Member to rise in his defense. Let me inform those present that Mr. Willkie is, if possible, even more unpopular among the Republicans of West Virginia than he is here. Because, according to the press, Mayor Boone Dawson, of Charleston, now the Republican nominee for Governor of the State, asserted, about the time of the Philadelphia convention, that 75 percent of the Republicans of West Virginia were for Dewey, and the remaining 25 percent of them were against Willkie. [Laughter.]

Mr. McKELLAR. Mr. President, I said some time ago that I thought if Mr. Willkie should do as well as Mr. Landon did last time, he would do pretty well in this campaign; and I am still sticking to that opinion, although there may be some little differences. I admit that there is a chance that the Republican ticket will gain some votes because of the Vice Presidential candidacy of the Senator from Oregon [Mr. MCNARY], whom we all admire, whom we all love and respect, who would be a splendid official of any kind, from the Presidency on down. He is an excellent Senator, and he would be a good Vice President, of course. He would be a good President, of course. We all respect him and admire him. We believe in his liberal policies. Nothing I could say of him would be too good; but I do not see how any Republican could very well defend the present head of the ticket, because he does not appear to have any views on anything except to agree with the Roosevelt policies. He has endorsed all the Roosevelt policies. The only difference is that he says, "All the Roosevelt policies are good, and I endorse them all, but I think I could run them a little better than Mr. Roosevelt does." He wants the people to accept his dictum about his ability to run them better than Mr. Roosevelt does, on the ground that he is a businessman and Mr. Roosevelt is not.

Mr. MINTON. Mr. President——

Mr. McKELLAR. I yield to the Senator from Indiana.

Mr. MINTON. As the Senator says, Mr. Willkie has embraced the New Deal, but has rejected the author of the New Deal.

Mr. McKELLAR. That is it.

Mr. MINTON. I notice in the morning's New York newspapers that the Senator from Ohio [Mr. TAFT] made a speech in New York last night along orthodox Republican lines, in which he repudiated everything the New Deal has done. Apparently there is some confusion as to who won the nomination at Philadelphia. [Laughter.]

Mr. TAFT. Mr. President——

Mr. McKELLAR. I shall not take part in a Republican quarrel; but I yield to the Senator from Ohio, and will let him reply.

Mr. TAFT. I merely wish to ask unanimous consent to put in the RECORD the speech which I made last night at Brooklyn, in which I testified to the very high esteem in which I hold Mr. Willkie. I have never, since I came to the Senate, thought this was the place to make a political speech, and I do not propose to change my habits now. I try to confine my remarks to the matters before the Senate.

The PRESIDING OFFICER. Does the Senator submit a unanimous-consent request to have his address printed in the RECORD?

Mr. TAFT. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McKELLAR. The Senator does not desire to put the speech in the RECORD at this point, I presume?

Mr. TAFT. No; at the end of the very able remarks of the Senator from Tennessee.

Mr. McKELLAR. That is entirely all right.

Mr. TAFT'S address appears at the end of Mr. McKELLAR'S remarks.

Mr. McKELLAR. Mr. President, I now come to the question of Mr. Willkie as a businessman.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NEELY. I invite the attention of the Senator from Tennessee to the fact that in the picture to which he has called attention——

Mr. McKELLAR. Which I am sorry I cannot have reproduced in the RECORD.

Mr. NEELY. The picture which was taken of Mr. Willkie at the bar of the Court in 1937, when he appeared for the purpose of helping to obstruct the operations of T. V. A., his hair is not tousled at all. [Laughter.] Why is that?

Mr. McKELLAR. That was before he entered into a political campaign. Someone must have told him that tousled hair made votes. [Laughter.]

Mr. President, I stated a while ago that Willkie claimed that he could handle the job of President, that he was for the Roosevelt policies, and all the New Deal policies, but that he could handle the job better than Mr. Roosevelt does.

I have a letter here from a constituent in Nashville, Tenn., which is very interesting and very illuminating on that subject. It is addressed to me, and reads:

NASHVILLE, TENN., *September 21, 1940.*

August 16 last, I sent you a published copy of a letter written by our present Nashville mayor regarding the necessity of repairs being made on the streetcars, the "Willkie" line of streetcars, in Nashville.

Mr. Willkie, or his company, the Commonwealth & Southern, under the name of the Tennessee Power Co., owns a streetcar system in Nashville. We know much about Mr. Willkie in Tennessee. I proceed with the letter.

Little heed must have been paid to the letter of the mayor, for disastrous accidents have occurred in Nashville on the streetcar lines since the letter was written, and as a matter of fact such a letter could have been written wih equal propriety at any time during the past several years.

Five years ago there was passed, stealthily—

There must have been some lobbyists around, when he says "stealthily"—

Five years ago there was passed, stealthily, a local bill in the extra session of the Tennessee Legislature that took away from the people the right to vote on a franchise that would allow the Tennessee Electric Power Co. to change over from streetcars to buses by a simple vote of the Nashville City Council.

The change over was not made at the time because the later Mayor Howse of Nashville would never consent to the change unless the Tennessee Electric Power Co., a Willkie outfit, agreed in assuming an obligation to keep up its part of the streets that it should traverse with busses.

For several years, under the bossism of Willkie—

"Bossism of Willkie." The hearings which took place afterward disclosed the fact that, when a vote was to be taken, Mr. Willkie—"Boss" Willkie, as he was then—herded his employees, a hundred or more of them, and had them give their residences as on a vacant lot. They registered from a vacant lot so that they could vote as "Boss" Willkie desired. Vote for what? Vote against the very system which is to be found at the Bonneville Dam, and Grand Coulee, to vote against the people of Chattanooga having the right to buy their power and light where they pleased.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. MINTON. My understanding was that Mr. Willkie's company had transferred to a hundred of his employees a certain lot the company owned in Chattanooga in order to qualify them as freeholders so they could vote in the election.

Mr. McKELLAR. That is what was done. I thought I said that, but if I did not make it clear I am much obliged to the Senator for suggesting it.

For several years under the bossism of Willkie the Nashville streetcars have been allowed to go down and down—

This businessman, who can perform the job of being President much better than can Mr. Roosevelt, according to Mr. Willkie's statement, let the streetcar company in Nashville go down——

until the cars became a public menace, evidently for the purpose of disgusting everyone so that all concerned would agree to give the Willkie corporation a bus franchise agreeable to Willkie's way of doing things, fleecing the public.

Dilapidated cars have had such leaky roofs—

Here in the capital of my State Mr. Willkie was operating a streetcar company whose dilapidated cars "had such leaky roofs that patrons of the lines that serve the poorer sections have had to raise umbrellas in the streetcars during rains and rainstorms to keep from being drenched."

Yet Mr. Willkie assumes, and he tells the people to believe him, that he is a better administrator than Mr. Roosevelt. If he cannot administer the affairs of this great Government any better than he handles the affairs of the Nashville Streetcar Co., God save America if he should ever have to administer our Government.

Mr. HILL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HILL. I do not think the Senator from Tennessee should be so hard on Mr. Willkie in that regard. Mr. Willkie having engaged so much in watering stock, he naturally has a preference for water anyway. [Laughter.]

Mr. McKELLAR. I thank the Senator for his suggestion. I should like to join him in saying that I do not think Mr. Willkie should be too much blamed.

Mr. BARKLEY. The Senator would not suggest, however, that all of the water created by the Willkie watered stock has leaked on the people of Nashville, would he?

Mr. McKELLAR. Much of it did.

Mr. HILL. I am sure they got their share of it.

Mr. McKELLAR. The letter proceeds:

Wheels running off cars while in motion have endangered the lives of pedestrians and car riders.

Worn car-wheel flanges have caused cars to jump tracks, also to the jeopardy of pedestrians on the streets and the car riders.

Lack of repairs of boxes and spindles have caused noises from streetcar operations that could be heard for blocks off the streetcar lines.

Brakes on the streetcars were allowed to go unrepaired until few of the cars were regarded as safe by the operators.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. Would the Senator say that probably that situation contributed to the flat wheels which are now found in Mr. Willkie's political caravansary?

Mr. McKELLAR. It is very hard for a man to change his habits. If he dealt with the flat wheels of a streetcar company, he is likely to find them in the bigger affairs of life.

Listen to this:

The car company had an obligation to pave and repair the streets within the rails and for 2 feet outside of the tracks. This legal obligation the company refused to comply with until it had piled up a debt to the city for such service that amounted to three-quarters of a million dollars.

That is business. Why does he not run that streetcar company if he is such a good administrator?

If anything should happen to our President and Willkie should by accident be elected, it would take all the loose baling wire in the country to hold the Capitol together in Washington.

All the while the Willkie corporation has been letting its streetcars run down, the Tennessee company continued to buy electric current from the National Government near Muscle Shoals at about 2 mills or less per kilowatt-hour and sell the current to Nashville light patrons at 10 cents (net) per kilowatt-hour, a profit of about 5,000 percent. Exorbitant rates were maintained until the threat of the T. V. A. coming to Nashville caused a reduction.

The same thing occurred in our other cities, and that is what caused the reduction. The companies were making 5,000 percent in all of our cities until T. V. A. came, and now the rates are very much reduced.

Not only that, but during the period Mr. Willkie, the head of the Commonwealth & Southern (holding-company owner of the Tennessee Electric Power Co.), the flimflamming of the investors of the Tennessee Willkie outfit continued in an unabating fashion. These investors in the preferred stock of the Tennessee Willkie corporation had been promised, when they purchased the preferred stock, that the stock buyers could cash in at any time on their stock at 100 cents on the dollar.

Instead, on account of the Insull debacle that caused much fear for investors of all utilities stock, and on account of the Hoover depression that caused much need, when holders of the power stock sought to cash in on their holdings, the Tennessee Electric Power Co. paid no heed to stockholders who tried to obtain par for their preferred stock.

Investors were forced to make a sacrifice of their holdings, many being required to sell as low as 50 cents on the dollar.

Certain defenders of Mr. Willkie, hereabouts, cite the fact that the bogus promises made in the selling of the preferred stock started before Mr. Willkie started as head man of the Commonwealth & Southern. While this was true as to when the stock sales commenced the sacrificing of the stock, and the failure of the Tennessee Willkie company to heed promises, made at the time the stock was sold, went on merrily under the term that Mr. Willkie served as president of the Commonwealth & Southern, parent company of the offending Tennessee Electric Power Co.

The investors were forced to sell at a sacrifice up to the very time that the deal was finally closed, whereby the Tennessee Valley Authority took over the Willkie outfit in Tennessee. Before that, no investor obtained anything like par except those who threatened a lawsuit, and in such cases the par value was forthcoming.

But there was something else of vital importance that happened in Tennessee for which the present miracle man of the G. O. P. has full credit for being in as leader at the start and the finish of the transaction. That was the effort of Willkie when he had 18 utilities join him in the attempt to destroy the T. V. A. in the courts of the Nation.

Surely that has not been forgotten. It cannot be glossed over or blotted out of the record of the Republican nominee.

Should you relate just the plain, unvarnished facts about this diabolical attempt to hamstring the T. V. A. in its great usefulness, that's "smear," but any kind of whispered falsehood can be told about the President and that is all right; it's gospel because its spread by the Roosevelt haters.

Let it be well understood, while the T. V. A. was hopelessly tied up with a temporary injunction, obtained in the Federal court under the leadership of Mr. Willkie, his Tennessee corporation attempted to preempt all of the Nashville territory by the construction of spite electric lines, reaching in all directions.

The Senator from Nebraska [Mr. NORRIS] remembers that transaction.

Mr. HILL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HILL. The slogan in Alabama today is, "Life lines with Roosevelt. Spite lines with Willkie."

Mr. McKELLAR. That slogan grew out of this very situation.

Mr. HILL. Certainly, it grew out of that situation.

Mr. McKELLAR. The T. V. A. was faced with this bitter attitude toward it on the part of the utilities, which spent great amounts of money to defeat it. The utilities had the money. Any concern which makes 5,000-percent profit on a kilowatt-hour of power naturally has money to spend, and they spent money building these spite lines.

I continue to read:

That now is something else in the life of the G. O. P. nominee for President that cannot be erased or explained away. It is one of the several things that will keep Tennessee, along with the whole South, in the Democratic column—

And so forth. Mr. President, I ask that the entire letter be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NASHVILLE, TENN., *September 21, 1940.*

Hon. KENNETH MCKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR MCKELLAR: August 16 last I sent you a published copy of a letter written by our present Nashville mayor regarding the necessity of repairs being made on the streetcars, the "Willkie" line of streetcars, in Nashville.

Little heed must have been paid to the letter of the mayor, for disastrous accidents have occurred in Nashville on the streetcar lines since the letter was written, and, as a matter of fact, such a letter could have been written with equal propriety at any time during the past several years.

Five years ago there was passed stealthily a local bill in the extra session of the Tennessee Legislature that took away from the people the right to vote on a franchise that would allow the Tennessee Electric Power Co. to change over from streetcars to busses by a simple vote of the Nashville City Council.

The change-over was not made at the time because the late Mayor Howse, of Nashville, would never consent to the change unless the Tennessee Electric Power Co., a Willkie outfit, agreed in assuming an obligation to keep up its part of the streets that it should traverse with busses.

For several years, under the bossism of Willkie, the Nashville streetcars have been allowed to go down and down until the cars became a public menace, evidently for the purpose of disgusting everyone, so that all concerned would agree to give the Willkie corporation a bus franchise agreeable to Willkie's way of doing things, fleecing the public.

Delapidated cars have had such leaky roofs that patrons of the lines that serve the poorer sections have had to raise umbrellas in the streetcars during rains and rainstorms to keep from being drenched.

Wheels running off cars while in motion have endangered the lives of pedestrians and car riders.

Worn car-wheel flanges have caused cars to jump tracks, also to the jeopardy of pedestrians on the streets and the car riders.

Lack of repairs of boxings and spindles have caused noises from streetcar operations that could be heard for blocks off the streetcar lines.

Brakes on the streetcars were allowed to go unrepaired until few of the cars were regarded as safe by the operators.

The car company had an obligation to pave and repair the streets within the rails and for 2 feet outside of the tracks. This legal obligation the company refused to comply with until it had piled up a debt to the city for such service that amounted to three-quarters of a million dollars.

If anything should happen to our President and Willkie should by accident be elected, it would take all the loose bailing wire in the country to hold the Capitol together in Washington. He would let it fall down, for the New Deal is already thinking about putting on a new roof.

All the while the Willkie corporation has been letting its streetcars run down, the Tennessee company continued to buy electric current from the National Government near Muscle Shoals at about 2 mills or less per kilowatt-hour and sell the current to Nashville light patrons at 10 cents (net) per kilowatt hour—a profit of about 5,000 percent. Exorbitant rates were maintained until the threat of the T. V. A. coming to Nashville caused a reduction.

Not only that, but during the period Mr. Willkie was the head of the Commonwealth & Southern (holding-company owner of the Tennessee Electric Power Co.) the flimflamming of the investors of the Tennessee Willkie outfit continued in an unabating fashion.

These investors in the preferred stock of the Tennessee Willkie corporation had been promised, when they purchased the preferred stock, that the stock buyers could cash in at any time on their stock at 100 cents on the dollar.

Instead, on account of the Insull debacle that caused much fear for investors of all utilities stock, and on account of the Hoover depression that caused much need, when holders of the power stock sought to cash in on their holdings, the Tennessee Electric Power Co. paid no heed to stockholders who tried to obtain par for their preferred stock.

Investors were forced to make a sacrifice of their holdings, many being required to sell as low as 50 cents on the dollar.

Certain defenders of Mr. Willkie hereabouts cite the fact that the bogus promises made in the selling of the preferred stock started before Mr. Willkie started as headman of the Commonwealth & Southern. While this was true as to when the stock sales commenced the sacrificing of the stock, and the failure of the Tennessee Willkie company to heed promises made at the time the stock was sold, went on merrily under the term that Mr. Willkie served as president of the Commonwealth & Southern, parent company of the offending Tennessee Electric Power Co.

The investors were forced to sell at a sacrifice up to the very time that the deal was finally closed whereby the Tennessee Valley Authority took over the Willkie outfit in Tennessee. Before that, no investor obtained anything like par, except those who threatened a lawsuit, and in such cases the par value was forthcoming.

But there was something else of vital importance that happened in Tennessee for which the present miracle man of the G. O. P. has full credit for being in as leader at the start and the finish of the transaction. That was the effort of Willkie when he had

18 utilities join him in the attempt to destroy the T. V. A. in the courts of the nation.

Surely that has not been forgotten. It cannot be glossed over or blotted out of the record of the Republican nominee.

Should you relate just the plain, unvarnished facts about this diabolical attempt to hamstring the T. V. A. in its great usefulness, that's "smear," but any kind of whispered falsehood can be told about the President and that is all right; it's gospel because it's spread by the Roosevelt haters.

Let it be well understood, while the T. V. A. was hopelessly tied up with a temporary injunction, obtained in the Federal court under the leadership of Mr. Willkie, his Tennessee corporation attempted to preempt all of the Nashville territory by the construction of spite electric lines, reaching in all directions.

There was constructed electric power routes all around Nashville that the Willkie outfit here had refused for years to build these lines unless prospective patrons put up hundreds and thousands of dollars for each respective several lines, surrounding the capital city of the State.

Under the temporary hamstringing of the T. V. A. the Willkie corporation in Tennessee made a grand rush to construct these spite lines around Nashville in a desire to barricade this city against the entrance of the T. V. A. into this territory, and the lines were constructed without a penny's cost to any one of the prospective patrons. That was plain evidence of Willkie's hatred of the T. V. A.

That now is something else in the life of the G. O. P. nominee for President that cannot be erased or explained away. It is one of the several things that will keep Tennessee, along with the whole South, in the Democratic column in November, no matter what G. O. P. campaign funds are sent here in the fruitless effort to turn this Volunteer State against our great President.

Democrats in Tennessee are just as sure of success in November as the sun is sure to rise clear after a cloudless night.

Sincerely yours,

PAUL W. TREANOR,
Former City Commissioner, City of Nashville.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NEELY. Can the able Senator from Tennessee conceive any reason why the Republican Convention rejected or ignored distinguished Republicans such as Messrs. Taft, Dewey, Vandenberg, and Capper, and nominated Willkie, a renegade Democrat and deserter from Tammany Hall, for President?

Mr. McKELLAR. I do not know. It may be they knew they could not win the election, and so, desiring to wish the nomination on somebody, wished it on Mr. Willkie, rather than on someone else.

I desire to call attention to another matter contained in the article from which I read a few moments ago. It is strange how people become confused. Here Mr. Willkie announces that he is going to leave to the people of the area the determination whether they shall have Government distribution of power or private distribution of power. That could not settle anything. Where could Mr. Willkie get the machinery under the Federal Constitution to adopt any such plan? It is a ridiculous absurdity. It cannot be done. There is but one purpose in the suggestion.

I see standing before me the distinguished ex-Governor of the State of Oregon, WALTER M. PIERCE, one of the grand men of the House of Representatives. He is familiar with the Grand Coulee Dam. He has been working for the building of that dam for years. He is interested in it as a citizen of the State in which the dam is located, and as a legislator. He cannot be fooled by any such claptrap. There are many others who cannot be fooled by it, but there are some people who can be fooled by it.

I now wish to read an editorial published in this morning's Washington Post, one of the greatest newspapers in Washington. Ordinarily it has a very sensible editorial policy. I have a great deal of respect for that newspaper. Once in a great while I agree with it. But listen to how this candidate for President has fooled the great editor of the Washington Post. I read from the editorial contained in the Post of this morning:

MR. WILLKIE ON POWER

In discussing the supposed electric power issue at Portland, Oreg., Wendell L. Willkie took the position that most sensible and public-spirited citizens take. He analyzed the problem and stated his position with the detachment of a man who has never had any association with the utilities.

My heavens!

Mr. Willkie points out that the Government has invested large sums in power and irrigation dams. It would be an inexcusable waste of public funds to let those great projects remain uncompleted. When they are finished, says Mr. Willkie, the power should be distributed in the public interest at the lowest possible rates.

Who is going to distribute it? There is but one idea in Mr. Willkie's mind in that respect, and that is to let the utilities themselves distribute it, "and then we will fix the rate." There is no possible machinery of the Federal Government by which it can be done by the public under the plan announced by Mr. Willkie, but evidently the writer of this editorial had not examined the Constitution, had not examined our system of government, so he took the position he did in the editorial.

The people of the cities and towns should decide for themselves whether they wish to be served by public or private transmission facilities.

Willkie says that should be decided in the area. What area? Oregon could pass a law, but it would not do any good. Washington could pass a law, but it would not do any good. The area in question takes in other States besides Washington and Oregon. It takes in northern California, it takes in a part of Wyoming, it takes in a part of Idaho, and perhaps goes down as far as Utah. Electric transmission systems can carry power very far these days. Who is going to set up that area? Where is the power in the United States Government to set it up?

Mr. MINTON. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. MINTON. I agree with the Senator from Tenessee that probably the Federal Government could not do it, but perhaps Mr. Willkie thinks that the State legislatures would do it, and that would place it in the hands of the private utilities, because they are expert in setting up laws of that kind for consideration in the legislatures in the first place, and then in conducting the elections, as they did the one in Chattanooga. If they need qualified freeholders, they take their own employees, as they did, 100 of them, and make them freeholders, and then contribute, as they did in Chattanooga, to the campaign, and, as the Senator from Tennessee recalls, they set up a standing committee in Chattanooga and spent $22,265, of which Mr. Willkie's company contributed $20,000, and then Mr. Willkie said that if he had not obtained the result he wanted, he would have spent more to obtain it and been glad to do so.

Mr. McKELLAR. I thank the Senator from Indiana for that contribution.

In addition to that, they might do as they did another time in Tennessee and get a bill through the legislature of Oregon—I hope they never will, I may say to my good friend from Oregon—or get a bill through the Legislature of Washington—and I hope they never will—stealthily, as the evidence shows they got one through the Tennessee Legislature.

I continue to read from the editorial in today's Washington Post:

If public agencies are favored, he says, appropriate machinery should be set up to determine what is a fair price to be paid for existing private systems in the area.

There is not anything wrong about that, but where will the machinery be found under our system of government? It cannot be done.

That simple policy seems to dispose of any "utilities" issue in the campaign.

How easy it is to solve that question, ignoring the real fact, ignoring the fact that this man who now says that he favors the Bonneville Dam and favors the Grand Coulee Dam a short time ago tried to secure an injunction against the T. V. A. and, not being successful in the lower court, appealed the case to the appellate court, and then to the court of appeals, and lastly to the Supreme Court of the United States, which turned him down and held that the Government had the right to establish the T. V. A.

Mr. President, I have come to another matter in regard to Mr. Willkie and what he has said before on this very same subject, all of which controverts what he now says.

Private operation of our electric utilities has been economical to the consumer—

Said Mr. Willkie in the Chattanooga Times of February 14, 1934. Listen to it again:

Private operation of our electric utilities has been economical to the consumer.

Is it possible that anybody could say that 5,000 percent profit on current obtained from the Government at 2 mills per kilowatt-hour represents an economical distribution of that current to the consumer? It is ridiculous.

Again:

The great percentage of utility securities were issued after public hearing before commissions elected by the people or appointed by their elected representatives, and then only after showing that such securities were represented by at least an equal number of dollars invested at the time of the issuance of such securities.

I digress long enough to say that I happen to know something about some lawsuits in the days before I came to Congress. I shall give the facts with regard to one company about which I happen to know. A northern concern came to a southern city and bought a franchise from the city, paying $100,000 for it. It put in an underground electric system at a cost of $600,000 more, and issued $1,000,000 of bonds. Seven hundred thousand dollars of the bonds were used for the purpose of buying the franchise from the city and building the project. It then issued $2,000,000 worth of stock to go to those who bought the bonds. Every man who bought $1,000 of bonds received $2,000 of stock, for which he paid nothing. That is what we know as watered stock. That is the kind of stock which is issued by holding companies such as the one of which Mr. Willkie was the head. I suppose he is still as much interested in it as ever. It may be true that he has disposed of his interest. I do not know that he has sold his interest in it. I have never seen any public statement to that effect. I do not know and Willkie will not say or does not say.

The first year, the concern to which I refer made the interest on $1,000,000 worth of bonds, $300,000 of them still being in the treasury. It paid every bill in advance. It paid 6 percent on the $2,000,000 of watered stock, and, as I recall the amount, had $57,000 left in cash in the treasury at the end of the first year. That condition continued for 6 or 7 years, when a holding company, like the one in which Mr. Willkie is interested, came along, took charge of the operating company and put it in the hands of a receiver, and then rearranged matters for the interest of the holders of watered stock. The holding company continued to run the operating company at the same enormous profits from that time until the T. V. A. took it over and reduced the price of the current.

So when Mr. Willkie talks about value we know that holding companies have never put money into producing companies. They are merely watered-stock manipulators.

On March 5, 1936, Mr. Willkie said in a radio talk:

Whenever a householder in Tupelo, Miss., switches on a light, everybody in the United States helps to pay for it.

The man who made that statement wants to be President of the United States. He says that whenever a person in Tupelo, Miss., switches on an electric light, everybody in the United States pays for it. Does any one believe that? If any Senator believes it, let him rise and say so. No one rises. Of course no one believes it.

Listen to this:

Years prior to the existence of the T. V. A., the southern companies began a progressive reduction of their rates. But further reductions will be difficult to achieve because the threat of T. V. A. compels the companies to pay high interest rates on their capital requirements.

Of course, that has been proved not to be true.

In a speech on January 21, 1935, before the Economic Club of New York and the Harvard Business School Club, Mr. Willkie referred to Samuel Insull. We all remember Mr. Insull. What did Mr. Willkie say about him? He referred to him as a "forceful, dynamic, and attractive figure." Perhaps the same thing could be said of Mr. Willkie. He is forceful, or he says he is. He is dynamic, or he says he is. He is attractive, as we look at his picture in the theaters.

In the same talk he described the national development and control of waterpower resources as "a foolish fad and fancy of the moment." Think of that, Senators—"a foolish fad and fancy of the moment." Yet he now says that no reasonable man could conceive of opposition to public power projects.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CLARK of Missouri. Does the Senator think it is fair to kick a corpse around in the fashion in which he has been proceeding? [Laughter.]

Mr. McKELLAR. Perhaps it is not; but after one is dead, it does not make much difference anyway. [Laughter.]

Mr. HILL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HILL. Especially when there are none here to do him honor. The Senator is throwing out the corpse unwept, unhonored, and unsung.

Mr. McKELLAR. I am merely stating the facts, and giving Mr. Willkie's words. Remember that this man is a candidate for the Presidency in a party for which he never before voted, according to the record.

Listen to this, from a speech he made at the Harvard Business School Club on January 21, 1935:

I want to say to you that no duty has ever come to me in my life—even that in the service of my country—which has so appealed to my sense of social obligation, patriotism, and love of mankind as this—my obligation to say and do what I can for the preservation of public utilities privately owned.

He puts his obligation to the utilities ahead of his patriotic zeal for his country—not even the service of his country comes ahead of his devotion to the public utilities. When he denies what he said in his prayers in a bill for injunction in Tennessee, and when he denies his own attitude about utilities, are we to take his word for it?

A moment ago the Senator from Ohio [Mr. TAFT] indirectly somewhat chided me for making a political speech. I wish to say that this is a political speech in one way and not a political speech in another. I will say to the Senator from Ohio, and to the distinguished Senator from Oregon [Mr. McNARY], who unhappily is not present, that if Mr. Willkie wins this fight the Tennessee Valley Authority, the Bonneville Dam, the Grand Coulee Dam, and every other enterprise of a similar character will go to the wall. They will go out of business. I am here fighting for the people of my country. I am here fighting to give cheaper power rates and cheaper light rates to the consumers of the country. Looked at in that sense, this is anything but a political speech. It is a speech in behalf of the best interests of my State, your State, and of the people of the country.

Mr. Willkie talks about standing up for the T. V. A., the Bonneville Dam, and the Grand Coulee Dam. Listen to what he said on March 5, 1936, in a radio broadcast:

The T. V. A. is the most useless and unnecessary of all the alphabetical joyrides.

If he were not a candidate today, he probably would say that the T. V. A. and Grand Coulee and Bonneville Dams are "the most useless and unnecessary of all the alphabetical joyrides." Yet he is telling the people that it is inconceivable that anybody could be against these worthy projects, which for years he tried to destroy.

Listen to this:

If the South permits the T. V. A. to take over electric transmission and distribution systems, or if the municipalities take over the distribution systems and purchase their power from the T. V. A., within 10 years, surely, and probably within half that time, it will find itself with high power rates, increased taxes, or bankrupt municipalities.

Is that true? Of course it is not true, and here is an example of its falsity. I quote from the Knoxville News-Sentinel:

HERE'S WHAT T. V. A. POWER CAN DO FOR A CITY

Chattanooga's system has been in operation 10½ months. And here's what it has done. Saved consumers $1,700,000 a year in power bills; paid a total of $243,963 in city, county, and State taxes; met all operating overhead, all interest on bonds, all depreciation charges, and all amounts set aside for paying bond premiums, and in addition has earned a net profit of $481,223.61.

I have not the figures for the city from which I come, Memphis, Tenn. In that city the plant did not belong to a Willkie company, but the T. V. A. bought it, and since then the proceeds from the distribution and electric plant in that city have been far greater than they were at Chattanooga.

Mr. HILL. Mr. President, will the Senator yield there?

Mr. McKELLAR. I yield.

Mr. HILL. In Birmingham, Ala., since the T. V. A. came to Alabama the private power company operating at Birmingham has reduced its rates not once or twice or three times or four times, but seven different times. The rates have been reduced seven different times simply and solely because of the yardstick of the T. V. A.

Mr. McKELLAR. If by some accident, which nobody can now imagine, Mr. Willkie should happen to be elected in November, does the Senator think that condition in Birmingham would be changed?

Mr. HILL. I certainly do. I think the rates would go back to where they were.

Mr. McKELLAR. I read again from Mr. Willkie, quoting from the Edison Electric Bulletin of May 1936:

The T. V. A. program with its vast expenditures of public money collected from people in all parts of the country for the subsidizing of the electric rates of a few in a particular section is seriously threatening the financial stability of many utilities companies.

That is not correct. Utilities companies are making more money now than they ever did. The Government by establishing the yardstick of the T. V. A. and by the use of dams in other parts of the country has brought down the prices of electricity everywhere, but the utilities companies are successful; indeed, they are more successful than heretofore, notwithstanding the efforts of Mr. Willkie to destroy the T. V. A. and the other governmental power operations.

Mr. HILL. Mr. President, as the Senator knows, because of the forced reduction of electric rates by the Government through the T. V. A., there has been an enormous increase in the consumption of power, and, as the Senator has well said, the utilities companies are all prosperous today; they are all making plenty of money.

Mr. McKELLAR. I thank the Senator, and I will say to him that I have received a letter from one of the power officials of the T. V. A. at Memphis, stating that the consumption of power in Memphis had about doubled since the T. V. A. took over the plant and the rates were reduced.

Mr. Willkie said before the House Military Affairs Committee hearing on April 14, 1933:

I can say to you, as my deliberate judgment, that if this bill (T. V. A.) passes, this $400,000,000 worth of securities will be eventually destroyed.

Time has gone by and they have not been destroyed.

On May 1, 1935, before the United States Chamber of Commerce at Washington, Mr. Willkie said:

By reason of the attack and by reason of the Government competition and governmentally subsidized competition, the securities of utility companies have depreciated billions of dollars in market value in the last 2 years.

Everybody knows why stocks went down. They went down for other reasons.

Mr. President, to show the remarkable views of this Democratic candidate on the Republican ticket, let me say that a short time ago the distinguished senior Senator from Nebraska [Mr. NORRIS] introduced a bill to reimburse the States and counties for tax losses brought about by reason of the T. V. A. buying private power plants from Mr. Willkie. The Senator from Nebraska proposed to arrange a way by law, which is the only way it could be arranged, to have the T. V. A. itself remunerate the counties and the States for their tax losses. Mr. Willkie was a witness before the committee in the House. What did he say about it? He had been charging for years that there had not been taken into account taxes in computing the profits of T. V. A. One would naturally think he would have been for the bill; but what did he say about the counties of Tennessee? He said, "No, I am not in favor of that bill; let them stew in their own juice." That is almost equivalent to what he said about the city of Chicago some days ago, when he told the whole city that it should go to hades. I do not believe he used the word hades, but the other word cannot be used here. Thus we have a candidate for President saying of 68 of the counties of a great State, "No, I do not want justice done to them; let them stew in their own juice. They would not do my bidding; they would not do as I told them; they would not obey my voice; let them stew in their own juice." He also said they should go bankrupt. It is a wonder he did not use a hotter term; it is a wonder he did not use an adjective before that expression.

Mr. President, I hope the splendid Washington Post and the other newspapers of this country will not be misled by these specious explanations of a position that cannot be explained. If we believe in the principle underlying the Bonneville Dam, if we believe in the principle underlying the Grand Coulee Dam; if we believe in the principle of the T. V. A., we should defeat Mr. Willkie for President; otherwise those great institutions, established for the benefit of the American people, will be destroyed. I do not want them destroyed.

Someone suggested here the other day that several years ago I voted for a resolution against the third Presidential term. It was said that when Mr. Coolidge was thought to be a candidate for a third term, together with other Senators, I voted for a resolution setting forth opposition to it. Of course that was so. I voted against Mr. Coolidge for a first term; I voted against him for a second term, and Heaven knows, there was not anything else for me to do but to be against him for a third term. The present situation is an entirely different one, and I think there will be a different result.

Mr. HOLT obtained the floor.

Mr. HILL. Mr. President, will the Senator permit me to put something in the RECORD?

Mr. HOLT. I intend to speak for only a few moments, but I yield to the Senator.

Mr. HILL. Anent the very able and interesting address of the Senator from Tennessee, Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial from the Montgomery Advertiser of September 21 last entitled "The Wild Bull of the Pampas." It closes with these words——

Mr. NEELY. Mr. President, is that about Willkie, too?

Mr. HILL. I am going to read the closing paragraph and let the Senator guess who it is about.

As matters now stand we think the challenger should wait as long as Gene Tunney did. Gene waited until the champ had softened—even then he nearly lost his life, being saved only because of his greater stamina and a long count.

The "wild bull" of Indiana charged and hooked the champ, but he went to sleep in the second round. It was a gallant, but reckless charge. There was no sense in it. Walloping Wendell had not been sufficiently seasoned in the preliminaries. Ambition! "By that sin the angels fell."

I ask unanimous consent to print the entire editorial in the Appendix of the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The address ordered printed in the RECORD, is as follows:

SENATOR TAFT SUMS UP ISSUES OF THE CAMPAIGN

It is a real pleasure for me to come to Long Island and meet so many Republicans who are going out to gather in the sinews of war. Raising money for political purposes is not an easy or pleasant task, but you can be sure it is one of the most necessary services that any of you can render. When you consider that we have to present our case to more than 40,000,000 voters, you will find that

the cost of a national campaign would be $4,000,000 if you only spent 10 cents on each voter. It would take a good deal more than that to provide them adequately with the campaign literature and radio broadcasts which ought to reach every voter. Without the kind of work you are doing there would be no way to state the case to the people who must decide intelligently the issues of November. Unless the people do have all the facts before them, democracy will not work.

It is only 6 weeks to the national election of 1940, and then the people must determine whether Wendell Willkie or Franklin Roosevelt shall be President of the United States for the next 4 years. But they must determine far more than that. They must decide the whole nature of this country's government, not only for 4 years but for many years to come. Seldom has an election presented such fundamental issues affecting the whole future of the country. We are asked to set aside the wise rule of 150 years, approved by Washington, Jefferson, Jackson, that no individual shall exercise the tremendous powers of President of the United States for more than 8 years. We are asked to approve the setting aside of constitutional limitations on the power of the President and the power of the Federal Government. We are asked to endorse a deficit spending policy which is bound to lead to bankruptcy. We are asked to do all this on the ground that only the New Deal, and only Franklin D. Roosevelt, can carry on the policies which are alleged to have brought prosperity and happiness to the people of the United States; that only he can prepare the Nation for defense.

I question the whole premise on which this argument is based. On the contrary, if we weigh the real facts, we find that the policies of the New Deal have not brought prosperity or happiness or preparedness. On the contrary, they have prolonged depression, rendered government inefficient and extravagant, and brought it to the verge of bankruptcy. And we are not prepared to meet the new weapons of warfare developed abroad in the last 7 years.

The New Deal promised prosperity, employment in the city, and high prices on the farm. To accomplish those purposes, it asked for unlimited power and received more power than any Government of the United States has ever had. It asked for the setting aside of constitutional and statutory limitations, and they were set aside. Yet it has failed in the very purpose which it declared. There are still more than 8,000,000 people unemployed, more than 5,000,000 families on relief, a condition we have never faced before except at the bottom of a depression. This country cannot enjoy real prosperity while one-fifth of the workers are walking the streets looking for jobs.

The national income—that is, the income of all the people put together—was $80,000,000,000 in 1928 and 1929. In spite of the borrowing and spending of billions of dollars, the devaluation of the dollar, and every other kind of reckless inflation, it is still only about $70,000,000,000 today, and there are 12,000,000 more people among whom that income must be divided. That means that the average income per person is 20 percent less than it was 12 years ago. And that means that our standard of living is 20 percent lower than in the twenties, instead of being higher than before the depression, as it has been 10 years after every other depression we ever had. Among a few groups wage rates are higher, but the increase is more than balanced by the increased taxes which directly and indirectly now take at least 15 percent of the average workman's income.

In the 10-year period from 1929 to 1939 every other country in the world improved its industrial production and comparative reemployment with the exception of Canada, France, Belgium, and the United States, and the United States lost more in industrial production than any other country in the world except Belgium. Of course, it is true that times are better than they were at the bottom of the depression, but heretofore we have come out of every depression in less than 10 years to a higher standard of living, to a greater national income, and to a position where nearly every man who wanted a job could get a job. Only the New Deal has succeeded in making a depression permanent. Except for the war boom, farm prices are no better than they were before the elaborate New Deal control measures were instituted. Not only has the killing of little pigs and the whole policy of restricting and limiting production—the doctrine of scarcity—failed to produce general prosperity, but it has not even increased farm income. For the 7 years of the New Deal, farm income is far below the last 7 years of Republican administration, even if tremendous Government subsidies are included in the New Deal figure.

After 2 years in Washington, it is pretty obvious to me why business is unable to get going. It is checked at every crucial point by excessive Government regulation and taxation. It is checked by the deliberate hostility of New Deal bureaucrats. The new dealers are inspired by the theory of economic planning. They think they can run this country's business life by regulating prices and wages and hours and practices in every industry. They think they can run every man's business better than he can run it himself, and every farmer's farm better than the farmer. They have added a tremendous volume of regulation, some of it with worthy purposes, but the cumulative effect has crushed the incentive and the ability of men to go into business and to continue in business.

The administration of many of these regulations has been deliberately hostile to business, carried out by men who really believe in national socialism. For Washington is full of men, many in fairly responsible positions, who have completely lost confidence in the American way of life. While they work largely behind the scenes, because they know that they have no real support in Congress, whenever they make a real issue they can count on the support of Franklin D. Roosevelt.

The National Labor Relations Board, instead of confining itself to its real purpose of assuring to workmen who wish to unionize the right to do so without restraint from their employers, has undertaken to unionize every industry in the United States, whether the employees actually desire it or not. They have perpetrated some of the grossest miscarriages of justice which this country has ever seen. They have made clear their prejudice against employers, and against the older established unions whenever those unions are opposed by a radical group. Amendments to the law are absolutely essential.

The wage-hour law has been administered without regard to common sense or practical conditions. Personally, I think that the hour provisions of the law should be repealed, because State laws adequately prevent unduly long hours.

The Guffey Coal Act, attempting to regulate wages and hours and practices in the coal industry, is so difficult to administer that prices have never yet been put into effect after 3 years of the law. When they do go into effect, the principal result will be to raise the price of coal to millions of consumers. The law ought to be repealed.

The regulation of agriculture has been extended to every detail of the farmer's activities, and to all the industries concerned with the distribution of farm products, until it is impossible to persuade any man to venture new capital or effort in this field. Farm regulation and subsidies can be somewhat reduced, and devices worked out to improve farm prices in the United States without telling every individual farmer what he must plant.

The S. E. C., whose only legitimate purpose is to protect the purchasers of securities from fraud, interests itself in determining and trying to control the channel in which capital shall be invested and those in which it shall not be invested. It has seriously checked the investment of moneys, particularly in the smaller enterprises. But I must admit the New Deal has given men plenty of other reasons to hesitate before entering the business field.

Many agents of the Internal Revenue Department, in their administration of tax laws, treat every taxpayer as presumably a crook until he proves otherwise, particularly if he is not in accord with the politics of the present administration.

Taxes like the undistributed profits tax and the present excess-profits tax have been imposed, not to secure revenue, but to punish someone who the administration feels is making more money than he should.

The excess-profits tax law we have just passed will produce only $150,000,000. The same day we passed an appropriation of 325 millions just for camps and barracks for the men about to be drafted. The new law is so complicated that no one can understand it. Excess-profits taxation is impossible without creating many unequal burdens. It is particularly discouraging to men who are willing to put their time and money into new enterprises. They have no record of earnings, and they are usually investing their own time rather than capital, so that all of their earnings are excess.

The whole tax structure should be revised at the earliest possible moment. It should be devised to raise needed revenue with as little interference as possible with the very business activity which will increase the revenue. But if that revision is made by the Roosevelt administration it will be full of economic planning instead of revenue.

I have only given a few examples of the manner in which the New Deal has checked and discouraged the development of prosperity. Every green grocer is burdened with taxes and with countless reports. The little businessman has to spend his time making out a dozen reports a month for State and Federal authorities until he can give no time or attention to the expansion of his own business.

America has been built up by the constant influx of countless men into the field of business. I remember in the twenties when the papers in Ohio carried every day 50 new incorporations. Each one put a few men to work. Many passed out of the picture, but others grew into moderate-sized or even into great industries. That was the process by which America has constantly grown for 150 years. That was the reason why we employed millions more men in 1930 than in 1900, or in 1800 for that matter.

Not only has this process stopped, but many who were in business have retired to accept a small return from Government bonds instead of the hazards of industry under the New Deal. There are many instances of direct Government competition and threats of Government competition. Of course no private individual can compete with a government which disregards deficits, and once the Government has invaded an industry it is almost impossible to get anyone else to enter that field. Big business can look after itself, but the growth of business has taken place in the past through thousands of small industries.

The defense program will stimulate a boom in this country. Already the New Deal "brain trust" economists are beginning to say that the expenditure of a few billion dollars will in 2 years increase our national income by thirty and forty billion dollars.

The real new dealers are tremendously pleased with the necessity of a defense program, because they think it may produce the prosperity they have in vain tried to achieve.

Of course it probably will produce some improvement in business prosperity, but as soon as the temporary effect has worn off we must face again the essentials which the New Deal is so anxious today to avoid.

If New Deal theories, backed by Franklin D. Roosevelt, still dominate the Government when the defense program begins to decline, we will face the worst depression this country has ever seen.

The defense program, incidentally, does not help the little man. The contracts go to big business, and the development is neither natural nor helpful in the long run. We cannot spend ourselves into prosperity. We have tried that for 7 years, and spent $25,000,000,000 of borrowed money. If that wasn't successful, then a few billion more for defense is going to hurt a good deal more than it will help.

The New Deal has failed in its declared purpose, but if Franklin D. Roosevelt is reelected, there will be no change in its discredited policies. The regulation of business will be constantly increased. Reports will multiply. The same men, with an intense antibusiness complex, will administer the National Labor Relations Board, the wage-hour law, the S. E. C., the Internal Revenue Department, and countless other bureaus. The stagnation of industry will continue, and the same vicious circle will force the Government into more and more fields of activity until the complete goal of national socialism is reached.

Wendell Willkie understands the business system of America, and how it works. He knows how prosperity can be produced. He knows how the abuses of business can be prevented without crushing an entire industry. Under his administration some laws can be repealed; many can be modified; the administration of all can be carried on in a spirit of helpfulness to private industry instead of an underlying purpose that it should be destroyed.

But there is another field in which those of us in Washington would grieve to contemplate the continuation of the Roosevelt administration for 4 years more. It is utterly lacking in efficient or coordinated administration. Scores of new bureaus have been created whose activities conflict and overlap. I used to talk about the need of reorganization, but I never realized until I reached Washington in what complete confusion are the activities of different bureaus.

Every bureau chief sits in a separate marble building and runs his own show, without the slightest consideration for what goes on in the marble building across the street. In the housing field alone, we have at least five separate agencies—the United States Housing Authority, the Federal Housing Administration, the Farm Security Administration, the Army, and the Navy. Now we are about to add the Federal Works Agency for $150,000,000 worth of defense housing.

The Treasury and the Federal Reserve Board have many of the same powers, and their views of Government financial policies are fundamentally at variance. The activities of Jesse Jones as head of the Federal Loan Agency overlap and in many cases exceed those of the Treasury itself.

In the field of defense his activities overlap those of the Army, the Navy, and the National Defense Advisory Commission.

Every activity heads up to the President himself, and he hasn't got the time or the inclination or the ability to do the coordinating that ought to be done.

The Cabinet, upon which every other President has relied, is largely a nonentity as an agency of administration. Every member reports to the President, and he takes little time to iron out their conflicts which all the world knows of. Coupled with this lack of coordination is a complete absence of responsibility in the field of spending.

There is no village council in this country that hasn't got more horse sense and a greater sense of responsibility about money than the Government of the United States. Financial affairs have never interested or concerned Franklin D. Roosevelt.

Only recently the President told a press conference that he wasn't interested in whether Congress raised the defense money by taxes or bond issues—all he wanted was the money to spend. Yet a wise plan of raising money is an essential part of any effective preparedness. He has not submitted a real Budget for 7 years. He has never been in the slightest degree interested in balancing the Budget. He has basked in the pleasant fallacy that Government deficits are a blessing in disguise, and that Government spending will produce prosperity. In the face of tremendously increased expenditures for defense, he has made no move to cut a single cent out of the excessive expenditures for domestic purposes, which are already more than double what they were under the Hoover administration. We must have an adequate Army and Navy, but if we are going to provide them without bankrupting the country, we are going to have to take in our belts in every other field. If we must have battleships and mechanized armies, as we must, then we must give up a lot of the other nice things we might like to have.

It is inevitable that we must look forward to a lower standard of living than we would otherwise under sound administration be able to have. But the President is still obsessed with the idea that as a people we can get something for nothing. The President has announced the pleasant theory that the only possible way to balance the Budget is to wait until the national income is greater. The difficulty is that the national income may not be greater, and if we wait until it is greater, the expenditures of the Government will be greater also—unless we end the New Deal method of government.

Of course we have to borrow money for a great emergency expenditure like that of national defense today, but some of these expenditures are permanent annual additions to the cost of government, and will annually recur for years to come. Probably the normal annual upkeep of the Army and Navy, recently approximating a billion and a half dollars, will be increased by at least $2,000,000,000, leaving out the initial cost of ships, equipment, camps, and bases. I believe that $2,000,000,000 can be cut out of our domestic expenditures, now amounting to nearly $10,000,000,000, and that a revision of the tax system must be enacted which will raise the money necessary to meet the cost of our domestic activities, plus the normal upkeep of our defense forces. Otherwise we are fooling ourselves and fooling the people.

We think we are getting something for nothing, but we will only have to pay an increased price later on. We must watch even the defense expenditures with a careful eye, for in the appropriation of billions of dollars for new things there can be a tremendous amount of waste. The President's attitude, and that of a good many otherwise intelligent people, is that since we obviously can't balance the Budget while the defense program is on, we might as well forget all about economy. The sky's the limit in Washington today. As a matter of fact, there is obviously all the more need for watching expenses and eliminating every item that isn't absolutely necessary.

Government lending is as bad or worse than Government spending. Let's not fool ourselves by thinking that the new R. F. C. loans to South American governments and to dummy corporations for airplane plants are business transactions. They may be necessary, but the ultimate repayment is extremely doubtful. The R. F. C. borrows on Government credit. These newly undertaken loans are just as much expenditures of the Government, producing an increase in Government debt, as are the ordinary appropriations.

If we continue the present administration for 4 years more, there is not the slightest chance that the Budget will ever be balanced; there is not the slightest chance of avoiding a constant and constantly growing increase in debt; there is not the slightest chance of avoiding ultimately the bankruptcy of the Government.

No man and no government can long continue to live on borrowed money. Sooner or later the day of reckoning must come, and when it comes it means an end of our whole business system.

I believe it would mean an end of American liberty as we have known it.

Governments don't go to the bankruptcy court, but they begin paying their bills with paper money, because the people can't see why they should burden themselves to pay the debts of past generations.

When that time comes, prices increase so rapidly that the dollar is soon of no value at all.

Savings and life-insurance policies are worthless.

The real effect of inflation is that the Government pays its debts by confiscating the savings of its people—at the same time upsetting and destroying the very machinery which creates prosperity under our system. In such a break-down the Government would be called in to run the country's business, and the goal of national socialism would be reached.

That's one reason the true new dealer looks with complacence at our growing debt.

At the time when large sums must be borrowed it is all the more important that government be efficient and economical. Wendell Willkie has had to meet a pay roll. He has had to apply, and has applied, the same principles in private business which ought to be applied in government. He would be able to restore efficiency to the Government, and create the kind of organization which could secure cooperation between the different departments. I don't know any man who more nearly meets the immediate present-day requirements for intelligent government.

The absolute necessity for an efficient Government is ever greater in the face of the present crisis. Every defect of the New Deal is obvious in its administration of defense. There is the same feverish activity, there is the same lack of plan, and the same lack of coordination.

It is said that only Franklin D. Roosevelt is competent to carry on a defense program.

For heaven's sake, on what ground?

If our defenses are today completely inadequate to meet the threat of a German attack, and the President himself admits it, no one can be to blame but the President himself. When he came to office in 1933, Hitler had only just acquired power in Germany in January. He had an army of 100,000 men, poorly equipped and with few airplanes. Our Army and Navy were small, it is true, but armament is entirely relative, and they were completely adequate to meet the situation of that day.

In fact, Franklin D. Roosevelt himself criticized their expenses, promised a reduction in both Army and Navy, and carried it out in 1933.

The growth of the German Army, with its tremendous air force and its mechanized units, has taken place entirely within the 7 years of the Roosevelt administration.

The increase in the Japanese Fleet has taken place entirely in the administration of Franklin D. Roosevelt, and Japanese battleships have been built at a much faster rate than New Deal battleships.

It isn't as if money was denied the President, because vast billions have been spent during those 7 years for every conceivable purpose which might please the voters or any considerable special group of the voters.

When the first $3,300,000,000 blank check appropriation was made, the President was urged to devote $2,000,000,000 of it to the mechanization of the Army. He almost did so, but one day Secretary Ickes and Mrs. Perkins were seen coming out of his office, and the next day most of the sum went for public works.

The truth is the New Deal has been a good deal more interested in its own pet projects and the votes to keep it in office than it has been in the national defense.

Today there are many departments and many individual men doing a magnificent job of adding to the defenses of the Nation. But I have yet to see a plan of any kind. No one knows what defense will cost. No one knows how many parts of the world we are going to defend. As far as I can see, no one even has authority to make a complete plan.

The Defense Advisory Commission is made up of seven men without a chairman. Each man advises the President directly, so that, in effect, we have seven new bureaus to coordinate existing bureaus, all heading up to the President. He never has made any well-thought-out comprehensive plan in advance in any field. I hope when everything is done we will find that one way or another we have stumbled into a sound defensive position, but I don't feel any confidence.

For many years the Secretary of War and the Secretary of the Navy have annually published a so-called Industrial Mobilization Plan. The very central feature of this plan is the creation of a War Resources Administration, with a single head, to undertake the industrial mobilization of the Nation and the procurement of Army and Navy equipment. Every nation in the World War found it necessary to create a ministry of munitions. A coordinated plan of industrial mobilization is just as essential today as an army or navy. The power to carry it through must be delegated to someone of ability and experience.

But the President is apparently unwilling to delegate an iota of the power which is his. His hands must be on every detail, although no human being could possibly do the job himself. The new dealers want him to keep his hand on every detail, so that national defense may never interfere in the slightest degree with any of the pet projects of the New Deal.

In short, the very faults which have brought about failure in the attempt to improve our domestic affairs will produce serious defects in our defense program. It is bound to be extravagant because administered by those who regard spending as a virtue in itself. It will overlap and yet leave blank spaces. From a financial standpoint the country will be utterly unprepared, and if war should unhappily come, we would have little borrowing power left and would face a financial collapse at the very time when we ought to be strong.

If Franklin D. Roosevelt is reelected, there will never be a real plan of defense, any more than there has been during the last 7 years.

For the reasons I have frankly stated, the future welfare of this country depends on a change of administration now. Now is the time when we need a business administration. Now is the time when we need to forget class hatred and invite the cooperation of employer and employee alike.

Now is the time when we need a man who can plan comprehensively and does not hesitate to call into conference and authority the kind of men who can make our Government work as smoothly and efficiently as a machine. Now is the time when we need a man whose abilities are the kind that exactly contrast with the failures of New Deal administration. That man is Wendell L. Willkie.

The PRESIDING OFFICER (Mr. BURKE in the chair). The present occupant of the chair would like to say that after leaving the chair, and on the appropriate occasion, he will have a word or two to say about the closing remarks of the senior Senator from Tennessee in reference to a vote which he cast in this body a few years ago.

Mr. HOLT. Mr. President, I do not desire to discuss President Roosevelt or Wendell Willkie; but the Senator from Tennessee [Mr. MCKELLAR] has discussed the Commonwealth & Southern Corporation.

Anybody who has followed my record knows that I have been opposing the unfair and vicious practices of utilities ever since I have been in public life. As chairman of a committee in the West Virginia Legislature, I exposed many of their practices. I think the whole story ought to be told, however. I sent out and got Martindale's Legal Directory, and on page 1122 what do I find? I find the law firm of Winthrop, Stimson, Putnam, and Roberts, 32 Liberty Street, New York, N. Y. Who is in the firm? Let me read: Henry L. Stimson, and then the directory lists the other members of the firm. I shall not burden the RECORD with their names; but down underneath that, here is what the book says, on page 1122. I certainly would like to have a photostatic copy of it. It says that the firm of Mr. Henry L. Stimson is counsel for the Commonwealth & Southern Corporation; Bonbright & Co., Inc.; General Telephone Co.; Franklin Savings Bank; and the Atlantic Coast Fisheries Co.

I think the public should know that Henry L. Stimson, of whom the President of the United States thought so much that he went clear beyond the pale of his party and picked him out as his Secretary of War, who has much control over public power in the United States, particularly in connection with national defense, is a member of the law firm of Winthrop, Stimson, Putnam, and Roberts, which is listed in its own biographical report in Martindale's Legal Directory on page 1122 as counsel for the terrible corporation of which the Senator from Tennessee has spoken so much. He was counsel for it at that time, and no doubt that firm advised the Commonwealth & Southern Corporation how to do many of the things of which the Senator from Tennessee complains.

As I say, I am not discussing Mr. Willkie; I am not discussing the President; but I say that the counsel for Commonwealth & Southern Corporation, which has been fighting T. V. A., has been recently named Secretary of War by the President himself; so why complain?

Mr. WILEY. Mr. President, I entered the Chamber as a remark was made by the distinguished Senator from Tennessee [Mr. MCKELLAR] to the effect that no Republican would rise in defense of Mr. Willkie.

Mr. MCKELLAR. Mr. President, if the Senator will permit me, I did not say that.

Mr. WILEY. I so understood the Senator, and if I misunderstood him I beg his pardon.

I say that Mr. Willkie does not need any defense. I have never seen the time when there has been so much fuss over a worthy citizen, Mr. Willkie, leaving another group that he could not get along with, a group that he did not want to get along with because of some of their "crack-pot" notions. I have never before seen so much fuss over an incident of that kind; and I am sure never before in the history of the United States Senate has a man been given so much prominence because he dared to follow his conviction. He says the Democratic Party left him. Apparently he is missed.

Something was said by the distinguished Senator from Tennessee to the effect that Mr. Willkie was inconsistent when he made his speech out in Oregon. I realize that in an argument one should stick to his text, but I want to show you something about the inconsistency of the distinguished Senator from Tennessee. I want to show you when he stood for monopoly, when he stood against the public operating utilities, and I want to introduce the CONGRESSIONAL RECORD to sustain my position.

At one time the Senator appears not to have been so militantly opposed to monopoly. I refer to the RECORD of December 7, 1922, at page 178 of the CONGRESSIONAL RECORD, volume 64, part I, Sixty-seventh Congress, where the Senator did not appear to be opposing the Underwood bill, which proposed to lease the Muscle Shoals Dam to the Alabama Power Co., and his subsequent action in favor of Mr. Ford is more convincing evidence of this view.

Mr. MCKELLAR. Mr. President, I know the Senator wants to have the RECORD straight. That has been a long time ago, but I am quite sure I never agreed with Mr. Underwood on power in my life. I think the Senator must have gotten the RECORD wrong. I should like to have the reference to the RECORD to see about it. I recall having voted once for Henry Ford's proposal.

Mr. WILEY. I shall come to that, sir.

Mr. MCKELLAR. But not for Mr. Underwood's proposal about the Alabama Power Co. I have been against the Alabama Power Co. from time immemorial.

Mr. WILEY. The Senator can be sure that I want the RECORD straight. I do not want to misstate anything or misrepresent the distinguished Senator's position. I believe the RECORD will demonstrate that the Senator who now is such an advocate of public ownership was against public ownership, was for giving Henry Ford a monopoly, and was against the Government owning T. V. A.

Shortly afterward the Senator supported Henry Ford's offer for the Muscle Shoals Dam; he said on December 10, 1924, on page 392 of the CONGRESSIONAL RECORD, volume 66, part II, 68th Congress—listen to this, now:

> I do not believe that the Government ought to be put in business if it is possible to avoid it.

What do you think of that? [Laughter.]

Mr. MCKELLAR. Mr. President, I say that today, if the Senator will permit me.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. WILEY. I did not interrupt the Senator from Tennessee, Mr. President. I shall be glad to have him reply later on, if he can. I wonder if he would still support the Ford proposal.

On page 393 of the same RECORD the Senator said:

I am opposed to municipal operation or governmental operation. I would dislike to see that plant go into the hands of the Government for operation, because I do not know what would happen to it. * * * I cannot bring myself,—

I am still quoting—

with my rearing and education—

Think of it—"my rearing and education" [laughter]—

along political lines, to believe that Government operation of the plant can be as successful as private operation. * * *

On page 396 of the same RECORD—get this, now—we find that Senator Underwood had this to say, referring to the distinguished Senator from Tennessee:

I have not been able to find out yet what the Senator from Tennessee is for. He is not for the proposal of the Senator from Nebraska—

That is the Norris bill, and I call the attention of the distinguished Senator from Nebraska [Mr. NORRIS] to this statement. I am glad he is in the Senate—

of the Senator from Nebraska for a superpower system. * * *

He was not in favor of it then.

The Senator now says he is not for the Alabama Power Co. offer, and I do not know what the Senator from Tennessee is for.

That was the distinguished Oscar Underwood speaking at that time.

But I have not finished. We have heard many references to a distinguished gentleman who had not only the common sense but the patriotic sense to leave a gang of looters who looted this country—and we will go into that before we are through in reply—and to come over to the Republican Party instead of being nominated by a packed convention, with the superintendent of the sewers of Chicago packing a convention with contrivances from below so that he could hoot out "We're for Roosevelt!" It is the undisputed fact that the man who is in charge of the sewers of Chicago did that to the Democratic convention, and oh, you can smell it clear over to Washington. [Laughter.]

All the talk heard today by the gentlemen of the opposition cannot divert the attention of the American people from the Chicago scandal.

Now, I shall go ahead with what further was said.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WILEY. I shall be very happy to yield to the Senator afterward; but I want to continue on this line of thought, which is so illuminating, and which will be a counterirritant to what has been said.

Mr. BARKLEY. I was merely wondering whether it is Wisconsin cheese which the Senator is smelling, instead of the sewers.

Mr. WILEY. I am happy to have that gratuitous remark. If it had been Wisconsin cheese that the Democrats had, they would at least have had something on their stomachs that would have taught them where they should go. As it was, they did not have the intestinal fortitude—and I say that advisedly—to say, "No." They listened to the crack of the whip. The whip cracked, and you fell into line, and the whole country knows it. It was the first time there has been such an exhibition since this Government was established. If you doubt what I am saying, go into your cloakrooms and talk among yourselves, because I have heard you talk. You put your tails between your legs, and you discussed this thing in shame. You know what happened; but I do not want to get away from the record of the distinguished Senator from Tennessee.

On January 12, 1925, page 1671 of the RECORD, volume 66, part 2, Sixty-eighth Congress, we find what Senator Heflin, of Alabama, said while speaking of the Senator from Tennessee, and it all relates to this glorious power issue which has been injected into the political question here today. This is what Senator Heflin said, speaking of the Senator from Tennessee [Mr. MCKELLAR]:

The Senator is supporting a bill the author of which himself declares that in his judgment they will never make an ounce of fertilizer under any bill at Muscle Shoals. * * * It reminds me of the old fellow out in Texas who wrote back to a friend in Tennessee. He said: "Dear Bill: If you have not started for Texas, don't. This is the most hellacious climate in the world."

I beg the pardon of the Senator from Texas. [Laughter.]

"On yesterday, while driving a yoke of steers across the prairie, one of them had a sunstroke, and while I was skinning him the other one froze to death." That was a quick change in the weather, Mr. President, but not much quicker than the changes of my friend from Tennessee.

[Laughter.]

Oh, how the past comes up to strike us in the face. Shades of yesterday. [Laughter.] Let me continue. On May 27, 1925, page 9723 of the CONGRESSIONAL RECORD, volume 69, part 9, Seventieth Congress, we find that the senior Senator from Tennessee [Mr. MCKELLAR] had this to say. I quote:

Mr. President, I expect to leave no stone unturned to defeat this bill as long as Cove Creek is in it.

He was speaking of the Norris bill. I again ask for the attention of the distinguished senior Senator from Nebraska [Mr. NORRIS]. I continue the quotation, where he was speaking of the Norris bill:

Mr. President, I expect to leave no stone unturned to defeat this bill as long as Cove Creek is in it.

Speaking of the Norris bill.

Let there be no misunderstanding about that. It is a matter of such vast importance that I propose to leave no stone unturned to defeat the bill. If it is a matter of physical endurance, it is going to be a matter of physical endurance. I am going to use every ounce of energy of which I am possessed to defeat the bill unless Cove Creek is taken out of it.

Mr. MCKELLAR. Mr. President——

Mr. WILEY. On March 1, 1926, page 4767, volume 67, part 5, Sixty-ninth Congress, this occurred.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. WILEY. Not at this time.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. WILEY. I shall be glad to engage in a very spirited debate after I get the record complete. I read:

Mr. CARAWAY. Mr. President, may I ask the Senator a question?
Mr. MCKELLAR. Certainly.
Mr. CARAWAY. Then why was the Senator for Henry Ford's bill?
Mr. MCKELLAR. That was a proposed law which would defeat this law, and for reasons that were then perfectly good I was for it.

So now, Mr. President, reviewing the record we find that the senior Senator from Tennessee was apparently for the Alabama Power Co. He knew, as I have previously indicated, that the Alabama Power Co. was renting dam No. 2 at what he regarded as a very nominal sum, and apparently he viewed that lease with either indifference or approval. He stated emphatically that he was opposed to governmental operation, that he believed that Government operation could not be as successful as private operation. We find that Senator Underwood said that the Senator from Tennessee was not for the proposal of the Senator from Nebraska, and Senator Underwood says that he (Senator MCKELLAR) is not now for the Alabama Power Co., and that he—Underwood—did not know what the Senator from Tennessee is for. The record also shows that the Senator from Tennessee became enamored with the so-called Henry Ford bill because it would defeat the proposed law.

Mr. MCKELLAR. Mr. President, I rise to a question of personal privilege.

The PRESIDING OFFICER. The Senator from Tennessee rises to a question of personal privilege.

Mr. MCKELLAR. I do not think the Senator should be allowed to make statements which are untrue assertions in regard to the RECORD. I wish to say that never in my

career have I been for the Alabama Power Co., under any circumstances, and there is no record to show it, and when the Senator continues to harp on it, I demand that his words be taken down and that the record be brought forward.

Mr. WILEY. My words are taken down. I did not think I would have the honor of being the only Senator to speak in the United States Senate whose words would not be taken down. [Laughter.]

Mr. McKELLAR. The Senator is unfamiliar with the rule. If he does not know the rules of the Senate, he should make himself acquainted with them.

Mr. WILEY. We find that the Senator turned against the Norris bill and favored the Ford bill which proposed to give Henry Ford a fee title to $140,000,000 of Government investments at Muscle Shoals and a 99-year lease on the Muscle Shoals Dam, together with such other dams as the Government was to build farther up the river. After the Ford bid was withdrawn, the Senator supported the Norris bill again, until a Republican Representative from Tennessee introduced a resolution to appropriate $2,000,000 to build the Cove Creek Dam—Norris Dam.

Of course, all of us know where the Senator stands on the T. V. A. today.

Mr. President, I had no idea of interjecting the distinguished Senator's positions on T. V. A. into the RECORD, but the notations on his inconsistencies were handed to me. I rose to reply to the assault on Wendell Willkie. Almost with disgust I sat back in my seat and heard the tirade made in the Senate. I take off my hat to the Senator from Ohio [Mr. TAFT] who rises and says, in mild voice, but with a rebuke which will sting down through the years, "I do not believe the Senate of the United States is a place where we should make a political speech." I echo that sentiment. I think such things have no place here now, when the world is afire. But when supposed leaders rise in the Senate and have a holiday, so to speak, a field day, striking at one who is not present, I ask in all sincerity, is that gentlemanlike, is that statesmanlike, is it fair, is it decent? These gentlemen have a chance to report their conclusions through the press but they use the Senate for such an exhibition. The T. V. A. has received $700,000,000 to $800,000,000 of the peoples' money. Mr. Willkie took a bankrupt concern; he was, like many of the Senators here, a country lawyer from a country town; he was chosen because of his ability and his integrity to take over that concern. He took it over and he put value where value was not. He did that, not by dishonesty, not by chiseling or grafting, but by doubling the sales and reducing the cost to the consumer by 50 percent. Thereby he demonstrated to the Nation his first qualification for becoming the next President of the United States.

If there is anything this country needs, it needs a man of integrity and honesty of purpose, with level-headedness and common sense, who can take a busted concern, a concern that is running into the red, reduce the cost to the consumer, make labor and capital and management and the public satisfied, as he did. That is what this Government needs.

After 7½ years of extravagant public works, debasement of the currency, concentration of power in the Executive, an attempt to undermine the judiciary, excessive subsidies, government by decree, encouragement of subversive forces, imposition of confiscatory taxes, restriction of private investment, unbalanced Budget, imposed planned economy, fostered class conflicts, destroyed morale of industry, excessive borrowing, enlarged bureaucracy, excessive national debt, hopeless deficits, conscript army.

With those conditions, I ask in all simplicity, what is it that America needs? It needs a man who can do things, a man who can build, a man who can create values, and satisfy labor, capital, and consumer.

From what was said here today, it appears that, what Willkie said some time ago is correct, "some folks have the jitters." And how!

A statement was made to the effect that the Republicans and Mr. Willkie were in disagreement. I hope there will be more disagreement. We have had too many "yes" men in the last 7½ years with the result that there is in this country what we have now, an unbalanced economy, an army of unemployed, millions of men with broken morale, farmers wondering what tomorrow is going to bring them. We have a Nation unprepared. As the Senator from Ohio [Mr. TAFT] said last night, 7½ years ago Mr. Roosevelt and Hitler came onto the stage of action at the same time. At that time this country, with its relatively small Navy and Army, was in comparison with these dictator governments, prepared, because preparedness is relative. In other words, if you have one gun and I have one gun, we are prepared. But in the last 7½ years the totalitarian governments came into being, and during that time this Nation slept, under the present leadership, and in the last 18 months or 16 months or 14 months from the top down, as manifested here today, the jitters have caused creeping paralysis among some of our friends on the other side of this Chamber. They are afraid that America will wake up to the fact that the job which should have been done in the United States under this leadership was not done, with the result that now the administration is calling businessmen into the Cabinet, two Secretaries, and they are calling on Stettinius and Knudsen, businessmen, to do what the administration could not do.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. WILEY. I prefer to continue my remarks, but I shall be happy to have the Senator interrogate me when I conclude.

Mr. STEWART. I wish to ask the Senator a question. I want to know whether he supported Willkie prior to the Philadelphia convention.

Mr. WILEY. Mr. President, I think I got the gist of that question. The Senator asked if I supported Mr. Willkie before he was nominated. I am not ashamed to face that problem. I was a Senator of the United States and did not interfere with the run-off in our State. A primary was conducted in our State, and in that primary Mr. Willkie was not on the ticket.

I wish to go to another phase of the remarks made by the distinguished Senator from Tennessee [Mr. McKELLAR]. He spoke of the Republican convention. All the smoke screen caused by the tepid hot air now thrown upon the atmosphere here will not prevent the people of this country from knowing the truth. The ballot showed Mr. Dewey leading, Mr. Taft coming up, Mr. Taft leading, Mr. Willkie coming up, and as every newspaper in the country and every columnist in the country said, here was democracy in action. Here was America as it should be. Here were delegates, most of them pledged to other candidates, but when they saw this man, and shook his hand, and saw the clearness of his eyes, and the conviction in his soul, he swung the convention, and no one disputed it. Democratic columnist after Democratic columnist so stated. Newspapers said it.

Then the Democrats went to Chicago, and all one has to do is to read the article written by the distinguished columnist who had sat at the feet of the President of the United States for 7 years, Raymond Clapper, and we can see how his stomach turned after he witnessed what took place there. [Laughter.] That was not all, Mr. President.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. WILEY. I decline to yield at this time. I wish to say that that was not all. The country then saw for the first time who it was that 3 years ago and 4 years ago became the exponent of the third term. Senators know that Mr. Roosevelt keeps his promise. He is the great man who keeps his promises to those who serve him. When we look at the Democratic platform of 1932 and compare it with the performance, we see there is not one promise kept. But he kept this one, because he "ordered," that the Secretary of Agriculture be placed on the ticket. I use that word "ordered" because it was given to me by gentlemen of the opposition. The convention was ordered to do that, and once again the convention got a case of nausea. However, they obeyed that order because they had been trained that way, trained to say, "Yes, yes, yes, yes," and all the time down

in the bowels of the earth, underneath the convention hall, there was the superintendent of the sewers of Chicago, manipulating his loud-speaker outfit so that it would be Roosevelt and Wallace; Roosevelt and Wallace. And the loud speakers kept it up, "Roosevelt and Wallace."

Well, Senators, you asked for it. You might as well have the facts. That is what took place.

Now Senators say that Mr. Willkie had endorsed all of Mr. Roosevelt's policies. Again there must be a serious mistake. Mr. Willkie has eliminated to a large extent this question that might have been precipitated into the campaign, and Senators should honor him for it. He has eliminated the question of whether there shall be unity in America on one of the great fundamental propositions. Senators should not get up and attempt to paint him or plaster him for that.

But he does not agree with the way the Executive handled the foreign policy of this country, and while he says you have used certain palliatives, you have made the disease chronic. Any doctor who took a patient who had suddenly become sick because of something that had occurred, and after 7½ years had not cured the patient, would be fired very quickly by any one of us. We would not wait that long before firing him. I think the American people are waking up to that situation, unless the doctor has a strangle hold on the patient, unless he has used the Treasury of the United States and is feeding so many persons with the people's money that they have developed a dependency, or unless—pray God it will not be true—that the morale of this people has become weakened, because they have gotten away from initiative and independence and creative judgment, to where they have become dependent on government; unless government pap is of such a character that it can hold sway over the electorate; unless the influence, in spite of the Hatch Act, of some of your Government agencies still controls the electorate.

We have had our experience with the W. P. A., and we know how the poor folks are whipped into line. I heard the Senator from West Virginia [Mr. NEELY] make a statement as to West Virginia voters. I will make a statement about West Virginia. Sunday I took the ferry over from Annapolis and into Maryland, and on that day there were three distinguished citizens from West Virginia on the ferry, all of whom said they had voted for Roosevelt, but they would not vote for Roosevelt again. I asked, "Why." They said, "Because of the third term."

Oh, consistency, thou art indeed a jewel.

Listen to this, and I call the attention of the Senator from Tennessee. The Senator from Wisconsin [Mr. LA FOLLETTE] introduced a resolution in 1928, which is to be found on page 2842 of the CONGRESSIONAL RECORD of February 10, 1928. Here is the resolution:

Resolved, That it is the sense of the Senate that the precedent established by Washington and other Presidents of the United States in retiring from the Presidential office after their second term has become, by universal concurrence, a part of our Government, and that a departure from this custom would be unwise and unpatriotic and fraught with peril to our great institutions.

There I find among other names the name of the distinguished senior Senator from Tennessee [Mr. MCKELLAR], who voted "yea" on that resolution, and the names of many other Senators.

Mr. President, I wish now to comment on that, because it throws a little light on the situation involved in this debate. Did Senators vote in favor of that resolution because of political expediency, or did they have convictions at that time? And now, when they are endorsing their leader for a third term, is it a question of expediency or conviction?

At that time they saw—and listen to this language—that to support a man for a third term in the White House—

would be unwise and unpatriotic and fraught with peril to our great institutions.

Mr. President, I endorse that resolution. I think the Senate of the United States, when it adopted the resolution, with the aid of the Senator from Tennessee, spoke the heart of America, and I think today if the heart of America could speak, without being swayed by illogical statements and arguments that are not related to the issue, America would once more endorse the conclusion of the statement then endorsed by the Senator from Tennessee and other distinguished Senators.

Is it not strange, Mr. President, after $800,000,000 was gotten in the Tennessee Valley—is it not strange after this country has gone into debt $20,000,000,000 more than it was in debt when the President took office—is it not strange that a bureaucracy topping the highest point in numbers in our history, running over a million employees—in view of all that is it strange that men cannot be consistent, cannot be held to their convictions?

Mr. President, just a word more in relation to the Republican candidate. I said this country needs a man who can do things, a man who can balance budgets, a man who can build; but I wish to say more than that, it needs a man with conviction, conviction on several important matters. First, he must have an understanding of finance and the value of the dollar, as well as an understanding of the position of a trustee. How does one get such an understanding? By handling other people's business, by going through the school of hard knocks, by graduating from the university of experience, not simply by taking the easy road paved by someone else.

What this country needs more than anything else is a man of common sense, a man of practicality, a man who can do things economically, a man who can build. As the president of utility companies it was Mr. Willkie's duty as a trustee to test out the debatable question as to whether or not the T. V. A. was constitutional. He accepted the Court's decision.

Much has been said about Mr. Willkie spending $22,000. I wish the people of the country to know that the people's Treasury has spent between $700,000,000 and $800,000,000 for one little valley down in the Tennessee region. It is the people's money which was spent down there. While I have not the exact proportion, in order to adjust rates so that electricity could be sold more cheaply than a private concern could sell it, the Government took about 40 percent of the cost of $700,000,000 or $800,000,000 and said, "We will charge that to flood control, navigation, and so forth."

If any utility in the world had a $1,000,000 investment, or a $1,000,000,000 investment, and someone should come along and say, "We will give you 40 percent of that," the company could sell electricity much more cheaply. It could afford to reduce by 40 percent the return which it must have. Did I hear the distinguished Senator from Tennessee say anything about that? No; but I should like to have the people of the country know that they have put about $700,000,000 or $800,000,000 into the Tennessee Valley, and that about 40 percent, or $320,000,000, has been deducted and charged to flood control and navigation in the Tennessee Valley. The people will never get a return on that investment; but the Government is saying, "When we fix the rates we will charge only the rate we ought to have on 60 percent of the investment." So it is easy to camouflage a fact, or state a half truth. I should like to have the country know just what the situation is in that connection.

We are in the midst of a campaign; and I hope that after today it will be fought outside the Senate. However, I give notice that every time any Senator rises and by slur or innuendo, or the use of the paint brush, attempts to impugn the character of a man who is not present—I do not care whether he be a Senator or anyone else—I shall rise to his defense.

Mr. MINTON. Does that include Mr. Roosevelt?

Mr. WILEY. Does the Senator wish me to speak on that subject?

Mr. MINTON. Yes.

Mr. WILEY. I will say, using the words of Bob Ingersoll, that Mr. Roosevelt has so many able defenders in this audience that he does not need my defense. Many times in the past, when he had no defender, I have defended some of his positions.

Mr. McKELLAR and Mr. STEWART rose.

Mr. WILEY. I shall be glad to be asked any questions by the distinguished senior Senator from Tennessee or the junior Senator from Tennessee.

Mr. McKELLAR. Will the Senator give us his authority? He said someone gave him a list of excerpts from the RECORD, which he was supposed to read, but which he did not read.

Mr. WILEY. Mr. President, I read the list into the RECORD. I gave the volume, the page, and the date. I have never yet seen a Scotchman who, with that information, could not get to the bottom of things. [Laughter.]

Mr. McKELLAR. I am not a Scotchman. I am an American of Scotch ancestry, and I propose to get to the bottom of the matter. I shall show that the Senator, in making his assault upon me this afternoon, is wholly without the RECORD. He has not made a statement which was true, and I think he ought to withdraw what he has said. If he is an honorable man, he will do it. If he is not an honorable man, he will not do it.

Mr. WILEY. Mr. President——

Mr. STEWART. With that statement, I think that anybody, whether a Scotchman or otherwise, can thoroughly understand and get to the bottom of things, as the Senator has suggested.

Mr. WILEY. I did not catch the remarks of the junior Senator from Tennessee.

Mr. STEWART. I shall be glad to repeat them if the Senator will yield.

Mr. WILEY. Just a moment. Let me answer the senior Senator from Tennessee. One at a time is the rule in the Senate. I exact that right.

The PRESIDING OFFICER. The junior Senator from Tennessee will suspend until he is properly recognized. The Senator from Wisconsin has the floor and declines to yield to the junior Senator from Tennessee. Any remarks by the junior Senator from Tennessee are out of order. The Senator from Wisconsin has the floor. Does he yield to the senior Senator from Tennessee?

Mr. WILEY. I will yield as soon as I shall have had an opportunity to reply to his statement.

The PRESIDING OFFICER. The Senator from Wisconsin declines to yield at this moment.

Mr. WILEY. So far as the senior Senator from Tennessee is concerned, if I have said anything which does not square with the RECORD, I shall be very happy to retract what has been said. I will say to the Senator that I admire him. I think he is a fine gentleman. He is a wonderful advocate. He has obtained more out of the Treasury of the United States for his State than any half dozen other Senators. I will say further——

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Tennessee?

Mr. WILEY. I shall be glad to yield after I shall have answered.

I wish to say further that in discussing this matter I did not indulge in any personalities. I quoted from the RECORD. I gave the page, the volume, and the date. If there is any misstatement, we shall have it checked, and if the RECORD does not square with my statement I shall be the first one to clear up any misrepresentation.

Mr. President, we must remember that Mr. Willkie was not present today. We must remember also that an attack was made on him on the basis of what he said to the people in relation to the Bonneville Dam. Mr. Willkie said that with relation to such large plants he was in favor of cheap power at Federal dams. When the insinuation was made that Mr. Willkie's word could not be taken, I say that was not a very clean way of approach. I say further than when the statements which I put in the RECORD give the Senator's words, and give the exact words of his colleague in the Senate at that time as to what his position was, I cannot see that that is a question of personal privilege, or an attack on the Senator by me. "Consistency, thou are a jewel." Consistency does not obtain in any of us.

I shall be very happy to yield to the senior Senator from Tennessee, or to the junior Senator from Tennessee.

Mr. McKELLAR. Does the Senator yield the floor?

Mr. WILEY. I yield for a question or a comment.

Mr. McKELLAR. I will wait.

Mr. WILEY. I shall be glad to yield to the junior Senator from Tennessee, or to the majority leader, or to any other Senator, who wishes to comment or ask a question on anything I have said.

Mr. McKELLAR. Will the Senator answer my question? I asked it before, and the Senator did not answer it. From whom did he obtain the record of excerpts? Who gave it to him? The Senator said that someone gave him a list of excerpts from the RECORD. Will the Senator give us the name of his informant?

Mr. WILEY. No; I will not say who told me. I will simply say that the RECORD is available. Let us make it clear that the RECORD to which I refer is the CONGRESSIONAL RECORD, which anyone may examine and read.

Mr. McKELLAR. The Senator did not read it, except in one instance, and that was not anything I had said, but something which Senator Heflin had said concerning the Norris bill. No one was more against the Norris bill than was Senator Heflin at that time.

The Senator is a new Member. He may be excused for making the kind of argument he has just made. He did not defend his champion, Mr. Willkie. He simply abused the other side. Everybody knows the old story about the lawyer who, when he had no case, jumped on the lawyer on the other side. The Senator did not defend Mr. Willkie. He simply undertook to refer to statements from the RECORD——

Mr. WILEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I shall be glad to yield in a moment. The Senator referred to statements from the RECORD which evidently he had not examined. Evidently he does not know anything about the matter. Evidently he had never looked into the questions which came up at that time. He was not a Member of the Senate at that time. He could not have remembered what happened. He had never read the RECORD. He said he obtained a list of excerpts from a memorandum which had been handed to him; and when I asked him when it was handed to him, and by whom, he would not give his authority. I do not think that is a fair method of discussion of the subject.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. WILEY. I merely wish to ask the Senator a question. Does the Senator think he treated Wendell Willkie with toilet water?

Mr. McKELLAR. I did not make Mr. Willkie's record. I quoted what Mr. Willkie said. I did not first make Mr. Willkie a Democrat, and afterward get him into the Republican Party. I did not have anything to do with that. That is a sin which cannot be visited upon me. I did not know to what party he belonged; and I did not care.

I see the Senator from Michigan [Mr. VANDENBERG] is moving away from me. [Laughter.] I shall not run him out of the Chamber, as Willkie ran him out of the convention at Philadelphia. [Laughter.]

Mr. WILEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. WILEY. The distinguished Senator said he quoted Mr. Willkie. I referred to quotation after quotation from what the Senator said——

Mr. McKELLAR. Oh, no.

Mr. WILEY. I referred to what Senator Underwood and other distinguished Senators said.

Mr. McKELLAR. The Senator quoted what Senator Underwood said.

Mr. WILEY. I quoted from what Senator Underwood and other distinguished Senators said about the matter.

Mr. McKELLAR. The Senator quoted what Senator Underwood and others said about me, but he did not quote what I said. He merely stated what somebody had told him I had said. As a matter of fact, those of us who were Members of

the Senate at that time recall what took place. I see the Senator from Nebraska [Mr. NORRIS] in the Chamber. He will recall that there was a filibuster against his bill. He will also recall that the reason for the filibuster was that I thought Tennessee had not been treated fairly in the bill. The next year, after that bill was defeated, the Senator from Nebraska realized that the position which I took in that debate was correct, because he inserted in the bill a provision for compensation to the State of Tennessee for the use of the waters of the Tennessee River.

It is in the law now; the very provision that I fought and filibustered for in this body at that time is in the law at this very moment, except that it has been modified in a way for the benefit of the people of my State. I admire the Senator from Nebraska extravagantly for his broad vision in being willing to accept an amendment which he evidently considered to be fair. I repeat, it is in the law now, and if the Senator wants to read it he can do so. I fought for what I thought to be right at that time.

I never in my life was in favor of Mr. Underwood's proposal for the Alabama Power Co. to receive the benefits of the Muscle Shoals Dam. I was for a short time for the Ford offer until Mr. Ford withdrew it; and after that time I joined the Senator from Nebraska in fighting for the improvement of the Tennessee River by the Government building all the dams from Muscle Shoals on down; indeed, if the record will be examined, it will be found that when I was a Member of the other House in 1916, 24 years ago, I offered the first amendment that was ever offered for the improvement of the Tennessee River at Muscle Shoals. It was afterward taken up by the Senator from South Carolina [Mr. SMITH] in this body. The Senator from South Carolina is still here. It is the law and was introduced by the Senator from South Carolina and not by me. My measure was defeated in the other House by Mr. John McKenzie and Mr. Nicholas Longworth, distinguished Republican Members of the House at that time; but in the Senate substantially the same provision was offered by the Senator from South Carolina and is the law today. It provided for the first improvement of that river. I have been for the Government control and the Government improvement of that river ever since the year 1916.

Of course, the Senator from Wisconsin is entirely mistaken. When I see the RECORD in the morning I will examine the references which he cites, but which he probably never examined, and I think I will show conclusively not only to him but to every other Member of the Senate that he is wholly mistaken in the attitude he would ascribe to me.

The PRESIDING OFFICER. The clerk will state the first amendment reported by the committee.

The LEGISLATIVE CLERK. On page 3, after line 2, it is proposed to strike out:

(b) Notwithstanding any of the provisions of subsection (a), no person shall be covered into the civil service, appointed, transferred, or promoted to, any position covered into the classified civil service under the provisions of section 1 of this act, if such person is from a State whose quota of positions in the classified civil service is more than filled unless and until the quota of all States whose quota of positions in the classified civil service is unfilled has become filled. As used in this section the term "State" includes a Territory and the District of Columbia.

And to insert:

(b) That from and after the effective date of this act any person who shall have served for 4 years as a clerk or assistant clerk to a Senator, Representative, Delegate, or Resident Commissioner, or as a clerk or assistant clerk to a standing committee of the Senate or House of Representatives or as a clerical or administrative employee under an officer of the Senate or House of Representatives and who terminates his services without prejudice, shall acquire, upon such tests of fitness as the Civil Service Commission may prescribe, a classified civil-service status for transfer to a position in the clasified civil service, notwithstanding any contrary provisions of the civil service laws or regulations: *Provided*, That any individual who may hold such a position in the legislative branch must obtain such transfer within 2 years from the date of separation of service, and nothing in this act shall be construed to impair any right of transfer provided for under the civil-service laws or regulations made thereunder.

Mr. ELLENDER. Mr. President, I do not think the Senate should adopt the committee amendment that has just been read; that is, the amendment to strike out lines 3 to 12, inclusive, on page 3, embracing subsection 2 (b). The question involved in that subsection was thoroughly discussed by the lower House and that body saw fit to retain the provision in the bill. The subsection deals with the question of apportionment.

I discussed the subject yesterday to some extent and attempted to point out that the original act which was passed in 1883 contained a specific provision to the effect that all employees coming within the purview of the act and who were employed in the city of Washington should be apportioned among the States in proportion to population.

That part of the act was abused to a great extent in the past, and, as I attempted to point out yesterday, steps have been taken by the Civil Service Commission in recent years to remedy that condition. The Commission has made good progress along that line, and now, if we strike out the subsection of the bill contained on page 3, from lines 3 to 12, it will mean a return, to a certain extent, to the conditions which prevailed prior to 1933.

The subsection of the House bill which deals with apportionment, and which the pending committee amendment seeks to eliminate, is very simple, and is in conformity with the law as now written. Let me read it to the Senate.

(b) Notwithstanding any of the provisions of subsection (a), no person shall be covered into the civil service, appointed, transferred, or promoted to, any position covered into the classified civil service under the provisions of section 1 of this act, if such person is from a State whose quota of positions in the classified civil service is more than filled unless and until the quota of all States whose quota of positions in the classified civil service is unfilled has become filled. As used in this section the term "State" includes a Territory and the District of Columbia.

Mr. SCHWELLENBACH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SCHWELLENBACH. The amendment on page 3 proposes to strike out the provision of the House bill and insert an amendment upon an entirely different subject. Since I have been a Member of this body I do not recall seeing this sort of a situation being presented. My inquiry is whether or not it is possible to have a division of the question in such a way that those who might be in favor of the House provision and still be in favor of the Senate committee amendment could vote for both of them. As it now stands, a Senator might be in favor of what is inserted by the Senate committee and also be in favor of the provision adopted by the House but would have no opportunity of voting on the matter.

The PRESIDING OFFICER. The Chair rules that the proposal to strike out and the proposal to insert cover two altogether separate matters. It is not an amendment to strike out and substitute something else in its stead but to strike out one provision and insert another provision on a different subject, and the two provisions are in fact separate and distinct amendments. The question before the Senate therefore is the motion to strike out lines 3 to 12 on page 3.

Mr. ELLENDER. That is my understanding of the parliamentary situation. There is no relationship between the amendment I am discussing and the amendment to insert new matter. It was a mistake, most probably, on the part of the desk to treat the two proposals as one amendment. The amendments must be considered separately.

Mr. President, to again refer to the question of apportionment, why that proposition has been a part and parcel of the civil-service law since its enactment. It is still in the existing law, but now we are being asked to sanction a violation of that statute.

In the pamphlet to which I referred yesterday, entitled "General Information Regarding the United States Civil Service," being Form 2346, on the question of apportionment, the Civil Service has this to say:

The Civil Service law requires that, as nearly as the conditions of good administration will warrant, appointments to positions in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained in the last preceding census.

In order that appointments to positions in the departments at Washington may be so apportioned, appointments are charged to the several States and Territories according to the residence of the appointees; and whenever a person becomes separated from the service, the State to which his appointment stands charged is credited. Eligibles granted veterans' preference are not subject to the apportionment, but they cannot be certified for appointment to apportioned positions until they have furnished the evidence of residence required by statute.

This is a declaration from the Civil Service Commission as to its stand on apportionment. If we should pass this bill without the subsection which was inserted by the House, we would be legislating contrary to the provisions of the apportionment law, and we would be aggravating, as it were, the discrepancies which now exist among the apportionment quotas of the various States of the Union.

Let me point out the apportionment situation to the Senate; and I ask the attention of Senators with reference to the figures for their respective States. I read from page 4 of the report submitted to the Senate by the Senate Committee on Civil Service:

The Virgin Islands are entitled to nine positions under the apportionment. None has been allotted.

Puerto Rico is entitled to 650 positions under the apportionment. It has been allotted 46 positions.

California is entitled to 2,392 positions under the apportionment. It has 857 positions.

Texas is entitled to 2,454 positions under the apportionment. It has received 997 positions.

Michigan is entitled to 2,040 positions under the apportionment. It has 991 positions.

Louisiana is entitled to 885 positions under the apportionment. It has been allotted 422 positions.

Arizona is entitled to 183 positions, and has been allotted 101. South Carolina should have 732 positions, and has received only 409. New Jersey is apportioned 1,702 positions, and has been given 999. Ohio is entitled to 2,800 positions, and has gotten only 1,700. Mississippi should have 847 positions, and has only 518. Alabama is entitled to 1,115 positions, and has been given only 691. Arkansas has a quota of 781 positions, but only 493 appointments. Oklahoma has a quota of 1,009 positions, and only 648 appointments. Georgia is entitled to 1,225 positions, and has received 796.

And so on down the line, Mr. President—the list furnished by the Civil Service Commission shows that as of February 29, 1940, 33 States and the 4 Territories of Virgin Islands, Puerto Rico, Hawaii, and Alaska were in arrears on their apportionment quotas of departmental jobs, while 15 States and the District of Columbia were ahead of their quotas.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Michigan.

Mr. VANDENBERG. What would be the mechanics of working this thing out? I cannot quite see through it. Would the examinations hereafter be confined to the States which are below quota? How would the Senator be sure to have persons appointed in accordance with the quotas?

Mr. ELLENDER. No, Mr. President; there are eligible lists for each State. The United States has been divided into 12 civil-service districts. For instance, my State is in the tenth district. Examinations are held from time to time for stenographers, typists, and other types of employment, the applicants take the examinations, and those who pass are placed on civil-service registers, the grades they make determining their relative positions on the registers. Whenever a position is open it is the duty of the Commission to select the appointee from one of those registers, but it must also try to apportion the jobs among the States according to population; that is, with respect to jobs that are located in the city of Washington.

The Civil Service Commission in the past, however, has not abided by the apportionment provision of the law. As a result, most of the positions have been given to applicants who live in the city of Washington and the nearby States. As I pointed out on yesterday, the State of Virginia has over twice the number of jobs it ought to have. The District of Columbia is entitled to 205 jobs, and it has 8,873 jobs.

Mr. VANDENBERG. Mr. President, I completely sympathize with the Senator's objective, but I do not see how the mechanics would work. Let us say there is a vacancy in a clerkship, and there is an eligibility roster for that clerkship with 300 eligibles on it, and half of those eligibles are from States which are under quota. How is it decided which eligible from which State is entitled to the job?

Mr. ELLENDER. I am assuming that if the Civil Service Commission were desirous of carrying out the law as it is written, the position would first be offered to applicants from States that have the least numbers of jobs. It is practicable to accomplish that object. I know that in my own State we have a list of eligibles almost as long as my arm, and yet when the time comes for jobs to be filled they are usually filled by persons from other States. How that is done, I do not know, but I have suspicions. It may be that persons with a little more influence are able to get the jobs, I do not know, and I do not want to accuse anybody; but I know that the law is not followed with respect to apportionment. I know that thousands of persons who would be covered by this bill if it were enacted as presently drafted are from nearby States which have large quotas, in fact quotas far in excess of their prorata share, and by the enactment of this bill we would further aggravate that situation.

As I said, the House saw fit to incorporate in the pending bill the provision calling for apportionment—in other words, restating the desire of the Congress that departmental jobs be allocated to the various States on a population basis, and asking the Commission to apportion these new jobs to the various States so as to overcome the shortages in State quotas to which I have just referred.

Mr. VANDENBERG. Does the law also provide that the eligibles on the roster shall be taken in order of their seniority?

Mr. ELLENDER. The law provides that a list of three applicants, the three highest in grade, shall be submitted to the departmental head, and the departmental head makes the selection from one of the three highest.

Mr. VANDENBERG. Theoretically, are not those three the senior three on the eligibility list?

Mr. ELLENDER. That is correct.

Mr. VANDENBERG. That is what I was trying to find out.

Mr. ELLENDER. But the appointing power, the departmental head, is not obliged to select number 1.

Mr. VANDENBERG. I understand.

Mr. ELLENDER. He may select number 3 if he desires. The choice is left to him.

Mr. VANDENBERG. What I am getting at is, then the requirement for seniority might collide with the requirement for apportionment?

Mr. ELLENDER. That may be true and it may occur.

Mr. VANDENBERG. In that event, which would take priority?

Mr. ELLENDER. Under the present set-up there may be a conflict, as I have just indicated, but the Commission could make its eligible lists so that each State would have a list from which positions could be filled for department jobs in the District of Columbia. If such a list were in existence, there would be no difficulty in carrying out the intent and purpose of the law. Each State has an eligible list of persons who have taken the examination for field work, for stenographic work, for accounting—in fact, for work in all the various departments of Government. The Civil Service Commission has a list of all of those persons; and it would be a very easy matter for it to select persons from these States for the vacancies if only they tried to do so. It would be an easy matter to fill the various quotas, I am sure, provided the jobs are there, and this pending bill provides those jobs. I am simply asking that this amendment as to apportionment, which was considered and agreed to by the lower House, be agreed to by the Senate, so that the discrepancies to which I have just referred will not be further provoked.

Mr. WHITE. Mr. President, I have no previous predilections concerning this matter. What little I know about it was learned from the hearings before the committee.

The testimony before the committee persuaded me in the committee that I should vote for the elimination of the House provision. Further consideration of the matter has confirmed me in the judgment that the Senate committee acted wisely in striking the House provision from the bill. I think the committee of the Senate should be sustained at this time by this body.

Mr. President, I take it we may all safely assume that the Civil Service Commission is not interested in Michigan or Louisiana or Maine or any other particular section of the country, but is concerned in efficient administration of the affairs of the Government of the United States.

Let me say, in the first instance, that there is some misapprehension as to the law. The provision for the distribution of civil service places among the States in proportion to population is not a mandatory provision of law at all; it is merely a preference statute. The Civil Service Commission in making a report in writing to the committee said, and I read from a written communication sent to the chairman of our committee from the president of the Civil Service Commission:

> It may be pointed out at the outset that under existing law the apportionment clause of the Civil Service Act is not mandatory but operates merely as a preference statute. The Civil Service Act of 1883 confers upon the President authority to promulgate civil service rules and provides:
> "Among other things, said rules shall provide and declare as nearly as the conditions of good administration will warrant as follows:
> "* * * Appointment to the public service aforesaid in the departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census * * *."

Then the Commission proceeds:

> Pursuant to this mandate of the statute, section 3 of civil service rule VII was promulgated by the President, reading as follows:
> "Apportionment.—Certification for appointment in the departments or independent offices at Washington shall be so made as to maintain, as nearly as the conditions of good administration warrant, the apportionment of appointments among the several States and Territories.

I emphasize the following words:

> As nearly as the conditions of good administration warrant, the apportionment of appointments among the several States and Territories.

Mr. President, I have read that much to bring to the attention of the Senate that the provision suggesting apportionment among the States is not a mandatory provision of law, but is a rule to be followed so far as good administration and efficient administration make it practicable.

The commission itself through its president in the report states very definitely that—

> In the absence of any national emergency which would again require the appointment of persons without regard to residence, no reason is seen why further progress along this line should not be made under the existing provisions of the apportionment law. The Commission believes that the amendment contained in section 2 (b) of H. R. 960 is not administratively feasible and earnestly recommends that consideration be given to its deletion from the bill.

Just before that language in the Commission's report, the Commission gave some illustrations of the progress which has been made during recent years in bringing out equality of representation in the service in Washington according to population. It tells us that a great dislocation came about during the time of the World War when there was a tremendous expansion, hurriedly made, in the governmental service in the District of Columbia.

In 1933, for illustration—and there are figures for all of the States, but three States are mentioned as illustrative—the State of Virginia had 344 percent of its quota. That has been dropping until in January 1940 it had 207 percent. Very definite progress has been made toward bringing Virginia in line with the quota contemplated.

Maryland, another nearby State, in 1933 had 475 percent of its quota. In January of this year Maryland had 313 percent of its quota.

In 1933 the District of Columbia had 8,165 percent of its quota. In January of this year it had only 4,400 percent of its quota.

These figures do not indicate the accomplishment of what should be brought about, but they indicate a very definite forward movement toward bringing back the several States of the Union to the desired equality of representation in the governmental service.

When the President of the Civil Service Commission appeared before the committee to testify orally he recognized that, while these discrepancies existed, he asserted that the Commission was, so far as practicable, and so far as it could be accomplished with proper regard for sound administration, constantly seeking to bring about the desired equality among the States based upon population.

Coming to the amendment which appeared in the House bill and which the Senate committee has stricken from the bill, the President of the Commission made this statement:

> Mr. MITCHELL. Now, under the Keller-Nichols amendment it would require the Civil Service Commission to include within the classified civil service only persons from States in arrears. That means, from our viewpoint, a practically impossible situation.

He took a particular State to illustrate what was in his mind:

> For instance, at the present time, in the State of West Virginia, there are 13 places in arrears, or 13 positions that could be appointed from the State of West Virginia, but there may be 40 persons from the State of West Virginia in some particular agency, or all the agencies together, and the Commissioners have no way of deciding which 13 of those 40 should be classified. The same applies through practically all the States.

Then he proceeded:

> Under the present apportionment the States in arrears are assigned altogether 12,675 places. We estimate that under this bill somewhere between 125,000 and 150,000 positions would eventually be brought under the civil-service law. Now, we would have to fill all those 12,000 positions, including 604 from Puerto Rico and 9 from the Virgin Islands, before we could classify persons from the States that are in excess. Practically speaking, it is just an impossibility, from the administration standpoint, as we see it.

Mr. President, that written testimony of the president of the commission, and the oral testimony of the president of the commission, and other testimony to like effect, persuaded me, as I believe it persuaded other members of the Committee on Civil Service of the Senate, that what was proposed by the Kellogg-Nichols amendment was an impossible thing, not making contribution to good administration, but confusing and confounding the administration of the departments in Washington.

Mr. President, I think the committee amendment should have the approval of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee to strike out lines 3 to 12, inclusive, on page 3. [Putting the question.] The noes appear to have it. The noes have it, and the amendment is rejected.

Mr. MEAD. Mr. President, a parliamentary inquiry. I did not quite understand what happened to the committee amendment.

The PRESIDING OFFICER. The amendment was rejected.

Mr. MEAD. There seems to be some confusion. Was the committee amendment agreed to?

The PRESIDING OFFICER. It was rejected.

Mr. MEAD. I ask for a division.

Mr. ELLENDER. It is too late. The Chair has announced the vote.

The PRESIDING OFFICER. It would be too late, unless the action taken by the Senate were reconsidered.

Mr. MEAD. I move that the vote by which the amendment was rejected be reconsidered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the committee amendment on page 3, to strike out lines 3 to 12, inclusive.

Mr. WHITE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHITE. I understood the parliamentary situation to be that on the vote just taken the committee amendment was agreed to. Am I right?

The PRESIDING OFFICER. The committee amendment was rejected, and then a motion to reconsider the vote by which the amendment was rejected prevailed. Now the question is on agreeing to the amendment of the committee.

Mr. ELLENDER. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. What is the status of the motion to reconsider?

The PRESIDING OFFICER. The motion was agreed to. The question now is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The LEGISLATIVE CLERK. The next amendment of the committee was on page 3, after line 12, to insert the following:

(b) That from and after the effective date of this act any person who shall have served for 4 years as a clerk or assistant clerk to a Senator, Representative, Delegate, or Resident Commissioner, or as a clerk or assistant clerk to a standing committee of the Senate or House of Representatives or as a clerical or administrative employee under an officer of the Senate or House of Representatives and who terminates his services without prejudice, shall acquire, upon such tests of fitness as the Civil Service Commission may prescribe, a classified civil-service status for transfer to a position in the classified civil service, notwithstanding any contrary provisions of the civil service laws or regulations: *Provided*, That any individual who may hold such a position in the legislative branch must obtain such transfer within 2 years from the date of separation of service, and nothing in this act shall be construed to impair any right of transfer provided for under the civil-service laws or regulations made thereunder.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next committee amendment was, under the heading "Title II—Extension of Classification Act," on page 8, line 6, after the word "amended", to insert a comma and "including those offices and positions transferred under the provisions of the Act of Congress approved April 3, 1939, to the Department of State by part 1, section 1, of Reorganization Plan Numbered II, effective July 1, 1939"; on the same page, line 14, after "(46 Stat. 1207)", to insert a comma and "including those offices and positions transferred under the provisions of the Act of Congress approved April 3, 1939, to the Department of State by part 1, section 1, of Reorganization Plan Numbered II, effective July 1, 1939"; after line 18, to strike out:

(viii) Offices or positions of commercial attachés, assistant commercial attachés, trade commissioners, and assistant trade commissioners in the Foreign Commerce Service of the Department of Commerce, the compensation of which is fixed under an Act of Congress approved March 3, 1927 (44 Stat. 1394), as amended;

On the same page, line 25, before the word "Offices", to strike out "(ix)" and insert "(viii)"; on page 9, line 6, before the word "Offices", to strike out "(x)" and insert "(ix)"; in line 11, before the word "Offices", to strike out "(xi)" and insert "(x)"; and in line 17, before the word "offices", to strike out "(xii)" and insert "(xi)"; so as to make the section read:

SEC. 3. (a) Subject to the limitations contained in this section, whenever the President, after such classification and compensation surveys or investigations as he may direct the Commission to undertake, and upon consideration of the Commission's resulting reports and recommendations, shall find and declare that an extension of the provisions of the Classification Act of 1923, as amended, to any offices or positions in the agencies of the Government is necessary to the more efficient operation of the Government, he may by Executive order extend the provisions of the Classification Act of 1923, as amended, to any such offices or positions not at the time subject to such provisions: *Provided*, That in the case of any federally owned and controlled corporation organized under the laws of any State, Territory, or possession of the United States (including the Philippine Islands), or the District of Columbia, the President is authorized to direct that such action be taken as will permit the compensation of such offices or positions to be fixed in accordance with the Classification Act of 1923, as amended, consistently with the laws of any such State, Territory, or possession, or the District of Columbia, or with the charter or articles of incorporation of any such corporation.

(b) Whenever the President, upon report and recommendation by the Commission, shall find and declare that one or more officers or positions to which the Classification Act of 1923, as amended and extended, is applicable, may not fairly and reasonably be allocated to the professional and scientific service, the subprofessional service, the clerical, administrative, and fiscal service, the custodial service, or the clerical-mechanical service, as described in the Classification Act of 1923, as amended, he may by Executive order prescribe and define such additional classification services and grades thereof as he may deem necessary and shall describe, and fix the ranges of compensation for, the grades of such services within the limits of the Classification Act of 1923, as amended, so that they shall be comparable, as nearly as may be, with the grades in said act, as amended, for offices or positions that are comparable as to duties, responsibilities, qualifications required, and other conditions of employment.

(c) Whenever the President, upon report and recommendation by the Commission, shall find and declare that the rates of the compensation schedules of the Classification Act of 1923, as amended, are inadequate for any offices or positions under such act, as amended and extended, he may by Executive order establish necessary schedules of differentials in the rates prescribed in such compensation schedules, but the differentials in the compensation of any such office or position shall not exceed 25 percent of the minimum rate of the grade to which such office or position is allocated under such compensation schedules: *Provided*, That the provisions of this subsection shall be applicable only to such offices or positions having the following characteristics:

Offices or positions which are located at stations that are isolated, remote, or inaccessible when compared with stations at which offices or positions of the same character are usually located, or which involve physical hardships or hazards that are excessive when compared with those usually involved in offices or positions of the same character, or which are located outside the States of the United States and the District of Columbia: *Provided further*, That nothing herein contained shall preclude the Commission from taking the factor of isolation, hardship, hazard, or foreign service into consideration in allocating a given class of offices or positions to a service and grade under the Classification Act of 1923, as amended, if such factor is uniformly involved in each office or position in the class, in which event no differential is authorized under this section.

(d) Except as Congress may otherwise provide by law, the power granted to the President by this section shall not apply to the following:

(i) Offices or positions in the Postal Service the compensation of which is fixed under an act of Congress approved February 28, 1925 (43 Stat. 1033), as amended;

(ii) Offices or positions of teachers, librarians, school-attendance officers, and employees of the community-center department under the Board of Education of the District of Columbia, the compensation of which is fixed under an act of Congress approved June 4, 1924 (43 Stat. 367), as amended;

(iii) Offices or positions in the Metropolitan Police, in the Fire Department of the District of Columbia, and in the United States Park Police, the compensation of which is fixed under an act of Congress approved July 1, 1930 (46 Stat. 839);

(iv) Commissioned officers and enlisted personnel in the military and naval services and the Coast Guard, and commissioned officers in the Public Health Service and the Coast and Geodetic Survey, the compensation of which is fixed under an act of Congress approved June 10, 1922 (42 Stat. 625), as amended;

(v) Offices or positions in the Government Printing Office, the compensation of which is fixed under an act of Congress approved June 7, 1924 (43 Stat. 658);

(vi) Offices or positions of foreign-service officers in the Foreign Service of the United States, the compensation of which is fixed under an act of Congress approved May 24, 1924 (43 Stat. 140), as amended, including those offices and positions transferred under the provisions of the act of Congress approved April 3, 1939, to the Department of State by part 1, section 1, of Reorganization Plan No. II, effective July 1, 1939;

(vii) Offices or positions of clerks in the Foreign Service of the United States, the compensation of which is fixed under an act of Congress approved February 23, 1931 (46 Stat. 1207), including those offices and positions transferred under the provisions of the act of Congress approved April 3, 1939, to the Department of State by part 1, section 1, of Reorganization Plan No. II, effective July 1, 1939;

(viii) Offices or positions of verifiers-openers-packers, clerks, guards, inspectors, station inspectors, and laborers in the Customs Service of the Treasury Department, the compensation of which is fixed under an act of Congress approved May 29, 1928 (45 Stat. 955), as amended;

(ix) Offices or positions of inspectors in the Immigration and Naturalization Service of the Department of Labor, the compensation of which is fixed under an act of Congress approved May 29, 1928 (45 Stat. 954), as amended;

(x) Offices or positions the duties of which are to serve as an officer or member of the crew of a vessel, except that the President may, by Executive order, extend the provisions of the Classification Act of 1923, as amended, to offices or positions in the Bureau of Lighthouses; and

(xi) Offices or positions the duties of which are to perform the work of an apprentice, helper, or journeyman in a recognized trade or craft, or other skilled mechanical craft, or the work of an unskilled, semiskilled, or skilled laborer, except that whenever such offices or positions involve work in the regular custody, operation, or maintenance of a Government building, or other Government property, or work which is subordinate, incidental, or preparatory to work of a professional, scientific, or technical character, the President, upon a finding that the characteristics and working conditions of such offices or positions render them substantially the same as comparable offices or positions in the District of Columbia included within the Classification Act of 1923, as amended, may by Executive order extend the provisions of such act to include them.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is open to further amendment.

Mr. MEAD. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 10, before the period, it is proposed to insert the following:

Or to any position to which appointments are made by the President by and with the advice and consent of the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. ELLENDER. Mr. President, I send to the desk a substitute for that amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

Mr. BYRD. Mr. President, I should like to ask the Senator from New York to explain his amendment.

Mr. MEAD. Mr. President, the purpose of the amendment which I have sent to the desk——

The PRESIDING OFFICER. The Chair will say that the amendment in the nature of a substitute presented by the Senator from Louisiana should be read at this time.

Mr. ELLENDER. I ask that my substitute amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. In lieu of the amendment offered by Mr. MEAD, on page 2, line 10, before the period, it is proposed to insert a comma, and the following:

To any position to which appointments are made by the President by and with the advice and consent of the Senate, or to positions of assistant United States district attorney, deputy United States marshal, or deputy collector of internal revenue.

Mr. MEAD. Mr. President, I presented my amendment to clarify a matter that was discussed here yesterday. It was held that the all-embracing language of the bill, as reported by the committee, would deny the Senate the right of confirmation with reference to positions in the Presidential class. The amendment I offered would clear up that question, and leave where it is now the matter of confirmation associated with Presidential nominations.

The substitute offered by the distinguished Senator from Louisiana strikes at the very heart of the bill, in that we are trying to cover the deputy collectors of internal revenue, for instance, and his amendment would eliminate them, would bar them from the coverage which we intend should be theirs under the bill. My amendment only pertains to those whose nomination requires Senate confirmation. The amendment of the Senator from Louisiana goes to the very heart of the bill and strikes a deep blow at it, as it were.

Mr. ELLENDER. Mr. President, as the Senator from New York just stated, the first part of my amendment follows the language of his amendment, that is, it exempts from the bill all officials who are appointed by the President and confirmed by the Senate, and I have added the following to that:

Or to positions of assistant United States district attorney, deputy United States marshal, or deputy collector of internal revenue.

I will not insist on the latter part of that amendment if another amendment which I shall propose to the Senate is adopted.

One of the amendments I propose to submit to the Senate deals with competitive examinations; that is, it will require all positions within the departments that are covered into the civil service under the terms of the pending bill to be filled by competitive examinations which shall be open to the public.

If that amendment prevails, it would not be my purpose to insist on the latter part of the amendment that I have just read, that is, to exclude from the bill deputy marshals, assistant United States attorneys, and deputy collectors of internal revenue.

As I attempted to point out yesterday, the primary purpose of the civil-service law was to establish a merit system in this country. It seems that quite a few persons talk about the merit system, they give lip service to it, but when they have the opportunity to vote for a real merit system they are not at home.

As I pointed out yesterday, we have in this country today over 800,000 men and women who have taken civil-service examinations and are on the waiting lists seeking Federal appointments. They are now being denied the right to compete for these 200,000 positions that are being covered into the civil service.

They have taken civil-service examinations, they have abided by the civil-service laws, and by the rules and regulations of the Civil Service Commission, and I maintain that they are entitled to consideration.

Let me call the Senate's attention once more to the large number of persons who have taken these examinations in previous years, who are on the eligible lists, and who are entitled to appointment but have not been appointed. Why? Could it be because they did not have someone to work in their behalf?

I have before me a statement from which I shall read, found in the fifty-sixth annual report, United States Civil Service Commission, at page 149. It shows that from July 16, 1883, to July 30, 1939—listen to these figures, Senators—in that period of time 10,264,668 men and women took examinations in order to qualify for the various civil-service positions in the Government. Of that amount 6,924,015 have passed the examinations, have qualified for appointment, and only 2,168,738 have been given positions.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Nebraska.

Mr. NORRIS. I am in sympathy with what the Senator is saying now, but I cannot understand why the latter part of his amendment, especially, would help the situation. It seems to me it would make it worse. Let us take as an example a deputy United States marshal. Have these examinations been held for qualified persons to act as deputy United States marshals?

Mr. ELLENDER. No, sir; the reason that no examinations have been held for those positions is that the positions have never been put under civil service, and the same thing applies to assistant United States district attorneys. Deputy collectors of internal revenue were placed under civil service years ago, but somehow they were taken out.

Mr. NORRIS. As I understand, the deputy United States marshals are not now under civil service, are they?

Mr. ELLENDER. No, sir; they are not.

Mr. NORRIS. Does the Senator agree with me that they ought to be put under civil service?

Mr. ELLENDER. I agree, yes; provided that competitive examinations are given for the positions.

Mr. NORRIS. Well, that is what civil service means, does it not?

Mr. ELLENDER. That is correct, but under this bill, if it is adopted in the form recommended by the committee, every United States deputy marshal who now holds a job, every United States assistant district attorney, every deputy collector of internal revenue will come in without a competitive examination. That is the basis of my complaint.

Mr. NORRIS. If they were under civil service they could not go in without examination, could they?

Mr. ELLENDER. No, sir; but they are not now under civil service. The pending bill seeks to put them under civil service without a competitive examination.

Mr. NORRIS. Then it would follow that they would have to pass an examination, would it not?

Mr. ELLENDER. They would have to take a noncompetitive examination, after being in the service for a certain period, and after having received a favorable recommendation from the departmental head.

Mr. NORRIS. I do not understand it that way.

Mr. ELLENDER. That is what the bill provides, and it is that feature of the bill to which I am opposed.

Mr. NORRIS. Maybe that is true, but if you were a United States marshal and wanted to appoint me as your deputy, and that position was under civil service, the Civil Service Commission in connection with your request and all others over the country, would hold an examination, and I would have to pass that in order to be qualified, would I not?

Mr. ELLENDER. Yes; but it would not be competitive.

Mr. NORRIS. If I did not pass it I would not be appointed.

Mr. ELLENDER. The bill which we are now considering would take under the umbrella, as it were, every United States deputy marshal, every assistant district attorney, every deputy collector, without the necessity of their taking a competitive examination. Of course, the noncompetitive examination is to be given only to the incumbents as of the date the position is covered into the civil service. Thereafter, any new appointments would be subject to competitive examinations. It may be that the Senator from Nebraska has that situation in mind. As I said in my opening remarks, I would not insist on that part of my amendment which is now under discussion if I felt that the Senate would adopt another amendment which I have offered, forcing competitive examinations. If the Senate should adopt my amendment, which would compel all appointees to these new civil-service jobs to take a competitive examination, I should ask for reconsideration of this amendment and strike out the part pertaining to assistant marshals, assistant district attorneys, and assistant deputy collectors.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. BARKLEY. I should like to have the attention of the Senator from Nebraska. As I understand the situation, under the terms of the bill there is no difference between the status of deputy marshals, deputy collectors, and assistant United States attorneys, and that of any other Government employee who is affected by the bill.

Mr. ELLENDER. Any other Government employee who is not under civil service.

Mr. BARKLEY. The bill affects only those not under civil service. They all must take a noncompetitive examination, before which they must be certified by the heads of the agencies, who must certify that they have rendered acceptable, competent service, and are meritorious. If the employees do not obtain the certificate, they may not even take the noncompetitve examination. Of course, that statement applies only to those who are now in the positions. If new Government employees are to be appointed in any class covered by the bill, there will be a competitive examination, which everybody has an opportunity to take. The right to be appointed after a noncompetitive examination applies only to those who are now in the positions or who will be in the positions when the law becomes effective, provided they are certified as worthy by the head of the agency. That is true, as it has always been, only because the experience which they have acquired while they have been performing the duties is supposed to give them some qualification which will entitle them to take a noncompetitive examination, by which they must demonstrate to the Civil Service Commission that by reason of their experience they are qualified to perform the duties of the position.

Mr. ELLENDER. The amendment that I have submitted with respect to competitive examinations takes care of those in the Government service by allowing them 10 points for the experience to which the Senator from Kentucky refers.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. ELLENDER. Gladly.

Mr. WALSH. Am I to understand that even with respect to the noncompetitive examinations the applicants will have to meet the age requirements and the physical requirements which the Civil Service Commission may set up? As I understand, the noncompetitive examination is only for the experience and intellectual tests; but the physical requirements and age requirements which the Civil Service Commission may set up will become operative at once.

Mr. ELLENDER. I presume that will be true because, as I understand what the Senator from New York [Mr. MEAD] said yesterday, noncompetitive examinations are the same kind of examinations as competitive examinations, and I presume the same rules and regulations would apply.

Mr. WALSH. But there is no competition in meeting the age requirements, and no competition in meeting the physical requirements?

Mr. ELLENDER. The bill does not say anything about the physical requirements and——

Mr. WALSH. When the law was passed placing postmasters under the civil-service laws, some postmasters who naturally would have been reappointed were taken out of the service because they were unable to meet the physical requirements. I refer to such cases as that of a man without an arm or a person who had sustained a mild shock, but who was able to carry on his duties. So I assume that a noncompetitive examination means an examination as to intellectual and experience qualifications in the particular field of work, but that the civil-service requirements for maximum and minimum age and for physical good health would have to be met. Am I correct?

Mr. ELLENDER. I have no doubt that is true. It should be, at any rate.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MEAD. The qualifications with reference to age have been eliminated from consideration.

Mr. WALSH. In this bill?

Mr. MEAD. In this bill.

Mr. WALSH. So a man 70 years of age might come under the civil service.

Mr. MEAD. It is assumed that he has been employed in the agency, filling his position satisfactorily; and if he is recommended by his superior, the age requirements are waived but no other requirements.

Mr. WALSH. How about the physical requirements?

Mr. MEAD. They are not waived.

Mr. WALSH. So each of the persons to be given a noncompetitive examination must meet the physical requirements; and, of course, properly so, because the moment the law becomes operative, he will be entitled to retirement pay, and, of course, he must be in fair physical condition if he is to be given retirement pay.

Mr. ELLENDER. As I stated a while ago, it is my purpose to propose another amendment which will strike from the bill the provision which permits noncompetitive examinations. I shall refrain from going further into details until that amendment is before the Senate. If that amendment shall be adopted whereby every applicant for a position would be put under civil service through a competitive examination in accord with the provisions of the civil-service law, I shall have nothing further to say.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. VANDENBERG. It seems to me that we could simplify the whole process by first passing upon the question of competitive and noncompetitive examinations, because a number of other amendments hang upon that decision. I suggest to the able Senator from New York [Mr. MEAD] that as a matter of expedition we should do better if we should temporarily withdraw the pending question and settle the question of competitive versus noncompetitive examinations.

Mr. ELLENDER. That is what I suggested privately to the Senator from New York a while ago. I did not receive an affirmative answer.

Mr. MEAD. Mr. President, that would actually destroy the purposes of the bill. We are thinking in terms of covering positions into the civil service, while the Senator is thinking in terms of covering individuals into the civil service.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. VANDENBERG. What I am suggesting has nothing to do with the merits of the argument. It is purely a question of the easiest order in which to consider the amendments; and I am suggesting to the Senator that in the view of many of us this is the key amendment. The problem of the Senator would be much simplified if we should first settle the question of competitive versus noncompetitive examinations.

Mr. MEAD. It is my opinion that it is not the key amendment. It is the killing amendment.

Mr. VANDENBERG. That is beside the point.

Mr. MEAD. I really believe we can strengthen the bill as we go along by amending it line by line. In view of the fact that we assume that the Senate will go on record consistently with the platforms of both parties, and that we shall not kill the bill, we should merely be wasting our time by anticipating an amendment which is not in order at this time. Let us go along in an orderly fashion, line by line, adopting amendments to strengthen the bill. There will then be fewer Members of the Senate anxious to vote affirmatively on an amendment which would strike at the very heart and center of the bill.

Mr. BARKLEY. Mr. President, it is obvious that we cannot complete the consideration of the bill or the pending amendment today. Does the Senator from Louisiana wish to continue?

Mr. ELLENDER. I shall be glad to suspend at this time.

POSITION OF WENDELL L. WILLKIE ON THE POWER QUESTION

Mr. SCHWELLENBACH. Mr. President, there has been considerable discussion this afternoon about the speech delivered by Mr. Willkie night before last at Portland, Oreg., in reference to power developments in the States of Oregon and Washington. I have not participated in those discussions, and I do not care to do so.

However, today the Secretary of the Interior, Mr. Ickes, who, as the Administrator of Public Works, has had much to do with the great power developments in my State, and on the Columbia River between the States of Oregon and Washington, sent to Mr. Willkie at Spokane a very interesting telegram. I do not know whether or not Mr. Willkie will answer the telegram; but in order that the RECORD may be kept straight, and that there may be added to the discussion which has occurred this afternoon a very definite statement in reference to the great power developments in the Pacific Northwest, I ask unanimous consent that the telegram which Mr. Ickes sent to Mr. Willkie be printed in the RECORD as a part of my remarks.

Mr. NORRIS. Mr. President, I should rather have the telegram read.

Mr. SCHWELLENBACH. I ask unanimous consent that the telegram be read.

The PRESIDING OFFICER. Without objection, the telegram will be read.

The legislative clerk read as follows:

WENDELL L. WILLKIE, Esq.,
Care Western Union, Spokane, Wash.:

Before you leave the Northwest you owe it to the people of that region and the country to be really frank as to what your attitude will be on the vital question of public power if you are elected President. I have carefully read what you said yesterday on the subject at Portland, Oreg., but you said as little as possible. I hoped that you would develop the subject further last night in Seattle, but I was disappointed, as apparently were the people of Oregon and Washington, that you could not spare time to visit the Bonneville and Grand Coulee Dams, that are the hope of that region. You are covering up your record as a foe of public power, and the people are entitled to the facts since you are pleading to be elected President.

You either misspoke on January 21, 1935, in New York City, when you said, "No duty has ever come to me in my life, even that in the service of my country, which so appealed to my sense of social obligation, patriotism, and love of mankind, as this, my obligation to say and do what I can for the preservation of public utilities, privately owned," or you misspoke in Portland yesterday when you said, "It is my belief that the power generated in connection with these projects should be sold for the benefit of the people." Tell the people of the Northwest which is your true view.

You either misspoke on November 23, 1938, when you told a congressional investigating committee, "It is my personal belief that the T. V. A. should go out of the power business * * * I have always been convinced that the power activities of the T. V. A. violate the Federal Constitution by putting the Federal Government in a business it is not authorized to be engaged in, thus destroying the property and business of a citizen. It is my view that the soundest solution both for the Government and the utilities would be for the T. V. A. to dispose of the power generated by it to the utilities at the switchboard." Or you misspoke yesterday when you said, "The people of the areas affected should determine how they want power distributed, whether through private or public hands."

You did not tell the people of the Northwest that you had opposed the building of transmission lines by the T. V. A. which were necessary to get public power to local public agencies which wanted public power. Least of all did you disclose the reprehensible and unscrupulous methods employed to defeat the people in their effort to build their own transmission lines and distribution systems.

You "misspoke" when you said you stood with Senator MCNARY on the power issue. Yesterday at Portland you said that the people, rather than the Government, should decide whether privately owned companies or public-power districts should sell the cheap power that the New Deal projects generate. That's dodging. Senator MCNARY, in his acceptance speech, clearly differed with you when he said, "The Government, having made this power available, should have an indisputable right to control its utilization and distribution." You can't confuse the people of the Northwest, who have lived with public power 25 years, with that sort of weaseling. They know what they want.

You either "misspoke" when you condemned the public-power policies of the Roosevelt administration with specific mention of Bonneville and Grand Coulee in the Atlantic Monthly of August, 1937, or you "misspoke" in the Northwest yesterday when you said that you would not only see that Bonneville and Grand Coulee, which you heretofore have opposed, were completed but that they were "operated for the full benefit of the people of this and adjoining areas."

You know full well that power companies, such as you have served, are making a desperate fight to ruin the Northwest hydroelectric projects just as you, as president of Commonwealth & Southern, fought T. V. A., which you called "one of the most cruel, un-American" agencies ever devised. You know the methods of large utility corporations in hiring swarms of lawyers, in destroying independent newspapers, in using money recklessly, and in fomenting dissension to block public ownership and distribution. You know just how it's done because you have done all of these things, and now you're trying to fool the people of the Northwest, dodge the issue and hide your record.

While you are in the Northwest, tell the people the whole truth. They are in earnest. I know because I am the responsible official of the Government with respect to the Grand Coulee, Bonneville, and Central Valley developments. I know the Northwest puts its faith and future in those developments.

You either deceived the interests supporting you when you took the nomination in the East on a record of opposing public power, or you are trying to deceive the Northwest by appearing as a friend of public power now.

You can't pose as a friend of public power in the West and be a foe of public power in Wall Street.

HAROLD L. ICKES.

THIRD PRESIDENTIAL TERM

Mr. BURKE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BURKE. We have heard a great deal this afternoon on the floor of the Senate, and just now in a telegram which was read, about electric power. I desire to present for the RECORD a matter relating to political power.

This morning, before the subcommittee of the Judiciary Committee holding hearings on the question of a constitutional amendment to limit the tenure of office of President of the United States and place some control upon the exercise of political power, there appeared as one of the witnesses Richard F. Cleveland, distinguished lawyer and son of President Grover Cleveland. He made a statement of outstanding importance. I should like to read the first few sentences:

There is no doubt whatever in my mind that if the voters of the United States in 1940 sanction a third Presidential term, they

will remove our most effective check against the world's present tendency toward concentration of political power. That step is far more significant, of course, than giving President Roosevelt a third term. It is a landmark, a River Rubicon. It is true in all human affairs that after the first momentous overthrow of a restraint, the succeeding moves in the same direction become easy and almost inevitable.

And Mr. Cleveland concludes his statement with this one sentence:

I solemnly believe that unless a third term for any man is forestalled by the voters in free election, or by suitable legislative action, we shall pass the great divide between democratic processes and power government.

Gentleman who are so greatly interested in electric power—which is an important subject—may very well consider at the same time these solemn words of the son of our great Democratic President about the danger of the extension of political power by permitting any man to perpetuate himself in office beyond 8 years.

I ask unanimous consent that the whole statement of Mr. Richard F. Cleveland may be inserted in the Appendix of the RECORD.

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair). Without objection, it is so ordered.

Mr. BARKLEY. Mr. President, in that connection I believe Mr. Cleveland a few days ago announced that he was supporting Mr. Willkie, as are practically all the witnesses who have been before the committee up to this time, I believe.

Mr. BURKE. If the Senator will yield, I should like to say that that unfortunately is true. We have urged our majority leader and the other 15 Democratic Senators to appear before us; and we now extend also to my colleague, the senior Senator from Nebraska [Mr. NORRIS], and the Senator from Wisconsin [Mr. LA FOLLETTE], all of whom voted for a limitation to two terms, an invitation to appear before us. We have heretofore urged the 16 Democratic Senators to come before the committee and tell us their views. We have extended a public, although not an embossed, invitation to Secretary Ickes, the original third termer, to come and give us his views; and we shall welcome any of you gentlemen. Let us know when you will be there, and we shall be ready to receive your testimony with the utmost of courtesy.

Mr. BARKLEY. And give it slight consideration. [Laughter.] What I have to say on that subject I can say here. I do not have to go before a subcommittee.

REGULATION OF ADMINISTRATIVE PROCEDURE

Mr. President, I wish to make a very brief statement regarding another matter, which has been under discussion here for the last 2 or 3 days. I refer to the situation with reference to the Logan-Walter bill. I am sure the Senator from Nebraska [Mr. BURKE] and the Senator from New Mexico [Mr. HATCH] will be interested in what I have to say.

I shall not enter upon a discussion of the merits of the bill. Nor do I intend to make any extended remarks as to what has heretofore occurred respecting it. I think we all recall that for weeks, when the bill was called on the calendar, during practically the whole session of 1939, I objected to its consideration. I did not believe then and I do not believe now it is the type of bill which should be passed by unanimous consent on a call of the calendar. It is an extremely technical measure.

I doubt very seriously whether a dozen members of the Senate have had time to give such study to the bill as to know what effect, in its present form, it would have on the various departments and agencies of the Government. I have read it over and over again, I have read the arguments, both for it and against it, and it grows more confusing and more technical when one tries to apply it to the various agencies and departments of the Government.

I had objected to its consideration for weeks when the calendar was called. On one occasion when I was temporarily called from the Chamber to answer the telephone the bill was called, no one objected, and it was passed. I doubt very much whether any similar important bill, which has been repeatedly objected to during my membership in the Senate, was passed under such circumstances. I know that frequently when Senators who have continuously objected to the consideration of bills on the call of the calendar have been temporarily called from the Chamber, even the sponsors of the bills would have them passed over in the absence of Senators who had been repeatedly objecting to them, and were known to desire to object to them. That was not done on the occasion when this bill was passed, however, although I think that I am speaking the truth when I say that most, if not all, those who favor the bill, thought it should be passed after discussion, and not on a call of the calendar for the consideration of unobjected-to bills.

My late colleague, Senator Logan, one of the most honorable men who ever served in this body and who was, of course, anxious to secure the enactment of the bill, was not very readily agreeable to the reconsideration of the vote, in the technical situation in which the bill found itself as a result of my absence from the Chamber. Finally, however, the vote was reconsidered and the bill was placed back on the calendar, and what was said at that time has been quoted time and again, the understanding being that the bill would be taken up early in the next session, which is this session.

I do not know why it is necessary to repeat what I said at that time, unless it is for the purpose of trying to convince the Senate that I am not a man of my word, and that an agreement into which I entered would not be kept.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HATCH. I am one who has been advocating the consideration and passage of the Logan-Walter bill. I know that I speak for the Senator from Nebraska [Mr. BURKE], who sits by my side, when I say that there has been no idea on the part of either of us, or of any other Senator, of implying by any means whatsoever that the Senator from Kentucky is not a man of his word.

Mr. BARKLEY. I appreciate that statement, and I do not attribute any such sentiment to the Senators; but every time this matter has come up, my words have been quoted as if to indicate that I entered into an ironclad agreement about the matter which I have not kept.

Mr. HATCH. We may have been a little bit persistent, and perhaps a little annoying at times, but we have not questioned the honor of the Senator.

Mr. BARKLEY. I doubt whether the Senator has been more annoying than he has been annoyed.

Mr. BURKE. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. BURKE. I, myself, quoted the Senator's words once or twice, and have rather approved having them quoted more often, because it explains the situation, and I am sure the Senator was entirely sincere in saying at that time that he felt that the bill should come up for discussion early in this session. I agree with him fully that it certainly was not the kind of a bill which should have been passed by unanimous consent, and I understand the Senator's position fully that the condition has changed sufficiently, with the Attorney General's committee working on the matter and about ready to report, so that the Senator has felt, although it was understood it would come up early in the session, that we should wait. I, myself, think that there has been far more justification for the Senator recognizing the change in conditions in considering bringing this matter up early in the session than there is in either the Senator's case or that of the senior Senator from Tennessee, who sits beside him, in changing their positions now in reference to an action they took in 1928 in voting that a third term for any President would be inimical to the best interests of the country.

Mr. BARKLEY. Mr. President, I do not see any need for bringing up that obsession of the Senator from Nebraska every time we get into a discussion of something else.

Mr. BURKE. It seems particularly appropriate.

Mr. HATCH. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield.

Mr. HATCH. The only statement I wanted to make at this time was that I hope the Senator from Kentucky will disregard the remarks of the Senator from Nebraska as to the third term, and continue his remarks on the Logan-Walter bill, because I am very much interested in what the Senator is going to say.

Mr. CLARK of Missouri. Mr. President, before the Senator proceeds, will he yield to me?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. As one Senator who has had nothing to do with quoting the previous position of the Senator from Kentucky, and who does not even now know how he might vote on the Logan-Walter bill, because there are certain provisions in it, if I understand it correctly, for which I could not vote, although I am very much in favor of the general principle of it, and agreeing entirely with the proposition of the Senator from Kentucky that this is a measure which should not have been passed without consideration or debate a year and a half ago, and that it might well be postponed for discussion, does the Senator have any idea when such discussion could take place?

Mr. BARKLEY. I am coming to that.

Mr. CLARK of Missouri. The Senator has been coming to it for a long time. I have heard that Dean Acheson has written the Senator suggesting postponement of the matter.

Mr. BARKLEY. I beg the Senator's pardon. I have never received such a letter from Dean Acheson on the subject.

Mr. CLARK of Missouri. I have misunderstood what the Senator told me, then.

Mr. BARKLEY. Dean Acheson wrote a letter to the Attorney General which I had put into the RECORD some time ago.

When I made the statement which has been quoted, for whatever purpose—and I accept the statement of the Senator, that it has not been quoted for any purpose except as a matter of emphasis, I suppose—I was not aware then of the situation which developed later with regard to the appointment of a committee by the Attorney General, at the request of the President of the United States.

I think we all agree that the President of the United States is a part of the legislative machinery. He must either sign or veto measures, and in determining whether he would sign or veto a measure of such technical import and so comprehensively dealing with the various agencies and departments of the Government, I think the President was not only guilty of no impropriety in asking the Attorney General to appoint a committee to investigate the whole subject of administrative law, but that he owed it to himself and to the departments, and even to the Congress and the country, to ask for the most minute investigation of the subject, which is a difficult and technical and involved one, before any action should be taken.

The committee was appointed, and I think there has not been a more outstanding and able committee appointed by any department or by Congress than the committee appointed by Attorney General Murphy.

I ask to have inserted in the RECORD as a part of my remarks an address delivered 2 weeks ago before the American Bar Association, in the city of Philadelphia, by Dean Acheson, chairman of the committee. He does not go into a discussion of the terms of the bill, but he does in a very interesting fashion recite what the committee has been doing, the work it has done, and the method it has adopted in dealing with this very intricate subject.

I wish to read a paragraph to show the caliber of the men who are on the committee:

> I hope that it is not immodest for me to pay tribute to the then Attorney General, Mr. Justice Murphy, for the appointments which he made. For the committee is composed not only of men of judgment and ability, but of men who represent to an unusual degree many points of view and points of contact with the subject. Half of its members are practicing lawyers or judges and half are teachers and scholars who have long worked in this field. Chief Justice Groner, of the United States Court of Appeals for the District of Columbia, and Judge Morris, of the United States District Court for the District of Columbia, bring to our work the experience of two courts, one of appeal and one of first instance, which, more than any others, review or pass upon the work of administrative agencies. The Solicitor General, first Mr. Jackson and now Mr. Biddle, contributes an understanding of the problems arising in the defense of this work before the courts. The practicing lawyers, Mr. Arthur Vanderbilt, a former president of this association; Mr. Carl McFarland, a former Assistant Attorney General; and myself know the situation from the point of view of the private interests affected by the administrative powers. From the academic world we have Dean Garrison, of Wisconsin, himself a former administrative official who has maintained close contact with the practical problems of administration in State and Federal Government; Dean Stason, of Michigan, a teacher and adviser of legislatures and officials in this field; Prof. Ralph Fuchs, of Washington University in St. Louis, a member of this association's committee on administrative law and a nationally known writer upon the subject; Professor Shulman, of the Yale Law School, well known to members of the American Law Institute as one of its most brilliant reporters; and Professor Hart, of Harvard, coauthor of a prior report upon the procedure of the Immigration and Naturalization Service, and now engaged in advising upon the problems incident to its transfer to the Department of Justice. As one who has presided over the monthly meetings of this group, and who knows the time and effort which its members have given to the work, the keenness of their examination of witnesses and staff reports, and the breadth of their experience and knowledge, I am confident that their report will not lack thoroughness as well as ripe and broad judgment.

Mr. President, I have objected to taking up the bill until the report of the Attorney General's committee is available for whatever value it may have to Congress. The committee has been holding meetings all this time. I think the impression was at first created that the President asked for the appointment of the committee in order to delay and stall off any action on the subject. Quite the contrary is true. I believe I can state from contacts I have had with some members of the committee, that they have gone into the subject in a more practical and detailed way than was possible for any committee of Congress to do, and more so than any committee of Congress has done, because they have taken, I believe, about 2,000 pages of testimony. They have now the first draft of their final report drawn. They have considered the subject from the point of view of the effect the bill would have on each separate agency and department whose problems are not always identical with those of any other department, but are matters of first consideration to itself, without undertaking to blanket agencies or departments under a formula that would not apply to them.

The committee will hold one more meeting, about the middle of October, when they will go over the rough draft of their final report to make it final, and make their report to the Attorney General, which will be in turn submitted to the President, and in turn by him submitted to Congress.

In view of that situation, if we should pass the bill which is now on the Calendar substantially in the form in which it now is written, while I make no effort to speak for the President, I do not see how he could do otherwise than veto it, in view of the fact that within 3 weeks the final report of this outstanding committee will be available for Congress. When it has been made and submitted, if Congress desires to disregard it, or throw it out, or give it no consideration whatever, that is a matter for Congress to determine; but it seems to me, since within a very short period the wealth of knowledge garnered by this investigation will be available to us, that we certainly ought to wait until the report has been submitted to us so that we may take it under consideration.

It might be that the recommendations of the Attorney General, or the committee appointed by him, would so appeal to the Committee on the Judiciary, or the subcommittee which had charge of this measure, that they would want to rewrite their own bill, or at least amend it in important particulars, because of the effect it might have upon individual agencies and departments.

In view of that situation I have suggested to the Senator from Nebraska [Mr. BURKE], the Senator from New Mexico [Mr. HATCH], the Senator from Utah [Mr. KING], and the Senator from Vermont [Mr. AUSTIN], who is not now present, and also the Senator from Arizona [Mr. ASHURST], the chairman of the Committee on the Judiciary, that the bill be allowed to go over until we have an opportunity to consider the report for whatever value it may have.

I do not know what is going to happen in the way of adjournment. Nobody knows. We may adjourn. We may not. We may recess. We may not. I will say to the Senate publicly what I have said privately, that after the report is available and submitted to the Senate and to the House of Representatives, I would not ask that there be any further delay in the consideration of the bill. That might mean that if we adjourn sine die the bill might go over until January under that arrangement, because Congress would not be in session. If we recess until, say, the 15th of November and come back here, and the report is available—which it will be, I have no doubt, if made in the middle of October—I would not urge that the bill be put off until January, but that it be taken up in November, in the remaining portion of the session of Congress, to which we will come back as the result of a recess.

I do not think that is an unfair proposition; I think it is reasonable. No Senator ought to have any desire to take action which would be futile, because if the Senate should pass the House bill, with such amendments even as have been put in it by the committee, it is my honest judgment—I speak for nobody but myself—that the bill could not become a law and that we would not gain anything, and in that case it would have to go over until January and be taken up anew.

If we come back here in November, or at any other time before the next session, and the report is available, it seems to me the Senate would be wise to wait to see what it may contain and give it consideration.

I felt I ought to make this statement at least in justification of my course here in not agreeing that the bill be taken up before the report is available. It may be that Senators may not have a very high regard for the committee which has been doing this work. I have. It may be that the report will be of no value to Senators, but I should at least like to see it, and I think other Senators would like to see what the result of this labor has been before we consider the measure.

I wanted to be frank with the Senate about it, as I try to be at all times with reference to legislation. I have not been trying to stall around simply to keep this subject from coming up, but I want it to come up, when it comes up, with all the knowledge and approach to it that it is possible to obtain, and I think Congress so desires.

Mr. President, I renew my request that the address by Dean Acheson, chairman, attorney general's committee on administrative procedure, before the American Bar Association, section of judicial administration, Philadelphia, Pa., Tuesday, September 10, 1940, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE APPOINTMENT AND MEMBERSHIP OF THE COMMITTEE AND ITS STAFF

I am very glad to have this opportunity for a brief report to you on the character and progress of the work of the Attorney General's committee on administrative procedure. The committee was appointed a year and a half ago, in February 1939, at the request of the President, to investigate, in his words, "The need for procedural reform in the field of administrative law." His instructions were that the committee should make "a thorough and comprehensive study of existing practices and procedures with a view to detecting any existing deficiencies and pointing the way to improvements."

I hope that it is not immodest for me to pay tribute to the then Attorney General, Mr. Justice Murphy, for the appointments which he made. For the committee is composed not only of men of judgment and ability, but of men who represent to an unusual degree many points of view and points of contact with the subject. Half of its members are practicing lawyers or judges and half are teachers and scholars who have long worked in this field. Chief Justice Groner, of the United States Court of Appeals for the District of Columbia, and Judge Morris, of the United States District Court for the District of Columbia, bring to our work the experience of two courts, one of appeal and one of first instance, which more than any others review or pass upon the work of administrative agencies. The Solicitor General, first Mr. Jackson and now Mr. Biddle, contributes an understanding of the problems arising in the defense of this work before the courts. The practicing lawyers, Mr. Arthur Vanderbilt, a former president of this association; Mr. Carl McFarland, a former assistant attorney general, and myself know the situation from the point of view of the private interests affected by the administrative powers. From the academic world we have Dean Garrison, of Wisconsin, himself a former administrative official who has maintained close contact with the practical problems of administration in State and Federal government; Dean Stason, of Michigan, a teacher and adviser of legislatures and officials in this field; Prof. Ralph Fuchs, of Washington University in St. Louis, a member of this association's committee on administrative law and a nationally known writer upon the subject; Professor Shulman, of the Yale Law School, well known to members of the American Law Institute as one of its most brilliant reporters; and Professor Hart, of Harvard, coauthor of a prior report upon the procedure of the immigration and Naturalization Service and now engaged in advising upon the problems incident to its transfer to the Department of Justice. As one who has presided over the monthly meetings of this group, and who knows the time and effort which its members have given to the work, the keenness of their examination of witnesses and staff reports, and the breadth of their experience and knowledge, I am confident that their report will not lack thoroughness as well as ripe and broad judgment.

The committee was fortunate in getting as director of its staff and research Prof. Walter Gellhorn, of Columbia University Law School, who has had experience both as an adviser in establishing administrative procedures and as a student of them. Under his guidance, a small staff of extremely able lawyer-investigators, Messrs. Kenneth Davis, Ralph Boyd, William Golub, Richard Salant, Martin Norr, Arthur Armstrong, and Robert Ginnane—have done a series of thorough investigations into and reports upon the procedures and practices of the principal agencies of the Federal Government. These investigations and reports represent a volume of work nothing short of amazing. If we are able to throw new light upon any of the perplexing questions of administrative procedure, it will be because the members of our staff have laid for us a foundation of knowledge which has never before been available.

THE SCOPE AND METHODS OF INVESTIGATION

You are all so familiar with the many criticisms of administrative agencies which have been made by members of the bar and others that I need not review them. It is enough to say here that two of the problems raised by these criticisms we have felt to be largely beyond our province, although of the most vital importance. The first is the problem of personnel. We know, as you all do, that any system will be made or marred by the men and women who administer it. The recruiting, selection, and training of personnel, however, is already being studied by the President's Committee on Civil Service Improvement, the so-called Reed committee. This is reason enough for us to stick to the field marked out for us, which is, in all conscience, large enough.

The second problem is that of administrative organization and management. This whole subject, involving knowledge and experience quite different from that involved in the understanding of procedural questions, has again been studied, and is being studied, by other groups better qualified than we are for the task. We shall content ourselves with pointing out the instances where improvement in organization and management is necessary to permit improvement in procedural practices, as, for example, that the overburdened heads of certain agencies be relieved of administrative detail to enable them better to perform their more important duties of regulation or adjudication. In some cases the fields will undoubtedly come closer, as, for instance, where changes in internal organization may be necessary to assure just, speedy, and skilled decisions.

At the very outset of our work, it was plain that to discuss generalities and abstractions would be of little value. We had to know what the facts were; what, in fact, the various agencies did; who, in fact, made the charge or the investigation or the decision; what, in fact, was the specialized skill or knowledge or experience required to accomplish the purposes which Congress had ordained. There was no literature which would give us this. So we began our work by making our own researches.

We began by selecting those agencies which have power to make rules or regulations or to decide matters involving the interests of persons outside the Government. We did not concern ourselves with service agencies like the Bureau of Standards, purely executive agencies like the Navy Department, proprietary agencies like the T. V. A. and the R. F. C., and many, many others which did not meet our main test of rule making or adjudication affecting outside interests.

The list was still long enough—9 departments and 18 independent agencies, including all that you members of the bar wrestle with or before—all except the Patent Office. Limitations of time, personnel, and funds made us regretfully conclude not to study this large and highly technical agency.

The method of study was to obtain from an agency, first, answers to a long and elaborate questionnaire requiring documents as well as information. Then a member of our staff, after study of the questionnaire material, examined the actual working of the agency on the spot. He questioned officers and employees, examined files, attended hearings and conferences, followed specific cases in their progress through the agency. He had discussions with representatives of special groups of the bar specializing in practice before the agency concerned and conferences within the staff to compare the information which he obtained with similar information obtained by other members of the staff from other agencies. Finally a draft of a monograph was prepared, edited by the Director, and submitted to the committee and to the agency heads for consideration.

Then the committee, at its monthly meeting, heard the heads of the agency, who commented on the monograph and were examined by the committee members on points which were disputed or not clear. As a result of this hearing, inaccuracies of fact,

so far as they could be ascertained, were corrected. The report was then made public, not as a conclusion of the committee but as the best statement of the facts obtainable to date, with the request for criticism, correction, and suggestion. Finally, the committee held public hearings in June and July at which over a thousand pages of testimony were taken and far more material submitted in writing from all over the country. Some of this was in vigorous criticism of our own preliminary studies, some in supplement of it and some in support of the facts there reported.

As a result of this year or more of research, the committee believes that it has amassed a wealth of material on the actual workings of the administrative system which is unique in the study of the subject. We have attempted not merely to describe the problems of the agencies and the practices and procedures used to deal with them, but to determine quantitatively the matters which come before an agency, the types of procedure most employed, and the number and classification of personnel available and necessary for different kinds of proceedings.

These studies have presented considerations which, I frankly confess, were novel to me. For instance, most of my thinking about administrative procedure had tacitly assumed that the typical proceeding was a more or less formal one of the adversary type. But the figures leave no doubt that in all agencies, even those charged almost entirely with duties of a policing character, the great bulk of matters never reach such a stage. They are disposed of—and must be disposed of from their nature and number—by agreement or understanding reached through informal procedures. This does not minimize the importance of those that go on to formal hearings, but it does caution us that there are other procedures of equal importance and that recommendations of a generalized character intended to improve one type of procedure, may, quite without any such intention, create confusion or difficulty in another.

Against most of us talk in generalities when we are thinking concretely. I remember an older man saying to me that when one heard a man begin a sentence by saying "The trouble with most women is" etc., one would be fairly sure that he was describing some particularly irritating (to him) characteristic of his own wife. What we have been trying to do by our studies is to broaden the scope of our concrete thinking.

We must think concretely not only about particular types of proceedings before the Labor Board or the Federal Trade Commission, but about the whole problem and performance of those agencies, and of many others, of many of which I had never even heard. The Grazing Service of the Department of the Interior, or the Grain Standards Administration of the Department of Agriculture, for example, are almost unknown to the average practitioner; yet their procedures, highly particularized to meet special problems, are of great importance to thousands of people. Procedures which might be highly desirable for adjudications by such agencies as the F. T. C., or the Securities and Exchange Commission would completely disrupt the activities of these other fine agencies.

THE PRESENT STAGE OF THE WORK

With the conclusion of the hearings, our work has entered the stage of consolidating and coordinating the material collected, so that problems may be considered in the light of their relative importance, their bearing upon one another, and of the pertinent facts. There has been a division of labor among the members of the committee and the staff. Some are becoming specialists in the procedure of the agencies specifically assigned to them so that they may both make proposals, and check the proposals of others in their application to concrete situations. Other members are collecting and organizing material on specific subjects, such as the procedures in use and useful for making interpretative rules, for making rules which have the force of law, and are not merely interpretative, and for making rules or standards which are requested to be supported by a record made and reviewable. Another is working on informal procedures; another on the specialization of the adjudicating function through separate deciding officers without or within the agencies, and the factors which are important in evaluating the various methods of adjudication.

All of this work will be brought together during the current month, and meetings will be resumed for the consideration of drafts of sections of the report. It is our hope and expectation that we shall conclude our work and our report before the end of this year.

I doubt whether I should have had the hardihood to accept membership on the committee if I had had at the start any conception of the time and effort which it would involve. But even now, with the hardest part still ahead, I have no regrets. For here we have had a rare opportunity to study broadly and deeply what Aristotle said many centuries ago was the most vital and worthwhile subject of all study, the art of government. It is a true art, because the materials which must be used, the factors which must be weighed are not capable of exact measurement, and problems never present themselves as repetitions of the same pattern. The history and tradition of every agency, the field in which it works, the men and women with whom it must deal, the purposes which it serves are different from those of every other. Even within the same agency the changes in problems which time brings produce vitally different responses. The Interstate Commerce Commission of the days when physical valuation and the enforcement of the recapture clause were burning issues was viewed far differently by the carriers than it is at a time when the railroads are struggling against the competition of truck and airplane. One witness before us, who, while waiting to express his unqualified approval of I. C. C. procedure, listened to the most severe criticisms of another agency, said that they brought to his mind the remark of the Victorian lady, who, at the conclusion of Antony and Cleopatra, sighed to her husband "How different from the home life of our own dear queen."

So approval or disapproval of procedures by those affected or by the bar cannot alone and without the closest analysis be accepted as a criterion. We know that a stomach ache may come from many things, from nervous exhaustion to cancer. So complaints about an agency do not necessarily mean that the complainer is a good diagnostician when he calls for an operation on the procedures. We must, of course, examine them critically and advise the operation if we find them diseased. But we examine other possible causes, too. We must see whether the complaint is perhaps, against the statute itself, or the personalities of the administrators, or because in some situations even the wisdom of Solomon could not produce satisfaction. And when we get through we shall have a judgment which cannot be mathematically proved. We may believe it to be an informed judgment and hope that others will believe so, too. But there are no formulas which can coerce its acceptance. We are dealing with an art and people can still say "I don't know anything about art, but I know what I like."

There has never been a time or place in the history of the world when it was more important than now and here to judge success or failure in the practice of the art of government by pragmatic tests. Government must work. It must accomplish the public purposes for which the times call. Without this our system will fall before the competition of others and everything which we value will fall with it. But if it must draw life and form from the fact of the unity of society, it must draw also from a fighting faith in the worth of the individual. Effectiveness does not require ruthlessness or unfairness. Neither does justice to the individual require checks to the point of administrative paralysis. The checks must come when the accumulated experience of the past shows us that they are needed and not in subservience to a dogma. We know that an advocate cannot objectively judge the merits of his own case. We know also that we must rely on the judgment of the officer who tests our skill as an applicant for a driver's license. The need for impartial decision does not require that the authority to decide be lodged in another official to whom the first must describe his observations. The problem in each case is to weigh the necessities of action, the probabilities of extraneous pressures, the limitations of the human agents through whom government must act, and devise a procedure which will permit the essential public purposes to be effectively achieved, while giving assurance that they will be achieved with impartiality and with fairness.

Mr. BURKE. Mr. President, I think the Senator from Kentucky has made a very sensible suggestion with reference to the handling of the bill, and undoubtedly within a day or two it will definitely be determined whether Congress is going to adjourn sine die Saturday, or within a few days thereafter.

Mr. BARKLEY. I can say to the Senate now that it will not adjourn sine die Saturday.

Mr. BURKE. That is definitely out?

Mr. BARKLEY. That is definitely out of the window.

Mr. BURKE. In addition to saying that I feel it is a very sensible suggestion that we should have the committee report, which will be available soon, before action is taken, I wish to say for myself, and I am sure other members of the committee agree, that under circumstances such as these, probably there has never been set up a more capable committee than the one appointed by the Attorney General. Every member of the committee is outstanding.

I said this morning in discussing the matter, that for a period of about a year—I think it is not now true—the activities of the committee were concentrated solely in the hands of Prof. Walter Gellhorn, who was an active member of the C. I. O., which was perfectly all right, except that the C. I. O. Lawyers' Guild in this case was fighting any bill of this kind. I am very sure that if the Senator will check on the matter he will find that for more than a year the committee did nothing except function through Professor Gellhorn. The situation may be different today.

Mr. BARKLEY. I think the Senator is mistaken about that. I do not know Professor Gellhorn. I never saw him. He was a member of the Lawyers' Guild.

Mr. BURKE. He still is. That is the same Lawyers' Guild which Mr. Berle, Mr. Jackson, and others have left because they could not countenance its subversive activities.

Mr. BARKLEY. I do not think that necessarily indicts the work he has done; but, in addition to Mr. Gellhorn, the committee has had an outstanding staff. Mr. Gellhorn could

not investigate all the departments. The committee has gone through some of the departments with a fine-tooth comb to find out what their procedure now is, and how it ought to be remedied to produce greater speed and greater justice. We shall find out the result of that investigation when we receive the report.

Mr. BURKE. I agree with that; and I think we should have the report. Certainly if we are to be in session 6 weeks from now we should wait until we receive the report of the committee and have the subcommittee study it before taking action on this matter. I think the Senator from Kentucky can understand why some of us have felt a little uncertain in this matter when I call his attention to the fact that on May 13, 1939, when Senate bill 915 was called on the calendar, the Senator from Kentucky asked that it go over on the ground that we ought to wait until the Attorney General's committee should make its report. That was 16 months ago. However, if we are now about to receive the report, a few more days delay is not important.

Mr. BARKLEY. Of course, the members of the committee are either engaged in the practice of law or in some Government position, or are teachers of law at universities. They could not devote all their time to the work. They receive no pay for it. They are not compensated in any way. They have been holding monthly meetings and going over the result of the investigations made by their staff. They have held public hearings upon some of the recommendations of their staff.

Mr. BURKE. Within the past few weeks.

Mr. BARKLEY. Within the past few weeks. The hearings are finished, and the committee is practically ready to make its report to the Attorney General. Yesterday the Attorney General informed me that the committee will meet in the middle of October to go over the corrected draft of its report to him. I feel the Senators and Members of Congress generally would be interested in knowing that we are about to receive the report.

Mr. BURKE. If the study of the committee is no more valuable than Mr. Louis Caldwell indicated its study of the Federal Communications Commission was, it is not of very much worth. However, it should be received.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. Does the Senator attach any significance to the fact that by some peculiar coincidence the committee has postponed its last meeting until a time when it is hoped and believed by nearly everybody that Congress will have adjourned sine die?

Mr. BARKLEY. There is no significance to that, because more than 2 months ago, when the matter was under discussion, prior to the defense legislation, which sidetracked everything, I stated that I had been informed by the Attorney General that the report would be ready in October. He has confirmed that statement. No one then knew whether or not the Congress would adjourn by October. That was in May or June.

Mr. CLARK of Missouri. A year ago I heard the statement made on the floor that the committee would soon be ready to report. A year has elapsed. We are now confronted with a situation in which there is a very great desire on the part of many Members of both branches of Congress to adjourn. The present Speaker of the House has announced from the grandstand that so far as he is concerned he will not agree to a motion to recess.

Mr. BARKLEY. I am informed that the House of Representatives probably will not vote to adjourn; so if Congress does not vote to adjourn and does not vote to take a recess, it will be in session continuously until Christmas.

Mr. CLARK of Missouri. My information came from the Speaker of the House himself. It was to the effect that he thought the House would vote to adjourn.

Mr. BARKLEY. I talked to the Speaker this morning.

Mr. CLARK of Missouri. The Senator has talked to him later than I have.

Mr. BARKLEY. Personally, I will say that I think Congress ought to do something to get a little rest. I think Congress is tired and worn out. I think it would do Congress good, and do the people good, if Congress should go back home and discuss with the people many of the problems with which we have been dealing.

Mr. CLARK of Missouri. I think I was the first Member of either branch of the Congress to advocate Congress staying in session, because it was my theory that if Congress should stay in session we might keep the country out of war. In the meantime, every time the President goes on a week-end trip he comes back with a recommendation for another four- or five-billion-dollar appropriation.

Mr. BARKLEY. That is a rather facetious, and I suppose humorous, remark.

Mr. CLARK of Missouri. No; it is not.

Mr. BARKLEY. It is not intended to be taken seriously?

Mr. CLARK of Missouri. I intend it to be taken very seriously. By staying in session we have cost the American people some $15,000,000,000. We have conscription saddled upon us. By staying in session we have not been able to prevent the President from diverting one-seventh of our Navy. So I do not see any reason why we should not go home, because certainly the President cannot appropriate money in the absence of the Congress.

Mr. BARKLEY. The Senator from Missouri is entitled to his views about all these matters. We have threshed them out time and time again. The Senator does not agree with what the President has done and evidently feels in a critical mood with respect to the appropriations.

Mr. CLARK of Missouri. No, Mr. President; I feel that Congress is in a futile position. We might as well adjourn and go home, because the President will do what he pleases anyway.

Mr. BARKLEY. Be that as it may, we are not able to say whether or not we shall adjourn or take a recess.

Mr. HATCH. Mr. President, I have been trying for some time to obtain recognition. I think the parliamentary situation was that the Senator from Nebraska [Mr. BURKE] had the floor and sat down, and the Senator from Kentucky [Mr. BARKLEY] and the Senator from Missouri [Mr. CLARK] have been dividing the time since then.

Mr. BARKLEY. I still have the floor. I am willing to yield the floor, or to yield to the Senator.

Mr. HATCH. Mr. President, I rise to make a suggestion in an effort to reach a solution of the problem which will be satisfactory to everyone. I meant what I said a while ago about the attitude of the Senator from Kentucky.

Some of us have had the idea that Congress should legislate when it sees fit to legislate; but certainly there has been no disrespect for any of the members of the committee studying the problem. I, for one, should be very glad to have the result of their labors and studies.

Mr. BARKLEY. Mr. President, if the Senator will permit me——

Mr. HATCH. Not now. I wish to state my suggestion.

I am very much opposed to this session ending without action on the bill, because I know it means that we shall start all over again at the next session and go through perhaps 1 year or 2 years with hearings, and then perhaps not attain any results.

A thought occurred to me while the Senator from Kentucky was speaking. Why not let the matter go over until the committee reports in October? Let us have the advantage of the committee's studies and findings. I am sure the subcommittee, of which I am a member, will be very glad to have the report. We will agree to that procedure, provided Congress is still in session, if the majority leader will agree that if it becomes evident that Congress is about to adjourn before we can have the study and take up the bill he will join us and take up the bill before adjournment and dispose of it one way or the other. That seems to me to be a very fair proposition.

Mr. BARKLEY. Of course, the Senator does not intend to do so, but he is placing me in the position of stating that

even though the report shall not have been received, if Congress shall decide within a week or so to adjourn, we will take up the bill.

Mr. HATCH. Yes. We could dispose of it within a day or two.

Mr. BARKLEY. I do not think so. We could not dispose of the bill in its present condition in a day, or 2 days, or a week.

Mr. HATCH. We will agree on the basis of a week or 2 weeks.

Mr. BARKLEY. That evades what I think is the important thing. I think it is infinitely more important to get a good bill, and one which can become a law, than it is to pass the bill on a day certain, or before the week is up.

Mr. HATCH. Mr. President, I believe I have the floor.

Mr. BARKLEY. No; I have the floor. I have not yielded, but I am willing to yield to the Senator.

Mr. HATCH. Will the Senator yield to me?

Mr. BARKLEY. I yield the floor.

Mr. HATCH. The Senator ignores the fact that some of us who have been working on the bill for many, many months are convinced that we have a good bill.

Mr. BARKLEY. I am sure of that; but there are many more of us——

Mr. BURKE. Who have not studied the bill——

Mr. BARKLEY. Some of us, at least, have studied it. I am quite sure that a number of Members of the Senate who are not on the committee, as well as some who are on the committee, are not in entire agreement as to the virtues of the bill, and do not agree with the Senator that it is a good bill.

However, that is a matter which we can determine in a way which it seems to me would be fair to everybody. We should take advantage of all the information we can obtain. Even if the matter should go over until January, if we should adjourn—which I very seriously doubt—that is only 2 or 3 months off. The Senator will be here. Unfortunately our friend from Nebraska [Mr. BURKE] will not be.

Mr. BURKE. That will be a very minor loss.

Mr. BARKLEY. No; we do not agree that that will be a minor loss, because the Senator from Nebraska is one of the ablest and, as I have often said, one of the most sincere Members of this body. Though he and I have frequently differed, to my great regret, I have never had any doubt of his sincerity or his ability in any position he took; but I should not want to be in the position of saying now that if Congress should unexpectedly adjourn in the next few days we ought to take up this bill and dispose of it before doing so.

Mr. HATCH. Mr. President, I merely wish to make a suggestion which I think is a fair and a reasonable one. All we who have supported this bill have asked is that we have a vote on it in the Senate; that the Senate itself have an opportunity of saying whether it wants this legislation enacted or whether it does not. I think I can speak for all the committee and say that we will consent to any agreement or any suggestion which the majority floor leader has in mind to make, provided only that we have a right to vote on this measure before the adjournment of the Congress.

Mr. BARKLEY. Of course, I could not enter into such an agreement as that now, for the reason that I cannot tell what Congress is going to do.

Mr. HATCH. The Senator is most efficient in determining what the Senate will do.

Mr. BARKLEY. No; not always. I try to be, but I have many failures and heartaches with respect to it. I am sure the Senator realizes, however, that I feel that it would be more important and infinitely more beneficial to the country and the Government and Congress and the departments and everyone involved in this whole problem if we could pass a bill in which we could all join. I might be with the Senator from New Mexico in regard to it.

Mr. HATCH. I am quite sure the Senator will be when he fully understands this bill.

Mr. BARKLEY. If I am permitted to weigh the bill which is here now in connection with any recommendations which the committee may make, I may be here in October or November or December, or even in January fighting with the Senator for some legislation on the subject.

Mr. HATCH. Any time before January. Let us not let the session die.

Mr. BARKLEY. I think probably it is not going to die soon.

Mr. CLARK of Missouri. Mr. President, as I stated a moment ago, this is a bill which I have not studied in detail, and about which I have no very vigorous convictions except as to the principle, but I am impressed with the suggestion of the Senator from Kentucky that a bill having passed the House of Representatives, having once passed the Senate and been reconsidered for reasons which have been explained without reflection on anybody, having been considered by the Judiciary Committees of both Houses, and being now in a position for final passage, shall be postponed until a day uncertain, possibly after the sine die adjournment of this Congress, which would require this legislation in the next Congress, no matter what might be the recommendation of the Dean Acheson committee, to start in all over again, be introduced separately in each body or at least in one body, go through the Judiciary Committees of both bodies, get on the calendar, go through the legislative mill again, and possibly come out just before adjournment in the next Congress precisely where it is now.

I am reminded of a story which I heard when I was a boy about a lad named Elias out on a farm in Missouri, the son of a poor farmer. He went out and caught himself a succulent 'possum. He took it to the house. His mother was very fine at cooking 'possums. She cooked it, and just as the family was about to sit down to the table on Sunday, up drove notoriously the biggest eater in the county, a great, big man. He came in and was, of course, invited to dinner. The children were not allowed to eat at the first table when they had company. The boy kept looking through the door, and the old man kept taking one piece after another of his 'possum. The boy kept looking through, and finally he started to bulge in. His mother turned around and said, "Stand back, Elias. Stand back, Elias. Stand back, Elias." The old man took another helping of the 'possum. Finally he got down to the last leg, and passed his plate again to take the last leg, and the boy came bulging in, and his mother said, "Stand back, Elias." The boy said, "Yes; stand back, Elias, and stand back, Elias, and stand back, Elias, and that old devil is eating up the last leg of my 'possum." [Laughter.]

That is the situation of those who think this subject ought to be considered at this session of the Congress. It has been "Stand back, Elias; stand back, Elias; stand back, Elias!" now for nearly 18 months. The bill passed the Senate once and was reconsidered by unanimous consent. The understanding was that this famous committee would make a report very shortly. They may make a report at some time. They now say they are going to report at a date probably after the sine die adjournment of the Congress.

As I said a moment ago, I do not know whether I shall vote for this bill or not. I understand that it contains certain provisions for which I should not like to vote; but I think the subject is one of such consummate importance that the Congress ought to have an opportunity before it adjourns of considering the subject instead of starting the bill back all over again through the legislative mill from the beginning.

Mr. BURKE. Mr. President, it seems to me the suggestion made by the senior Senator from New Mexico [Mr. HATCH] is a very sensible one, which is that since we all want the benefit—whatever there may be—of the report of the Attorney General's famous committee, if Congress is going to be in session in November, we will go ahead with our other business now; and when we return in November, the subcommittee meanwhile having had an opportunity to consider the report, we will take up the matter.

There is only this additional suggestion made by the Senator from New Mexico, that if, contrary to the present belief of everyone present, we find that within the next few days or week or so Congress is going to adjourn, we may then have

a chance to bring up this matter and discuss it briefly and have a vote of the Senate. That will not deprive those who place such great faith in the Attorney General's report of any right. If that circumstance should develop, and Congress should be approaching adjournment, and we were to bring up this report, all the majority leader and the whip and the rest of them would need to say is "Why, Members of the Senate, the Attorney General's committee is going to have a report ready now."

They could even say in the middle of November, or at some other time, "We think this matter ought to go over until January"; and if they were able to convince the Senate that there was enough possible merit in waiting for the Attorney General's report they would vote down the bill, and that is all there would be to it.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BURKE. Yes.

Mr. HATCH. Has the Senator any idea that the Senate would be deprived of the first draft of the recommendations which apparently have already been made, judging from the statement made today?

Mr. BURKE. No; that is a very excellent thought, also, that apparently a draft is already made. The first draft needs only polishing up a little, gathering in the members of the committee who are scattered about in various places and busy, getting them in to give their final O. K. to it, so that when the Senate came to consider the matter they would have, as the Senator from New Mexico says, the benefit of the draft.

In any event, Mr. President, without delaying the mattter, it seems to me that in the absence of any agreement along this line the proponents of this measure must proceed in accordance with the program which we have heretofore outlined, and which is, in the absence of an agreement, to seek to bring up this matter immediately upon the conclusion of the civil-service measure. If someone else should be recognized then to move to bring up another measure, we should have to discuss at that time the real merits of the Logan-Walter bill in connection with that motion.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Daniel E. McGrath, of Texas, to be district attorney for the Canal Zone, vice Joseph J. McGuigan, retired.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of several captains to be majors, and several citizens to be second lieutenants, in the Marine Corps.

Mr. BAILEY, from the Committee on Commerce, reported favorably the nomination of Commander Howard L. Vickery, United States Navy, to be a member of the United States Maritime Commission for the unexpired term of 5 years from April 16, 1937, vice Edward C. Moran, resigned.

He also, from the same committee, reported favorably the nomination of Maj. Henry C. Wolfe, Corps of Engineers, United States Army, for appointment as a member of the California Debris Commission under the provisions of law, vice Col. L. B. Chambers, Corps of Engineers, relieved.

He also, from the same committee, reported favorably the nomination of Prof. Albert A. Lawrence to be a professor, with the rank of lieutenant commander, and also the nominations of several officers for promotion in the Coast Guard.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following treaties and a convention and submitted reports thereon:

Executive L. A treaty between the United States of America and the Commonwealth of Australia signed at Washington September 6, 1940, amending in their application to Australia certain provisions of the treaty for the advancement of peace between the United States of America and Great Britain, signed at Washington, September 15, 1914 (Ex. Rept. No. 10);

Executive M. A treaty between the United States of America and Canada signed at Washington September 6, 1940, amending in their application to Canada certain provisions of the treaty for the advancement of peace between the United States of America and Great Britain, signed at Washington, September 15, 1914 (Ex. Rept. No. 11);

Executive N. A treaty between the United States of America and the Dominion of New Zealand signed at Washington, September 6, 1940, amending in their application to New Zealand, certain provisions of the treaty for the advancement of peace between the United States of America and Great Britain, signed at Washington, September 15, 1914 (Ex. Rept. No. 12); and

Executive O. A convention entitled "Convention on the Provisional Administration of European Colonies and Possessions in the Americas," signed at Habana on July 30, 1940 (Ex. Rept. No. 13).

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Charles Fahy to be Assistant Solicitor General.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WAGNER. Mr. President, I do not want to let this occasion pass without paying tribute to Mr. Fahy for his splendid personal qualities and brilliant record of public service. I speak of these things now because his modesty and devotion to duty are such that he has never won the public recognition he so richly deserves.

Charles Fahy has served for 5 years as general counsel of the National Labor Relations Board, having been appointed to that office immediately after the organization of the Board in September 1935. He has actively directed the Board's legal staff in this difficult, unexplored field of labor law, including opposition to more than 100 injunction suits, the preparation of the first five test cases before the Supreme Court, and the subsequent establishment before that Court of precedents to guide administration of the act. The constitutional issues, the defense of the procedures of the act and the Board, and the clarification of the scope and principles of the Labor Act placed on the Board a burden of litigation unusual in Government history. The legal staff of the Board under Mr. Fahy has consisted of about 240 attorneys in the 22 regional offices and in Washington.

Mr. Fahy personally handled the bulk of the work of the Board in the Supreme Court, and has built up an exceptionally fine record of forceful, scholarly, and successful presentation before that tribunal. In 26 cases the Court has sustained the Board fully or with modifications in 24 cases and reversed the Board in toto only twice. It is fair to say that the first Supreme Court decisions upholding the act were based on the theory of constitutional law which Mr. Fahy had developed in his brief and urged in argument before the Court.

In addition to the 26 cases decided by the Supreme Court and the numerous decisions in injunction suits, the circuit courts of appeals during these 5 years have handed down 125 final decisions in Board cases, and upheld the Board's order, in full or with modification, in 102 cases. In addition, more than 300 consent decrees have been entered in circuit courts of appeal.

Mr. Fahy was born in Rome, Ga., August 27, 1892. He received his early education in the public schools and Dar-

linton high school of Rome, and at the University of Notre Dame in 1910–1911. After receiving his law degree from Georgetown University School of Law in 1914, he was admitted to the District of Columbia Bar at the age of 21. He engaged in the private practice of law in Washington, D. C., for the next 10 years, excepting a period of 17 months during the World War. He saw service overseas as a United States naval air pilot with the British and American aviation forces operating in northern France, was wounded in action, and was awarded the Navy Cross.

In 1924 he took up residence in Santa Fe, N. Mex., his present legal residence, where he engaged in practice until he was called in 1933 to serve in the Department of Interior, where he reached the office of Assistant Solicitor, until appointment as General Counsel of the Board in September 1935.

Mr. Fahy deserves the greatest measure of credit and recognition for a record in the courts unexcelled in the history of any quasi-judicial agency established by Congress. His qualities will continue to be devoted to public service in the higher position to which he has now been appointed. As he leaves his place with the National Labor Relations Board, he carries with him the warm felicitations of all those who have been privileged to know him, and the work he has done to bring stability and peace to American industry, based upon free bargaining between free men.

I ask that a list of the cases which Mr. Fahy has handled be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

SUPREME COURT CASES ARGUED BY CHARLES FAHY

Mr. Fahy participated in the arguments of the 5 original test cases (*N. L. R. B.* v. *Jones & Laughlin Steel Corporation; N. L. R. B.* v. *Fruehauf Trailer Co.; N. L. R. B.* v. *Friedman-Harry Marks Clothing Co.; Associated Press* v. *N. L. R. B.; Washington, V. & M. Coach Co.* v. *N. L. R. B.*) and has argued 13 cases thereafter: (*N. L. R. B.* v. *Pennsylvania Greyhound Lines, Inc.*, 303 U. S. 261; *N. L. R. B.* v. *Pacific Greyhound Lines*, 303 U. S. 272; *Santa Cruz Fruit Packing Co.* v. *N. L. R. B.*, 303 U. S. 453; *N. L. R. B.* v. *Mackay Radio & Telegraph Co.*, 304 U. S. 333; *N. L. R. B.* v. *Fainblatt et al.*, 306 U. S. 601; *N. L. R. B.* v. *Newport News Shipbuilding & Dry Dock Co.*, 308 U. S. 241; *N. L. R. B.* v. *the Falk Corporation*, 308 U. S. 453; *N. L. R. B.* v. *Bradford Dyeing Association*, May 20, 1940; *Consolidated Edison Co. of New York* v. *N. L. R. B.*, 305 U. S. 197; *International Brotherhood of Electrical Workers* v. *N. L. R. B.*, 305 U. S. 197; *N. L. R. B.* v. *Fansteel Metallurgical Corporation*, 306 U. S. 240; *Ford Motor Co.* v. *N. L. R. B.*, 305 U. S. 364; *N. L. R. B.* v. *International Brotherhood of Electrical Workers, et al.*, 308 U. S. 413; *American Federation of Labor, et al.* v. *N. L. R. B.*, 308 U. S. 401).

Mr. WAGNER. Mr. President, I ask that the President be immediately notified of the confirmation of Mr. Fahy.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified immediately.

UNITED STATES MARITIME COMMISSION

Mr. BARKLEY. Mr. President, earlier today the Committee on Commerce, through its chairman, the Senator from North Carolina [Mr. BAILEY], reported favorably the nomination of Commander Howard L. Vickery, of the United States Navy, to be a member of the United States Maritime Commission. I ask unanimous consent that the nomination may be acted upon at this time.

The PRESIDING OFFICER. The clerk will state the nomination.

The legislative clerk read the nomination of Commander Howard L. Vickery to be a member of the United States Maritime Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask unanimous consent that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

THE JUDICIARY

The legislative clerk read the nomination of Tobias E. Diamond to be United States attorney for the northern district of Iowa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

MAURICE M. MILLIGAN

The legislative clerk read the nomination of Maurice M. Milligan, to be United States attorney for the western district of Missouri.

Mr. HATCH. Mr. President, the nomination of Mr. Milligan for the position of United States district attorney for Missouri prompts me to make a very brief statement.

Mr. Milligan is a former United States district attorney in Missouri. As United States district attorney, he made a most enviable record, an outstanding record.

In compliance with a law with which I had something to do, which was passed at the last session of Congress, when Mr. Milligan desired to become a candidate for the Democratic nomination for the United States Senate he resigned his position as United States district attorney, he resigned it forthrightly and honorably, in strict compliance with the law. It was an action which I appreciated very much.

I have said publicly that when an officer resigns a position to engage in political activities, he should remain out. I have announced that as a general rule, and it is one to which I have subscribed and do now subscribe.

I think that the case of Mr. Milligan is an exceptional one. He conducted his campaign for the United States Senate against Senator TRUMAN for the Democratic nomination. He was unsuccessful in the campaign. I understand that now both Senators from Missouri, the senior Senator [Mr. CLARK] and the junior Senator [Mr. TRUMAN], have recommended the reappointment of Mr. Milligan. The Attorney General, in recognition of the outstanding services rendered by Mr. Milligan as district attorney, also recommended the appointment, I am advised, and the President of the United States has made it.

I think that the record Mr. Milligan made as district attorney, and the campaign he conducted for the nomination for United States Senator, together with the recognition given to him by both Senators, is a very fine thing in behalf of all who had to do with these matters, and I wanted to say that in this instance I make an exception to the rule which I myself have announced. I think Mr. Milligan's appointment was wise, and that his nomination should be confirmed.

Mr. CLARK of Missouri. Mr. President, in this connection I should like to say that I thank the Senator from New Mexico very much for his remarks, and I wish to add that Mr. Milligan was not an applicant for reappointment as district attorney. The initiative in the matter came from the Attorney General of the United States because of Mr. Milligan's very outstanding record when he was district attorney previously. My colleague from Missouri [Mr. TRUMAN], and I were very happy to concur in this nomination. In fact my colleague [Mr. TRUMAN] sent an endorsement for Mr. Milligan before he even learned of the position of the Attorney General.

I should like to add further, in connection with the Hatch Act, that Mr. Milligan, during his service as district attorney, when he was contemplating candidacy for the United States Senate, felt himself so bound by the proprieties of the situation, and also by the provisions of the Hatch Act—and I know Mr. Milligan well enough to know that even if the Hatch Act had not been on the statute books he would have felt himself so bound by the proprieties of the situation—that he did not make one single move toward perfecting an organization until the campaign was well advanced, and at a time when the condition of his docket was such as to permit him to resign honorably to run for the United States Senate.

In my opinion, the Attorney General and the President have done themselves credit, in addition to doing Mr. Milligan great honor under the circumstances in reappointing him to this office. The people of Missouri will appreciate their action and that of the Senate.

The PRESIDING OFFICER. The question is, Will the Senate consent to the nomination?

The nomination was confirmed.

Mr. CLARK of Missouri. I ask unanimous consent that the President be immediately notified of the confirmation, in view of the fact that there is a vacancy in the office to which Mr. Milligan has been appointed.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

FREDERICK ELLIOTT BIERMANN

The Legislative Clerk read the nomination of Frederick Elliott Biermann to be United States marshal for the northern district of Iowa.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Legislative Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed. That concludes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock p. m.) the Senate took a recess until tomorrow, Wednesday, September 25, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 24 (legislative day of September 18), 1940

UNITED STATES MARITIME COMMISSION

Commander Howard L. Vickery, United States Navy, to be a member of the United States Maritime Commission for the unexpired term of 5 years from April 16, 1937, vice Edward C. Moran, resigned.

UNITED STATES DISTRICT JUDGES

Ingram M. Stainback, of Hawaii, to be United States district judge for the district of Hawaii, vice Hon. Seba C. Huber, term expired.

Bower Broaddus, of Oklahoma, to be United States district judge for the eastern, northern, and western districts of Oklahoma, vice Hon. Alfred P. Murrah, who has been elevated to the United States Circuit Court of Appeals for the Tenth Circuit.

Royce H. Savage of Oklahoma, to be United States district judge for the northern district of Oklahoma, vice Hon. Franklin E. Kennamer, retired.

William J. Campbell, of Illinois, to be United States district judge for the northern district of Illinois, to fill a new position.

UNITED STATES ATTORNEYS

J. Albert Woll, of Illinois, to be United States attorney for the northern district of Illinois, vice William J. Campbell, who has been appointed United States district judge.

Gerald A. Gleeson, of Pennsylvania, to be United States attorney for the eastern district of Pennsylvania, vice Hon. J. Cullen Ganey, who has been appointed United States district judge.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 24 (legislative day of September 18), 1940

UNITED STATES MARITIME COMMISSION

Howard L. Vickery to be a member of the United States Maritime Commission.

ASSISTANT SOLICITOR GENERAL

Charles Fahy to be Assistant Solicitor General of the United States.

UNITED STATES ATTORNEYS

Tobias E. Diamond to be United States attorney for the northern district of Iowa.

Maurice M. Milligan to be United States attorney for the western district of Missouri.

UNITED STATES MARSHAL

Frederick Elliott Biermann to be United States marshal for the northern district of Iowa.

POSTMASTERS

CONNECTICUT

Earl S. Johnson, Bethlehem.
Gertrude C. Wood, Noroton.
Thomas F. Murray, Noroton Heights.

GEORGIA

Bernard Franklin, Calhoun.

KANSAS

Frank A. Ryniker, Cheney.
William L. Kauffman, Seneca.

KENTUCKY

James R. Wilson, Auburn.
Maude Underwood, Drakesboro.
John C. Bassett, Earlington.
Clarence B. Coleman, Evarts.
Elizabeth R. Smith, Irvine.
Thomas E. Moss, Outwood.
D. Lawrence Johnson, Owenton.
Anna Clare Rapier, Waverly.
Charles V. Tingue, Wayland.
Edward A. Fish, Williamsburg.
Charles W. Mitchell, Wilmore.

LOUISIANA

Leo J. Noble, Jennings.

NEW YORK

Mary P. McGayhey, Shelter Island Heights.

NORTH CAROLINA

Roberdeau Wheat, Erlanger.

SOUTH CAROLINA

Lottie G. Myers, Pamplico.

VERMONT

Catherine F. Richards, Randolph.

WISCONSIN

Donald A. Sommers, Arkansaw.
Anna Kettering, Glen Flora.
Mary E. Lazers, Marshall.
Charles S. Thayer, Palmyra.
Henry F. Schumacher, Stoughton.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 24, 1940

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou our everlasting portion, shine forth that we may see Thee with hearts and minds which are unafraid. Let us understand the solemn meanings of life that stir the soul to its sacred depths. Bless and strengthen us with patience serene, with self-respect undebased by the humblest service, with a gladness undimmed by the dullest duty, and with a faith that looks through the clouds and feels the rapture of the eternal verities. Heavenly Father, grant that we may abound in the genius of the soul—in faith, in purity, and in hope—thus working out an eternal weight of glory. O Thou hidden source of calm repose, may we leave to Thee the deep longings of our breasts, praying for Thy refreshing grace. As each day brings new light, new inspiration, and new opportunities of being good and doing good, may we know the brotherhood and yield to love its throne. In the blessed name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the report of the

committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3929) entitled "An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 658) entitled "An act for the relief of the estate of Dr. B. L. Pursifull, Grace Pursifull, Eugene Pursifull, Ralph Pursifull, Bobby Pursifull, and Dora Little," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 1288) entitled "An act for the relief of Mrs. Clyde Thatcher and her two minor children, Marjorie Thatcher and Bobby Thatcher," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 4561) entitled "An act for the relief of Mrs. George C. Hamilton and Nanette Anderson," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. BROWN, and Mr. TOWNSEND to be the conferees on the part of the Senate.

PERMISSION TO ADDRESS THE HOUSE

Mr. MURRAY. Mr. Speaker, due to the fact that the majority wishes to have a caucus tomorrow night, I ask unanimous consent that I may be allowed to address the House for 30 minutes on Thursday of this week instead of Wednesday.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an editorial from the Country Gentleman.

The SPEAKER. Is there objection?

There was no objection.

THE LATE HONORABLE ERNEST LUNDEEN

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BUCKLER of Minnesota. Mr. Speaker and Members of Congress, I have asked for this time to call your attention to the memorial service for our late Senator Ernest Lundeen, of Minnesota, to be held at the Augustana Evangelical Lutheran Church, New Hampshire Avenue at V Street, Sunday, September 29, 1940, at 4 p. m. Everyone is cordially invited to attend and there will be a section set aside for the congressional delegation. This is sponsored by the Minnesota State Society of Washington, D. C.

I ask unanimous consent, Mr. Speaker, to include in my remarks the program of the services.

The SPEAKER. Is there objection?

There was no objection.

The matter referred to is as follows:

A MEMORIAL SERVICE FOR ERNEST LUNDEEN, SENATOR, STATE OF MINNESOTA

Augustana Evangelical Lutheran Church, New Hampshire Avenue at V Street, Washington, D. C., Sunday, September 29, 1940, 4 p. m.

ORDER OF SERVICE

Flag processional.
Anthem: Open Our Eyes, by McFarlane__Newcomb-Bethesda Chorus
Devotion.
Duet: It Singeth Low in Every Heart, by Brewer
Miss Lila Knudsen and Mr. Alden Porter
Memorial address and obituary_____Rev. Arthur O. Hjelm
Anthem: The Lord Is My Shepherd, by Macklin
Newcomb-Bethesda Chorus
Benediction.
Mr. Richard Wallace, organist.
Sponsored by the Minnesota State Society of Washington, D. C.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an article entitled "What Washington Would Say Today."

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks on two subjects, and in one to include a short statement by a former Congressman from the State of Oregon, General Martin, and the other to include a resolution of the labor board of my State.

The SPEAKER. Is there objection?

There was no objection.

Mr. GORE. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein an article from the magazine, Nation, entitled "The G. O. P. Problem Child."

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein a short article from the Washington Post.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks by including a short statement made by Mr. Scott on the Negro question.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include sundry letters and telegrams which do exceed the minimum. I have an estimate from the printer. I promise not to do it again for a long time. [Laughter.]

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WOOL FABRICS LABELING

Mr. LEA, from the Committee on Interstate and Foreign Commerce, submitted a conference report and statement on the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured woolen products, and for other purposes, for printing in the RECORD.

PERMITTING ASSIGNMENT OF CLAIMS UNDER PUBLIC CONTRACTS

Mr. SUMNERS of Texas. Mr. Speaker, I call up the bill (H. R. 10464) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, and I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. RICH. Mr. Speaker, I reserve the right to object.

Mr. SABATH. Mr. Speaker, reserving the right to object, I want to know whether the committee has agreed to offer an amendment to the bill as suggested before the Rules Committee?

Mr. SUMNERS of Texas. I believe I am not certain as to what amendment the chairman of the Rules Committee has reference to at the moment.

Mr. SABATH. There were two amendments, one to strike out the provisions 1 and 2, on page 2, that no assignment would take place without the consent of the department or agency concerned.

Mr. SUMNERS of Texas. No; there is no committee amendment dealing with that particular phase of the matter to be offered.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. If this request is granted, will it be possible to offer amendments?

The SPEAKER. If the request be granted, the bill would be considered under the 5-minute rule in the House as in

the Committee of the Whole, and any germane amendment could be offered.

Mr. MICHENER. Mr. Speaker, reserving the right to object, as I understand this matter, a rule has been granted on the bill. Ordinarily there would be 1 hour's debate on the rule on the question of whether or not the House would adopt the rule, then there would be 1 hour's consideration of the bill in the House. Then the bill would be read for amendment under the 5-minute rule. I take it the gentleman's purpose in submitting this request is to do away with consideration of the rule and to bring the bill itself up for consideration under the 5-minute rule.

Mr. SUMNERS of Texas. The gentleman is correct, to avoid the necessity of using time on the rule.

Mr. FISH. Mr. Speaker, reserving the right to object, let me say to the gentleman from Texas that I would probably agree it would be a waste of time to consider the rule, for it would be granted anyway, but I always like to proceed in an orderly manner. I do not believe there is any demand for time on this side of the aisle, but I always believe in orderly procedure.

Mr. SUMNERS of Texas. This is a unanimous consent request, I suggest to my friend from New York. If there is objection I will withdraw the request and proceed in the customary manner.

Mr. FISH. Had the gentleman consulted me about the matter I would probably be perfectly willing to go along with the gentleman. We have no requests for time on this side.

Mr. SUMNERS of Texas. Like all of you I am a busy man and it is quite out of the question to go around asking each of more than 400 Members if they would object.

Mr. FISH. I happen to be the ranking minority member on the Rules Committee.

Mr. SUMNERS of Texas. I beg the gentleman's pardon and most respectfully request him now personally and individually not to have any objection to this procedure.

Mr. FISH. I have no objection whatever to anything the gentleman asks.

Mr. SUMNERS of Texas. I thank my friend.

Mr. RICH. Mr. Speaker, reserving the right to object, will the gentleman state whether this bill has any bearing whatever on the Mexican claims bill we had under consideration a little while ago?

Mr. SUMNERS of Texas. No; it does not have anything to do with the Mexican claims.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That sections 3477 and 3737 of the Revised Statutes be amended by adding at the end of each such section the following new paragraph:

"The provisions of the preceding paragraph shall not apply in any case in which the moneys due or to become due from the United States or from any agency or department thereof, under a contract providing for payments aggregating $3,000 or more, are assigned to a bank, trust company, or other financing institution, including any Federal lending agency: *Provided,*

"1. That in the case of any contract entered into prior to the date of approval of this act, no claim shall be assigned without the consent of the head of the department or agency concerned;

"2. That in the case of any contract entered into after the date of approval of this act, no claim shall be assigned if it arises under a contract which forbids such assignment;

"3. That unless otherwise expressly permitted by such contract any such assignment shall cover all amounts payable under such contract and not already paid, shall not be made to more than one party, and shall not be subject to further assignment, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in such financing;

"4. That in the event of any such assignment the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment with—

"(a) the General Accounting Office,

"(b) the contracting officer or the head of his department or agency,

"(c) the surety or sureties upon the bond or bonds, if any, in connection with such contract, and

"(d) the disbursing officer, if any, designated in such contract to make payment.

Notwithstanding any law to the contrary governing the validity of assignments, any assignment pursuant to this act shall constitute a valid assignment for all purposes."

The SPEAKER. The gentleman from Texas is recognized for 5 minutes.

Mr. SUMNERS of Texas. Mr. Speaker, I shall attempt a brief explanation of this bill. Under existing law, claims against the Government may not be assigned. The agencies of the Government interested in the program of preparedness, after full consideration, have arrived at the conclusion that this legislation which would permit the assignment of claims arising out of contracts would enable a great many people to contract with the Government using the claims against the Government as a basis for credit, who cannot now do so.

This proposed legislation is unanimously agreed to by the members of the Committee on the Judiciary and, I believe, is unanimously agreed to by the agencies of the Government in primary responsibility for the work of preparedness.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MICHENER. Is it not a fact that the committee held two or three hearings on this matter and that at the chairman's suggestion representatives of the departments interested appeared?

Mr. SUMNERS of Texas. That is correct.

Mr. MICHENER. We also had representatives of security companies and insurance companies, who might be interested. The result is this bill. The gentleman does not contemplate offering any amendments to the bill as finally written by the committee, I understand.

Mr. SUMNERS of Texas. The gentleman from Michigan is correct.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. FISH. This comes with a unanimous report from the committee.

Mr. SUMNERS of Texas. It does.

Mr. FISH. There are no minority views whatever?

Mr. SUMNERS of Texas. No.

Mr. McLAUGHLIN. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McLAUGHLIN. Mr. Speaker, in the committee discussion was had with respect to section 2 on page 2 which provides that in the case of any contract entered into after the date of approval of this act no claim shall be assigned if it arises under a contract which forbids such assignment.

Some of the members of the committee who are interested in this bill from the standpoint of the small manufacturer questioned the propriety of this provision for the reason that it was felt the bill was intended broadly to make assignment easy; whereas this particular provision rather restricted the right of assignment. I was one of those, if you will pardon a personal reference, who felt that way about this particular section, and there were some others on the committee who expressed sympathy to that viewpoint, including my distinguished colleague the gentleman from Michigan [Mr. MICHENER], who indicates that he also did. It was explained by the departments, however, that it is necessary in the national defense that some degree of secrecy be maintained with respect to these different contracts for the manufacture of material used in national defense: War material, for instance, the character of which it would not be in the national interest to disclose. In order to protect the Government it was necessary, therefore, to repose in the various departments the right to insist that the claim for the contract should not be assigned. It was pointed out that if the claim based upon the contract were assigned the financing institution to which the claim would be assigned would naturally insist that it be advised as to the nature of the contract because such institution would not be willing to advance money on a claim without knowing anything about the contract upon which the claim was based.

For this reason those of us who felt as I have indicated, have rather reluctantly gone along on this section and have

withdrawn any objection to it. However, we feel that in doing so we can rely upon the assurances of the War and Navy Departments that they will not exercise improperly, arbitrarily, or capriciously this right of refusing assignments, but, on the contrary, will exercise it only in those instances where they feel that the exercise of it is in the national interest and for the benefit of national defense and because of the secrecy feature to which I have referred.

Mr. MICHENER. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from Michigan.

Mr. MICHENER. May I say to the gentleman that he has stated in much clearer language than I possibly could, my feeling exactly so far as this provision is concerned. I feel that he has stated the feeling of the majority of the Judiciary Committee. Ordinarily, if conditions were not as they are, possibly we would insist on a little different legislation, but this is national defense, and we must accept some of the things which the departments tell us, so far as secrecy in the department is concerned.

Mr. McLAUGHLIN. I thank the gentleman. I may say that those of us who feel as I have indicated do not want to be placed in the position of doing anything that could possibly be construed as putting any obstacle in the way of full national defense.

Mr. YOUNGDAHL. Will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from Minnesota.

Mr. YOUNGDAHL. I am advised that the policy of the National Defense Commission is to spread out these contracts as much as possible with smaller contractors, thereby breaking down the larger contract into several units. The purpose of this bill, as I understand it, is to give these small contractors the benefit of this additional credit; is that correct?

Mr. SUMNERS of Texas. I think that is a correct answer. The purpose of the bill is to enable these small contractors to use their claims against the Government as a basis to enable them to continue to perform other contracts.

Mr. YOUNGDAHL. Does the gentleman feel that the provision in this bill requiring the consent of the agency making the contract will in any way act as a deterrent to the purpose for which this bill is being passed?

Mr. SUMNERS of Texas. May I make this explanation to the gentleman who introduced the first bill covering these matters? If this bill is not enacted there can be no assignment of claims. That is the first proposition. The agencies of the Government which have responsibility are themselves responsible for proposing this legislation. They came down to the Committee on the Judiciary, as the gentleman from Michigan explained, and indicated their desire to increase as far as possible the number of persons who could bid on these contracts, and who could help the Government in this emergency. They said, however, with reference particularly to some of the equipment material, with regard to which secrecy had to be preserved, that they did not want to take the responsibility of advising that in every case these claims should be assignable, or that there would not be in the nature of things some claims that should not be assigned. As the gentleman from Michigan [Mr. MICHENER] has fully explained, the committee after full consideration agreed that it would not like to take the responsibility of trying to override the expressed judgment of those who are themselves in responsibility with regard to the whole program.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SABATH: On page 1, line 10, strike out "$3,000" and insert "$1,000."

Mr. SABATH. Mr. Speaker, this bill aims to aid the small-business man and the small manufacturer. The large manufacturers and the big-business men do not need this relief, but the little fellow does. Consequently, I feel that we should not preclude those with claims or contracts below $3,000. I think the restriction of $1,000 is low enough, therefore I am offering the amendment.

I had hoped that the Judiciary Committee would agree to strike out paragraphs 1 and 2, which would reduce the amount from $3,000 to $1,000 and which have been explained by the gentleman from Nebraska [Mr. McLAUGHLIN] and the gentleman from Michigan [Mr. MICHENER]; but the committee has not agreed to strike out those provisions. As it is, these little fellows will be left at the mercy of the departments. They have no agents or representatives here, and they will find it mighty hard, if not impossible, when a Department clerk says, "No; you cannot assign your contract," to get an assignment approved. I am especially interested in the little fellow, as all of us should be. The big fellows do not need this proposed benefit. They have adequate money or can get it from the banks.

So I have introduced this amendment in the interest of the little fellow, because, as I say, the big fellows are taking care of themselves even against the best interests of our country and against our efforts to safeguard and provide proper defenses for our own Nation. Consequently, I feel that the amendment I have offered should be adopted.

Mr. Speaker, passing on, I observe in this morning's press reports that the Du Ponts and their affiliates are monthly exporting $10,000,000 worth of war munitions that finally reach aggressor nations. They well know how to effect such an evil design. These munitions makers have, according to the press, unfriendly foreign agents and representatives in their own offices in America. I think it is manifestly unfair for the Government to provide millions and millions of dollars to help manufacture much-needed articles of defense and then to allow these very same men who get the Government aid, the millions and millions of dollars to enlarge and maintain their plants, to use those plants for the manufacture and surreptitious exportation to powers distinctly unfriendly to American purposes $10,000,000 worth of their products monthly.

Mr. Speaker, I insert an article by Guy Richards, of the Chicago Tribune Press Service, mark it, Chicago Tribune Press Service, appearing in today's Washington Times-Herald; and it is indeed deplorable to read that the richest corporations and the richest men in this country obtaining the greatest protection that is afforded by any country in the world should be guilty of such offenses as are described in this article. Especially in view of the fact, as I have stressed, that most of these materials are most badly needed for our own national defense. Operations like these cause justifiable resentment by all our good, unselfish citizens. It appears to me that such corporations are not satisfied with legitimate business, with millions in profits, which make it easy for them to contribute directly and indirectly to the campaign funds of Republican committees and to the Willkie campaign fund, but by bootleg methods that are doing things detrimental to their own country. No doubt, this trade nets them double or triple profits and therefore, as I have stated, it is no wonder they so willingly contribute to the Willkie and Republican committee campaign funds.

The article says:

AGENTS IN DU PONT OFFICES GUIDE WAR GOODS TO AXIS—UNITED STATES TRADE WITH GERMANY, ITALY PUT AT $10,000,000 MONTHLY

(By Guy Richards)

NEW YORK, September 23.—Despite the British blockade, American industrialists have found corkscrew routes for pouring into Germany and Italy about $10,000,000 worth of vital war materials every month.

Vast stores of oil, copper, machinery, and cotton are finding their way to Axis territory through Arctic Ocean ports, Spain, Portugal, Cuba, Mexico, and Russia.

BACKED BY BIG BUSINESS

At least five nations are lending their services to American businessmen who have found gold-lined routes for shipping blockade-barred goods into Germany.

These scattered suppliers, dealing through their New York headquarters, have established contacts with agents all over the world. The agents are sponsored in this country by amazingly influential business interests.

It was learned, for example, that the American representative of Juan March, financial backer of General Franco, Spanish dictator,

has his desk in the offices of Francis I. du Pont Co., at 1 Wall Street. He receives a regular salary from the firm, which is engaged in the commodity and brokerage business.

BRANCH IN WILMINGTON

Three members of the famous Wilmington (Del.) clan that controls E. I. du Pont de Nemours are partners in this Wall Street firm which also has a branch in Wilmington. The interest of its senior member, Francis I. du Pont, is secured with 2,000 shares of Hercules Powder common stock—an investment which was forced out of direct du Pont control by a Sherman antitrust suit of 1912.

Another desk in the Francis I. du Pont office is occupied by Avelino Montes, Jr., the man whom German firms here know as the expert on how to get shipments through Mexico.

The two men—Jose M. Mayorga, Spanish emissary of Franco's Juan March, and Mexico's Avelino Montes—sit side by side in a comfortable suite in the du Pont offices, on the ninth floor of the building. They are intimate friends and former classmates at the Harvard Business School. By manufacturers anxious to obtain deliveries in Germany they are known as exactly the right people to see.

AVOID EMBARGO LIST

In the newly found loopholes of the blockade thrown around the axis by the British Navy and American embargoes, the chief beneficiaries in the United States are cotton, oil, and machinery suppliers and the giant copper concerns which have somehow managed to keep their metal, in both scrap and ingot form, off the American embargo list.

How profitable the loopholes have proved for American businessmen can be gleaned from the figures of the Department of Commerce.

They show that shipments to Spain and Portugal skyrocketed more than $22,000,000 over last year's figures for the first 7 months of this year. Cotton, oil, machinery, and scrap iron are the items leading the big increase.

COPPER TO RUSSIA

To Russia, America shipped $11,374,940 worth of copper in the 7 months ending July 31 this year. None was shipped in the same period last year. Exports of all sorts to the Soviet Union jumped to $48,342,000 this year from $23,310,037 in the same 7 months of 1939—a rise of more than 100 percent.

Exports to Cuba soared $7,700,000; to Mexico, $8,100,000. These figures may indicate why Spain and Portugal have been spared so long from involvement with the Axis Powers in actual war.

But a tightening of the British blockade has shifted the flow of goods over the Pacific.

The rising flow of trade to Siberian ports has led to the opening of branches throughout Japan and Russia of the German forwarding agency of Harry W. Hamacher, a former official of Schenker & Co., Berlin, with 208 offices scattered all over the world.

In the Orient, Hamburg-American Line offices have been turned over to Hamacher. In New York, Schenker's agent is the Draeger Shipping Co. of 17 State Street.

The furious pace of trans-Pacific trade has brought numerous charterings by Russia of American tankers. The Amtorg Trading Co. has just leased three speedy Swedish motorships and last week six miscellaneous freighters were booked by the Soviet officials to carry cotton and wheat from West Coast American ports to Vladivostok.

CESSION OF BASES

Thus it is in the Pacific that informed circles here believe will come the next Anglo-American move to shut the back door, now wide open, through which invaluable aid is flowing to Germany. This necessity for a joint United States-British blockade in the Pacific is seen as the basis behind official discussions now in progress, reportedly involving the cession of naval bases to the United States in Australia, New Zealand, and Singapore.

Meanwhile, from Cuban harbors, loaded tankers owned by American subsidiaries daily leave port—only to return 3 days later, having unloaded their cargoes on daring neutral blockade runners. These, in turn, set off on long voyages that scrape the Arctic Circle to reach Petamo and Murmansk, and thence transship their loads to Germany.

Such shipments, usually from South America to Cuba, do not appear on United States export figures. Their value is estimated at about $3,000,000 weekly and raises to $10,000,000 the weekly figure for axis-bound merchandise arranged for in New York.

COMMERCE FIGURES

Official measurement of the traffic, showing the swell of exports over last year, is available in the figures of the Department of Commerce. They show that the five countries chiefly participating in it have bought goods valued at $61,127,281 more than in the same first 7 months of 1939, thus:

	1940	1939
Spain	$23,255,000	$8,431,000
Portugal	12,090,000	4,655,000
Russia	48,342,000	23,310,037
Mexico	51,702,401	45,602,992
Cuba	49,498,674	41,761,765
Total	184,888,075	123,760,794

It is alleged by a distinguished Senator that a large American corporation which supplies glass for instruments and weapons for the Army and the Navy is maintaining close relation with a German concern involving disclosure of secret processes; that one of the most important metals, invaluable in the manufacture of airplanes, is controlled by a corporation half of whose stock is reliably reported to be owned by the German Chemical Trust; and that information has come to hand that some large concerns important to national defense have deferred national interests to monetary consideration, by giving preference to foreign munitions orders.

I feel that such practice is shameful and reprehensible and should be stopped. Moreover, we should discontinue the exportation of many raw materials, scrap iron, oils, including all strategic materials, to other countries, especially Japan, which uses these materials in the wanton, cold-blooded massacre of defenseless old men, women, and children in righteous, worthy China.

I do not desire to do or say anything that might unfavorably involve us, but I think that drastic action by our Government will force these Japanese war lords to come down off their high horses, shed some of their conceit, and discontinue their continual bellicose attitude toward America.

Also, I have read in today's newspaper that Russia desires to become more friendly toward the United States and she desires to negotiate the purchase of certain articles for her own use. I believe that due favorable consideration should be given to that proposal, because she will, perhaps, unfortunately, be the only country in Europe, except chivalrous Great Britain, open to our future export surpluses.

Obviously, the Fascists and the capitalistic group of this country dislike the Russian form of Government, but that should not be our national concern. Russia always has been friendly toward the United States, notably during the Civil War; and she does not need our assistance. She is and will be able to care for herself; therefore, why should we not cultivate and promote friendly commercial relations with her?

[Here the gavel fell.]

Mr. McLAUGHLIN. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I do not wish to appear in the light of opposing any amendment which appears to benefit the small manufacturer, and especially those manufacturers in the central portion of this country who have not received contracts to date of any substantial amount in the aggregate in connection with the national defense. The issue involved in this amendment was discussed in the Judiciary Committee and before the Rules Committee when the rule was before that committee. The suggestion of the gentleman from Illinois that the amount be reduced from $3,000 to $1,000 was considered. Originally the amount suggested was $10,000, which would have meant that no contract of less than $10,000 could be assigned, but the committee has agreed upon $3,000. The reason for the agreement is that it has been represented to us by the departments that there are few contracts awarded by the department that amount to less than $3,000, and that an amendment to reduce that amount to $1,000 would serve no real purpose. Therefore, I am reluctantly in the position of opposing this amendment, although it may appear that the amendment is intended for the benefit of the small manufacturer. I do it from a practical standpoint and in order to go along with the War and Navy Departments in the national defense, a thing we are all interested in doing at this critical time.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from Illinois.

Mr. SABATH. Is it not a fact that I have shown to the gentleman, who was inclined to side with me, that out of 53 of these contracts, a list of which I had before me, there were 17 that were below $3,000, around $2,000, or $1,800, the little fellows? They are the people who need financial assistance. They cannot get it from the banks.

Mr. McLAUGHLIN. It is manifest that any isolated list which might be selected might produce the effect indicated

by the distinguished gentleman from Illinois. We are taking a broad position on this matter and are following out the desires of the War and Navy Departments in the broad purpose of national defense. I believe we are justified in it, and I further believe that no prejudice to the small manufacturer will follow our action.

Mr. MASSINGALE. Mr. Speaker, will the gentleman yield?

Mr. McLAUGHLIN. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. May I make the suggestion in connection with the gentleman's argument that, inasmuch as he has just stated that there are comparatively few contracts that involve less than $3,000, then that should be an argument in favor of this amendment. It will not take much more work or much more time to grant that request.

Mr. McLAUGHLIN. I recognize the gentleman's argument. His arguments are always interesting and his contributions are always worth while. However, in this emergency I believe the gentleman will agree that unless there is some compelling reason to the contrary we should go along with those agencies of government that are charged with the national defense. That is what the Congress is trying to do generally in a patriotic way.

In closing may I, as a representative of the Middle West, from the State of Nebraska, call the attention of the Congress to the fact that the strip of States including North Dakota, South Dakota, Nebraska, Kansas, and Oklahoma comprises the States which has lost population in the 1940 census. Severe and protracted drought conditions have existed there. We have the assurance of the War and the Navy Departments that in the national-defense program industry is to be decentralized. This decentralization will not only benefit the States to which these industries will be sent in the Middle West but will also be in the interest of sound national defense. In Germany the industrial plants are scattered throughout the length and breadth of the land so there will not be concentration and there will not be grave danger of attack from the air on a centralized industrial area. This is a wise policy, and it is well that it is to be put into effect in this country. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I have asked for recognition at this time not primarily to supplement what the gentleman from Nebraska has just said, but to give you what I think is a picture that compliments these agencies of Government dealing with this problem.

In the first place, there would have been no such legislation as this pending before you, probably, except for the fact that the agencies of Government now in responsibility came to the Committee on the Judiciary and asked for this sort of legislation because they wanted to broaden, as the gentleman from Nebraska has indicated he wants to have done, the field from which they can draw bidders on these contracts. The way they proposed to have it done was to repeal or amend—it amounts to repeal—existing law which prohibits the assignment of claims against the Government. There is a good deal involved in this matter of dealing with assigned claims.

The reason the $3,000 limit was insisted upon, not by the committee in the first instance but by these agencies of Government, is that frequently some small man who can train a few pilots wants to buy a plane. He does not have the money to do it. In such a situation they can help him by permitting him to assign his claim for $3,000. They said, however, and it seems sensible, that there had to be some limit in administrative cost and expense, because it would cost just as much, probably, for the governmental agencies to handle a $1,000 claim as a much larger one.

As the gentleman from Nebraska said, our limit was $10,000 originally. It was at the suggestion of these agencies of Government that we reduced it to $3,000. They said, "We do not want just to take the bridle off. We cannot afford to be dealing with smaller amounts. Anybody who wants to contract with the Government, if he stands pretty well, does not really have to assign a claim for less than $3,000." So everybody, the agencies of Government, have agreed on it, as has the Committee on the Judiciary, and I hope the House will stand by the bill as we have all agreed on it and as we have all reported with reference to it. The ones who had the greatest difficulty about it, perhaps, were the accounting agencies of the Government,

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. GILCHRIST. What is the evil about allowing all claims to be assigned?

Mr. SUMNERS of Texas. I have tried to state that. First, there is the expense of administration and investigation and all that kind of thing on the part of the Government, and then the committee did not feel from all the statements that were made that there was any real reason from the standpoint of dealing with these problems for having claims of less than $3,000 assignable. It was a cut down on the part of the committee from $10,000 to $3,000.

Mr. GILCHRIST. I may say that in my State every claim is assignable, but, of course, is subject to any defenses that the party may have against the contract, and I do not see any evil in allowing any claims against the Government to be assigned.

Mr. SUMNERS of Texas. I will say to my friend that in 1846 a law was passed prohibiting assignment of claims against the Government. Such assignment was void, and in 1862 assignment of contracts was prohibited. For the very reason the gentleman from Nebraska [Mr. McLAUGHLIN] has indicated, a general desire to broaden the field and get these contracts away from the great, big agencies, it was decided to permit these assignments, with safeguards first as to the amount and then the other safeguards contained in the bill.

Mr. GILCHRIST. This bill ought to be passed anyway.

Mr. SUMNERS of Texas. I hope the gentleman will stand by the committee.

Mr. YOUNGDAHL. Mr. Speaker, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. YOUNGDAHL. As the gentleman knows, I introduced a similar bill several weeks ago and I am in favor of this legislation.

Mr. SUMNERS of Texas. That is right. The gentleman from Minnesota introduced the first bill and has had a most helpful and cooperative attitude all the way through.

Mr. YOUNGDAHL. The point I would like to be assured on is this: In order to get the consent of the agency to this credit, does the gentleman feel there will be any unnecessary delay in getting such consent?

Mr. SUMNERS of Texas. I believe that this will give assurance that the agencies of the Government are tremendously interested in speeding up this program and would have every reason not to delay.

[Here the gavel fell.]

Mr. MASSINGALE. Mr. Speaker, I rise in support of the amendment.

Mr. Speaker, I am a member of the Judiciary Committee, but it so happened I could not attend the hearings on this bill.

I think any arbitrary fixing by the Judiciary Committee or any other committee ought to be discussed just a little. I am not concerned with any of these war contracts or with any that will be let, and I do not believe there will be one let in my district, but they have fixed $3,000. Why did they do it? Just a guess, an arbitrary matter, and here is an amendment that—while it does not suit me—I do not think there ought to be any limit on the amount of the contract before an assignment can be had of it. If you can assign one for $50,000, why can you not assign one for $500?

The gentleman from Nebraska [Mr. McLAUGHLIN], in arguing in support of the committee's bill, made the statement that there would be comparatively few contracts of less valuation than $3,000. If so, it is not going to hurt the Government of the United States, and I imagine they can dig up down there

in the War Department or the Navy Department a clerk every now and then who can handle the assignment of claims involving less than $3,000 just as readily as they can those that involve $3,000 or more. I just believe we ought to be square about it and treat everybody alike. A $1,000 claim or a $500 claim under a contract may be just as important to some of these fellows that are going to bid on them as a $100,000 claim bid on by the Du Ponts or some large concern that is engaged in the manufacture of war materials, and therefore I am going to support the amendment offered by the gentleman from Illinois [Mr. SABATH].

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from Illinois [Mr. SABATH].

The question was taken; and on a division (demanded by Mr. MASSINGALE) there were—ayes 12, noes 50.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Speaker, I move to strike out the last two words.

Mr. Speaker, this matter had been overlooked for a good many years until recently, when our worthy colleague, the gentleman from Minnesota [Mr. YOUNGDAHL] brought it to the attention of certain members of the Banking and Currency Committee. We had lost sight of the fact that there was a prohibition in existing law against the pledging of Government contracts as security for loans by banks. The matter was presented to the legislative counsel and a bill was drafted and introduced by the gentleman from Minnesota [Mr. YOUNGDAHL] which I think is a better bill than the one before us. However, there will be no attempt on the part of anyone that I know of to embarrass this legislation by moving to substitute the Youngdahl bill for the pending measure, because this is a bill that is very definitely in the right direction.

At the present time there are something over $6,000,000,000 of excess reserves in the banks of the Nation which are frozen tight, due to the fact that the Government has come in competition with private lending to the point where there is no demand upon the banks for this money.

Inasmuch as whatever prosperity we are enjoying or which we shall enjoy in the immediate future is going to be largely dependent upon Government spending, and inasmuch as Government spending is going to be largely through defense contracts, it seems only logical that we take this way of thawing out some of these billions which are now frozen in the banks as excess reserves.

The only opportunity for investment left to private enterprise at the present time is in the Government bonds which raise the money to furnish the cash and credit to carry on this defense program. As I see it, this is a movement to allow private enterprise to get back some of the opportunity to invest private funds which has been constantly taken away from it during the past 7 years.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SUMNERS of Texas. As chairman of the Committee on the Judiciary, I want to express appreciation for the gentleman from Minnesota [Mr. YOUNGDAHL] having pioneered the field of the proposed legislation. He introduced the first bill, and it is a fine bill. This bill follows along the line of the Youngdahl bill.

Mr. WOLCOTT. I thank the gentleman.

I think the purpose of the two bills is identical. However, there are certain restrictions in this bill which do not appear in the original proposal which I think might be advantageously eliminated. I do not see any particular reason why an assignee should have to give notice to the contracting officer or head of his department or agency. There may be some justification for giving notice to the surety on the bonds which the contractor has to put up. Of course, as a matter of protection, there is no particular objection to the assignee giving notice to the General Accounting Office, but there is no provision in this bill which authorizes payment directly to the assignee in case of default by the assignor. So it seems to be somewhat redundant unless there is a further provision made in the bill for the further protection of the bank or trust company or individual making the loan.

I think in the main, however, it is good legislation and should be enacted.

[Here the gavel fell.]

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. Without objection, House Resolution 605 will be laid on the table.

There was no objection.

RESIGNATION FROM COMMITTEE

The SPEAKER laid before the House the following communication which was read by the Clerk:

SEPTEMBER 18, 1940.

Hon. SAM RAYBURN,
Speaker of the House of Representatives, U. S., Washington, D. C.

MY DEAR MR. SPEAKER: I hereby respectfully tender my resignation as chairman of the Committee on the Public Lands.

It is my intention to remain on the committee as a member.

Respectfully,

RENÉ L. DEROUEN.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

Mr. DOUGHTON. Mr. Speaker, I offer the following resolution, which I send to the desk, and I move its immediate adoption.

The Clerk read as follows:

House Resolution 610

Resolved, That J. W. ROBINSON, of Utah be, and he is hereby, elected chairman of the standing committee of the House of Representatives on Public Lands.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a statement on the Institute of Public Relations maintained by Westminster College.

The SPEAKER. Is there objection?

There was no objection.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include an address made over the radio by Maj. Gen. William C. Rivers, United States Army, retired.

The SPEAKER. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker, I ask unanimous consent that I may insert in the remarks which I just made the article from which I quoted.

The SPEAKER. Is there objection?

There was no objection.

PUNISHMENT FOR DESTRUCTION OF WAR MATERIAL OR WAR PREMISES OR UTILITIES

Mr. SABATH. Mr. Speaker, I call up House Resolution 604 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 604

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10465, a bill to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan [Mr. MICHENER], as is usual. I, myself, will take only a minute.

Mr. Speaker, this is a rule that will permit H. R. 10465 to be taken up under the 5-minute rule and amendments to be offered and considered. It provides for 1 hour of general debate.

The purpose of the bill is to provide protection against injury to and interference with or destruction of the national defenses of the United States.

The bill was reported unanimously by the Judiciary Committee, and the rule comes from the Committee on Rules with a unanimous report.

Mr. Speaker, I reserve the remainder of my time.

Mr. MICHENER. Mr. Speaker, I yield 8 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to proceed out of order.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DOES CANDIDATE PRESIDENT ROOSEVELT GIVE AID AND COMFORT TO HITLER—AID IN EXPLOITING THE AMERICAN WORKER?

Mr. HOFFMAN. Mr. Speaker, does Candidate Roosevelt, acting as a candidate for public office, using the powers of the Executive Office, sabotage our national-defense program; give aid and comfort to Hitler? Does he, by permitting labor politicians to collect excessive sums from union members or from those desiring to join unions as a prerequisite to doing work in connection with our national-defense program, aid in exploiting union and nonunion workingmen?

AID AND COMFORT TO HITLER?

In wartime, giving aid and comfort to a public enemy is treason. You may furnish your own characterization of what like conduct is during peacetime, or, more properly, during a period of preparation for national defense.

Let me state the facts. They are few and simple and, upon them, as you believe in our Government, as you hope for eternal salvation, place upon the record your own conclusions.

First. The candidate, seeking reelection for a third term as President, states that Hitler is the enemy of our country and that we are in imminent danger of invasion by him if Great Britain loses the present struggle. Let us assume that statement to be true.

Second. To meet this threatened danger, Candidate Roosevelt, speaking as President, warns us that, if we would not lose our rights as freemen, see the destruction of our Government, and become vassals of Hitler, we must use to the utmost our financial and industrial resources and conscript the youth of the land in a preparedness program. Again, let us assume that that statement is correct.

Third. Again, he tells us that, in addition to preparing all of the implements of war which we, by any stretch of the imagination, may need for our national defense here at home, it is vital, to make our defense impregnable, that we send—and he has sent—to the aid of Great Britain, planes, trucks, artillery, warships, munitions of all kinds. Once more let us assume, for the sake of the argument, that he is correct.

Having the foregoing in mind, it necessarily follows, as does night the day, that anything which interferes with, hinders, or delays or adds excessive cost to the production of those things which we need for defense or which are to be sent to Great Britain, gives aid and comfort to her enemy, Hitler; the man, who, we are told, will, before this war is over, invade our shores. There is no escape from the foregoing conclusion.

Now, what has the President done, what is he doing, which would justify the charge that he is giving aid and comfort to Hitler?

By his acts in the past and by his present conduct and by his inaction he has raised, and is raising, the cost of, and is delaying and hindering the construction and fabrication of, munitions of war. You want the particulars as to how this is being done and perhaps as to why. Both are here given you.

HOW WAS THIS DONE?

One instance from the past—and that instance can be multiplied—will suffice on the charge that he has hindered the national-defense program by his inaction.

The Labor Department and the N. L. R. B. are under the influence of the President. No one can truthfully gainsay that proposition. When at Detroit the Bohn Aluminum and Brass Corporation was working on orders of the Army and the Navy for the production of materials directly connected with our defense program a C. I. O. union, in one instance for 24 days, and in the other for 42 days, not only held up production but refused to deliver materials belonging to the Government to Government officials. The delivery of airplane motors was prevented. The national-defense program was delayed. The President took no action.

The matter was called to the attention of the War and the Navy Departments and to the attention of the Department of Labor, for whose activities, as Commander in Chief and as President, Candidate Roosevelt is directly responsible; for whose achievements he claims all credit; and neither remedied the situation.

For proof of the foregoing you are referred to a letter, under date of October 20, 1939, written by then Acting Secretary of the Navy Charles Edison, to the chairman of the House Committee on Naval Affairs, in reply to House Resolution 314, which had been introduced by me.

PRESENT PROGRAM BEING DELAYED

Come now to the present situation. Congress has appropriated billions of dollars, much of it without adequate consideration as to where or when or how it was to be spent. Blank checks were given the President for billions. All this because the President insisted that time was vital, that the appropriations must be made at once.

If the danger is as great and as imminent as we are told, then haste—the utmost haste—is vital, and delay may jeopardize our safety.

Throughout the country activities of every conceivable kind having to do with preparedness are being speeded up. Notwithstanding Candidate Roosevelt's insistence that there must be no delay, men are being denied the opportunity to work on the defense program. Again a multitude of instances will not be cited. Two will serve the purpose.

Into my office have come letters, as they have into the offices of other Congressmen, and to me have been made statements by responsible men, that carpenters seeking jobs at Fort Custer, in Calhoun County, Mich., are required to pay a union membership fee of $55. The membership fee in the adjoining county of Kalamazoo, according to this information, is $37.50. When a Kalamazoo county union man in good standing applies for a job in the adjoining county of Calhoun, at Battle Creek, the Calhoun County union officials insist that the difference between the $55 and the $37.50 be paid to it.

Here is an instance of a union man in good standing, with his membership card in order, if this information be true—and it comes from a reliable source—required to pay an additional $17.50 before he can go to work on a Government project. Is this union man being exploited? And if so, by whom?

By a Member of this House I was informed yesterday that where men applied for work on a Massachusetts defense project, calling for the expenditure of millions, which needed men, they were told by the contractor that they could not be employed unless they joined the union. From the same source came the information that the union fee there was $75 per man.

Oh, yes; the candidate and the majority party insisted a few days ago that we must conscript the youth of the Nation for national defense, and the youth of the Nation are to be conscripted.

If son John is to be conscripted for training in an Army camp, for fighting in the trenches, is there any reason why his brother, Henry, who volunteers to work in building the cantonment necessary for shelter of John, the conscripted man, or in the factory producing the gun or the clothing which John must wear should be denied the right to work until he has paid fifty, seventy-five, or a hundred dollars?

The candidate insisted, and the majority party backed him in his demand, that the National Guard must be called from their homes for national defense.

But when an honest, patriotic American, who must depend upon his labor for his livelihood and for the livelihood of his

family, seeks to enlist for work at going wages on a Government preparedness job, the union, with the candidate's connivance, steps in and demands that the workingman, the American citizen, pay tribute to that union before he can serve his country.

By limiting employment on the preparedness program to only those who belong to a particular organization, production is hindered, delayed, and the cost rendered excessive; thus aid and comfort is given to those who would invade us.

Talk about "fifth columnists," bottle-necks in industry. How could any man or any group of men more effectively hinder and delay our preparedness program than to insist that men who lack the money must first pay a membership fee before they can go to work on the program? That only members of their own organization shall be permitted to work for the national defense?

EXPLOITING THE UNION MAN

Not only are nonunion men denied an opportunity to contribute their services toward the national defense until they have paid a fee fixed in some instances by union officials with an eye on political preferment but members in good standing in their unions are required, if they would hold their jobs, to pay what to many appear to be excessive, unconscionable sums to join and to retain membership in their unions.

Why should a union man in one county, for example, in Kalamazoo County, in good standing, having paid every obligation imposed upon him by his union or the officials of his union, if he wants to cross the county line and work in Calhoun County, at Fort Custer, be required to contribute another $17.50?

Who is it that determines the membership fee in the union? Who is it that decides what the monthly dues, the special assessments, shall be? And what becomes of the money?

Does the rank and file in the local union organization fix the amount of the membership fee, the amount of the dues and special assessments? How much does the member, the working member, of the local union know or have to say about the disposition of the millions of dollars that are collected?

Preparing for war as the Nation is, is there any reason why the resources of the country, of the individual worker, should have imposed upon these resources an added burden of millions of dollars without an accounting as to when and where and for what purposes and by whom it is spent?

Why should a man who wants to join a union, a man who is a patriotic American citizen, willing—yes; anxious—to do his part toward national defense, be required to pay fifty, seventy-five, a hundred or more dollars for that privilege?

Are union officials to hold the gate through which labor, including their own members, must go to aid in the national defense and open it only when and so far as they may choose? How can this Nation prepare to meet the threatened danger, if, of the millions of American workers called and needed, only those may enter through the factory's door who have submitted to a private organization's demand?

Of what use to "conscript industry," if the leaders of organized labor are to retain control over the labor which operates and renders industrial plants effective?

I do not believe that the rank and file of organized labor—honest, patriotic men and women as they are—nor will I believe until they so state themselves that either William Green, president of the A. F. of L., or John L. Lewis, head of the C. I. O., will go before the American people with the announced policy that only members of a labor organization shall be permitted to work at the lucrative jobs supplied by the national-defense program.

I am asking the presidents of those two great organizations whether they are back of the program which declares that, before an American citizen can work in an industry geared to national defense, on a project, for example, the building of cantonments for shelter for conscripted soldiers, that man must pay a fee fixed by some union official?

I ask these two great leaders, would not such a policy substitute for our Government of, by, and for the people, a government of, by, and for union officials?

I ask the president of the American Federation of Labor and the president of the Congress of Industrial Organizations: Are you or your organizations permitting men who are acting, or assuming to act, as representatives of your organizations to require the payment of fifty, one hundred, or more dollars, by a patriotic American who wants to assist, through his labor, in the national-defense program before he will be permitted to pick up his tools and go to work?

WHY?

Why is this, do you ask? Why does the President permit such a practice to prevail? The answer is simple. The candidate, speaking as President, made his bid for this kind of a procedure when he told organized labor that none of his social program was to be sacrificed to make effective the defense program.

I do not believe that the members of either the American Federation of Labor or of the Congress of Industrial Organizations—the men who do the work—have ever in a Nation-wide poll determined that only members of their organization can work on the national-defense program.

So-called union leaders, by virtue of legislation which Congress has passed, under the protection of the National Labor Relations Act, the National Labor Relations Board, and the Senate Civil Liberties Committee are now, in some instances at least, denying to patriotic Americans the right to serve their country through their labor until they—certain union politicians—have collected their tribute.

Of what benefit, do you ask, is this to Candidate Roosevelt?

In payment for this special privilege, the unions in the past, during 1 year, according to the sworn statement filed with the Clerk of this House, contributed $770,000 to his campaign fund. A few days ago another union announced that it would contribute $20,000 to purchase radio time for Candidate Roosevelt's campaign speech.

THE PAY-OFF

Each day's press carries the information that this or that union organization has endorsed him for a third term. In payment for the special privileges given them to levy tribute upon American citizens, whose only thought is self-support and patriotic service in the country's industries in this time of emergency, the President, seeking reelection, connives at this levying of tribute. By his inaction, by the inactivity of the Justice Department, and through the activities of the Labor Department and the N. L. R. B., he aids in such tribute collecting.

The foregoing facts show that Roosevelt is more concerned in the perpetuation of himself in office than he is in the future of our Republic or the welfare of the worker.

Was there ever a more vicious circle? The candidate, through his authority as Chief Executive of the Nation, permits the levying of tribute upon union and nonunion men, by a privileged few, who, in turn, contribute a part of their collections to his reelection fund. Are not the plan, and its method of operation, as corrupt, as wicked, as immoral, as any of the activities of organized racketeers?

To end this sabotaging of our national-defense program, to end this giving of aid and comfort to Hitler, this unholy levying of tribute upon union men as well as upon the independent worker, a part of it used as campaign contributions to further a third term for Candidate Roosevelt, I have offered a resolution for an investigation and privileged resolutions of inquiry directed to the War and the Navy Departments.

If there is any Member of the majority party in this House who can dispute these facts I have just stated, I shall be pleased to have him do it in the RECORD, so I can be corrected; otherwise it stands here admitted that the candidate of your party, the majority party, is hampering our defense, is aiding in wasting the money we have appropriated for national defense, and is aiding in exploiting the American worker. [Applause.]

Mr. MICHENER. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, inasmuch as the previous speaker has referred to something that happened in my

district I think he ought to offer further information. I was away last week. Some people may think it was a vacation, but a Congressman does not have a vacation at home. My real vacation is here. The work here is easier.

This has to do with a contract received by a western organization for work located in my district to build facilities at our National Guard camp. We here had a great deal of trouble. The contractor said it was his policy necessarily to recognize the union. The union in a city nearby assumed control immediately and no man can get a carpenter's job there unless he pays $75 to join this union. No laborer could get a job unless he paid initially $5 down and I do not recall what the entire fee was finally to be, but probably five times that amount. The contractor assured me that every applicant would get a job if he would wait until all the union men were taken care of as he would need all the rest. Of course, he was afraid that the union men would walk out if a non-union man started to work beside them.

I did not enjoy myself with some 500 men milling around me demanding that I as a Congressman take some part in this matter. I reminded this contractor he did not have very much to worry about because I remember a case where our friend Hillman called up the parties and said, "This is a defense matter and you will call the strike off immediately and arbitrate."

In that Tacoma case they went right back to work. I assured the contractor in any such case I would get the telegraph wires to Washington busy, if necessary, but you and I know how the matter would have been arbitrated. So all I could tell those boys was, "Join the union." However, it is arranged so that the dues will be taken gradually from their wages, and perhaps later an adjustment can be made to reduce the amount.

The situation has ironed itself out to a certain extent. But what a spectacle! Here is a contractor with 75 days in which to build some 1,160 buildings and he dare not proceed without letting the union dictate as to who will have a job. I recognize this is a national undertaking and that anyone from any State may be employed, but the people in that locality feel that they should have some preference.

Mr. Speaker, that is the story. My telephone was very busy when I was home, and as I stated, it was an unhappy forenoon I spent with those men. I trust I was of some service. However, it is one of the social gains we have accomplished.

[Here the gavel fell.]

Mr. MICHENER. Mr. Speaker, I yield such time as he may desire to the gentleman from Wyoming [Mr. HORTON].

Mr. HORTON. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming [Mr. HORTON]?

There was no objection.

Mr. HORTON. Mr. Speaker, a day or two ago I dropped into the hopper a resolution asking that a subcommittee of the Indian Affairs Committee of the House investigate the entire land-purchase program of the Shoshone and Arapaho Indian Tribes of Wyoming.

This action of mine was the result of a resolution signed by 298 adult members, mostly of the Shoshone Tribe. The resolution reads as follows:

> We, the undersigned, enrolled members of the Shoshone Tribe of Indians, residing upon the Wind River Reservation in Fremont County, Wyo., do respectfully and earnestly protest the manner in which the Bureau of Indian Affairs and the Department of the Interior are administering and spending our moneys which were allocated for the land-purchase program, and we represent that said money is being used contrary to the law in the purchase of lands, without approval having been asked or given by the Shoshone Tribe. We therefore request that the matter of the maladministration of this fund by the Indian Department and the Department of the Interior be laid before the Congress of the United States, and that congressional investigation be had by either the United States Senate or the House of Representatives of the United States of America.

I hope very much that the Rules Committee will take favorable action on this resolution, for if this land-purchase program is not being carried out as the Congress intended that it should be and the Indians understood that it would be, then certainly the facts should be known.

The whole controversy seems to have started over the purchase of the Padlock Ranch holdings, a purchase the wisdom of which is questioned even in the Indian Bureau itself.

I happen to know personally most of the Indians of both tribes and most of the whites living on or near the reservation, and I am sure that all want to see justice done in every instance.

It is with this knowledge and understanding that I ask for an investigation.

Certainly no one can possibly object to having all facts thoroughly discussed and inquired into.

I request that this resolution containing all signatures be filed with the Rules Committee for their further information.

Mr. SABATH. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I did not intend to take any more time on the rule, because I feel every Member is in favor of legislation to protect our industries, but in view of the statement of the gentleman from Michigan [Mr. HOFFMAN] I cannot resist answering some of the statements he has made on the floor.

Of course, we know he is at all times opposed to organized labor. He will criticize organized labor in spite of the fact the laboring people earn barely enough to exist on. Very few of them earn enough to justify the luxury of ever getting sick and laying off. I have yet to hear of one who was able to save enough to become a millionaire and thus endanger the perpetuity of the Nation by reason of too great concentration of wealth.

The gentleman from Michigan does not say anything about the officials and presidents of the various large organizations and industries who draw $100,000, $125,000, and $150,000 a year, then perhaps from $200,000 to $300,000 annually as bonuses. He is not interested in that. He talks about laboring men who might get 75 cents an hour and belong to a union. That is against his convictions.

Personally, I am of the opinion that if he would devote a little more time to studying the conditions of these big boys that seem to influence the action of his party he would do himself and the country more good.

The gentleman has, for instance, no flaw to pick with such Willkie supporters as Ernest T. Weir, head of Weirton Steel, one of the worst enemies of organized labor in all the United States. Perhaps it is because Mr. Weir is treasurer of the Republican National Committee and is now working overtime collecting contributions from big business in the hope of getting their friend Mr. Willkie into the White House.

Nor does he have any criticism to make against such anti-labor tycoons as Tom Girdler, president of the Republic Steel Co., who is one of the most vicious of all the critics of the New Deal.

The very corporations whose officials are the most critical of the Roosevelt administration have made the most staggering profits in recent years. For instance, the net profits of Girdler's Republic Steel for the first 6 months of 1933 were $2,929,019, but for the first 6 months of 1940, under the New Deal, $6,449,453, an increase of 120 percent. Yet he refuses his workers a decent union living wage, and berates the President as if the latter had put his business into bankruptcy.

Have Weir and Girdler been willing to share their increased profits with their employees? Answer "No." The National Labor Relations Board is required constantly to keep them under surveillance.

The Board has issued an order directing Weir's firm to halt "flagrant" violations of the Wagner Act, drop "dummy" unions at his mills in Steubenville, Ohio, and Weirton and Clarksburg, W. Va., and reinstate discharged union leaders with back pay. Findings of the Board were made following tumultuous hearings which lasted for more than 18 months in the Weir-controlled steel towns. The Weir strong-arm squad did everything they could to suppress facts and intimidate Government investigators.

After hearing 700 witnesses, the Board reported that the company had hired spies to spot union men, special "watchmen," and to beat them up. Earl F. Reed, American Liberty

League attorney, was the go-between in dealings between the steel company and its paid spy agency.

The Edward Keating-edited newspaper, Labor, foremost labor publication in the United States, has the following to say regarding this man Reed:

Reed for years was in the forefront of the fight by Tory employers against the Wagner Act and at one time he headed a committee of 58 Liberty League lawyers who proclaimed the act "unconstitutional" and encouraged employers to defy it.

Besides espionage and strong-arm tactics, Weir put out an "endless stream of propaganda" against unions and got George E. Sokolsky, newspaper columnist, subsidized by the National Association of Manufacturers, to address big antiunion rallies, the Board disclosed.

Tom Girdler is equally in bad odor with the National Labor Relations Board. Girdler and Weir are two of a kind as labor seducers. Back-pay claims against Girdler's Republic Steel Co. have been filed by over 6,000 worker victims of the company's attempts to crush the "little steel" strike of 1937. The Labor Board is soon to start a check-up of the claims to determine what Girdler's back-wage bill will be. Estimates have placed it as high as $5,000,000.

Although the gentleman from Michigan has not a single word of complaint against the high-salaried Republican labor-hating officials of the great corporations, he complains because organized labor is supporting Franklin Roosevelt for reelection, and because the salary of President Tobin of the Teamsters Union has been increased to $20,000 a year. Well, he is worth every dollar of it to organized labor.

There may be some labor leaders that will sell out to Willkie, but I predict they will be very, very few. Ninety-eight percent of both organized and unorganized labor, in my opinion, will support Franklin Delano Roosevelt. Every honest, intelligent working man and woman fully recognizes the fact that he has been the most consistent friend that labor ever had in the White House, and they will not fail him on election day.

Mr. Speaker, I am satisfied, notwithstanding the statements made on the floor by the gentleman from Michigan and the gentleman from Wisconsin, that the President has done everything humanly possible in calling attention to the dangers, not only from Hitler, but from other countries far removed from Germany. I believe if it had not been for that side, who opposed the Neutrality Act and everything the President recommended 2 years ago, and criticized him because he called attention to the even-then existing dangers, the chances are it would not have been necessary to spend the large sums of money we are obliged to spend now to prepare for national defense.

Mr. Speaker, I now yield 5 minutes to the gentleman from Nebraska [Mr. MCLAUGHLIN].

Mr. MCLAUGHLIN. Mr. Speaker, to get back to the rule that is before the House, may I say that as a member of the Committee on the Judiciary I have asked for this 5 minutes of the discussion on the rule because I believe the bill will need little discussion after the rule is adopted, since it is manifestly such a worthy measure.

This bill amends the present law, passed in 1918, and designed at that time to fix a penalty upon sabotage or interference with the national defense in the conduct of the World War. This bill merely redrafts that bill by appropriate changes to make it fit the national-defense program in which the country is now engaged.

There need be no fear that this bill is an indication that we are belligerent or warlike. It is a realistic bill. Congress has enacted appropriation bills appropriating tremendous sums of money for national defense. In order that the Government may be protected and the people of the country may be protected in the proper use of that money against sabotage or designed interference with the national-defense program by violence, the 1918 act is brought down to date by means of the enactment of this measure so as to make the 1918 sabotage law fit the present situation.

I believe this brief explanation will suffice to acquaint the House with the bill. I am sure there will be no objection to it. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the Michigan agricultural situation and to include a brief table of statistics.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a telegram sent by me to the Republican candidate for President, Wendell L. Willkie.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial appearing in the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROBSION of Kentucky. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Courier-Journal.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

PUNISHMENT FOR DESTRUCTION OF WAR MATERIAL OR WAR PREMISES OR UTILITIES

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10465) to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10465, with Mr. TAYLOR in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, there is an hour of general debate. Does the gentleman from Texas desire recognition?

Mr. SUMNERS of Texas. Mr. Chairman, I do not at the moment desire recognition. I intend to offer an amendment at the conclusion of the first section.

The CHAIRMAN. Does the gentleman from Kansas desire recognition?

Mr. GUYER of Kansas. I have no requests for time, Mr. Chairman.

Mr. FISH. I hope someone is going to explain the bill, Mr. Chairman.

Mr. SUMNERS of Texas. I ask for recognition, then, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas is recognized for 30 minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I do not want to take up any of the time of the Committee unnecessarily. I believe the bill is so simple that very little explanation, if any, is required. It will be observed from the language of the bill that it proposes to protect national-defense materials, national-defense premises, and national-defense utilities being used in connection with the program of preparedness. If there is any gentleman who desires to have any detailed information and I am able to provide such information, I shall be very glad to yield for interrogation.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Kansas.

Mr. REES of Kansas. I am wondering whether or not you could protect such materials under the present law. Will

the gentleman tell us why we should pass this special bill for that purpose?

Mr. SUMNERS of Texas. There is no Federal law under which prosecutions can be had of these things while in private ownership.

Mr. REES of Kansas. For destroying Government material?

Mr. SUMNERS of Texas. For destroying Government materials there is, yes, but a good deal of the properties that are proposed to be protected under this bill are not Government materials, they are private properties that are being used to produce Government materials which are considered to be as necessary in any preparation and as essential to be protected as though they were now in the ownership of the Government.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Pennsylvania.

Mr. McDOWELL. As the law is now, would not this situation apply, that if some person were making a shell up in my State and deliberately made a bad shell, the most we could do to him would be to arrest him for malicious mischief, even though he were a serious enemy of the country?

Mr. SUMNERS of Texas. He could even destroy the plant while it was in the process of completing a Government contract and there would be no Federal law under which he could be prosecuted.

I may say to the gentleman, speaking generally, that this bill has been very carefully examined by the Committee on the Judiciary, which has gotten all the information it could from the agencies of the Government who are interested in taking care of preparedness.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Indiana?

Mr. SPRINGER. Is it not true that under the present law, which is the act of April 20, 1918, the law applies only when we are actually engaged in war?

Mr. SUMNERS of Texas. That is true.

Mr. SPRINGER. And this bill extends that provision so that it protects when we are preparing for our national defense as now.

Mr. SUMNERS of Texas. That is true. That is the entire explanation in a sentence.

Mr. McLAUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska.

Mr. McLAUGHLIN. And, similarly, the 1918 law applies only to war matériel, war premises, war utilities, whereas now, not being at war, we could not make use of that provision or the act to punish those who interfere with national defense, and so we substitute the words "national-defense matériel, national-defense premises, and national-defense utilities" so as to make the 1918 act fit the present situation.

Mr. MICHENER rose.

Mr. SUMNERS of Texas. I yield to the gentleman from Michigan.

Mr. MICHENER. The only observation I was going to make is this: There is no reason in the world why the language of this bill should not be permanent law. It just so happens that it is enacted now because the country is engaged in national defense; but why should there not be a Federal law on the statute books at all times providing that anyone committing sabotage in connection with national defense shall be guilty of a Federal crime? Why confine the law to time of war or emergency?

Mr. SUMNERS of Texas. The gentleman from Michigan will recall that we had considerable discussion in our committee on that point. Personally, I am disposed to agree with the position of the Department of Justice. The Department of Justice, I thought, offered a very good reason why the provisions of this bill should apply only in the case of an emergency, but the committee did not agree with me and the amendment that I wanted put in was not incorporated and the bill comes out without any proposed amendments with reference to that matter.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MICHENER. Of course, the gentleman knows my view so far as the emergency is concerned. The emergency provision was in the bill when it came from the Department. If we put in this bill the emergency provision that was in the original bill and what I contemplate the gentleman will offer as an amendment, we will give the President——

Mr. SUMNERS of Texas. I am not going to offer any amendment except those amendments which the committee has agreed to.

Mr. MICHENER. I objected to the emergency provision, because in the original bill we would have declared an emergency and we would have declared nunc pro tunc—now for then—the limited emergency which the President declared on the 11th day of September a year ago, when he had no authority to make an emergency proclamation. The country is operating under that limited emergency. If the Department had got the word "emergency" in this law, as proposed, then we, as the Congress, would have approved of the limited emergency which the President has declared, exactly the same as the Congress by its reiteration, its amplification, and its exemption of the Monroe Doctrine implemented the President's Canadian speech on the Monroe Doctrine. The President made a speech and the Congress later on vitalized that speech under the guise that we were reaffirming the Monroe Doctrine. We reaffirmed what the President said in the Canada speech, whatever it was, right or wrong, and if you put the word "emergency" in here, you are going to confirm exactly what the President did in the matter of a limited emergency, and the Congress might as well go home so far as the emergency is concerned, because we will not have to enact any more emergency legislation. The intention was to do the job in this bill.

Mr. SUMNERS of Texas. Anyhow, I may say to my distinguished friend that I do not propose to offer any amendment that is going to stir up the Monroe Doctrine. We will just let the bill slide through, if the gentleman will agree, with only the amendments the committee has agreed to.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. REES of Kansas. I do not think I am going to object to the bill sliding through, or let us say passing this legislation, but yet I do not see why, in view of the gentleman's explanation of the purpose of this legislation, it would not be good permanent legislation.

Mr. SUMNERS of Texas. It may be.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Georgia.

Mr. COX. If you should eliminate the language complained of, would you not incur the risk of the act losing jurisdiction over properties which did not belong to the Government, or which the Government did not completely and absolutely control? In other words, as I get it, the word "emergency" is written in in order to make possible the reaching of the subject matter by the Federal Government; in other words, it spreads out and extends Federal power to the point of dealing with a violation of the rights of property.

Mr. REES of Kansas. Belonging to individuals and not to the Government.

Mr. COX. Yes.

Mr. REES of Kansas. I am glad to have that explanation.

Mr. COX. That is my thought about it.

Mr. SUMNERS of Texas. While I have the floor may I make this brief explanation with regard to amendments which will be offered? I believe there are only two amendments that are to be proposed on behalf of the committee.

One amends existing law. The existing law deals with sabotage, and it was enacted during the World War, and it had the word "the" before the word "war," which in some

opinions limit the application of the law to the then existing war. The committee recommends striking the word "the."

The language of the proposed amendment may be confusing, but I may state to the committee that the only effect of the amendment which will be offered by the committee is to strike out the word "the."

Then, as I recall, the only other amendment of substance which will be offered, and that will be offered in behalf of the committee, is to make this law applicable to the Philippine Islands. Upon reexamination of the matter that was determined to be necessary. In order to make it applicable to the Philippine Islands, it was necessary to specifically mention them in the bill.

If there are no questions with regard to these two amendments, I promise the Committee that when they are offered I will not ask for any time. Neither myself nor any member of the committee will ask for any time to discuss the amendments when they are offered.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. WHITE of Idaho. The purpose of this act is to provide penalty by authority of law for interfering with property owned by the Federal Government?

Mr. SUMNERS of Texas. No. It goes beyond that.

Mr. WHITE of Idaho. I am wondering if the present law on the statute books does not protect that situation?

Mr. SUMNERS of Texas. Without going into detail, I may say to the gentleman—and I think it probably should be persuasive on that point and all others—that all the agencies of the Government which have first responsibility did believe that this legislation, together with the committee amendment, is necessary. That is the unanimous opinion of the committee.

Mr. WHITE of Idaho. If this law is enacted, is it not possible to persecute people or do something unfair to a citizen?

Mr. SUMNERS of Texas. I have never seen a law that was enacted that did not create such a possibility.

[Here the gavel fell.]

Mr. GUYER of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Distinguished Chairman, I do not propose in any way to delay consideration of this bill or to prevent it "sliding through" as gracefully and as rapidly as possible. It is logical and proper, and in accordance with the best interests of national defense that this kind of legislation aimed at sabotage should be adopted by the Congress.

I have taken these few minutes, because I have a bill somewhat along these lines, aimed against potential sabotage, that has been pending in the Committee on Military Affairs for the last 6 months or more. I am told on good authority that it will be considered tomorrow and probably will be reported out.

The purpose of my bill is to prohibit arming, drilling, parading, and uniforming of all un-American groups—Communists, Nazis, and Fascists. If we permit these un-American groups to goose-step and parade in uniform and arm, we are encouraging sabotage.

Mr. WHITE of Idaho. Will the gentleman yield?

Mr. FISH. I yield.

Mr. WHITE of Idaho. Could that be extended to secret orders and secret organizations?

Mr. FISH. Oh, no. We will take care of all that in the bill. There is a provision that will protect the Masonic Order and all other legal organizations. [Laughter.]

Mr. WHITE of Idaho. If they oppose something in the Government, that would be un-American?

Mr. FISH. No; not under this bill or any other bill.

So I am urging the committee to report out my bill and the House to pass it, because I do not believe the American people back home want to compromise with these un-American groups. They do not want little private armies parading around in foreign uniforms and armed with rifles. If those groups can arm and train with rifles, there is nothing to prohibit them arming with machine guns or one-pounders or airplanes or tanks or even bigger armaments. Before the harm is done and before we have little private armies, maybe Communists on one side, Nazis on the other, or even Jews and anti-Semitics, labor and antilabor meeting each other in private raids and battles in America, I am pleading in this crisis and emergency that this legislation be given the right-of-way before we adjourn.

Mr. WALTER. Will the gentleman yield?

Mr. FISH. I yield.

Mr. WALTER. The gentleman introduced a similar measure several sessions ago.

Mr. FISH. That is correct.

Mr. WALTER. Against which there was considerable criticism because it was felt that it applied to many patriotic organizations?

Mr. FISH. That is correct.

Mr. WALTER. I am wondering whether or not the gentleman, in drafting the new bill, took into consideration the objections that were leveled against the other bill?

Mr. FISH. I am glad the gentleman asked that question. I certainly did, and it was no easy matter. I had a number of other people working on a proper amendment that would be comprehensive and protect all legitimate organizations, and I think we have worked out an amendment that will safeguard all of them.

The bill is aimed solely against un-American groups. We want to prohibit them from arming, drilling, wearing foreign uniforms, and from parading in public places. I have taken this opportunity to discuss it and I hope there will be favorable action by the committee tomorrow so that the Congress can pass it within the next week.

I also want to put in the RECORD this article which appeared on the front page of the Evening Star this afternoon. It reads as follows:

ARMY RECRUITERS REPORT BEST MONTH SINCE WAR

NEW YORK, September 24.—A rush to join the Army—greatest since the World War—has hit the Second Corps Area recruiting headquarters.

Recruiting clerks handled 400 applications and turned 200 away at closing time yesterday. The line of applicants extended all around the Whitehall Street block in which the office is situated.

I believe this item confirms what I have already stated to the House, that if volunteers had been called for by the President we would have had 400,000 of them within 60 days. I believe this item verifies what I have been trying to explain to the House for several weeks past. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Be it enacted, etc., That the act approved April 20, 1918, entitled "An act to punish the willful injury or destruction of war material or of war premises or utilities used in connection with war material, and for other purposes" (40 Stat. 533; U. S. C., title 50, secs. 101–103), be amended by adding at the end thereof the following sections:

"SEC. 4. That the words 'national-defense materials', as used herein, shall include arms, armament, ammunition, livestock, stores of clothing, food, foodstuffs, fuel, supplies, munitions, and all other articles of whatever description and any part or ingredient thereof, intended for the use of the United States in connection with the national defense.

"The words 'national-defense premises', as used herein, shall include all buildings, grounds, mines, or other places wherein such national-defense material is being produced, manufactured, repaired, stored, mined, extracted, distributed, loaded, unloaded, or transported, together with all machinery and appliances therein contained; and all forts, arsenals, navy yards, camps, prisons, or other military or naval stations of the United States.

"The words 'national-defense utilities', as used herein, shall include all railroads, railways, electric lines, roads of whatever description, railroad or railway fixture, canal, lock, dam, wharf, pier, dock, bridge, building, structure, engine, machine, mechanical contrivance, car, vehicle, boat, or aircraft, or any other means of transportation whatsoever, whereon or whereby such national-defense material, or any troops of the United States, are being or may be transported either within the limits of the United States or upon the high seas; and all dams, reservoirs, aqueducts, water and gas mains and pipes, structures, and buildings, whereby or in connection with which water or gas may be furnished to any national-defense premises or to the military or naval forces of the United States, and all electric light and power, steam or pneumatic power, telephone and telegraph plants, poles, wires, and fixtures and wireless stations, and the buildings connected with the maintenance and operation thereof used to supply water, light, heat, power, or facilities of communication to any national-defense premises or to the military or naval forces of the United States.

"SEC. 5. That whoever, with intent to injure, interfere with, or obstruct the national defense of the United States, shall willfully injure or destroy, or shall attempt to so injure or destroy, any national-defense material, national-defense premises, or national-defense utilities, as herein defined, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 10 years, or both.

"SEC. 6. That whoever, with intent to injure, interfere with, or obstruct the national defense of the United States, shall willfully make or cause to be made in a defective manner, or attempt to make or cause to be made in a defective manner, any national-defense material as herein defined, or any tool, implement, machine, utensil, or receptacle used or employed in making, producing, manufacturing, or repairing any such national-defense material, as herein defined, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 10 years, or both."

Mr. McLAUGHLIN. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. McLAUGHLIN: Page 1, after the enacting clause, strike out all of lines 3 to 8 inclusive and insert in lieu thereof the following:

"That the first paragraph of section 1 of the act approved April 20, 1918, entitled, 'An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes' (40 Stat. 533; U. S. C., title 50, secs. 101–103), is amended by striking out the word 'the' immediately preceding the word 'war.'"

Mr. McLAUGHLIN. Mr. Chairman, as has been previously explained the striking out of the word "the" causes the bill to refer to war generally rather than to the World War to which the bill of 1918 referred.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. McLAUGHLIN. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. McLAUGHLIN: Insert, after the amendment just adopted, the following: The fourth paragraph of section 1 of such act is amended to read as follows:

"The words 'United States' used in this act in a geographical sense shall include the Philippine Islands, the Panama Canal Zone, and all other territory and waters, continental and insular, subject to the jurisdiction of the United States as thus defined."

Mr. McLAUGHLIN. Mr. Chairman, this amendment causes the Philippine Islands to be included within the purview of the act.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. McLAUGHLIN. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. McLAUGHLIN: Page 1, strike out line 9 and insert in lieu thereof the following:

"Such act of April 20, 1918, is further amended by adding at the end thereof the following sections: 'SEC. 4. That the words "national-defense material."'"

Mr. McLAUGHLIN. Mr. Chairman, this is merely a clarifying amendment to make the act conform to the other amendments adopted and to the bill generally when passed.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. McDOWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDOWELL: Page 3, after line 15, insert a new section as follows:

"SEC. 5 (b). That in the manufacture of national-defense materials, as used herein, or in employment in national-defense premises, or in national-defense utilities as used herein, no person shall be employed therein who is a member of the Communist, Nazi, Bund, or Fascist Parties as commonly understood, and whose principles are opposed to the principles of the Government of the United States or in subversion of said principles."

Mr. McLAUGHLIN. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the bill.

Mr. MICHENER. Mr. Chairman, will the gentleman withhold his point of order?

Mr. McDOWELL. Mr. Chairman, will the gentleman reserve his point of order?

Mr. McLAUGHLIN. Yes. Mr. Chairman, I reserve a point of order to permit the gentleman to make a statement.

Mr. McDOWELL. Mr. Chairman, on the point of order I may say to the chairman and particularly to the gentleman from Nebraska [Mr. McLAUGHLIN] that I have no desire at all to wreck or weaken this bill. It is a good bill and by my amendment I hope to strengthen it. I think the bill is all right other than that it is a locking of the door after the horse has been stolen.

The offering of this amendment rises from an outstanding situation back in Pennsylvania. In my district to date some $47,000,000 worth of war orders have been placed. We make everything up there from torpedo war heads to generators for battleships. Of this $47,000,000 one plant alone is making $17,000,000 worth of equipment that is badly needed now by the United States Army, Navy, and Marine Corps. In one plant alone up there—the Westinghouse Co.—there are 11,000 members of C. I. O. Local 601. This local is one of the finest bodies of men in the United States. Practically all of them are skilled laborers and 99 percent of them are patriotic Americans who hate nazi-ism, communism, and every other form of "ism" as much as any Member of Congress does.

But being like ordinary Americans they do not go to their meetings. They pay their dues and let somebody else run the union. Over a period of years the union has come under the control of about 32 Communists. The president of the union who is empowered to operate the thing is sick, therefore it is operated by the vice president of the union who is a registered Communist. This man will be placed on trial in the courts of Allegheny County, Pa., next Monday for perjury because of the circulation of false and "phony" Communist petitions.

Mr. Chairman, in that plant are enemies of the United States. In my own town are many Nazis. I know these men. They belong to a bund. They have come over here from Germany in the last 7 years, and I know that many of them favor Germany even over the United States. These men work in those plants in my district. When they make a war-head for a torpedo, it is natural to assume that if the time comes when this country is going to need that torpedo it will not go off.

Mr. WALTER. Will the gentleman yield?

Mr. McDOWELL. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Unless the gentleman's amendment is adopted, the employers, despite the fact they are well acquainted with this situation, would be unable to discharge these employees because they might run afoul of the national labor relations law?

Mr. McDOWELL. That is the situation. The National Labor Relations Act does not permit the Westinghouse Co. or a steel company to say, "Here, you are an enemy to my country. You are making a torpedo, but I am afraid you will not make the right kind, so you are fired." They cannot do that because the National Labor Relations Board would drag them down here to Washington, make them pay a lot of back wages, and they would get nowhere.

I am speaking for the greatest industrial pool of men in the world. We have got to do something up there in Pennsylvania to take these dirty lice out of our war-defense plans, and let good American workmen do the job. George Powers, who was named as one of the five most dangerous men in the United States, is in complete control of a steel workers' union in my city of McKeesport. Ninety-nine percent of the men in his union are like I am. They hate communism, and every other kind of "ism," but they cannot throw him out. I am trying to throw him out by this amendment.

Mr. GEYER of California. Why can they not throw him out?

Mr. VAN ZANDT. Will the gentleman yield?

Mr. McDOWELL. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Last evening I received a telegram informing me that a delegation of Communists were on their way from McKeesport to Washington in an effort to keep open some plant in McKeesport that Jones & Laughlin recently purchased.

Mr. McDOWELL. I do not know anything about that. I am not making any attack on organized labor.

Mr. McLAUGHLIN. I am sure the membership of the House is sympathetic to your situation.

Mr. McDOWELL. It is not my situation. It is the situation of the whole country.

Mr. McLAUGHLIN. I do not mean it is your situation. It is a national situation, and we are all opposed to sabotage, of course, and all subversive activities that are subject to condemnation. However, this particular measure has been worked out with meticulous care. The gentleman's amendment comes before the House without an opportunity for consideration. This bill has to do with the destruction of material. If the gentleman's situation needs remedying, then, of course, it is obvious that a remedy should be afforded, but the proper method of accomplishing that remedy is by the introduction of proper legislation which may be considered by a committee and reported advisedly to the House. I make that explanation as the reason for raising the point of order, not because I am not in sympathy with the problem and the proper solution of the problem which the gentleman has mentioned.

Mr. McDOWELL. Accepting the gentleman at his word, and not desiring to wreck or interfere with this bill in any way, I ask unanimous consent to withdraw my amendment, and promise the House I will come here with a bill that will take care of the situation. I cannot see how any Member of the Congress of the United States can possibly oppose such an effort. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. McDOWELL]?

There was no objection.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10465, to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918, pursuant to House Resolution 604, he reported the same back to the House with sundry amendments agreed to in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered on the bill and amendments to final passage.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOWARD MONDT

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8705) for the relief of Howard Mondt.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, this is a private bill. Will the gentleman explain it?

Mr. COSTELLO. The purpose of this bill is to allow Sergeant Howard Mondt to reenlist in the Army. Without the passage of this measure he would not be able to do so under existing law. Sergeant Mondt has served for 18 years and has a very fine record in the service. Prior to that time he had served for 3 years as a private during the World War period and, coming out of the Army and finding no employment, he committed a burglary and was convicted, serving a sentence of 1 year. This was not discovered until last year by the Department of Justice. The War Department was then notified and the commanding officer of the corps area in which Sergeant Mondt is serving had the option of discharging him or permitting him to continue his service. Because of the splendid record Sergeant Mondt has made during the years of his service, the corps area commander did not discharge him but is allowing him to complete his service. Unless legislation of this kind is passed, he will not be able to reenlist this November when his present enlistment will expire.

Mr. WOODRUFF of Michigan. Reserving the right to object, Mr. Speaker, may I say to the Members of the House that several instances have come to my attention where young men who have violated the law have tried to enlist within the last month. They find that the War and Navy Departments apparently have resolutely determined not to accept any man who has at any time violated the law.

It seems a strange thing to me that under the Conscription Act we, figuratively speaking, grab all the fine young men in the country whose records are perfectly clean and throw them into the service, yet deny to a young man who has committed a crime in years gone by and who has paid his debt to society through serving his sentence, and who presumably has reformed and desires to prove his good citizenship by serving in the Army or the Navy in a time of national emergency, an opportunity to thus serve his country. It is a shame, and I believe the law ought to be amended so that any loyal American citizen of the right age and in proper physical condition can serve his country in an emergency such as exists at the present time.

Mr. COSTELLO. Under the existing law, wherever a person has been convicted of a felony the War Department or the Navy Department is not authorized to enlist him in the service.

Mr. WOODRUFF of Michigan. I believe the gentleman from California will agree with me that the law should be amended.

Mr. COSTELLO. I believe the military service offers a person a very fine opportunity to rehabilitate himself in the manner this individual has done. For 18 years he has served as a sergeant. Apparently there has been absolutely no blemish on his record at any time during that service.

Mr. WOODRUFF of Michigan. I believe any loyal citizen of this country who desires to serve his country in the armed forces during times of great national emergency should be permitted to do so.

Mr. COSTELLO. I can say to the gentleman that I quite agree with him.

Mr. MURDOCK of Arizona. Reserving the right to object, Mr. Speaker, I wish to say that I agree exactly with what has been said by the gentleman. I have had several such cases called to my attention. I should like to see the law amended in that respect.

Mr. MICHENER. Does not this law simply amend the general law for this particular individual?

Mr. COSTELLO. This bill simply authorizes the Department to reenlist this particular individual.

Mr. VORYS of Ohio. Reserving the right to object, Mr. Speaker, do I correctly understand that this applies to a single individual?

Mr. COSTELLO. That is correct. It is the only way in which the matter can be handled.

Mr. VORYS of Ohio. Then I object, Mr. Speaker.

WATER CONSERVATION AND UTILIZATION

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 10122) to amend an act entitled "An act authorizing construction of water conservation and utilization propjects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), and an act entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (50 Stat. 869).

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman explain the bill?

Mr. O'CONNOR. I may say briefly, and then I shall yield to the gentleman from South Dakota, the author of the bill, that this bill was reported unanimously by the Committee on Irrigation and Reclamation of the House, and it simply seeks to amend what is now known as the Wheeler-Case law. I now yield to the gentleman from South Dakota [Mr. CASE] for a further explanation of the bill.

Mr. CASE of South Dakota. Mr. Speaker, this bill is primarily to write into basic law some clarification of the problems between the Department of Agriculture and the Bureau of Reclamation of the Department of the Interior with respect to two acts that are already on the books. This is a clarifying bill. It came up with favorable reports from both the Department of Agriculture and the Department of the Interior, and it has Budget approval.

Mr. O'CONNOR. As I understand, it has approval all the way down the line of the Government bureaus?

Mr. CASE of South Dakota. Yes.

Mr. MICHENER. Further reserving the right to object, the only question I would raise here would be that where a bill is on a calendar, even though it has a favorable committee report, it is the general rule that the Speaker will not recognize a Member to call up such a bill and pass it without the usual House consideration unless it is an emergency matter. If any bill has any emergency feature about it, then the Speaker always recognizes the Member to call it up. I shall withdraw my reservation of the right to object, but in the future, if bills are called up and asked to be passed when they are on the calendar together with other bills, and have the same standing as other bills, I shall follow the old rule and object, unless there is some feature of emergency connected with them.

Mr. LEWIS of Colorado. Reserving the right to object, Mr. Speaker, this is a very important bill and in general we from the West are very much for it, but I had no notice that this was coming up and neither did many of the rest of us. I hope the gentleman will withdraw his request and bring the matter up at another time.

Mr. O'CONNOR. I will be glad to withdraw the request so the gentleman can look further into the matter.

THE MILITARY ORDER OF THE PURPLE HEART

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2524) to incorporate the Military Order of the Purple Heart, for immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, this bill was passed in the House the last session, as I recall.

Mr. WALTER. That is correct.

Mr. MICHENER. And the President vetoed it. He gave his reasons. I take it the gentleman has had a conference with the President and the President admits that he was wrong and will sign the bill if the House passes it again?

Mr. WALTER. The gentleman has the very happy faculty of asking me the sort of question I cannot answer. [Laughter.] However, I may state that the proponents of this bill feel that they have met the objections that were heretofore raised and that there cannot be any objection now to the incorporation of this very splendid organization.

Mr. MICHENER. Mr. Speaker, I withdraw my reservation of objection.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. WALTER. I yield.

Mr. VAN ZANDT. If this bill is approved and enacted as a part of our statutes, we will grant to a very distinguished group of overseas men, all of whom have been wounded, a congressional charter.

Mr. WALTER. That is correct, and, as a matter of fact, this group is now operating as an unincorporated association and we merely add just a little bit, if an act of Congress can do so, to the prestige that this splendid organization now enjoys.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following-named persons, to wit: Charles O. Carlston, California; Wendell A. Lochbiler, Michigan; Marcus E. Diffenderfer, Massachusetts; Frederick K. Myles, Indiana; Harry C. Huston, Minnesota; Konstant Piniarowicz, California; Herbert E. Browning, California; George F. Bradfield, Illinois; Rev. James J. Guinea, South Carolina; Ludwig J. Nachtmann, Pennsylvania; Bernard J. Cummings, Illinois; D. Brandon Bernstein, California; Robert Patton, California; Herbert A. Church, Washington, D. C.; Earl B. Douglas, Iowa; Fred H. Surry, Washington; B. A. Schwebke, California; Lloyd Northrup, Illinois; Frank J. Monahan, Indiana; H. Hayes Landon, Massachusetts; Elmer G. Brackett, Michigan; Walter C. Stamm, Minnesota; T. M. Thomson, Minnesota; Frank Cushner, Connecticut; Edgar N. Bloomer, New Jersey; George L. Edmonds, Pennsylvania; and such other persons as may be chosen who are holders of the Purple Heart Medal, awarded by the War Department under General Orders, No. 3, dated February 22, 1932, duly chosen, are hereby incorporated and declared to be a body corporate. The name of this corporation shall be The Military Order of the Purple Heart.

SEC. 2. The said persons named in section 1, and such other persons as may be selected from among those who have been awarded the Purple Heart Medal by the War Department, may complete the organization of said corporation by the selection of officers, the adoption of a constitution and bylaws, and do all other things necessary to carry into effect the provisions of this act, and at any meeting for that purpose any person duly accredited as a delegate from any chapter or State department, known as The Military Order of the Purple Heart, shall be permitted to participate in the proceedings thereof.

SEC. 3. That the purpose or object of this corporation shall be patriotic, fraternal, historical, and educational:

To preserve and strengthen comradeship among its members;

To assist worthy comrades;

To perpetuate the memory and history of our dead;

To maintain true allegiance to the Government of the United States of America and fidelity to its Constitution and laws.

SEC. 4. That the corporation created by this act shall have the following powers:

Perpetual succession with power to sue and be sued in courts of law and equity;

To receive, hold, own, use, and dispose of real estate and personal property as shall be necessary for its corporate purposes, including the right to mortgage, encumber, or exchange said real estate or personal property;

To adopt a corporate seal, and change the same at pleasure;

To adopt a constitution, bylaws, and regulations, to carry out its purposes, not inconsistent with the laws of the United States, or any State, or of the District of Columbia;

To adopt for the purposes of the corporation emblems and badges;

To establish State, District, and Territorial organizations and units or chapters; and

To publish a magazine, or other publications, and generally to do any and all such acts and things as may be necessary in carrying into effect the purposes of the corporation.

SEC. 5. That the organization shall be nonpolitical and, as an organization, shall not promote the candidacy of any person seeking public office.

SEC. 6. That the said corporation and its State, District, Territorial, or local units, or chapters, shall have the sole and exclusive right to have and to use in carrying out its purposes the name of The Military Order of the Purple Heart.

SEC. 7. That the said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full and complete report of its receipts and expenditures.

SEC. 8. That, as a condition precedent to the exercise in any State of any power or privilege herein granted or conferred, The Military Order of the Purple Heart shall file in the office of the secretary of state of such State the name and post-office address of an authorized agent in such State upon whom legal process against The Military Order of the Purple Heart may be served.

SEC. 9. That the right to alter, amend, or repeal this act at any time is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of water rights of Colorado and also to include a brief portion of the hearings before my subcommittee on that subject.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert a letter from Emil E. Holmes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from Texas [Mr. PATMAN] is entitled to recognition for 30 minutes, the gentleman from Massachusetts [Mr. GIFFORD] for 20 minutes, and the gentleman from Georgia [Mr. COX] for 30 minutes. The gentleman from Texas [Mr. PATMAN] has agreed to go third and allow the gentleman from Georgia to be recognized at this time. The gentleman from Georgia is recognized for 30 minutes.

Mr. COX. Mr. Speaker, on September 5, the President transmitted to the Congress for its information the notes exchanged between the British Ambassador at Washington and the Secretary of State of the United States on September 2, under which our Government secured the right to lease certain British naval and air bases in the Western Hemisphere. The President stated, in his message, that these bases had been acquired in exchange for 50 of our over-age destroyers, and that he had taken advantage of a present opportunity to acquire them because they are essential to the protection of the Panama Canal, Central America, the northern portion of South America, the Antilles, Canada, Mexico, and our own eastern and Gulf seaboards.

Close upon the transmission of this message opposition to the action taken by the President was expressed by a portion of the press, by personal opponents of the President, and by political opponents of the Administration. Among other things it was asserted that it had been necessary to dig back into moldy legislation to find a forgotten statute to enable the deal to be put over; that the Congress had been flouted; that the President had violated constitutional and statutory provisions and ignored long-established customs and practices.

It was asserted that treaties with foreign powers are not legal without the advice and consent of the Senate; that the so-called treaty by which the negotiations of the President had been consummated was one of the most momentous in our history; and that it had been effectuated without the advice and consent of the Senate.

It was asserted further that the President had violated certain statutory provisions, the Hague Convention of 1907, which we had ratified in 1908; that the action of the President constituted an act of war, and that the President had assumed the role of a dictator.

In presenting a resolution to ratify the action of the President in acquiring for our people an insular cordon of defense in the Atlantic Ocean, I submit that the provisions of the Constitution, with respect to the treaty-making power, are extremely meager. They are, indeed, restricted to the language of section 2, article II, which reads, as we all know:

He—

That is the President—

shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur.

The framers of the Constitution gave to the vesting of the treaty-making power that same careful consideration that we know they gave to all other provisions of the Constitution. They were unwilling to grant to the President absolute power in the making of treaties; but they recognized the importance of conferring upon him large power in the conduct of our relations with foreign states. But, they recognized the fact, also, that no other department of the Government could proceed so effectively in negotiations with foreign states, and Mr. John Jay expressed the sentiment of the framers of the Constitution in that respect when he wrote that in the negotiations of treaties "perfect secrecy and immediate dispatch are sometimes requisite."

Our constitutional provisions relating to the treaty-making power being so meager, we are compelled to have recourse to the precedents that have been established in the conduct of our foreign relations. As we know, Mr. Washington was extremely desirous to follow the provisions of the Constitution meticulously in this as in all other matters. It will be recalled that early in his administration he appeared, with General Knox, Secretary of War, before the Senate to secure its advice concerning the treaties to be negotiated with certain Indian tribes. The results proved so unsatisfactory, the details so tedious, and the delay so great that Washington was compelled to abandon the practice; and in this he was followed by his successors. An effort was made to revive the practice in 1813 when the Senate requested the attendance of President Madison to consult with it upon foreign affairs, but President Madison declined.

Whatever meaning may attach to the terms "advice" and "consent," precedent has established the principle that in the negotiation of treaties the President is not required to consult with the Senate. And although it has not been contended that the President shares the treaty-making power with the House of Representatives, Mr. Washington's refusal to send to this body a copy of his instructions to the ministers of the United States who negotiated the treaty with Great Britain in 1794 is indicative of the freedom which attaches to the Executive in the function of treaty making, certainly in its initiatory stages. The extent to which the Senate may advise and consent never has been defined, and it probably never will be, except as long-established custom may ultimately furnish a guide. There is no express constitutional limitations upon the President in the treaty-making power, even though approval by the Senate is necessary for ratification of treaties.

But the President has large powers even after approval by the Senate, for he may refuse to proclaim a ratified treaty; and he may refuse to exchange notes of ratification. The power of the President in this matter has been expressed so ably by former Senator Lodge that I cannot resist the desire to quote him briefly:

The Senate * * * cannot * * * initiate a negotiation with another nation—

He said—

for they have no authority to appoint or receive ambassadors or ministers. * * * The President negotiates the treaty * * * to begin with. * * * The Senate has not the right to demand that he shall unfold to the world or to it, even in executive session, his instructions, or the prospect or progress of the negotiations. * * * under the Constitution the absolute power of negotiation is in the President and the means of negotiation subject wholly to his will and his judgment. * * * The President is so supreme under the Constitution in the matter of treaties—

Said Senator LODGE—

excluding only the Senate's ratification, that he may negotiate a treaty; he may send it to the Senate; it may receive by way of "advice and consent" the unanimous judgment of the Senate that it is in the highest degree for the public interest, and yet the President is as free, when it is sent back to the White House with a resolution of ratification attached to it to put it in his desk never again to see the light of day as he is free to determine in the first instance whether he would or would not negotiate it.

That power is not expressly given to the President by the Constitution, but it inheres in the executive power conferred upon him to conduct our foreign relations, and it is a power which inheres in him as the sole organ under the Constitution through whom our foreign relations and diplomatic intercourse are conducted. Out of public necessity the President should be permitted to pocket a treaty, no matter if every Member of the Senate thought he ought to exchange the ratification.

Why? Because the President, through the ambassadors, ministers, and consuls and all of the agencies of the Government explore sources of information everywhere. * * * The conduct of our foreign relations is a function which requires quick initiative. * * * It is a power that requires celerity. One course of action may be demanded tonight, another in the morning. That it requires also secrecy * * * is too obvious to make elaboration pardonable * * *.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield at that point?

Mr. COX. I yield.

Mr. O'CONNOR. Is not the President of the United States the sole representative in external affairs of the sovereignty of the Nation, and is not that why there is so little said in the Constitution, or in the statutes, or in the decisions of the courts with reference to his powers?

Mr. COX. The gentleman is correct.

Mr. O'CONNOR. Is that true?

Mr. COX. It is in a sense. He is the representative of the Government in all foreign affairs, and no treaty or agreement, or any note, can be negotiated except through him.

If I have indicated at all the large power that attaches to the President in the conduct of our foreign relations under the Constitution and through the negotiation of the formal treaty, there still remains a power even greater than has been sanctioned by precedent over a long period of our history. I refer to the "Executive agreement."

Not all negotiations entered into by the President with foreign states assume the status of the formal treaty with its constitutional requirement of senatorial advice and consent. The President may proceed, and Presidents have proceeded by Executive agreements when circumstances appear to have indicated that such a course of procedure to be the more desirable. Or they may proceed through an exchange of "identical notes."

It is not easy to draw an arbitrary line between a formal treaty and an Executive agreement. The distinction may indeed, rest exclusively with the President. Such was the nature of the arrangement with Great Britain in 1817 providing for the limitation of naval forces on the Great Lakes, certainly no less a momentous occasion than that with which we now are confronted. So, too, was the Boxer Indemnity Agreement of 1900; President Theodore Roosevelt's agreement with Santo Domingo in 1905; President Taft's agreement with Nicaragua in 1911; and President Wilson's Preliminary Agreement of Peace and Armistice in 1918. It would be difficult, indeed, to distinguish between the Lansing-Ishii Notes of 1917 and the Lothian-Hull Notes of 1940. The former recognized the special sphere of influence of Japan in the Far East; the latter secured for America a cordon of insular bases essential to the protection of North, Central, and South America, and, by means of the protection afforded the Panama Canal, the mobility of our present fleet in both the Atlantic and the Pacific Oceans. We accepted the former. By no logic, or precedent can we denounce the latter.

Our Constitution does not commit our President to a course of open diplomacy. We should not seek to impose that which the Constitution does not require. We should not sanction the challenge to the security that flows to us from the acquisition of that insular protection that is essential to our future safety. We should not deny ourselves or our posterity the benefits which flow from constitutional provisions or historical precepts and precedents.

But it has been asserted also that in acquiring this protection so essential to our safety the President has violated our statutes, especially the act of June 15, 1917 (ch. 30, 40 Stat. 217, 222), and section 14 (a) of the Naval Appropriation Act (Public, 671, Jan. 28, 1940). Without any desire to be accused of the tortuous procedure ascribed to an executive officer of the Government, I am constrained to admit that the contended statutory violation may well be more confined to the letter than to the spirit of the law.

I think it will be accepted by the membership of this House that an interpretation of the President's action under the terms of the legislation in question would be beyond the power of the courts. The President's action here falls so obviously outside the ministerial and so clearly within the political that our courts would be without jurisdiction and unable to inquire into the validity of the President's action. Nor, the matter being fait accompli, would it be of practical value to attempt to submit the issue to judicial interpretation.

The membership of this House certainly would not ascribe to me any intent to absolve the Executive of intentional wrongdoing were he guilty. But I would proceed, if I were to proceed at all by way of well-known and well-established constitutional provisions. Certainly approval has been accorded the action of the President in the great forum of public opinion.

Whatever may have been the intent of the statutory provisions in issue at the time of their enactment, I am constrained to believe that the results that have been accomplished by the action of the President have tended to shift their implied purpose and therefore to cause the action of the President to fall outside their express terms or to focus their intent and expose their present limitations.

Obviously the original intent of these statutory provisions was to prevent intervention by the United States in a war between belligerents or the prevention of any conduct that might be construed under international law as intervention, or, indeed, conduct of an unneutral character that might be construed as an act of war; in short, the purpose obviously was to prevent conduct that would transform our status as a neutral into the status of a cobelligerent.

Certainly these statutory provisions were not intended to deprive us of an opportunity to fortify our neutral status, to strengthen our armed defenses, or to secure strategic bases for defense. The purpose obviously was to prevent our participation in the status of belligerency. At best it was the municipal expression of a concept of international law that only we appear to honor, for in the world in which we live today the canons of international law are honored more in the breach than in the observance. The motive of the statutory provisions was to inhibit intervention, not to prohibit consideration. And adequate evidence thereof, I think, is to be found in the condition of the vessels transferred.

I cannot ignore the pragmatic results, and, though I do not accept the doctrine of justification, I would not withhold ratification. I think that we but exchanged a weaker for a stronger means of defense for our own security and safety. We could have retained the destroyers for our own defense. Then our shores would have been more open to attack. We transferred the destroyers for an insular ring that affords us a first line of defense. Self-preservation is no less the first law for nations as it is for individuals.

Mr. Speaker, in the light of constitutional precepts and historical precedent, and in view of the results, it would appear that they who seek to find fault in the action of the President occupy a most untenable position. There is no constitutional constraint that required him to consult with the Senate during the initiatory stages of the agreement into which he entered, his procedural conduct is sanctioned, by precept and, since the agreement never rose to the status of the formal treaty, he was not obligated by any constitutional mandate to request the consent of the Senate. He has filed an information with the Congress.

But even though there be no jurisdictional fault in the action of the President, it is not possible to disregard the criticism that has attached to his conduct. It is even less permissible to disregard the uncertainty that has come to attach to the legislation enacted by the Congress which has been made a part of this issue. Certainly the Congress may not invade the prerogatives of the Executive, and treaty making is a part of those prerogatives. But the Executive similarly may not lightly ignore or violate the acts of the Congress, to which his signature attaches, even though his conduct fall outside the realm of juridical review, and the violation culminate in salutary benefits.

Within their respective spheres these two coordinate branches of the Government are absolute and independent. Neither may encroach upon the other. Neither may ignore the other nor proceed without due and proper regard for the constitutional prerogatives of the other. Neither may restrict nor limit the other in that larger sphere of operation created by the Constitution.

But if restraint be permissible under the Constitution it must proceed from the representatives of the people, even though it be restricted to the control of the ministerial. Opportunity is not afforded for the determination of the nature of the President's conduct in view of the statutory principles at issue. The matter is fait accompli. It is apparently not within the power of the Congress to reverse the action of the President.

But while the Congress may find itself restricted in the present transaction it is not deprived of the power under the Constitution to indicate to the Executive a course of action that might be pursued more punctiliously in the future even in a sphere which the Executive is supreme, for as Representatives of the people, chosen at shorter intervals than the Executive, and unable to prolong their tenure except at the hands of the people directly, the Congress comes more frequently afresh from the people and is able to reflect perhaps more precisely the wishes of the people. Science may have placed in the power of the Executive the means of direct appeal to all the people simultaneously; it has not made possible universal simultaneous response; and legislative enactment has not yet sanctioned popular referendum.

To permit the conduct of the President to remain suspended in the arenaceous atmosphere of political controversy is not conducive to the success of the program of national security upon which we now are embarked. Either the Congress should denounce the conduct of the President as violative of constitutional and statutory principles, or, if there was no constitutional violation nor procedural departure from custom, precedent, and practice it should ratify the conduct of the President, acting thus in its constitutional capacity to review the conduct of the Executive until the people themselves may have opportunity to grant or withhold their approval of the President's conduct.

I therefore present this resolution of ratification of the action and the conduct of the President in acquiring certain naval and air bases essential to the protection of the Nation, to wit, the Panama Canal, Central America, the northern portion of South America, the Antilles, Canada, Mexico, and our own eastern and Gulf seaboards.

Whereas the President of the United States has negotiated certain lease agreements with His Britannic Majesty's Government relating to the establishment and use of naval and air bases and facilities (a) at a point of the Avalon Peninsula and at another point on the south coast of New Foundland, limited to entrance thereto and the operation and protection thereof, and there has been likewise negotiated the same arrangements, (b) at a point on the east coast of the island of Bermuda and at another point on the Great Bay of said island; and the grantor, the British Government secures the United States freely and without consideration for a period of 99 years the said naval and air bases and facilities; and

Furthermore the United States acquired by purchase additional naval and air bases and facilities in (c) the Caribbean and in (d) British Guiana, and the British Government has made available to the United States such establishments and the use thereof for entrance thereto and the operation and protection thereof for a period of 99 years, at points located (1) on the eastern side of the Bahamas, (2) the southern coast of Jamaica, (3) the western coast of St. Lucia, (4) the west coast of Trinidad, (5) in the island of Antigua, and (6) in British Guiana within 50 miles of Georgetown, in consideration of the sale by the United States and delivery to the British Government of 50 naval vessels: to wit, destroyers; and

Whereas the Congress of the United States has undertaken a domestic national defense program and has defined the foreign policy of the United States under certain conditions conforming to the congressional concept of the applicable provisions of international law to which the United States adheres, as follows:

(1) The Treaty of Washington of 1871 includes an obligation not only to use due diligence to prevent the fitting out for belligerent use, but also "to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted, in whole or in part, within the jurisdiction, to warlike use."

(2) The Hague Convention XIII of 1907 (36 U. S. Stat. L. 2415) which provides that "the supply, in any manner, directly or indirectly, by a neutral power to a belligerent, of warships, ammunition, or war material of any kind whatever, is forbidden."

(3) The act of June 15, 1917 (18 U. S. C. 33) which provides: "During a war in which the United States is a neutral nation, it shall be unlawful to send out of the jurisdiction of the United States any vessel of war, with any intent or under any agreement or contract, written or oral, that such vessel shall be delivered to a belligerent nation."

(4) The act of June 28, 1940 (Public, No. 671, 76th Cong., 3d sess.) provides: "Nothing herein shall be construed to repeal or modify sections 3 and 6, title V, of the act approved June 15, 1917 (40 Stat. 222; 18 U. S. C. 33–36)."

(5) The act of July 19, 1940 (Public, No. 757, 76th Cong., 3d sess.) provides: "No vessel, ship, boat (except ships' boats) now in the United States Navy or being built or hereafter built therefor shall be disposed of by sale or otherwise, or be chartered or scrapped, except as now provided by law." Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the acquisition of the foreign leaseholds as herein recited is hereby ratified, confirmed, and approved and deemed to be appropriate to the furtherance of the national-defense program.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield to the gentleman.

Mr. CASE of South Dakota. I am very much interested in what the gentleman is saying. It is something we have all thought about a great deal. I think most of us are in favor of the idea of acquiring the bases. I know I introduced a resolution to that effect along in February and urged acquiring them, but there are two definite questions that arise in the consideration of the resolution which the gentleman proposes. The first is the question of international law. The gentleman said that international law today was being honored more in the breach than in the observance. The opinion of the Attorney General recited the precedents of the sale of torpedo boats by Germany to Russia in 1904, but, of course, that antedated the conventions of 1907 at The Hague in which all conventions on naval warfare carried sections that seemed to be clearly prohibitive of the sale or transfer of vessels to a belligerent in time of war when the nation is a neutral; and a second question arises in connection with ratification when the information that has been filed is incomplete. The gentleman referred to the notes by Lothian and Hull. In the note by Lothian the gentleman has probably observed it was suggested that in addition to the vessels there was to be a transfer of certain military equipment and matériel.

To the best of my knowledge there has been no information filed with the Congress as to what that additional equipment or matériel may be. The resolution offered by the gentlewoman from Massachusetts [Mrs. ROGERS] was tabled without that information being filed.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. CASE of South Dakota. In just a moment. It occurs to me unless we do have a complete bill of information as to the commitments that were made in connection with this particular trade, while we all approve the idea of acquiring the bases, we might be, in effect, making ratification or giving approval to a trade, the particulars of which we know nothing about.

Mr. COX. I do not know that we can assume that any agreement was entered into that extends beyond the information that was communicated to the Congress by the President.

Mr. CASE of South Dakota. In that note of Lord Lothian he mentioned equipment and material in addition to ships. There has been nothing that I know of made public concerning that.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. COX. I yield.

Mrs. ROGERS of Massachusetts. If the gentleman would read the letter written by Secretary of State Hull to the chairman of the Foreign Affairs Committee, the gentleman from New York [Mr. BLOOM]—and which was published in yesterday's CONGRESSIONAL RECORD—he will see that Mr. Hull answered the question asked in my resolution. He said in part:

The resolution proposes that the President be requested to inform the House of Representatives whether the recent agreement for the acquisition by the United States of naval bases in the Western Hemisphere contemplated further delivery to Great Britain of additional naval and military equipment other than the 50 naval destroyers mentioned in my note of September 2. The answer to the inquiry in the resolution is, "No."

His answer to my inquiry was, "No." I did not care whether the resolution was tabled or not, because the Secretary of State gave the information. But I am under a rather strong impression that they are negotiating for further bases and planning a further transfer of military and naval equipment.

Mr. COX. Of course, I have no information on that.

Now, the gentleman from South Dakota in his question referred to the opinion of the Attorney General. I have

heretofore expressed my views on that subject. Naturally, I do not wish to criticize the opinion he rendered.

Mr. CASE of South Dakota. I am inclined to think the gentleman made a better explanation than the Attorney General did.

The SPEAKER pro tempore (Mr. HARRINGTON). The time of the gentleman from Georgia has expired.

Mr. COX. Mr. Speaker, I ask unanimous consent that the resolution which I have just introduced be extended in the RECORD immediately following my remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to postpone the time allotted to me today until Thursday next, after the disposition of matters on the Speaker's desk and any other special orders of the day.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

Mr. THORKELSON. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an excerpt from an article entitled "The Truth About England."

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a short newspaper article.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks and include a David Lawrence editorial.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein excerpts from a newspaper article.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein a speech by John B. Haggerty, president of the International Brotherhood of Bookbinders at the Golden Anniversary Convention of the International Printing Pressmen and Assistants, at Pressmen's Home, Tenn.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House the gentleman from Massachusetts [Mr. GIFFORD] is recognized for 20 minutes.

IS THE FEAR EXPRESSED BY MANY CITIZENS THAT A DICTATORSHIP ALREADY EXISTS HERE JUSTIFIED?

Mr. GIFFORD. Mr. Speaker, perhaps someone may remember that I said yesterday I would follow up the discussion of the gentleman from Illinois [Mr. DIRKSEN], under the title "Is the Fear Expressed by Many Good Citizens That a Dictatorship Already Exists Here Justified?"

Hardly a newspaper of any importance comes out in any issue these days without some comment or some letter from individuals expressing this particular fear. My remarks must not be regarded as comments on the President of the United States—only on the present Democratic candidate for President. They are entirely two different individuals in this hour.

The shafts of a political campaign will be much sharper toward any candidate whose record is known. This Democratic candidate is a man of action. His will must be accepted or his opponents will be purged and their political death openly decreed. He does not need to be a dictator in this country of the sort where he may punish by physical death. It is far more satisfactory to use his present method and about as effective. A multitude of experiments have been concocted and forced upon a subservient Congress. The White House has been given absolute control because of the fear of reprisal. Grandiose schemes at terrific cost and appalling failures have been constant. It would take a long time to recite those many failures.

Most colossal failures. We will simply refer to a few like the gold fiasco. Some try even to defend that. The silver policy. Some try even to defend that. And a host of others.

To save you from the annoyance of my own opinion I will quote to you what Mr. John T. Flynn has written. Certainly he is a thoughtful man. Many of you disagree with him, of course, when he is not on your side, but you must pay tribute to his knowledge of affairs.

> A complete revolution of our moneyed system. Roosevelt had only impressions. His lack of knowledge did not terrify him. A few conversations sold him the whole package. The humble masses listened in wonder and the wonder still grew that one small head could carry all he knew. The price of gold changed from $21 to $35 an ounce, and within 3 months the whole scheme was acknowledged as a ghastly failure. He finally laughingly exclaimed "I experimented with gold. That was a flop. Why shouldn't I experiment a little with silver?"

Send your remonstrances to John T. Flynn.

Bureaus of Government too numerous to mention have assumed complete control of business and finance. Bureaucrats in charge are entirely submissive to the whim and dictates of the man who appointed them. Tremblingly the businessman implores for instruction as to his every course of action. He cannot know for certain whether he is blacklisted as an economic royalist. Vast sums of borrowed money representing not only the people's savings but an ironclad mortgage on the Nation's children have been squandered and experimented with. A great fear lies upon thinking persons as to the limit of the credit of their Government. Their assurance? Did he not say:

> What of our national debt? Do we not owe it to ourselves?

We have but one man really to hold responsible. That he had a mandate from the people has been his weapon forcing our subservience. Having obtained a complete subservience of the legislative body, he demanded additional members on the judiciary that he might select a majority to do his will. This even the Democratic Party resisted, but his control came in another way just as effectively.

His legal advisers furnish strained opinions that he might avoid seeking proper authority for actions that have appalling consequences. I would like to say to the gentleman from Georgia who preceded me, speaking about the recent Jackson decision. The client went to his lawyer. Said the lawyer, "Do you want my honest opinion?" "Oh, no; I want your professional advice."

Here I am as a real-estate expert, if you please. Clients generally expect a strained opinion as to the value to suit their case. And I have seen a $6,000 piece of real estate valued as high as $15,000 on the one side and as low as $2,000 on the other. Such are real-estate experts and lawyers. When the President of the United States cannot get a strained opinion, it would be very strange indeed.

Oh, his largesses have been unparalleled. They have caused some in high position within his own party to exclaim "that in 1936 it was simply a bought election."

His attempt to reorganize the functions of the Government granting him vast additional powers was resisted, but much of it was granted.

Mr. HOFFMAN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. I thought I understood the gentleman to say something about a purchased election. I wonder if he had in mind the statement made by a distinguished Senator from Virginia, who has been long years in the Senate, on the 24th day of June 1937, when in substance he said the last election was purchased?

Mr. GIFFORD. Yes.

Mr. HOFFMAN. I think you will find that in the CONGRESSIONAL RECORD.

Mr. GIFFORD. Oh, yes; I am quoting him. May I say to the gentleman from Georgia, "Why dig the matter up?"

It does smell pretty bad. But it is an accomplished fact. It is too late. A question was asked, "You do not keep pigs in the basement any more at your house?" "No," he says, "the neighbors got wind of it." There was time to remedy it. His foreign policy and rash statements and promises have brought a great fear upon the people lest we be led directly into the European holocaust.

A seemingly restrained attitude for the moment preceding November cannot suffice to allay the fear of probable developments after the election. Many prominent members of his own so-called Democratic Party are held dumb from party loyalty.

I cannot understand the great Senator from Virginia who on yesterday again declared himself as he did at the convention. He was against giving this man a third term but still he says, "I will vote for him." I cannot understand some Democrats.

I want to refer to the gentleman from Illinois [Mr. SMITH]. I asked him to be present here. There is a man of great intellectual capacity, one whom I have watched carefully from the moment he came into this House. He acted most modestly at first. With such intellectual capacity I know he has full knowledge of conditions as they exist and his own judgment must be good. However, loyalty to his party predominates and he has been called upon frequently to argue and defend measures that seemingly would violate his private opinion.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Ohio.

Mr. JENKINS of Ohio. The gentleman is right. With all due respect to many of these prominent so-called Democrats, I cannot see how they can say that they are against a third-term program and how they can say they are Jeffersonian Democrats when they know Thomas Jefferson said that any man running for a third term for President ought to be defeated. Now they want to vote for him.

Mr. GIFFORD. Take the Philadelphia speech last Friday. Twice I think he brought in Thomas Jefferson to justify a third term, referring to a man more against it than any other individual in our history. Oh, he says these men lived in a different time. If they lived today they would think I was the only man who was indispensable.

Mr. PATMAN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not also true that Thomas Jefferson was opposed to Members of Congress succeeding themselves?

Mr. GIFFORD. Yes; and I probably think I should not argue that at home lest they throw it at me. But let me suggest the great difference. What enormous powers are given to this man. A Congressman has but little power. This man has assumed complete power over business and finance; he is Commander in Chief of the Army and Navy, and he has had $22,000,000,000 of borrowed money and further increased tax receipts at his command to spend for largess of all kinds. He has heretofore unheard-of control over the affairs of our citizens. There is really no comparison whatever.

Mr. HOFFMAN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. In addition to the powers the gentleman has enumerated, he now has control over the Supreme Court and a rubber-stamp Congress.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I saw some figures the other day to indicate that during the past 7 years there has been practically a reappointment of 60 percent of the judiciary of the country. I think the argument suggested by the gentleman from Texas overlooks the fact that Members of Congress are not the appointive branch of the Government. There is quite a difference between serving in the legislative branch and in an executive position as either the Governor of a State or a Chief Executive of a Nation with the appointive power, and where you put all of the administrative machinery of the Government under his control.

Mr. HAWKS. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Wisconsin.

Mr. HAWKS. Does not the gentleman realize that is just another alibi for a third term?

Mr. GIFFORD. Under the machinery of this Government, the Republican Party, assisted by all patriotic citizens and by the so-called independents, can save this Nation from further descent. Let us ask ourselves seriously, has the record of the Democratic candidate disclosed an ambition for power? Are the arts of a dictator displayed in his actions and in his words? Are there pockmarks there of that disease? If there are, we should avoid him. What are those words? "I want it said of my first administration that they met their match. I want it said of my second administration that they met their master."

Go before your constituents and tell them that. He said that when he accepted for the second time. How you Democrats have glorified him. Not only does he want to make himself his own successor but, not satisfied with that, he wants to pick his successor. He officiated at the political demise of our beloved Speaker. It is a sad commentary. Our Speaker was a faithful servant; an illustrious, fully competent man; but there was offered the flimsy excuse that perhaps he was not physically able to conduct a campaign. Think of allowing this man to dictate to a great convention, not only to his own nomination but as to who should follow him.

On yesterday, on apparently reliable authority, it was asserted that he might resign at any particular time and place his mantle on one who would continue to do his bidding. This man who is a candidate for President today may not wish to be a real dictator. But if ever a road was fully and carefully prepared, even polished to smoothness for a dictator to come hastily, it is prepared now.

Mr. HAWKS. Mr. Speaker will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Wisconsin.

Mr. HAWKS. The gentleman does not have any idea, does he, that the present incumbent of the White House would ever resign his office if he were reelected?

Mr. GIFFORD. He may become ill.

Mr. HAWKS. That is wishful thinking.

Mr. GIFFORD. This book I have here states that the family will have made some $2,500,000. It is an agreeable position for them. I would be willing to give most of it away if I could make such a sum. The publicity surrounding them is a joyous experience. Why should a man want to give it up under those conditions? He is surrounded by people who only dare praise him. He cannot hear the truth. He seems to love to have such as Harry Hopkins about him. She said, "I love to have Jack around, he is delightful company. I love to hear him talk." "What does he talk about?" "Me." [Laughter.]

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Not only have the fine things the gentleman has mentioned fallen to the lot of the President, but think of the members of his family, who are also in soft berths.

Mr. GIFFORD. They are much in the public eye. I quoted from this book here—I am not asking you to take my word on these matters.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes. My terminal facilities are rather poor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Tennessee.

Mr. JENNINGS. What significance or verity or hope or promise does the gentleman attach to the testimony of Judge

Mack given the other day to the effect that Mr. Roosevelt would not seek a fourth term?

Mr. GIFFORD. It will be more necessary then than now.

Mr. JENNINGS. He will be more experienced.

Mr. GIFFORD. It will be far more necessary then, because there are certain things that will happen after this war has ended that probably no other man could be found so well equipped to meet those problems. Such, of course, would be claimed. So, Democrats of this House, you have but one man able to lead you. You have so glorified him.

I am watching with much interest as to whom you will elect for your leader. The gentleman from Virginia is a contender. I have heard him on this floor liken this President of yours, this candidate, to the Great Master. He pleaded for blank checks as no other man spoke. Never was a man so faithful. He even threatened you one day lest you would not vote exactly as the President desired. He told you that the President would look in the RECORD the next morning, and said, "You know what will happen." Now, lately he sees some error in his former position, and the frown from the White House is on him, I am told.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. The gentleman judges by the Republican practice of the past, I think.

Mr. GIFFORD. If that is a happy suggestion, I will accept it.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I wonder if the gentleman was not judging by the progress the President has made in emergencies. We have found that after 7 or 8 years the emergencies increase, and possibly after 12 years they will be just that much greater.

Mr. GIFFORD. I can only close by saying, as I said once before—I think it is a happy ending—that if this man, your candidate, is again reelected there is but one explanation—man is the only animal that can be skinned more than once. [Laughter and applause.]

The SPEAKER pro tempore. Under a previous special order, the gentleman from Washington [Mr. HILL] is recognized for 5 minutes.

Mr. HILL. Mr. Speaker, I was rather interested in the remarks of my good friend the gentleman from Massachusetts [Mr. GIFFORD]. He said he could not understand certain Democrats because they were for a third term. I cannot understand certain Republicans because it was the Republican Party that first stood for a third term. The second Republican President in the history of the United States, Ulysses S. Grant, tried for a third term.

Mr. JENKINS of Ohio. But he did not get it.

Mr. HILL. Just a moment; I am not yielding. He did not get it, of course, but he ran.

The second man to run for a third term—and I am speaking of the third term in the real sense of the word—was Theodore Roosevelt.

Mr. HAWKS. But what did he do?

Mr. HILL. He ran for a third term. I do not want to be interrupted. The third man to try—he did not even try for a third time, but he was urged——

Mr. HOFFMAN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. HOFFMAN. I make the point of order that the so-called disturbance on this side, if it was that, was not an interruption, it was just because the gentleman walked over here and made those motions.

Mr. HILL. The third man that was urged for a third term was President Coolidge. Of course, he said "I do not choose to run," but he was urged by Hoover and other prominent Republicans to run for a third term. I am rather surprised and cannot understand certain Republicans here in the House and elsewhere.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. HILL. No; I cannot yield.

Mr. GIFFORD. Oh, I yield to everybody.

Mr. HILL. No; I cannot yield; I have only 5 minutes.

Mr. HOFFMAN. We will get you more time.

Mr. Speaker, I ask unanimous consent that the gentleman from Washington be permitted to continue for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HILL. I yield now to the gentleman from Massachusetts.

Mr. GIFFORD. I want to say in connection with the gentleman's come-back that he forgets there is such a word as "consecutive," which means that during the intervening period the President lost all the power he had formerly held. He gave it up.

Mr. HILL. That is a mere technical objection. Moreover, in the case of ex-President Coolidge, he was urged by the then Secretary of Commerce, Hoover, and the then Secretary of the Treasury, Mellon, to run for a third consecutive term.

Mr. Speaker, I noticed in yesterday's papers that the great challenger, Wendell Willkie, estwhile New Dealer, now the Republican candidate for President, O. K.'s Federal power development and cheap rates for domestic and rural users. I quote from his speech:

> Whatever the distribution method, this great reservoir of cheap power should be used for the industrial development of the great Northwest and to provide domestic and rural users of electricity their requirements at the lowest possible rates.

He no doubt had a mental reservation to add "after high profits have been paid to the big utilities." This from the late president of the Commonwealth & Southern, which for years fought the T. V. A. and cheap rates for rural people in the South. Ye gods, what a transformation on the part of the "barefoot boy" from Wall Street. He reminds me of Messrs. Post and Robinson, former and present heads of the Washington Water Power Co. of Spokane, Wash. Every time there was a threat to their nefarious operations by the State Grange or Senator BONE they would lower rates, promise to build rural lines, and so forth. An old saying applies here: "When the devil was sick, the devil a saint would be; when the devil got well, the devil a saint was he!" Politically, Wendell Willkie is quite sick these days. But beware if he should become President and get well again. The voters of the State of Washington are too intelligent and well read, and they have fought the power companies of the State too long—for the past 20 years—to be fooled by the promises of a charlatan.

Here I want to quote from Mr. Raymond Clapper, who has not recently been in favor of Mr. Roosevelt. In the News of today he says:

> WILLKIE ON POWER
>
> We have come a long way since Roosevelt, before his first inauguration, announced his T. V. A. dream.
>
> The T. V. A. experiment led to the longest and most bitter fight of the Roosevelt administration. Through that contest, Wendell Willkie, as the leader of the opposition, achieved the national fame that led to his nomination as the Republican candidate for President.
>
> Although Willkie won his spurs fighting T. V. A. and the extension of public-power projects, it does not appear that he is trying to win the election on the same issue. On the contrary, the policy that Willkie outlined at Portland, Oreg., dovetails with current public-power developments.

Last night he pledged at Seattle, the Queen City of the West, "Jobs for all," according to newspaper headlines. Again this minion of big business, big business which has fought all labor legislation proposed and enacted by the New Deal, said that he stood "for every one of the social gains that labor has made," including the National Labor Relations Act, the wage-hour law, unemployment insurance, and old-age pensions.

I will quote a little bit further from the News on page 6, where he said:

> There is not a statute on the books protecting your interests that I won't keep on the books.

How fervently he woos Dame Labor. But, I fear, without avail. Labor, as well as consumers of electricity, knows too well his record on these two vital issues. "By their fruits ye shall know them."

The great challenger is all things to all men. In his Elwood, Ind., acceptance speech, he endorsed the New Deal. He promised to do it better and cheaper. Then at Des Moines, Iowa, he endorsed the Wallace farm program, another New Deal policy. In California he must have endorsed the endless sunshine and its bent for advertising. Again this Wendell Willkie, this changeable good fellow, who could be a Socialist at college, a Democrat for years, and now a stanch Republican, who left the farm to become a Wall Street mogul and now has returned to the verdant prairies of his boyhood home, Elwood, Ind., which, by the way, now is a realistic example of how big business and exploitation can make a prosperous American city look like Goldsmith's Deserted Village; this man Wendell Willkie, the cheery challenger, reminds me of the little boy's chameleon given him for a pet by his doting father. A few days later the father noticed that this changeable little fellow was missing so he said, "Son, what has become of your little pet?" "Well, it's this way, Dad," replied the boy, "I put him on a piece of green and he turned green; I put him on a piece of red and he turned red; I put him on a piece of blue and he turned blue; I put him on a piece of pink and he turned pink; I put him on a piece of yellow and he turned yellow; I put him on a piece of orange and he turned orange; I put him on a piece of black and he turned black; and then I put him on a piece of Scotch plaid and the darn thing busted trying to make good."

The challenger is going to "bust" trying to make good politically and is even now—again politically—in the throes of decomposition. Peace to his political ashes, and may the Republican Party inter them with the political ashes of Hoover, Landon, and others.

I have in my hand here a good photo of this challenger as he might have appeared in 1936—proud of being a new dealer and wearing a Roosevelt button—yea, even now he lauds the New Deal, whose chief exponent is our splendid President, Franklin D. Roosevelt.

Wendell L. Willkie wearing a Roosevelt button in 1936, proud of endorsing the New Deal from top to bottom, and now saying, "I will do it better—I will do it cheaper."

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. HILL. I yield.

Mr. GORE. Does not the gentleman think the challenger belongs in the preliminaries rather than in the main bout?

Mr. GROSS. Do you think he is dislodged and disrupted the same as Elliott Roosevelt is in placing himself into a captaincy in the Procurement Division where he will be helping to buy airships for the Government, instead of insuring Government buildings?

Mr. HILL. I think the action of Elliott Roosevelt in signing up in the defense program is very laudable.

Mr. GROSS. Is it not a fact that there are about 40,000 or 50,000 American boys who are looking for the same thing but he walked in and secured it because he was the President's son?

Mr. HILL. Of course, the gentleman from Pennsylvania would denounce any Roosevelt for doing anything. [Applause.]

Mr. GROSS. That is not correct.

[Here the gavel fell.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DAVIS, for 1 week, on account of important business.

To Mr. DEROUEN, indefinitely, on account of illness.

To. Mr. JACOBSEN (at the request of Mr. HARRINGTON), indefinitely, on account of important official business.

To Mrs. O'DAY, for an indefinite period, on account of illness.

EXTENSION OF REMARKS

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include two letters.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent that on tomorrow at the conclusion of the legislative business of the day I may address the House for 7 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. RABAUT, by unanimous consent, was granted permission to extend his own remarks in the RECORD.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 10361. An act to provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

ADJOURNMENT

Mr. WARREN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 10 minutes p. m.) the House adjourned until tomorrow, Wednesday, September 25, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1960. A letter from the Chairman, Reconstruction Finance Corporation, transmitting a report of the activities and expenditures of the Reconstruction Finance Corporation for the month of July 1940 (H. Doc. No. 959); to the Committee on Banking and Currency and ordered to be printed.

1961. A letter from the Acting Secretary of the Navy, transmitting, pursuant to provisions of act of March 5, 1940, reports of the awarding of certain contracts; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LEA: Committee of conference on the disagreeing votes of the two Houses. S. 162. An act to protect consumers and others as to purchase of wool products, and for other purposes; without amendment (Rept. No. 2978). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. S. 2524. An act to incorporate the Military Order of the Purple Heart; without amendment (Rept. No. 2979). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KEOGH: Committee on Claims. S. 3437. An act for the relief of the Franco-American Construction Co.; with amendment (Rept. No. 2975). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 10194. A bill for the relief of the late John L. Summers, former disbursing clerk, Treasury Department; without amendment (Rept. No. 2976). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 10354. A bill for the relief of Guy F. Allen, chief disbursing officer, Treasury Department, and for other purposes; without amendment (Rept. No. 2977). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. BOYKIN:

H. R. 10558. A bill to amend the Merchant Marine Act of 1936, as amended; to the Committee on Merchant Marine and Fisheries.

By Mr. DIMOND:

H. R. 10559. A bill to authorize the Legislature of the Territory of Alaska to create a public corporate authority to undertake slum clearance and projects to provide dwelling accommodations for families of low income and for persons engaged in national-defense activities and to issue bonds and other obligations of the authority for such purposes, and to authorize the Legislature of Puerto Rico to exercise certain powers with regard to dwelling accommodations for persons engaged in national-defense activities, and for other purposes; to the Committee on the Territories.

By Mr. VOORHIS of California:

H. R. 10560. A bill to provide for the issuance, by the Administrator of Veterans' Affairs, of regulations providing for more liberal policies in determining the service connection of disabilities, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. CLASON:

H. R. 10561. A bill establishing overtime rates of compensation for employees of the War Department, its field services, and the Panama Canal, and for other purposes; to the Committee on the Civil Service.

By Mr. COX:

H. Con. Res. 89. Concurrent resolution to ratify the acquisition of certain foreign leaseholds in connection with the national-defense program; to the Committee on Foreign Affairs.

By Mr. STEAGALL:

H. Res. 611. Resolution for the relief of Ellie B. Crawford; to the Committee on Accounts.

By Mr. HOFFMAN:

H. Res. 612. Resolution for investigation to ascertain if the national-defense program is being delayed by the methods used by certain persons and officials; to the Committee on Rules.

H. Res. 613. Resolution requesting certain information from the Secretary of War; to the Committee on Military Affairs.

H. Res. 614. Resolution requesting certain information from the Secretary of the Navy; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DELANEY:

H. R. 10562. A bill for the relief of Henry H. Smythe; to the Committee on World War Veterans' Legislation.

By Mr. ANDREWS:

H. R. 10563. A bill for the relief of Mary Dorothy Sickler; to the Committee on Pensions.

By Mr. PETERSON of Georgia:

H. R. 10564. A bill authorizing the President of the United States to appoint Lee Watson Webb, Jr., a second lieutenant in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

By Mr. REECE of Tennessee:

H. R. 10565. A bill granting a pension to Zola O. Honeycutt; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9320. By Mr. HORTON: Petition of the enrolled members of the Shoshone Tribe of Indians, requesting an investigation of the administration of the fund which was allocated for a land-purchase program; to the Committee on Rules.

9321. By the SPEAKER: Petition of Jenaro Rodriguez, Ponce, P. R., petitioning consideration of resolution with reference to compensating certain native Puerto Ricans for services rendered in the World War; to the Committee on War Claims.

SENATE

WEDNESDAY, SEPTEMBER 25, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, whom thus we name, and yet Thou are unnamable, Thou art the unsearchable, whom we can never find, and yet by searching we find within ourselves that which is of Thee—the light that lighteth every man that cometh into the world: Grant unto us at this the beginning of another day that, our steps being ordered by Thee, we may find Thy peace which is even more blessed than vision. And, since all that we are is of Thee, build up in us, we pray Thee, Thine own nature, and plant our feet on the Rock of Ages, that we may never be content with mere transient happiness bought at the cost of faithless compromise. Make us to feel the glory of the loneliness and pain that comes from fearless following of the highest that we know. Give to us all the spirit of the Master whose unflinching loyalty to purity and truth, to honor and to duty, revealed Thine own appraisal of the eternal verities. In our Saviour's name we ask it. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Tuesday, September 24, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed without amendment the bill (S. 2524) to incorporate the Military Order of the Purple Heart.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 10464. An act to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts; and

H. R. 10465. An act to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Bulow	Capper
Andrews	Barbour	Burke	Caraway
Ashurst	Barkley	Byrd	Chavez
Austin	Bilbo	Byrnes	Clark, Idaho

Clark, Mo.	Hayden	Neely	Taft
Connally	Herring	Norris	Thomas, Idaho
Danaher	Hill	Nye	Thomas, Okla.
Davis	Holt	O'Mahoney	Thomas, Utah
Downey	Hughes	Overton	Townsend
Ellender	Johnson, Calif.	Pepper	Tydings
Frazier	Johnson, Colo.	Pittman	Vandenberg
George	King	Radcliffe	Van Nuys
Gerry	Lodge	Reed	Wagner
Gibson	McKellar	Schwartz	Walsh
Gillette	McNary	Schwellenbach	Wheeler
Green	Maloney	Sheppard	White
Guffey	Mead	Shipstead	Wiley
Gurney	Miller	Smathers	
Harrison	Minton	Smith	
Hatch	Murray	Stewart	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Illinois [Mr. SLATTERY], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Oregon [Mr. HOLMAN] is necessarily absent.

The PRESIDENT pro tempore. Seventy-seven Senators having answered to their names, a quorum is present.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

The PRESIDENT pro tempore laid before the Senate a letter from the Senator from Arkansas [Mr. MILLER], which was read, as follows:

UNITED STATES SENATE,
Washington, D. C.

To the VICE PRESIDENT:

I hereby tender my resignation as a member of the Special Committee to Investigate Campaign Expenditures.

JNO. E. MILLER.

SEPTEMBER 25, 1940.

The PRESIDENT pro tempore. The Chair appoints the Senator from Oklahoma [Mr. LEE] to fill the vacancy occasioned by the resignation of the Senator from Arkansas [Mr. MILLER] from the Special Committee to Investigate Campaign Expenditures.

SUPPLEMENTAL ESTIMATE, TREASURY DEPARTMENT (S. DOC. NO. 290)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department (general expenses, Coast Guard), fiscal year 1941, amounting to $300,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, FEDERAL WORKS AGENCY (S. DOC. NO. 291)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Federal Works Agency (national-defense housing), fiscal year 1941, amounting to $150,000,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

REPORT ON AWARD OF CERTAIN NAVAL CONTRACTS

The PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of the Navy, reporting relative to the award of certain naval quantity contracts made under the act of March 5, 1940 (Public, No. 426, 76th Cong., 3d sess.), which was referred to the Committee on Naval Affairs.

JULY 1940 REPORT OF RECONSTRUCTION FINANCE CORPORATION

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for the month of July 1940, including statement of loan and other authorizations made during the month, and so forth, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REPORT OF PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

The PRESIDENT pro tempore laid before the Senate a letter from the Chairman of the Public Utilities Commission of the District of Columbia, transmitting, pursuant to law, the twenty-seventh annual report of that Commission for the year ended December 31, 1939, which, with the accompanying report, was referred to the Committee on the District of Columbia.

DISPOSITION OF EXECUTIVE PAPERS

The PRESIDENT pro tempore laid before the Senate letters from the Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the Departments of State, the Treasury, War (2), Agriculture, Commerce, and Labor; the Federal Trade Commission and the Work Projects Administration of the Federal Works Agency (4), which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to the Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. BARKLEY and Mr. TOBEY members of the committee on the part of the Senate.

REPORTS OF COMMITTEES

Mr. BARKLEY, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 301) to authorize the acquisition of a suitable frame for the painting of the Signing of the Constitution to be used in mounting said painting in the Capitol Building, reported it without amendment.

Mr. SCHWELLENBACH, from the Committee on Immigration, to which was referred the bill (H. R. 6888) for the relief of Esther Jacobs, reported it without amendment and submitted a report (No. 2176) thereon.

Mr. ANDREWS, from the Committee on Immigration, reported an amendment in the nature of a substitute to the bill (S. 4085) for the relief of Max von der Porten and his wife, Charlotte von der Porten, which was ordered to be printed; and he also submitted a supplemental report (pt. 2 of Rept. No. 2157) thereon.

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (S. 4353) to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories, and possessions, and for other purposes, reported it with amendments and submitted a report (No. 2177) thereon.

He also, from the same committee, to which was referred the bill (H. R. 9989) authorizing the Administrator of Veterans' Affairs to grant an easement in certain land to the city of Memphis, Tenn., for street-widening purposes, reported it without amendment and submitted a report (No. 2178) thereon.

Mr. SCHWARTZ, from the Committee on Claims, to which was referred the bill (H. R. 5937) to confer jurisdiction on the Court of Claims to hear and determine the claim of Lamborn & Co., reported it with an amendment and submitted a report (No. 2179) thereon.

PRINTING OF PRAYERS OFFERED BY CHAPLAIN OF THE SENATE

Mr. HAYDEN, from the Committee on Printing, to which was referred Senate Resolution 315 (submitted by Mr. NEELY on the 19th instant), reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That 2,500 copies of the prayers offered by the Reverend ZeBarney T. Phillips, D. D., Chaplain of the Senate, at the opening of the daily sessions of the Senate during the Seventieth to the Seventy-sixth Congress, inclusive, be printed and bound for the use of the Senate.

PRINTING OF HEARINGS BEFORE MILITARY AFFAIRS COMMITTEE ON SELECTIVE COMPULSORY MILITARY SERVICE

Mr. HAYDEN, from the Committee on Printing, to which was referred Senate Resolution 318 (submitted by Mr. SHEPPARD on the 23d instant), reported it without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Military Affairs of the Senate be, and is hereby, empowered to have printed for its use 2,500 additional copies of the hearings held before said committee during the current session on the bill (S. 4164) to protect the integrity and institutions of the United States through a system of selective compulsory military training and service.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on September 24, 1940, that committee presented to the President of the United States the following enrolled bills:

S. 1379. An act granting the consent of Congress to the State of Michigan to construct, maintain, and operate a toll bridge or series of bridges, causeways, and approaches thereto, across the Straits of Mackinac at or near a point between St. Ignace, Mich., and the Lower Peninsula of Michigan; and

S. 1450. An act to provide funds for cooperation with school district No. 15, Froid, Mont., for extension of public-school buildings to be available to Indian children.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ANDREWS:

S. 4379. A bill to authorize the town of Jupiter, Fla., to lease certain land patented to such town pursuant to the provisions of section 3 of the act of July 3, 1926; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

S. 4380. A bill for the relief of Dave W. Stearns; to the Committee on Finance.

HOUSE BILLS PLACED ON CALENDAR

The following bills were each read twice by their titles and ordered to be placed on the calendar:

H. R. 10464. An act to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts; and

H. R. 10465. An act to amend an act entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes," approved April 20, 1918.

EXTENSION OF CLASSIFIED CIVIL SERVICE—AMENDMENTS

Mr. CHAVEZ, Mr. ELLENDER, and Mr. NORRIS each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 960) extending the classified executive civil service of the United States, which were severally ordered to lie on the table and to be printed.

RIVER AND HARBOR DEFENSE IMPROVEMENTS—AMENDMENT PERTAINING TO NORFOLK HARBOR, VA.

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 2, between lines 20 and 21, insert the following:
"Norfolk Harbor, Va., House Document No. 683, Seventy-sixth Congress."

Mr. WALSH. Mr. President, in support of the amendment intended to be proposed by me I present an extract from a letter received from the Chief of the Bureau of Yards and Docks, Navy Department, setting forth the urgent need for the project. I ask that the extract be printed in the RECORD.

There being no objection, the extract above referred to was ordered to be printed in the RECORD, as follows:

We have been cooperating very closely with the War Department (Office of the Chief of Engineers) in connection with this bill, inasmuch as all of the projects therein are of vital interest to the Navy in connection with the national-defense program.

The Navy Department has just received an urgent letter from the commandant of the fifth naval district recommending that the project for providing additional anchorage area south of Craney Island in Norfolk Harbor be inserted in the subject bill.

This project, which will provide two anchorage spaces, at an estimated cost of $182,000, south of Craney Island, which is the naval fuel depot in Norfolk Harbor, is covered in detail in House Document No. 683, Seventy-sixth Congress, third session. (See Chief of Engineer's letter of March 19, 1940, p. 2, and pars. 8, 11 (b), 14, and 50.)

The increasing importance of the Hampton Roads area due to its central strategic location and enlarged defense plans now under way makes it necessary that additional anchorage areas be provided for naval craft. This area will be used for ships awaiting their turn to fuel at the Craney Island Depot; as a sheltered harbor for the increasing small naval craft used for loading stores, making minor ship's force repairs, liberty parties, and for the relief of the already crowded condition of other anchorage areas and dock spaces at the navy yard and the naval operating base.

The anchorage situation in the Elizabeth River at Norfolk has been made more acute owing to the necessity of providing buoy moorings for the large number of destroyers which are now basing at the operating base. Ships of the fleet are using the Craney Island Depot for fueling purposes on a continually increasing scale. It is contemplated that this anchorage will now be used entirely for naval craft rather than for barges, freighters, and other commercial ships, as contemplated in the original project and report. The estimated cost of $182,000 would appear very reasonable in proportion to the benefits to be obtained from this project.

SUPPLEMENTAL APPROPRIATIONS, 1941—AMENDMENT

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill, to insert the following:
"To the Secretary of Agriculture to reimburse holders of participation trust certificates of the cotton producers' pool, Form C–5–1, at the rate of $2.40 per bale to holders of record as of May 1, 1937, the sum of $4,320,000, or so much thereof as may be necessary: *Provided*, That payment shall be made under rules and regulations to be promulgated in harmony with the provisions of S. 2930, passed by the Senate on June 22, 1940."

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT

Mr. HAYDEN submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, the following amendment, namely:
At the proper place in the bill, to insert the following:
"The Superintendent of Documents is hereby authorized to deliver to the Librarian of Congress, from the sales stock in the Government Printing Office, 250 sets of The Writings of George Washington, as published by the Bicentennial Commission, for distribution through international exchange and for such other distribution for the use of foreign governments as may be deemed appropriate."

Mr. HAYDEN also submitted an amendment intended to be proposed by him to House bill 10539, supra, which was referred to the Committee on Appropriations and ordered to be printed.

(For text of amendment referred to, see the foregoing notice.)

EXTENSION OF TIME FOR SUBMISSION OF REPORT ON THE DOMESTIC POTASH INDUSTRY

Mr. PITTMAN submitted the following resolution (S. Res. 319), which was referred to the Committee on Public Lands and Surveys:

Resolved, That the report required to be made by the Committee on Public Lands and Surveys pursuant to Senate Resolution 274, Seventy-fourth Congress, second session, agreed to June 18, 1936, may be made at any time prior to the expiration of the Seventy-seventh Congress.

PAYMENT FOR CERTAIN ADVERTISEMENTS

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent that I may offer a resolution to lie on the table, and also to have it read for the information of the Senate.

The PRESIDENT pro tempore. Without objection, the resolution will be received, lie on the table, and read for the information of the Senate.

The resolution (S. Res. 320) was read, as follows:

Resolved, That the Secretary of State is requested to transmit to the Senate, if it is not incompatible with the public interest to do so, (1) a list of the names and addresses of the persons who have been reported to the Department of State as having paid for the advertisement which was published on page L 11 of the New York Times of July 15, 1940, under the caption "Defense now needs union now"; and (2) a list of the names and addresses of the persons who have been reported to the Department as having paid for any of the advertisements of the Committee To Defend America by Aiding the Allies.

GREETINGS TO THE AMERICAN LEGION FROM THE PRESIDENT OF THE UNITED STATES

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the President to Raymond J. Kelly, national commander of the American Legion, on the occasion of the twenty-second annual national convention of the Legion in Boston, Mass.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, September 16, 1940.

MY DEAR COMMANDER KELLY: I appreciate greatly your kind invitation to be with you in Boston for the twenty-second annual national convention. I wish it had been possible for me to accept. I do, however, take pleasure in sending most cordial greetings to the officials and members of the American Legion in convention assembled.

This year the American Legion has come of age, having been founded in 1919. Much has occurred during the 21 years of its life. On the world scene came peace, then new forms of government, and now another tragic war.

During all these years since the Legion emerged from the World War it has earnestly devoted itself to promoting our national interests. It has consistently fostered good government, good citizenship, and national unity. Surely these spiritual resources, whose continuance and growth the Legion has so ably advocated, are imperative factors in the strength and peace of our Nation. That strength and peace must continue. We now find abroad serious conflict between those who wish for peace and free government and those who wish to destroy it. That test of strength has gathered force and, whether we like it or not, today it constitutes a threat against the peace of the entire world. We all hold dear our American way of life with our individual and national freedom. We must protect it against any form of aggression which may endanger it. So it is with great satisfaction that I view the Legion's interest in the advocacy of strengthening our national defenses.

With much of the world at war, I am confident that the million members of the Legion will play their full part in keeping the war away from our shores and in preventing it from imperiling our freedom, our institutions, our America. I hope you may have a most successful convention.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. RAYMOND J. KELLY,
National Commander, the American Legion, Hotel Statler, Boston, Mass.

DEMOCRACY IN MISSOURI—ADDRESS BY SENATOR LUCAS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address by Senator LUCAS at Moberly, Mo., on Saturday, September 21, 1940, which appears in the Appendix.]

WORLD MOTHER OF MOTHER'S DAY

[Mr. DOWNEY asked and obtained leave to have printed in the RECORD extension of remarks of Hon. Michael J. Stack, of Pennsylvania, in the House of Representatives, in 1938, which appears in the Appendix.]

THE NATIONAL DEBT—ARTICLE BY JUDGE FRANK SMATHERS

[Mr. SMATHERS asked and obtained leave to have printed in the RECORD an article by Judge Frank Smathers, published in the Waynesville (N. C.) Mountaineer of September 19, 1940, on the subject of the national debt, which appears in the Appendix.]

A WAR ON TWO FRONTS—EDITORIAL FROM NEW YORK DAILY NEWS

[Mr. WHEELER asked and obtained leave to have printed in the RECORD an editorial from the New York Daily News under the heading "A war on two fronts," which appears in the Appendix.]

HOW TO MURDER A DEMOCRACY—EDITORIAL FROM THE DAILY MIRROR

[Mr. NYE asked and obtained leave to have printed in the RECORD an editorial from the New York Daily Mirror of September 23 entitled "How To Murder a Democracy," which appears in the Appendix.]

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

Mr. ELLENDER. Mr. President, when the Senate recessed yesterday afternoon we were considering an amendment which was offered by me as a substitute for an amendment offered by the Senator from New York [Mr. MEAD]. As I stated to the Senate yesterday, and as I repeat today, it is not my purpose to insist upon this amendment; and if it should be adopted, I expect to ask for its reconsideration provided another amendment which I propose to present to the Senate is adopted. I refer to an amendment to force competitive examinations for all of the positions to be filled under this measure.

Mr. NORRIS. Mr. President——

Mr. ELLENDER. I yield to the Senator from Nebraska.

Mr. NORRIS. I venture to suggest to the Senator, in view of the statement he has just made, that he simply ask unanimous consent to pass over this amendment until we reach the point where his other amendment can be considered; and, if that is agreed to, it will settle the matter.

Mr. ELLENDER. I suggested that course to the Senator from New York [Mr. MEAD], but he has refused to have that done. He desires to take the amendments in order.

Mr. NORRIS. Very well.

Mr. ELLENDER. It is not my purpose to go into details again as to the reasons why this amendment of mine should be adopted, except to say that I am frank to admit to the Senate that my object in having these various employees exempted from the bill is to lessen the number of persons who would be permitted to become permanent civil-service employees of the Government without taking competitive examinations—which I maintain is a violation of the existing law.

The Senator from Massachusetts [Mr. WALSH], who is now in the Chamber, yesterday afternoon raised a very pertinent question in this debate, and one which I had proposed to discuss in connection with the amendment asking for competitive examinations; and that is with respect to the age qualifications and the physical qualifications of those now in the Government service who would be placed under the umbrella, as it were, if this bill should be enacted as now written.

Under the civil-service law, the rules provide that if a man is over a certain age—I think the limit is 55—he cannot secure civil-service employment; but if he is occupying a non-civil-service position, and is blanketed in by such a measure as that now before us, he may be 70 years of age and still may be taken in as a permanent civil-service employee. The only thing that would exclude him would be physical disability that would render him incapable of rendering the services he is called upon to perform.

Mr. NORRIS. Mr. President——

Mr. ELLENDER. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator's statement leads me to ask this question: Does the Senator mean to say that the bill provides that when employees of the Government are legislated into the civil service, if a man is now over 55 years of age he is taken in just the same?

Mr. ELLENDER. Yes, sir.

Mr. NORRIS. He is taken in regardless of his age?

Mr. ELLENDER. Yes, sir; he is. In other words, if he applies in the ordinary manner for a position which is under civil service, the age restriction which, according to my recollection, is 55 years would apply against him; but if he is now employed in a department which is not under civil service, and his position is covered into the civil service, the age limit

is waived. He may be 70 years of age and still may be legislated into permanent civil service. I ask the Senator, What effect would that have on those who are now in the civil service, and who have obtained their present status by virtue of having complied with all the civil-service laws and rules and regulations?

Mr. NORRIS. It seems to me it would not have a very good effect. I confess I do not like it.

Mr. ELLENDER. That is one of the things that would happen under this law; and, in addition to that, such a person could not be forced to retire unless he had served 15 years, or unless he was physically disabled.

Mr. NORRIS. I should like to say to the Senator that I am asking these questions of him with a view of getting light.

Mr. ELLENDER. I appreciate that.

Mr. NORRIS. I am asking them partially in view of the fact that I know the Senator from Louisiana, as chairman of the subcommittee, made quite an extended investigation of matters pertaining to the civil service. I was not on the committee, but I followed the result of the investigation as well as I could, mostly from newspaper accounts, and partly, as the Senator knows, from private interviews I had with him while the investigation was going on; and I was impressed with the investigation. In view of the Senator's knowledge of the subject, I am impressed with any amendment he may offer here because I believe he is doing it in the best of faith, and that his object is to improve the civil service; and that is what I want to do.

Mr. ELLENDER. I thank the Senator. That is my sole and only object.

Mr. NORRIS. I have no other object.

It seems to me that in times past, when we have voted to apply civil-service rules to employees by a blanket order, as we say, there always have been some injustices; but that appears to be the most practicable way of putting offices in the Federal Government under civil service. That is what we have done in the past; and I have usually supported measures of that kind, even though I thought they might do some injustice.

Mr. ELLENDER. I realize that that has been the custom. It has been done quite often, and I admit that they have not required any kind of examination, except in recent years. But that does not cure the evil.

The argument has been made that putting these men and women under the civil service will improve the efficiency of the Federal Government. I maintain that by the same token the civil service itself will be weakened. Over 650,000 persons are now employed under civil service. They have actually appeared before properly designated representatives of the Commission and have taken the examinations, and followed the rules and regulations that applied to them. And now, if this pending bill is adopted as written, they will say to themselves, "What is the use?" That is what I have heard throughout the investigations that I have conducted, "What is the use of my studying, or applying myself, or working hard, when no matter what I do, I get nowhere insofar as salaries, promotions in grade, and so forth are concerned. Those who have influence get ahead, and those who do not are left behind."

My sole and only object in proposing the pending amendment is to lessen the number of employees who would be blanketed in through a noncompetitive examination if the bill is enacted as written.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I have other matters which I propose to discuss with the Senate which may be pertinent to the question under discussion at this time, but I am going to postpone discussion of them now in order to avoid repetition when I offer another amendment following disposition of the one I have just offered; that is, if I can get the Chair to recognize me.

I yield to the Senator from Kentucky.

Mr. BARKLEY. The difference between the Senator's substitute and the amendment offered by the Senator from New York, as I understand, is that the amendment of the Senator from Louisiana adds assistant United States attorneys, deputy marshals, and deputy collectors.

Mr. ELLENDER. That is correct.

Mr. BARKLEY. Whereas the amendment offered by the Senator from New York provides for the exemption of all officers whose confirmation is required by the Senate.

Mr. ELLENDER. That is correct.

Mr. BARKLEY. As to the matter of age, we all know that deputy collectors in the Internal Revenue Service are not appointed; the fact is no one in the Internal Revenue Service is appointed, although not under the civil service, when over 55 years of age. There is an age limit of 55 years. Of course, the civil-service rules provide that no one over 55 can take a civil-service examination for a position under the civil service, as I understand.

The practical difference under the bill between deputy collectors and other civil-service employees is that they are given credit for the service they have rendered under appointments which were made before they were 55. They are given that credit in the form of noncompetitive examination on the theory that their experience has in a measure qualified them for the work, otherwise they would not be retained in the service.

Mr. ELLENDER. Mr. President, will the Senator permit an interruption at that point?

Mr. BARKLEY. Certainly.

Mr. ELLENDER. The amendment which I propose to offer would give to the persons to whom the Senator refers a 10-point advantage because of their experience; in other words, it would give them the full advantage to which their experience entitles them.

Mr. BARKLEY. We have been doing the same thing for other employees. The postmasters were all given a noncompetitive examination, and it has worked out very well. There were some cases in which it was not thought that the record of the postmaster entitled him to have a noncompetitive examination; therefore he was required to go in with others and take a competitive examination. I have in mind one case where the postmaster who had been in office for 4 years was No. 5 on the list established by the examination, and therefore could not be reappointed, because he was not one of the three highest. I have not heard any great complaint against the policy of giving the postmasters, where they were entitled to it, the benefit of a noncompetitive examination, on the theory that their experience of 4 years entitled them to it. In the case of deputy collectors and deputy marshals it probably would have been even longer. But that is beside the question.

The point is that really no difference is being made between deputy collectors and deputy marshals and present civil-service employees, because they have not been appointed after they were 55 years old, they have had the benefit of their experience, and because of that they would be given, under the bill, as has been done in most all other cases, the benefit of a noncompetitive examination.

Mr. ELLENDER. I do not wish to disagree with the majority leader with reference to the age provision, but I know of many deputy marshals who were appointed when they were much over 55 years old. I know of some United States district attorneys who were much over 55 when they were appointed, and I know of a few collectors who were over 55, who have been slipped in by some way or other.

Mr. BARKLEY. I do not know of any superannuated collectors or deputy collectors or deputy marshals. It may be that in some cases a man over 55 years old has been made an assistant United States attorney. I am not so much concerned about whether assistant United States attorneys are covered under the civil service or not.

Mr. ELLENDER. How about the United States marshals?

Mr. BARKLEY. I am not in favor of covering United States marshals, or collectors of internal revenue, and the amendment offered by the Senator from New York eliminates them. But storekeeper gagers have been under the civil service for a long time, revenue agents, representing the Income Tax Division of the Treasury, have been under the civil service for

a long time, and I do believe there is just as much reason for putting deputy collectors under the civil service as there is for putting these others under the civil service. But I do not think the same reasoning attaches to an assistant United States attorney.

Mr. ELLENDER. Since the majority leader has expressed himself with reference to assistant district attorneys, how does he feel about deputy marshals?

Mr. BARKLEY. I think that a civil-service examination probably is more calculated to bring out the qualifications of a deputy United States marshal than of an assistant United States attorney, because there are many things which enter into the qualifications of a lawyer to prosecute crime which may not enter into the qualifications of a man to be deputy United States marshal. But I think that of these three lists, the deputy collectors come first in merit, so far as the wisdom of the policy is concerned. Deputy marshals I put in category No. 2, and United States attorneys I would put in category No. 3.

Mr. ELLENDER. We are in agreement, because they are listed in that order in my amendment.

Mr. BARKLEY. No; the Senator's amendment would exclude specifically all deputy marshals, deputy collectors, and assistant United States attorneys. Perhaps they should be excluded, and my mind is not closed on that question at all, so far as my vote is concerned, but I think that without exception deputy internal-revenue collectors all over the country feel that they have just as much right to be under civil service as do the men working right along with them, in the same office, in the same building, who, we will say, are storekeeper gagers, who go out to test the quality of whisky, and revenue agents, who go out to investigate whether a man has made a false return on his income tax.

Mr. ELLENDER. I have no doubt about what the Senator has just said, that those who are now employed are very anxious to get under civil service in order that their jobs may be made permanent. There is no doubt about that. What concerns me is the plight of the thousands upon thousands who have taken examinations, and who are qualified today to hold the 200,000 positions that are affected by this bill, but are denied the right to be considered for them.

Mr. BARKLEY. They have not taken any examination, because none were held, since they were not under civil service.

Mr. ELLENDER. Many examinations have been held, whereby people have qualified to hold civil-service positions. There are about 800,000 on the current registers right now, as I pointed out on several occasions.

Mr. BARKLEY. They have taken examinations for other positions, but there has been no examination for deputy marshals, or assistant United States attorneys, or deputy collectors.

Mr. ELLENDER. Not specifically for those offices, it is true; but I say that a good many in the other departments of Government, who are under civil service, would welcome an opportunity to be considered for promotions to some of these newly created civil-service positions. And as I just stated, there are 800,000 on the civil-service registers who are denied the privilege of competing for these appointments.

Mr. President, I repeat that it is not my purpose to go again into the details of the argument and I now leave the matter to the disposition of the Senate.

Mr. MEAD. Mr. President, of course I regret that it is necessary for me to oppose the amendment which has been offered by the Senator from Louisiana as a substitute for my amendment. My amendment eliminates from the purview of the bill all of the positions requiring Presidential appointment and Senate confirmation. The Senator would go further than that; he would eliminate from the purview of the bill the deputies and the assistants, the rank-and-file employees, with whom the President and the Senate have nothing to do.

One of the most vital and important agencies, in my judgment, which should be covered by the merit system is the agency known as the office of the collector of internal revenue. That agency was once covered by the civil service, but Congress took it out. When it was covered by civil service, the efficiency of the personnel was higher than was the efficiency of the personnel when it became a patronage agency.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. HATCH. I am not sure, but I am thinking, as the Senator is speaking, about the collectors, and I think that in 1924 our party adopted a specific plank about the very matter the Senator is discussing, pledging that collectors of internal revenue, as I recall, would be placed under the civil service. Is that correct?

Mr. MEAD. That is correct, and every Commissioner of Internal Revenue, Republican and Democrat, has recommended to the Congress in every annual report that the men involved in the collection of taxes be covered into the civil service.

There are no existing registers and there are no qualified applicants for these positions. There may be qualified applicants for stenographic, clerical, scientific, or technical positions, but if the entire personnel of this office were immediately required to take a wide open competitive examination its continuity would be disrupted. The only way I can see to accomplish the best result, the orderly way, the way recommended by every authority and expert, is to allow the agency to operate as it is, to establish a proper standard of examination and fitness, and then to have the employees in that service take an examination, compete with each other for these positions, and if they are successful they are then to be considered permanent employees of the office.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. Yes; I am glad to yield to the Senator from Louisiana.

Mr. ELLENDER. The Senator from New York, of course, is now discussing, in a measure, the second amendment I propose to offer, which provides for competitive examinations. I wish to call the attention of the Senator, however, to the fact that, under the provisions of the bill, the President would not have to designate a department and call for the examinations at once. Furthermore, even if the President should call for such examinations, the persons now employed could remain so employed until others qualify, and that would cover a period of 6 months under the bill as it is written, as the Senator knows.

Mr. MEAD. Yes; but if the President should designate one department, the Bureau of Internal Revenue, for example, and require a wide open examination in it, its service would be disrupted.

This is what an unbiased organization, the League of Women Voters, has to say on that point. Certainly they are not concerned with the building up of a patronage organization. As patriotic and devoted women, they are deeply concerned in the improvement of the efficiency of our Government, and they say:

> Noncompetitive or qualifying examinations have the advantage of not interrupting the continuity of Government service as seriously as open competitive examinations, at the same time testing whether or not the person holding the position is qualified to continue to hold it, and eliminating the obviously incompetent. It is estimated that the percentage of failures in noncompetitive examinations in the Federal service system varies from 12 to 25 percent. The fact, however, that the majority of persons taking qualified examinations usually pass assures a continuity of service which is an important factor in Government administration.

So, Mr. President, in view of the fact that we are liberalizing the bill, protecting the prerogatives of Senators, insofar as confirmation is concerned, and at the same time covering the agency under civil service, so far as the rank and file is concerned, I believe the amendment which I offered goes far enough, while the amendment offered by the Senator from Louisiana as a substitute for my amendment, would injure or impair the progress we are attempting to make.

The Senator from Louisiana made a statement a while ago concerning the investigation he conducted, which was a very laudable one, with respect to the employees and the condi-

tions which he found among employees in the Federal service. I wish to say to my distinguished colleague that, as the chairman of the committee in charge of the reorganization legislation, I had to do with the civil-service features of that bill.

I held hearings, and I heard the representatives of all the employee groups and of all groups interested in the civil service, and of a great many individuals in the civil service, and I recommended and had written into the reorganization bill a code of practice which would enable every employee, man or woman, to have his or her day in court. We provided for setting up boards of review on which were representatives of the employee and the employer, and I find that there is provision in the pending bill for boards of review similar to those provided for in the reorganization bill.

I have an amendment which I shall offer a little later which will require that the employee have representation on the board of review, and that he have 5 days in which to study his case before he is called upon to present it to the board of review. So in the pending bill we set up a merit system, and we add further protection to the employees covered under the merit system.

Mr. President, I hope the amendment offered by the Senator from Louisiana will not be adopted.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. NORRIS. I desire to ask the Senator from New York a question. I wish he would again, for my information, state briefly what is intended to be accomplished by his amendment. Two amendments have been offered. I refer to the amendment offered by the Senator from New York.

Mr. MEAD. The amendment which I offered would prevent the President from covering within the civil service United States marshals, collectors of customs and of internal revenue, United States attorneys in charge of the districts, and such other officers as require confirmation by the Senate, while the amendment proposed by the Senator from Louisiana would eliminate from the bill not only those officers who require Senate confirmation, not only the head of the agency or of the activity in the region, but it would eliminate also the rank and file employee whom we are anxious to cover within the civil service.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I shall be glad to yield.

Mr. ELLENDER. The Senator does not mean to intimate that all the clerical forces in the Bureau of Internal Revenue would be affected by my amendment, does he? It would only affect deputies, field men, as I understand. Those are what I call deputies.

Mr. MEAD. Yes. Those are what I would call the rank and file, the deputy collectors, the deputy marshals, the deputy United States attorneys.

Mr. ELLENDER. What about the thousands of men and women employed in clerical positions in the Bureau of Internal Revenue? The Senator does not mean that my amendment would exclude them, does he?

Mr. MEAD. No; not at all. They are already in the civil service. Neither the amendment offered by the Senator from Louisiana nor my amendment would touch them.

Mr. NORRIS. Mr. President, will the Senator further yield?

Mr. MEAD. I yield.

Mr. NORRIS. Assuming a Senator believes that some of the employees referred to should be taken out from under the bill by the Senator's amendment and some of them should not be, he is then presented with a dilemma as to how to vote on the amendment offered by the Senator from New York. Take the Bureau of Internal Revenue, for instance. It seems to me there is very good and logical reason why the employees in that Bureau should be under civil service. They would be taken out of civil service by the amendment of the Senator from New York.

Mr. MEAD. Both amendments would take them out.

Mr. NORRIS. Yes; both amendments would. On the other hand, if the bill is not amended in any way, United States district attorneys, as well as United States marshals, will be under civil service.

Mr. MEAD. That is correct.

Mr. NORRIS. I think I can see good reason why United States attorneys should not be under civil service. I do not know that it is easy to explain why, but it seems to me there is a great difference between employing an attorney to try a lawsuit and to employ someone to perform the duties which are performed by internal-revenue officials, whose line of work is so entirely different. United States marshals, for instance, have a peculiar relationship to the Federal courts. It seems to me there are some reasons why it would be even better if the courts appointed the marshals. I should like, if I could, to take them, and their deputies also, out of the political arena, but if the courts had no voice in the appointment of the marshals and if they were under civil service, it seems to me there might arise some difficulties of a very serious nature.

I can speak only as a result of my own experience. I presume all Senators have had a similar experience. My experience was a good many years ago. It has been some time since I have had access to political patronage in any party. However, there was a time when I made recommendations which resulted in the appointment of United States marshals. As a rule there were several candidates, and I finally selected one and recommended him and he was appointed. As to the appointment of deputies, it seems to me perfectly natural for the man who owes his appointment to a certain Senator to consult the Senator when he comes to select his deputies. If the Senator wants to use his influence, he can come pretty near naming the deputies. As a matter of practice, perhaps more often than not he did name the deputies.

A new United States marshal might write to a Senator and say, "I have been appointed, and I thank you very sincerely. I have four deputies to appoint. Would you like to suggest whom I should appoint?" The political power exercising that privilege, which arises rather naturally, builds up a political machine, and, as a rule, deputy marshals become politicians.

Mr. BARKLEY. The Hatch Act will correct that situation.

Mr. NORRIS. As the Senator from Kentucky suggests, probably the Hatch Act will correct that situation. I hope it will.

Such a condition does not conduce to good government. The marshal and his deputies travel around over the district or the State and become part of a political machine.

Mr. MEAD. Mr. President, if the Senator will yield, I may be able to add a little enlightenment which may not have been brought to his attention as yet.

Mr. NORRIS. I yield.

Mr. MEAD. By the passage of the bill we would not cover anybody into the civil service.

Mr. NORRIS. I understand that.

Mr. MEAD. We would simply eliminate some prohibitions which the Congress has previously written into the law. After we pass the enabling act, the President may, at his discretion, cover one or the other or all agencies within the civil service.

With respect to attorneys, who are the subject of the able Senator's discussion, we do not change the law at all. The law now permits the President to cover all assistant United States attorneys into the civil service, and we are merely including that permission in the bill. There is now no law against the President taking the very same action which we recommend in the bill, or which is recommended in my amendment.

Mr. NORRIS. As I understand the Senator's amendment, it takes them out entirely. If the Senator's amendment were agreed to, the President would not have any authority to put United States attorneys under civil service.

Mr. MEAD. That is true as to chief United States attorneys. As to assistant United States attorneys, he would still have the same power he now has. In addition, I will say to the Senator that the Reed commission is now studying the entire subject of employment of attorneys by the Federal Government; and we understand that the Reed commission will make a recommendation to the President with reference to the employment of attorneys in the United States Government service. The President in turn will submit the

recommendation to the Congress. So our committee, in reporting the bill, felt, as did the House committee, that we should take only general action with reference to the employment of attorneys and allow the President to cover them in if he so desires, and if he does not, leave them as they are today.

The first point I make is that the Reed commission is now studying the entire subject. The second point is that the President now has the power to cover assistant United States attorneys into the civil service. My amendment would not change that situation.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. CONNALLY. If the Senator were a district attorney, would he want to serve with a group of assistants whom he did not want and whom he did not select?

Mr. MEAD. We are not making any change——

Mr. CONNALLY. I am asking the Senator a question.

Mr. MEAD. Of course, I am not an attorney, and I know very little about the ethics and practices of the profession.

Mr. CONNALLY. It is not a question of ethics. The district attorney is charged with the enforcement of the law in his district and with a multitude of other duties. It seems to me he ought to have the right to select his assistants, with the approval of the Attorney General. He may not appoint anyone unless the Attorney General approves the appointment. A United States attorney ought to select his own subordinates. I should not want to serve in a job if all my subordinates were selected by somebody else, and I could not control their actions.

Mr. MEAD. We have a great many departments in the Government.

Mr. CONNALLY. The Attorney General represents the President. Every assistant district attorney who is appointed is recommended by the district attorney. His name goes to the Attorney General, and he is thoroughly investigated by the F. B. I. He may be appointed only after the Attorney General approves the appointment. The Attorney General represents the President of the United States. Why is not that system, in which the district attorney initiates the appointment but does not control it, satisfactory? He selects a man whom he knows, in whom he has confidence, and with whom he can work in harmony. Why is not that system superior to having them all covered into the civil service under an Executive order, like a bunch of sheep?

Mr. MEAD. That is just what we are doing. My amendment would take the United States attorney in charge of the district out of the purview of the bill.

Mr. CONNALLY. We ought also to take out his assistants. If the proposal is good for the district attorney himself, why is it not good for his right arm, who is his first assistant; his left arm, who is his second assistant; his right leg, who is his third assistant; and so on?

Mr. MEAD. We are not changing the existing law one iota with reference to assistant United States attorneys. We are leaving the existing law as it is.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. SCHWELLENBACH. I do not understand that. Under the existing law there is no question about whether or not United States attorneys are under civil service. They are not under civil service.

Mr. MEAD. But they may be covered into the civil service by the President under existing law if he so desires. That is the law. But he has not exercised the authority, nor has the Civil Service Commission exercised the authority.

Mr. SCHWELLENBACH. If that is the law, it seem to me it ought to be changed, especially as it affects a small office. The office of the district attorney is a law office. There is a very close personal relationship between him and his assistants. A district attorney may not get along with his deputies. If he has only two or three deputies, it is much more important than if he has a large staff. Suppose he tells one of his deputies "I want a prosecution brought against certain individuals." The deputy may not agree with him. He may go before the grand jury and present the case in such a way that the grand jury will not return an indictment. Yet the district attorney is charged with responsibility for the operation of the office. The relationship is entirely different from the relationship between other heads of offices and departments and the employees in their offices.

Mr. MEAD. We are doing nothing about it in this bill.

Mr. SCHWELLENBACH. I think we ought to do something about it.

Mr. MEAD. We are leaving the situation as it is. We are merely limiting the existing law by saying to the President, "You may not cover the United States attorney in charge of the district into the civil service." The existing law permits the President to cover into the civil service all the attorneys in the service of the United States if he so desires.

Mr. SCHWELLENBACH. Why not make the same provision with respect to the assistants?

Mr. MEAD. The Reed commission is now making a study of the employment of attorneys, and the conditions under which they are to be employed. That applies to all the United States attorneys in the Government service. We thought we ought not to act until the Reed commission makes its report.

Mr. SCHWELLENBACH. I do not think we need an investigation of such a simple question by any committee or commission. Any lawyer who has ever run a law office knows that it is not desirable for a man running a law office to have working under him two or three assistants who are not responsible to him.

Mr. MEAD. In view of the fact that the system is working now, we are not proposing to change the system.

Mr. SCHWELLENBACH. It is proposed to change it so far as the district attorneys are concerned.

Mr. MEAD. Only to meet the objection made on the floor. To meet that objection, we prepared an amendment and sent it to the desk. The committee does not recommend it. The amendment would prevent the President from covering the chief United States attorneys into the civil service. I am perfectly willing to withdraw the amendment. It is not my amendment. I am presenting it because of the objection which arose on the floor. I should prefer to leave the provision just as the committee reported it, which would leave the status just as it is today.

The President may cover attorneys into the civil service if he so desires. He does not wish to do so. Perhaps the Department of Justice feels as does the Senator. Perhaps it will always continue to feel that way. We are not doing anything about it. We are not taking issue with existing conditions, and we do not wish to race ahead of the findings of the Reed Commission. We feel that the system is now working satisfactorily.

I should be perfectly willing to withdraw the amendment now at the desk, so that the status quo would remain; but in view of the attitude of a considerable number of Senators I thought I ought to protect them in their right of confirmation, and that the bill should contain no provision which would change the present situation with reference to the appointment of United States attorneys.

Mr. SCHWELLENBACH. I think we certainly ought to do one thing or the other, because it seems to me absolutely illogical to have a district attorney put in one position and his assistants put in a different position.

Mr. MEAD. We are not doing anything about either. We are simply requiring that the practice in vogue for years, which requires Senate confirmation of Presidential appointments, be continued; but we are not doing a thing with reference to the appointment of United States attorneys. We are leaving that matter where it is, out of the bill, unless the amendment of the Senator from Louisiana should be adopted.

Mr. NORRIS. Mr. President, it seems to me this discussion rather discloses the fact that both these amendments ought to be rejected. Even then the situation would not be entirely satisfactory. I do not believe we can come out of this dilemma in a way which will be satisfactory, no matter which course we take.

There is much force in the argument that if a district attorney—and it applies to a marshal in the same way—who is held responsible for his deputies, is under the law, deprived

of the right to appoint his deputies, he is put in a position that is unfair to him and as a result often there may not be a proper enforcement of the law.

A deputy marshal may have to do, under the instruction of his superior, the marshal himself, with a murder case, a kidnaping case, or some other case of extreme importance. If he is not responsible to his chief, he may refuse to obey the chief's orders, for his office is secure. He may at least cause difficulty. It seems to me that such situations would be quite common between the marshal and his deputy. I know, as I said awhile ago, that when the marshal is subject to political appointment, politics extends to his deputies. The marshal and his deputies are, as a matter of practice, often named by the same man, perhaps a United States Senator, or a Member of the House of Representatives. They are named because they can do the most good to the man who made their appointment. That raises a condition, on the other hand, that is just as bad as the one which it is sought to remedy.

The United States marshal is subject to the action of the court. It seems to me it would be well and, perhaps, would be an improvement to have him appointed by the court; and then let the marshal appoint his deputies. He is responsible for what the deputy does. The most efficient method, it seems to me, if it could be shorn of its political aspects and politics could be entirely eliminated, would be for the marshal to appoint his own deputies, since he is responsible for everything they do. I remember a great many years ago when a marshal was appointed there would immediately spring up a number of candidates for deputies. They would resort to all kinds of things. Sometimes the deputy would be a candidate for marshal. If he thought his competitor had the inside track, he would make a deal with him, would come to his support, and then get an appointment under the marshal. It would be found in the end that probably he was appointed the first deputy. As everyone knows, these conditions were not conducive to good administration. I should like to see them remedied; but, on the other hand, we run into the other difficulty.

It seems to me, under the circumstances, that not only the amendment in the nature of a substitute offered by the Senator from Louisiana but the amendment offered by the Senator from New York also ought to be rejected.

Mr. VANDENBERG. Mr. President, I am not interested particularly one way or the other in the immediately pending amendment because it is relatively minor, but I am very deeply interested in the key amendment which the Senator from Louisiana [Mr. ELLENDER] intends subsequently to offer; and since I may unavoidably be called from the floor for a few hours, I desire to take this opportunity to register my feeling about it. I am referring to the amendment which the able Senator from Louisiana intends to submit requiring competitive instead of noncompetitive examinations by way of approach to life tenure under the civil service for 200,000 political patronage appointees, who will be brought into the classified service by the terms of this bill.

Mr. President, I do not care whether the original appointees are Republicans or Democrats; I care nothing about the political complexion of any of them; in fact, I have been asserting this same principle under all administrations. I think that the principle of free competition, open to all citizens, with the decision on a merit basis, is the heart and soul of correct civil service in a democracy. I think that when it is proposed to allow 200,000 political appointees to acquire virtually life tenure on the public pay roll we ought, at least, require competitive examinations which will permit the remainder of the citizenship of the country an equal opportunity of approach to those positions. It seems to me that the noncompetitive protection which this bill throws around 200,000 political appointees is a parody on the words "civil service," and certainly it is a parody on the phrase "the merit system."

Mr. President, the able Senator from New York, whom I again compliment for the fine work he has done upon this bill, many sections of which I heartily applaud, says that the adoption of an amendment to this bill requiring competitive instead of noncompetitive examinations in determining relative qualifications for civil service would be a "killing" amendment. That is his phrase. I said last night it would be a key amendment, because, in my view, it is fundamental to a merit system that competitive qualifications shall be measured. The able Senator from New York said that it would be a "killing" amendment. I assume that what he means is that there would be ultimate difficulty in the passage of the bill in the other House. I cannot believe that he means it would be a "killing" amendment, so far as true civil service is concerned, for the Senate of the United States to assert that 200,000 political appointees should demonstrate their qualifications in a competitive examination before they acquire virtually life tenure on the public pay roll. Certainly there is nothing "killing" about the amendment which the Senator from Louisiana proposes to submit, so far as the spirit of the civil service is concerned, if by civil service is meant the true merit system.

If by the term "civil service" is meant simply a camouflage for perpetuated patronage—and unfortunately there is entirely too much of that at the present time through the choice under our civil-service practice which is given to the appointing officer to make a selection among the three highest eligibles—then there may be a high degree of welcome mortality involved in this amendment. But if it is meant that this amendment would be "killing" to the theory and spirit of the true merit system, I am totally unable to comprehend the application of the phrase. If, on the other hand, the Senator is correct, and this would be a "killing" amendment because the other House would not agree to it, then we can cross that bridge when we come to it in conference.

I certainly would not criticize the able Senator from New York if in conference he was unable to sustain a Senate amendment requiring competitive examinations if the defeat of the legislation were to depend upon that decision. But I am totally unable to understand why the Senate should not assert its belief in competitive examinations, if that is the Senate's belief, and let the conferees take the responsibility for determining whether or not the House shall be permitted to turn that sort of a virtuous requirement into a "killing" amendment. It need not be a "killing" amendment even so far as the House is concerned, because it could be eliminated in conference if necessary. That is no reason why the Senate should not assert its own judgment.

Mr. President, I think the committee itself would agree with what I am saying if it felt free to express fully its own mind. The report of the committee on the question of competitive versus noncompetitive examinations says, on page 8:

> Consideration was given by the committees of both Houses to the advisability of competitive and noncompetitive examinations for these positions, and your committee agree with the House that the method provided in this bill—
>
> Namely, the noncompetitive method—
>
> is as satisfactory and fair as can be obtained with any hope of enactment.

Mind you, Mr. President, the committee itself does not say that noncompetitive examinations are satisfactory and are fair. The committee knows better. It simply says that such noncompetitive examinations are as satisfactory and as fair as can be obtained with any subsequent hope of the enactment of the legislation; all of which comes back to the proposition that they are afraid of the action in the other House. I repeat, Mr. President, that that is a bridge that can be crossed when we come to it.

The problem which the able Senator from Louisiana will present to the Senate is whether the Senate believes, in the first instance, that 200,000 political appointees shall have an easy, automatic, noncompetitive approach to permanent tenure on the public pay roll. It seems to me this is an utterly indefensible proposition from any standpoint whatever, and, if the noncompetitive feature is to remain in the bill, it seems to me that the bill ought to be labeled "An act to provide life

tenure for 200,000 political patronage appointees and to postpone the application of the merit system until 1960, when the incumbents will have died or be ready to quit."

Mr. President, every correct civil-service principle in theory and in practice is based on an original, free, open competition to all citizens on an equal basis. The best man wins. Is not that what the merit system means—that the best man wins? How does the best man have a chance to win if a noncompetitive examination protects a political incumbent, and shuts off every other citizen from any approach to the job?

When civil service is extended to these 200,000 incumbents not heretofore under merit classification, it is perfectly obvious that this fundamental rule of equal approach to these positions cannot wholly apply anyway, because the incumbents have a great advantage through their familiarity with their jobs. But that is all the more reason why an extra effort should be made to preserve as much as possible of the fundamental competitive merit principle rather than, as in this bill, not only to abandon the principle but also affirmatively and conclusively to reject it by outlawing all competition. That is not my idea of the merit system.

Why noncompetitive examinations? If an incumbent, enjoying the natural advantage of familiarity with the job, cannot win a competitive examination, he certainly does not merit permanent civil-service status; and under those circumstances the protection of permanent tenure should not be thrown around his shoulders. Why call it an extension of the merit system when it is proposed to confirm this incumbent's life tenure in his job without any recourse whatever to measuring competitive qualifications to determine where the merit lies? Why create this job monopoly regardless of competitive merit?

Mr. President, I think it is pretty generally known, and I think the RECORD sustains me when I say, that I am a thoroughgoing believer in civil service and the merit system in public administration. I have always favored its maximum expansion. Indeed, for example, I have persistently sought for years legislation under which a pavement-pounding letter-carrier could hope to aspire to become First Assistant Postmaster General of the United States without any consultation with his precinct captain or any other political boss, including his Representative and his Senator. I want a maximum expansion of true civil service. I will gladly vote for this bill if it is an approach in the direction of true civil service. It is in many aspects, and again I congratulate the able Senator from New York [Mr. MEAD] and his committee upon many sections of this measure, to which I heartily give my approval; but it seems to me it contains a fundamental, all-controlling vice when, in the name of the merit system, it proposes that 200,000 political appointees shall attain jobs for life without ever opening any of these places to a free, open competition to determine where the best-qualified employee can be obtained. It seems to me that this noncompetitive formula is neither civil service nor democracy.

The able Senator from New York has said that both the Republican and the Democratic Party platforms have pledged themselves to this expansion of the civil service. I think he is taking in too much territory. Unquestionably they have pledged themselves to the expansion of the civil service; but, so far as I am concerned, I would read a pledge in favor of expanding the civil service to be a pledge against covering 200,000 political employees into the classified service of the country without any competitive examinations whatever. I am unable to consent to the notion that the pending bill, with its noncompetitive opportunity for the incumbent to "cinch" his job without any competitive challenge whatever is a response to any party platform which pledges an expansion of the civil service.

It seems to me that the whole thing comes down to a few fundamental questions, and these are the questions:

Shall these permanent lifetime positions in the civil establishment of the Government be available in the first instance to all citizens, and shall they go to the best qualified citizens, or shall those who were political patronage employees in the first instance monopolize the approach to these permanent positions to the exclusion of all other citizens? I answer that question, "No," and I can accept no compromise in respect to the answer.

Or the question might be put in this way: Shall this so-called extension of the civil service stem from merit or from politics? Obviously, as a physical fact, it stems from politics so long as political appointees are the sole and exclusive beneficiaries of the extended civil service. It does not stem from merit until there are free, open, competitive examinations to determine who gets the job.

Or the question might be asked in this way: Shall we expand the merit principle by making relative merit the price of a permanent Federal job, or shall we subordinate relative merit to original political pull?

Mr. President, that is all I have to say on this subject. I feel very deeply about it. The same subject, in a slightly different form, has been before the Senate in previous years upon one and perhaps two occasions. In each of those instances I have said the thing I am now saying, and I have taken the same position; and in each of those instances the Senate, by a majority vote, has agreed with my position. I think the Senate again should agree with the amendment of the junior Senator from Louisiana [Mr. ELLENDER], when it shall be presented, to substitute competitive for noncompetitive examinations. The Senate should agree because the committee itself, among other things, by the very nature of the language in its own report, prefers competitive to noncompetitive examinations, and submits only the excuse to defend this provision of the bill that the adoption and requirement of competitive examinations might handicap the final passage of the measure. I repeat, that bridge can be crossed when it is reached in conference. In the first instance, the duty of the Senate is to settle this thing on its merits if we are to have any element of merit considered in connection with this so-called merit-system legislation.

The bill itself, in many aspects, is splendid. The able Senator from New York [Mr. MEAD], who is in charge of it, is perfectly obviously a devoted and sincere friend of the civil service, as I hope I am also. I regret that there is this difference of opinion between us respecting this particular factor; but I have felt the same way about it for 20 years, and I always shall continue to feel the same way about it. I think that when civil service is expanded through the blanketing in of vast groups of employees not theretofore covered, the very least concession that can be made to the reality of relative merit is to open the positions to competitive examinations so that merit may prevail. Otherwise we keep the word of promise to the ear and break it to the hope.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] in the nature of a substitute for the amendment of the Senator from New York [Mr. MEAD].

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lodge	Shipstead
Andrews	Ellender	McKellar	Smathers
Ashurst	Frazier	McNary	Smith
Austin	George	Maloney	Stewart
Bailey	Gerry	Mead	Taft
Barbour	Gibson	Miller	Thomas, Idaho
Barkley	Gillette	Minton	Thomas, Okla.
Bilbo	Green	Murray	Thomas, Utah
Bulow	Guffey	Neely	Townsend
Burke	Gurney	Norris	Tydings
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Herring	Pepper	Walsh
Chavez	Hill	Pittman	Wheeler
Clark, Idaho	Holt	Radcliffe	White
Clark, Mo.	Hughes	Reed	Wiley
Connally	Johnson, Calif.	Schwartz	
Danaher	Johnson, Colo.	Schwellenbach	
Davis	King	Sheppard	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment submitted by the junior Senator from Louisiana [Mr. ELLENDER] in the nature of a substitute for the amendment of the Senator from New York [Mr. MEAD]. [Putting the question.] The "ayes" seem to have it.

Mr. MEAD. I ask for a division.

The Senate proceeded to divide.

Mr. MEAD. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. On a division, the amendment is agreed to.

Mr. ELLENDER. Mr. President, I send to the desk an amendment——

The PRESIDING OFFICER. One moment. The question now is on the amendment offered by the Senator from New York [Mr. MEAD] as amended by the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. MEAD. Mr. President, I think this is a very important matter, and I suggest the absence of a quorum. I desire to have a reconsideration of the vote by which the amendment offered by the Senator from Louisiana was just adopted.

The PRESIDING OFFICER. Does the Senator make the motion, or does he enter the motion?

Mr. MEAD. I believe it is more important to have a quorum present, and therefore I suggest the absence of a quorum, with the purpose in mind of asking for a reconsideration of the vote by which the amendment offered by the Senator from Louisiana was agreed to. I enter the motion.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lodge	Shipstead
Andrews	Ellender	McKellar	Smathers
Ashurst	Frazier	McNary	Smith
Austin	George	Maloney	Stewart
Bailey	Gerry	Mead	Taft
Barbour	Gibson	Miller	Thomas, Idaho
Barkley	Gillette	Minton	Thomas, Okla.
Bilbo	Green	Murray	Thomas, Utah
Bulow	Guffey	Neely	Townsend
Burke	Gurney	Norris	Tydings
Byrd	Harrison	Nye	Vandenberg
Byrnes	Hatch	O'Mahoney	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Herring	Pepper	Walsh
Chavez	Hill	Pittman	Wheeler
Clark, Idaho	Holt	Radcliffe	White
Clark, Mo.	Hughes	Reed	Wiley
Connally	Johnson, Calif.	Schwartz	
Danaher	Johnson, Colo.	Schwellenbach	
Davis	King	Sheppard	

The PRESIDING OFFICER. Seventy-seven Senators having answered to their names, a quorum is present.

Mr. MEAD. Mr. President, in order that the Senate may know the parliamentary situation, let me say that I believe the pending question is the motion to reconsider the vote by which the so-called Ellender substitute for my amendment was agreed to. Following the action taken by the Senate on the motion to reconsider that vote will come my original amendment, either as amended by the Ellender amendment or standing by itself as I originally introduced it. Will that be the situation?

The PRESIDING OFFICER. As the Chair understands, the Senator from New York entered a motion to reconsider the vote by which the Senate agreed to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] as a substitute for the amendment of the Senator from New York. If the motion to reconsider is agreed to, the question will recur on the amendment of the Senator from Louisiana. If the motion is not agreed to, the question will recur on agreeing to the amendment of the Senator from New York as amended.

The question recurs on the motion to reconsider the vote by which the substitute amendment offered by the Senator from Louisiana was agreed to.

Mr. ELLENDER. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is not debatable.

Mr. ELLENDER. I ask for the yeas and nays.

Mr. HATCH. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATCH. The Senator from New York, I thought, still had the floor, and had not surrendered the floor, and without securing recognition from the Chair, the Senator from Louisiana moved that the motion made by the Senator from New York be tabled. My inquiry is, How can that be done? How can a Senator be taken off his feet in that manner?

The PRESIDING OFFICER. The Chair would have to hold that when the Senator from New York made the motion to reconsider, the Chair had a perfect right to recognize some other Senator to discuss and debate the motion if he so desired.

Mr. HATCH. I have no doubt of the correctness of the Chair's ruling that the Chair has a right to recognize another Senator. My point is that the Senator from Louisiana had not been recognized when he made his motion.

Mr. ELLENDER. Mr. President, I was standing asking recognition by the Chair when the Senator from New York made his motion. I believe that is done every day on the floor of the Senate.

The PRESIDING OFFICER. To simplify the matter, the Chair will recognize the Senator from New York to speak upon his motion to reconsider.

Mr. MEAD. Mr. President——

Mr. ELLENDER. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. Is a motion to lay on the table debatable?

The PRESIDING OFFICER. It is not.

Mr. ELLENDER. I thought I had made the motion, and that the Chair had so ruled.

The PRESIDING OFFICER. The Chair recognizes the Senator from New York.

Mr. MEAD. Mr. President, as I understand, the motion made by the Senator from Louisiana has not been officially received at the desk, and I am speaking as though I had not been interrupted by the Senator from Louisiana. I think it is very important that the parliamentary situation be thoroughly understood by the Senate. I am not anxious to forestall any motions which may be made by the Senator from Louisiana or any other Senator.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. HATCH. The reason why I raised the point was that I wanted very much to have the Senator from New York make the explanation he is making. I did not want the debate limited. I think the question is an important one. I certainly hope the Senator from Louisiana will not press, now or hereafter, a motion which would prevent some of us from speaking. Other Senators might like to have the privilege of saying a few words on the question.

Mr. MEAD. I thank the able Senator from New Mexico.

Mr. President, the Senate, on a division, adopted the substitute for my amendment which was offered by the able Senator from Louisiana. By that action the bill before us is considerably weakened. That action eliminates the possibility of the rank-and-file employees known as deputies in the collectors' offices, in United States marshals' offices, and in other offices, being covered by the merit system in the future, when confirmation on the part of the Senate of the appointment of the head of the agency is required.

The substitute amendment does injury to the civil service proposal which is before us. It is a weakening amendment. It limits and restricts the operation and application of the bill. I do not believe the Senate is anxious to destroy this proposed legislation. I believe Senators want to have a real, understandable opportunity to vote on the bill as it was reported by the committee, and to take any action which may strengthen the bill.

The action taken by the very small number of Senators who happened to be present at the time strikes at the very heart of the bill. In reality, it destroys the bill. I do not believe the Senate is desirous of doing anything like that.

So I believe we ought to have an understanding of the purport of the amendment and its weakening effect. Of course, it will not destroy the bill, because we have further action to take on the bill before we shall have completed Senate action thereon. Then we shall have a conference. I still maintain, however, that the amendment weakens the bill, and limits and restricts its application. I do not believe the Senate intended to take such action.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. OVERTON. Under the terms of the amendment offered by the able Senator from New York, collectors of internal revenue would be exempt from the provisions of the act. They would be excluded.

Mr. MEAD. That is correct.

Mr. OVERTON. Under the terms of the amendment offered by the junior Senator from Louisiana [Mr. ELLENDER] deputy collectors of internal revenue would be excluded.

Mr. MEAD. That is correct.

Mr. OVERTON. A collector of internal revenue is engaged in the collection of revenue for the Government in tremendously large sums. A collector of internal revenue is responsible to the Federal Government for every breach on the part of deputy collectors. If deputy collectors fail to account for funds, the collector is responsible. The Federal Government does not look to the deputy collectors at all. It holds the collector of internal revenue responsible. Why should not the collector of internal revenue, who under the philosophy of the able Senator from New York is to be excluded from the provisions of the act, have control over his deputy collectors, for whose just accounting to the Government he is responsible? Otherwise he is powerless. He must take what deputy collectors are given to him under the civil service.

Mr. MEAD. So far as the bill reported by the committee is concerned, we covered or permitted the covering of the collectors and the deputies. So far as the argument which the Senator makes is concerned, the collectors of customs are appointed by the President and confirmed by the Senate, and their deputies are taken from the civil-service list. That practice has been followed for years, and they seem to get along very well. Under the terms of my amendment, I am trying to do for the collectors of internal revenue what is being done for the collectors of customs. As I understand, the deputies are bonded, and there has been no great difficulty in administering the affairs of the office in the past.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. GEORGE. I apologize to the Senator for interrupting him; but I am compelled to leave the Chamber, and I should like to make a statement at this time.

It seems to me that the personnel in the office of the collector of internal revenue certainly should be under civil service if the President should see fit to place them under civil service. I dare say that everyone who is familiar with the duties which must be performed by the various deputies in the office of the collector of internal revenue knows that a great loss results to the Government whenever there is a change of administration and a change of personnel because of a new appointment of a collector of internal revenue, with authority to select his deputies. Whenever there is a change in administration, there is a loss of many million dollars.

The personnel in the office of the collector of internal revenue must necessarily have wide knowledge of the tax laws of the country. An approach to the office of collector of internal revenue in any State where there is an entire change of personnel in the office would demonstrate to anyone with any experience in that line that there is a tremendous loss. There is a failure to serve the taxpayers. There is a failure to conserve the interests of the Government itself. In my judgment, if any field service should be placed under civil service, it is the personnel in the offices of collectors of internal revenue in the various districts throughout the country.

If the Senator from New York will bear with me for a moment longer, let us consider the States in which there are large mineral interests or in which oil is produced on a large scale. The average deputy collector of internal revenue knows nothing about depletion or depreciation charges. He is unable to advise the citizen who wants to pay his taxes on the proper basis, and he is unable to protect the interests of the Government. For 6, 8, or 10 months after his appointment he is unable so to familiarize himself with the tax laws of the country as properly to aid, guide, and direct the citizen himself and to conserve the interests of the Government. If there should be a change of administration in 1941, and the collectors of internal revenue should be changed throughout the country, during the succeeding 12 months the loss to the Government and to the taxpayers would be enormous. The same situation arises every time such a change occurs, because the men must learn their duties. They must learn the law. They must learn how to guide the citizen who wants to pay his full tax and close the transaction. Likewise there is a tremendous loss to the Government itself, because the deputy collectors in the field are not skilled and trained. I mean no reflection on them. Even if the Members of the Senate were to be converted into deputy collectors and sent out into the field to administer the tax laws of the country, the average Senator would have to devote 6 or 8 or 10 months to a study of the laws before he could guide the citizen, properly advise him, and properly protect the interests of the Government.

So it seems to me that, barring all other questions involved in the amendment offered by the Senator from Louisiana, when he includes the personnel in the offices of collectors of internal revenue and prohibits the President from putting them under civil service he is doing a very great injustice to the taxpayers of the country and to the Government itself. Those offices at least ought to be lifted entirely out of politics, so far as the active men in the field who have to do the work for the Government are concerned.

Mr. MEAD. Mr. President, the able Senator from Georgia has thoroughly explained the situation. I ask for the yeas and nays on my motion to reconsider.

Mr. ELLENDER. Mr. President, I desire to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ELLENDER. I inquire if the motion to reconsider has been entered?

The PRESIDING OFFICER. That is the pending motion.

Mr. MEAD. On that motion I ask for the yeas and nays.

CONDITIONS AFFECTING THE ARMY

Mr. LODGE. Mr. President, I do not desire to detain the Senate very long on a matter which is extraneous to the pending bill, but I have some facts regarding the Army and certain aspects of our national defense which I should like to impart to the Senate.

When the debate occurred in the spring on the condition of the Army there was a good deal of doubt expressed on the floor of the Senate at that time as to the importance of horses and animal transport generally in the Army; in fact, certain Senators expressed doubt as to whether there was any reason to have any animals at all. At that time I pointed to the German campaign in Norway in which horses were employed and to the campaign in Flanders, which had been only hastily reported, and I agreed to study the matter further and bring back more concrete information.

I am now advised by Major General Herr, the Chief of Cavalry, that in the German Army today there are 6,000 horses in cavalry divisions; 14 corps cavalry regiments have been identified, and there are probably more than this which have not been identified, which contain about 950 horses per regiment, making a total of 13,300 horses. Then, there are mounted platoons in the infantry regiments, 30 such platoons in each of 600 regiments, and a total of 18,000 horses in that category. Then there are 200 divisions of horse-drawn artillery, which employ 406,000 horses; and there are 3,859 horses per division, which for 200 divisions makes a grand total of horses in the Army of 791,100. This number, Mr. President, does not include horses used by the supply corps. The horses enumerated are used in cavalry units, in infantry

units, and in artillery units. I think that is quite a surprising figure to a great many people, and it simply goes to show that, whereas new inventions come along and are essential, they do not automatically displace old methods; in other words, they become a twelfth or a thirteenth player on the team.

Mr. NORRIS. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. LODGE. I yield.

Mr. NORRIS. I am anxious to get as close an estimate as possible of the total number of horses in the German Army. As I understand, the Senator's grand total does not include all of them. Can the Senator give any idea as to how many are not included, and would it be a fair assumption to say that the total number of horses in the German Army would be about 1,000,000?

Mr. LODGE. I think that would be a very conservative estimate. The figures I have are for the horses in combat units and do not include supply. I have given the number of 791,100 horses in combat units, and I think it would certainly be a very safe assumption to say that there were at least 300,000 more in supply and draft horses.

Mr. President, to go from time-honored methods of warfare to something that is more modern, I should like to advert briefly to proposals which are frequently made in the press regarding the sending abroad of our so-called flying fortresses, that is the four-engined bombers, the so-called B–17 planes. If recent experience is any guide, this matter may not come before Congress for decision, although I contend that it should do so. Whether one happens to favor sending such planes abroad or whether one happens not to favor it, it seems to me that a question of such importance should come before the Congress. But, in any event, whether it comes before Congress or not, I feel that it is incumbent on me to impart what little knowledge I have been able to glean about the situation concerning these four-engined bombers.

The proposal which is most frequently mentioned in the press is to send 32 of these ships abroad. It is noteworthy that we have 48 of these ships, and, of that number, only 46 are immediately available; so that gives us 46 effective flying fortresses. No one, so far as I know, has ever suggested that these planes are obsolete; in fact, they are so modern and so up to date in their construction that they are very nearly unique. Being a nation of great distances, situated between two great oceans, and being in a hemisphere that is of enormous area, it has been natural for us to lead the way in the development of airplanes which are capable of taking to the air and staying in the air for long periods of time. It is natural that we should have gone further in the development of such planes than has been the case in Europe, where the areas are relatively small, and where a plane with a radius of 1,000 miles is adequate for most purposes. So we have led the way in developing the very large planes.

Of course, Mr. President, as a great nation that is interested in any change which may take place in the balance of power, we are naturally gravely concerned with what takes place in Europe. I know that my sympathies are strongly with those brave men and women over there who are fighting for their freedom; but we simply cannot, as responsible men, close our eyes to the fact that we must also look across the Pacific, that we must also be interested in what takes place to the south of us, and that, in any situation which might arise, even in the Pacific or in the Caribbean area, these planes would be of the very highest utility, because they can cover great distances at high speed on short notice and perform a function which is not within the capabilities of any other weapon.

I also point out that in the United States Army no man is allowed to fly one of these planes until he has been flying for 4 years. That is a practical matter. Flying one of those planes is entirely different from flying one of the small planes. It is such a big machine that functions which are normally performed in a smaller plane by one man have to be subdivided and allotted to several different men.

I flew back from Barksdale Field in Louisiana to Washington in the spring. The teamwork and the coordination and the specialized knowledge which had to be possessed not only by the captain of the ship but by all the other members of the crew was of the most expert kind. Such ships are highly complex machines; and I doubt very much whether today in any other country there are men who, without much extra training, are capable of being pilots of those ships and men who could step into the jobs as crews of those ships. When I say that I do not in the least belittle the foreign pilots, because, as far as I can make out, the pilots in the Royal Air Force are absolutely second to none in their skill and their bravery and their professional qualifications; but it simply so happens that flying the type of bombers that they have over there—two-engine bombers—is an entirely different proposition; and it is not at all inconceivable to me, if haste were employed and these ships were utilized upon short notice, that there might be a considerable risk of destruction and a considerable risk of the planes falling into enemy hands.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. NORRIS. Perhaps the Senator intends to cover this question. If he does, I hope he will ignore it; but I think it would be exceedingly interesting if the Senator would give the Senate a practical idea of the manning of one of these 46 big ships—how many men are required, what are their various duties, and how much they carry in the way of ammunition and guns and bombing material.

Mr. LODGE. I shall try to do that as best I can. I should like to say that I am not an expert; I am not a technical man; I am not an aviator. I fly a good deal as a passenger, but I do not want to pose as being any kind of an expert at all. I can only tell the Senate what I myself have seen and what I have been able to learn by inquiring from others.

As I recall, these ships have a crew of about eight. They have an engineer and an assistant engineer. They have two radio men. They have a bombardier, who sits down below. They have one man who steers the ship on the horizontal plane when it is under way, who sits in an entirely different position from the men who are in the control cabin, and who are in communication by telephone. They have pilot, copilot, and navigator. When I flew back from Barksdale Field we were in a flight of four of these ships. They were flying so close together most of the time that I could clearly see the teeth and the eyes of the men in the plane next to me. To fly as close together as that several of these great, big, enormous machines without having any accident is in itself an excessively complicated thing.

As far as the number of bombs is concerned, I cannot give the Senator the exact number or weight; but they have a bomb bay that is the size of an ordinary small room which has racks on either side. Incidentally, the bomb bay in one of our ships is devised to carry American bombs; and I am advised that the lugs on the American bombs are of an entirely different type from that which is used in Great Britain.

I do not think I have answered the Senator as completely as I should like to do; but that is the extent of my knowledge on that point at the present time.

Mr. NORRIS. If the Senator will permit me to suggest an additional point on which I should like to have information, these ships not only carry bombs but they carry artillery of various kinds; do they not?

Mr. LODGE. Yes; they do.

Mr. NORRIS. I wish the Senator would give us a description of that, not only as to the bombs they carry but as to the different kinds of artillery that are in one of these ships, and how they are managed and manipulated.

Mr. LODGE. They have .50-caliber machine guns. Those guns, of course, have to be operated by individual gunners. Some of the ships that I have seen have blisters on the top and on the underneath part and on the sides, and a gun in the nose, making five guns in all. I forgot to mention, too, that of course they have to have a navigator, who does nothing but navigate. So, to enumerate, each ship has a pilot,

enginemen, bombardiers, navigators, and gunners; and then very important, of course, are the radio men, who not only are charged with radio communication between the ship and the ground, but with radio communication between their own ship and the other ships; and if anything goes wrong in the telephone system within the ship they have to maintain that system, because, of course, it is an absolutely essential part of the ship's equipment.

These facts bring me to this conclusion: We have embarked on a national defense program. We know that it takes more time to train men than it takes to build planes. A man cannot be trained to fly these specialized military craft, whether they are four-engine bombers or whether they are high-speed planes, without having the craft there for him to study in. That is a fact that we just cannot get away from.

In my judgment, based upon what I have been told by experts in whom I have confidence, we ought to have about a thousand flying fortresses. We have 46 that are immediately available, and I simply cannot understand how we can afford to get rid of these ships unless we are prepared to have the training program of our young aviators suffer very materially.

Mr. NORRIS. Mr. President, will the Senator answer another question before he takes his seat?

Mr. LODGE. I will try to do so.

Mr. NORRIS. I am exceedingly interested in the description the Senator has given. I wonder if he can give us information as to the speed of these ships; at what elevation they are capable of flying when they are loaded; whether the elevation would not, as a matter of strategy, if it is very high, give an advantage to the ships over any attacking squadron; and whether their size offers any impediment to their utility and their usefulness on account of their being more easily hit by a foe than smaller ships could be hit.

Mr. DAVIS. Mr. President, will the Senator also give the cost?

Mr. LODGE. I shall try to answer the Senator from Nebraska first.

I was told by the very able officer who commanded this flight of four planes that those ships will go higher than the physique of a man can endure. We went up to 20,000 feet, using oxygen, of course, and that was far higher than I had ever before been in my life, and I was advised that the ships could reach even greater heights than that—a maximum of 36,000 feet. As to their speed—I am speaking from memory now and should want to verify it because I have not made a note of that here—I think they can go up to 200 miles an hour. My recollection is that their speed is more than that, but I should not want to make a flat statement about it. But the tremendous altitude they can reach makes them, of course, ideal for horizontal bombing. For long-range horizontal bombing I believe they are considered to be very fine ships.

The Senator from Pennsylvania asks me to state the cost of the ships. I cannot give that to him offhand, but I shall be very glad to find out and to put it into the RECORD.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. LODGE. Yes; I yield.

Mr. CLARK of Missouri. Can the Senator tell us what length of time is necessary for the replacement of one of these ships? Assuming that we follow out the suggestions of the propaganda organization which apparently is dominating the policy of the United States Government at the present time and transfer some of these flying fortresses, how long would it take to replace them, if the Senator has that information?

Mr. LODGE. Again I should have to give an estimate on that subject, subject to correction. I will verify it, and, if I am wrong, put the correct statement into the RECORD. I should think it would take 8 or 9 months; but that is just a guess.

Mr. CLARK of Missouri. Mr. President, if the Senator will further yield, the Senator has never heard any suggestion that those planes are obsolete, has he?

Mr. LODGE. No.

Mr. CLARK of Missouri. In other words, are they not considered the very finest long-range bombing planes in the world?

Mr. LODGE. I believe they are. I believe they are quite in a class by themselves.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. TAFT. I notice that the argument has been made that with these planes Britain would be able to bomb certain parts of Germany that she could not bomb without them. Has the Senator any view on that subject? I notice that the British bombing planes seem to be able to go as far as Italy; and I do not quite see what part of Germany they could reach with our bombers that they could not reach with their own bombers.

Mr. LODGE. I will say to the Senator from Ohio that if the British had planes of this type I think their present radius of action undoubtedly would be extended, because the flying fortresses can hold the air for a much longer period than can the present British planes.

Mr. CLARK of Missouri. Mr. President, I think the reports to which the Senator from Ohio referred were reports that the British would be able to bomb Poland and Czechoslovakia as well as Germany if they had these flying fortresses.

Mr. LODGE. I think their possession would undoubtedly extend the radius of action of the British.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. HOLT. The Senator noticed in the newspapers, did he not, that the Rock of Gibraltar, a British-controlled area, was bombed by American planes that we sent to France to stop dictators?

Mr. LODGE. I saw that reported; yes.

Mr. LODGE subsequently said: Mr. President, I desire to make a brief statement arising out of the questions which were asked me by the Senator from Nebraska [Mr. NORRIS] earlier in the day, when I was presenting to the Senate certain facts about the so-called flying fortresses. At that time I tried to answer the questions as best I could without having thoroughly analyzed the matter. Since that time I have had occasion to verify the facts, and I should like to make these statements for the RECORD:

The crew of a flying fortress, the four-engine bomber, under normal conditions consists of eight men—a pilot, a copilot, a navigator, a bombardier, an engineer, an assistant engineer, a radio operator, and an assistant radio operator.

The maximum height which these planes can attain is 36,000 feet.

The time it will take to produce the planes once industry is geared up and established to do it is about 1 year. I had made a guess of 8 or 9 months, and I find I was low.

The number of guns which the planes mount is five—one in the nose, one on the top, one on each side, and one in the bottom.

The total cost of building one of the planes has been in the past about a quarter of a million dollars.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

The message also announced that the House having proceeded to reconsider the bill (H. R. 3840) to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes, returned by the President of the United States with his objections to the House of Representatives, in which it originated, it was:

Resolved, That the said bill do not pass, two-thirds of the House of Representatives not agreeing to pass the same.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3929) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn., and it was signed by the President pro tempore.

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

Mr. HATCH. Mr. President, before I discuss the motion to reconsider, which is the pending question, I understand, I wish to say, first, that I think the committee in charge of the bill has done a very excellent piece of work in bringing it to the floor of the Senate, and the Senator from New York has handled the bill most ably.

There is some slight reason for my taking the floor on this particular motion. I was quite discouraged when the vote was taken awhile ago on the amendment eliminating from the operation of the bill deputy collectors and the other officials who would have been eliminated. I was discouraged, because for many years, ever since I have been grown, I have been reading in political platforms the declarations of both political parties against a system of patronage and in favor of a merit system, and I have seen every effort that has been made to bring those promises into effect almost fail. Some progress has been made under the present administration, but greater progress should be made.

The pending measure should be passed, in my opinion, just as the committee reported it. I do not mean that the bill is perfect, by any means; it does not go so far as I should like to have it go, and it could be improved materially, in my judgment, as I think the civil service itself could be improved. I do not wish to be understood, in my advocacy of the enactment of the pending measure, as believing at all that the civil service or the merit system in the Federal Government is perfect. It needs much correction, and perhaps some of the abuses which have grown up, and which now exist in the civil service itself, afford some of the reasons why it is so difficult to expand and extend the civil-service laws.

However, I think there is a different reason. There is an issue which has repeatedly been before this country, almost since the beginning of the Government. The patronage evil, as I call it—for to me it is an evil and a sore spot in the structure of government—began to grow and develop in the beginning of Thomas Jefferson's first administration, and even further back than that; it started in the administration of President George Washington, not that President Washington was at all inclined to make appointments to office on any basis other than on merit and efficiency, for he was not. He sought to fill every position strictly on that basis, and that basis alone. There were many instances of personal friends and political supporters of President George Washington seeking appointment in his administration, and instances of President Washington refusing an appointment to a political supporter and friend, and giving it to a man who had opposed him, on the ground that his own political opponent was better fitted and better qualified to do the particular work. That was the attitude of President Washington.

Of course, I shall not recount the difficulties which have arisen during the history of our country because of the patronage evil, but, as a matter of fact, every Senator knows conditions had grown so bad that it took the assassination of a President of the United States even to start the merit system in this country. It was not until after the assassination of President Garfield by a disappointed office seeker that civil service actually got under way. Even then the headway was not very fast, and progress was slow.

I am proud of the fact that the greatest advance and greatest progress made was under the administration of a great Democrat, President Grover Cleveland, and I wish Democrats who are opposing the pending measure, and who are voting for this particular amendment, would read again the statement of President Grover Cleveland on this issue.

Mr. President, I think I shall call to the attention of Democratic Senators, if any of them will do me the honor to listen for a moment, the declaration of the Democratic Party in their convention at Chicago in the year 1940:

> We pledge the immediate extension of a genuine system of merit to all positions in the executive branch of the Federal Government except actual bona fide policy-making positions.

That is the voice of the Democratic Party speaking in its platform at this very moment, a platform upon which we are running and seeking return to power.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. ELLENDER. I notice that the Senator emphasized "genuine system of merit."

Mr. HATCH. Oh, yes.

Mr. ELLENDER. The Senator well knows that covering into the civil service 200,000 persons who have not stood a competitive examination destroys the very foundation, goes to the very roots, of the merit system, does it not?

Mr. HATCH. I am quite sure the Senator understands my thought on that subject. I know that a start must be made, and I know as well as that I am standing here that unless a start is made in the manner here proposed there will be no start made at all, and we will have nothing. I expressed myself on that a few days ago in a quotation from the senior Senator from Missouri [Mr. CLARK].

Mr. ELLENDER. The start seems to have been made a way back, soon after the civil-service law went into effect. As was brought to the attention of the Senate, the system of blanketing in employees has existed under Presidents Cleveland, Harrison, McKinley, Theodore Roosevelt, Taft, Wilson, Harding, and Coolidge. All of these administrations resorted to the same scheme now being resorted to; that is, putting under civil service thousands of employees in direct contravention to the civil-service laws, which to my mind should be followed strictly. I am for civil service, as I have said, and I am for the merit system as the Democratic Party calls for it, and I know of no better way to get a genuine merit system than to place applicants for jobs on a competitive basis.

Mr. HATCH. Mr. President, I wish to say to the Senator from Louisiana that I fully appreciate the fine things he has said, and his attitude on the merit system. I think it is an admirable attitude. But I think he is absolutely killing any prospect of getting that which he says he wants if he is successful in the position he has taken in reference to the pending and other amendments.

I desire to continue reading the Democratic platform in this year, 1940. I have not yet finished reading it.

> The competitive method of selecting employees shall be improved until experience and qualification shall be the sole test in determining fitness for employment in the Federal service. Promotion and tenure in Federal service shall depend upon fitness, experience, and qualification.

Another clause reads:

> Arbitrary and unreasonable rules as to academic training shall be abolished, all to the end that a genuine system of efficiency and merit shall prevail throughout the entire Federal service.

We have already declared that we will place all employees in the executive branch of the Government under the merit system except policy-making officials, and there is not a single policy-making official included who would be eliminated by the Senator's amendment, unless possibly a district attorney might be so considered. He is nearer to it. But certainly a collector of internal revenue has no policies to make, and a United States marshal has no policies to make.

It happens that I was a collector of internal revenue at one time. I was a political appointee, and as the Senator from Georgia [Mr. GEORGE] was speaking my thought went back to the condition he was describing when I was appointed to that position. The States of Arizona and New Mexico had been combined in one collection district. The collector resided in Arizona. Congress had created the new district of New Mexico, separate from Arizona, and I was appointed collector. I knew nothing about the collector's duties. I was a practicing lawyer. I had been quite active in the campaign

which immediately preceded the creation of this district, which might explain my appointment.

I took over the district and had to start with a complete new office force. There were several deputies, clerks, and others. I think I made good selections, competent, worthy persons, just as good as could be found anywhere under that system or method. Fortunately, I borrowed from the district of Arizona the chief deputy, who had been employed there for a number of years, and had experience and qualification. He remained until we could get the complete new office force trained to discharge their duties. That was in the early part of 1920. The new office force remained in office, except those who were under the civil service, only until after the election in 1920, and in 1921, when a new President took office, all the deputies were removed and there was appointed a new group of inexperienced, untrained men, taking the places of men who had just commenced to learn their work.

Mr. President, that is at least one experience in my life which has taught me to be strongly against the patronage system and to favor the merit system. I know the patronage system was wasteful; I know it was extravagant. I know that no business under the sun could last 30 days under such a system. Today the business of the United States is the largest business in the world, and we still resort to those old methods in the employment of the men who are to operate this great business. We still resist any effort made to change those methods.

I shall not speak longer, Mr. President, except to say I certainly hope the motion to reconsider will be agreed to. I hope we may have a yea-and-nay vote on the question, and then I hope the amendment of the Senator from Louisiana will be rejected.

PERSONAL STATEMENT BY SENATOR M'KELLAR

Mr. McKELLAR. Mr. President, I have been waiting since today's session began to see the Senator from Wisconsin [Mr. WILEY] in the Chamber, so I might correct some of the inaccuracies of his statement made yesterday. I asked Mr. Loeffler to communicate with the Senator and have him come to the Senate Chamber if he so desired. Mr. Loeffler telephoned the Senator's office in the Senate Office Building and asked them to notify him in the Senate Office Building restaurant, and I suppose the Senator knows that I am speaking at this time.

Yesterday the Senator from Wisconsin indulged in a tirade against me which he said was vouched for by the RECORD, and actually undertook to give page numbers of past RECORDS to prove the misrepresentations—and I could use a very much stronger word—he then made.

On page 12534 of yesterday's CONGRESSIONAL RECORD the Senator from Wisconsin said:

I want to show you when he—

Meaning me—

stood for monopoly, * * *.

Mr. President, this statement is absolutely false, not borne out by any record the Senator from Wisconsin submitted or could submit.

Again the Senator from Wisconsin said:

* * * When he stood against the public operating utilities—

This statement is likewise false, and the RECORD shows it to be false.

The Senator then quoted, with some vigor, a statement from a speech I made in the Sixty-eighth Congress, when I said:

I do not believe that the Government ought to be put in business if it is possible to avoid it.

Mr. President, by accident, this statement of the Senator from Wisconsin seems to be the truth. I still hold the same view.

Then the Senator quoted from a speech of one of the then Senators from Alabama, Senator Underwood, in which he quoted Senator Underwood as saying:

I have not been able to find out yet what the Senator from Tennessee is for. He is not for the proposal of the Senator from Nebraska—

Meaning the present senior Senator from Nebraska [Mr. NORRIS]—

The Senator says he is not now for the Alabama Power Co.'s offer, and I do not know what the Senator from Tennessee is for.

Mr. President, this is an evasive misrepresentation. The RECORD shows—the very RECORD the Senator submits—my attitude with perfect clarity, as the Senator from Wisconsin would have found if he had read it, and I doubt if he did read it.

At that time I was opposed to the Underwood proposal, which was the Alabama Power Co. proposal, and I was at first also opposed to the Norris proposal for public ownership of the dams on the Tennessee River, because the Senator did not provide that Tennessee should be paid for the taking of her property.

The Senator from Wisconsin then cited a statement from the RECORD showing that Senator Heflin was arguing with me on the Underwood proposal. Be it remembered that the Underwood proposal was an Alabama Power Co. proposal, the same Alabama Power Co. which is now one of the Willkie companies, operated and conducted by Mr. Willkie. At that time they were trying to get Muscle Shoals, which the Government had built. In some way they got Mr. Heflin and Mr. Underwood, the Senators from that State at that time, to join them, and if the Senator from Wisconsin had had the slightest honesty of purpose or the slightest fairness in debate he would have quoted from that very RECORD which he cites, on page 1673, Sixty-eighth Congress, second session, when this matter was under discussion, when I said in reply to Senator Heflin:

The Senator from Alabama has had something to say about the company that I have been keeping. He charges me with voting with the senior Senator from Nebraska [Mr. NORRIS] and thinking or voting with the senior Senator from Washington [Mr. Jones]. I do not know but what I shall plead guilty to both charges—

Since I have been in the Senate I have voted literally hundreds of times with the senior Senator from Nebraska, and I have never yet been ashamed of the company I kept in so voting.

I continue to quote from the RECORD what I then said in the Senate—

so that there may not be any question about the fact; but, while talking of line-ups, I want to call the attention of the Senator from Alabama to the distinguished progressive company—

And, of course, the word "progressive" should be followed by an exclamation mark—

that he has been keeping lately on the Republican side of the Chamber. I wish to read the list of those who voted for the Underwood substitute. I shall not read all of the names, but I shall merely read enough of them to show the company that the Senator from Alabama is keeping in this matter.

Mr. HEFLIN. The Senator, though, does not object if I have converted them to the right course for once in their lives, does he?

Mr. McKELLAR. I hope the Senator has; but I am not so sure that the Senator has converted the well-known progressives whose names I am about to read. I am rather inclined to think these well-known progressives have rather converted the Senator to their way of thinking. I desire to read the list of yeas on the Underwood substitute.

Let me digress long enough to say that the Underwood substitute was the substitute of the Alabama Power Co., now controlled by Mr. Willkie. The same company is still in existence, the same company the so-called progressive leaders in the Senate stood for. Let me read the list, as I then gave it:

Ball, a well-known progressive; Butler—

Then of Massachusetts—

a well-known progressive.

An exclamation mark should really have been placed after each use of the word "progressive."

Cameron, a well-known progressive; Curtis, a well-known progressive; Dale, Edge, Fess, Hale, Keyes, McCormick, McLean, Means, Metcalf, Oddie, Pepper—

That is the Pepper from Pennsylvania, not from Florida.

Phipps, Reed of Pennsylvania, Shortridge, Smoot, Stanfield, Sterling, Wadsworth, Warren, Weller, and Willis.

I will finish reading from this excerpt, and then make a statement.

Those Senators—

As I then said—

are perfectly splendid Senators. I do not for a moment read their names for any other purpose than merely to show how changes have come over the spirit of the dreams of the Senator from Alabama. Think of the Senator from Alabama yoking up with those well-known progressives of the Senate. I think the Senator from Alabama is to be congratulated or these well-known progressives on the Republican side are to be congratulated, and I will leave that matter to individual opinion.

It will be remembered that most of those who voted for the Alabama Power Co. proposal were probably the most ardent reactionaries ever to sit in this body. Probably few Senators now in the Senate were Members of the Senate at that time. The Senator from Nebraska [Mr. NORRIS] is present. I know he will agree that there was not a progressive among all those whose names I have read. This matter was in the same RECORD from which the Senator from Wisconsin read yesterday, or from which he claimed to have read, or which he claimed to have obtained from an unknown source. He would not tell the source. Yet this matter was in the RECORD, and he could have read it. In spite of the RECORD, he asserted that I had voted for the Alabama Power Co. No man, unless it be the Senator from Nebraska [Mr. NORRIS], ever fought harder than I did the Alabama Power Co. and its various machinations to get hold of Muscle Shoals and other Tennessee dam sites. I have been at it for 24 years, and I have not stopped yet; and I will not allow any Senator, I do not care who he may be, to misrepresent my attitude about it.

Thus we see that the power companies in some way managed to inveigle the two Alabama Senators into their cause at that time, but the Senator from Nebraska, GEORGE NORRIS, and myself, Senator Jones and other Senators fought the matter through, and defeated the power-company amendment offered by the Senator from Alabama, Mr. Underwood. Of course, the implication of the Senator from Wisconsin in this matter was absolutely false.

The Senator from Wisconsin spoke of my defeating the Norris bill. Mr. President, that is an old story. The Senator from Wisconsin is a newcomer, and perhaps has never heard of it. I offered an amendment to the Norris bill providing for compensation to the State of Tennessee for the use of her lands and water. At that time the Senator from Nebraska did not accept the amendment, and I filibustered against the bill and prevented it from coming to a vote. Finally, the then leader of the Republicans, Senator Charles Curtis, came to me about 8 or 9 o'clock in the morning, after we had debated the bill all night, and said he had just left President Coolidge, that President Coolidge would veto the bill, and that there was no necessity for making any further fight. The bill was vetoed.

As I stated yesterday, the next year the Senator from Nebraska was good enough to include my amendment, providing for compensation for the property of the State of Tennessee which was taken; and it is in the law today, except as modified by the T. V. A. tax bill, in which that provision of the law was modified by increasing the compensation to the State of Tennessee, at least for a while.

The statements and the insinuations of the Senator from Wisconsin about this matter are absolutely, outrageously, and calumniously false and untrue. He then makes this statement for himself:

So, now, Mr. President, reviewing the RECORD, we find that the senior Senator from Tennessee was apparently for the Alabama Power Co.

He pretended to read from the RECORD. Of course, Mr. President, that statement is absolutely false. I have been a Member of this body for nearly 24 years. The idea of anybody being ignorant enough or malicious enough or dishonest enough to make a statement like that about my record is past my understanding. The RECORD which the Senator from Wisconsin cites proves the statement to be false. I believe every Senator who has been a Member of the Senate for any length of time knows that it is false. I use the word "false" because the rules of the Senate prevent me from using a shorter and uglier word.

The Senator from Wisconsin then stated:

He—

Referring to me again—

stated emphatically that he was opposed to governmental operation, that he believed that Government operation could not be as successful as private operation.

That statement is likewise utterly false. There is not a word of truth in it. I stated at the time that I preferred the operation of private industries by private companies, as we all do. But when private companies become as rotten, corrupt, and dishonest as the power companies were at that time, there is nothing for honest Senators to do but to vote to put them under the control of the Federal Government.

Later, as will be remembered, I asked the Senator from Wisconsin to yield to me, and he declined to do so. However, he finally yielded, and I asked him where he obtained the so-called information from the RECORD. He tried in every way in the world to evade the question. He started off with something else. I had to call his attention to it, as Senators will remember. I kept after him, and finally he said he received a memorandum from somebody else. Then I questioned him again, and asked him where he had obtained it, and he said:

No; I will not say who told me.

Mr. President, that was a cowardly course. It was a dishonest course. It is no way for Senators to treat one another in debate on this floor. Think of it for a moment. A Senator utters absolute and unqualified falsehoods in the Senate against another Senator, and when asked why he does so he says he does so on the basis of information received from someone else. When asked who his informant is, he declines time after time to give the name of his informant. All I have to say about such conduct on the floor of the Senate is that it is a departure from the well-known rule of gentility, honesty, and fair dealing in this body.

Mr. President, I have been a Member of the Senate for a long time. I believe I am an honest man, and I think the Senate believes I am an honest man. I will not permit any newcomer, or anyone else, to utter the basest kind of falsehoods about me or my record without letting him know just what I think of him. If the rules of the Senate permitted me to use stronger language, I should do so.

Mr. President, I ask unanimous consent that there be printed in the RECORD a memorandum showing my position on the various proposals made relating to the Muscle Shoals nitrate and power plants.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

January 14, 1921 (CONGRESSIONAL RECORD, vol. 60, part 2, p. 1416), Senator MCKELLAR voted "yea" on the passage of the bill (S. 3390) for the development of the nitrogen production plant of Muscle Shoals by the Government, and the bill passed the Senate.

During the consideration of the sundry civil bill, February 5, 1921, Senator MCKELLAR supported and voted for a committee amendment appropriating $10,000,000 for the continuation of the Muscle Shoals project for the development of power and nitrates by the Government (CONGRESSIONAL RECORD, vol. 60, part 3, p. 2653).

January 24, 1922 (CONGRESSIONAL RECORD, vol. 62, part 2, p. 1643), Senator MCKELLAR spoke in support of the Henry Ford offer for the purchase of the Muscle Shoals plant on the Tennessee River, stating:

"It is the only proposition that has been offered that has any material substance to it. It is a proposition that will mean many, many millions of dollars to the Government. * * * It will mean cheaper fertilizers for the farmers of this country. * * *"

March 10, 1922 (CONGRESSIONAL RECORD, vol. 62, part 4, p. 3660), Mr. MCKELLAR again supported the Ford proposal.

February 20, 1922 (CONGRESSIONAL RECORD, vol. 62, part 3, p. 2667), Senator MCKELLAR discussed the bid of the Alabama Power Co., inserting in the RECORD at the same time a memorandum containing a statement of former Governor Emmett O'Neal, of Alabama, in regard to the same subject, in which he opposed the Alabama Power Co. proposal to acquire Muscle Shoals.

At the same time Senator MCKELLAR referred to the then incumbent Governor of Alabama, quoting him as saying:

"It would be most unfortunate for the Alabama Power Co. to get Muscle Shoals."

Senator McKELLAR then added:

"Surely these two gentlemen, one an ex-Governor and one the present Governor, know what they are talking about when they warn Congress and warn the people of this country that this great corporation, composed, as they say, largely of Canadian and English stockholders, should not be given control over one of the greatest water-power sites in the world." [1]

January 14, 1924 (CONGRESSIONAL RECORD, vol. 65, pt. 1, p. 921): Mr. McKELLAR spoke again in support of the Ford proposal, but qualified his support with the following statement:

"It is perfectly apparent, however, that the Alabama Power Co. will be the chief beneficiary of the bid and the controlling force in the organization if the bid should be accepted. If, by any mischance, we should ever get into a war with Great Britain, which I pray God may never come, but should it come—and the best of friends among nations sometimes fall out—our Government would be in the attitude of having to request citizens of Great Britain to turn over to our Government a water-power plant built by us for war purposes, and without which we might be wholly unable to wage war. This fact alone furnishes a conclusive reason why the combination bid should not be accepted by our Government or by the Congress." [2]

December 10, 1924 (CONGRESSIONAL RECORD, vol. 66, pt. 1, p. 398), Mr. McKELLAR said:

"I have never approved it. (Alabama Power Co. offer.) I stated that when I first spoke. The Senator (Mr. Underwood) cannot say that. All I am saying is, if the Senator would permit me, that I considered the Alabama Power Co. offer at the time was not worthy of acceptance, but I say further that the offer of the Alabama Power Co., unworthy of acceptance as it is, is infinitely better for the Government and the people of America than is the proposal contained in the Senator's amendment."

January 8, 1925 (CONGRESSIONAL RECORD, vol. 66, pt. 2, p. 1454), the Senate voted on the so-called Underwood bill (S. 3507, 68th Cong., 2d sess.) which was offered as an amendment in the nature of a substitute for the substitute of the Committee on Agriculture and Forestry to the House bill (H. R. 518) providing for the acceptance of the Ford offer. Mr. McKELLAR is recorded voting "nay" against the Underwood amendment.

Later, January 12, 1925 (CONGRESSIONAL RECORD, vol. 66, pt. 2, p. 1808) Mr. McKELLAR voted "nay" against the House bill (H. R. 518) embodying the Underwood amendment. He justified his vote, apparently, by his statement of December 10, 1924, that "the offer of the Alabama Power Co., unworthy of acceptance as it is, is infinitely better for the Government and the people of America than is the proposal contained in the Senator's amendment."

March 18, 1925 (CONGRESSIONAL RECORD, vol. 67, pt. 1, p. 363), Mr. McKELLAR further spoke in opposition to the Underwood proposal and supported the Norris proposal.

March 1, 1926 (CONGRESSIONAL RECORD, vol. 67, pt. 5, p. 4767), Mr. McKELLAR again expresses his opposition to turning over the Muscle Shoals projects to "private interests," and calls attention to the fact that, as a Member of the House of Representatives and a member of the Committee on Military Affairs, he "introduced the original amendment in that committee for the appropriation of $20,000,000, just as it appeared in the National Defense Act of June 3, 1916, section 124 (39 Stat. 215).

It is true that he supported the Ford offer, as originally proposed, in several statements, but he voted against the Underwood amendment, and when it was embodied in the bill, he voted against the bill.

A careful review of the RECORD fails to reveal any statements made by Mr. McKELLAR in support of the Alabama Power Co. proposal and his support of the Ford proposal, apparently, was conditioned upon certain contingencies which did not eventuate; and because they did not, he voted against the Ford offer. The RECORD further shows that he consistently supported the continuation of the control of Muscle Shoals by the Government for the manufacture of nitrates for fertilizers in time of peace and for the use of national defense in time of war.

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York [Mr. MEAD] to reconsider the vote by which the amendment of the Senator from Louisiana [Mr. ELLENDER] in the nature of a substitute for the amendment of the Senator from New York was agreed to.

Mr. MEAD. I ask for the yeas and nays.

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

[1] Then followed a statement by Mr. McKELLAR in which he appeared to support the Ford offer as opposed to any proposal of the Alabama Power Co.

[2] This was an equivocal support of the Ford proposal and a clear statement against the Alabama Power Co. proposal.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	McNary	Smith
Andrews	Frazier	Maloney	Stewart
Austin	George	Mead	Taft
Barbour	Gerry	Miller	Thomas, Idaho
Barkley	Gibson	Minton	Thomas, Okla.
Bulow	Gillette	Neely	Thomas, Utah
Burke	Green	Norris	Townsend
Byrd	Gurney	Nye	Tydings
Byrnes	Harrison	O'Mahoney	Vandenberg
Capper	Hatch	Overton	Van Nuys
Caraway	Hayden	Pepper	Wagner
Chavez	Hill	Pittman	Walsh
Clark, Idaho	Holt	Radcliffe	Wheeler
Clark, Mo.	Hughes	Reed	White
Connally	Johnson, Calif.	Schwellenbach	Wiley
Danaher	Johnson, Colo.	Sheppard	
Davis	Lodge	Shipstead	
Downey	McKellar	Smathers	

The PRESIDING OFFICER. Sixty-nine Senators having responded to their names, a quorum is present.

Mr. MEAD. Mr. President, I ask for the yeas and nays on my motion to reconsider.

The PRESIDING OFFICER. Is the request seconded?

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, when the Senator from New York moved to reconsider the vote by which the substitute amendment offered by me was agreed to, I moved to lay that motion on the table but, at the request of several Senators, I withdrew my motion in order to permit further debate.

I wish to say now that I believe the procedure under which this bill is being considered is a little out of line. I have been a Member of this body now for almost 4 years, and it has never before occurred that every time an amendment is adopted by the Senate a motion is immediately made to reconsider the vote by which it was adopted. As will be recalled, the Senate rejected a committee amendment to the bill and the Senator from New York moved for reconsideration. I think the conferees ought to consider the differences between the two Houses. I hope the Senator from New York will not persist in pursuing this method of procedure, and I trust that the Senate will vote as it did the last time, and maintain my position.

Mr. President, I now move to lay on the table the motion of the Senator from New York.

Mr. MEAD. On that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. MEAD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MEAD. There is so much confusion in the Chamber, and there have been so many questions directed to me during the last few moments, that I doubt very much whether all the Senators know just what the parliamentary situation is. As I understand, we are voting on the motion of the Senator from Louisiana to lay on the table my motion to reconsider the vote by which the amendment of the Senator from Louisiana was adopted.

The PRESIDING OFFICER. The Chair understands that to be a correct statement of the question.

The Chief Clerk resumed the calling of the roll.

Mr. GURNEY (when his name was called). On this vote I have a pair with the Senator from Wyoming [Mr. SCHWARTZ]. If he were present, he would vote "nay," and, if I were permitted to vote, I should vote "yea."

Mr. McNARY (when his name was called). On this motion I have a pair with the senior Senator from Alabama [Mr. BANKHEAD]. I transfer that pair to the junior Senator from New Hampshire [Mr. TOBEY] and will vote. I vote "yea."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN]. I understand that if he were present he would vote as I intend to vote. I therefore am at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that if pres-

ent he would vote "nay" on this question. I transfer my pair with him to the junior Senator from Oregon [Mr. HOLMAN], who would vote "yea" if present. I vote "yea."

Mr. BYRNES (after having voted in the affirmative). I have a general pair with the senior Senator from Maine [Mr. HALE]. I am informed, however, that if he were present he would vote as I have voted, so I will allow my vote to stand.

Mr. SHIPSTEAD (after having voted in the negative). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I understand that he is unable to be present. I therefore withdraw my vote.

Mr. MINTON. The Senator from Mississippi [Mr. BILBO] has a pair with the Senator from Wisconsin [Mr. LA FOLLETTE]. I am advised that if the Senator from Mississippi were present he would vote "yea," and that if the Senator from Wisconsin were present he would vote "nay."

Mr. THOMAS of Utah. I have a pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Michigan [Mr. BROWN] and will vote. I vote "nay."

Mr. AUSTIN. The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Oregon [Mr. HOLMAN] are necessarily absent.

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Pennsylvania [Mr. GUFFEY], the Senators from Mississippi [Mr. BILBO and Mr. HARRISON], the Senator from Iowa [Mr. HERRING], the Senator from Utah [Mr. KING], and the Senator from Montana [Mr. WHEELER] are detained in committee meetings.

The Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

The Senator from Montana [Mr. MURRAY], the Senator from Nevada [Mr. PITTMAN], the Senator from Wyoming [Mr. SCHWARTZ], and the Senator from Washington [Mr. SCHWELLENBACH] are detained in various Government departments.

The Senator from Massachusetts [Mr. WALSH] is detained in a conference in one of the Government departments. I am advised that if present and voting, he would vote "nay."

The result was announced—yeas 29, nays 32, as follows:

YEAS—29

Adams	Davis	McNary	Thomas, Okla.
Andrews	Ellender	Minton	Townsend
Austin	Frazier	Overton	Vandenberg
Burke	Hayden	Reed	Van Nuys
Byrnes	Hill	Smathers	Wiley
Capper	Hughes	Smith	
Connally	Lodge	Stewart	
Danaher	McKellar	Thomas, Idaho	

NAYS—32

Barbour	George	Johnson, Colo.	Pepper
Barkley	Gerry	Maloney	Radcliffe
Bulow	Gibson	Mead	Sheppard
Byrd	Gillette	Miller	Taft
Caraway	Green	Neely	Thomas, Utah
Clark, Idaho	Hatch	Norris	Tydings
Clark, Mo.	Holt	Nye	Wagner
Downey	Johnson, Calif.	O'Mahoney	White

NOT VOTING—34

Ashurst	Donahey	La Follette	Schwellenbach
Bailey	Glass	Lee	Shipstead
Bankhead	Guffey	Lucas	Slattery
Bilbo	Gurney	McCarran	Tobey
Bone	Hale	Murray	Truman
Bridges	Harrison	Pittman	Walsh
Brown	Herring	Reynolds	Wheeler
Chandler	Holman	Russell	
Chavez	King	Schwartz	

So Mr. ELLENDER's motion to lay on the table Mr. MEAD's motion to reconsider was rejected.

The PRESIDING OFFICER. The question is upon the motion of the Senator from New York [Mr. MEAD] to reconsider the vote by which the amendment offered by the Senator from Louisiana [Mr. ELLENDER] was adopted. Upon that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GURNEY (when his name was called). On this question I have a pair with the Senator from Wyoming [Mr. SCHWARTZ]. I understand that if he were present, he would vote "yea." If I were at liberty to vote, I should vote "nay." I withhold my vote.

Mr. MCNARY (when his name was called). Again announcing my pair and its transfer, I vote "nay."

Mr. STEWART (when his name was called). Making the same announcement as before, I vote "nay."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from Michigan [Mr. BROWN] and will vote. I vote "yea."

The roll call was concluded.

Mr. DAVIS. Making the same announcement as on the previous vote, I am at liberty to vote. I vote "nay."

Mr. SHIPSTEAD. I transfer my pair with the senior Senator from Virginia [Mr. GLASS] to the senior Senator from Maine [Mr. HALE], and will vote. I vote "nay."

Mr. MINTON. The Senator from Mississippi [Mr. BILBO] is paired with the Senator from Wisconsin [Mr. LA FOLLETTE]. I am advised that if the Senator from Mississippi were present he would vote "nay" on this question, and that if the Senator from Wisconsin were present he would vote "yea."

The Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Montana [Mr. MURRAY], the Senator from West Virginia [Mr. NEELY], the Senator from Nevada [Mr. PITTMAN], and the Senator from Wyoming [Mr. SCHWARTZ] are detained on business in Government departments.

The Senator from Mississippi [Mr. BILBO] and the Senator from Utah [Mr. KING] are detained in committee meetings.

The Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from West Virginia [Mr. HOLT], the Senator from Oklahoma [Mr. LEE], the Senators from Illinois [Mr. SLATTERY and Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

The Senator from Massachusetts [Mr. WALSH] is detained in a conference in one of the Government departments. I am advised that, if present and voting, he would vote "yea."

The result was announced—yeas 30, nays 37, as follows:

YEAS—30

Bailey	Downey	Johnson, Calif.	Sheppard
Barbour	George	Johnson, Colo.	Taft
Barkley	Gerry	Maloney	Thomas, Utah
Bulow	Gibson	Mead	Tydings
Byrd	Gillette	Nye	Wagner
Caraway	Green	O'Mahoney	White
Clark, Idaho	Hatch	Pepper	
Clark, Mo.	Herring	Radcliffe	

NAYS—37

Adams	Ellender	Miller	Thomas, Idaho
Andrews	Frazier	Minton	Thomas, Okla.
Austin	Guffey	Norris	Townsend
Burke	Harrison	Overton	Vandenberg
Byrnes	Hayden	Reed	Van Nuys
Capper	Hill	Schwellenbach	Wheeler
Chavez	Hughes	Shipstead	Wiley
Connally	Lodge	Smathers	
Danaher	McKellar	Smith	
Davis	McNary	Stewart	

NOT VOTING—28

Ashurst	Donahey	La Follette	Reynolds
Bankhead	Glass	Lee	Russell
Bilbo	Gurney	Lucas	Schwartz
Bone	Hale	McCarran	Slattery
Bridges	Holman	Murray	Tobey
Brown	Holt	Neely	Truman
Chandler	King	Pittman	Walsh

So Mr. MEAD's motion to reconsider the vote by which Mr. ELLENDER's amendment was agreed to was rejected.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the Senator from New York [Mr. MEAD], as amended by the amendment of the Senator from Louisiana [Mr. ELLENDER].

The amendment as amended was agreed to.

Mr. CLARK of Missouri. Mr. President, I have no disposition to interfere with the consideration of the very important measure now pending in any way which would in any degree be considered a filibuster, but I desire now to give notice that tomorrow, as soon as I can obtain the floor after the convening of the Senate, I shall address the Senate on the subject of the transfer of the destroyers and the prospective transfer of the other Army and Navy craft.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, line 14, beginning with the word "except", it is proposed to strike out down to and including line 2, on page 3, and in lieu thereof to insert the following:

Nor shall the incumbent of any such position be retained in such position for a period of longer than 6 months after it is so covered into the classified civil service unless he is reappointed to such position in accordance with the civil-service laws: *Provided*, That the incumbent of any such position shall be given a preference of 10 points upon any competitive examination for such position.

Mr. ELLENDER. Mr. President, as I have pointed out in the course of the debate, and as was pointed out by many Senators, the fundamental purpose of the civil-service law was to establish a merit system whereby selections for appointments should be made upon demonstrated relative fitness of the applicants, without regard to political, religious, or any other similar consideration. In order to attain that end, the civil-service law provides a plan of competitive examination for all applicants for jobs.

There are in the service of the Federal Government today in excess of 650,000 men and women who have complied with the very letter of the law and the rules and regulations set up by the Civil Service Commission, and yet Senators are being urged to do away with the law as now written and to permit to be placed in the civil service men and women who have been appointed, not because of merit, not because they have passed examinations to test their fitness for the jobs, but, in most cases, because they had good sponsors, who said to departmental heads, "Give this man or that woman a job."

Mr. President, I say that is unfair; it is wrong to the service as a whole to permit these 200,000 employees to retain their jobs and be placed under civil service without a competitive examination when, as I pointed out yesterday, there are already over 800,000 eligibles who have taken the examinations, many of whom are qualified now to hold these various jobs.

As I pointed out to the Senate yesterday, since the time the civil-service law was placed on the statute books, in 1883, examinations have been taken by 10,264,668 persons. These persons took those examinations in good faith, in the hope that if they passed, if and when jobs were available, those jobs would be given to them. Of that number of applicants, 6,024,015 successfully passed examinations and were eligible for appointment.

Now let me point out to the Senate how small a number of those who qualified under examinations received jobs. Out of the 6,024,015 who qualified, only 2,168,736, in the length of time I have named, actually received appointments. So that almost 4,000,000 persons who took these examinations in good faith, in the hope that some day they would be accorded an opportunity to get jobs, under the civil-service system, from our Government were disappointed.

What are we doing today under the pending bill? We are violating the fundamental principle of the civil service law. We are being asked, in the face of the civil-service law itself, while thousands who have taken examinations stand by ready to serve, to give preference to political appointees. I say that such a procedure is not conducive to a good merit system. It merely gives lip service to the merit system, for which all of us are supposed to stand.

Mr. President, as I indicated yesterday, during last year 611,616 men and women presented themselves for examination. Of that number 556,571 took the examinations, and of those who took the examinations 254,095 passed, qualified for appointment, and are eligible for appointment. Let us see how they fared.

Of this number, only 66,290 have received appointments. So that there are today from last year's eligibles alone almost 200,000 persons who are entitled to appointment and who are now waiting on the Government to fulfill its obligations, now that the occasion has been presented.

Let us take the figure for the year before last. From July 1, 1937, to June 30, 1938, there were 388,404 persons who took the examinations, and 197,424 actually passed and were eligible for appointment. Out of that number of 197,424 only 51,454 actually received jobs. So from the examination list, or I may say the eligible lists of 2 years ago, we still have today almost 150,000 men and women who are eligible, probably almost all of whom are able to fill some of these jobs, but they must be shunted aside, they must be again disappointed in order to give way to political appointees.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. DANAHER. Is it not the fact and is it not reasonably to be expected that an incumbent who is now in his position would naturally have an advantage in competing against one who has never filled that position.

Mr. ELLENDER. There is no question about that, I may say to the Senator, and in order to give an advantage because of his experience to the person who now holds the position, my amendment provides that that person shall have a 10-point preference over all persons who apply for examination, so that granting that 70 percent is necessary to pass an examination, which is now the civil-service requirement, all such a person will need to pass is a mark of 60 percent. Ten points are automatically added to such a person's grade in consideration of his experience.

Mr. DANAHER. Of course, the Senator's answer to my first question precipitates what I was coming to with the second question. Why would the Senator give that incumbent any such advantage in the event he is not really qualified in comparison with a competitor?

Mr. ELLENDER. To be frank, I thought that might be a way to answer some of the arguments which were advanced on the floor of the Senate yesterday and the day before. It was proposed for no other purpose. So far as I am concerned I would prefer to have the 10-point feature stricken out.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TYDINGS. The Senator claims that a man who is already occupying a position, in taking a new examination would have an advantage over one who did not, and then he gives the incumbent two advantages, by not only giving him the advantage of the experience, but 10 points besides.

Let me say, I like the philosophy of the Senator's amendment as to its other provisions. I think that as a matter of decency there ought to be an examination. But, I would much prefer to vote for the Senator's amendment without the 10-percent clause being in it, because what the Senator has done is to give to the encumbent such an advantage—one natural and the other artificial—that it would be practically impossible, or useless, rather, to have the examination of anyone else.

Mr. ELLENDER. I do not entirely agree with the Senator, and I may——

Mr. DANAHER. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. DANAHER. The Senator from Maryland, in my humble opinion, is perfectly right, and that is the reason for my inquiry of the Senator from Louisiana. If the incumbent is to be given an advantage born of his experience in the job, and then in addition given a 10-point competitive credit over another competitor, it seems to me that necessarily you may eliminate contestants who would be superior were it not for the artificially large credit. I feel that if we are to have a real merit system, which I strongly favor, I would much rather see every position thrown open to true competition, so the public may receive the best possible classified civil-service lists that can be obtained. You do not have to give an advantage to the incumbent in a civil-service examination of a 10-point credit.

Mr. ELLENDER. Mr. President, that was really my contention from the beginning, and I may say that if there are other Senators who likewise feel opposed to the 10-point proposition, I may be inclined to modify my amendment so as to strike it out.

Mr. TYDINGS. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. TYDINGS. Let me show the Senator how I believe his well-intentioned proposal would result in a miscarriage of equity. First of all, an ex-service man under the present law, as I recall, has a 5 percent credit, and the man who is wounded I think receives a 10 percent credit in his civil service examination computation. The reason for that is that men who have given their time, at great sacrifice and risk of life, and quite often have incurred wounds for which the Government wants to recognize them—those who have served the country in time of need—have priority for the jobs, all things being equal. The Senator's amendment, however, if adopted, would have this effect. Let us assume there would be an ex-service man better qualified than the incumbent, who was not an ex-service man. We will assume that both have 75 percent as a natural average in taking the examination. The incumbent, under the Senator's amendment would be automatically given an average of 10 more points, or 85 percent. But an ex-service man who had 75 percent would only have a total of 80 percent, with his credit of 5 percent. Therefore, although the ex-service man, under the intent and purpose of our philosophy of the civil service, should have the preference, he would be precluded from getting the job. That is one illustration.

Here is another even worse. Let us suppose the incumbent had an average of 80 percent, and the ex-service man had an average of 84 percent, showing that the ex-service man was 4 percent more efficient or more qualified for the job than was the incumbent. When the ex-service man had his 5 percent credit added to the 84 percent he would have only 89 percent, even with his service qualification, and in fact in a strict competitive examination he came out ahead of the incumbent, but the incumbent, having an average of 80 percent, would have 10 percent automatically added to his average, which would deny the ex-service man, who had not only served his country, but who was more efficient in an examination, from getting the job after all.

If the Senator from Louisiana will give that matter consideration—and I know he wants to do the best thing—I believe he will see that as this amendment is drawn, the field for inequality is very wide, since the incumbent would have an advantage, anyway, by having served in the job, and be better qualified than the average man in taking the examination. I want to support the Senator's amendment, as I know the Senator from Connecticut does, and I believe the Senator from Louisiana would be well-advised, from the standpoint of the parliamentary situation, if he would voluntarily strike out the remaining clause, and I offer that suggestion in the best of faith.

Mr. ELLENDER. Mr. President, of course I gave considerable attention to that question before I presented the amendment, and I concluded, to be frank, that this method would probably be the better way to get the matter passed by the Senate. But, as I said awhile ago, I am not wedded to the 10-percent provision. Probably before I take my seat I may follow the suggestion of the Senator from Maryland, which conforms with the original views that I entertained. The only reason I made the proposal, as I stated, was because I felt that with that provision in the amendment it would be easier to have it agreed to so that we could at least have the semblance of open competition.

Mr. TYDINGS. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. TYDINGS. There is no priority with respect to Federal positions, anyway. They ought to be open to all citizens of the Republic. Of course, under our political situation, whichever party is in control gets the non-civil-service positions, and I am not quarreling with that.

This bill comes in to change that old system and to put the matter on a civil-service basis. Certainly the incumbent already has an advantage, but when the positions belong to the whole people—and that is the philosophy of the whole civil-service law—anything that defeats its proper operation defeats the whole philosophy of any real civil service. I am glad the Senator feels as he does, because I am sure he is on the right track.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. VANDENBERG. The Senator knows my very deep interest in his amendment. I think I have amply demonstrated it. I want to join the plea made by the Senator from Maryland. I think the 10-percent clause runs counter to the general theory of the amendment itself, and I have the feeling that the incumbent has far more than a 10-percent advantage, naturally, because of his familiarity with his job. I hope the Senator will do what the Senator from Maryland requested.

Mr. ELLENDER. Mr. President, it is not my purpose to go into any detail with respect to the hearings that the special Civil Service Committee, of which I am chairman, held concerning the operation of the merit system of the civil service. I should like to present to the Senate a few glaring examples of injustices that may follow likewise from the adoption of the bill as now drafted without competitive feature in the bill.

As Senators know, in recent years hundreds upon hundreds of persons have been placed in Government jobs without civil-service examinations. I cite from knowledge that in the General Accounting Office hundreds of positions have been filled by men and women who have not taken any kind of examination, but who have been placed in the positions held by them through Executive order. The tragedy of it all is that in some instances, those who were given the jobs without examination, but through political influence, receive better pay when they enter the service than do those who took the civil-service examinations but whose salaries have not advanced with the years. Their advancement has been phenomenal as compared with that of those who have been in the service for years. I have reviewed cases of persons who were given jobs under civil service. They passed the examinations, and started at the initial salary of $1,200 at the time. They remained in service for more than 20 years, and climbed up to a salary of $1,440. In many instances newcomers, entering the service without examination, have started at salaries as high as $1,800. They have been doing practically the same work as the "work horses" have been doing for 20 years. I say that such a system strikes at the very roots of the merit system. It is giving only lip service to civil service.

I use as illustration the case of Ralph C. Gustin, a relative of Mr. Baity, who was in charge at the General Accounting Office. He entered the service in 1934 under an Executive order as an assistant auditor. He received $1,800 a year.

From 1934 to 1937, less than 3 years, his salary was raised to $2,600 and at one time in 1936, he was receiving $3,200.

Mr. Cornell entered the service in 1935 under an Executive order. At the beginning he received a salary of $2,300 a year. In less than 2 years his salary was raised to $3,200.

Let me cite in contrast the case of one of the "work horses" who has been in the service for almost a lifetime. Mr. Enyart entered the service December 14, 1917. He started at a salary of $1,200. Up to September 16, 1935, his salary had been raised to $2,600, and he has remained at that salary until the present time. He took the civil-service examination. He worked under the rules and regulations of the department. He has remained in the service from 1917 until the present time, and has received the enormous increase of $1,400 in his salary. A newcomer, in less than 2½ years, received an increase of $1,200. Senators, that is not the right principle. That practice is not conducive to a real merit system.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WHEELER. A number of similar cases have been called to my attention. Persons who have been in some of the old established departments for years are receiving very meager salaries. No one questions their competence. However, new employees enter the service, particularly in some of the new bureaus, and in 1 year receive increases in their salaries ranging from $1,000 to as much as $2,000 or $3,000. Complaints have come to me, as chairman of the Interstate Commerce Committee, to the effect that some of the older bureaus are being discriminated against because in the newer bureaus salaries are raised by considerable amounts in a very short time.

Mr. ELLENDER. There is no question about that. I have been confronted with many cases in different departments, wherein persons were doing practically the same kind of work, but receiving different salaries. In one department employees were paid considerably more than employees in other departments were receiving, even in the face of the classified provision of the law.

As I pointed out a while ago, it will be argued by my good friend from New York that in his bill W. P. A. emergency employees will be excluded. I point out to him that many persons have been put on the pay roll in the General Accounting Office, not to take care of W. P. A., but of other big departments which have been organized since 1933. Such employees will be permitted to remain in their present positions, with salaries far in excess of those received by the forgotten workers who have been in the service for more than 20 years.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MEAD. I had not intended to make the point which the Senator has just mentioned. I rise rather to make answer to the complaint—perhaps a justifiable complaint—referred to by the Senator from Montana.

By our bill we reduce the number of such complaints, for we provide the machinery whereby they may be compromised. To illustrate, first we set up in the bill a board of review. For the first time in the history of the country there will be employee representation on such a board. Secondly, we extend to the great army of Federal employees, who are the subject of this discussion, the standards of the Classification Act, which will, to a very large degree, eliminate inequalities. So, by the board of review, aimed directly at eliminating the injustices referred to by the Senator, and by the extension of the Classification Act, we expect that the number of complaints will be reduced to an almost irreducible minimum in the future.

Mr. ELLENDER. With reference to the question raised by the Senator from New York as to the board of review, at present the bill does not provide for naming a representative of the employees on the board. I have an amendment to that effect.

Mr. MEAD. I also have such an amendment. I shall be glad to accept the Senator's amendment in that respect.

Mr. ELLENDER. Notwithstanding the fact that a board of review is provided, as the Senator from New York says, to hear complaints and to work out injustices, I have another helpful amendment which I hope the Senator will accept.

Title II of the bill provides for the extension of the Classification Act. However, there is a provision in the second part of the bill which states that after the classification has been made, if perchance one of the employees is placed in a class in which his salary will be less than the classification calls for, he is to receive the same salary as long as he remains in the service. That provision is in the bill. I do not believe that the bill as written would correct such evils as are now under discussion, even though the bill provides for a board of review.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WHEELER. I am not complaining because employees receive good salaries.

Mr. ELLENDER. Neither am I. I am pleading for equality.

Mr. WHEELER. However, there is no question that men and women working in some of the older established departments have been grossly discriminated against during the past few years. In some of the departments in the past few years, during the emergency, young lawyers just out of college have started at salaries which they could not obtain anywhere in the country in the private practice of law. That is one of the things which has tended to bring discredit upon some of the departments. Some of the departments have taken young fellows just out of college and have given them salaries in excess of those received by very able district judges throughout the western and middle-western part of the country after long terms of service.

There are a tremendous number of people unemployed in the United States today, many people are going hungry and many are looking for jobs at sufficient wages barely to make a living, and yet we have been grossly extravagant in the salaries paid in some of the departments.

I am not complaining about the bill. I shall vote for the measure, but I think something ought to be done to correct the situation to which I have referred. Either we have got to raise the salaries of some of the older employees in some of the departments or we will have to reduce some of the salaries of the others, because a great many employees in the older departments have lost interest in their work. They say, "We are being discriminated against; some fellow who is just out of college is appointed and given the salary of $5,000 or $6,000, while we have been working in the department for years and are receiving only $4,000. Of course, it is not right.

Mr. MEAD. Mr. President, I should like to leave this thought with the Senator: The employees of the service, through their chosen organization, without exception, have unanimously appealed to us for the provisions of this bill to eliminate the very inequality to which the Senator so properly refers.

Mr. ELLENDER. Mr. President, to continue with a few more examples of inequality which may be of interest to Senators, Mr. Leslie L. Whitehead, freight-rate clerk, entered the service October 15, 1934, at the nominal salary of $2,000, and in a couple of years his salary was raised to $3,200. Another individual who has been employed in the same department under the civil service since 1917 is receiving now only $2,600.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MINTON. I have been listening to the examples given by the Senator, and I am sure the Senator must have gone into the matter thoroughly. What does he know about the ability of these employees? I can well understand that a man might be in a department for 20 years and not be worth half what he got when he started, indeed, he might not have been worth anything to start with. I think that is probably true of many of them. It is easy enough to say that one man started at $1,800 and 20 years later is receiving

$1,800, but he still may be worth only $1,800, while a man appointed 2 years ago who is receiving $3,000 may be worth $3,000.

Mr. ELLENDER. I may say to the Senator that the salaries under the civil service are usually gaged under the Classification Act; they are classified. Each class has a certain salary, and a certain method is provided by which the employee can reach the goal; that is, the highest salary, in a certain classification.

Mr. MINTON. Let me ask the Senator, do they all get the same salary in the same classification?

Mr. ELLENDER. That is the point. Most of the persons of whom I am speaking were in the same department doing practically the same work. One was there since 1917 and his salary, as pointed out, was raised to $2,600—he started at $1,200 in 1917—whereas the other employee started on October 15, 1934, and is now getting $3,200.

The employee who was getting $3,200 was not appointed under the civil-service regulations; he did not have to take a competitive examination, but simply, I presume, had to get the recommendation of someone with a little influence. Such a procedure as that is not conducive to the merit system.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MEAD. The able Senator from Louisiana is making an excellent argument in favor of the bill, for he is arguing for section 2 of the bill which will cover the agencies not now covered by the civil-service classification provisions of the law which will prevent the pyramiding of salaries. The salaries under the Classification Act were fixed by the Congress; they are fixed according to grades, and an employee can only advance in an orderly manner under the rules laid down by the Congress; but many positions, particularly the last one the Senator mentioned, are in agencies not covered by the Civil Service Act, or the Classification Act, and, therefore, the employee who had a grievance would have no board of appeals to resort to as he would have under the provisions of the bill.

Mr. ELLENDER. The Senator does not mean to say, does he, that the General Accounting Office is not under the civil service?

Mr. MEAD. No; but the Senator mentioned some other agency such as the R. F. C. However, all parts of the General Accounting Office are not under the civil service.

Mr. ELLENDER. The ones I am mentioning now are emergency employees.

Mr. MEAD. The emergency employees of the General Accounting Office are not under the civil service, and not under the Classification Act. Only if this bill passes as amended will they come under the Classification Act, and no injustice such as the Senator mentions will occur in the future.

Mr. ELLENDER. Of course, I should like to agree with my good friend from New York, but, as the bill has been presented to the Senate from the committee, the situation which he describes will not prevail, because, although the classification principle is applied to field work, the bill still provides that any employees, whatever salaries are today being paid to them, if their classification happens to be such that their salary would not be as great as that they are now receiving, will be allowed to have the same salary until they either die or resign or retire from office.

Mr. MEAD. As I said a moment ago, there are a number of amendments floating around the Chamber, one of which the Senator has and one which I have, which I am perfectly willing to accept, that, if adopted, will change the salary status. We want to bring them under the Civil Service Act, under the Classification Act, and under salary standards that the Senator's amendment and mine would provide.

Mr. ELLENDER. I am glad the Senator will accept such an amendment.

Mr. HATCH. Mr. President——

Mr. ELLENDER. I yield to the Senator from New Mexico.

Mr. HATCH. I merely rose because the Senator from New York, in his colloquy with me about the bill, indicated that he thought the bill he was advocating would obviate the very evils of which the Senator from Louisiana is speaking.

Mr. MEAD. That is correct.

Mr. HATCH. I think conditions to which reference has been made are not justifiable, and certainly the Senator is right when he says they are contrary to every theory of the merit system. I know of no Senator who wants to continue those conditions; that is what we are trying to eliminate; and there are a number of other conditions which ought also to be eliminated.

Mr. ELLENDER. I appreciate the Senator's views; he expressed them yesterday, and it was stated then that if we force competitive examination there will not be enough votes cast to pass the bill. The effect would be to let the injustices which now exist, continue to stare in the face those thousands who have taken the examinations and who have qualified. That goes to the heart of the civil service. It affects 650,000 persons who are now in the civil service, because many, when I examined them and asked, "Why do you not do this and better yourself?" have answered, "Senator, what is the use?"

It strikes me that if we are to have a merit system, we should make it so that anybody who enters the service can reach the top if he takes the examination, becomes eligible, and is found to be better qualified than others. If we can get a system of that kind, I say we will have a real merit system; but the practice to which I have referred, as I have pointed out this afternoon, has been followed by practically every President from the time the original law was adopted. What the Congress did was to create new bureaus and new agencies and exempted the prospective employees of them from civil-service regulations.

Mr. HATCH. That was done by the Congress itself.

Mr. ELLENDER. Exactly, and that practice has been continued ever since the civil-service law has been on the statute books. I think it is time to stop it.

Mr. HATCH. That is what some of us are trying to do.

Mr. ELLENDER. My amendment would not prevent the President from placing bureaus and departments under the civil-service system, but it would give him the right to do so provided the existing civil-service law is complied with in respect to open competitive examinations.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. MINTON. I should like to ask the Senator a question to see if I understand him. He says the President has the right to put them under the civil service, but the Senator from Louisiana wants him to take names from the existing lists and discharge employees who are now in the departments.

Mr. ELLENDER. No, sir. The Senator from Louisiana is not asking for that. The Senator from Louisiana is simply saying to the President, "You may place every department that is not now under the civil service under the civil service, but I desire that the civil-service law as it is now written on the statute books be applied in order to find competent men and women to place in the various positions." That will mean that almost every person who is now employed will have the right to take the examination and, as was pointed out by the Senator from Connecticut, those who have been occupying positions for 2, 3, 4, or 15 years will certainly have a decided advantage over those who are to take the examination as applicants.

Mr. MINTON. If there is an existing list who have already passed examinations for positions such as stenographers, clerks, file clerks, and so on, those who now have the jobs will lose them and those who happen to be on the list, and who have passed the examination, will be the ones to get the positions. Is that correct?

Mr. ELLENDER. What was the Senator's question?

Mr. MINTON. I am trying to understand what the Senator is talking about. There seems to me to be something to recommend the persons who already have these jobs. They must have been performing their duties well, or they would not be there.

Mr. ELLENDER. I grant to the Senator that there may be some jobs wherein there are at present some men and women who are qualified; but I dare say there are hundreds of jobs to fill for which there are not a sufficient number of eligibles, and in most of these cases the present incumbents will have a chance at the examinations.

Mr. MINTON. In other words, they will have a chance to take examinations with somebody else for jobs they already have.

Mr. ELLENDER. That is the way it ought to be.

Mr. SCHWELLENBACH. Mr. President, may I ask the Senator a question?

Mr. ELLENDER. Yes; in just a minute. Let me again read to the Senator from Indiana, in connection with the answer I have just given him, a statement on the merit system, which comes from the Civil Service Commission itself:

> One purpose of the civil-service law is to give all citizens an equal right to demonstrate their qualifications for Government employment. Another purpose is to insure that the persons appointed are the best qualified among those seeking Government employment. The better the quality of employees, the smaller is the number required. The Civil Service Commission aims, through the competitive-examination process, to save money to the taxpayers by securing the most competent employees for the Federal service.

That is a statement from the Civil Service Commission, but it seems as though it is only lip service.

I now yield to my friend from Washington.

Mr. SCHWELLENBACH. Mr. President, may I ask the Senator a question?

Mr. ELLENDER. Certainly.

Mr. SCHWELLENBACH. It is a rather long question. I ask the Senator to listen to it.

Mr. ELLENDER. Can the Senator break it up a little, so as to give it to me in small bits? [Laughter.]

Mr. SCHWELLENBACH. We have two individuals, A and B. On January 1, 1938, A started to work for W. P. A., say, in the administrative staff. On the same day B took and successfully passed a civil-service examination and got on the list. Let us assume that after the adoption of the Senator's amendment A also took the examination and got exactly the same grade as B. Would B have a preference over A because of the fact that he had been on the list since January 1, 1938?

Mr. ELLENDER. Not if both took the examination and A was selected for the job; no.

Mr. SCHWELLENBACH. No; my question is, Does a man have any priority just because he has been on the list longer than somebody else, assuming that both have the same grades?

Mr. ELLENDER. Under my amendment?

Mr. SCHWELLENBACH. Under the Senator's amendment or under the civil-service system.

Mr. ELLENDER. No; there would not be any priority by virtue of being on the list a longer time. The person who has the job at present would receive the same consideration as a person on the outside with respect to examinations; but I maintain that the fact that the incumbent has had the experience would give him a better chance to pass the examination.

Mr. SCHWELLENBACH. I want the Senator to assume that they both pass the examination and have the same grade: Who would get the job?

Mr. ELLENDER. If both pass the examination, and both have the same grade, and both apply for the same job?

Mr. SCHWELLENBACH. Yes.

Mr. ELLENDER. The way that is done is this: The Civil Service Commission has a register, and from that register is selected the three persons with the highest grades, and the names of those three persons are sent to the head of the department in which a vacancy exists; and from that list the department head selects one of the three. He may select the one with the highest grade, or the one with the second highest grade, or the one with the lowest grade of the three; and whomever he selects and certifies gets the job.

Mr. SCHWELLENBACH. And no preference is given because one man happened to get on the list 2 years ago, and the other got on the list today?

Mr. ELLENDER. No; not at all. In other words, each State has such lists from each district; and whenever there is a vacancy in a district within the State, for field work, one of the three is selected by the departmental head from this eligible list; it does not matter when the examination was taken.

There is another point which I discussed to a certain extent earlier in the day, and that is with respect to the age of the applicant. Today, if a person applies for a job for which a civil-service examination is necessary, he must be under 55 years of age or else he cannot qualify even if he makes a grade of 100 percent. If this bill goes through and a noncompetitive examination is given to the person who now has the job, he may be 70 years old, but if he passes the examination and is not physically disabled he may obtain the job. That is not logical. Furthermore, such a person 70 years of age and who is in good health cannot be retired unless he has been in the service as long as 15 years. If he is disabled, he is eligible for retirement after having served only 5 years.

Concessions of that kind are sure to weaken the foundation of our civil-service system and automatically affect the thousands who are now in the service and the thousands who would like to get into the service, because, as I said awhile ago, it puts them in the attitude of saying, "Oh, what is the use?"

Even in the civil service itself, in various departments, there have been many discrepancies. I want to say to the Senator from New York that the part of the bill which creates a board of review was one of the recommendations that I proposed to submit to the Senate when our Civil Service Committee, which is examining the civil service, makes its report to the Senate. I believe that such a board, if created, will cure a great many of the evils which have existed in the past in the civil service.

We have had some cases of this kind, for instance, in the Post Office Department: A Miss Leone Adair, who entered the service in 1926, CAF–2, salary $1,440, was promoted from year to year to grade CAF–4, with a salary of $2,040. It seems that the head of a division in the Post Office Department in which she was employed needed a secretarial assistant. This Miss Adair was eligible for the position, but she was not a beautiful girl; she wore glasses, she was homely, and her face was not quite as good looking as it should have been, probably, in the estimation of the person who needed a secretary. He searched around among the 96 or 97 girls who were working in the Division and selected a Mrs. Smithers, who was a very charming and very affable person. In order to obtain the services of this fine-looking lady, who had entered the service in 1936 as a CAF–2 with a salary of $1,440—and who, in the meantime, was promoted to CAF–3, salary, $1,620—he promoted her from that position of CAF–3, salary $1,620, to CAF–6 overnight, with a salary of $2,300—in other words, a salary increase of almost $700 overnight. As I recall, this division head found no fault with the work of Miss Adair, but he said Mrs. Smithers could better answer the telephone [laughter] than could Miss Adair. She could make a better appearance than Miss Adair when Senators and Congressmen called. [Laughter.]

What effect do you think that had upon the other 95 girls in the office who were striving to better their conditions, who had taken the examinations, and who worked hard? I say, Senators, such procedure is wrong, and there is nothing which will destroy the merit system as that will. I could cite many other cases to demonstrate that many promotions were made on that basis, and nothing else.

Mr. MINTON. Mr. President——

Mr. ELLENDER. I yield to the Senator from Indiana.

Mr. MINTON. It is true, is it not, that the department head has the right to promote within his department?

Mr. ELLENDER. Yes; under the rules and regulations established by the Civil Service Commission.

Mr. MINTON. I am merely trying to find out the system. The Senator has criticised what was done in this case. Did the department head in that case have the authority, under the law, to do what he did?

Mr. ELLENDER. Evidently he did. As I recall the situation, if the person at the head of this department had waited until an Executive order, which was issued sometime in February 1938 had become effective, he could not have made the change. A day or so before the order was made operative, the promotion was made from CAF–3 to CAF–6, with an additional salary, and, of course, this lady got the job. In the same department, besides Miss Leone Adair, who was in grade 4 and entitled to the job because she got into grade CAF–4 by normal promotion, and who was receiving a salary of $2,400, there was another lady, a Mrs. Counselman, who had been in the department since April 11, 1934, and another who had been in the department since 1918, a Mrs. Costello, both of whom were in higher grades than the lady who was promoted and who should have been given preference. But notwithstanding the fact that these two had a higher rating than Mrs. Smithers, this departmental head overlooked all those and selected Mrs. Smithers, and promoted her from CAF–3 to CAF–6 as I have just indicated.

Mr. MINTON. What does the Senator know about the capabilities of these people?

Mr. ELLENDER. I should like to believe that it was ability the head of this department was looking for. [Laughter.] I would just like to believe that. I have some pictures in my office of the two clerks standing side by side, and I am sorry that I do not have them here, to show to the Senator from Indiana. If he had been in the same position the head of that department occupied, I do not know but that he might have made the same decision. [Laughter.]

Mr. MINTON. I am not interested in the pictures; in fact, I have an amendment here myself which I intend to offer, to do away with this picture bureau.

Mr. ELLENDER. The pictures have nothing to do with the picture bureau. They were taken during hearings by very obliging photographers who represented the press. [Laughter.]

Mr. MEAD. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. MEAD. I can add my endorsement to what the Senator is saying so far as inequalities and injustices are concerned, and that is why I believe that the Senator from Louisiana and I should have the support of the Senator from Indiana, in order to put the bill through as hurriedly as possible.

Mr. MINTON. I am going to vote for it.

Mr. MEAD. In order that we may cover them all under the Classification Act, and beyond that—and this is the crux of the bill—in order that we might create the boards of review provided for, and give those boards employee representation, so that these injustices might be aired in the various departments of the Government. It is a start in the right direction, and I am sure that we are all now on the same track, and we should make rapid progress.

Mr. ELLENDER. I am not attempting to strike from the bill the provision for the boards of review. The bill will provide for the boards even if my amendment is agreed to.

Mr. MEAD. The Senator wants to strengthen the bill.

Mr. ELLENDER. I have some pertinent amendments to the provisions of the bill that deal with the boards of review.

Mr. MINTON. I am getting a little confused. Is the Senator from New York for the amendment of the Senator from Louisiana?

Mr. MEAD. We are together, only——

Mr. ELLENDER. We are together, but truly far apart. [Laughter.]

Mr. MINTON. If the Senators are together, then I am at sea.

Mr. MEAD. We are together. The only difficulty I can see is that the Senator and I are both for the boards of review, and we are both for employee representation on the boards of review, but the Senator is advancing a great many arguments why we ought to have them, and I am anxious to expedite the having of them.

Mr. ELLENDER. Mr. President, another point I advanced in debate was on the question of apportionment. I shall not go into further details about that question, because I discussed it before, and pointed out to Senators the inequalities which exist today in Washington as to the number of employees who should come from the States of Indiana, Louisiana, California, and other States, when in reality other States near by are getting the great proportion of the jobs. I contend that the adoption of this measure will further aggravate the situation. It is bound to, because if my amendment is not agreed to, it will mean that the President will have the authority, under a certain procedure written into the bill, to maintain the jobs of these people through a noncompetitive examination, and if those people pass the examination, the Civil Service Commission will be precluded from applying the law as now written in the Civil Service Act with respect to apportionment. Irrespective of the States from which the employees come, if they pass the examination they are going to be retained in the service, with preference over others who may now be eligible.

Let me again point out to Senators, for the benefit of some who may not have been here when I discussed the matter yesterday, what the situation is. Before I give the figures, let me say that in the past 7 or 8 years there has been much improvement in the matter of apportionment. I notice that the number of departmental employees in the city of Washington listed from the various States of the Union has been increased considerably. Let us take, for instance, the State of Alabama, from which my good friend, the junior Senator from Alabama [Mr. HILL], who sits at my side, hails. In 1933 Alabama was receiving 41.5 percent of its quota. This year it has been increased to 61.7 percent. But Alabama is still almost 40 percent under the quota to which it is entitled under the law as enacted in 1883. Yet the Senate today is being asked to close its eyes to that provision of the law, and to permit various applicants to be taken into the service irrespective of the States in which they live, and irrespective of whether or not Montana, the Virgin Islands, Florida, Louisiana, or other States, have their respective quotas.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. WHEELER. The Senator need not worry about Montana having her quota, because I am sure she has her quota anyway.

Mr. ELLENDER. The Senator is correct.

Mr. WHEELER. I knew I was.

Mr. HILL. What is the quota?

Mr. ELLENDER. The Senator from Montana has just said that we must not worry, as I understood him, because his State already has its quota, and that is true. As a matter of fact, the State of Montana in 1933 had 61.66 percent of its quota, and today Montana has 100.9 percent. In other words, it is nearly 1 percent over.

Mr. MEAD. Montana has 48 positions in excess of her quota today.

Mr. ELLENDER. I gave the percentage.

Mr. MINTON. How is Indiana faring?

Mr. ELLENDER. In 1933 the State of Indiana received 80.6 percent of its quota. Today the State is receiving 87.8 percent. It is still 12.2 percent under its quota.

Mr. DOWNEY rose.

Mr. ELLENDER. Probably the junior Senator from California desires to find out about the State of California. In 1933 that State received 22.2 percent of what she was entitled to and is now receiving 35.2 percent. In other words, the State lacks almost 65 percent of the number of employees to which the State of California is entitled, and the pending bill will further aggravate that situation.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. DOWNEY. I wonder whether the Senator from Montana could instruct the Senator from California how he accomplished the result shown by the figures as to his State? I should like to know. [Laughter.]

Mr. ELLENDER. The Senator from Montana will have to answer that for himself. I can vouch that he is a go-getter. [Laughter.]

Mr. WHEELER. I will take the Senator off to one side and give him the information. [Laughter.]

Mr. HUGHES. How about Delaware?

Mr. ELLENDER. Delaware happens to be nearby, and I am sorry to point out to the Senator that in 1933 his State had 96.9 percent of its quota but now it has 89.6 percent. There has been a drop of almost 10 percent.

Mr. HUGHES. Would it appear from that that they had had an inefficient Senator? [Laughter.]

Mr. ELLENDER. I would not say that. I have high esteem for the distinguished Senator from Delaware. I know he is capable and his constituents hold him in high regard.

Mr. ANDREWS. Mr. President, is it not a fact that the closeness of some States to the Capital of the Nation, to Washington, has more to do with the number of employees in the Government departments than any other one fact? For instance, I might refer to Maryland and Virginia; and there are eight or ten or twelve thousand Government employees from the District of Columbia. Those ten or twelve thousand have come from every State in the Union. They were not born in this District.

Mr. ELLENDER. Generally speaking, that is correct. Very few States which are far away have their quotas. I do not know of any other State that is far off that has a hundred percent, except Montana.

Let us get some figures on nearby States. In 1933 the State of Virginia was getting 344.9 percent; in other words, almost three and a half times what they were entitled to. Today they are receiving 207.8 percent.

Mr. HILL. What about Maryland?

Mr. ELLENDER. The State of Maryland, which is nearby, in 1933 had 475 percent, in other words, four and three-quarters times the number of persons it was entitled to in departmental work at Washington. In 1940 it still has 313.4 percent, over three times what it should have.

Highest of all, on the list, of course, is the District of Columbia. It is entitled to 205 jobs, and has 8,873. I did not figure the percentage in that case.

Mr. HILL. Mr. President, will the Senator again yield?

Mr. ELLENDER. Gladly.

Mr. HILL. Will the Senator give us the figures as to the State of New York?

Mr. ELLENDER. In 1933 the State of New York received 54.6 percent of its quota. Today it has 99 percent of its quota—almost 100 percent.

Mr. HILL. If the bill were to pass, will it freeze or have a strong tendency to freeze these inequalities which the Senator from Louisiana has pointed out to the Senate?

Mr. ELLENDER. Yes. The inequalities will be frozen mighty hard. [Laughter.]

Mr. HILL. They will be frozen mighty hard?

Mr. ELLENDER. Yes. In other words, it will aggravate the problem to a large extent, and we as Senators have been asked to close our eyes to the situation, in the face of the law which says an apportionment should be had.

Mr. HILL. Does the Senator mean we, as Senators representing our several States, are being asked to vote for a bill and to enact it into law, which would freeze these inequalities and these injustices against our States? Is that correct?

Mr. ELLENDER. The Senator is absolutely correct.

Mr. HILL. The Senator from Louisiana is chairman of a special committee of the Senate to investigate the civil service, and I know that as chairman of that special committee he has given a great deal of time, effort, and study to the question of the civil service. Will the Senator tell us succinctly, what is the best way to remove these inequalities, and remove them now, not some time in the future?

Mr. ELLENDER. I believe the present bill could be amended, that is, with reference to apportionment, the matter to which I believe the Senator referred. Yesterday the Senate voted to strike out the apportionment provision which was adopted by the House. I believe the Civil Service Commission could, under the law at present, establish eligible lists for departmental work in Washington for every State. In my mind there is no reason to have simply one list, what we may call a "national list," that is taken from all the States of the Union, and let the Commission select from this list the three highest applicants. It strikes me that the Civil Service Commission has the authority, and if it does not have the authority it should be given the authority, to establish eligible lists as I have just indicated for every State in the Union with respect to the departmental jobs in the city of Washington, and in that way the Civil Service Commission could select from the State lists persons to fill jobs as they become vacant, and I am sure that it would not take many years before the quota system could be balanced in all States.

It seems to me there has been no real earnest effort made to carry out the apportionment provisions of the law itself, the spirit of the law, although some improvement has been made, I grant to the Senate, but I believe further improvement could be made along the lines I have just suggested.

Mr. HILL. Mr. President, will the Senator again yield?

Mr. ELLENDER. I yield.

Mr. HILL. The carrying out of the law, the administration of the law, is in the hands of the Civil Service Commission; is that correct?

Mr. ELLENDER. Yes. That is, the Civil Service Commission sets up the machinery to conduct examinations, and then to classify the applicants; but the actual jobs are, of course, given out by the departmental heads. They are assigned, as I have indicated on several occasions, to one of the three persons highest on the eligible lists.

Mr. HILL. Is there no provision in the law under which the quota system is set up and provided for, placing the authority or responsibility on the Commission or some other agency to carry out the quota system?

Mr. ELLENDER. Yes; that is written in the law.

Mr. HILL. Why is it not carried out?

Mr. ELLENDER. There is a provision in the law which says, as the Senator from New York pointed out yesterday, that wherever it is practical the Commission shall do it.

Mr. MEAD. Mr. President, will the Senator yield right there?

Mr. ELLENDER. I yield.

Mr. MEAD. Let me explain that as best I can in order that the Senator from Alabama may have a clear idea of the problem he has in mind, because I know from what he said a while ago that he is confused, or that we have confused him. If there are a number of people to be taken from the stenographic list, every State which is in excess of its quota is passed up, and every State which is not in excess of its quotas is given these new vacancies until such time as it becomes in excess of its quota.

For instance, the State of New York in 1940 had 5,034 positions. The State of New York in 1940 was entitled to 5,087 positions. So that the Civil Service Commission, in keeping with the quota law, has brought New York State into approximate balance.

The point I wish to make, however, is that it is operating in the interest of the distant States. A moment ago the Senator from Alabama asked, "Are we, by passing this measure, going to freeze these inequalities?"

Let me say to the Senator that in this bill we are dealing with positions which are not in the civil service, which are not under the quota law, which are not under the jurisdiction of the Civil Service Commission. The Senator from Alabama will find that about 50 of the positions in the T. V. A. are filled by persons from the State of Vermont, as compared with the great number of positions held by persons from his State.

Let us consider the Federal Housing Authority. The Senator may find more positions held in the Federal Housing Authority by persons from Michigan than by persons from Alabama. When we pass the pending bill we will put them under the civil service, we will put them under the quota law, and then equality will result.

Mr. HILL. But they were not placed under the quota law in the beginning. They are put under the quota law only after all the places have been filled by those now in the places, and those people represent the present inequalities.

Mr. MEAD. Upon inquiry, I think the Senator from Alabama would find that he would not be serving his State nearly as well by insisting upon the quota as he would by simply taking his chances.

Mr. HILL. Let me say to the Senator from New York that under the quota system my State is entitled to 100 percent, whereas by taking my chances my State today has only 63 percent, according to the information the Senator from Louisiana gives me.

Mr. MEAD. The quota pertains only to civil-service positions, and the bill deals only with positions not now in the civil service.

Mr. HILL. Has the Senator from New York any figures or any break-down with reference to these positions which he would now bring in under the civil service, as to what they would be, so far as the different States are concerned, and what effect they would have on the quotas of the different States? In other words, if we bring in all these new positions, without providing that they must come strictly under the quota, what effect will that have on the quotas as they exist today?

Mr. MEAD. As my distinguished colleague, the Senator from Louisiana, said, it probably will to a marked degree depend upon the ability of the Senators and the Representatives from the various States in acquiring these positions. I do not know how busy the Senator from Alabama has been. I imagine he has been very modest. But if the Senator from Louisiana is correct, that obtaining these positions may, to a marked degree, depend upon our ability to get recognition, or upon our ability to obtain projects in our States which employ large numbers of men, depending upon that we may be able to arrive at a quota, and I am sure there will be no inequality in the State of the Senator from Alabama.

Mr. WHEELER. I was about to suggest that I have not the slightest doubt that it will be found that the State of New York and the State of Pennsylvania have the big bulk of those who are not under the civil service.

Mr. MEAD. I am not sure of that. I have no figures. Without figures I should not advance a guess, because it would be inaccurate and unbecoming of a Senator to make a guess.

Mr. WHEELER. I should make a guess.

Mr. MEAD. I should not.

Mr. WHEELER. I should be willing to wager that my guess would be correct.

Mr. MEAD. I should not make a guess, and I should not be willing to bet on it. I should have to have more figures than I have.

Mr. DOWNEY. Mr. President, I hope the Senator from Montana is not including Cabinet members in his figures with reference to New York. [Laughter.]

Mr. MEAD. The Senator from Montana is probably not alluding to the fact that, so far as the civil-service quota is concerned, his State is over its quota.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. HILL. From my personal knowledge and observation of the various bureaus and departments, I should certainly corroborate and confirm the opinion just expressed by the Senator from Montana. When we go into the various bureaus and departments we see countless numbers of persons from New York, Pennsylvania, Maryland, and Virginia, the States close at hand. I am counting New York as a State close at hand.

Mr. MEAD. If I may give the Senator from Alabama the number of appointments his State has in one agency as compared with the total, he will realize that we are not doing an injustice to his State. In the Tennessee Valley Authority there are 6,000 positions, and the State of Alabama has 1,587. To be sure that the Senator from Montana has some accurate figures to corroborate his guess, which he is willing to support with a wager, let me say to him that the great State of New York, with its teeming millions of population, has 119 jobs in the T. V. A.

Mr. ELLENDER. I do not think the Senator wants to be unfair about the figures.

Mr. MEAD. I do not. I merely wish to make this observation: The Senator from Alabama asked how we could arrive at the number of appointees in the various bureaus outside the civil service, and I said that the Senator from Louisiana had answered that question, because he had said a little while ago that it might depend upon the ability of the Senator or Representative.

Mr. ELLENDER. If we delve into the Customs Service we find that New York has the greatest number of jobs in that department of Government.

Mr. MEAD. That is in the civil service.

Mr. ELLENDER. I understand, but the T. V. A., to which the Senator from New York refers, has nothing to do with the apportionment part of the law.

Mr. MEAD. That is correct.

Mr. ELLENDER. The apportionment part of the law applies to departmental work in the District of Columbia, and has nothing to do with any job outside the District of Columbia.

Mr. MEAD. The Senator knows that if we pass a bill and cover all the agencies into the civil service, the civil service quota will have something to do with the question hereafter.

Mr. ELLENDER. It will have something to do with it hereafter—after all those who are put in the service die or leave the service. Then, when new appointments are made, I grant that the plan would work all right, because all applicants would then have to come within the purview of the civil-service law and take a competitive examination. But let us not lose sight of the fact that if the bill should be passed, and if the President of the United States should exercise his right to give every department the opportunity to come under civil service, when those who are now in the positions should take the noncompetitive examinations, they would not be asked whether they are from New York, Louisiana, or Alabama, as would be the case in a competitive examination. They would be blanketed in, which, as I say, would aggravate the apportionment situation which we have been discussing.

Mr. MEAD. I am not sure that everything the Senator has said is correct.

Mr. ELLENDER. I am positive of it.

Mr. MEAD. We do not know where they live, and we do not know which States would be in excess of their quotas.

We know the quotas of the States only as they pertain to civil-service positions. We do not know the quotas of the States as they pertain to so-called patronage positions. The Senator knows that about 25 percent of the applicants for noncompetitive examinations do not pass.

Mr. ELLENDER. From 25 to 30 percent.

Mr. MEAD. In some cases the percentage is as high as 28 percent. In the failures we give the Civil Service an opportunity to balance the proportions as between the States.

Mr. ELLENDER. I am glad the Senator brought up that point. As I recall, when he first discussed the bill on Monday, he said that the proposed plan would put the Civil Service Commission to enormous expense, and that if all the jobs were opened up thousands of persons would be permitted to take the examinations. I contend that since the record shows that from 25 to 28 percent of those taking the noncompetitive examinations fail, the Civil Service Commission would have to call for examinations in practically all the departments, in the same way as though the positions had been put under competitive examination from the beginning. Does not the Senator agree to that?

Mr. MEAD. Eventually there would have to be examinations.

Mr. ELLENDER. There would have to be examinations to fill vacancies because of failures. I am now speaking of those who are already in the service. As the Senator stated, from 25 to 28 percent of those who have taken the noncompetitive examinations have failed. In order to fill the gaps

caused by the failure of 25 or 28 percent, it would be necessary, in most cases, for the Commission to call for examinations, would it not?

Mr. MEAD. Yes; except that it would not be necessary to the same extent as we were discussing yesterday because the President might cover only one agency, and the Civil Service Commission would hold a noncompetitive examination applying only to the one agency. Perhaps a number in that agency would fail, but the agency would not suffer a break-down, as it would in the case of a wide-open examination; and, if a general examination were held later, it would apply only to positions within the one agency. When that job was done, the President might cover another agency. So we should have a very gradual infiltration into the civil service, and we should have examinations spread over a long period of years.

Mr. ELLENDER. I contend that the failures we are talking about, amounting to 25 or 30 percent, apply not to one department but to all departments. So, if we have as many failures as that, in order to fill those positions made vacant, it would be necessary under all conditions for the Commission to give competitive examinations.

Mr. MEAD. No; the Senator is mistaken. If in a particular agency there should be a certain percentage of failures, and we should require only noncompetitive examinations, most of the vacancies due to failures could be filled from existing lists, without a new examination.

Mr. ELLENDER. By the same token, I say that we could probably absorb most of those now qualified to enter the service. I will say further to the Senator that under the terms of the bill, even with my amendment, the President is not called upon to cover all departments at once. He may go at it systematically. He may call for examinations for the T. V. A. and then call for examinations for the Federal land bank, or for other departments to come under the civil service. Even after such examinations are held, and up to the time the applicants qualify, the incumbents remain. They may remain in the positions for a period of 6 months. So there would be no break-down, as the Senator from New York is contending.

Mr. President I am about to conclude my remarks. I could give to the Senate many examples along the same line as those which I have stated, but I do not wish to burden the RECORD with them.

Since all of us seem to be for civil service, for the merit system, and for classification, let us have it in the genuine way. Let us have it in the way the law now provides. As I pointed out a while ago, the only way in which to obtain a real merit system is through competitive examination, so that each and every American citizen shall have the right to take the examination. If he qualifies and is able to fill the position, let him have it under civil service. I feel confident that that is the only way by which we can establish a genuine merit system.

Mr. ELLENDER subsequently said: Mr. President, when I concluded my remarks a few minutes ago I intended to modify the pending amendment by striking from it, beginning on line 7, the colon and the following words:

Provided, That the incumbent of any such position shall be given a preference of 10 points on any competitive examination for such position.

I ask unanimous consent that this modification appear at the end of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

HOUSING OF DRAFTEES AND VOLUNTARY ENLISTMENT

Mr. WHEELER. Mr. President, I wish to call attention briefly to an article which appeared in the Washington Post of this morning. It is entitled "Inadequate Housing to Slow Down Draft." The article is by John G. Norris, Post staff writer. The article reads as follows:

INADEQUATE HOUSING TO SLOW DOWN DRAFT—ALL OF FIRST LEVY WON'T BE IN UNIFORM UNTIL MARCH 1

(By John G. Norris, Post Staff Writer)

Army officials told members of the Senate and House Military Committees yesterday that the first levy of drafted men—originally scheduled for call October 1—will not all be in uniform until March 1.

Delay in passing the conscription bill caused War Department officials earlier to extend the October date for inducting 400,000 draftees until later in the fall. Then it became evident that adequate housing would not be ready for all the men until after the first of the year, and yesterday it was admitted that all facilities for the first draft will not be available before the end of February.

A War Department statement issued after the congressional delegation conferred with Army chiefs gave no induction dates but emphasized that the draftees will be taken gradually into service to permit completion of adequate facilities and insure healthful and comfortable living conditions for the men when they arrive in camp.

MUCH BUILDING AHEAD

The statement revealed that 30 cantonments and 16 semipermanent camps will have to be constructed to handle the draftees and mobilized National Guard men, besides enlargement of facilities at 90 existing posts, and construction of Army air stations on about 30 civilian airdromes.

Representative SMITH (Democrat) of Connecticut, one of the group which met with Secretary of War Stimson and Gen. George C. Marshall, Chief of Staff, said the number of men to be called under the draft this fall and winter is expected to be less than the planned 400,000; perhaps 360,000. The first increment will enter service in late November, and the last—probably about 125,000 men—around the end of February.

I also desire to call attention to an article appearing in this evening's newspaper, the Washington Daily News, reading in part as follows:

VOLUNTEERS MAY GREATLY CUT NUMBER OF DRAFTEES

Selective-service officials today expect voluntary enlistments after registration day will make it unnecessary to draft many men for the first contingent of 400,000 conscripts.

On the basis of inquiries at headquarters here by men seeking to volunteer, officials believed the entire 400,000 may be raised by that method before January 1.

Since the Conscription Act was signed by President Roosevelt 261 men have visited or telephoned conscription headquarters here to find out how quickly they can enlist for 1 year of military training. Officials pointed out that although 261 is a low figure, few persons know the location of their offices here.

Most inquirers are surprised to learn that, although the Army is accepting regular enlistments, they cannot volunteer immediately for training under the 1-year conscription plan. They must wait until after October 16—registration day—and then apply to local draft boards. They may not be accepted if they have dependents or are engaged in essential industries.

That is the very thing some of us were contending—first, that it was impossible for the Army to put the Conscription Act into effect and get the necessary men immediately, because the Army did not have the proper equipment or the proper cantonments; and yet the hysteria manifested in practically every single newspaper and on the floor of the Senate was such that it was said, "You must do it now. You must do it now. If you do not do it now," some of the headlines read and some of the editorials read, "it may be too late." Too late for what? "It may be too late if you do not pass the bill tonight, or if you do not pass it tomorrow."

Now, finally, the truth is coming out. The Army has not the facilities to take the men at once. A boy in my office went down the other day with the idea of enlisting, and asked if he could enlist for 1 year, and the officials said, "No"; they were not taking men for 1 year. He went right down to the Army headquarters here and asked the officials in person, and they said, "No"; he could not enlist for 1 year.

Quoting again from the article in the Washington Daily News:

Selective-service officials today expect voluntary enlistments after registration day will make it unnecessary to draft many men for the first contingent of 400,000 conscripts.

Yet we were told that if we did not put the draft into effect immediately they would not be able to raise the necessary men. We were told not only that it must be done now, but that the Army could not wait until January 1. They could not give those who wished to volunteer 2 months in which to do it; they had to have the draft immediately, for otherwise Hitler might come here and take over the United States of America in the meantime.

The article further says:

On the basis of inquiries at headquarters here by men seeking to volunteer, officials believed the entire 400,000 may be raised by that method before January 1.

If the entire 400,000 may be raised by January 1, is there any question in the mind of any sane person that if the Army should need 400,000 more enlisted men within a few months after that time they would be able to get them? The Army officials are turning away men at present. According to their own statement, 261 men have been turned away in this city, and they will not accept voluntary enlistments until after October; and then the men will have to go to the draft board and apply to it, because they will not be accepted at the regular enlistment places.

In all my service in the Senate of the United States I have never seen so much misrepresentation of the facts in the newspapers of the country, in the great daily newspapers of the city of New York and of the city of Washington, as there was with reference to the conscription issue. I have never seen so many false statements carried on the front pages and in the editorials of the great newspapers of the country as there were with reference to the question of conscription. I have never seen so much propaganda—most of it false propaganda—carried over the radio by news commentators as there was with reference to the conscription issue.

According to high officials of the Army, it is impossible to provide at once the necessary cantonments to house the drafted men; and, of course, everybody who had any sense at all knew that if four or five or eight hundred thousand men were put into camps before the necessary cantonments and other buildings were provided for them, there would be untold misery and suffering and colds and deaths from pneumonia and other diseases. I am glad to see that the Army officials are taking the position they are taking, that they are not going to try to take in draftees until they have comfortable places for them to sleep in and comfortable quarters for them to eat and to live in.

I am not criticizing the Army officials because of their actions. I think they are now taking the sensible view of the matter. I merely call attention to this subject because of the hysteria which has been manifested in the newspapers. I do not think it was exactly hysteria. I think it was deliberate and premeditated falsehood and propaganda, carried on in some of the newspapers for the purpose of intimidating the Congress of the United States and for the purpose of scaring the American people.

It is extremely unfortunate for our so-called American way of life if the great newspapers and the radio of the country are to be used to whip up the emotions and the fears of the American people at a time like this. It rather distresses some of us, because if the American people can be swept off their feet by this kind of propaganda in time of peace we wonder whether or not we can maintain our democratic way of life.

CORRECTIONS IN THE SELECTIVE SYSTEM OF THE NAVY

Mr. WALSH. From the Committee on Naval Affairs, I report favorably without amendment House bill 10295, and file a report (No. 2180) thereon. I ask for the immediate consideration of the bill. It is designed to clarify the intent of certain provisions in the Naval Selection Act, and to remove certain inequalities. A similar bill was enacted at this session of the Congress, and vetoed because of certain objections of the President. The objectionable features have been removed and, with that exception, this is practically the same bill as was previously passed by the Senate.

The PRESIDENT pro tempore. The bill will be reported by its title.

The LEGISLATIVE CLERK. The bill (H. R. 10295) to amend the act of June 23, 1938 (52 Stat. 944).

Mr. AUSTIN. Mr. President, what does the bill purport to do?

Mr. WALSH. It is similar to a bill which passed the Senate some months ago, and also passed the House of Representatives, but which was vetoed by the President. It contained 14 separate corrections or modifications of the selective system of the Navy. The President vetoed the bill on the basis of certain objections to certain provisions. Those provisions have been eliminated, and the bill contains only the provisions of the bill which was passed by the Congress which are not objectionable to the House or the Senate or the President.

Mr. AUSTIN. Was the bill considered by the committee?

Mr. WALSH. Yes; and the committee reported it unanimously. This is the second time these features of the bill have been reported.

Mr. AUSTIN. I have no objection.

There being no objection, the bill (H. R. 10295), to amend the act of June 23, 1938 (52 Stat. 944), was considered, ordered to a third reading, read the third time, and passed.

COMPENSATION OF MASTERS AT ARMS AND GUARDS AT NAVY YARDS AND NAVAL STATIONS

Mr. WALSH. From the Committee on Naval Affairs I report favorably, without amendment, House bill 10405, and file a report (No. 2181) thereon. I ask unanimous consent for the present consideration of the bill.

This bill affects about 400 guards. It is recommended and approved by the Navy Department. The guards are paid $1,200 per annum. Their pay is less than that of common laborers. The turn-over has become so great, by reason of better positions being available to the guards as common laborers, that the question of maintaining proper guards has become very serious.

The bill for which I am now asking consideration provides for increasing the compensation of the guards, upon their entering the service, from $1,200 to $1,500. It will apply to about 400 guards, who are in charge of Government property, and whose duty it is to prevent sabotage and to maintain discipline and law and order at the various naval stations throughout the country. The bill is reported unanimously from the committee.

Mr. AUSTIN. Mr. President, I wish to ask whether the guards are enlisted in the Navy.

Mr. WALSH. They are not. They are civilians.

Mr. AUSTIN. Are they employed just as workmen are employed?

Mr. WALSH. They are employed as policemen. They are in charge of property, and it is their duty to safeguard against fire, patrol the grounds, and to preserve law and order. Perhaps when the Senator has visited the Naval Academy he has seen men at the gates. They are the guards, who will be affected by the bill.

Mr. AUSTIN. Does such a guard have authority to serve process?

Mr. WALSH. In and on the naval premises. The Senator undoubtedly has in mind a proposal which is before the committee at this time to give the Secretary of the Navy authority to select certain naval officers to serve process outside naval reservations. The committee is looking with disfavor at the present time upon that recommendation, or bill, and it has made no change in the law. The employees affected by the bill I have just reported have jurisdiction only within the naval reservations.

Mr. AUSTIN. The measure is of a protective character rather than of a remedial character?

Mr. WALSH. Entirely so.

Mr. AUSTIN. I have no objection.

There being no objection, the bill (H. R. 10405) to provide for adjusting the compensation of persons employed as masters at arms and guards at navy yards and stations, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

FIRE, MARINE, AND CASUALTY INSURANCE IN THE DISTRICT OF COLUMBIA

Mr. DANAHER. Mr. President, through the cooperation of the majority leader, I ask unanimous consent for the present consideration of House bill 9722, Calendar No. 2008, to provide for the regulation of the business of fire, marine, and casualty insurance, and for other purposes.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

The first amendment of the Committee on the District of Columbia was, under the heading "Chapter I—Titles and

Definitions", in section 1, in the table of contents, on page 2, after "Sec. 20. Foreign or alien companies", to insert "Sec. 20–A. Lloyds organizations"; on the same page, after "Sec. 39. Unauthorized insurance", to strike out "Sec. 40. Taxes paid by policyholders on premiums charged by unauthorized companies"; and to renumber the items in the table of contents, so as to make the section read:

CHAPTER I—TITLE AND DEFINITIONS

SECTION 1. Short title and table of contents: This act shall be known as the Fire and Casualty Act.

TABLE OF CONTENTS

CHAPTER I

Sec. 1. Short title and table of contents.
Sec. 2. Application.
Sec. 3. Definitions.

CHAPTER II

Sec. 1. Records of Insurance Department; power to make rules.
Sec. 2. Certificate of authority.
Sec. 3. Revocation and suspension of certificate of authority.
Sec. 4. When company has ceased business.
Sec. 5. Receivership proceedings.
Sec. 6. When company to be deemed insolvent.
Sec. 7. When capital or surplus of company deemed impaired.
Sec. 8. Annual statement.
Sec. 9. Penalty for false statement.
Sec. 10. Examinations.
Sec. 11. Classification of insurance.
(1) Fire and marine.
(2) Casualty.
Sec. 12. Limitation of risk.
Sec. 13. Minimum capital and surplus requirement.
Sec. 14. Corporations heretofore formed.
Sec. 15. Domestic companies.
Sec. 16. Domestic company real-estate holdings.
Sec. 17. Mutual company's surplus fund—power to borrow.
Sec. 18. Investment of funds of domestic companies.
Sec. 19. Exclusive agency contracts.
Sec. 20. Foreign or alien companies.
Sec. 20A. Lloyds organizations.
Sec. 21. Application for certificate of authority.
Sec. 22. Delivery to Superintendent of application and documents.
Sec. 23. Service of process.
(a) Service of process upon unauthorized company.
(b) Attorney for services of process.
Sec. 24. Mutual and reciprocal names.
Sec. 25. Maximum and contingent premiums of mutual companies.
Sec. 26. Reserves.
Sec. 27. Policy forms filed with the superintendent.
Sec. 28. Provisions in accident and health policies.
Sec. 29. Discriminations prohibited.
Sec. 30. Agents and brokers—Requirements for license, etc.
Sec. 31. Payment of commissions restricted to licensed persons.
Sec. 32. Procedure for obtaining licenses.
Sec. 33. Effective dates of licenses and proration of fees.
Sec. 34. Temporary transfer of licenses.
Sec. 35. Renewal of licenses.
Sec. 36. Revocation and suspension of licenses.
Sec. 37. Unauthorized solicitation or representation.
Sec. 38. When license not required.
Sec. 39. Unauthorized insurance.
Sec. 40. Licenses for lines in unauthorized companies.
Sec. 41. License fees.
Sec. 42. Testimony; production of books.
Sec. 43. Penalties not otherwise prescribed.
Sec. 44. Appeal from superintendent to Commissioners.
Sec. 45. Court proceedings.
Sec. 46. Repeals.
Sec. 47. Constitutionality.
Sec. 48. Effective date of act.

The amendment was agreed to.

The next amendment was, in section 2, on page 3, line 4, after the word "surety", to insert "and shall not affect a plan under which any person provides pension benefits to his employees", so as to make the section read:

SEC. 2. Application: All fire, marine, and casualty insurance companies now or hereafter incorporated or formed in the District, or authorized to do business in the District, all brokers and all agents and other representatives of such companies, shall, to the extent hereinafter provided, be subject to this act: *Provided*, That this act shall not affect the business of life and title insurance, and shall not affect the right or authority of any solvent company to make contracts of fidelity or surety, and shall not affect a plan under which any person provides pension benefits to his employees.

The amendment was agreed to.

The next amendment was, in section 18, on page 24, line 22, after the word "Administrator", to insert "and in debentures issued by the Federal Housing Administrator", so as to make the section read:

SEC. 18. Investment of funds of domestic companies: A domestic company shall invest its funds only in—

(1) Bonds or other evidences of indebtedness of the United States, or of any State; or of the Dominion of Canada, or of any Province thereof.

(2) Bonds or other evidences of indebtedness of any county, city, town, village, school district, or other municipal district within the United States or the Dominion of Canada which shall be a direct obligation of the county, city, town, village, or district issuing the same.

(3) Bonds or notes secured by mortgages or deeds of trust on unencumbered real estate or perpetual leases thereon in the United States or Dominion of Canada worth not less than 50 percent more than the amount loaned thereon. Where improvements on the land constitute a part of the value on which the loan is made, the improvements shall be insured against fire for the benefit of the mortgage in an amount not less than the difference between two-thirds of the value of the land and the amount of the loan: *Provided*, That for the purposes of this section real estate shall not be deemed to be encumbered within the meaning of this section by reason of the existence of taxes or assessments that are not delinquent, instruments creating or reserving mineral, oil, or timber rights, rights-of-way, joint driveways, sewer rights, rights in walls, nor by reason of building restrictions or other restrictive covenants, nor when such real estate is subject to lease in whole or in part whereby rents or profits are reserved to the owner.

(4) Bonds or notes secured by mortgages insured by the Federal Housing Administrator and in debentures issued by the Federal Housing Administrator: *Provided*, That the restrictions in subparagraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages.

(5) Bonds or other evidences of indebtedness of the farm-loan banks authorized under the Federal Farm Loan Act or acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations.

(6) Stock or bonds and other evidences of indebtedness of any solvent corporation of any State or Territory of the United States or of the District or of any Province of the Dominion of Canada, excepting stock in its own corporation: *Provided*, That no such investment shall be made in or loan made upon the security of any such stocks upon which dividends in cash during the period of 5 years next preceding such purchase in each fiscal year for said 5 years shall not have been paid, and upon which bonds any regular interest payment shall have been defaulted any time within 5 years prior to such purchase or loan.

(7) Loans upon the pledge of any of the securities aforesaid.

(8) A company doing business in a foreign country may invest the funds required to meet its obligations in such country and in conformity to the laws thereof in the same kind of securities in such foreign country that such company is allowed by law to invest in the United States.

(9) The bonds of the Home Owners' Loan Corporation, a corporation organized under and pursuant to the authority of the Home Owners' Loan Act of 1933, passed by the Congress of the United States and approved June 13, 1933.

No loan or investment shall be made by any such company, unless the same shall have been authorized by the board of directors or by a committee thereof charged with the duty of supervising loans or investments.

No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, or enter into any transaction for such purchase or sale on account of said company, jointly with any other corporation, firm, or person, or enter into any agreement to withhold from sale any of its securities or property; but the disposition of its assets shall at all times be within the control of the company.

Nothing in this act shall prohibit a company from accepting in good faith, to protect its interest, securities, or property, other than herein referred to, in payment of or to secure debts due or to become due the company.

The amendment was agreed to.

The next amendment was, in section 20, on page 27, at the beginning of line 18, to insert "or as a Lloyd's organization", and on the same page, line 23, after the word "act", to insert certain words, so as to make the section read:

SEC. 20. Foreign or alien companies: Upon complying with the provisions of this act, a foreign or alien company organized as a stock, mutual, or reciprocal company, or as a Lloyd's organization, but not otherwise, may be authorized by certificate of authority to transact in the District the kind or kinds of business which a domestic company similarly organized may be authorized to transact under this act. Such certificate of authority shall be issued as provided under section 2, chapter II, of this act. The issuance of a certificate of authority to a Lloyd's organization shall be subject to the provisions of section 20A of this act.

SEC. 20A. Individuals and aggregations of individuals transacting an insurance business upon the plan known as Lloyd's whereby the individual underwriters become liable severally for specified proportions of the whole amount insured by a policy, heretofore organized under the laws of a State of the United States, or of a foreign government, may be authorized to transact business in the District, upon the following conditions:

1. They shall comply with and be subject to the same terms, conditions, and provisions as are imposed by this act upon foreign stock insurance companies, except as provided in the next succeeding paragraph and except that the maximum amount of insurance to be assumed by an individual underwriter upon any single risk for each kind of insurance shall not exceed 10 percent of the value of the cash and securities deposited in trust by such underwriter, plus the share of admitted assets other than underwriter's deposits of such Lloyd's belonging to such underwriter, less the share of liabilities and reserves of such Lloyd's allocable to such underwriter, but in no event shall it exceed 10 percent of the value of cash or securities deposited in trust by such underwriter;

2. They shall have and shall at all times maintain surpluses of not less than $300,000 in the aggregate and shall at all times have on deposit with an insurance department of a State of the United States, or with a bank or trust company designated by such insurance department, for the benefit of all policyholders within the United States the sum of at least $350,000 in cash or in securities such as are required for the investment of the assets of insurance companies authorized to do business in the District: *Provided*, That they shall not be required to establish or maintain such a deposit if they have on deposit in the hands of a bank or trust company in the United States as trustee cash deposits or securities issued by the United States worth not less than $2,000,000 in the aggregate and held in trust for the benefit of all policyholders in the United States;

3. They shall file with the Superintendent an authenticated copy of their powers of attorney and an authenticated copy of the trust agreement, or other agreement under which deposits made by underwriters are held;

4. They shall notify the Superintendent forthwith of any amendments to their powers of attorney, deposit agreement, or other documents underlying their organization, by filing with the superintendent an authenticated copy of such documents as amended;

5. They shall notify the Superintendent forthwith of any change in their names or change of attorney in fact, or change of address of their attorney in fact;

6. In the case of an alien Lloyd's, their annual statement shall embrace only their condition and transactions in the United States, and may be verified by the oath of their resident manager or other person or persons having proper authority;

7. There shall be filed with the Superintendent by the attorney in fact at the time of filing the annual statement, or more often if the Superintendent requires, a statement verified by the appropriate official of such Lloyd's, setting forth—

(a) the names and addresses of all the underwriters of such Lloyd's;

(b) a description of the cash and securities deposited in trust by each underwriter;

(c) the maximum amount of insurance assumed by each underwriter upon any single risk or each kind of insurance; and

(d) that the maximum amount of insurance assumed upon any single risk for each kind of insurance by any individual underwriter does not exceed the limitation provided for in paragraph 1 of this section.

The amendment was agreed to.

The next amendment was, on page 48, after line 10, to strike out:

SEC. 40. Taxes paid by policyholder on premiums charged by unauthorized companies: Except as provided in section 41 of this act, and in lieu of taxes avoided, there is hereby levied and assessed a tax of 50 cents on each dollar or fractional part thereof of the premium hereafter charged by any unauthorized company for the making, renewal, continuation, or reinstatement of each policy covering any person, property, or insurable interests within the District, when such policy is executed within or requires any act of performance in the District, and is issued to or for or in the name of or for the account of any person who does business in or who resides in the District: *Provided, however*, That marine or transportation insurance upon property while the same is in the course of exportation from or importation into the District or upon vessels or craft engaged in interstate or foreign trade or commerce shall be exempt from the tax imposed by this section: *And provided further*, That premiums for reinsurance and premiums for policies of life insurance shall be exempt from the tax imposed by this section. Every such person to or for or in the name of or for the account of whom any such policy shall hereafter be issued, renewed, continued, or reinstated shall withhold from each premium becoming due thereon after this act becomes effective the amount of tax hereby imposed, and pay the same to the collector of taxes for the District through the Superintendent within 10 days from the time such premiums become due. Every such person hereby required to withhold and pay such tax is hereby made liable for such tax, and in case he willfully fails to withhold or truthfully account for and pay the same as herein provided, shall pay in addition to the amount of such tax a sum equal to 5 percent thereof, and 1 percent additional for each month the tax remains unpaid, which sum shall be added to the tax and paid or collected therewith.

The amendment was agreed to.

The PRESIDENT pro tempore. Without objection, the clerk will renumber the sections where necessary.

Mr. DANAHER. Mr. President, the Senator from Nevada [Mr. MCCARRAN] conducted the hearings on the bill, and the Senator from Utah [Mr. KING], the chairman of the Committee on the District of Columbia, on a previous occasion was about to ask that the bill be taken up for consideration when I requested that it be held up until certain amendments could be considered. Both the Senators to whom I have referred have now agreed to the amendments, as have the corporation counsel and the Superintendent of Insurance of the District of Columbia. Both Senators named have consented that I call up the bill for consideration in behalf of the committee, and, since I was the Senator at whose request action was deferred in the first instance, it would appear that this procedure is entirely appropriate.

Mr. President, I submit a proposed amendment, which I ask to have stated.

The LEGISLATIVE CLERK. On page 18, beginning with line 20, it is proposed to strike out subsection (2) to and including line 13, on page 19, and to insert in lieu thereof the following:

(2) Casualty: (a) Upon the health of persons, or against injury, disablement, or death of persons resulting from traveling or general accidents by land or water and against liability of the assured for injuries to employees or other persons; (b) against liability of the assured for loss or destruction of or damage to property; (c) upon the lives of domestic animals; (d) against loss of or damage to glass and its appurtenances; (e) against loss of or damage to any property resulting from the explosion of or injury to any boiler, heater, unfired pressure vessel, pipes, or containers connected therewith, any engine, turbine, compressor, pump or wheel, or any apparatus generating, transmitting, or using electricity, or any other machine or apparatus connected with or operated by any of the previously named boilers, vessels, or machines; and including the incidental power to make inspections of and to issue certificates of inspection upon any such boilers, apparatus, and machinery, whether insured or otherwise; (f) against loss by burglary or theft, or both, and against loss of or damage to moneys and securities; (g) to guarantee and indemnify merchants, traders, and those engaged in business and giving credit, from loss and damage by reason of giving and extending credit to their customers and those dealing with them; (h) against loss or damage by water or other fluid or substance to any property resulting from the breakage or leakage of sprinklers or water pipes; (i) to insure against any other casualty risk which may lawfully be the subject of insuance, and which it is not contrary to public policy to insure: *Provided*, That this section shall not be construed as having any effect whatever upon the right or authority of any solvent company to make contracts of fidelity or surety.

The amendment was agreed to.

Mr. DANAHER. I offer another amendment on page 20, line 22, after the words "reciprocal company", to insert a comma and the words "or of a Lloyd's organization."

The amendment was agreed to.

Mr. DANAHER. I offer an amendment, on page 37, line 2, after the word "which", to strike out "in his opinion is illegal, inequitable, or contrary to public interests", and insert a comma and "is inequitable or does not comply with the requirements of the law of the District."

The amendment was agreed to.

Mr. DANAHER. I propose an amendment on page 55, line 5, after the word "jurisdiction", to strike out the the words "through any" and to insert the words "by appeal or through any other", so as to read:

SEC. 45. Court proceedings: Any person affected by an order, ruling, proceeding, or action of the Superintendent, or any person acting in his behalf and at his instance, may contest the validity of the same in any court of competent jurisdiction by appeal or through any other appropriate proceedings. In said proceedings and appeals said Superintendent shall not be taxed with any costs, nor shall he be required to give any supersedeas bond or security for costs or damages on any appeal whatsoever. Said Superintendent shall not be liable to suit or action or for any judgment or decree for any damages, loss, or injury claimed by any person on any appeal taken by said Superintendent in any case, nor shall said Superintendent be required in any case to make any deposit for costs or pay for any service to the clerks of any court or to any marshal of the United States.

The amendment was agreed to.

Mr. DANAHER. Mr. President, I offer several amendments involving renumbering.

The PRESIDENT pro tempore. The amendments will be stated.

The LEGISLATIVE CLERK. It is proposed on page 44, line 23, to strike the number "42" and insert "41"; on page 47, line 2, to strike the number "41" and insert "40"; on page 49, line 23, to strike the number "42" and insert "41"; and on page 54, line 26, to strike the number "46" and insert "45".

The amendments were agreed to.

The PRESIDENT pro tempore. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

POST OFFICE NOMINATIONS REPORTED AND CONFIRMED

Mr. ELLENDER. From the Committee on Post Offices and Post Roads I report favorably the nomination of Mildred P. Prescott to be postmaster at Lutcher, La., in place of M. P. Prescott. The incumbent's position expired March 18, 1940. I also report the nomination of John Richard Haydel to be postmaster at Vacherie, La., in place of S. J. Waguespack, Jr. The incumbent's position expired March 18, 1940.

I ask unanimous consent for the immediate consideration of these two nominations of postmasters.

The PRESIDENT pro tempore. Is there objection? The Chair hears none and, without objection, the nominations are confirmed.

Mr. ELLENDER. I ask that the President be notified of the confirmation of these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified.

ARMY NOMINATIONS REPORTED AND CONFIRMED

Mr. SHEPPARD. From the Committee on Military Affairs I report favorably certain Army nominations, and because of the large number of nominations, and the large amount of printing involved, I ask unanimous consent for their present consideration and confirmation.

The PRESIDENT pro tempore. Is there objection? The Chair hears none and, without objection, the nominations are confirmed.

Mr. SHEPPARD. Mr. President, I ask unanimous consent that the President be at once notified of these confirmations, and that the names of the persons confirmed be not again printed, but that proper reference be made to the pages of the CONGRESSIONAL RECORD on which their nominations appear.

The PRESIDENT pro tempore. Without objection, it is so ordered.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Daniel E. McGrath, of Texas, to be district attorney for the Canal Zone.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. CONNALLY. I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. McGrath.

The PRESIDENT pro tempore. Without objection, the President will be notified.

CALIFORNIA DEBRIS COMMISSION

The legislative clerk read the nomination of Maj. Henry C. Wolfe, Corps of Engineers, United States Army, to be a member of the California Debris Commission.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COAST GUARD OF THE UNITED STATES

The legislative clerk proceeded to read sundry nominations in the Coast Guard.

The PRESIDENT pro tempore. Without objection, the nominations in the Coast Guard are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc, except the nomination of Anna M. Brewster, to be postmaster at East Islip, N. Y., which I ask to go over.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters, except the one referred to by the Senator from Kentucky, are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. WALSH. I ask unanimous consent that the nominations for promotion and appointments in the Marine Corps be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations in the Marine Corps are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 23 minutes p. m.) the Senate took a recess until tomorrow, Thursday, September 26, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 25 (legislative day of September 18), 1940

UNITED STATES PUBLIC HEALTH SERVICE

The following-named doctors to be assistant surgeons in the United States Public Health Service, to take effect from date of oath:

Edwin N. Hesbacher	Lloyd D. Miller
William A. Miller	Arnold B. Kurlander
James A. Finger	Charles W. Fey
Robert L. Smith	James M. Howell
William B. Wiley	William J. McAnally, Jr.
William B. Hoover	Jack T. Rush
Paul T. Moore	Jack G. Hallatt
Steve Fagan Price	Clarence B. Mayes
George E. Parkhurst	

COAST GUARD OF THE UNITED STATES

Lt. Comdr. Albert M. Martinson to be a commander in the Coast Guard of the United States, to rank as such from September 1, 1940.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES
GENERAL OFFICER

Brig. Gen. Louis Albert Ledbetter, Oklahoma National Guard, to be brigadier general, National Guard of the United States.

PROMOTIONS IN THE NAVY

Commander William K. Harrill to be a captain in the Navy to rank from the 1st day of July 1940.

The following-named lieutenant commanders to be commanders in the Navy to rank from the date stated opposite their names:

Herbert J. Meneratti, July 1, 1938.
John E. Whelchel, April 13, 1940.
Duncan Curry, Jr., July 1, 1940.
Arnold J. Isbell, July 13, 1940.
Arthur DeL. Ayrault, August 16, 1940.

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the date stated opposite their names:

James H. Carrington, December 8, 1939.
Linwood S. Howeth, December 8, 1939.
George J. King, January 1, 1940.

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the 1st day of July 1940:

Charles B. Hart	Paul W. Watson
Edmund M. Ragsdale	Allen R. Joyce
Frank O'Beirne	William R. Shaw
William J. Whiteside	Stanley G. Nichols
Douglas H. Fox	Upton S. Brady, Jr.
Samuel M. Tucker	

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

Alfred R. Matter, December 8, 1939.
George E. Pierce, June 1, 1940.
Peris G. Bunce, January 1, 1940.
John L. Chittenden, January 1, 1940.
DeWitt C. McIver, Jr., June 26, 1940.
George S. James, Jr., June 26, 1940.
John P. Roach, June 26, 1940.
Jack Roudebush, June 26, 1940.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of July 1940:

William C. Jonson, Jr.	Hinton A. Owens
Robert L. Strickler	Lloyd W. Parrish
Roland E. Stieler	John D. Shea
David H. McDonald	David Lambert
Frank E. Wigelius	James R. Ogden
Lloyd H. McAlpine	Merle F. Bowman
William J. Widhelm	Charles K. Duncan
Otto A. Scherini	Waldemar F. A. Wendt
Howard E. Born	Norman W. Gambling
John G. Tennent 3d.	

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

Frank R. Arnold, August 16, 1940.
John A. Tyree, Jr., September 1, 1940.
Julian S. Hatcher, Jr., September 1, 1940.
Hayden L. Leon, September 1, 1940.

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 3d day of June 1940:

Ralph Kissinger, Jr.	Talbot E. Harper
Paul E. Hartmann	John P. M. Johnston
Saverio Filippone	Richard B. Hughes
Francis E. Clark	Henry D. Sipple
Fred E. Wexel	Donald "G" Baer
Charles A. Burch	James S. O'Rourke
Charles L. Browning	Ernest S. Friedrick
Charles F. Putman	Eugene P. Rankin

Lt. Comdr. Walter F. Christmas to be a commander in the Navy, to rank from the 1st day of July 1939.

Perry C. Conner, previously nominated and confirmed as Perry Connor to be an assistant paymaster in the Navy with the rank of ensign, from the 5th day of August 1940.

Medical Inspector William J. C. Agnew to be a medical director in the Navy, with the rank of captain, to rank from the 1st day of July 1940.

The following named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 26th day of June 1940:

Hubert J. VanPeenen	Guy E. Stahr
Harold L. Weaver	Lester E. McDonald
William R. Whiteford	Charles B. Stringfellow

Passed Assistant Paymaster Philip White to be a paymaster in the Navy, with the rank of lieutenant commander, from the 8th day of December 1939.

The following-named assistant paymasters to be passed assistant paymasters in the Navy, with the rank of lieutenant, from the 1st day of July 1940:

Frederick O. Vaughan
Carl F. Faires, Jr.

Chaplain Frank H. Lash to be a chaplain in the Navy, with the rank of captain, from the 1st day of July 1940.

Electrician Albert C. DeBlanc to be a chief electrician in the Navy, to rank with but after ensign, from the 1st day of May 1940.

Machinist Peter A. Duffy to be a chief machinist in the Navy, to rank with but after ensign, from the 15th day of June 1939.

The following-named lieutenants to be lieutenants in the Navy, to rank from the date stated opposite their names to correct the date of rank as previously nominated and confirmed:

Alvin W. Slayden, October 1, 1939.
Frederic N. Howe, November 1, 1939.
Theodore S. Lank, December 8, 1939.
Harmon T. Utter, December 8, 1939.
Malcolm E. Garrison, January 1, 1940.
Charles E. Phillips, January 1, 1940.

Asst. Surg. James C. Flemming to be a passed assistant surgeon in the Navy, with the rank of lieutenant, to rank from the 1st day of July 1940.

POSTMASTERS

ALABAMA

Luther E. Brown to be postmaster at Andalusia, Ala., in place of W. B. Wilder, removed.

ARIZONA

Virgil T. Denham to be postmaster at Snowflake, Ariz., in place of John Murray, retired.

CALIFORNIA

Alexander Main to be postmaster at Lompoc, Calif., in place of Alexander Main. Incumbent's commission expired January 23, 1940.

Charles W. Ray to be postmaster at Saugus, Calif., in place of A. M. Rumsey. Incumbent's commission expired March 11, 1940.

CONNECTICUT

Mary D. Lawlor to be postmaster at Middlebury, Conn., in place of T. W. Dwyer, removed.

Florence F. Slattery to be postmaster at Pomfret, Conn., in place of N. A. Byrnes, retired.

ILLINOIS

Edna A. Bauser to be postmaster at Bunker Hill, Ill., in place of E. A. Bauser, resigned.

Winifred J. Ranger to be postmaster at North Aurora, Ill., in place of M. C. Marshall, resigned.

INDIANA

Clarence A. Thompson to be postmaster at Columbus, Ind., in place of C. A. Thompson. Incumbent's commission expired March 20, 1939.

KENTUCKY

Manis Slone to be postmaster at Pippapass, Ky., in place of Mattie Pridemore, removed.

Ouida L. O'Flynn to be postmaster at Utica, Ky. Office became Presidential, July 1, 1939.

James Wendell Nickell to be postmaster at West Liberty, Ky., in place of L. B. Wells, resigned.

LOUISIANA

Mildred P. Prescott to be postmaster at Lutcher, La., in place of M. P. Prescott. Incumbent's commission expired June 1, 1940.

John Richard Haydel to be postmaster at Vacherie, La., in place of S. J. Waguespack, Jr. Incumbent's commission expired March 18, 1940.

MARYLAND

Edward Lynch Gross to be postmaster at Brunswick, Md., in place of E. L. Gross. Incumbent's commission expired May 13, 1939.

MASSACHUSETTS

Charles F. Gibson to be postmaster at Canton, Mass., in place of W. F. Whitty. Incumbent's commission expired July 18, 1939.

Fred E. Hackett to be postmaster at Templeton, Mass. Office became Presidential July 1, 1938.

C. Adelbert Bell to be postmaster at Tyngsboro, Mass., in place of E. A. Perham, retired.

MICHIGAN

Wells W. Gardner to be postmaster at Hartland, Mich. Office became Presidential July 1, 1939.

MINNESOTA

John W. Hubin to be postmaster at Buffalo Lake, Minn., in place of R. M. Foster. Incumbent's commission expired June 18, 1939.

John M. Gunter to be postmaster at Clara City, Minn., in place of J. M. Gunter. Incumbent's commission expired June 25, 1940.

John L. Townley, Jr., to be postmaster at Fergus Falls, Minn., in place of J. L. Townley, Jr. Incumbent's commission expired July 11, 1939.

Zelphia Taylor to be postmaster at Hill City, Minn., in place of Zelphia Taylor. Incumbent's commission expired June 17, 1940.

Albert F. Klasen to be postmaster at Holdingford, Minn., in place of V. M. Terrell. Incumbent's commission expired January 31, 1938.

John R. Kavanagh to be postmaster at Murdock, Minn., in place of M. M. McGinty. Incumbent's commission expired June 25, 1940.

Frederick R. Sonnenberg to be postmaster at Rochester, Minn., in place of J. W. Feller. Incumbent's commission expired August 26, 1939.

Judith M. Nilson to be postmaster at Upsala, Minn. Office became Presidential July 1, 1939.

MISSISSIPPI

Harry H. West to be postmaster at Carriere, Miss., in place of D. F. Smith, retired.

Leila M. Thornton to be postmaster at Pachuta, Miss., in place of M. W. Thornton, retired.

MISSOURI

James W. Brown, Jr., to be postmaster at Willow Springs, Mo., in place of L. H. Barker. Incumbent's commission expired August 1, 1939.

MONTANA

Jess B. Simkins to be postmaster at St. Ignatius, Mont., in place of Joseph Buckhouse, deceased.

NEBRASKA

Frank S. Perkins to be postmaster at Fremont, Nebr., in place of F. W. Fuhlrodt. Incumbent's commission expired June 18, 1940.

NEW HAMPSHIRE

Fred L. Sargent to be postmaster at Woodsville, N. H., in place of F. L. Sargent. Incumbent's commission expired May 19, 1940.

NEW JERSEY

George D. Bruns to be postmaster at Coytesville, N. J., in place of Reuben Coyte, retired.

Harry J. Postel to be postmaster at Oceanport, N. J., in place of W. I. Gaul, removed.

Margaret H. Britton to be postmaster at Plainsboro, N. J., in place of E. H. White, removed.

Martha H. Davis to be postmaster at Wrightstown, N. J., in place of J. A. Smith, retired.

NEW YORK

Harry J. Sagendorph to be postmaster at Claverack, N. Y., in place of Bertha Sagendorph. Incumbent's commission expired July 1, 1940.

NORTH DAKOTA

Wellington G. Ward, Jr., to be postmaster at Tolna, N. Dak., in place of B. A. Hennessy, resigned.

OHIO

Joseph Charles Wyllie to be postmaster at Huntsville, Ohio, in place of L. P. Jenkins, transferred.

PENNSYLVANIA

George V. Proctor to be postmaster at Cheyney, Pa. Office became Presidential July 1, 1938.

Mildred D. Rees to be postmaster at Hyndman, Pa., in place of W. H. Solomon, resigned.

Margaret A. Mash to be postmaster at Nanty Glo, Pa., in place of M. A. Mash. Incumbent's commission expired June 3, 1940.

Joseph O. Sullivan to be postmaster at Ridley Park, Pa., in place of LeRoy Walker. Incumbent's commission expired January 28, 1940.

Elizabeth M. Connelly to be postmaster at Silver Creek, Pa., in place of M. J. V. Kelly, deceased.

Pury D. Frankenfield to be postmaster at Tobyhanna, Pa., in place of J. T. Grady, removed.

SOUTH CAROLINA

Ernest F. Lewis to be postmaster at Seneca, S. C., in place of R. R. Phillips, transferred.

SOUTH DAKOTA

William H. Hinselman to be postmaster at Winner, S. Dak., in place of G. M. Bailey, resigned.

TENNESSEE

Ruby Hensley to be postmaster at Iron City, Tenn., in place of Ruby Hensley. Incumbent's commission expired August 26, 1939.

TEXAS

Ernest A. White to be postmaster at Belton, Tex., in place of A. G. Vick. Incumbent's commission expired April 24, 1940.

James R. Pipes to be postmaster at Crystal City, Tex., in place of M. Y. Guyler, deceased.

W. Henry Taylor to be postmaster at Florence, Tex., in place of J. F. Atkinson, retired.

Fred W. Scott to be postmaster at Tatum, Tex., in place of M. E. Holtzclaw, retired.

VERMONT

Mary A. Murphy to be postmaster at Charlotte, Vt., in place of F. H. Horsford, removed.

VIRGINIA

Retta V. Hart to be postmaster at Boykins, Va., in place of B. F. Britt. Incumbent's commission expired February 10, 1938.

WASHINGTON

Clyde E. Simon to be postmaster at Moxee City, Wash., in place of C. J. Fredricks, retired.

WEST VIRGINIA

Charles R. Byrn to be postmaster at Buckhannon, W. Va., in place of W. P. Barlow, deceased.

WISCONSIN

Edward G. Shaw to be postmaster at Blackcreek, Wis., in place of L. J. Lane, resigned.

Joseph R. Coyle to be postmaster at Menasha, Wis., in place of J. R. Coyle. Incumbent's commission expired June 10, 1940.

Victor A. Patterson to be postmaster at Solon Springs, Wis., in place of Nicholas Lucius, Jr., retired.

WYOMING

Margaret L. Cooper to be postmaster at Medicine Bow, Wyo., in place of M. L. Cooper. Incumbent's commission expired May 7, 1938.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 25 (legislative day of September 18), 1940

CALIFORNIA DEBRIS COMMISSION

Maj. Henry C. Wolfe, Corps of Engineers, United States Army, to be a member of the California Debris Commission.

UNITED STATES DISTRICT ATTORNEY

Daniel E. McGrath to be United States district attorney for the Canal Zone.

COAST GUARD OF THE UNITED STATES

Prof. Albert A. Lawrence to be a professor, with the rank of lieutenant commander.

TO BE CHIEF BOATSWAINS

James F. McDonough
Adriaan De Zeeuw

TO BE CHIEF GUNNER

Ernest A. Ninness

TO BE CHIEF MACHINIST

Jason Thorpe

PROMOTIONS AND APPOINTMENTS, BY TRANSFER IN THE REGULAR ARMY

(NOTE.—The names of the persons whose nominations for promotion, or transfer, in the Regular Army were today confirmed by the Senate will be found, under the caption "Nominations," in the CONGRESSIONAL RECORD of September 20, 1940, beginning on p. 12427.)

PROMOTIONS AND APPOINTMENTS IN THE NAVY

MARINE CORPS

To be majors

Calvin R. Freeman — Francis J. McQuillen
Presley M. Rixey — Kenneth W. Benner

To be second lieutenants

Robert H. Houser — Robert D. Shine
Andre D. Gomez — Tolson A. Smoak
John H. Jones

POSTMASTERS

CALIFORNIA

Irene J. Haley, Associated.
Nathan L. Rannells, La Jolla.
Loren R. Cloud, Los Alamitos.
Joel Marshall Luck, Manteca.
Clara Belle Daly, Montrose.

CONNECTICUT

Daniel J. McCarthy, Ansonia.

IOWA

Elmer J. Hyibak, Lake Mills.
Wallace G. Surface, Thurman.
Leo E. Williams, Tingley.

LOUISIANA

Mildred P. Prescott, Lutcher.
John Richard Haydel, Vacherie.

MISSISSIPPI

Edna F. Kirk, Olive Branch.

NEW HAMPSHIRE

Ernest L. Richardson, Conway.
Dwight L. Moody, New Hampton.

NEW MEXICO

Lucy O. Brown, Texico.

NEW YORK

Clayton P. Snook, Gloversville.
Doris D. Smith, Hemlock.

NORTH DAKOTA

Ernest J. Collette, Grand Forks.

WASHINGTON

Archie Emmitte Brown, Osborne.

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 25, 1940

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Saviour of man we wait at the altar of prayer: As the hart panteth after the water brook, so panteth our souls after Thee, O God. Whither shall we go from Thy Spirit, or whither shall we flee from Thy presence? If we take the wings of the morning and dwell in the uttermost parts of the sea, even there shall Thy hand lead us and Thy right hand shall hold us. We thank Thee, blessed Lord, that Thou art our Father and wilt hear us when we pray. In this hour of humanity's struggle for the right and the tyrant's thirst for power, we pray that the world's human desert, so songless, and treeless, may become freshened and vitalized by the hidden mysteries of the garden of the Lord. Oh river of God flow this way. Out of the depths we pray Thee. Yield Thyself to the world's dark embrace and save it from the all-engulfing abyss of terror. Stay Thou the prowess of the mighty and be in the midst of the darkness until it quivers with the light, and the forces of evil fade away. O Saviour of the human way, come and draw nearer and nearer to the brokenhearted and the homeless, and hold them close to the bosom of the All-Father. Bless our Speaker and the Congress with wisdom and clear understanding. And unto Thee be eternal praise. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

DEDICATION OF WASHINGTON AIRPORT—ANNOUNCEMENT

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RANDOLPH. Mr. Speaker, this afternoon at 3 o'clock was to have taken place the dedication of the Washington National Airport. The Chief Executive of our Republic was to have made an address at 3 p. m., and I am sure many Members of Congress had anticipated joining in these exercises.

I have been asked by the Civil Aeronautics Authority and those in charge of the program to announce that, due to the inclement weather today, the program will be held on Saturday afternoon at the same hour.

KEEP CONGRESS ON THE JOB

Mr. POWERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. POWERS. Mr. Speaker, I should like to read into the RECORD an editorial from the Trenton Evening Times of Trenton, N. J., entitled "Keep Congress on the Job." I read:

KEEP CONGRESS ON THE JOB

In his acceptance speech, President Roosevelt said: "Events move so fast in other parts of the world that it has becouse my duty to remain either in the White House or at some nearby point where I can reach Washington, and even Europe and Asia, by direct telephone—where, if need be, I can be back at my desk in the space of a very few hours."

If this proximity to the scene of governmental action is necessary in the case of the President, it is equally necessary in the case of Congress. The ultimate responsibility for any American involvement in events abroad rests in the hands of the law-making body. Formal agreements with other countries, moreover, are supposed to be entered into only with the advice and consent of the Senate. For Congress to adjourn might be for it to raise added difficulties in either direction.

Under present circumstances, there is no telling how great or unprecedented the Executive assumption of extraconstitutional authority may be. Definite safeguarts against the possibility of an arbitrary exercise of power are clearly needed, and these safeguards can best be provided by alert legislative action in accordance with the established practices of the democracy.

The very fact that Henry A. Wallace, presumably with Presidential approval, has been trying to make political capital out of Adolf Hitler and the Nazi regime is enough to suggest the danger of leaving official Washington in the hands of an administration bent upon furthering the third-term idea. Congress is definitely needed in order that at least a semblance of national balance shall be maintained.

American foreign policy, despite any conceivable stretch of the Constitution, cannot be construed as the responsibility of a single person or as a fit object of partisan monopoly. Its formulation is, especially in times like these, a broad public obligation calling for collective reasoning and wisdom of the type that can best be secured through the deliberative processes of free government. Congress should remain on the job to make certain that all unforeseen emergencies shall be handled in the democratic way.

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. SHANNON addressed the House. His remarks appear in the Appendix of the RECORD.]

THE ADJOURNMENT OF CONGRESS

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATRICK. Mr. Speaker, I have every sympathy for these statesmen who are so baptized in the doctrine of their labors that they cannot think about leaving, but I am getting a little tired of these brethren getting up every day and saying, "Now, I am going to vote, and work, and talk so they can hear me back home against postponement of our activities and against adjournment" but who privately say to those who favor adjournment, "I hope the heck you outvote us."

HON. RENÉ L. DE ROUEN

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ROBINSON of Utah. Mr. Speaker, for 10 years the gentleman from Louisiana, RENÉ L. DEROUEN, has served as chairman of the Public Lands Committee. I take this opportunity to pay tribute to his splendid personal qualities and the brilliant public record that he has made as chairman of this committee and as a Member of this body.

Although he has no public lands in his own State of Louisiana, he has become an authority on matters pertaining to the public domain. His work on the committee and in the House has always been characterized by fairness, impartiality, and a detailed and intelligent knowledge of the subject involved. The members of the Public Lands Committee who have worked the longest with him and know him best are the most appreciative of his splendid and outstanding qualities, but all Members who have served on this committee hold him in the highest esteem. We all regret that he has resigned from the chairmanship of this committee, and that he is voluntarily leaving his post of duty here in Congress. The entire membership of this legislative body will greatly miss him.

On behalf of the members of the Public Lands Committee, I want to extend to him our very best wishes for his health and happiness in the future and to assure him that his very excellent and outstanding work in this body is greatly appreciated by all Members. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I want to add a few words to what the distinguished gentleman from Utah has just said with reference to our beloved colleague, the capable, earnest, courteous chairman of the Public Lands Committee of the House, Dr. DEROUEN. It has been my honor and privilege to serve upon his committee since I have been a Member of Congress. I have never met any man in public or private life who is more considerate, more courteous, or more sincere in his treatment of his fellowmen and his fellow members of the committee than our distinguished chairman, and I join with my friend from Utah in saying I deeply regret the decision of the gentleman from Louisiana to retire as a Member of the House. He has served long, ably, and faithfully in the House and on the Committee on the Public Lands. Our retiring chairman has shown unusual knowledge of affairs in connection with public lands and laws affecting them.

Let me add, however, that we shall have a very worthy successor as chairman of this committee in the person of the gentleman from Utah [Mr. ROBINSON]. [Applause.]

Let me add also that the gentleman from Utah [Mr. ROBINSON] has likewise shown a thorough knowledge with the problems of the West, and the public lands of this country. I doubt if there is a Member of the House that would be more peculiarly fitted for the position of chairman of this committee, which is one of the most important committees of the House. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. O'BRIEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech made by J. Edgar Hoover before the National Convention of the American Legion, in Boston, Mass.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. YOUNGDAHL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Minneapolis Tribune.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. LEAVY]?

There was no objection.

Mr. LEAVY. Mr. Speaker, I concur in everything that has been said in reference to the distinguished gentleman from Louisiana, Dr. DEROUEN, who has been chairman of the Public Lands Committee for a great many years. He is not a westerner. The Public Lands Committee is primarily concerned with problems that arise in the West. The many millions of acres of land in this great Nation, in the national forests, in the national parks, in the public domain, in the Indian reservations, the game refuges, and so forth, are all under the jurisdiction of this important committee. The gentleman from Louisiana, Dr. DEROUEN, has shown himself to be a gentleman of unusual courtesy, with a rare understanding of the difficult matters involved in handling of the work on the Public Lands Committee. He is a man who has given sympathetic and serious consideration to our problems in the West, and we western Members regret, indeed, his going. We know that in his voluntary retirement from this position and retirement from membership in this great body, the West, his district, and the Nation loses the service of a great and good man. We are delighted, however, and feel fortunate to know that the very able and fair-minded gentleman from Utah, WILL ROBINSON, will be chairman of this important committee that is of such great significance to the Nation and particularly to the West.

Under the able leadership of the gentleman from Utah, WILL ROBINSON, the duties and responsibilities of this committee will be well cared for, and there is no man in this House better qualified to follow the distinguished gentleman from Louisiana than is the able Member from Utah [Mr. ROBINSON]. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial appearing in the Boston Sunday Post entitled "TINKHAM on the Doctrine."

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. BROWN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, it has been my pleasure and privilege to serve as a member of the Committee on Public Lands, and I do not want to let the day go by without adding my word of tribute to the man who has been chairman all the time I have been a member of that committee, the gentleman from Louisiana [Mr. DEROUEN]. We are going to miss him very much. His consideration, his thoughtful guidance of the work of that committee, and his interest in the problems that are peculiar to other sections of the country beside his own have, in my judgment, marked him as truly statesmanlike, and I shall miss him very much.

I would like to second what the gentleman from Montana said, however, that we may look forward to a most efficient chairman, and one who I am sure will carry on the work in a worthy fashion. I refer to the gentleman from Utah [Mr. ROBINSON].

[Here the gavel fell.]

CONSIDERATION OF CERTAIN BILLS NEXT MONDAY

Mr. WARREN. Mr. Speaker, I ask unanimous consent that on Monday next it may be in order to consider bills on the Consent Calendar as well as individual bills on the Private Calendar, and that it shall also be in order for the Speaker to recognize Members to suspend the rules.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. WARREN]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand the gentleman's request is just to have the two calendars called, not to consider omnibus bills?

Mr. WARREN. Not omnibus bills.

Mr. MARTIN of Massachusetts. Can the gentleman tell us what bills may be called up under suspension?

Mr. WARREN. No; I have no knowledge of that. That will be indicated by the Speaker in due time.

Mr. MARTIN of Massachusetts. There will not be any important legislation called up? I am asking this for the benefit of Members who might like to be here if that happens. What bills will be called up?

Mr. WARREN. I cannot answer that question. The Speaker will have to indicate that.

The SPEAKER. The Chair may say the only commitment the Chair has made is with reference to a bill that the gentleman from Ohio [Mr. CROSSER] has reported from the Committee on Interstate and Foreign Commerce (S. 3920) to amend the Railway Employment Insurance Act.

Mr. MARTIN of Massachusetts. In all probability that will be the only one?

The SPEAKER. That is the only one the Chair has in contemplation at this time.

Mr. RANKIN. Mr. Speaker, reserving the right to object, may I say to the gentleman from Massachusetts that we have a bill in the Veterans' Committee on which we will probably ask for a suspension. The members on his side, members of that committee, are agreeable to it.

Mr. MARTIN of Massachusetts. What I would like to know is if any bill about which there is great controversy will be called up. If that is contemplated, the membership should have an opportunity to know that it is coming up.

Mr. RANKIN. There will not be any controversy about this veterans' bill.

Mr. FISH. Mr. Speaker, reserving the right to object, may I ask the gentleman from North Carolina whether that is ordinarily suspension day?

Mr. WARREN. No; it is not. Suspension days, are the first and third Mondays in the month.

Mr. FISH. I do not intend to object. However, this railroad bill is quite important, and I think the Members ought to be notified so they may have the opportunity to be here. If there is any other legislation coming up, I think the Members ought to be notified.

Mr. WARREN. The Speaker has just stated the only bill he now has in mind, and this is Wednesday. That certainly should be sufficient time.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I did not hear the request that the gentleman made.

Mr. WARREN. The request was for unanimous consent to consider bills on the Consent Calendar and individual bills on the Private Calendar, and also that permission be granted to the Speaker to recognize Members to suspend the rules for that day only.

Mr. JENKINS of Ohio. That is for next Monday?

Mr. WARREN. Next Monday.

Mr. JENKINS of Ohio. We are not to imply that the gentleman is ready to make the usual request which precedes adjournment about 4 or 5 days with reference to suspensions?

Mr. WARREN. No; I am not.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. TINKHAM. Mr. Speaker, I have two unanimous-consent requests. The first is to extend my own remarks in the RECORD and include therein an article called South of the Border, and the other is to extend my own remarks in the RECORD and include therein a letter to the gentleman from Texas, Hon. MARTIN DIES, from Mrs. James Cunningham Gray, of Boston, with an affidavit.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

[Mr. PIERCE addressed the House. His remarks appear in the Appendix of the RECORD.]

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. WOODRUFF of Michigan addressed the House. His remarks appear in the Appendix of the RECORD.]

Mr. SOMERS of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOMERS of New York. Mr. Speaker, I rise for the purpose of calling to the attention of this House the fact that some Member or person with access to our documents undoubtedly not fully realizing the responsibility of his act, is violating the rules of this House by giving to the C. I. O. News names of men who have withdrawn their names from the petition on the mines safety bill. I believe it was on April 12, 1934, that Speaker Rainey ruled on this. I am quite sure that when the person who is doing this realizes that he is violating the rules of this House and the loyalty of the Members of this House he will be rather careful in the future not to indulge in any such indiscretion. [Applause.]

[Here the gavel fell.]

ELLIE B. CRAWFORD

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 611

Resolved, That there shall be paid out of the contingent fund of the House to Ellie B. Crawford, widow of James Terrell Crawford, late an employee of the House, an amount equal to 6 months' salary compensation, and an additional amount, not to exceed $250, to defray funeral expenses of the said James Terrell Crawford.

The resolution was agreed to.

RENÉ L. DE ROUEN

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I, too, want to pay my respects to the gentleman from Louisiana [Mr. DEROUEN], who is chairman of the Public Lands Committee. It has been several years since I have served with him on that committee. May I say that I found him to be one of the most honest, conscientious, and hard-working Members of Congress, a man who always tried to see that the right thing was accomplished in his committee. He gave everybody attention and he tried to do the thing that was right. It is too bad that men like the gentleman from Louisiana [Mr. DEROUEN], as well as the gentleman from Louisiana, PAUL MALONEY, are not returning to the House of Representatives. When anybody can get along with me in a committee he is doing a pretty good job. [Laughter and applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein an editorial from the Chicago Tribune upon the Illinois Waterway.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VORYS of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS of Ohio. Mr. Speaker, yesterday I objected to the consideration of a private bill which would have made an exception in the Army law forbidding enlistment of felons, for the benefit of one man, who had served his sentence for a crime and wanted to reenlist in the Army. I have no objection to th's particular case on its merits. My purpose was this: It was conceded in the brief debate that a change in the general law is needed. I believe it is most important when this and similar questions are coming up in connection not only with enlistment but with conscription we should not start an era of logrolling on private bills to take care of special cases but should promptly put through any necessary general changes in the law needed to give the Army an opportunity to take care of inequalities and injustices in the administration of Army enlistment.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. VORYS of Ohio. I yield to the gentleman from New York.

Mr. FISH. I call the attention of the gentleman to the headline in this morning's paper, Rush of Volunteers Expected to Cut Down the Draft Call.

Mr. VORYS of Ohio. I have in my office records of instances where volunteers are being refused by the Army. We should take care of any such abuses by proper general laws, not by private bills.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. IZAC. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein three bills I have recently introduced.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent that on this coming Friday after the disposition of the regular business of the day, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert an article by Dr. Paul J. Raver, of the Bonneville Administration.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. SHAFER of Michigan asked and was given permission to revise and extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. DIRKSEN. Mr. Speaker, on completion of today's legislative business, I should like to address the House for 15 minutes.

The SPEAKER. May the Chair state that the House will probably desire to adjourn about 3:30 this afternoon.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a table from the Department of Agriculture.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SASSCER. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include in the Appendix of the RECORD an editorial with reference to the United States Naval Academy appearing in the Annapolis Evening Capital.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SCHAFER or Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein certain extracts from Moody's Utilities and a few brief newspaper articles.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I desire to call the attention of the gentleman from Mississippi [Mr. RANKIN] and the country to the fact that Mr. Leo T. Crowley, formerly of Wisconsin, a big-shot main cog of the New Deal administration, who is chairman of the Federal Deposit Insurance Corporation, has been serving in a dual capacity for many months. While on the Federal Government pay roll as chairman of the Federal Deposit Insurance Corporation, this New Deal right-hand man of President Roosevelt has been president of the Standard Gas & Electric Co., one of

the largest utility holding companies in the country, which is pyramided on another great utility holding company, the Standard Power & Light Corporation. According to pages 1073 and 1079 of Moody's 1939 Manual of Public Utility Investments, the Standard Gas & Electric Holding Co. had assets of $766,845,601 on December 31, 1938, and the Standard Power & Light Holding Co. had assets of $138,041,805 on December 31, 1938.

Mr. Speaker, the Evening Star, Washington, D. C., on August 27, 1940, carried the following Associated Press article entitled "Crowley Is Elected Board Chairman of Standard Gas":

CROWLEY IS ELECTED BOARD CHAIRMAN OF STANDARD GAS—F. D. I. C. HEAD EXPECTED TO TAKE NEW DUTIES AFTER NOVEMBER

NEW YORK, August 27.—Leo T. Crowley, head of the Federal Deposit Insurance Corporation, has become president as well as chairman of the Standard Gas & Electric Co., holding unit of a big public-utility system.

As president, Crowley replaced Bernard W. Lynch, who has been with the Standard Gas system more than 30 years and became president in 1936.

The shift, effective August 15, was disclosed in a letter to Standard Gas & Electric security holders offering the top company's debentures in exchange for common stock of the San Diego Consolidated Gas & Electric Co., part of a plan for simplifying the corporate set-up.

Lynch was made chairman of the finance committee of the Philadelphia Co., largest subsidiary in the Standard Gas system, and remains as director of other units, including San Diego Consolidated Gas & Electric.

Crowley became chairman of the holding company last December, succeeding Victor Emanuel, who took the chairmanship of the finance committee.

Crowley retained his government post as chairman of the F. D. I. C., but is expected to devote all his attention to the utility system after the November elections.

Mr. Speaker, may I repeat one paragraph of this Associated Press article which states "Crowley became chairman of the holding company last December, succeeding Victor Emanuel, who took the chairmanship of the finance committee." This reveals that for more than 9 months Mr. Leo T. Crowley, while on the Federal Government pay roll as Chairman of the Federal Deposit Insurance Corporation and a right-hand man of President Roosevelt, has been chairman of one of the greatest utility holding companies in the United States, which has control of so many electric utilities that it takes all of pages 1073 to 1148, inclusive, of the 1939 Moody's Manual of Public Utility Investments to list them. Page 1076 of this 1939 Moody's Manual reveals that Leo T. Crowley's Standard Gas & Electric Holding Co. controls 69 private hydroelectric stations and 76 private steam electric stations, which had an output of 5,417,955,298 kilowatt-hours of electricity during the year ending December 31, 1938. This is not so bad for a New Deal utility tycoon who holds one of the most important positions on the Federal Government pay roll.

Mr. Speaker, on August 24, 1940, the Milwaukee Journal carried an Associated Press article entitled "President Slaps Utility Bosses." Under permission granted by the House, I incorporate this article in the RECORD at this point, as follows:

PRESIDENT SLAPS UTILITY BOSSES—FEW AT TOP HELD REINS UNTIL HOLDING FIRM ACT OF 1935, HE SAYS

[From the Milwaukee Journal of August 24, 1940]

WASHINGTON, D. C.—President Roosevelt described utility-holding companies Friday as "corporate monstrosities" which once were permitted to pyramid stockholdings until "a few men at the top with only a microscopic investment of their own" were in control.

Mr. Roosevelt made the assertion when he signed a bill authorizing the securities commission to regulate investment trusts and investment bankers.

Discussing what he called the administration's "vigorous program to protect the investor," he said he had great hopes that the new law would "enable the investment trust industry to fulfill its basic purpose as a vehicle to diversify the small investors' risk and to provide a valuable source of equity capital for deserving small and new business enterprises."

The Chief Executive cited the Utility Holding Company Act of 1935 as an example of the measures by which, he said, "we are cleaning house, putting our financial machinery in good order."

Mr. Speaker, when we examine the record of our ex-international banker New Deal President, Mr. Roosevelt, we find with reference to "driving the money changers and utility holding company tycoons from the temple of our Government," like Isaac of old, "the voice is Jacob's voice, but the hands are the hands of Esau." The record reveals that President Roosevelt has placed the international money changers and utility holding company tycoons in the pulpit of the temple of our Federal Government.

Mr. Speaker, I have brought these facts about our New Deal utility holding company tycoon Mr. Leo T. Crowley to the attention of the House and the country today in order that the gentleman from Mississippi [Mr. RANKIN], who always has much to say about private electric utilities and electric utility holding companies, might have something to work on. Mr. Leo T. Crowley, one of President Roosevelt's right-hand men, should be forced to resign immediately as chairman of the Federal Deposit Insurance Corporation as "no man can serve two masters." [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. DIMOND asked and was given permission to extend his own remarks in the RECORD.

EXEMPTIONS FROM THE DRAFT

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

Mr. ENGEL. Mr. Speaker, I took this time in order to ask the chairman of the Committee on Military Affairs a question which has come up about the draft.

I had a case come up yesterday regarding a young man who had served 4 years in the United States Navy and was discharged on January 20, 1940. The question which came up was this: Is this young man exempt from the draft? I called up General Ulio's office, and he referred me to Colonel Rich. Colonel Rich contacted the draft board. I was informed that while the law exempted from the draft a person who had served an enlistment in the Army, through an oversight a man who had served one or more enlistments in the Marine Corps or in the United States Navy was not exempt. Is that correct?

Mr. ANDREWS. Will the gentleman yield? I can answer the gentleman's question.

Mr. ENGEL. Yes; I yield.

Mr. ANDREWS. The interpretation which the gentleman received from the War Department was quite correct. The reason the exemption is not in the bill is because it was a specific recommendation from the Navy Department for their own Department and the Marine Corps. I personally believe that such exemption should be provided, and I believe that legislation to that effect should be brought in by the Naval Affairs Committee of the House of Representatives.

Mr. ENGEL. Then these men who have served one or more enlistments in the Marine Corps or the Navy are not exempt from the draft, and men who have served similar enlistments in the Army are exempt. Is that correct?

Mr. ANDREWS. The gentleman is correct.

The SPEAKER. The time of the gentleman has expired.

EXTENSION OF REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my own remarks and include an excerpt from a letter written by George Washington to Lafayette.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a release from the Department of Justice and an excerpt from a special committee, on the Bill of Rights, of the American Bar Association.

The SPEAKER. Is there objection?

There was no objection.

BANDMASTER IN THE REGULAR ARMY

Mr. MAY. Mr. Speaker, by direction of the Committee on Military Affairs of the House, I present a privileged report on the bill (H. R. 3840) to amend the act entitled "An act for making further and more effectual provisions for the national defense, and for other purposes," approved June 3,

1916, as amended, and for other purposes, and I ask unanimous consent that the report be read in lieu of the bill.

Mr. WARREN. Mr. Speaker, a point of order. I think we ought to have a quorum here for this matter, and I make the point of order that there is no quorum present.

Mr. FISH. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. Will the gentleman withhold the point of order for the time being?

Mr. WARREN. I do.

Mr. FISH. I would like to inquire how the gentleman from Kentucky [Mr. MAY] offers this legislation under any special preference at this time. I did not quite understand. The gentleman offered a bill——

The SPEAKER. The veto message was referred to the Committee on Military Affairs. The Committee on Military Affairs has made a report and the report is of the highest privilege. It is a Presidential veto.

CALL OF THE HOUSE

Mr. WARREN. Mr. Speaker, I renew my point of order.

The SPEAKER. The gentleman from North Carolina makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. WARREN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 220]

Allen, Pa.	DeRouen	Johnson, Ind.	Rockefeller
Anderson, Calif.	Dies	Jones, Tex.	Rodgers, Pa.
Ball	Ditter	Keefe	Schaefer, Ill.
Barton, N. Y.	Douglas	Kefauver	Seccombe
Bolton	Elliott	Kennedy, Michael	Secrest
Bradley, Mich.	Evans	Kerr	Sheridan
Buckley, N. Y.	Fay	Kilburn	Smith, Ill.
Bulwinkle	Ferguson	Larrabee	Smith, Wash.
Byrne, N. Y.	Fernandez	Lemke	Sparkman
Camp	Fitzpatrick	Luce	Sullivan
Cannon, Fla.	Folger	McGranery	Sutphin
Cartwright	Ford, Leland M.	McLean	Sweeney
Celler	Gavagan	McLeod	Tenerowicz
Chapman	Gearhart	Maas	Thill
Cluett	Gehrmann	Martin, Ill.	Thorkelson
Cole, N. Y.	Gerlach	Mason	Tolan
Cravens	Green	Merritt	White, Idaho
Cummings	Hall, Edwin A.	O'Day	White, Ohio
Curtis	Hall, Leonard W.	Osmers	Whittington
Darden, Va.	Halleck	O'Toole	Wigglesworth
Darrow	Harter, Ohio	Pfeifer	Wood
Davis	Hook	Polk	Zimmerman
Delaney	Hope	Risk	

The SPEAKER. On this roll call 337 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

BANDMASTERS IN THE UNITED STATES ARMY

The SPEAKER. The Clerk will read the report.

The Clerk read as follows:

The Committee on Military Affairs, to whom was referred H. R. 3840, to amend the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, and for other purposes, having considered the same, submit the following report thereon, with the recommendation that it do pass.

The bill provides that for each United States Army and National Guard band there shall be a commissioned officer, to be known as the bandmaster, to be appointed by the President, by and with the advice and consent of the Senate, who would take the place of the present warrant officer band leader. Bandmasters with less than 5 years' service were to rank with second lieutenants, and bandmasters with service of 5 years or more to rank with first lieutenants. The bandmasters to be appointed would be selected from band leaders in the service who were found physically qualified, or from noncommissioned officers and other enlisted musicians with at least 1 year of service in the Regular Army or National Guard. The bill also provides that band leaders who fail to pass the physical examination because of physical disability incident to the service shall be placed upon the Army retired list with 75 percent of the pay to which they would have been entitled if they had been appointed bandmaster. Bandmasters were to be entitled to the same benefit with respect to pay and allowances and retirement as apply in the case of commissioned officers in the Army of equivalent rank.

Provision was also made for reducing the number of warrant officers authorized by law by the number of band leaders who receive commissions as bandmasters and for increasing the number of commissioned officers of the Army to the extent necessary to give effect to the provisions of this bill. The bill also provides with respect to the rank of bandmaster that the chief bandmaster shall have the rank of captain and shall advise the Secretary of War instead of The Adjutant General with respect to musical organizations in the Regular Army, and also provides that bandmasters may be appointed from officers in the National Guard or in the Officers' Reserve Corps, as well as from warrant officer band leaders and noncommissioned officers and enlisted men with at least a year's service in a Regular Army band.

This bill has the endorsement of such great musicians as the late John Philip Sousa, Walter Damrosch, Frank Damrosch, Edwin Franko Goldman, Herbert F. Clark, and Frank Simmons. Also other great musicians have communicated their views in support of this bill to various Members of Congress.

From the testimony of the witness appearing in behalf of the War Department, it was stated that the additional cost of this legislation would be approximately $79,770.

The SPEAKER. The question is, Will the House, on reconsideration, agree to pass the bill, the objection of the President to the contrary notwithstanding.

The gentleman from Kentucky is recognized.

Mr. MAY. Mr. Speaker, I yield to the gentleman from Connecticut [Mr. SMITH] 10 minutes' time.

Mr. SMITH of Connecticut. Mr. Speaker, this is a bill which would change the status of the leaders of Army bands from that of warrant officers to commissioned officers. It would also provide that one of the band leaders be appointed with the rank of captain to advise the War Department on matters pertaining to the administration of the Army bands.

The bill is familiar to most of the Members. It was passed in this Congress by unanimous consent. It has been up a good many times since the World War and has passed the House on four different occasions. During the World War the condition of the bands was not satisfactory, and General Pershing appointed a committee to go over the situation as to the bands and to make recommendation for their proper handling and administration. This committee met with men from other armies, went over the whole situation, and made a series of recommendations, some of which are carried out in this bill. Under those recommendations and at that time the leaders of the bands in the Army were commissioned, but in the reorganization of the Army after the war the band leaders were dropped back to the rank of warrant officers.

The rank of warrant officer is not a commissioned rank. Warrant officers are largely men doing clerical work in the Army—pay clerks, and men of that type. The title of a warrant officer is "Mister." He is really neither an enlisted man nor a commissioned officer, he is in a position somewhere between. It is far from a satisfactory status. Band leaders are in charge of groups of from 28 to 55 men. They are charged with the musical instruction and handling of the band and the administration of the band. They are placed under a service company or battery for the purpose of command.

The recommendations of the Pershing committee were followed out and were carried on during the war, but, as I say, the bandmasters were dropped back to warrant officers in the reorganization of the Army. Since that time the Committee on Military Affairs of the House has held hearings many times, has gone into this subject exhaustively. It is not a partisan matter. I believe the first bill on the subject was introduced by the gentleman from Tennessee [Mr. REECE]. Bills on this subject have been reported favorably time after time from the Committee on Military Affairs, and we have attempted to reach the objective in the best possible manner in this legislation. We provide that band leaders who have had 5 years' service or more in that capacity shall be first lieutenants and others shall be second lieutenants. It would grant an opportunity for the men who enlist in the band service at some time to reach a commissioned rank. This is about the only branch of the service where it is not possible for a man entering the service finally to reach a commission. It seems that this is a sensible thing to do, especially now, a time when more than ever we need a strengthening of the morale of the Army and of the men who are being brought into the Army.

In this connection I may state that at this time band leaders of the National Guard are finding it necessary to

resign because they cannot maintain their dependents on the pay of a warrant officer. They deserve commissioned status. Their task is one of great importance. The administration of the bands would be improved by having men of commissioned status in charge of the bands, and the morale of the enlisted personnel would be improved by having the opportunity for promotion held out to the men when they enlist.

It would be possible to get many of them from college if we had this opportunity to offer them. The evidence before the committee showed that practically every nation considers the task of the leaders of its bands of sufficient importance that they are granted commissioned status. We have by special legislation picked out the leaders of some of our bands, including two of the Army bands, the one in Washington and the West Point band, and have given them commissioned status as captains.

I submit that the evidence that we have had over the years before the committees has shown conclusively that we should return to the situation we had during the war for the better administration of the bands of the Army, and that this bill should be passed, the veto of the President notwithstanding.

Mr. COLLINS. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Mississippi.

Mr. COLLINS. It is my understanding that the War Department has been objecting to the passage of this bill throughout the years because it is conceivable that in warfare a band leader might be in charge of troops if higher-ranking officers are killed. This would cause a situation that would be bad, for the soldiers so officered would be without a qualified officer.

Mr. SMITH of Connecticut. No more as an officer than he would be as a warrant officer. I may say further the War Department has never raised that question.

Mr. COLLINS. There are fighting officers, even down to second lieutenants, who could still be in command. If a band leader, however, was a captain and those officers with higher rank were killed, the band leader would then be in command, even though combat officers were with the company.

Mr. SMITH of Connecticut. The same argument would apply to a veterinarian or to a nurse or to all commissions, because the professional workers are of such a type that they deserve commissions for carrying it on.

Mr. COLLINS. A veterinarian and a nurse would not be on the field of battle whereas band officers would be with troops as stretcher bearers.

Mr. SMITH of Connecticut. A veterinarian would be just as likely to be on the field of battle as a band leader.

Mr. EDMISTON. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from West Virginia.

Mr. EDMISTON. In answer to the gentleman's inquiry, in time of war the only thing the band is used for is as stretcher bearers.

Mr. SMITH of Connecticut. In actual combat, yes. The bands are needed for morale purposes in the camps and in the training areas.

Mr. EDMISTON. On the field of battle they act as stretcher bearers only.

Mr. COLLINS. If they are stretcher bearers the probability would be greater that they would actually be in command of troops if the officers above them were killed off.

Mr. PATRICK. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Alabama.

Mr. PATRICK. Not knowing anything about this bill, I called the War Department and asked them if they were objecting to this. They said they were and I asked them why they objected. They said that because in the natural order of things, in the case of combat or destruction of those who were at the head, it would throw men in charge of troops or activities who were not qualified at all, and they would be exposed to duties they knew nothing about. That is the reason for their opposition to the measure.

Mr. SMITH of Connecticut. The War Department has never brought any such argument to the attention of the committee and I do not believe that under this bill any such situation could arise.

Mr. HORTON. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from Wyoming.

Mr. HORTON. I recall that General Wood was once a doctor. I further recall he turned out to be a crack fighting man. The same thing might hold good for a band leader.

Mr. EATON. Will the gentleman yield?

Mr. SMITH of Connecticut. I yield to the gentleman from New Jersey.

Mr. EATON. Does the gentleman think it would reduce the value of a band leader if he was a good fighting man?

Mr. SMITH of Connecticut. I do not.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Speaker, I knew nothing about this measure until I secured the report of the committee this morning and read it over carefully. I am wondering how many Members of the House have secured this report and carefully studied the recommendations of the War Department?

This is one of those bills, like many others, that frequently gets by the House through unanimous consent. I shall ask you to bear with me for just a minute so that I may give you some of the objections that have been raised to this measure. The War Department has consistently recommended against legislation of this nature, and likewise objects to the present bill.

Army band leaders have never had control of bands. Even during the period of the World War, when they held commissions, they had no administrative or disciplinary control over their bands. It has been held by the War Department that band leaders have had little time to devote to the acquiring of military knowledge necessary to the exercise of administrative control over an organization. The requirements necessary for service as a band leader are those of a musician, and it has never been considered to the advantage of a musician, being an artist, to divert his talent to routine duties. Should band leaders be given command and administrative duties in addition to the musical instruction of the band, it would detract from, rather than add to, their efficiency as band leaders.

Advocates of legislation to commission band leaders have claimed that many of them do exercise command over their bands and that all should be given such command, and comparison has been made of the command duties of band leaders with those of other professions commissioned in the Army. The commissioned officers of the professions referred to are, by the very nature of their duties, required to exercise command and administrative functions, which are not essential in the efficient functioning of a band. Moreover, the commissioned officers of those professions submit to more stringent examination requirements for initial appointments. Their duties after appointment steadily increase in scope with the ever-broadening field of responsibilities as they advance in rank. One of the factors upon which commissioned rank is predicated is that the field of activity in which the holder of the commission functions is of sufficient scope and variation to demand increasing experience to fit him for higher demands of that field. There is no field of activity for the band leader beyond leading a band, and it is a circumscribed and definite duty, lacking the varied assignments of growing importance given to commissioned personnel both of the line and staff of the Army.

What do we seek to do by this bill? As the President has very properly stated in his veto message, we seek to single out a special group of warrant officers for preferential treatment. We all know that there are various grades of warrant officers in the Army, some of them possessed of the highest technical skill, yet we pass over all other types of warrant officers and single out band leaders and bandmasters only and give them

a preferential treatment with a commission in the Regular Army up to captain.

Mr. Speaker, this bill actually provides that any man who has been a bandmaster for less than 5 years—and there are 18 of them of the 74 now in the service who have had less than 5 years' service—are to be commissioned as second lieutenants in the Army. Is that just? Is that fair to the other classes of similar rank in the Army?

I know we all have a sentiment for bands. We all like martial music. They render a very distinct service and have a distinct place in the Army.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. WARREN. I yield to the gentleman from Kentucky.

Mr. MAY. Does the gentleman know of a time in the history of this country when the value of music in the Army, to which the gentleman has just referred, is more important than right now, when we are taking in all these youngsters from all over the country and schoolboys from the colleges, who have been accustomed to music?

Mr. WARREN. I doubt if there is anybody in the House who is any stronger for bands than I am. Just 2 years ago I had the ambition of a lifetime gratified when at a political meeting I rode for the first time in my life behind a brass band. We know they are essential, but what I am protesting is that we pick out one class of men and commission them as officers in the United States Army, ignoring classes that are far more worthy. The President is absolutely right, and we should sustain him. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, I rise to support this bill, because I feel that it is one that will remove a discrimination to which the band leaders of the Army are now victims.

The President's veto message is based on these two arguments: First, responsibility; and second, to create the status of commissioned band leaders would be a novelty in the Army.

As to the question of responsibility, a band leader has responsibility beyond merely directing his musical organization. He is responsible for the conduct, clothing, equipment, and musical instruments, whether he is in the Army, Navy, or Marine Corps. The Navy has long recognized that responsibility by commissioning their band leaders; and the same recognition is accorded band leaders in the Marine Corps. In the Army the band leader, despite his great responsibility, is rated simply as a warrant officer, thus the discrimination is very apparent. The war plans of the Army call for a commissioned officer to lead a band. Possibly the War Department recognizes the fact that during a war each member of the band will carry sidearms. While the duty of a bandsman in time of war is to act as a stretcher bearer, yet he may find himself in a position where he will have to go into action, at which time he will look to his commanding officer, now his bandmaster, for leadership.

This bill has been thoroughly analyzed and has the support of many military figures outside the War Department. Maj. Gen. C. C. Hammond, former Chief of the Militia Bureau, has endorsed this bill. Maj. Gen. M. B. Payne, who commands the Connecticut National Guard, has endorsed this bill. Major General Reckord, who heads the National Guard Association, has endorsed this bill. Our colleague the gentleman from Tennessee, CARROLL REECE, the holder of a Distinguished Service Cross, has endorsed this bill. Major General Tinley, of Iowa, who commands the National Guard in that State, has endorsed this bill, as have Maj. Gen. Edward Martin, who commands the National Guard of the State of Pennsylvania; Brigadier General Henninger, of the State of Nebraska, Major General Light, of Ohio; and many other prominent military figures of the country. The bill, too, has been endorsed by the American Legion and the Veterans of Foreign Wars of the United States, and has likewise been endorsed by the Regular Veterans' Association—the men who speak for the rank and file of the Military Establishment of our country. At this point I want to read six points stating the reason why the Regular Veterans' Association believe this bill should become a law:

1. At present bandmasters are warrant officers, a rank that is an aftermath of the World War, created to take care of field clerks, whose positions are not comparable in any way to those of bandmasters.

2. Other warrant officers serve as individuals under command of commissioned officers who are authorities on the work to which they are assigned, whereas bandmasters necessarily have charge of their musical units and are responsible for the effectiveness of these units. Yet these bandmasters lack the prestige of a commanding officer.

3. From the viewpoint of ability and technical training, the bandmaster should not be classed with clerks and other warrant officers, granting the merits of the latter. But he should be ranked with similarly trained professional persons: nurses, veterinarians, doctors, dentists, and chaplains—all of whom now hold commissioned rank in the Army.

4. The bandmaster's responsibility can be measured by the thousands of dollars' worth of equipment of which he has charge, by the military effectiveness of his unit, by the way he builds up and maintains morale of men in war and peace.

5. Because music is one of the most valuable phases of our American cultural life and one most appealing not only to those in service but also to civilians, professional leaders of merit should be given command of their bands and pay commensurate with their position.

6. The Army has given commissioned rank to dentists, doctors, nurses, and chaplains. The reason? It could not get competent specialists in these professions to accept less. The same holds true with respect to our Army bands. They are, as a rule, terrible. Capable musicians and leaders will not remain in the Army under present circumstances. We need commissioned rank for Army bandmasters because we need better music.

Therefore, Members of the House, this is an important piece of legislation to the Army of the United States. We all agree that martial music is a component part of our military life and that competent bandmasters are likewise necessary.

Surely Congress is not content to tell the Army and National Guard bandmasters that they are not worthy of a commission, while, on the other hand, their brother bandmasters in the Navy and the Marine Corps are so honored. To do so is rank discrimination and an insult to the many fine musicians who are now merely warrant officers, yet referred to simply as Army bandmasters. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 5 minutes to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Speaker, there is one thing that I believe we have never seen; at least I have never seen it, and that is, a brass band going down the street and a small boy going in the opposite direction. I assure you that not only as a small boy was I attracted by a band, but I felt much as one of my colleagues preceding me felt when first riding behind a brass band.

Martial music appeals to all of us, small boys, gray-haired boys, men, and women, all in civilian or in military life. I cannot conceive of anyone being so dull as to be unstirred by martial music. I cannot think how the martial strains of Dixie would not cause an army to win a battle even against overwhelming odds.

To get to the point, bandmasters are said not to exercise the function of command. Well, if a bandmaster does not command, who does? If a bandmaster of a good band is not obeyed, who is? An efficient director of any good musical organization reaches the very acme of perfection in commanding and getting the obedience of his organization.

I have been a school teacher, and I want to tell you gentlemen, if you have not taught school you may not appreciate this, but most of you have taught school, and you know that one of the essential characteristics of a good school teacher is the power of discipline or generalship, and it is needed in a superlative degree in a bandmaster's position.

Talk about command: It takes the same type, if not the same degree, of ability to be able to yield a wand, exercise authority of control, and bring into a harmonious unit of machinelike action 28 or 55 musicians, as bandmasters are expected to do, as it does to be able to command an army on the field of battle. It requires generalship, it requires training, and it requires a knowledge of martial music. It requires

psychology, personality, and all that goes with successful leadership. All this must be had by our successful bandmasters, and we cannot expect to obtain such qualities in bandmasters if we keep them in a degraded or subordinate position. As it is now, they are neither fish nor fowl, with no commissioned status, merely addressed as mister and of the same rank as clerk.

There is a social functon in the Army that is continuous and widespread. The bandmaster must have his musicians ready not only to pep up the force and maintain morale in the camps but perform on many civic and social occasions as well, and he must be a credit to the Army. He cannot very well be that in the subordinate position which he now holds.

It is with great regret that I must bring myself to vote to override a veto. However, I feel in this case it is justice to our bandmasters and in the interest of efficiency to give them officer status. In this critical time especially, when young men are going to be gathered, not only in the National Guard but additional thousands of men from every walk of life, we need just exactly that inspirational touch which good martial music can give, I tell you that the training of a soldier is not only of head work and hand work but it is a training of the heart and the emotions of the soul. Such is a part of the training which is exclusively in the hands of the bandmasters, and I hope they are given recognition accordingly. This bill should be carried over the veto. [Applause.]

Mr. MAY. Mr. Speaker——

Mr. BENDER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BENDER. I observe one of our Members has been elevated to the Press Gallery and is now writing his own publicity.

Mr. MAY. That, Mr. Speaker, evidently is not a parliamentary inquiry.

Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. REECE].

Mr. REECE of Tennessee. Mr. Speaker, it was my privilege to have sponsored a bill upon this subject several years ago, and while the bill which I introduced embodied many features that the present bill contains, the present bill is a refined product of the efforts which we made at that time and many of the objections which were raised by the War Department to the bill in the earlier years have been removed.

I think it is important to keep in mind that during the World War the band leaders were commissioned. They were commissioned for one reason, and that was because General Pershing decided it was in the interest of the service to commission them, and it was General Pershing's thought that they should retain their commissions after the war.

If you will bear with me, I would like to read a quotation from a report made by General Pershing:

> The band leader should be a commissioned officer with the grade of second lieutenant. After the completion of each period of 9 years' commissioned service, he should be promoted to the next higher grade until he reaches the grade of captain, which will be the highest grade he can attain unless he be chosen as a director of the musical institute. The importance of having the band leader commissioned cannot be too strongly urged. It is an item that will tend to raise the character of our bands from their present loose state to one that corresponds to that of the French bands.
>
> The band leader should be in complete charge of his band as regards instruction and discipline.

General Pershing had a study made of this whole problem and that was the conclusion which he afterward reached.

> It was General Pershing's desire that the band leader remain a commissioned officer, and he was deeply disappointed when he learned that commissioned status for them had been withdrawn after the wartime Army was demobilized.

Almost every important band leader in the United States at one time or another has endorsed this proposition, and from my study of the subject as a member of the Committee on Military Affairs in former years and in my association as a member of the Army, I can see no sound reason which can be raised against the commissioning of the band leaders.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. REECE of Tennessee. I yield.

Mr. ROBSION of Kentucky. Is it not true that the band boys are trained to fight if necessary?

Mr. REECE of Tennessee. They receive the fundamentals of military training, and in time of action are equipped with small arms.

Mr. ROBSION of Kentucky. And they are required to fight if conditions require it.

Mr. REECE of Tennessee. And when they are at the front they are ready to fight whenever the occasion requires.

Mr. ROBSION of Kentucky. If they furnish the music and are qualified to fight, why should they not have an opportunity to be promoted to an officer's rank?

Mr. REECE of Tennessee. I see no reason why they should not be.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. REECE of Tennessee. I yield.

Mr. VAN ZANDT. Is it not true that many a young man goes into the Army and serves in the Infantry or in some other department of the Army before he is finally admitted to the band?

Mr. REECE of Tennessee. Very frequently that is the case. I hope the veto will be overridden. [Applause.]

Mr. MAY. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I had the great privilege of serving in France with the gentleman who has just preceded me, my colleague and buddy of the World War, Mr. REECE of Tennessee. Incidentally, he had the great privilege of being one of the few fighting men from below the Mason and Dixon's line to serve with New England's Twenty-sixth Division, the "damned Yankees." He has an enviable wartime service record with that division and was respected and loved by every man who served in it.

He knows, as I do, from our own personal experience, the conditions that prevailed as the result of the treatment of the bands in the Twenty-sixth Division, due to the lack of commissioned leadership.

In my own particular regiment the leader of the One Hundred and First Infantry Band was a renowned musician named L'Africain, who had been for 17 years with the Boston Symphony Orchestra, a man of unusual musical ability and attainments. It was to the everlasting shame of the system prevailing then and now still in force that L'Africain, with his unusual musical background and talent, was booted about by every young whippersnapper of a second lieutenant who came out of Plattsburg and found himself in charge of that band. In most cases he was booted about by a man who had absolutely no knowledge of music and therefore little if any understanding of it or interest in it.

The musical organization was always a secondary consideration to any other duty which that young lieutenant might be called upon to perform. To his credit L'Africain carried a pack on his back without complaint the same as any other man and regardless of the obstacles set in his path by being forced to be subservient completely to a commanding officer with no knowledge of music, he made a real band out of the musicians assigned him. It was not unusual at all for the band of the One Hundred and First Infantry, regardless of any statements that may have been made here today, to drop those stretchers they were carrying, pick up a rifle, and get into the thick of it, as I have seen myself at Chateau-Thierry, in the Argonne, and at St. Mihiel. I think all of us have been too prone to minimize the value of music insofar as the morale of the troops is concerned. The War Department has seen fit to see to it that chaplains, without any responsibility of commanding troops, have been commissioned. Dentists and doctors of all sorts and degrees and veteranians have received commissions, for the reason that the War Department could not get the right kind of men to carry out those duties if they placed them in the enlisted category. By the same token, you cannot expect real professional band leaders to enter the

service as enlisted men, and the Army will continue to have poor musical organizations until you place the band leaders under commission where their worth will be recognized and they will be able to perform their duties with some measure of real responsibility and self-respect.

I hope, therefore, that the veto will be overridden, thereby correcting an injustice of long standing. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER. Mr. Speaker, I hope the House will see fit to override this veto. I have read the report very carefully. I think the argument of the War Department and the argument advanced by the distinguished gentleman from North Carolina is answered by the fact that we all know that we are commissioning today in the Army every military aviator. Certainly no one can claim that aviators command troops. He may or may not have a machine gunner or a bomber with him.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. MILLER. I yield if I have time.

Mr. VAN ZANDT. Is it not true that they are taking men right out of civilian life today and giving them commissions, men who never had a day's military training in their lives?

Mr. MILLER. We all know that has happened and such officers will command troops. I cannot see a thing in the argument of the War Department that justifies the defeat of this legislation.

Mr. GEYER of California. Will the gentleman yield?

Mr. MILLER. I yield.

Mr. GEYER of California. Can the gentleman think of a greater aid to a band leader than to have a commission, in the instruction of the men?

Mr. MILLER. I think it is just simple justice to pass this bill.

Mr. GEYER of California. Absolutely.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut [Mr. SHANLEY].

Mr. SHANLEY. Mr. Speaker, ladies, and gentlemen, I had the honor of introducing the first bill in the Seventy-fourth Congress for the commissioning of bandmasters. I spoke for it then and had such distinguished colleagues as the late William Connery, of Massachusets, the Honorable Emmet O'Neal, of Kentucky, and the Honorable B. Carroll Reece, of Tennessee, all members of the YD Division—men who were completely sold on the proposition of commissioning bandmasters.

I have been for this bill because every major military power in Europe has commissioned its bandmasters. Certainly they, whose tremendous preparedness plans have been copied in many respects by America during these trying days, would not commission their bandmasters if they didn't believe there was a military necessity for it. Certainly that distinguished and greatest of all modern American soldiers, General Pershing, would not be for it if he did not consider it a military necessity. He not only insisted upon the commissioning of bandmasters during the great World War but he suggested it and endorsed it in postwar days.

I can understand the opposition of the War Department because they have consistently opposed the commissioning of such groups as nurses, veterinarians, and chaplains, and dentists, but may I point out that this bill was vetoed by the President on June 24 and that since that time an emergency of such tremendous importance has occurred that we have enacted legislation absolutely inconsistent with any peacetime need. Because this emergency exists it is a fair presumption that the War Department must recognize the need and that the President himself if he was able to communicate to us his desires might well be for this bill as it is today.

A commissioned officer is a symbol of authority. His office is the physical backbone of the discipline of our military forces. I have seen too much of the deplorable situation which surrounds the present attitude toward the bandmaster to ever countenance its continuance. The theory and the practice of command demand that the bandmaster be a commissioned officer that he will have the fullest respect not only from his men but from other officers in all the other categories.

There is another reason to his commissioning. He must get it because every man in every category of the Army must feel that he has a chance to win a commission. As Napoleon said, "Every soldier must carry a marshal's baton in his knapsack."

Furthermore it is significant that the bandmasters were commissioned during the World War and that war plans today in the War Department provide for a commissioned band leader. Certainly the reasons for a commissioned band leader must be as cogent and as persuasive in peacetime as in wartime especially when we know those reasons are military ones of discipline.

This bill is recognized and endorsed by the musical, patriotic, and service organizations of America, including the American Federation of Musicians, National Federation of Music Clubs, the American Legion, Veterans of Foreign Wars, chambers of commerce, and the Rotary, Lions, Kiwanis, Civitan, and other similar organizations.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. SHANLEY. I yield.

Mr. VAN ZANDT. Is it not true that the Navy and the Marine Corps have recognized band leaders by granting them commissions?

Mr. SHANLEY. Most certainly.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Speaker, I am sorry to take issue with my good friend, the very distinguished gentleman from North Carolina, who spoke in opposition to overriding the Presidential veto, but I think it should be overridden.

I spent 10 years in the National Guard myself previously to coming to Congress and have had close contact with one of the best bands in the United States National Guard, the famous One Hundred and Fifty-first Field Artillery Band of Minnesota. I know the warrant officer in charge of that band, a man by the name of Saunders, because he occupied a tent adjoining mine in the battery street at many of our encampments. I can see no reason why men of his caliber and men in charge of our bands in military organizations should not be commissioned the same as other officers in charge of units in our national-defense program. They are allowed to wear leather leggings and dress the same as the other officers, they are given practically every other privilege, except that of eating at the officers' mess. They get about the same pay, they are much more qualified, of course, than some of the other officers. We must admit this, because they are specialists. I think if they knew they could become commissioned officers it would be a very great factor of encouragement to musicians throughout the Nation to give their best services to the Nation by joining the armed forces.

There is this further fact which has not yet been touched on today and that is the benefit to the man in the ranks from having music and a musical organization accompanying him in service. You will recall that when in service such as the men were in 1917 and 1918 in Europe, for instance, you were taken away from all the home ties, from all the aesthetic things you were used to having about you. You could not have your radio, you could not have your phonograph, you could not have your piano, or other musical instrument; and the only chance you had to get some recreation and a little opportunity to get away from the sordidness of war was the sweet music which sometimes was wafted to you from your band as you spent your dreary hours and days and nights in the military service. Let's give our men in camp more and better music by encouraging our musicians.

I think this veto should be overruled.

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 3 minutes to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I am going to use this time reading a portion of a letter I have just received from John Fletcher, bandmaster of the One Hundred and Sixty-third Regiment, Montana National Guard. It is dated at Bozeman, Mont., September 22, 1940. From it I read this paragraph:

> Under the present organization, the adjutant of the regiment is the commanding officer of the band. He is not, however, a musician in most cases, has no musical qualifications, knows nothing of instrumentation or band personnel. This is the vital concern of only one person—the bandmaster. If the regiment is to be proud of its band, upon which hinges much of the spirit, enthusiasm, and morale of the Army, the bandmaster must take a responsibility for which he has been delegated no authority or commission. It would go a long way in helping to strengthen our national defense if some of these kinks in the Army red tape could be ironed out.

I want to go on record, Mr. Speaker, as favoring the overriding of the veto. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Speaker, I sincerely hope that the Members of the House will vote to override the Presidential veto of this bill, which recognizes the service of Army bandmasters and permits them to receive a second lieutenant's commission with less than 5 years of service and a first lieutenant's commission after service of 5 years or more.

It is rather strange that the New Deal Fuehrer, President Roosevelt, should veto this bill, in view of the fact that his 30-year-old multimillionaire son, Mr. Elliott Roosevelt, who is within the draft age and who has had no military service, was recently commissioned a captain in the Army and received a soft swivel-chair assignment in the Air Corps procurement center at Wright Field, Ohio.

This bill which President Roosevelt vetoed only provides for a lieutenant's commission for Army bandmasters who have rendered many years of faithful and efficient service in the United States Army. The chief bandmaster, who has charge of all of the Army bands, is the only person who can obtain a captain's commission under this bill which the President has vetoed. This chief bandmaster, with many years of military service, is certainly more entitled to receive a captain's commission than the President's 30-year-old multimillionaire son, Mr. Elliott Roosevelt.

Mr. Speaker, press reports of September 21, 1940, state that Mr. Elliott Roosevelt "has applied directly to General H. H. Arnold, Chief of the Army Air Corps, for a commission." Press reports of September 24, 1940, state "Elliott Roosevelt gets Army captaincy as specialist," and that because of his special talents, which earned him the commission, according to the War Department spokesman, will be put to use in the Air Corps procurement center at Wright Field, Ohio.

Mr. Speaker, the millions of men in the country who are under 35 years of age and subject to a year's compulsory peacetime military service at $21 per month under the New Deal-Stalin-Hitler type of "involuntary servitude," which violates the thirteenth amendment to the Constitution of the United States, are no doubt wondering why our multimillionaire President's multimillionaire 30-year-old son, Mr. Elliott Roosevelt, can come to Washington on September 23, 1940, and apply direct to Gen. H. H. Arnold, Chief of the Army Air Corps, and walk out of his office on September 24, 1940, with a captain's commission and an assignment to a soft swivel-chair job in the Army Air Corps procurement center at Wright Field, Ohio, and the press of the country furnished with a statement from a War Department spokesman that Mr. Elliott Roosevelt's special talents earned him the commission.

Mr. Speaker, if Mr. Elliott Roosevelt's special talents, as revealed by the record, justifies his appointment as a captain in the Army Air Corps procurement center at Wright Field, Ohio, according to those who are now in charge of the War Department, then, in the interest of national defense, and in the interest of our almost bankrupt Federal Treasury, it is essential that those War Department officials who are responsible for his commission and assignment be kicked out of the War Department without delay.

Mr. Speaker, Mr. Elliott Roosevelt's talents as a military airplane salesman and a potential political racketeering United States Treasury raider reveal that no one should even think of commissioning him as a captain and assigning him for service in a swivel-chair job in the Army Air Corps procurement center at Wright Field, Ohio, or any other place within the continental or territorial limits of the United States.

Mr. Speaker, let us briefly examine some of the talents of Mr. Elliott Roosevelt, which the War Department claims as exceptional qualifications for a captain's assignment in the Army Air Corps procurement center. On November 16, 1933, President Roosevelt recognized Soviet Russia. Shortly thereafter on February 28, 1934, Mr. Elliott Roosevelt entered into an agreement with Mr. Anthony H. S. Fokker, the aviation expert, to sell the Soviet Russian Government 50 Douglas military airplanes of Lockheed make at an expected price to allow a commission of $500,000 for Mr. Fokker and $500,000 for Mr. Elliott Roosevelt. I hold in my hand a 12-page affidavit signed by Mr. Anthony H. S. Fokker on the 18th day of September 1935 as presented to the special Senate committee investigating the munitions industry in the year 1935.

In this affidavit Mr. Fokker reveals the entire deal with Mr. Elliott Roosevelt and identifies the corroborating exhibited evidence. In this affidavit Mr. Fokker reveals that this agreement which he signed with Mr. Elliott Roosevelt was a special agreement for the sale of these 50 Douglas military planes to Soviet Russia. In explaining why he had signed an agreement for such a large commission of $500,000 for himself and $500,000 for Mr. Elliott Roosevelt upon the completion of the sale, Mr. Fokker states in this affidavit that—

> He had not felt that the prices which it was proposed to charge the Russians for these 50 military planes were at all reasonable; in fact, he had thought them notably excessive, but that he had been persuaded by Mr. Roosevelt and Mr. Roosevelt's associate, Mr. Stratton, that Mr. Roosevelt had enough influence with the Export-Import Bank and the Russian purchasing commission, then in the country, to swing the deal at that excessive price.

Mr. Speaker, this was certainly a money-making deal for Mr. Elliott Roosevelt, who was only 23 years of age on February 28, 1934, when he agreed with Mr. Fokker to sell 50 Douglas military airplanes of Lockheed make to Soviet Russia at a price which would allow Mr. Elliott Roosevelt a commission of $500,000.

Mr. Speaker, it was not talent but pure unmitigated gall for Mr. Elliott Roosevelt, the then 23-year-old son of the President of the United States, to enter into an agreement under which he was to receive a $500,000 commission on the sale of 50 Douglas military airplanes to the Soviet Russian Government because he claimed to have enough influence on the Federal Government Export-Import Bank, whose members were appointed by his father, so that the bank would furnish American taxpayers' money to the Russian Soviet Government to be used to purchase the planes in question.

Mr. Speaker, and this is the same Mr. Elliott Roosevelt who came to Washington on September 23, 1940, and applied direct to Gen. H. H. Arnold, Chief of the Army Air Corps, for a commission in the United States Army, and received a captain's commission on September 24, 1940, with a swivel-chair assignment to the Army Air Corps procurement center at Wright Field, Ohio, because of his special talents. In the interest of national defense and in order to protect our almost bankrupt Federal Treasury, the Congress of the United States should immediately conduct a thorough and exhaustive public investigation of Mr. Elliott Roosevelt's activities since his father became President of the United States, as well as an investigation of his strange and unusual short-cut commission as captain and assignment to the Army Air Corps procurement center.

Mr. Speaker, under permission granted by the House, I now incorporate in the RECORD at this point an exceptionally fine article by Gen. Hugh S. Johnson entitled "One Man's

Opinion," which appears in today's Washington Daily News issue of September 25, 1940, as follows:

ONE MAN'S OPINION

(By Hugh S. Johnson)

"Fairly and without fear or favor." That is how the President told the Governors the selective-service law must be administered. Right. It must be done that way or the scheme won't work. Nobody must be allowed to put over any "clever little schemes" to get one boy out of the draft while another, with no more reason not to serve, is taken. That is unfair. It is doubly despicable, because for every boy who escapes his proper turn another mother's son is pushed up before his turn to serve and perhaps to die.

It is a deadly serious business. Our draft law, if properly and honestly and justly administered, is the best system for service ever invented. If unfairly administered and used for politics or any other kind of "fear or favor," it can become one of the most hateful and un-American systems of oppression and injustice ever invented.

Not only must its fairness be an unimpeachable fact, the whole country must be convinced of it. It must be above suspicion. The poorest mother of the least-favored son must be serene in her confidence that he will be treated on exactly the same footing as the son of the most powerful man in the Nation, or of men in all lower grades down to her own.

On the very day the President was making all this clear, his own son, Elliott, was commissioned and called to service as a captain in the Air Corps. As a flyer? Oh, deah, no. A young man has to work and train for that. Elliott goes in as what airmen call derisively a "kee-wee"—a bird without wings.

He didn't apply to any recruiting office. The head of the Army Air Corps, General Arnold himself, assigned him from the Specialists Reserve to a job in "procurement"—which means something to do with buying supplies. When asked what kind of a specialist Elliott claimed to be, the officials said that was confidential. As a captain, he will draw $200 a month, plus allowances that may be as high as $116 a month.

At his age of 30, he would have been in the selective draft pool. There he would have been subject to serve, as Woodrow Wilson said, "Not in that place that will most pleasure him but where it shall best serve the common good to call him." He might have served in some specialty—but that would have been decided not by him but by his qualifications in fair competition with all other boys—as also would the place and condition of his service. His compensation would have been $30 and not $200 a month. He would have been honored by having to wear the uniform and not "privileged" as is reported in the press of this new captain to wear civilian clothes.

"No matter what the sacrifices," Captain Roosevelt is quoted as saying, "it is important for all young people to join up and take part in the defense program." O. K., but could your boy "join up" in this soft fashion? "Try and do it," or "It's nice work if you can get it."

Now the President's second son won't even have to register for the draft and take his place on a footing of equality with all other young Americans of his age. Without any discernible military training, preparation, or qualification, and without any known preparation for "procurement," he is made a "captain by the scratch of a pen and an officer and a gentleman by act of Congress."

There might be a worse way to start off this great democratic and equalitarian crusade in decency called the draft, but I can't for the moment think what it is. It looks like hateful nepotism, favoritism, and unfairness at the very head of the system.

It is so raw that I am very sure of one thing—the President either didn't know about it or else didn't give a thought to the implications. I doubt if Elliott did, either. The only real trouble with that boy is that he has no inferiority complexes. Guiltless as I believe this act was at heart, it ought to be undone just as quickly as it was performed. Otherwise it will remain a stench to heaven.

Mr. Speaker, many of the Members of Congress who supported the voluntary peacetime military service amendment offered by the gentleman from New York [Mr. FISH] during the recent consideration of the New Deal Stalin-Hitler type of peacetime compulsory military service legislation were certainly surprised to hear about Mr. Elliott Roosevelt's strange and unusual short-cut voluntary application for a captain's commission in the Army Air Corps procurement division. We were particularly surprised, in view of the fact that President and Mrs. Roosevelt, the parents of Mr. Elliott Roosevelt, had both taken a very strong position in opposition to voluntary service and in favor of compulsory peacetime military service, which violates the "involuntary servitude" prohibition of the thirteenth amendment to the Constitution of the United States. I know that in the minds of the many millions of men who must now register for the New Deal peacetime compulsory military service there must arise the question now as to whether they, too, can escape the arduous duties of a common soldier at $30 a month by coming to Washington and opening the door and entering the office of high New Deal officials in the War Department and walking out with a captain's commission and an assignment to a swivel-chair job with a captain's pay.

Mr. Speaker, is it any wonder that many of our countrymen are asking why President Roosevelt's 30-year-old son, Elliott, dodges the draft in the manner which I have described. May I repeat that in the interest of national defense and to protect our almost bankrupt Federal Treasury the Congress of the United States should immediately conduct a thorough and exhaustive public investigation of Mr. Elliott Roosevelt's aviation talents and his commission as a captain with an assignment to the Army Air Corps procurement center.

Mr. Speaker, I sincerely hope that the Members of the House will vote to override the President's veto of this meritorious bill. If President Roosevelt believes that we have sufficient commissioned officers in the Army, he can discharge Capt. Elliott Roosevelt and fill the captain's vacancy with the chief bandmaster captain provided for in this bill. [Applause.]

[Here the gavel fell.]

Mr. MAY. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, the House Military Affairs Committee gave this matter very careful consideration. The President seems to have based his veto on the idea there was discrimination in favor of the bandmasters as against other warrant officers. From all of the hearings that the committee had on the matter and the fact that this bill has passed the House four times heretofore and the Senate three times, we feel the only discrimination that exists is the fact that these men who are leaders of the Army bands have not heretofore been made first and second lieutenants and commissioned as such. It is my view of the matter that this is a delayed simple justice and that the House should not hesitate in justice to these men to override this veto.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House on reconsideration pass the bill, the objections of the President to the contrary notwithstanding?

The question was taken; and there were—yeas 197, nays 114, not voting 117, as follows:

[Roll No. 221]

YEAS—197

Alexander	Dworshak	Jensen	Patton
Allen, Ill.	Eaton	Johns	Peterson, Fla.
Andersen, H. Carl	Edmiston	Johnson, Ill.	Peterson, Ga.
Andresen, A. H.	Elston	Jones, Ohio	Pittenger
Andrews	Englebright	Jonkman	Plumley
Angell	Faddis	Kean	Rabaut
Arends	Fenton	Keogh	Reece, Tenn.
Austin	Fish	Kilday	Reed, Ill.
Barnes	Flaherty	Kinzer	Reed, N. Y.
Bender	Flannery	Knutson	Rees, Kans.
Blackney	Fries	Kunkel	Rich
Bloom	Gamble	Lambertson	Robinson, Utah
Bolles	Gehrmann	Landis	Robsion, Ky.
Boren	Geyer, Calif.	Lanham	Rogers, Mass.
Bradley, Pa.	Gifford	Lea	Routzohn
Brewster	Gilchrist	Leavy	Rutherford
Brooks	Gillie	LeCompte	Ryan
Brown, Ohio	Goodwin	Lesinski	Sandager
Burdick	Gossett	Lewis, Ohio	Sasscer
Byrne, N. Y.	Graham	Ludlow	Schafer, Wis.
Byrns, Tenn.	Grant, Ala.	McArdle	Schiffler
Byron	Grant, Ind.	McCormack	Schwert
Carlson	Gross	McDowell	Scrugham
Case, S. Dak.	Guyer, Kans.	McGregor	Shafer, Mich.
Casey, Mass.	Gwynne	McLaughlin	Shanley
Chiperfield	Hancock	McMillan, Clara	Shannon
Church	Harness	McMillan, John L.	Sheppard
Clason	Harrington	Maas	Short
Clevenger	Harter, N. Y.	Mansfield	Simpson
Cochran	Hartley	Marshall	Smith, Conn.
Coffee, Nebr.	Havenner	Martin, Iowa	Smith, Maine
Coffee, Wash.	Hawks	Martin, Mass.	Smith, Ohio
Cole, Md.	Healey	May	Springer
Connery	Hendricks	Michener	Stefan
Corbett	Hess	Miller	Sumner, Ill.
Costello	Hill	Mills, La.	Sumners, Tex.
Courtney	Hinshaw	Monkiewicz	Sweet
Crawford	Hoffman	Monroney	Talle
Crowe	Holmes	Mundt	Thomas, N. J.
Crowther	Horton	Murdock, Ariz.	Thomas, Tex.
Culkin	Houston	Murray	Thomason
D'Alesandro	Hull	Myers	Tibbott
Dingell	Izac	O'Brien	Tinkham
Dirksen	Jarrett	O'Connor	Treadway
Dondero	Jenkins, Ohio	Oliver	Van Zandt
Dunn	Jennings	O'Neal	Vinson, Ga.

Voorhis, Calif.	Wheat	Wolfenden, Pa.	Youngdahl
Vorys, Ohio	Whelchel	Wolverton, N. J.	Zimmerman
Wadsworth	Williams, Del.	Woodruff, Mich.	
Welch	Wolcott		

NAYS—114

Allen, La.	Doxey	Kennedy, Md.	Pierce
Arnold	Drewry	Kirwan	Rankin
Barden, N. C.	Duncan	Kitchens	Richards
Barry	Durham	Kleberg	Robertson
Beam	Eberharter	Kramer	Romjue
Beckworth	Edelstein	Larrabee	Sabath
Bell	Ellis	Lewis, Colo.	Sacks
Bland	Engel	Lynch	Satterfield
Boehne	Flannagan	McAndrews	Schulte
Boland	Ford, Miss.	McGehee	Sheridan
Brown, Ga.	Fulmer	McKeough	Smith, Va.
Bryson	Garrett	Magnuson	Smith, W. Va.
Buck	Gathings	Mahon	Somers, N. Y.
Buckley, N. Y.	Gore	Maloney	South
Burch	Gregory	Massingale	Spence
Burgin	Griffith	Mills, Ark.	Starnes, Ala.
Cannon, Mo.	Hare	Mitchell	Steagall
Clark	Hart	Moser	Tarver
Claypool	Hennings	Mouton	Taylor
Collins	Hobbs	Murdock, Utah	Terry
Cooley	Hunter	Nelson	Vincent, Ky.
Cooper	Jarman	Norrell	Walter
Cox	Johnson, Luther A.	Norton	Ward
Creal	Johnson, Lyndon	O'Leary	Warren
Cullen	Johnson, W. Va.	Pace	West
Cummings	Kee	Parsons	Williams, Mo.
Dickstein	Keller	Patman	Woodrum, Va.
Disney	Kelly	Patrick	
Doughton	Kennedy, Martin	Pearson	

NOT VOTING—117

Allen, Pa.	DeRouen	Keefe	Rogers, Okla.
Anderson, Calif.	Dies	Kefauver	Schaefer, Ill.
Anderson, Mo.	Ditter	Kennedy, Michael	Schuetz
Ball	Douglas	Kerr	Seccombe
Barton, N. Y.	Elliott	Kilburn	Secrest
Bates, Ky.	Evans	Kocialkowski	Smith, Ill.
Bates, Mass.	Fay	Lemke	Smith, Wash.
Bolton	Ferguson	Luce	Snyder
Boykin	Fernandez	McGranery	Sparkman
Bradley, Mich.	Fitzpatrick	McLean	Stearns, N. H.
Buckler, Minn.	Folger	McLeod	Sullivan
Bulwinkle	Ford, Leland M.	Maciejewski	Sutphin
Caldwell	Ford, Thomas F.	Marcantonio	Sweeney
Camp	Gartner	Martin, Ill.	Taber
Cannon, Fla.	Gavagan	Mason	Tenerowicz
Carter	Gearhart	Merritt	Thill
Cartwright	Gerlach	Mott	Thorkelson
Celler	Green	Nichols	Tolan
Chapman	Hall, Edwin A.	O'Day	Vreeland
Cluett	Hall, Leonard W.	Osmers	Wallgren
Cole, N. Y.	Halleck	O'Toole	Weaver
Colmer	Harter, Ohio	Pfeifer	White, Idaho
Cravens	Hook	Poage	White, Ohio
Crosser	Hope	Polk	Whittington
Curtis	Jacobsen	Powers	Wigglesworth
Darden, Va.	Jeffries	Ramspeck	Winter
Darrow	Jenks, N. H.	Randolph	Wood
Davis	Johnson, Ind.	Risk	
Delaney	Johnson, Okla.	Rockefeller	
Dempsey	Jones, Tex.	Rodgers, Pa.	

So, two-thirds not having voted in favor thereof, the veto of the President was sustained and the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Powers and Mr. Ditter (for) with Mr. Cravens (against).

General pairs until further notice:

Mr. Whittington with Mr. Taber.
Mr. Colmer with Mr. Halleck.
Mr. Darden of Virginia with Mr. Gartner.
Mr. Folger with Mr. Curtis.
Mr. Gavagan with Mr. Barton of New York.
Mr. Weaver with Mr. Winter.
Mr. Jones of Texas with Mr. Lemke.
Mr. Sullivan with Mr. Keefe.
Mr. Randolph with Mr. Rockefeller.
Mr. Nichols with Mr. Anderson of California.
Mr. Ramspeck with Mr. Vreeland.
Mr. Martin of Illinois with Mr. Douglas.
Mr. Bulwinkle with Mr. Bates of Massachusetts.
Mr. Cannon of Florida with Mr. Thill.
Mr. Pfeifer with Mrs. Bolton.
Mr. Camp with Mr. Osmers.
Mr. Bates of Kentucky with Mr. Hope.
Mr. Cartwright with Mr. Darrow.
Mr. Davis with Mr. Bradley of Michigan.
Mr. Green with Mr. Risk.
Mr. Harter of Ohio with Mr. Seccombe.
Mr. Kefauver with Mr. Carter.
Mr. Kerr with Mr. Cluett.
Mr. Sparkman with Mr. White of Ohio.
Mr. Smith of Washington with Mr. Cole of New York.
Mr. Secrest with Mr. Mott.
Mr. Poage with Mr. Jeffries.
Mr. Boykin with Mr. Edwin A. Hall.
Mr. Chapman with Mr. Gearhart.
Mr. Delaney with Mr. Leonard W. Hall.
Mr. Fay with Mr. Luce.
Mr. Dies with Mr. McLean.
Mr. Fitzpatrick with Mr. Wigglesworth.
Mr. Hook with Mr. Thorkelson.
Mr. Kocialkowski with Mr. Stearns of New Hampshire.
Mr. Schuetz with Mr. McLeod.
Mr. Polk with Mr. Kilburn.
Mr. Maciejewski with Mr. Gerlach.
Mr. Crosser with Mr. Leland M. Ford.
Mr. Jacobsen with Mr. Johnson of Indiana.
Mr. Michael J. Kennedy with Mr. Buckler of Minnesota.
Mr. Tenerowicz with Mr. Marcantonio.
Mr. Sutphin with Mr. Rodgers of Pennsylvania.
Mr. Anderson of Missouri with Mr. Celler.
Mrs. O'Day with Mr. Schaefer of Illinois.
Mr. Elliott with Mr. Ferguson.
Mr. Tolan with Mr. Johnson of Oklahoma.
Mr. Smith of Illinois with Mr. O'Toole.
Mr. Snyder with Mr. Caldwell.
Mr. Sweeney with Mr. Wallgren.
Mr. Rogers of Oklahoma with Mr. Dempsey.
Mr. Evans with Mr. Fernandez.
Mr. Thomas F. Ford with Mr. DeRouen.

Mr. BRADLEY of Pennsylvania changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will notify the Senate of the action of the House.

WOOL PRODUCTS

Mr. LEA. Mr. Speaker, I call up the conference report on the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

The Clerk read the title of the bill.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 162) To protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same.

CLARENCE F. LEA,
HERRON PEARSON,
CHAS. L. SOUTH,
CHAS. A. WOLVERTON,
Managers on the part of the House.

B. K. WHEELER,
CHAS. W. TOBEY,
H. H. SCHWARTZ,
CLYDE M. REED,
EDWIN C. JOHNSON,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause. The Senate recedes from its disagreement to the amendment of the House, and therefore the bill as agreed to in conference is the same as the bill as it passed the House.

CLARENCE F. LEA,
CHAS. L. SOUTH,
HERRON PEARSON,
CHAS. A. WOLVERTON,
Managers on the part of the House.

Mr. LEA. Mr. Speaker, the conference report shows an agreement of the conferees of the House and the Senate on the House bill in toto, so the conferees accept the bill as passed by the House.

If no gentleman desires to be heard, Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a short newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, a while ago I was given unanimous consent to address the House on Friday. I understand there is a possibility of adjourning over Friday, so I now ask unanimous consent to change that time to Monday, following the legislative program of the day.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. McGREGOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a radio address I delivered last night.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MYERS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the Henry H. Houston 2d Post, No. 3, of the American Legion.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MYERS asked and was given permission to extend his own remarks in the RECORD.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a speech made at Boston by the National Commander of the American Legion. I also ask unanimous consent to extend my own remarks in the RECORD on another topic and to include therein a brief poem by a constituent in my district.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under a previous special order, the gentleman from California [Mr. VOORHIS] is recognized for 7 minutes.

Mr. VOORHIS of California. Mr. Speaker, I should like to speak for just a few moments this afternoon following up the political discussion that took place here yesterday.

It seems to me that with the situation in the world and in our own Nation as it is today we could well soft-pedal some of the politics, I do not need to tell the House that the things for which America has stood through the centuries, freedom, the importance of the common citizen because he is many, the right of people to be different from the majority, religious liberty, and all those things, are today challenged as perhaps never before in all history, and our country is called on to preserve those values within herself for a world which one day is going to hunger for them again.

As I see it, we face three dangers today. The first one is the danger or threat from without, the international danger to which we have given quite properly so much attention within the last few months. The next is the danger from the enemy within our gates, and to it likewise we are giving attention both through the expansion of the F. B. I. and through other agencies which are working on this problem. The third is the danger which I might describe as the danger from our taking the easy way to do things. By that I mean that I believe Congress at the present time has a very definite job to do. It is the job of seeing that we just do not take the easy way of meeting these problems. It is the job of seeing that defense is not made an excuse for stifling the voice that has always been the voice of America, the voice of the ideal Nation where there will no longer be unnecessary poverty or needless injustice. It is the job of seeing that as it becomes necessary under certain circumstances to make broad grants of power and to pass appropriation bills in a very short period of time, we do not just let it go at that but see that the Congress continues to exercise its proper prerogatives, reviews and watches carefully the things that happen, and stays on its job earnestly. I think the people of America will feel a sense of confidence if we do that.

Here is an example of what I mean.

During the course of the debate on the conscription bill I offered an amendment, which was voted down, to provide that after men had served their 1 year's training period they should not be called into active service after that except by authorization of the Congress. The amendment was voted down and the assurance was given that they could not be called into active service. I am not alarmed about the thing that has happened. I do not think anything is going to go wrong or anyone is going to abuse the very broad power that has been given. However, I do find on careful examination of this situation that prior to the passage of the conscription bill, in the so-called National Guard bill we had already authorized the President of the United States, whoever he might be, to call into active service anyone in any reserve component until the date of June 30, 1942. This, taken with the provision of the conscription bill placing trainees in the reserve components, means that until that date all these men can be called to active service without any action of the Congress at all. I merely mention this because it seems to me that that kind of grant of power is about the ultimate that could be made by Congress. I presume that the Congress acted with knowledge as to what it was doing, but I merely call it to your attention so that you may know what the situation is. I am frank to say I still think my amendment should be in that bill.

FULL PRODUCTION CAN GIVE ADEQUATE DEFENSE AND ALSO A GOOD LIVING STANDARD TO ALL

I think it is of basic importance that Congress does not get the idea that its job is done when it has appropriated money and passed bills for military defense. The main reason I asked this time this afternoon is to say one thing, namely, that it is altogether possible for the United States to provide a completely adequate defense and at the same time to provide opportunity and the highest standard of living in the world for its own people. It all depends on whether or not we bring about a situation where everybody is at work and where we have full production and full use of our resources and our industrial capacity. The arch enemy of national defense and of democratic government itself is unemployment. And unemployment springs primarily, I am convinced, from a faulty and iniquitous conception of the relationship between money on the one hand and real wealth and its production on the other.

I wish to read to you something that I put in the RECORD one time, a portion of an article by Dorothy Thompson entitled "Thoughts After the Fall of Paris." She is giving the reasons for Hitler's successes. Her second reason reads as follows, and I take it that every Member of the House knows of Miss Thompson's entirely hostile attitude toward Germany.

Here is what she says:

> Second. Hitler is winning the war because he has been fighting it with an industrial and engineering economy, while the democracies have been fighting it with a money, or financial economy, and fighting it stingily. We are now following Britain and France in our defense program.
>
> The Germans did not vote themselves 4,000,000,000 money units for defense. They voted—had voted for them—30,000 airplanes, so-and-so many guns, so-and-so many thousand tons of reserves of oil and raw materials. The German economy is an economy of things and men; the Allied economy is an economy of symbols; money. The German economy recognizes that all wealth is in goods, particularly in capital goods, and that these are not created by money, which is only a medium of exchange, but by the application of labor to materials.
>
> The Allies had money but failed to produce goods. The Germans had no money, but did produce them.
>
> To recognize this is not to accept the mystic race-domination, fanatical, Hitler-worshipping secular religion of nazi-ism. This

economy was not designed by Hitler. Thorstein Veblen, an American, knew all about it; Henry George, an American, knew a great deal about it. As far as Germany is concerned, the man who first saw and practiced the facts about an industrial and engineering economy was Walter Rathenau, the coordinator of the German economy during the last war, and he was a Jew whom the Nazis murdered. The Germans were forced into it, because they had a will to conquest and no money. But the lack of money proved to be a godsend to them.

What lesson we should learn from this and what we should do about it I shall suggest in a moment. The point I want to make first is this. I believe we have got to get a vision of what the real challenge to the Congress is. It is not merely to vote military appropriations though that is necessary. The real challenge to the Congress is to provide national defense for America from the ground up. We have got to see a vision of an America united in a great effort, not only to prepare in a military sense, but also to bring into the national effort for the upbuilding of our national life every bit of resource and every person in this Nation. There are two possible points of view. One point of view is that because America needs national unity therefore everybody who pleads the cause of the poor or seeks to improve their lot or points out injustice where it exists is a "fifth columnist." This point of view, Mr. Speaker, is false and indefensible and we shall never get true national defense that way.

The other and truly patriotic point of view is this: America asks and needs the full and complete devotion of all of us. Therefore, we cannot bear to see any conditions existing within her borders which are not worthy of her. Therefore, we are driven with a great and insistent urge to conquer unemployment—not by means of temporary large expenditures, but fundamentally and permanently; therefore, we can no longer tolerate the slum; therefore, we must defeat and reverse the forces that are today making tenants and hired laborers out of what were once free farmers. With such a point of view always before us, Mr. Speaker, we can create a dynamic faith in our Nation which is what we shall need if we are to match the forces that are presently loose in the world.

We can do it. There is no question about that. The question is whether we want to badly enough. The question is whether we shall be content to see some portion of the unemployed go back to work because of our large armament expenditures and then fold our hands and await the economic whirlwind that is bound to come once those expenditures cease or are reduced. Or whether we will go to work earnestly and with determination to get at the root of the reason why our people cannot buy all they are so readily able to produce for sale.

We can do this job. For we have every resource necessary to do it. Not one reputable economist questions our ability to produce $100,000,000,000 of goods and services per year. Many believe we could produce much more than that. In any case, if, by judicious policies, we brought about a national income of $100,000,000,000 per year we could then spend $10,000,000,000 each year on defense—yes; we could sustain a Budget of even so much as $20,000,000,000 per year and still have left a larger income, after the payment of taxes, than this Nation has ever known.

IS CONGRESS THROUGH?

Is Congress through with its job, gentlemen? The question answers itself. Of course, Congress is not through. It has only started on the job of providing a true defense for America. It has not tackled fundamentally the most important part of the job.

For example, it has been years now since candidates began pledging themselves to support a national old-age retirement pension system. Everyone of us knows that only the mass-consumption key can unlock the door to mass production and full employment. Yet, there are two petitions on the Speaker's desk, either of which would bring to the floor a bill to provide a national-pension system. Only a few more names are need on these petitions and if one does not agree with the details of the bills there will be every opportunity to amend them. But, is it not time for us to undertake action for the benefit of our people, and toward the straightening out of our purchasing-power problem?

A CLEAR UNDERSTANDING OF THE PROPER FUNCTION OF MONEY, CREDIT, AND DEBT IS OUR PARAMOUNT NEED

And now, in closing, let me go back to the quotation from Dorothy Thompson, for there we find, I am sure, the key to the dynamic economy that we must have. The flow of money and credit in the Nation must be governed by the production and flow of real goods and services. At present it is just the other way around. The availability of money determines whether or not we shall produce the things we need. We have not yet discovered how to remove the brake of debt from the machine of our production. The only answer we have been able to devise to increase our production and reduce unemployment has been an increase in public debt.

Here is what we must realize: Debt is all right where it represents a transaction where one man is given the right to use money that belongs to another man. But, debt is not all right where it means that a banker creates money—usually in the form of bank deposits—against the credit of the Government and then lends that specially created money to the Government at interest and on the security of a public bond. Neither is debt justified if it is contracted by our Nation for the single reason that the Nation, and its growing business, require an additional supply of the medium of exchange.

We worry about idle money. But it is our own fault if money is idle. For we have given the banks all the business they really need by paying them—in the form of bonds—for creating money—demand deposits—for the Government. Why, under these circumstances, should loans involving risk be made? And again, we have issued billions of tax-exempt bonds at the very time we were raising the income-tax rates in the upper brackets. Naturally enough, much money has sought refuge in these tax-exempts—especially where the owners of the money were people who otherwise would pay in the high brackets.

A reformed monetary system can be the keystone of an impregnable America. For it can mean that as we increase our production we will automatically reduce our public debt instead of increasing it as we do at present. This will happen whenever we restore the money-creating function to our national Government where it has always belonged, and where the Constitution of the Nation says it shall reside.

WHAT NATIONAL DEFENSE DOES AND DOES NOT REQUIRE

National defense will require sacrifice.

National defense will require a spirit and practice of cooperation in the common interest.

National defense will require us all to learn one of the greatest and finest lessons of life—to find that there are things bigger than one's self to live for and to live in. Such things are religious faith and the ideals of one's Nation.

But, national defense does not require and must not be permitted to mean the abandonment of interest in the solution of the domestic problems of the American people. On the contrary it requires of every one of us a renewed dedication to the welfare of all our fellow citizens. And to the poor ones most because, as Charles Dickens has said, "They need it most." [Applause.]

[Here the gavel fell.]

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, several Members have asked me what the program will be tomorrow. We intend to go along with the national-defense appropriation bill and hope to complete it tomorrow.

Mr. MICHENER. If the gentleman will yield, when that is finished, will we adjourn until Monday?

Mr. WARREN. That has not finally been determined, but will be determined tomorrow.

A BACK-HAND THREAT AT PUBLIC POWER—THE SENATOR DERIDES PUBLIC POWER ADVOCATES

Mr. PIERCE. Mr. Speaker, on the 18th of August 1940 the Honorable STYLES BRIDGES, United States Senator from

New Hampshire, delivered a radio address on the American Forum of the Air in a debate on the subject Private versus Public Ownership of Electricity. The Senator further publicized his radio address by including it in the Appendix of the RECORD, on pages 5062–5063. I did not hear the radio address when delivered on the air, but I have carefully read and analyzed it as it appears in the CONGRESSIONAL RECORD. I was astonished to learn that a United States Senator, confronted with national and international problems of gravest concern, should be diverted from his duties to make an attack upon a private citizen who is defenseless in the face of this powerful opponent. The attack was made on Dr. Carl Thompson and the Public Ownership League. I could easily have understood the purpose of such a statement if it had emanated directly from the utility propaganda bureau conveniently located in Washington. I am also surprised that a United States Senator should have made an address which contained so many glaring errors. This was part of his effort to discredit public ownership, and particularly to discredit the Public Ownership League of America. The statements and inferences in the address reflect unfairly and unjustly upon many able and conscientious men. Having had close association with those whom the Senator reviles, and being an advocate of public ownership of utilities myself, I feel that I cannot allow such statements to go unchallenged. I realize that there is a possibility that the busy Senator may have been given incorrect information and that his assistants may not have had the opportunity to get at the facts.

Perhaps it may be inconceivable to Senator BRIDGES, and to those who advance similar ideas on the controversial question of public control and operation of public necessities, that men and women could, in perfect sincerity, and in the spirit of sacrificial service, devote their lives and resources to an endeavor to make better living conditions throughout our country. The group which has so untiringly advocated more widespread enjoyment of the benefits of electric power unhampered by the profit motive has been defamed and denounced, time and again, by the richly financed and tightly integrated group which is determined to monopolize power resources for private profit as against the public welfare, and what appears to some of us to be undoubted public rights.

It is not my purpose to try to convince the Senator that men are to be found, even in the greedy, sordid setting of American big business who are capable of devoting their lives to a cause unselfishly and wholly without financial reward. One such cause is that of public ownership and enjoyment of the benefits of electric power, particularly the hydro power generated by streams to which the public has an inherent right. My purpose is to correct certain misstatements the Senator made and false inferences that he conveyed to listeners and readers who might be unaware that a United States Senator does sometimes, in his eagerness to serve his group, make statements not supported by facts or capable of other interpretation.

PUBLIC OWNERSHIP MOVEMENT NOT RELATED TO "COMMERCIAL AND POLITICAL RACKETEERS"

The Senator brands the public ownership movement in this country as "a combination of commercial and political racketeers." Since there are over 10,000 publicly owned water works in the United States, over 2,600 light and power systems publicly owned and operated, thousands of miles of public roads, and universal publicly maintained postal and educational systems, the Senator has evidently taken in too much territory and has, inferentially, denounced the whole American way of life.

PUBLIC OWNERSHIP SUCCESSFUL IN OREGON

In the Senator's address he mentioned the city of Eugene, Oreg., as having a model municipal plant. It was pleasing to me to have him cite this outstandingly successful example, but this reference furnishes a clue to the source of his other material. Many times in the House of Representatives I have recited, and supported by factual details, the successful results of the Eugene, Oreg., electric-power system, and always take satisfaction in repeating them. Eugene is a city of about 20,000 people, which owns, practically free of debt, an electric plant worth about $5,000,000. While the city was building this plant and under the burden of paying for it its users enjoyed rates cheaper than any ever before known in western Oregon. Why did not other Oregon towns, like Portland the capital city, Salem, and Albany, for instance, give citizens similar benefits? The answer lies in the fact that there were in those towns too many men like Senator BRIDGES, talking and working against public enterprise and aiding the private-utility overlords in their fight to sacrifice public welfare to their private profit. I could also relate impressive stories of successful public ownership and operation in the Oregon cities of Canby, Milton, Forest Grove, McMinnville, and Cascade Locks, which have made great savings through public operation and demonstrated that it is both feasible and profitable.

We of the Pacific Northwest are public-power minded. We are somewhat independent thinkers. We do not fear our own institutions created by us for our own Government. We intend to use our own natural resources for our own benefit, even though it may irk eastern holding companies, and turn the profits to our own tills instead of into their exploitative schemes for building up the great private fortunes which are often used to wreck governments.

PUBLICLY OWNED UTILITIES ARE PRACTICAL

The Senator charges that the Public Ownership magazine carries advertising of electrical engineering firms, municipal bond houses, and Diesel engine manufacturers. What successful magazine, newspaper, or publication is there in this country today that does not carry advertising? Did the Senator's Granite monthly magazine run without advertising? Municipal power and light plants do not exist in a rarefied atmosphere entirely aside from actuality. They buy equipment and employ labor as do private plants. There are some differences, as there has as yet been no credible record of "kick-backs" and rebates for the creation of slush funds to buy elections or crush opponents. The labor record of public ownership has been very satisfactory, as has recently been set forth in substantial detail in the CONGRESSIONAL RECORD.

A BACKHAND THRUST AT PUBLIC POWER

The Senator derisively refers to Dr. Carl D. Thompson, founder of the Public Ownership League of America, as one who is "sometimes called 'Dr. Thompson,'" thus implying, although not definitely stating, that he is not entitled to the doctor's degree and the respect which it carries. Now, it happens that I and many others in the Senate and House know Dr. Thompson personally, and have known him for many years. He is a thoroughly educated man of high scholastic standing, having not only the usual college degree, but a master's degree from the University of Chicago, and a doctor's degree from a fully accredited western college. In conferring the LL. D. degree upon Dr. Thompson, the faculty and board of trustees of Doane College stated that they gave him this recognition on the ground of his service as a "pioneer preacher of the social gospel, leader of progressive legislation in this country—courageous, unselfish, efficient advocate of the people," and in addition stated that he has worked "not for personal gain but for the public good."

The Senator stated, "Today Thompson is on the Federal pay roll at $466 per month." I know no reason why any qualified man should not be in Government service, but since there is an implication of wrongdoing, and the connection is with the Bonneville project dear to my heart, I desire to clear the matter. Inquiry develops the fact that while "rated" in the Budget at $5,600 a year, Dr. Thompson has never received anything like that amount, his appointment being on a temporary basis. He has never been employed full time and is now on a per diem basis at approximately half time with a small annual income from his public service, something like $2,000 a year. I assume private utilities pay many "advisors and consultants" that amount, or more, for a few hours of advice, steering them through the shoals toward favorable legislative enactments. The Senator may know more about such rates, as he also must have observed "the boys" in action.

Senator BRIDGES should, in all fairness, and in the face of the facts easily ascertainable, recall his insinuations and admit

that he has definitely misrepresented a man of fine record and high motives. My personal acquaintance with Dr. Thompson leads me to state that I have never known a cleaner or more honest man in public life. He is always trying to find something that he can do for the common good. He is a lover of our institutions; a true, genuine Christian American. Why, Senator BRIDGES, you could not buy him with a million dollars.

PUBLIC OWNERSHIP NOT COMMUNISM

Senator BRIDGES seeks further to discredit Dr. Thompson and the Public Ownership League of America by rehashing the threadworn charges of Socialist, socialism, and communism. As a matter of fact, Dr. Thompson has not been a member of the Socialist Party or had anything to do with it for nearly 25 years and has always been an earnest and relentless opponent of communism. Public ownership of electric-light and power facilities is no more socialistic than are public water plants, police departments, the postal system, libraries, fire departments, hospitals, roads, bridges—all public necessities of community life, cooperatively owned for the common good.

HATCH ACT AND PUBLIC OWNERSHIP

Senator BRIDGES also stated that Dr. Thompson is actively engaged in public-ownership campaigns for the Bonneville project, in violation of the Hatch Act. Now, that touches near the heart of things for us in the Pacific Northwest. We want no Hatch Act cry raised to keep our people from learning how best to utilize the power of our own Columbia River to light our homes and to bring us population and industries, because we do have natural advantages. There are plenty of Electric Bond & Share agents already operating destructively and directly in our vicinity without subjecting our public enterprises to attack from New England on the floor of the Senate. It is like Hitler attacking England in Africa.

I have heard Dr. Thompson's addresses in the Oregon country. I listened to one recently, which was enthusiastically received by our Eastern Oregon Wheat League—all practical men and certainly no one's dupes. I can personally testify that they are able, effective, factual, and educational presentations of the policies laid down by the Congress in the Bonneville Act. They are, in no respect, a violation of the Hatch Act. Dr. Thompson's lectures were given only upon the request of local groups and organizations like the granges, which are interested in distribution of Bonneville power for public benefit. The talks are strictly confined to presentation of facts and information regarding the project, which anyone and everyone is entitled under the law to learn. I am advised, moreover, that the manuscripts of his addresses have been repeatedly checked and reviewed by the legal department of the Bonneville project and approved as being strictly within the law. This is only a beginning of the efforts to use the Hatch Act to thwart public projects.

I have noticed that Senator BRIDGES lists in his experience background in Who's Who his service as a county agent and secretary of the State Farm Bureau. For his information I would suggest that he write the master of the Oregon State Grange for verification of the facts he used. I am sure I know the origin of the story included in his radio address, and I am here recording my doubts as to the honest intentions of those who prevailed upon the Senator to use his high office to peddle their wares. It is not the first time our people of Oregon have had misleading private-utility propaganda dinned into their ears, but we do not always rate the destinction of an attack of national proportions.

THE PUBLIC OWNERSHIP LEAGUE OF AMERICA

I am glad that there is now and has been for the past many years such an organization as the Public Ownership League of America. To refer to such a body as a Communist organization is a slander upon the group which sustains it. It is a nonpartisan educational organization of loyal American citizens, having in its membership persons of all political parties. Among the subscribers to its support and objectives are respected Members of this House and of the United States Senate, former Governors of States, officials and engineers of some of the largest public and municipal power projects in this country and Canada. It also includes outstanding businessmen and leaders of farm and labor organizations throughout the country. As a member of the Public Ownership League, I am personally affronted when it is thus unfairly subjected to public attack, unfounded and undeserved. I have attended its meetings, and I can testify that I have never heard anything which could be construed as being mercenary or selfish or smacking of personal gain. Its members are imbued with the spirit of doing something worth while for the people. The radio address clearly and purposely created a false impression to smear those whose economic philosophy is at odds with that of the Senator and those he served by giving publicity to their ideas.

We have a branch public ownership league in Oregon, which bands together our finest and most progressive and reasonable citizens who are just naturally believers in the public ownership of necessities, for the safety and protection and enjoyment of community life. We have been educated by a long period of widespread scandals and thieveries from small investors, who formerly handed their savings over to private utility companies operated for the profit of Atlantic seaboard speculators—I would say "Wall Street," as we understand exactly what that means, but those words may sound too trite for repetition in a public power speech.

The Senator has lived close enough to the Canadian Province which has profited from the work of Sir Adam Beck to recognize that he was imbued with the spirit of public service, without any thought of personal aggrandizement. He was head of the great Hydroelectric Power Commission of Ontario and was one of the first vice presidents of the Public Ownership League. Another vice president was J. D. Ross, beloved in the Northwest, superintendent of the Seattle Public Power System and first administrator of the Bonneville project. The United States Treasury Department, after a careful and thorough investigation of the matter, in connection with tax returns, has recently declared the league to be a distinctly educational and not a propaganda organization.

To mark such an organization as socialistic or communistic is doing violence to the truth and should the charge gain any credence, it would result in unpardonable injury to the characters and reputation of high-minded Americans.

The Senator says that the league has distributed "hundreds of thousands of pieces of public-ownership propaganda under free mailing privileges of Members of Congress." Such a charge is petty politics. So far as I know, not a single piece of such material has been so sent out. Whenever such material is used, the league pays the regular postage. The Senator and his party should not attempt to educate our rural citizens on propaganda distribution under franks, as their stuffed mail boxes have done that job. It is a real calamity to be a boxholder on rural route No. 1.

WHAT RECORD IS REALLY "ROTTEN"?

The Senator says "the record is rotten with proved charges of corruption and bribery of city officials." But he offers no proof, he mentions no names nor cases, and cites no evidence. This statement, if meant to refer to the league and public-ownership proponents, is absolutely untrue. In due time I trust the Senator will cite cases. If anything wrong is found, it should be righted. If not, and the Senator is sincere in the matter, he will correct his statement. Such subject matter is similar to the usual type of tirade originated by private power company manipulators and intended to build up prejudice and malice, and avoidance of sincere and straightforward, factual argument. Lacking such argument, resort is made to invective, insinuation, and insult. The method follows the advice of an official of a fixing private power company given long ago to anyone opposing public ownership, "Do not argue with the advocates of public ownership. Pin the Bolshevik label on them. Call them Communists." Should the Senator really wish to find a "rotten record," all he needs to do is to bring out the proven evidence on the conduct of private utilities. Startling and disgraceful

private utility operations are a matter of record in Government publications covering years of investigation, under the Federal Trade Commission, the Federal Power Commission, and the Securities and Exchange Commission.

In many cities of the United States, agents of the private companies have bought councilmen, mayors, and city officials by the dozens, yea, by the hundreds, and have secured franchises with ruthless dishonesty. There is no gang of highbinders that has exceeded the private utilities in the depths to which they have fallen to carry out their nefarious ends. They have selected the men for public office whom they can and do control—in legislative bodies of all degrees, in executive positions and in bureaus and departments; yes, even in civil service. Perhaps the Senator could find, as others have found, that the utilities control practically every commission in the United States that is supposed to regulate them.

PROPAGANDA AGENCIES WHICH ARE DANGEROUS

In the radio address it is stated that the private-power industry is owned by Main Street and not by Wall Street. This is a trick statement. Factually, the control securities are owned by the yacht-riding farmers of Wall Street, who are experienced in shearing sheep, milking cows, watering stock, and handling the bull, as my Mississippi colleague says. Customer ownership preferred stock, largely water, was peddled on Main Street to innocent victims. The arguments presented are strictly a defense of the right to siphon funds from the pockets of the rate payer to freeze watered securities.

A good many of such defense arguments originally came out of the old discredited N. E. L. A., and the so-called Committee on Utility Information, which operated principally from New York City, Chicago, Springfield, St. Louis, and Des Moines, and later worked New England. Anyone interested can check into the origin of such arguments from the printed words of Aylesworth, Prather, Carmichael, and their committee associates. All were stooges of Sam Insull. This chain of propaganda argument was started over 25 years ago, and was recently climaxed by the exposures at St. Louis, brought about by the tireless energy of the St. Louis Post Dispatch. This newpaper's files explain the operations of the syndicate organized to control the conduct of public officials. To counteract such syndicate operation, the only refuge of the rate payer is public ownership of those necessary facilities effected with public interest.

THE OREGON SITUATION

I am, perhaps, better acquainted with the conduct of private utilities in Oregon than elsewhere. In the Federal court at Portland, Oreg., there is now a voluntary bankruptcy proceeding, initiated by a private power company. It was admitted that they increased their bonded debt by over $20,000,000 with no visible addition to the assets of the company.

When Governor of the State of Oregon, I made a desperate effort to secure control of our public utilities commission, so that I could appoint honest, fearless men who would actually represent the public and protect its interests. I was denied that power through private utility political manipulation, financed by its ill-gotten gains. In our one large city alone, one company has now reduced power rates $1,500,000 annually because of the Bonneville yardstick. It is thus apparent what a haul they made and what they had to spend for their evil purposes. These utilities had one valuation for taxation and profits; they had another valuation for rate-making purposes. They took out of one little Oregon county over $500,000, by the sale of fraudulent securities. The Portland Co. has gone through bankruptcy twice in the last 10 years.

By contrast, Tacoma, Wash., situated 200 miles north, with less than half the people of Portland, has had a municipal electric plant with rates about one-half those effective in Portland. Tacoma, furthermore, owns its plant, practically free of debt, and worth $25,000,000. Tacoma was not inflicted with the influence of private power company agents, but was guided by men like distinguished Senator BONE, of Washington.

PUBLIC OWNERSHIP OF NATURAL MONOPOLIES

Every business that is a natural monopoly, effected with public interest, ought to be in the hands of the people. There should be but one water system, one electric-light plant, one post office—and all should belong to the people. Electricity should be as free as water. It is one of the greatest gifts given by Nature to mankind. It can be produced very cheaply, especially in hydro plants, after installation. Only about 10 percent of the over-all cost is used for manufacturing the current. Ninety percent of the amount paid in rates goes into transmission and distribution—and profits. It is an exceedingly profitable business. There are no bad bills. If a customer does not pay, the current can be quickly cut off, so everybody pays. It is being sold at a tremendous profit, by private manipulators. It has afforded the best opportunity to the jugglers and manipulators of Wall Street since the early days of railroad construction.

Holding companies created men of the type of Hopson, Insull, and the like, who came to the surface in tying together the stocks of many operating companies, so as to soak up the profits. They should have financed extensions by their enormous earnings. Instead, they pocketed the earnings or spent them on debauching our political life. Then they soaked the public for capital and squandered that, spreading stock to flatter their dupes into belief that they were coowners in a great money-making enterprise.

The big fight waged against the T. V. A., Bonneville, and Grand Coulee has been in the interests of speculators and manipulators, and opposed to the rights of the people.

A former Chairman of the Federal Power Commission, after careful examination, stated that the total value of all the electric power plants in the United States does not exceed $6,500,000,000. They are operated today, so as to pay interest charges on $13,000,000,000 book value. The difference represents junk and jokers.

EXTENSION OF REMARKS

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend the remarks I made in the House today and to include a brief article by Gen. Hugh S. Johnson.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentleman from Illinois [Mr. DIRKSEN] is recognized for 15 minutes.

Mr. DIRKSEN. Mr. Speaker, a day or two ago I addressed some remarks to the Congress on the question of disintegrating our morality and impairing the integrity of the country by these very singular acts whereby the executive agencies flout the law of the land and then flout the will of Congress. I referred at that time to the destroyer deal, which was in contravention of the 1917 act. I referred to some abuses and excesses within the National Labor Relations Board, where they deliberately undertook to flout the intent and the purpose of the Congress in the expenditure of certain appropriations.

One can go on and multiply these instances a great deal and see that there is something rather fundamental about these excesses and abuses that are taking place at the present time. I could go back, I suppose, to that rather celebrated occurrence when there should have been confession rather than silence on the part of one who went to the Supreme Court of the United States. I regard that as essentially a matter of public morality. One might point out how people shrug their shoulders at heinous offenses and abuses today and turn them off with just a wisecrack. It is all part and parcel of these forces that are leeching away the substance of the country. One might well, I expect, express it in the words of Shelley's Adonais, "from the contagion of the world's slow stain he is secure." I think this is exemplified in a matter that came to my attention this morning, and I would allude to it very briefly. I allude to a bulletin that came from the Democratic National Committee, from the woman's division in New York.

I do so not because of the political implications involved, because, after all, whether it gets a few more votes or less is not of such great importance. But it is important that those

who are sitting in high places today are abusing the authority and getting on dangerous ground as they trifle with what is called the moral responsibilities of government.

This bulletin gotten out by the woman's division was listed as an important bulletin. I have a copy of it here if anyone cares to see it. The title is "A New Way to Campaign." That is rather engaging. It comes out under the imprint of Mrs. Thomas F. McAllister, who is head of the woman's division. She says that—

A new way to campaign is to provide slides and films with which to carry on a kind of visual education of the voters and of the democracy of the country.

There is a whole series. This series is addressed to the general subject Seven Years of Progress Under the New Deal.

So long as they manufacture their own films I have no complaint to make, but oddly enough there are listed among these films, five that are gotten out by agencies of the Government, one by the Forestry Service, one by the Tennessee Valley Authority, one by the Rural Electrification Administration, and several by the National Youth Administration; also one by the Public Health Service.

There is a statement in this bulletin which says:

These programs can furnish instructive entertainment for Democratic rallies.

Another statement says:

Let us know if you want to use this method of presenting the New Deal record to citizens of your State.

And finally this—and this is the essential thing about this bulletin—

Films can be secured either from the Washington office or from State directors or State information offices.

Now, give heed to this. I invite, particularly, the attention of my friend the gentleman from Arkansas [Mr. TERRY] to this:

Your request should point out that the film is to be used for educational purposes.

Mr. TERRY. Will the gentleman yield?

Mr. DIRKSEN. In just a moment. These films are produced at Government expense. I wonder what happens to the Hatch Act? It seems to me that section 12, as indicated by the Civil Service Commission, which put out a brochure on September 18, indicates the purposes, as follows:

The purpose of section 12 of the Hatch Act is primarily to prevent the use of money of the Federal Government, derived largely from taxes paid by citizens of the United States, in partisan political activity and political campaigns.

That is the basic purpose of the amendments to the Hatch Act, and particularly section 12.

Now, here are some films that have been produced out of taxpayers' funds, out of funds that are derived from the Treasury of the United States. Truly they are educational films, but think of the effrontery of using them for political purposes and then putting in this bulletin that very fetching line:

You should state that your request is based upon an educational purpose.

For instance, there is a film, Trees to Tame the Winds, 20 minutes in length. I suppose for millions of free trees there should be millions of votes. It is gotten out by the Forestry Service. The taxpayers of the country paid the bill to manufacture that film.

There is one called Wasted Waters, or More Power to You, a sound film, which details the story of the Tennessee Valley Authority, paid for with money that has been received from the taxpayers of the country.

There is another film gotten out by the Rural Electrification Administration called Power on the Land. I do not suppose it is guaranteed to say anything about taxes or debt, but ostensibly it carries the electrification program to people everywhere, and is designed to intrigue the attention of the farmers of the country. I do not complain about it. I recognize there is an educational advantage in these films, but the idea of taking films that are paid for by the people of the country and using them for political purposes and for the edification of a political rally, within the terms of this bulletin from Democratic headquarters itself, in my judgment, constitutes one of those "slow stains" that only adds to the long catalog of sins under which we are leeching away the morality and basic integrity of the country.

It is a very clever way, in my judgment, to circumvent the intent and purpose of the Hatch Act. It is rather amusing. If a person purloins or misapplies the property of another to his own purposes, depending upon the amount that is involved, it constitutes larceny; yet it seems to me that here is a use of taxpayers' money to provide educational films for strictly partisan purposes, in violation of the intent and purpose of the Hatch Act, and, in my humble and considered opinion, that constitutes a kind of moral larceny.

It may be very clever, but, in my judgment, it is a kind of unctious hypocrisy; and I allude to it today in line with the observation I made the other day. It may get a few votes, but that is the least important thing, the least important aspect about this whole matter.

When you find that kind of compromise with principle in high places, what can you expect down below? It becomes a matter of rare importance in a feverish hour when we are so unctiously proclaiming the need for a new unity and faith in this country which shall have for its objective the perpetuity of this Republic and its basic principles. And then to find somewhere at the top a specious kind of innovation to circumvent the law I think is fundamental and basic, and I could not let this opportunity go by to draw attention to it, even though there are only a few Members on the floor, because I think it is far too important in its relationship to the basic problems before America today, and that is to keep intact that kind of morality and integrity evidenced by those great men who framed the Constitution and launched this noble experiment in government. Are we going to throw it blindly away? Do we esteem it so lightly that we shrug our shoulders and say, "So what?"—that expression by which we articulate the cynicism of 1940. [Applause.]

EXTENSION OF REMARKS

Mr. EDMISTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a short letter from a constituent.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JENKS of New Hampshire, indefinitely, on account of official business.

To Mr. CRAVENS, indefinitely, on account of official business.

ORDER OF BUSINESS

Mr. WARREN. Mr. Speaker, further answering the inquiry of the gentleman from Michigan [Mr. MICHENER], I have now ascertained the program for Thursday. If the appropriation bill is passed by tomorrow night, it will be the purpose to adjourn over until Monday.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3929. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Memphis, Tenn.

ADJOURNMENT

Mr. WARREN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 37 minutes p. m.) the House adjourned until tomorrow, Thursday, September 26, 1940, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1962. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of

papers by the Work Projects Administration, Federal Works Agency; to the Committee on the Disposition of Executive Papers.

1963. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of motion-picture films by the War Department; to the Committee on the Disposition of Executive Papers.

1964. A letter from the Archivist of the United States, transmitting recommendation for the disposition of lists of papers by the Department of Agriculture; to the Committee on the Disposition of Executive Papers.

1965. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Department of Commerce; to the Committee on the Disposition of Executive Papers.

1966. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Work Projects Administration, Federal Works Agency; to the Committee on the Disposition of Executive Papers.

1967. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the War Department; to the Committee on the Disposition of Executive Papers.

1968. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Treasury Department; to the Committee on the Disposition of Executive Papers.

1969. A letter from the Archivist of the United States, transmitting recommendation for the disposition of lists of papers by the Department of State; to the Committee on the Disposition of Executive Papers.

1970. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Department of Labor; to the Committee on the Disposition of Executive Papers.

1971. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Work Projects Administration, Federal Works Agency; to the Committee on the Disposition of Executive Papers.

1972. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Work Projects Administration, Federal Works Agency; to the Committee on the Disposition of Executive Papers.

1973. A letter from the Archivist of the United States, transmitting recommendation for the disposition of a list of papers by the Federal Trade Commission; to the Committee on the Disposition of Executive Papers.

1974. A letter from the chairman, Reconstruction Finance Corporation, transmitting a report to the Reconstruction Finance Corporation covering its operations for the second quarter of 1940, and for the period from the organization of the Corporation on February 2, 1932, to June 30, 1940, inclusive (H. Doc. No. 960); to the Committee on Banking and Currency and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. VOORHIS of California: Committee on World War Veterans' Legislation. H. R. 6450. A bill to establish certain rights for combat veterans of wars of the United States; with amendment (Rept. No. 2982). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H. R. 10562) for the relief of Henry H. Smythe, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HARTER of New York:

H. R. 10566. A bill to have all schools receiving any Federal moneys, on at least 1 school day during school sessions of each week conduct the pledge of allegiance to the flag of the United States; to the Committee on Education.

By Mr. O'LEARY:

H. R. 10567. A bill to amend the act entitled "An act to exempt yachts, tugs, towboats, and unrigged vessels from certain provisions of the act of June 25, 1936, as amended," approved June 16, 1938; to the Committee on Merchant Marine and Fisheries.

By Mr. WOODRUFF of Michigan:

H. Res. 615. Resolution requesting certain information from the Secretary of War; to the Committee on Military Affairs.

By Mr. STARNES of Alabama:

H. Res. 616. Resolution to authorize the expenses of investigation authorized by House Resolution 321; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARRY:

H. R. 10568. A bill for the relief of Fisil Rosenberg, his wife Sofie, his daughter Jenny, and his son Jacques; to the Committee on Immigration and Naturalization.

By Mr. BOYKIN:

H. R. 10569. A bill for the relief of Nick Spithogianis; to the Committee on Immigration and Naturalization.

H. R. 10570. A bill for the relief of George Spithogianis; to the Committee on Immigration and Naturalization.

By Mr. O'BRIEN:

H. R. 10571. A bill granting a pension to Lena Tenbrook; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9322. By Mr. CULKIN: Petition signed by the employees of the New York Central Railroad, St. Lawrence division, to amend the Railroad Retirement Act of 1937; to the Committee on Interstate and Foreign Commerce.

9323. By Mr. KEOGH: Petition of the Twenty-eighth Ward Taxpayers Protective Association, Brooklyn, N. Y., favoring the building of a superdrydock in Brooklyn, N. Y.; to the Committee on Naval Affairs.

SENATE

THURSDAY, SEPTEMBER 26, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the Vice President.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, we bless and praise Thee that we have wakened to the light of another day, a day which we may call our own if Thou but share in it. There may be dark and best-forgotten days behind us; do Thou forgive their failure and their sinfulness. There may be trying, testing days ahead, but let them, in their viewless flight, be messengers of help from Thee. And, as we think of what a day should be when in our heart we hear Thy timely mandate, may we ne'er defer our task, to walk in smoother paths, but may we do the present duty as seemeth best to Thee.

Let Thy blessing be upon every Member of the Senate and especially upon our beloved Vice President. Help us all to be manly for God's sake and godly for man's sake, living the

life of God among men. May cheerfulness abound with industry as we go blithely on our business all this day, and bring us, loving Father, to our rest, weary and content and undishonored, blest with the gift of sweet refreshing sleep. We ask it in our dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Wednesday, September 25, 1940, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Schwellenbach
Andrews	Ellender	Lodge	Sheppard
Ashurst	Frazier	McKellar	Shipstead
Austin	George	McNary	Smathers
Bailey	Gerry	Maloney	Smith
Barbour	Gillette	Mead	Stewart
Barkley	Green	Miller	Taft
Bulow	Guffey	Minton	Thomas, Idaho
Burke	Gurney	Murray	Thomas, Okla.
Byrd	Harrison	Neely	Thomas, Utah
Byrnes	Hatch	Norris	Tobey
Capper	Hayden	Nye	Townsend
Caraway	Herring	O'Mahoney	Tydings
Chavez	Hill	Overton	Van Nuys
Clark, Idaho	Holt	Pepper	Wagner
Clark, Mo.	Hughes	Pittman	Walsh
Connally	Johnson, Calif.	Radcliffe	Wheeler
Danaher	Johnson, Colo.	Reed	White
Davis	King	Schwartz	Wiley

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Illinois [Mr. SLATTERY], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from Michigan [Mr. VANDENBERG] and the Senator from Oregon [Mr. HOLMAN] are necessarily absent.

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATE, WAR DEPARTMENT (S. DOC. NO. 292)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1941, for the War Department (flood control, general, in Louisiana), amounting to $55,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

REPORT ON AWARD OF CERTAIN NAVAL CONTRACTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Navy, reporting relative to the award of certain naval quantity contracts entered into with more than one bidder under the act of March 5, 1940 (Public, No. 426, 76th Cong., 3d sess.), which was referred to the Committee on Naval Affairs.

REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report covering the operations of the Corporation for the second quarter of 1940 and for the period from its organization on February 2, 1932, to June 30, 1940, which with the accompanying papers, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

Mr. WALSH presented a resolution of the convention of United American Veterans of the United States at Marlboro, Mass., favoring universal military service and training for young men, the enactment of legislation to curb the so-called "fifth column," and the elimination of the Communist Party from the ballot, which was referred to the Committee on Military Affairs.

He also presented a resolution of Chelmsford (Mass.) Post, No. 212, American Legion, protesting against objectors to compulsory military training and service, which was referred to the Committee on Military Affairs.

He also presented a resolution of Boyer-Daniel Post, No. 1561, Veterans of Foreign Wars of the United States, of Arlington, Wash., favoring the employment of regular labor at prevailing wages on the Arlington Municipal Airport project (to be used as an auxiliary naval landing field) and protesting against the use of W. P. A. labor on such project, which was referred to the Committee on Naval Affairs.

He also presented a resolution of the City Council of New Bedford, Mass., endorsing the transfer of certain outmoded destroyers to Great Britain in exchange for naval and air bases, which was referred to the Committee on Naval Affairs.

REELECTION OF PRESIDENT ROOSEVELT; THE NATIONAL DEFENSE

Mr. GUFFEY presented resolutions adopted by the Pennsylvania Amalgamated Conference to Help Reelect President Roosevelt, which were ordered to lie on the table and to be printed in the RECORD, as follows:

RESOLUTION ON ROOSEVELT

The Amalgamated Clothing Workers of America has given consistent support to President Franklin D. Roosevelt during the 7 years in which he has been in office. This support was granted to him upon the basis of his election pledges and for the integrity with which he has fulfilled these pledges to the people.

Under President Roosevelt's leadership the Nation has witnessed a series of remarkable social and economic reforms. Outstanding among the achievements of the past 8 years are the social-security program, unemployment insurance, and old-age protection, the Wagner Labor Relations Act, the wage-hour law, the tremendous public power projects, low-rent housing, aid to the farmers, and adequate relief standards for the jobless.

Because we saw the necessity of 4 more years of such progress, the Amalgamated was one of the leaders in the campaign to draft Roosevelt for reelection in 1940. Since this action was taken last May, the steady march of events has borne out the wisdom of our decision. An emergency has arisen which threatens the national safety of our country. The defense program, so auspiciously launched by the President, would suffer serious interruption if a change in administration were effected. Further than that, the crisis makes it imperative that the experienced leadership of Roosevelt be available to the Nation in the critical days ahead.

President Roosevelt has further justified our confidence by his firm declaration that there shall be no encroachment on labor rights or standards because of the defense emergency. That declaration is fully in accord with the philosophy and the record of the man as we know him.

Representing 50,000 members of the Amalgamated Clothing Workers of America in the State of Pennsylvania, acting in behalf of their families, we hereby pledge that we shall unite our strength with all other labor and progressive groups, giving all our energy and ability to this end: That President Franklin D. Roosevelt will be gloriously returned to office on November 5.

RESOLUTION ON NATIONAL DEFENSE

The tragic experience in the world abroad today has caused the sad realization by peaceable, honest, liberty-loving men and women everywhere of the truth that there is no safety in peacefulness alone. So long as bandit nations roam the hemispheres, right must be reenforced with might if right is to prevail.

It is thus, hating war and all the machinery of war, the people of America grimly begin the task of securing military preparedness. A peace-loving Nation, we must arm for defense with all the resources—human, material, and mechanical—at our disposal.

Our national security will be directly affected by the outcome of the present struggle in Europe. We heartily approve giving material aid to the people of the British Commonwealth of Nations, and we applaud the administration's brilliant achievements for national security exemplified in the results of the Pan-American conferences, the mutual defense pact with Canada, and the acquisition of valuable air and naval bases in the Western Hemisphere.

We believe that the defense effort must be a national effort, calling upon the total genius of the American people, industry, labor, technology, and the professions. The appointment of Sidney Hillman to the National Defense Commission is a recognition of this principle, as well as a guaranty that labor's problems in the defense program will be solved at their point of origin by labor's own representative and outstanding leader.

We welcome President Roosevelt's leadership in this time of crisis and give our wholehearted endorsement to his foreign policy and his swift and competent organization of the defense program.

We pledge him our entire support in this effort to keep the Western Hemisphere safe for democracy.

RESOLUTION OF SOUTH BOSTON LITHUANIAN CITIZENS' ASSOCIATION—INDEPENDENCE AND SOVEREIGNTY OF LITHUANIA

Mr. LODGE. Mr. President, one of the small nations of Europe, which has met with a very tragic fate is Lithuania, which first had been deceived and then brutalized by Soviet Russia. In South Boston, Mass., there is a Lithuanian Citizens' Association, which has adopted an interesting and detailed resolution setting forth the facts regarding the fate of this unhappy country. I am sure Senators will read the resolution with interest and sympathy, and I ask that it be appropriately referred and printed in full in the RECORD.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas Lithuania has experienced a crisis which has wiped out its territorial boundaries, and has extinguished its very independent existence at the hands of Soviet Russia;

Whereas history shows that the nations of the world owe Lithuania an expression of gratitude for its part in checking barbarian advances, and fostering the advance of civilization throughout the ages;

Whereas of the 7 new nations appearing upon the map of Europe at the close of the World War, and of the 15 which have been subjugated, dismembered, or obliterated in the last few years, Lithuania is perhaps the oldest racially;

Whereas Lithuania is geographically so located as to be in a most strategic position in eastern Europe;

Whereas said strategic position has made Lithuania the cockpit of eastern Europe, and rendered it the battle arena over many centuries, subjecting its territory to the rigors of every war of major importance;

Whereas its geographic position caused it to suffer greater hardships than any other country during the World War;

Whereas the effects of the World War on its numerical, economic, and financial strength rendered its recovery slower than that of most other nations;

Whereas the League of Nations has guaranteed the independence of small nations;

Whereas governments of democratic form have, by expression or implication, indicated a desire for the continuation of a democratic form of government in nations, irrespective of size;

Whereas Lithuania declared its independence on February 16, 1918, with Vilna as its capital;

Whereas the independent Government of Lithuania has been recognized in fact by all the great nations of the world;

Whereas the efficacy and sanctity of treaties has always been regarded as a means of maintaining peaceful international relations;

Wheres the ultimatum which Soviet Russia issued in September 1939, demanding the privilege of establishing military bases, was enshrouded with the pretense that it was designed to offer Lithuania defense—an unsolicited defense;

Whereas subsequently, Soviet Russia returned to Lithuania about one-fourth of the land which she, herself, in 1920 had acknowledged to belong to Lithuania, retaining the other three-quarters for herself;

Whereas observing the discontent of the residents who had remained on this land, Soviet Russia exiled 10,000 of them to distant parts of Russia, to the anguish and bitter sorrow of relatives who were ruthlessly separated;

Whereas, becoming cognizant of social and economic unrest, Soviet Russia hastened its domination after subjugating Finland, and on June 15, 1940, completed definite occupation;

Whereas, under pretext of taking offense at alleged misconduct of Lithuania in reference to a few Russian soldiers, a charge grossly fabricated, Soviet Russia created an atmosphere of apprehension and summoned the Lithuanian Prime Minister and Minister of Foreign Affairs to Moscow;

Whereas on the evening of June 15 Foreign Minister Urbsys received an ultimatum demanding a cabinet favorable to Soviet Russia, and insisting on the privilege to establish an unlimited Russian army of occupation;

Whereas Lithuania, aiming to adopt a conciliatory and placatory attitude to its gigantic neighbor, offered to the popular General Rastikus the task of forming a new cabinet, but Soviet Russia countered by sending Dekanozov to Lithuania to form the cabinet, thus insuring that the popular uncompromising wish for independence, freedom, and liberty be stultified;

Whereas with the cabinet of Dekanozov's making, freedom shrieked, liberty tumbled, for the overpowering Soviet Russian horde, numbering a mechanized army of several hundred thousand, would tolerate no opposition;

Whereas thus was created the Palecki Cabinet, composed almost of its entirety of enemies of Lithuania, the one exception in its membership being made to avoid sudden and damaging reactions to the rate of foreign exchange;

Whereas with the creation of this cabinet came the demise of all political parties having any semblance of democratic principles;

Whereas the only party permitted was the so-called Working People's Party, and consequently balloting and elections became a fantastical fiction, in the face of which a congress was elected on July 14 to perpetuate the fiction, with the outcome being a fanatical alleged majority of 99.19 percent;

Whereas said elections of July 14 gave no opportunity whatsoever for a free expression of popular will, in view of the absence of party delineations and the presence of no alternatives on the ballot;

Whereas on July 21 this so-elected, so-called congress convened in Kaunas, and purported to vote for union with Soviet Rusisa;

Whereas the Under Secretary of State of the United States has deprecated and sorely denounced these atrocities on the part of Soviet Russia under the guise of voluntary self-extinction, and has recalled Minister Owen J. C. Norem for "consultation," issuing a strong note of condemnation simultaneously: Now, therefore, be it

Resolved, That the nations of the world should show their appreciation of Lithuania's contribution to the advance of civilization, and manifest toward Lithuania a helpful and cooperative attitude; and be it further

Resolved, That the nations of the world recognize the depredations of the World War, which caused Lithuania's present lack of strength against Russian odds, and lend Lithuania succor in this its hour of need; and be it further

Resolved, That the nations of the world recognize the legal right of Lithuania to its independence and its legal right to sovereignty; and be it further

Resolved, That the nations of the world make every effort to reestablish the efficacy and sanctity of treaties as a means to peaceful international relations; and be it further

Resolved, That the nations of the world repudiate the doctrine of might being right, whether might take the form of resorting to arms or the circuitous, dubious, and fictitious course of coercion and duress through the appearances of voluntary choice; and be it further

Resolved, That the nations of the world indicate to Soviet Russia their displeasure at its ignoring of its own decrees and acknowledgments of Lithuanian independence and sovereignty; and be it further

Resolved, That the conduct of Soviet Russia in subjugating a nation only a fraction as strong, at a time of general international unrest, imposing on it arbitrary cultural limitations, and undermining its social, economic, religious order is seriously deprecated.

Resolved, That copies of this resolution be forwarded to the President, Secretary of State, Members of Congress of the United States, to the Governments of Great Britain, France, Lithuania, Latvia, and Estonia, to the League of Nations, to Soviet Russia, and to the press.

REPORTS OF COMMITTEES

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 4365) to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances therefor, and for other purposes, reported it with amendments and submitted a report (No. 2182) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 4370) authorizing the President to appoint an Under Secretary of War during national emergencies, fixing the compensation of the Under Secretary of War, and authorizing the Secretary of War to prescribe duties, reported it without amendment and submitted a report (No. 2183) thereon.

Mr. PITTMAN, from the Committee on the Judiciary, to which was referred the bill (H. R. 1999) to confer jurisdiction upon certain United States commissioners to try petty offenses committed on Federal reservations reported it without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARBOUR:

S. 4381. A bill for the relief of the estate of William Sandlass; to the Committee on Claims.

By Mr. MEAD:

S. 4382. A bill to provide for automatic promotions of special clerks in first-class post offices from the first to the second grades; to the Committee on Post Offices and Post Roads.

S. 4383. A bill to provide for marine training centers for the training and instruction of skilled personnel for shipbuilding and related industries, and for other purposes; to the Committee on Commerce.

SUPPLEMENTAL APPROPRIATIONS, 1941—AMENDMENT

Mr. NYE (for himself, Mr. FRAZIER, and Mr. GURNEY) submitted an amendment relative to refunds of processing and related taxes to persons who raised or produced and marketed hogs for slaughter, intended to be proposed by them to the so-called Thomas (of Oklahoma) amendment to the

bill (H. R. 10539) making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

PRINTING OF PRESIDENT JAMES MONROE'S MESSAGE TO CONGRESS EMBODYING THE MONROE DOCTRINE

Mr. O'MAHONEY submitted the following resolution (S. Res. 321), which was referred to the Committee on Printing:

Resolved, That the annual message of President James Monroe transmitted on December 2, 1823, to the first session of the Eighteenth Congress, embodying the Monroe Doctrine, be printed as a Senate document, with certain portions of the original message in facsimile as illustrations.

LABELING OF WOOL PRODUCTS: TRUTH IN FABRIC—CONFERENCE REPORT

Mr. SCHWARTZ submitted the following report, which was ordered to lie on the table:

The Committee of Conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same.

B. K. WHEELER,
CHAS. W. TOBEY,
H. H. SCHWARTZ,
CLYDE M. REED,
EDWIN C. JOHNSON,
Managers on the part of the Senate.

CLARENCE F. LEA,
HERRON PEARSON,
CHAS. L. SOUTH,
CHAS. A. WOLVERTON,
Managers on the part of the House.

STATEMENT BY HON. BAINBRIDGE COLBY ON THIRD PRESIDENTIAL TERM

[Mr. BURKE asked and obtained leave to have printed in the RECORD, the statement made by Hon. Bainbridge Colby before the subcommittee of the Senate Judiciary Committee, on the third Presidential term, which appears in the Appendix.]

POSITION OF AMERICAN LEGION ON NATIONAL DEFENSE

[Mr. HATCH asked and obtained leave to have printed in the RECORD certain resolutions adopted by the American Legion relative to national defense, which appear in the Appendix.]

ENDORSEMENT OF MR. WILLKIE BY NEW YORK TIMES

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an editorial from the Times-Star of Bridgeport, Conn., of September 20, 1940, which appears in the Appendix.]

ADDRESS BY SENATOR LODGE ON THE DRIFT TOWARD WAR

[Mr. DANAHER asked and obtained leave to have printed in the RECORD a radio address by Senator LODGE on the subject The Drift Toward War, which appears in the Appendix.]

ABUSES ON THE PART OF CERTAIN PUBLIC-UTILITY COMPANIES—LETTER FROM SENATOR BONE

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a letter written by Senator BONE with respect to abuses on the part of certain public-utility companies, which appears in the Appendix.]

THIRD PRESIDENTIAL TERM—LETTER FROM MILLARD S. SNIDER

[Mr. NEELY asked and obtained leave to have printed in the Appendix a letter addressed to him from Millard S. Snider, dated September 21, 1940, dealing with a third term for President.]

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

The VICE PRESIDENT. The pending question before the Senate is the amendment offered by the Senator from Louisiana [Mr. ELLENDER], as modified.

Mr. MEAD. Mr. President, the amendment which is at the desk and which has been offered by my distinguished colleague, the Senator from Louisiana [Mr. ELLENDER], is a most important amendment insofar as this bill is concerned. It is important, in that it may prevent the approval of the bill at this session of the Congress. We have never succeeded, insofar as I know, either in the National Government or in any of the political subdivisions, in securing the enactment of a system such as the Senator proposes.

His amendment would require the holding of wide-open, public competitive civil-service examinations for all the positions in all the categories that are to be filled when the various agencies are taken over by proclamation and brought within the merit system. It could not be done; it would be physically impossible; it would cost too much; it would take too long; and the result would be that the laudable object we are striving to attain, namely, the expansion of the merit system, would be delayed for years.

Mr. President, the distinguished senior Senator from Michigan [Mr. VANDENBERG], who happens to be absent for the moment, yesterday made some observations on the subject of wide open competitive examination versus noncompetitive examination, and I wish to pay high compliment to him, because I believe he is consistent and that he is in favor of a merit system. His efforts in that connection, so far as I can ascertain, are consistent with the position he took in the Senate yesterday. In answer to his argument that this is the key amendment, as contrasted with my statement made the day before that it is in reality a killing amendment, let me say to the Senator from Michigan that I select for my first witness the leader of an organization which is not concerned with patronage, but was organized primarily and fundamentally to promote and advocate the merit system. Let me quote from the president of the organization known as the National Civil Service Reform League. On its board can be found two distinguished Republicans who were formerly associated with the United States Civil Service Commission, former Commissioners Ordway and White. The question was put to Mr. Kaplan pointedly, and he was asked to state the position of his organization on the question of wide-open competitive examination versus noncompetitive examination, as provided for in the bill, and this is what he said:

I am looking at this from a realistic and an idealistic standpoint. Undoubtedly if you gave the Civil Service Commission a few years within which to do the job and millions with which to hold these examinations, and make them as practical and as real as possible, in order to determine actual ability and potential capacity to perform the work, and if you could get the political organizations on both sides to agree to it, I would say that open competitive examinations would be the ideal way to handle this matter.

He continued:

I have lost my long hair of reform long ago, and I try to view this problem of civil-service reform and extension practically. The history of civil-service reform and extension and the history of the extension of the classified service from exempted to competitive positions, whether in the Federal Government, city government, or State government, has been made almost exclusively by our having to sacrifice the ideal of open, competitive examination in order to get an extension of the civil service going. We have more or less accepted that principle realistically for the reason that if we did not the political party in power, generally having control over the appointees at the time, was utterly reluctant to sweep the incumbents out of office; and unless they could cover them in by qualifying examinations or no examinations at all, we have not gotten anywhere in an effort to extend the civil-service principles.

Mr. President, we have in the pending bill gone further in the approach toward the idealistic than was ever before attempted in a major civil service reform bill.

Let me add to the evidence I have already submitted a statement of what has been done in the State of Michigan, so ably represented by the senior Senator from that State, who spoke so effectively yesterday for the wide-open competitive method:

In Michigan, when they adopted the new law, they adopted the noncompetitive classification plan of giving qualifying examinations

to incumbents similarly as provided in the Ramspeck bill. We believe that is the practical way to do it. Of course, it would be possible potentially, I suppose, to hold competitive examinations, open competitive examinations, for all these positions. I daresay it would take many, many years, and the cost involved would be tremendous.

I do not think there can be any real defensible argument made against the approval of this bill from the point of view of the public interest and point of view of morale in the service, and point of view of fairness to those who are serving.

That statement was made by Mr. Kaplan, president of the National Civil Service Reform League, and is included in the hearings before the Senate committee.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. WHITE. Is it not true that in every State save one where there is a civil-service law, and where authority is given to cover positions into the civil service, the noncompetitive examination system is followed?

Mr. MEAD. That is correct. There are three major considerations which should enter into any extension or expansion of civil service to cover exempt or non-civil-service positions, such as those we have included in the pending bill. Those three considerations which we should have in mind are, first, the rights of the public to have uninterrupted and the most efficient service possible from the Government in any of its activities; secondly, the equities of the incumbents of the positions who may be brought into the classified service by Executive order should this bill become a law; third, the maintenance of the merit system.

As I stated a moment ago, while as an individual I might look with favor upon the system recommended in the amendment advocated so effectively by the senior Senator from Michigan, when I look at it from the realistic viewpoint, when I consider the question from a practical standpoint, I am forced, rather reluctantly, to take my position along with the National Civil Service Reform League, the League of Women Voters, the representative organizations of the Federal civil-service employees, and every other organization of note which has studied this question.

When we talk about the realistic, practical viewpoint, we find that it costs the United States Government $1.60 to hold an examination and rate the papers for one individual. Looking at the record we find that the Civil Service Commission holds as many as 1,200 examinations in a year. From the record we find that there are over 2,000 categories of positions in the Federal service, and looking at the record again, having in mind that it costs $1.60 to hold a competitive examination and rate the papers of one individual, 2 years ago there was an examination for customs and immigration inspector and 241,000 citizens took the examination. It took the Civil Service Commission from that time, 2 years ago, until now to get a real start on the rating of the papers. They are not ready yet.

I give another example. Last month there was an examination for stenographers, and 130,000 applicants qualified for the examination. Three or four years ago there was an examination for railway-mail clerk, and over 200,000 tried the examination. The Commission was over a year in the computation of the papers.

If we throw 200,000 positions, representing hundreds of categories, open to the entire public of the United States, there will be not hundreds of thousands but, as I compute it, there will be at least 10,000,000 applicants. There probably will not be a Senator left in the service when all the papers would be finally and eventually graded, and I doubt very much whether the Senate of the United States would give the Civil Service Commission the huge appropriations which would be required.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. ELLENDER. The Senator admitted yesterday that with respect to applying noncompetitive examinations to the incumbents of non-civil-service positions that are covered into the civil service 25 to 30 percent of those incumbents always fail and are let out of the service. In order to fill those vacancies, would it not be necessary to call for examinations, and would not applications come from all over the country?

Mr. MEAD. No, Mr. President; it would not be necessary because, under the terms of the bill, and under the practices of the Civil Service Commission, first of all, we would set up a standard form of examination for the employees in a given agency, and if the Civil Service Commission found, as I stated yesterday, that 15 or 20 or 25 percent—25 percent at the most—failed in the examination they would fill the places of those who were separated from the service from the available lists which are now to be found in the Civil Service Commission.

The Civil Service Commission holds hundreds of examinations every year, available to every applicant in the United States; and, in view of that fact, if we covered these agencies within the civil service, we would be giving every available qualified applicant in the United States an equity in perhaps 25 percent of the jobs—an equity they do not now have—and in filling the 25 percent of these jobs, no doubt, the quota law would be followed, so that those jobs would go to the States which are not now enjoying their full quota of jobs. If, for example, the quota of the State of Maine, we will say—a State which is so ably represented by its junior Senator [Mr. WHITE], who is now present in the Senate Chamber—were found to be 25 percent below what it should be, and if the quota of my State were 25 percent in excess of what it should be, the State of Maine would have a more favorable opportunity, under the system set forth in the bill, of securing an equitable distribution or share of civil-service positions.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. ELLENDER. Would it not be practicable for the Civil Service Commission to select persons for appointment to these new positions from among the millions who have already taken the examinations, as I pointed out yesterday, and who are now qualified to fill these jobs? We have already spent great sums of money to hold civil-service examinations of various types, in conformity with the present law. Would it not be practicable to make use of that available material? Great numbers of persons are readily obtainable for these positions, having taken and passed the civil-service examinations. I do not see why it is not practicable to take from the present lists persons who have passed the examinations and offer them the jobs which would be vacant if and when the President should decide to place the various departments under civil service.

Mr. MEAD. Mr. President, under the terms of the Senator's amendment, and as it would be administered, I assume that when the President covered an agency into the civil service its employees would be in the same status as every other person in the United States. We will take, for instance, the Federal Housing Administration. Every man and woman in the Federal Housing Administration, no matter how long he or she had worked there, no matter how meritorious his or her service, no matter how well they had proven their ability and capacity, would be immediately in the same status as any other man or woman in the whole United States, and a wide-open examination would have to be held. The positions could not be filled through noncompetitive examinations, or through the examinations which have already been held, because they would not represent a sufficient number of categories and it would not give everyone in the United States an equal opportunity. Under the plan provided for by my distinguished colleague the Senator from Louisiana everyone in the Federal Housing Administration would be in competition with everyone in the United States, including everyone who had already passed an examination.

Mr. President, such a plan would not work, because it would take too long, it would require the expenditure of too much money, and the examinations could not be held unless they were deferred for a period of years, and the result then would be that no progress whatever would be made.

I think the plan proposed by the bill, which will provide noncompetitive examinations, which will respect seniority,

which will respect the equity of the veteran employee, and which will at the same time allow all those who are now on eligible registers an opportunity to enjoy the chance to secure a position in agencies from which they are now barred, is by far the best plan.

Mr. President, I have nothing further to say, except that I trust the amendment offered by the Senator from Louisiana, as modified, will be rejected.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, as modified, of the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	Lodge	Shipstead
Andrews	Ellender	McKellar	Smathers
Ashurst	Frazier	McNary	Smith
Austin	George	Maloney	Stewart
Bailey	Gerry	Mead	Taft
Barbour	Gillette	Minton	Thomas, Idaho
Barkley	Green	Murray	Thomas, Okla.
Bulow	Guffey	Neely	Thomas, Utah
Burke	Gurney	Norris	Tobey
Byrd	Harrison	Nye	Townsend
Byrnes	Hatch	O'Mahoney	Tydings
Capper	Hayden	Overton	Van Nuys
Caraway	Herring	Pepper	Wagner
Chavez	Hill	Pittman	Walsh
Clark, Idaho	Holt	Radcliffe	Wheeler
Clark, Mo.	Hughes	Reed	White
Connally	Johnson, Calif.	Schwartz	Wiley
Danaher	Johnson, Colo.	Schwellenbach	
Davis	La Follette	Sheppard	

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present.

Mr. ELLENDER. Mr. President——

Mr. WHITE. Mr. President——

Mr. ELLENDER. If the Senator from Maine desires to address the Senate on the pending amendment?

Mr. WHITE. I shall wait until the Senator is through.

Mr. ELLENDER. Does the Senator from Maine desire to address the Senate on the pending amendment, I shall take my seat.

Mr. WHITE. Mr. President, as one of the minority members of the Civil Service Committee I wish to aline myself with the Senator from New York in the attitude he takes toward the pending amendment.

It seems to me that within the amendment itself is to be found compelling reason for its rejection. When we look at its terms, we find that the amendment provides—

Nor shall the incumbent of any such position—

That is, one of the positions which is authorized to be covered into the civil service by the bill—

Nor shall the incumbent of any such position be retained in such position for a period longer than 6 months after the position is so covered into the civil service unless he is reappointed to such position in accordance with the civil-service laws.

Mr. President, I take it that means that there must first be a covering of the position into the civil service, and then the amendment contemplates that there shall be a competitive examination conducted by the Civil Service Commission of all those holding these positions and all those who might desire to hold the positions.

The amendment provides that no one of these incumbents shall hold office for more than 6 months after the position has been covered into the civil service unless reappointed following a competitive examination by the Commission.

Mr. President, the testimony is that there are probably 200,000 men and women holding these positions which may be covered in under the terms of the bill. I take it that if these 200,000 positions are opened up to competitive examination there will be at the very minimum a million applicants throughout the United States for those 200,000 positions.

The Senator from New York a moment ago said, I believe, that there might well be 10,000,000 applicants for these 200,000 places. That means as a practical proposition that following the covering in of these offices or positions into the civil service the examinations could by no possibility be held and there could be no possibility of grading all the persons who take the examinations within a period of 6 months' time. In other words, if there should be any such number of applicants as we may rightfully expect, it would be an utter impossibility for the papers to be rated and for anyone to be appointed under civil-service laws within the 6 months' period laid down in the amendment, with the result, it seems to me, that every single one of these 200,000 officeholders would automatically lose their positions, because the machinery of the amendment could not be put into effect, and it could not be brought to consummation within that period of 6 months.

On the other hand, Mr. President, if, instead of covering in immediately this entire 200,000, the President proceeded slowly and covered in only one Service, we will say, and that then there should be a call for a competitive examination covering those positions in that Service, and there should then be a rating of the candidates, and there should then be appointments—if that course was followed out with respect to these 200,000 employees, and in respect to the great number—I do not know how many it is, but the great number of offices or positions of all sorts in the governmental service, the operation under this amendment would be running on after every Member of the Senate had died of old age. It seems to me that the amendment is hopelessly faulty in itself.

Mr. President, while I have the floor I wish to say a word about the general question of competitive as against noncompetitive examinations in the circumstances which confront us. I confess that when my attention was first directed to this language I was hostile to the notion of noncompetitive examinations. I was instinctively favorable to the idea of competitive examinations. As I listened to the testimony, and as I have since read the RECORD, I have been brought to the conclusion that the circumstances force us to the provision in the bill for noncompetitive examinations. I have already indicated that if we are to hold competitive examinations for 200,000 positions we shall have such a multitude of applicants, such a multitude of papers to rate, and such complicated machinery to go through that we shall never accomplish that which we are now seeking to accomplish.

Beyond that practical question there is the testimony of men and women who have given their lives to the study of civil-service problems. They are not interested in questions of patronage, but are concerned only with the advantage of the public service. We had the testimony of the Civil Service Commissioners themselves that experience has demonstrated that the method of noncompetitive examinations must be followed if we are to accomplish what is desired. The head of the Civil Service Reform League of the United States gave testimony to the same effect.

I think we ought to disabuse our minds of the thought that noncompetitive examinations are not in truth and fact real tests, because the testimony of the Civil Service Commission and the testimony of the executive officer of the Civil Service Reform League show that as we have in the past covered employees into the civil service, and as we have applied to them noncompetitive examinations, something like 28 or 30 percent have failed to meet the test, and have gone out of the service because of failure to pass the prescribed examination. That demonstrates that the bill does contemplate a real test as to the qualifications of the men and women who are holding the positions. I think it gives assurance that men and women whose merit warrants their continuance in the service will be continued in the service, and that those who cannot meet the tests of fitness will go out of the service, as manifestly they ought to go out of the service.

There may have been "original political sin" in the appointment of many men and women to office without any test as to merit; but those persons have been holding office over the years. Apparently, they have been satisfactorily meeting their obligations in responsible positions in various agencies of the Government. Otherwise, unprotected by civil service, they would be out of the Government service today. I have the

definite feeling that when men and women have been in the Government service over the years, and have been doing their work to the satisfaction of those primarily responsible for the conduct of the departments of the Government of the United States, a very definite preference ought to be accorded to them. The burden is upon those who are against the system proposed by this legislation to prove that they ought not to be in the service. Every presumption should be in favor of the fitness of men and women who have faithfully served. Every presumption should work in their behalf and for their continuance in the service.

I have said that the weight of the testimony of those who view the problem objectively is in behalf of the principle of noncompetitive examinations written into the bill. The Civil Service Commission members hold that view, and they are disinterested. They have demonstrated over the years that they are loyal to the best interests of the Government service, and are constantly seeking ways to elevate the standards of the public service. I think we should give heed to the opinions of these officers of the Government. To the same effect is the testimony of the National Civil Service Reform League, which has again objectively studied the subject, and which passes what I may call an objective judgment upon it. The evidence before the committee is that constantly, since we have authorized the covering of employees and of positions into the Federal service, the Government itself has followed the system of noncompetitive examinations, and it has worked to the satisfaction not only of Government employees who may be interested, but of the Civil Service Commission, and I think of all who are familiar with the situation in the Government service.

Beyond the experience of the Federal Government is the experience of the States of the Union which have civil-service laws. The record before the committee brings to our knowledge the fact that of all the States in the Union which have civil-service laws which permit covering employees and positions into the civil service, only one State in the Union does not follow the system of noncompetitive examinations.

Mr. President, upon the record as it has been made I am wholeheartedly in favor of the committee recommendation; and I hope the amendment offered by the Senator from Louisiana will not receive the approval of the Senate.

Mr. BARKLEY obtained the floor.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. HATCH. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Schwellenbach
Andrews	Ellender	Lodge	Sheppard
Ashurst	Frazier	McKellar	Shipstead
Austin	George	McNary	Smathers
Bailey	Gerry	Maloney	Smith
Barbour	Gillette	Mead	Stewart
Barkley	Green	Miller	Taft
Bulow	Guffey	Minton	Thomas, Idaho
Burke	Gurney	Murray	Thomas, Okla.
Byrd	Harrison	Neely	Thomas, Utah
Byrnes	Hatch	Norris	Tobey
Capper	Hayden	Nye	Townsend
Caraway	Herring	O'Mahoney	Tydings
Chavez	Hill	Overton	Van Nuys
Clark, Idaho	Holt	Pepper	Wagner
Clark, Mo.	Hughes	Pittman	Walsh
Connally	Johnson, Calif.	Radcliffe	Wheeler
Danaher	Johnson, Colo.	Reed	White
Davis	King	Schwartz	Wiley

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. A quorum is present.

Mr. BARKLEY. Mr. President, it always causes me great regret when I find it necessary to oppose an amendment offered by the Senator from Louisiana, because I recognize his sincerity in offering not only this amendment but any amendment he offers to any proposed legislation. I acknowledge the wide information he possesses on the subject of civil service.

However, it seems to me it is unwise to deal with the Government employees covered in the bill in a manner different from that in which we have dealt with other Federal employees who have been covered into the Federal service. I do not recall any act of Congress—certainly none since I have been a Member—covering positions into the civil service which did not give recognition to the experience of those who held the positions at the time they were covered into the civil service. In other words, it is bound to be presumed, regardless of the politics of any Government employees, that they are giving satisfactory service to the Government. Otherwise they would not be held in the positions—some of them for 5, 6, 7, or 8 years continuously.

The amendment offered by the Senator from Louisiana takes no account whatever of such service. It gives the employees now in the positions no credit for the experience they have had and requires them to enter into competitive examinations with men and women who might be technically better educated along certain lines, who might pass a better historical examination, or who might answer more questions in astronomy or in some other branches of higher knowledge, but who could not have the practical information concerning the operation of the jobs in question which is possessed by the men and women who have been in the positions for years. It seems to be unfair to them. Many of these men and women have been compelled to accept Government positions because of inability to obtain employment elsewhere. I know of many such men and women who are now in the Government service. They have not been recommended by me, for, with the exception of deputy marshals and deputy collectors of internal revenue and now and then an assistant United States attorney, I cannot lay claim to the appointment of anybody in any of the vast branches of the Government involved in the pending legislation. The officials referred to have been eliminated by the amendment adopted yesterday; but, on the whole, they do not amount to very many compared to the 200,000 who would be covered by the bill. Yesterday I expressed some doubt of the wisdom of including assistant United States attorneys under the civil service, though I believe the deputy United States collectors of internal revenue, who have to do with the collection of taxes, whose jobs are really fundamentally nonpolitical, ought to be under the civil service. Because those positions were included in the amendment offered yesterday by the Senator from Louisiana, I voted against the entire amendment.

I believe that we ought to treat the employees proposed to be covered by this bill as we have treated all others who have been covered into the civil service. In cases where employees have been covered into the civil service by acts of Congress or by authority of the President or by proclamation of the President under an act conferring upon him that authority, there has been no complaint as to the wisdom of the policy, the qualifications of the people, or the justice and fairness of the operation of the law.

The pending bill provides, it seems to me, all the safeguards which are necessary. I shall not go into the political significance. I realize that many Members of the Congress consider it desirable to have patronage, but I have always regarded it as a liability and not as an asset, but I am sure that Members of the Senate who have been called upon to make recommendations for United States marshals or deputy marshals or collectors or deputy collectors or United States attorneys, and assistant attorneys have done their level best to choose and recommend men who were qualified, because it is of no value to a Member of the Senate to recommend and secure the appointment of a man or woman to any position who does not possess the qualifications. So self-interest would dictate that Members of the Senate who are consulted about such matters should pick the very best-qualified men and women available. But, after all, Mr. President, our job here is to legislate. I have witnessed, as no doubt all of us have witnessed—and I am satisfied that we are witnessing now—a situation which almost disqualifies us for the legislative duties we are called upon to perform. Because of the condition of unemployment throughout the country, men and women have sought—and rightfully sought—jobs under the Federal Government, and thinking that we have some influence, which is a delusion on their part

so far as my knowledge goes—and so far as any influence I have is concerned, it is a delusion—but thinking we do have influence, and that all we have to do is to call up the head of some department or write a letter to some department and that the recommendation which we make either by letter or by telephone will be immediately carried out by the appointment of somebody, countless requests for such recommendations come to us. It has taken me nearly 5 or 6 years to convince some of my constituents that a letter from me to the Tennessee Valley Authority would almost guarantee that they would not be employed. I do not think some of them believe it yet. But I have quit writing any letters to the Tennessee Valley Authority because even if they ought to pay any attention to them, they do not do so, and they cannot do so under the law, for the Congress provided in the act that political considerations should not be taken into account in the employment of men and women to do this great engineering job. I think the Tennessee Valley Authority, whether rightly or wrongly, assumes that anybody who approaches them with a political letter is placing them in an embarrassing situation whereby they may be subject to criticism because, even though they paid no attention to such letter and appointed an applicant for entirely other reasons, the fact that such a letter is on file, I think, frequently is regarded as an embarrassment. So I believe we ought to look at this subject objectively, regardless of whatever effect it may have upon our power or our influence in the appointing of men or women to positions.

This system grew up years ago because in Washington the heads of the departments did not know personally the men and women who are applicants for positions back in the States, and realizing that every Representative and every Senator makes an effort to keep in touch with his people, they thought they might rely upon the better knowledge and more intimate association of Members of the legislative body in the selection of well-qualified men and women. From time to time every since the days of Grover Cleveland we have been gradually moving upward in the matter of the civil service. Now we are undertaking to cover into the civil service or to authorize the President to cover into civil service a number variously estimated at from 150,000 to 200,000 men and women. The bill provides that before a single incumbent in any of these positions may be considered for a permanent appointment the head of the agency must certify that such person has given meritorious service for the 6 months prior to the proposal to appoint him or her to a permanent position. So no incumbent of any job now can even take a noncompetitive examination without the certification of meritorious performance of duty, and after incumbents receive such certification they still have got then to undergo a noncompetitive test examination, designed, notwithstanding their experience, notwithstanding the fact that they may have held the job for years, to show that they are now qualified to hold the position. It seems to me that that is the only requirement we have ever made of any incumbents we have heretofore covered into the classified service. I know it has been true of postmasters. They did not have to have a certificate from the head of the Department that they had given meritorious service; the law presumed that if a person had held a position as postmaster for 4 years or 8 years he was qualified, or otherwise he would not be in the position. Nobody under the law we passed a year or two ago covering postmasters in the civil service was required to certify that postmasters had given acceptable service; it was taken for granted; but, even in spite of that requirement, they had to undergo a noncompetitive examination.

The law has worked satisfactorily. Of course, it has not been satisfactory to those who might want to get positions, who have not been appointed postmasters, who have not been appointed to a position. I do not know of any law that would satisfy or that ever satisfied those who apply and fail in their efforts to secure a definite appointment to a job.

But it seems to me that if this amendment were adopted it would violate the policy the Congress has from time immemorial adopted in the covering of Government employees into the civil service. It sets out a class and treats them in a different manner. It gives them no credit for acceptable performance of duty; it takes into account nothing that they have done.

Most of these positions are not very high-salaried offices. As I said a while ago, many men and women, thousands of them, have been compelled to resort to Government jobs paying smaller salaries than they previously earned in private industry or private enterprise. That situation has come to pass because of the unemployment situation. I have no doubt that many thousands of these employees would prefer to work in private industry and private employment, and, if they could find it or could obtain positions that paid as well or better, they would voluntarily go out of the Government service; I have no doubt of that. In view of the situation, it seems to me unfair to require them to compete with all those who may want jobs who have had no experience and have no expert knowledge, but who might be able to pass some sort of intellectual examination and make a higher grade than the man or woman who holds the position.

For the reasons stated, I hope the amendment of the Senator from Louisiana will not be agreed to. It seems to me it strikes at the very heart of the bill itself. I say this with regret, of course, because of my admiration and friendship for the Senator from Louisiana, but in matters of this sort we have to follow our convictions. So, I sincerely hope that this amendment will be defeated; and that the present employees will not be told that they are less worthy than all the other Government employees who have been covered into the civil service upon proving to the Civil Service Commission that they were worthy of continuance in their positions and were qualified to perform their duties.

In addition to that, I believe that the Civil Service Commission, which is now greatly burdened with examinations growing out of increased Government service, the defense program and other situations with which the Government is faced, would be swamped with so many competitive examinations and the delay would be so great in examining the papers and making out the grades that it would be a long time, many years, before those contemplated by this bill could be finally assured that they had a civil-service status under the law which we had enacted.

Mr. CLARK of Missouri. Mr. President, I should like to inquire whether there are any more speeches to be made on this amendment. I gave notice yesterday that I desired to address the Senate on another matter. I have withheld any claim for recognition on the theory that this debate would be very brief. If there is to be a vote on the amendment, I have no disposition to interfere with a vote on it, but if there is going to be further prolonged debate, I should like to claim the floor in my own right.

Mr. MEAD. Mr. President, I have nothing further to say, I will say to the Senator from Missouri.

The PRESIDING OFFICER (Mr. BURKE in the chair). The Senator from Louisiana [Mr. ELLENDER] has indicated his desire to make further remarks, and he is the only one, so far as the Chair knows.

Mr. CLARK of Missouri. I have no disposition to shut off debate on this amendment, except, if it is going to be prolonged, I myself should like recognition.

Mr. ELLENDER. Mr. President, it is not my desire to postpone a vote on this amendment. I am very anxious to dispose of it without further delay. I have listened very attentively to the argument made by my good friend from New York, and to that advanced by my good friend from Maine, and, finally, to the eloquent oratory of my good friend the majority leader. They have added nothing new to the question under consideration. The adoption of my amendment would mean a real merit system for the civil service. It would place every American citizen in the same category by providing that all could compete for these permanent civil-service appointments on an equal footing, and likewise by providing for competitive examinations; the Civil Service Commission would be in a position to select the best available talent to fill the jobs.

The argument is made that it would cost millions of dollars to hold these examinations. The Senator from New York himself admitted that many who have already taken the examinations would be eligible and he further stated that experience has shown that as many as 25 to 30 percent of those who take the noncompetitive examinations fail. Because of those failures I contend it will be necessary in any event to hold examinations for every department. Therefore there is no money to be saved by voting against my amendment.

Mr. President, it would not be conducive to a real merit system to shut the door in the faces of those thousands who have placed faith in our civil-service law, who have gone to the trouble and expense of preparing for and taking the various examinations in the hope of obtaining appointments. Surely they are entitled to consideration when these 200,000 new civil-service positions are created. And undoubtedly it would affect adversely the morale of the 650,000 persons employed under civil service at present who have abided by the civil-service rules and regulations in obtaining their positions within the service to blanket in thousands of political employees who have obtained by political influence a far better status in grade and salary than a good many who have been in the service for years.

Certainly the proponents of the bill cannot maintain that the blanketing under civil service of thousands of political appointees is consistent with a sound merit system, even though there is a provision for a noncompetitive examination. There is no merit to a system which gives permanent Government employment to thousands of persons who owe their jobs not to what they know, but rather to whom they know. No true advocate of the merit system would condone such a flagrant violation of the Civil Service Act as is being attempted by the bill presently under consideration. Mr. President, it is not honest for the two great political parties of our country to prate and preach and talk to the high heavens about establishing a true merit system within the entire Federal service, while at the same time no genuine attempt is being made to bring about that condition, but on the other hand, legislation is being put through the Congress to put the stamp of approval on political appointments. Let us at least be consistent about the merit system. Let us either be for it or against it. We should not, in all honesty, want civil service to apply after our friends have been blanketed in. The time to apply it is before the appointments are made, not after. For it will mean that these political appointees, who have thus become annointed with the life tenure of civil service, will continue in office for 10 or 20 or 30 years, before the vacancy can be filled on a merit basis. Just think of that, Senators—we are not being asked by the proponents of the pending bill to vote for the immediate inauguration of the civil service in these various Government departments and agencies—instead, we are being asked to vote it into effect some 5 and 10 and 20 and 30 years from now—depending on just how long these political appointees enjoy good health.

Mr. President, my amendment does not prevent the President from placing all of the departments of government under civil service. The effect of it is simply that if he should order any non-civil-service department under civil service, then the civil-service law as written must be observed. That is all it is intended for, and I think that is fair and, if adopted, will mark a momentous milestone for a genuine merit system. I do hope that the Senate will adopt the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is the demand sufficiently seconded?

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Burke	Clark, Mo.	George
Andrews	Byrd	Connally	Gerry
Austin	Byrnes	Danaher	Gillette
Bailey	Capper	Davis	Green
Barbour	Caraway	Downey	Guffey
Barkley	Chavez	Ellender	Gurney
Bulow	Clark, Idaho	Frazier	Harrison
Hatch	McNary	Pittman	Thomas, Okla.
Hayden	Maloney	Reed	Thomas, Utah
Herring	Mead	Schwartz	Tobey
Hill	Minton	Schwellenbach	Townsend
Holt	Murray	Sheppard	Tydings
Hughes	Neely	Shipstead	Van Nuys
Johnson, Calif.	Norris	Smathers	Wagner
Johnson, Colo.	Nye	Smith	Walsh
La Follette	O'Mahoney	Stewart	Wheeler
Lodge	Overton	Taft	White
McKellar	Pepper	Thomas, Idaho	Wiley

The PRESIDING OFFICER. Seventy-two Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. I renew my request for the yeas and nays.

The yeas and nays were ordered; and the legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the senior Senator from Maine [Mr. HALE], which I transfer to the senior Senator from Illinois [Mr. LUCAS], and will vote. I vote "nay."

Mr. LA FOLLETTE (when his name was called). I have a pair with the junior Senator from Mississippi [Mr. BILBO], who is unavoidably absent. I am advised, however, that if present, he would vote as I intend to vote, and therefore I feel at liberty to vote. I vote "nay."

Mr. PEPPER (when his name was called). On this vote I have a pair with the senior Senator from Michigan [Mr. VANDENBERG], which I transfer to the junior Senator from Missouri [Mr. TRUMAN], and will vote. I vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS]. I am informed that if present, he would vote as I intend to vote. I vote "nay."

Mr. STEWART (when his name was called). I have a general pair with the Senator from Oregon [Mr. HOLMAN], which I transfer to the Senator from Oklahoma [Mr. LEE], and vote "nay."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. I understand that if present, he would vote as I intend to vote. I vote "nay."

Mr. McKELLAR. I have a general pair with the Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the Senator from Illinois [Mr. SLATTERY], and will vote. I vote "nay."

Mr. THOMAS of Utah. I have a general pair with the Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the Senator from North Carolina [Mr. REYNOLDS]. I am not advised how either Senator would vote, if present. I vote "yea."

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent from the Senate because of illness.

The Senator from Arizona [Mr. ASHURST], the Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Texas [Mr. CONNALLY], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senators from Illinois [Mr. LUCAS and Mr. SLATTERY], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Georgia [Mr. RUSSELL], the Senator from Nevada [Mr. McCARRAN], the Senator from Arkansas [Mr. MILLER], the Senator from Maryland [Mr. TYDINGS], and the Senator from Missouri [Mr. TRUMAN] are necessarily absent.

The Senator from Mississippi [Mr. HARRISON] and the Senator from Utah [Mr. KING] are detained in a meeting of the Committee on Finance.

The Senator from Maryland [Mr. RADCLIFFE] is detained in a conference in one of the Government departments. I am advised that if present and voting he would vote "nay."

The Senator from Maryland [Mr. TYDINGS] is paired with the Senator from Arkansas [Mr. MILLER]. I am advised that if present and voting, the Senator from Maryland would vote "yea," and the Senator from Arkansas would vote "nay."

Mr. AUSTIN. The Senator from Oregon [Mr. McNARY] is unavoidably detained on official business. He has a general pair with the Senator from Alabama [Mr. BANKHEAD].

The Senator from New Hampshire [Mr. BRIDGES] has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Michigan [Mr. VANDENBERG] is necessarily absent. If present he would vote "yea." He has a pair with the Senator from Florida [Mr. PEPPER].

The Senator from Vermont [Mr. GIBSON] is paired on this question with the Senator from Mississippi [Mr. HARRISON]. If present, the Senator from Vermont would vote "yea," and the Senator from Mississippi would vote "nay."

The Senator from Idaho [Mr. THOMAS] has a general pair with the Senator from Texas [Mr. CONNALLY].

The Senator from Delaware [Mr. TOWNSEND] is detained in committee meeting.

The result was announced—yeas 17, nays 48, as follows:

YEAS—17

Austin	Gurney	Overton	Van Nuys
Burke	Holt	Schwellenbach	Wiley
Danaher	Hughes	Taft	
Ellender	Lodge	Thomas, Utah	
Gillette	Nye	Tobey	

NAYS—48

Adams	Clark, Mo.	Johnson, Calif.	Pittman
Andrews	Davis	Johnson, Colo.	Schwartz
Bailey	Downey	La Follette	Sheppard
Barbour	Frazier	McKellar	Shipstead
Barkley	George	Maloney	Smathers
Bulow	Gerry	Mead	Smith
Byrd	Green	Minton	Stewart
Byrnes	Guffey	Murray	Thomas, Okla.
Capper	Hatch	Neely	Wagner
Caraway	Hayden	Norris	Walsh
Chavez	Herring	O'Mahoney	Wheeler
Clark, Idaho	Hill	Pepper	White

NOT VOTING—30

Ashurst	Donahey	Lucas	Slattery
Bankhead	Gibson	McCarran	Thomas, Idaho
Bilbo	Glass	McNary	Townsend
Bone	Hale	Miller	Truman
Bridges	Harrison	Radcliffe	Tydings
Brown	Holman	Reed	Vandenberg
Chandler	King	Reynolds	
Connally	Lee	Russell	

So Mr. ELLENDER'S amendment was rejected.

Mr. ELLENDER. Mr. President, I have a few amendments which I have submitted to the able Senator from New York [Mr. MEAD] and to which he has agreed. I shall ask that the first amendment be stated.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 22, after the word "prescribe", it is proposed to insert a colon and the following:

Provided, That any such incumbent shall be given only one such noncompetitive examination.

Mr. ELLENDER. That amendment is self-explanatory. It provides that only one noncompetitive examination shall be available for any incumbent. If incumbents fail these examinations, they are to be released within 6 months under the terms of the bill. The language of the measure is not specific as to whether or not an incumbent can be given another examination if he fails the first. The present amendment covers this loophole. The investigations which I have conducted into the civil-service system have revealed that sometimes, when incumbents are blanketed into the civil service by noncompetitive examinations, a person is given two and three and even four chances to qualify. Nobody should expect more than one chance to qualify. All an incumbent has to do is to make a passing grade, and if he cannot do so on the first try, then the Government service is no place for him. This amendment should be adopted by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. ELLENDER. I present another amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, line 3, beginning with the comma after the word "amended", it is proposed to strike out down to and including "law", in line 11.

Mr. ELLENDER. Mr. President, the purpose of that amendment is to insure that after the positions in any department are classified, all employees shall receive salaries within the salary range of their particular grade.

Under the bill as now written there could be a difference of salaries. One employee in grade CAF–2 might receive $1,800, while the other in the same grade is limited to $1,680, which is the maximum allowed for that grade under the Classification Act. The bill provides:

Except that if an officer or employee is receiving compensation in excess of the maximum rate prescribed for the appropriate grade, no change by reason of this fact shall be made in his existing compensation so long as he continues to occupy the same office or position, but the office or position shall be correctly allocated and when it becomes vacant the compensation attached thereto shall be brought within the compensation schedule, in accordance with existing law.

It can readily be seen that such a provision would cause injustices and jealousies in many instances. I submitted my amendment to the Senator from New York and he agreed to accept it. It is a worth-while amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. ELLENDER. I present another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, line 6, to strike out the words "or more"; on the same page 13, line 7, to strike out the word "and" and in lieu thereof insert a comma and the words "one of"; and on page 13, line 8, after the word "concerned", to insert a comma and the following: "and the third member to be designated by the employees of the Department concerned in such manner as may be determined by the Civil Service Commission."

Mr. ELLENDER. Mr. President, the purpose of that amendment is that in the composition of these boards the Civil Service Commission shall be represented, the department affected shall be represented, and the employees shall be represented.

As the bill was reported by the committee, the Civil Service Commission was assured of representation on the board by the selection of its chairman, and the department was assured of representation on the board because it could appoint the other members, but there was no provision made for employee representation. Civil-service investigations held by a committee of the Senate of which I am chairman, revealed that a great deal of the complaints that arise in the various departments is brought about by suspicion on the part of the employees, and likewise by high-handed tactics employed by some of the department chiefs and supervisors. If the employees are to have any confidence in the actions of these boards of review, they must have representation thereon. Likewise, by having representation on the board, the tendency on the part of the department chiefs and supervisors to take advantage of employees under them will be lessened to a considerable degree. The adoption of this amendment will have a wholesome effect on the civil-service employees in all departments, and I recommend its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. ELLENDER. I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, line 17, after the period, it is proposed to insert the following new sentence:

At such hearing such employee and his representative, and such representatives of the department as may be designated by the head

thereof, shall be afforded an opportunity to submit orally or in writing any information deemed by the board of review to be pertinent to the case, and shall be afforded an opportunity to hear or examine, and reply to, information submitted to such board by other parties.

Mr. ELLENDER. The purpose of that amendment is to afford an opportunity to an employee who has submitted a complaint to the board to present witnesses or present facts in support of his or her case, and the board, of course, would take such matters into consideration in rendering a decision. That, I may say, will afford a method to cure quite a few of the evils which now exist in the civil service.

Likewise, the amendment will insure the employee the right to be present when any representative of the department appears before the board or presents evidence to substantiate the department's position. As some departmental boards of review now operate in cases involving disciplinary actions, the employee is forced to present his case in writing; then the bureau chief makes answer, after reading the reply submitted by the employee, and the case is decided by the department head. Obviously the employee has little or no chance under such procedure. He never knows what the bureau chief says about him; he never gets a chance to refute statements that may be made against him; and all in all, a condition of suspicion and mistrust is engendered in the employees, and as a result they have little or no confidence in their superiors. The pending amendment will do away with that condition, insofar as these boards of review are concerned. It is to be noted that these boards of review apply only to cases involving efficiency ratings. I believe they should apply in the cases of any employee complaints or grievances, no matter what the nature. And I take this opportunity to advise the Senate, and especially my esteemed colleague the Senator from New York, who is an ardent supporter of the merit system, that I intend to propose such a bill to the Senate in the near future, and I trust that it will have his support.

I may further state that the board of review herein established fulfills one of the recommendations that was intended to be made to the special committee of the Senate to investigate certain phases of the civil service.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

Mr. MINTON. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

Provided, That the Civil Service Commission shall not require the submission with examination papers on examinations ordered or conducted by said Commission, the photograph of the applicant and identification shall be made by use of fingerprints, or otherwise except by photograph.

Mr. BARKLEY. The Senator means the Civil Service Commission, does he not?

Mr. MINTON. Yes.

Mr. LA FOLLETTE. Mr. President, may the amendment again be stated?

The PRESIDING OFFICER. The amendment will be Stated.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place in the bill the following:

Provided, That the Civil Service Commission shall not require the submission with examination papers on examinations ordered or conducted by said Commission, the photograph of the applicant and identification shall be made by use of fingerprints, or otherwise except by photograph.

Mr. MINTON. In other words, Mr. President, the amendment provides simply that identification shall not be required to be made by photograph. We have heard a great deal said here, especially by the Senator from Louisiana, about discriminations against some people because perhaps of their age, or their lack of beauty, or this, that, and the other, which might be revealed by a photograph. So, Mr. President, the purpose of the amendment is simply to get away from this advantage which is given to some people by reason of their photographs.

We also know that Negroes, by way of illustration, are discriminated against, and older people are discriminated against, because their photographs reveal their race or their age, and that ought not to happen in the civil service.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. DANAHER. The Senator said, "We all know," as I understood him, and I think I heard him correctly. He said, "As we all know, Negroes have been discriminated against." Let me hasten to say for the RECORD that I do not know that Negroes have been discriminated against by the Civil Service Commission. Does the Senator from Indiana mean, as a statement of fact, that the Civil Service Commission has discriminated against Negroes?

Mr. MINTON. I want to modify my statement by excluding the Senator from Connecticut. I do not know what he knows. [Laughter.]

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. ELLENDER. Speaking of photographs, I think I promised the distinguished Senator to show him a few photographs of the parties named in debate yesterday, a Miss Adair and a Mrs. Smithers. Here they are. The Senator will notice the contrast.

Incidentally I may state that the departmental head involved was asked by me why it was that he selected Mrs. Smithers as his secretary, a CAF–3 and promoted her to CAF–6, instead of appointing Miss Adair, who was in line for promotion and a CAF–5. He answered, in effect, "Why, Senator, I have nothing against Miss Adair, she is a fine stenographer, but she cannot answer the telephone as well as Mrs. Smithers." [Laughter.] Moreover he said, "My office is often visited by Senators and Congressmen and it is advisable that I have an affable lady to receive them." [Laughter.]

Mr. MINTON. I simply wanted to say, after looking at the photographs, that they bear out what I said with respect to the purpose of my amendment. The amendment ought to be adopted because photographs should not play any part in the matter. One might be misled by photographs.

Mr. DANAHER. Mr. President, will the Senator again yield?

Mr. MINTON. I yield.

Mr. DANAHER. I should like to know if the Senator from Indiana actually charges on the Senate floor that the Civil Service Commission discriminates against Negroes as the result of seeing the pictures accompanying the applications or the examination papers?

Mr. MINTON. No; I do not think the Civil Service Commission has anything to do with it.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. MEAD. I wish to say to the able Senator from Indiana that I have an amendment similar to the one he sent to the desk. I intended to offer it, but I am very glad to accept his amendment. I think it provides an act of justice, and it ought to be adopted.

Mr. DANAHER. Mr. President, I do not understand that the Senator from New York can accept the amendment offered by the Senator from Indiana on behalf of the rest of us. I should like to have the amendment put to a vote.

Mr. MEAD. I accept it so far as I am concerned.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. MINTON].

Mr. DANAHER. Mr. President, I should like to be recognized to speak with respect to the amendment.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DANAHER. As I understand, the Senator from Indiana gave as the ground for his amendment that there is discrimination somewhere arising from the fact that photographs are required to be submitted at the time examinations are held. It becomes perfectly apparent on the face of

it that the reason for the amendment is that there has been an unfair discrimination under the so-called merit system. It means that there have been many instances of discrimination, and that heads of departments are quite well aware of the fact. I wanted to know whether the Senator from Indiana felt that there was any such necessity and ground for the action contemplated by the amendment. Putting the question to him in that fashion he denied there was any such ground; that the Civil Service Commission had not discriminated against anybody. If that be the fact, the amendment ought to be rejected, there being no ground for it, and no evidence established, either in the hearings or otherwise, that there is such discrimination.

Mr. MINTON. All I want to do is to make it more difficult to discriminate against anyone by reason of photographs being required, and I wish to know how the Senator from Connecticut will vote on that matter, that is all.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. MINTON].

The amendment was agreed to.

Mr. HATCH. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. — (a). In appointing, or fixing requirements with respect to the appointment of, persons to any civil position in the Government service no officer or employee of any executive department, independent establishment, or agency (including Government-owned, Government-controlled corporations) of the United States shall discriminate against any applicant, or deny to any applicant the privilege of taking any competitive examination held for the purpose of determining the qualifications of applicants for such position, because such applicant (1) has not been graduated from a particular school; (2) has not been graduated from a school which has been approved or accredited, or assigned a particular rating or classification, by any association, organization, or group; or (3) is not a member of any professional, technical, or other society or association.

(b) No sums appropriated or allocated for the payment of salaries and expense accounts of officers and employees of the executive department, independent establishments, and agencies of the United States shall be available to pay the salary or expense account of such officer or employee who violates the provisions of this section.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. CLARK of Missouri. I should like to ask the Senator whether or not I correctly understand his amendment. As I understand, it would prevent a lawyer seeking employment in a legal capacity in the Government from being discriminated against because of the fact that he was not a graduate of the Harvard Law School, or one of Frankfurter's boys.

Mr. HATCH. In answer to the Senator from Missouri, I will say that the amendment is one which has already been adopted by the Senate in a separate bill introduced by the Senator from Texas [Mr. SHEPPARD]. The purpose of the amendment is not to discriminate against the Harvard Law School. The amendment is of more serious import and purpose. It is to prevent building up within the civil service, or in any other department of Government, a caste system. I have consulted with the chairman of the committee [Mr. BULOW], the Senator from New York [Mr. MEAD], and also with Mr. RAMSPECK, of Georgia. All are agreeable to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH].

The amendment was agreed to.

Mr. NEELY. Mr. President——

Mr. CLARK of Missouri. Does the Senator desire to offer an amendment?

Mr. NEELY. That is the purpose for which I addressed the Chair.

Mr. CLARK of Missouri. Is it an amendment which is likely to provoke considerable debate?

Mr. NEELY. It is my hope that the obvious propriety of the amendment will impel the Senate to adopt it without discussion.

Mr. CLARK of Missouri. In view of the fact that I have yielded for a number of amendments which I was assured would not precipitate any debate, but which nevertheless have precipitated much debate, I do not feel justified in yielding to the Senator from West Virginia unless I can have the assurance of the Senator that if the amendment shall precipitate debate he will not press it, and will allow me an opportunity to address the Senate.

Mr. NEELY. That assurance, so far as I am concerned, is now given to the able and beloved Senator from Missouri.

Mr. President, in behalf of justice to the colored people, I move to amend the bill on page 12, in line 8, after the word "position" by inserting the following: "Without regard to race, creed, or color".

Mr. CLARK of Missouri. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The Chair is advised that the part of the bill which the Senator is seeking to amend has been stricken out; so he would have to move to insert his amendment somewhere else.

Mr. NEELY. Mr. President, for the last hour I have been conferring with constituents in the reception room, and was not aware of the fact that the section in question had been stricken from the bill.

But there are remaining sections which should be amended in order to protect the colored race against the possibility of discrimination in the administration of the law.

Mr. HATCH. Mr. President, will the Senator yield to me?

Mr. NEELY. I yield to the able Senator from New Mexico.

Mr. HATCH. I took up the question which the Senator has in mind and had prepared by the drafting service an amendment which gives the correct page and line. Will the Senator offer it?

Mr. NEELY. I am very much obliged to the Senator from New Mexico for having had done in an orderly manner what I am striving to do on the spur of the moment, because I did not discover the necessity for this amendment until a spokesman for the colored people directed my attention to the matter just before I entered the Senate Chamber.

Mr. President, the amendment which the Senator from New Mexico has so kindly supplied me is apparently sufficient to accomplish all that I was seeking to achieve, and I now propose it and urge its adoption.

The PRESIDING OFFICER. The amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. On page 10, between lines 7 and 8, it is proposed to insert the following new subsection:

(e) In carrying out the provisions of this title, and the provisions of the Classification Act of 1923, as amended, there shall be no discrimination against any person, or with respect to the position held by any person, on account of race, creed, or color.

Mr. MEAD. Mr. President, I will say to the Senator that that is a part of another amendment, the other part of which was offered by the Senator from Indiana [Mr. MINTON], both parts of which I had intended to offer. Therefore I hope the amendment will be agreed to.

Mr. NEELY. I thank the Senator from New York, and again urge the Senate to adopt the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia.

The amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oklahoma?

Mr. THOMAS of Oklahoma. I find it necessary to leave the Chamber in the next few minutes. I have an amendment which I am sure will provoke no discussion.

Mr. CLARK of Missouri. I yield to the Senator from Oklahoma for that purpose.

Mr. THOMAS of Oklahoma. On page 2 of the bill, in lines 9 and 10, I offer an amendment striking from those

lines the words "or connected with." The amendment relates to the provisions of the bill as applied to the Works Progress Administration. I am advised that the Senator in charge of the bill [Mr. MEAD] has no objection to the amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. On page 2, in lines 9 and 10, it is proposed to strike out the words "or connected with."

Mr. DANAHER. Mr. President, will the Senator yield to me for the purpose of directing an inquiry to the Senator from New York?

Mr. CLARK of Missouri. I yield.

Mr. DANAHER. Will the Senator from New York explain to us why he included the words "or connected with" in lines 9 and 10 on page 2, which words the Senator from Oklahoma now wishes to eliminate?

Mr. MEAD. Those words came over in the House bill, and they were to cover certain agencies which were part and parcel of the W. P. A. Take, for instance, the case of the National Youth Administration. At one time, before the reorganization which separated it from the W. P. A., it was part of the W. P. A., and it was evidently the desire of the framers of the bill in the House to eliminate W. P. A. and everything connected with W. P. A.; but we find that in the General Accounting Office there are certain positions which have been filled for several years, and that unless that language is stricken from the bill employees in those categories will be denied an opportunity of being covered into the civil service by noncompetitive examinations. It may be that at times they work on W. P. A. accounts, and at other times they work on national-defense accounts. It was the desire of our committee to strike out those words, and some time ago there was presented to me by the able Senator from Georgia [Mr. GEORGE] an amendment which would strike out those words. I now understand that the able Senator from Oklahoma is presenting the amendment which was to be presented by the Senator from Georgia, and I am glad he has presented it. I hope it will be agreed to.

Mr. THOMAS of Oklahoma. Mr. President, this amendment, if agreed to, would permit the Division of Accounts, the Disbursing Division, and the Procurement Division of the Treasury to be included in the bill. I am offering the amendment at the request of officials of the Treasury Department.

Mr. DANAHER. I notice in the list of employees accredited to the W. P. A. a total of approximately 35,000 in administrative positions. Does the Senator from Oklahoma know whether or not those included in that total are covered in any way by the language referred to?

Mr. THOMAS of Oklahoma. It is not so intended.

Mr. DANAHER. I thank the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

The amendment was agreed to.

Mr. NYE. Mr. President, I have an amendment which I am confident will not provoke extended debate.

Mr. CLARK of Missouri. I yield.

Mr. NYE. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from North Dakota will be stated.

The LEGISLATIVE CLERK. On page 4, after line 4, it is proposed to insert the following:

(c) That from and after the effective date of this act, and prior to June 30, 1946, any person who shall have served as an employee in the legislative, executive, independent, or other branches, establishments, or agencies of the Government for a period or periods totaling in all 15 years or more, shall acquire upon such tests of fitness as the Civil Service Commission may prescribe, a classified civil-service status for transfer to a position in the classified civil service, notwithstanding any contrary provisions of the civil-service laws or regulations: *Provided*, That the service of any such person in those offices, positions, or services specifically mentioned in paragraph (d) of section 3 of this act shall not be included in computing the total period or periods of any such person's service in the Government.

Mr. NYE. Mr. President, in brief, the purpose of the amendment is that of accomplishing a civil-service status for the limited number of employees who at one time or another have been employed in the legislative branch particularly. I have in mind specific cases of long service to Members of the Senate or committees of the Senate, the employee having transferred from that service to another service in the Government which is noncivil service. I am sure that the performance of 15 years of service is entitled to a status under the pending legislation. That is what I am proposing to accomplish by the amendment.

Mr. MEAD. Mr. President, the amendment would not do any injury to the bill. In fact, it would strengthen the legislative employees' paragraph. I am willing to accept it and take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. NYE].

The amendment was agreed to.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield to the Senator from Maryland.

Mr. TYDINGS. I offer an amendment, which I send to the desk and ask to have stated. I have shown it to the Senator in charge of the bill [Mr. MEAD]. I ask that it be inserted in the bill at the proper place.

The PRESIDING OFFICER. The amendment offered by the Senator from Maryland will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

(f) No person now employed by the Federal Government shall be discriminated against because of his place of residence.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

Mr. MALONEY. Mr. President, will the Senator yield to me?

Mr. CLARK of Missouri. I yield.

Mr. MALONEY. I should like to ask the Senator from Maryland what effect his amendment would have on existing civil-service law.

Mr. TYDINGS. It would have none, because the employees referred to are already employed. In fact, if the amendment were not put into the bill, no one who is now employed would be affected under the legislation as it now stands. The amendment is only to take care of those who have been working for some time with the Federal Government, so that they will not be discriminated against because of their place of residence. If the amendment does not go into the bill, they will not be discriminated against anyway, in the judgment of the Senator in charge of the bill and myself; but I have offered the amendment to make sure, not for the future, but for the present, that no one now working will be put out because of his place of residence.

Mr. MALONEY. Can the Senator tell me whether or not the amendment would have any destructive effect upon the existing quota system?

Mr. TYDINGS. It would have no effect whatever, because the employees referred to are already working, and the amendment does not apply to the future.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. CLARK of Missouri. Mr. President, I do not wish this amendment to be adopted by unanimous consent. I have no desire to debate it or prolong the discussion, but I was opposed to striking out the Nichols-Keller amendment. Therefore, I am opposed to putting the converse of the proposition in the affirmative form. I merely wish to be recorded as against the amendment.

The matter was thrashed out the other day in connection with the Nichols-Keller amendment. I have no disposition to go over the same ground again; but I wish to be recorded as against the amendment.

Mr. MEAD. Mr. President, this amendment affirmatively states the position taken by our committee when we struck out the Nichols-Keller amendment; so I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS].

The amendment was agreed to.

DOWN ON THE FARM

Mr. FRAZIER. Mr. President, someone has sent me a poem entitled "Down on the Farm." The name of the author is not given, and I do not know who wrote the poem, but whoever wrote it knew the farm situation. I ask unanimous consent to have the poem read from the desk.

The PRESIDING OFFICER. Without objection, the poem will be read.

The legislative clerk read as follows:

DOWN ON THE FARM

Down on the farm 'bout half past four
I slip on my pants and sneak out of the door;
Out of the yard I run like the dickens
To milk 10 cows and feed the chickens,
Clean out the barn, curry Nancy and Jiggs,
Separate the cream, and slop the pigs,
Work 2 hours, then eat like a Turk,
And, by heck, I'm ready for a full day's work!

Then I grease the wagon and put on the rack,
Throw a jug of water in an old grain sack,
Hitch up the horses, hustle down the lane—
Must get the hay in, for it looks like rain.
Look over yonder! Sure as I'm born,
Cattle on the rampage and cows in the corn!
Start across the medder, run a mile or two,
Heaving like I'm wind-broke, get wet clear through.
Get back to the horses, then for recompense,
Nancy gets a-straddle of the barbed-wire fence.
Joints all a-aching and muscles in a jerk,
I'm fit as a fiddle for a full day's work!

Work all summer till winter is nigh,
Then figure up the books and heave a big sigh.
Worked all year, didn't make a thing;
Got less cash now than I had last spring.
Now, some people tell us that there ain't no hell,
But they never farmed, so how can they tell?
When spring rolls 'round I take another chance,
While the fringe grows longer on my old grey pants,
Give my s'penders a hitch, my belt another jerk,
And, by heck, I'm ready for another year's work!

LABELING OF WOOL PRODUCTS—TRUTH IN FABRIC—CONFERENCE REPORT

Mr. CLARK of Missouri. Mr. President——

Mr. NYE. Mr. President, will the Senator yield for the purpose of suggesting the absence of a quorum?

Mr. CLARK of Missouri. The Senator from Wyoming desires to present a unanimous-consent request to take up a conference report which, of course, he is privileged to do at any time. But the Senator from Wyoming has very kindly agreed that if unanimous consent is given, he will consent to lay the conference report aside for the purpose of permitting me to address the Senate. I yield to the Senator from Wyoming for that purpose.

Mr. SCHWARTZ. I move that the Senate proceed to the consideration of the conference report on Senate bill 162.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. Is that question debatable?

The PRESIDING OFFICER. It is not debatable. The question is on the motion of the Senator from Wyoming.

Mr. SCHWARTZ. Mr. President, I understand the motion is not debatable, but I want to confirm what was said by the Senator from Missouri, that if the motion shall be agreed to, I shall then ask that the conference report be laid aside for the present and ask that it be taken up for consideration at some later time.

Mr. THOMAS of Oklahoma. Mr. President, I have no objection to taking up the report at the proper time. It occurs to me that if the report should now come before the Senate it would displace the regular business. The report will take some time for discussion; I cannot say how long, but it will take some time. I repeat, I have no objection to taking up the report at the proper time, but I think the report should be considered at some length, because it has not had consideration heretofore.

The PRESIDING OFFICER. Does the Senator from Oklahoma object? Otherwise, the Chair will put the question.

Mr. THOMAS of Oklahoma. I object to the report being laid before the Senate for consideration at this time. I will have no objection if we can agree upon a time for taking it up. In that event, there would be no objection on my part, I assure the Senator from Wyoming.

Mr. SCHWARTZ. Mr. President, this is a highly privileged motion; I am entitled to make it; and I am stating that, if the motion shall be agreed to, the report will be laid aside and not interfere with the other business that is pending.

The PRESIDING OFFICER. The question is on the motion of the Senator from Wyoming.

The motion was agreed to; and the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Mr. NYE. I suggest the absence of a quorum.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry. May I inquire what motion is pending before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. THOMAS of Oklahoma. That is the very question I brought up. The conference report is now the unfinished business.

Mr. SCHWARTZ. I ask unanimous consent that the conference report be laid aside temporarily.

The PRESIDING OFFICER. Is there objection?

Mr. THOMAS of Oklahoma. Reserving the right to object, I am on the floor at this time, but I cannot be here later, and I do want to be here when the report is considered. So, until I can have some assurance as to when the report is to be considered, I shall have to object.

Mr. SCHWARTZ. I discussed this matter with the Senator from Oklahoma a while ago, and he told me that it was necessary for him to be away from the Senate this afternoon; that he was going downtown, and I assured him the report would not come up. We had also a further understanding that it would not come up prior to a call for a quorum. So the Senator from Oklahoma will be given plenty of opportunity to come in.

Mr. THOMAS of Oklahoma. I might be at the Department when the quorum is called; so that would not be satisfactory. If I can have assurance that the report will not be brought up today, that would satisfy me.

Mr. CLARK of Missouri. Then, Mr. President, if there is objection, I will claim the floor for debate on the conference report.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wyoming?

Mr. THOMAS of Oklahoma. I must object.

Mr. CLARK of Missouri. Then I ask for recognition on the conference report.

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri.

Mr. NYE. Mr. President——

Mr. CLARK of Missouri. I yield to the Senator from North Dakota.

Mr. NYE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Bulow	Capper
Andrews	Barbour	Burke	Caraway
Ashurst	Barkley	Byrd	Chavez
Austin	Bilbo	Byrnes	Clark, Idaho

Clark, Mo.	Hayden	Neely	Stewart
Connally	Herring	Norris	Taft
Danaher	Hill	Nye	Thomas, Idaho
Davis	Holt	O'Mahoney	Thomas, Okla.
Downey	Hughes	Overton	Thomas, Utah
Ellender	Johnson, Calif.	Pepper	Tobey
Frazier	Johnson, Colo.	Pittman	Townsend
George	La Follette	Radcliffe	Tydings
Gerry	Lodge	Reed	Van Nuys
Gillette	McKellar	Schwartz	Wagner
Green	McNary	Schwellenbach	Walsh
Guffey	Maloney	Sheppard	Wheeler
Gurney	Mead	Shipstead	White
Harrison	Minton	Smathers	Wiley
Hatch	Murray	Smith	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present. The question is on agreeing to the conference report.

Mr. CLARK of Missouri obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. THOMAS of Oklahoma. As I anticipated, the pending business is the adoption or rejection of the conference report on Senate bill 162. The Senate having voted to take up the conference report, it is now the unfinished business, and it is the pending business.

I doubt if those who are interested in the civil-service bill desire voluntarily to relinquish their rights for a discussion of an extraneous matter; and I hope the report may not be taken up at this particular time. I think the Senator from Wyoming [Mr. SCHWARTZ] will be agreeable that the report shall not be taken up today; and, if he has no objection, I ask unanimous consent that the report be not further considered during this day.

The PRESIDING OFFICER. Is there objection?

Mr. SCHWARTZ. Mr. President, I am not a stickler for language; but I should prefer to have the understanding that the special order of business be temporarily laid aside. I assure the Senator from Oklahoma that it will not be called up today, and that I shall hope to be able to get it up some time tomorrow. Is that satisfactory?

Mr. THOMAS of Oklahoma. That is entirely satisfactory. I want to be present when it is considered; that is all.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request submitted by the Senator from Oklahoma? The Chair hears none, and it is so ordered.

TRANSFER OF DESTROYERS AND AIRPLANES

Mr. CLARK of Missouri. Mr. President, on yesterday the Senate listened to an extremely informative and illuminating discussion by the Senator from Massachusetts [Mr. LODGE] upon the question of the disposition of the so-called flying fortresses by the United States Government. I desire to discuss briefly today the whole question involved in the transfer to any foreign power of weapons needed by the United States for its own defense, either with congressional consent or, more particularly, without congressional consent. I think this question, as presented by the Senator from Massachusetts on yesterday, is one of the most important questions that ever confronted the American people, because it is a question of the Government of the United States, with or without legislative authority, taking another step directly into the path of war, and calculated to denude the United States of its most vital defenses.

I purpose to refer somewhat today to the disposal of the 50 United States destroyers, not for the purpose of thrashing over old straw and not for the purpose of needlessly discussing something that cannot be undone. The President of the United States himself, at the time he sent to Congress the notification of what he had done I think used the expression that it was a fait accompli. If he did not himself use the expression, his newspaper apologists did. I prefer to use the description that it was a coup d'etat, because a coup d'etat means a transfer of fundamental governmental authority by revolutionary processes without proper governmental procedure.

Nevertheless, Mr. President, if that were the end of the matter—if this transfer of 50 destroyers were to be the end of the course—we might all regard it as something that has already been done, and we might abide our souls in such patience as possible, for the reason that nothing could actually be done about it because the destroyers—one-seventh of our Navy, the senior Senator from Massachusetts says—had already been transferred to a foreign power. But, Mr. President, we have been put upon public notice that this is not the end, that this is merely the beginning of the course to war which not only is calculated to take us into a conflict in which we have no direct concern but is calculated at the same time to denude us of our most vital and essential defenses before the new defense program, for which we all voted upon the recommendation of the President, can be fairly put under way. I say we have been put upon notice because we have been put upon notice from the same sources that originated the destroyer deal, that came down and overcame executive and legislative resistance to it, that overrode the opinion of the naval authorities of the United States, the Assistant Secretary of the Navy and the Chief of Naval Operations, expressed to the Naval Affairs Committee of this body not 2 months before the feat was accomplished. So I say that when we have notice from the same sources that they now propose to turn over to a foreign power our great flying fortresses, the most vital air defense of the United States, a force which might save the United States if unfortunately we were put into a war before the consummation or even the approximate consummation of the present defense program; when we are notified in advance in the newspapers that it is proposed to transfer that great fleet of flying fortresses; when we know that there will then be a demand that we transfer to a foreign power under such circumstances that it might fall into the hands of a prospective enemy, possibly the most vital military secret that the United States has ever had, the secret of the aerial bomb sight; when we know that there will then be a demand for the transfer of the so-called mosquito fleet now under construction, the beginning of it just beginning to come into commission, denominated by naval authorities as possibly the most vital possible force for the defense of American harbors in case of an invasion, I think it is well that we stop and look into this matter of the great propaganda engine which is trying to control this country and which has been very largely controlling it in its recent foreign policy.

A few years ago, when we had before us a bill of some considerable domestic importance having to do with holding companies—I say it was a matter of considerable domestic importance merely to emphasize the fact that it did not involve the safety or the life of the United States—Congress was assailed by a great lot of propaganda on both sides of the legislation, and the then senior Senator from Alabama, now Justice Black of the Supreme Court of the United States, offered a resolution, which was adopted by the Senate, creating a committee to investigate lobbying. Many witnesses were brought before the committee, and they disclosed some rather startling facts as to the organization of propaganda to influence the Congress. The committee spent much money on the investigation, and I dare say the money was well spent.

Just a year or two later the President had a bill introduced in the Congress for the purpose of packing the Supreme Court of the United States. It was a matter of very violent controversy, striking straight across party lines throughout the United States, and there was a great deal of propaganda on both sides of that question. The old lobby committee was called together again, still being in existence, and it proceeded to investigate an organization which was alleged to be a propaganda organization, and I think it was a propaganda organization, although I always thought it was a rather ineffectual one. It happened to be on the same side of the controversy I was on. It was an organization headed by Mr. Gannett, up in New York, and the committee proceeded to investigate that organization.

Mr. SCHWELLENBACH. Mr. President, I know the Senator wants to have the record correct——

Mr. CLARK of Missouri. I do, and if I have made an error, I trust the Senator will correct me.

Mr. SCHWELLENBACH. The investigation of the Gannett organization was in the spring of 1938.

Mr. CLARK of Missouri. I was about to come to that. Perhaps the Senator is correct. I was about to say that then the reorganization bill came along, and Mr. Gannett got up another propaganda organization. I again thought that this was rather ineffectual, but it was called a lobbying organization, a propaganda organization, organized for the purpose of influencing governmental action, and it was haled before this great tribunal of the Senate.

The Lobby Committee is still in existence. I do not think they have much in the way of funds left, but the committee is still in existence. The Senator from Indiana [Mr. MINTON] is chairman of it; the Senator from Washington [Mr. SCHWELLENBACH] is a member; and I think the Senator from Rhode Island [Mr. GREEN] is now a member. I have forgotten who the other members are. Undoubtedly they are eminent and distinguished Senators.

Mr. SCHWELLENBACH. The Senator from North Dakota [Mr. FRAZIER] is on the committee, and the late Senator Gibson was a member of the committee.

Mr. CLARK of Missouri. The Senator from North Dakota [Mr. FRAZIER] is on the committee, as the Senator has said, and the late Senator Gibson, of Vermont, was a member of the committee. I suggest that in dealing with the propaganda organizations which have been investigated by the committee—and the investigations were very ably conducted—the committee has dealt with no subject, not even the Supreme Court question, comparable with the efforts of the propaganda organization which I am about to discuss, formed for the purpose of dragging the United States, willy-nilly, into a fearful foreign war.

I suggest to the Senator from Washington, and I would suggest to the Senator from Indiana except that he happens to be temporarily absent from the floor, that I think the existing Lobby Committee might very well start in to investigate this, the most dangerous and insidious form of propaganda that has ever operated in the United States during my lifetime.

I also say that, failing that, the Committee to Audit and Control the Contingent Expenses of the Senate might well see fit to report out and let the Senate vote on a resolution which I offered more than a year ago, even if they report it adversely, a resolution which was unanimously reported by the Committee on Foreign Relations several months ago, designed to provide for an investigation of all propaganda, from any source, organized for the purpose of changing the neutral position of the United States and getting us into war.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. DOWNEY in the chair). Does the Senator from Missouri yield to the Senator from Minnesota?

Mr. CLARK of Missouri. I yield.

Mr. SHIPSTEAD. The Senator knows that for years people have been coming to our country from Europe to lecture our people. I do not know who pays them. They are here to stir up the emotions of the American people, so as to get us to enter the war. Does not the Senator think that his resolution would cover these lecturers who come to our country?

Mr. CLARK of Missouri. Mr. President, it is my idea that anyone who is seeking to influence the position of the United States and to drag us into war on either side should have the light turned on him, so that the American people would know who is doing it, and why he is doing it. If the American people in their wisdom desire to get into a war, that is the business of the American people, and, as an American citizen, I would bow to the will of the majority in that respect. But the American people should know how public thought and the avenues of public opinion are being poisoned through the processes of propaganda.

Mr. SHIPSTEAD. The Senator's resolution would cover these people who come to our country from various countries to do missionary work, to drag us into war.

Mr. CLARK of Missouri. That was my intention. For instance, if my resolution were adopted, in my opinion it would cover such cases as that of Sir George Paish, who lobbied in the United States for years before the present war for the purpose of having the United States remit the war debts of various European countries. He came to see the Senator from Montana [Mr. WHEELER], and, as the Senator from Montana testified on this floor a few days ago, he more or less threatened him by telling him that the American people had always done everything he, Sir George Paish, asked them to do. He was asking not only that we send destroyers, but that we send men and money and anything else which might be necessary.

Mr. SHIPSTEAD. Will the Senator yield again?

Mr. CLARK of Missouri. If my resolution were adopted, and I had anything to do with enforcing it, it would lead to the investigation of such persons as Sir George Paish. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator think any other government would tolerate having foreigners come into their countries and stir up war sentiment among the people?

Mr. CLARK of Missouri. I doubt very much if there is another country in the world in which some of the agitators who have been trying to get us into war, coming in from the outside of the country, might not have been finally lined up against a wall in front of a firing squad.

Mr. SHIPSTEAD. It is evident from the newspapers that some of the so-called prominent people are receiving these foreign agitators with open arms.

Mr. CLARK of Missouri. I do not think there is any question about that. Some of the members of these propaganda organizations which I shall discuss in a moment were born abroad, some of them have worked abroad, and many of them have their roots abroad, instead of in the institutions of the United States.

Mr. SHIPSTEAD. If the Senator will yield further, many of them have held public office under foreign governments, were public officials, and have come here and talked to our people from the standpoint of the policy of a foreign country, telling us what our foreign policy should be.

Mr. CLARK of Missouri. I think there can be no question about that fact.

Mr. SHIPSTEAD. It is astonishing to see how many Americans take their ideas from abroad, instead of formulating their own ideas, based upon our own best interests.

Mr. HOLT. Mr. President, will the Senator from Missouri yield for a comment on that point?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. As an instance of that, Duff Cooper came to this country and lectured, and was entertained by officials of the United States, returned to England, and was made head of the Ministry of Information.

Mr. CLARK of Missouri. I dare say he was getting plenty of information while he was here, too.

Mr. HOLT. The Senator's resolution would touch such men as Noel Coward, who can reach certain strata of our social life that should be reached better than any other man in America. In other words, he has a silk hat and can get into Park Avenue.

Mr. SHIPSTEAD. Mr. President, will the Senator from Missouri yield again?

Mr. CLARK of Missouri. I yield.

Mr. SHIPSTEAD. Since Duff Cooper has been mentioned, I may say that he came to Minneapolis, in my State, and addressed the teachers of the graded schools in Minneapolis. I do not believe those people at that time knew he was the chief of the propaganda service of the British Government. Just think of it, a man whose business for a great and powerful government is to get every country he can to join his country in war, is permitted to come here and talk to our children in the public schools and, by implication or by propaganda, instill into the minds of the teachers who teach our schools what our policy should be in foreign relations. I think it is one of the most disgraceful things that ever happened in my State; and there has been no outcry. Everyone knew that

he was here as the chief propaganda agent of the British Government to get any country he could to join in the war.

Mr. CLARK of Missouri. The Senator will also observe the fact that the propaganda allies in this country of the British propaganda minister, Duff Cooper, are very free to accuse anyone who happens to own his own soul, and to owe allegiance only to the United States of America, and to the flag of the United States, and who is opposed to our getting into the war, as a "fifth columnist."

Mr. HOLT. Mr. President, I want the Senator to know about another man who has come here, and who had a conference with the President of the United States. I checked the Washington papers, I checked the Baltimore papers, I checked the Philadelphia papers, and I checked the New York papers. This man had a conference with the President of the United States, and not one single, solitary word appeared in a single newspaper in the United States about his conference with the President. I refer to Sir Campbell Stuart, who was in charge of propaganda in enemy countries during the World War, as another instance in the propaganda drive. Why should he have secret conferences with the President of the United States and no newspaperman in this country know of it?

Mr. NYE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. NYE. As the Senator knows, I have large interest in his resolution for the appointment of a committee to investigate propaganda. I am conversant with the effort he made, a very successful effort, to get unanimous-consent approval of the resolution by the Committee on Foreign Relations. Will the Senator state whether or not there has been any explanation afforded as to why the Committee to Audit and Control the Contingent Expenses of the Senate has not seen fit to report the resolution?

Mr. CLARK of Missouri. I have not, except that the chairman of the committee stated to me very frankly on numerous occasions that he was opposed to it.

I have pressed for hearing on numerous occasions, and, as a matter of fact, various times may have been agreed upon, but for one reason or another, sometimes because of the convenience of the committee, that is because of the duties of some member of the committee in connection with the Appropriations Committee, for example, and once or twice because of my attendance on other committees, there has never been a hearing. As I have frequently stated to members of the committee, I would infinitely prefer to have the resolution reported to the Senate, even if adversely, so that we might have some discussion in the Senate on it than to have it killed in a committee whose function I do not believe it to be to pass upon the question of whether investigation should be made.

Mr. NYE. I am sure that if that were done, as I think the Senator will agree, there is little doubt as to what the action of the Senate would be on the resolution.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. If I may make a suggestion to the Senator from Missouri, so that the record of his speech may be clear, I suggest that at this point in his remarks he place in the RECORD the resolution, to show that its full purpose is to investigate foreign propaganda to involve us in war.

Mr. CLARK of Missouri. I shall be very glad to do that if I may have unanimous consent, Mr. President.

The PRESIDING OFFICER. Without objection, consent is granted.

The resolution (S. Res. 186) submitted by the Senator from Missouri [Mr. CLARK] on September 28, 1939, and reported with amendments from the Committee on Foreign Relations of the Senate on March 27, 1940, as proposed to be amended, is as follows:

Resolved, That a special committee of seven Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete study and investigation of the activities of any person, firm, or corporation acting for any foreign nation, by way of propaganda or otherwise, having as their ultimate goal or tending to cause, directly or indirectly, a change in the neutral position of the United States in the conflicts now being waged abroad. The committee shall report to the Senate the results of its study and investigations, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-sixth and succeeding Congresses, to employ and to call upon executive departments for clerical and other assistance, to require by subpena, or otherwise, the attendance of such witnesses and the production of such correspondence, books, papers, and documents; to make such investigations, to administer such oaths, to take such testimony, and to incur such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. CLARK of Missouri. Mr. President, as I said at the outset of my remarks, I have no desire or disposition to thresh over old straw or to revert to a discussion of the destroyer deal, except as it may be an indication of events to come. As I said, we have been put on notice by possibly the most powerful interlocking set of propaganda agencies this country has ever seen that they intend next to move to send overseas the flying fortresses of the United States, then the torpedo boats of the United States, the mosquito fleet of the United States, then the bomb sight; and, of course, no one can doubt that it will then be necessary, in the estimation of these agencies, to send our battleships—all the battleships we have—and to send men, and absolutely denude this country of any defense of its own. That these same propaganda agents, some of whom have already actually declared in public advertisements in favor of immediate declaration of war, will be turned loose to influence not only Congress but, far more sinister than that, to influence the executive agencies of this Government to plunge us into war without the authority of the Congress is hardly subject to doubt.

Mr. President, in what I am about to say about this propaganda, this interlocking system of propaganda agencies, the public front of which is Mr. William Allen White, of Emporia, Kans., I should like it to be understood that I do not intend in any way to reflect upon the character or the integrity of the men and women who make up that organization, particularly of Mr. William Allen White himself. I have known Mr. White ever since I was a little boy. Among my most cherished books is the first book that Mr. White ever wrote, called The Court of Boyville, which he gave to my father to give to me when I was a little boy. A few years ago I had the pleasure of taking a trip to the Orient with Mr. White and his lovely wife, and I entertain for Mr. and Mrs. White love and affection and respect, wrong as I think Mr. White is in these activities.

Mr. President, this is a question of too momentous importance to the American people to allow personalities or personal friendship to enter into the matter.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. The Senator knows that at the meeting when the question was discussed of setting up this organization those present wanted to find out who they could put out in front, so they first said, "We should get somebody from the Midwest in order not to have the eastern tie-up. Second, we should get a small-business man, not one connected with big corporations. Third, we should get a Republican, so it would not look like an administration matter." They found in Mr. White the answer to all three conditions. I wish to say to the Senator from Missouri that that was actually discussed by those who formed the committee.

Mr. CLARK of Missouri. Mr. White met with all three requirements, particularly the latter, because, even while Mr. Roosevelt was announcing the destroyer deal, Mr. White announced his very vigorous support of Wendell Willkie for President of the United States.

On Monday I inserted in the Appendix of the RECORD, by permission of the Senate, an article appearing in the St. Louis Post-Dispatch last Sunday, which I described at that time as being, in my opinion, one of the most important and one of the most illuminating articles from a factual standpoint that

has appeared in many years in this country in any newspaper or magazine. It was written by Mr. Charles G. Ross, former editor of the editorial page of the Post-Dispatch, and now contributing editor. The article undertakes to draw no conclusions of any sort, but from the standpoint of a display of facts is a remarkable piece of reporting. I wish every Member of the Senate might have had the opportunity and the time to read that article, which was inserted in the CONGRESSIONAL RECORD of last Monday. He describes this interlocking system of propaganda, and he begins the article by describing this "William Allen White committee to get us into war," as I call it, or, as he calls it, "to defend America by giving away our weapons to somebody else," or something of the sort. I never can remember the name of it because it is misleading. Mr. Ross begins his article by a quotation from Mr. White. Mr. White himself defined his own organization in a radio speech on a national hook-up as "this engine of publicity and propaganda."

Mr. President, have we come to such a pass in this Nation that the United States can be plunged into war, that our boys can be conscripted, that our taxpayers must bend their backs under the tremendous burden of taxation necessary to build up the defenses of the United States, and have those defenses then taken away from them and given to somebody else at the behest of, as Mr. White himself calls it, an "engine of publicity and propaganda"?

Mr. President, have we in the United States come to the time when we have actual government by propaganda?

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. I wish to call attention to an editorial which appeared in the New York Daily News, which, as the Senator knows, is one of the strongest supporters of the administration. The editorial is entitled "Anti-Semitism in This Country."

I shall read part of it, as follows:

William Allen White's Committee to Defend America by Aiding the Allies, from which we received 155 postcards over the week end asking us to root for release of 25 flying fortresses and 20 mosquito boats to Great Britain, lists very few Jews on its roster of more than 600 eminent sponsors—as well as very few persons of draft age. And the White committee is the most active single agency pushing us toward the war.

Then the editorial proceeds to say:

The United States has one foot in the war and the other on a banana peel; true.

It continues:

After we woke up from the World War nightmare, we took to blaming the munitions makers—"merchants of death"—and the international bankers for having got us into that fight.

We tried to insure against any more of such villainy by passing the Johnson Act against United States loans to foreign nations in default here, and the Neutrality Act to prevent war-material shipments to any belligerent nation or nations.

Came the war of 1939–19—?; and now, at the end of its first year, we are well on our way into it.

The President has procured revision of the Neutrality Act to allow cash-and-carry arms shipments. The Johnson Act is under increasing attack and will probably go when England's cash begins to run low. We've released 50 destroyers to England, in addition to a lot of World War left-over guns and ammunition; and now the 25 flying-fortress deal is warming up. Plenty of us wish we had more "merchants of death." The loss of the Hercules powder plant is generally regretted.

All this is being done, we are persuaded, with the approval of the majority of Americans.

Or if it isn't the majority have no chance to register disapproval.

Mr. CLARK of Missouri. Lynchings frequently take place with the same "approval of a majority of the citizens."

Mr. WHEELER. The editorial continues:

Both Presidential candidates are interventionists; there is no choice between them on this point, as there might have been if the Republicans had nominated Dewey instead of Willkie.

We think we are going into this war for the same deep, underlying cause that took us in last time—a cause which has nothing to do with the Jews, the bankers, or the "merchants of death." We believe the American people have a subconscious conviction that as long as Britain and the United States together have the world's biggest combined naval power these two nations can run the world; that we've got to hang together or we're likely to be hanged separately. Indeed, this war may be fought for the principal purpose of finding out if air power can conquer seapower. Once again we seem to have given England a blank check, to draw on as needed. The outlook is dark indeed.

Mr. CLARK of Missouri. I thank the Senator. I should like to call the Senator's attention to the fact, as will appear from a letter from Mr. White which I intend to read presently, that the only rhyme or reason in selecting 25 flying fortresses, 50 destroyers, or 20 mosquito boats for purposes of agitation and propaganda was, as Mr. White says in a letter to his local chairman, that it was more convenient to have a particular number which they could iterate and reiterate, repeat, and bear down on, so that everybody could understand the number. Mr. White missed by more than 50 percent the number of flying fortresses the Government actually has. He thought we had 75. As a matter of fact we have only 46. He picked out what he thought was a third of the number of flying fortresses, and fixed on 25 as a number which could be hammered and hammered and hammered in propaganda for the purpose of converting them to the use of a foreign power. For the same reason he adopted the number 20 as the number of mosquito boats which we should turn over, not because he knew anything of the military or naval necessities of the United States, or cared anything about the military or naval necessities of the United States, but because 20 was a convenient number.

I am reminded of an occasion when I went fishing when I was a boy. A colored boy who had been employed for years by my father was rowing me across the Mississippi River to fish on the Illinois side. He said, "Mister Bennett, I wish—I just wish—I had $7." I said, "Brooks, what do you want with $7? What would you do with $7 if you had it?" He said, "I don't know, Mister Bennett, but I just think $7 is a mighty fine sum to have." [Laughter.]

So Mr. White concluded that he ought to adopt a particular number and hammer on it, hammer on it, and hammer on it until he put it over, without any reference whatever to the military or naval necessities of the United States.

Mr. President, I continue with the very illuminating article by Mr. Ross. I intend to make some quotations from that article, because it states the situation more succinctly than I could. Mr. Ross says:

It is this organization—

Referring to Mr. White's organization, as described by himself as an engine of publicity and propaganda—

which is now hard on the completion of the destroyer-naval base deal between the United States and Great Britain, heading the movement for new and significant aid to Britain—25 flying fortresses (long-range bombers), 20 torpedo boats, and as many combat planes as possible, now the equipment of our Army and Navy.

Also the bomb sight, the most precious military secret the United States has ever had.

Mr. Ross continues:

White might have added that the committee has proved itself an engine of extraordinary power.

A statement which Mr. Ross quotes with approval in the course of the article.

That the creation and mobilization of public sentiment by the White committee played a tremendously important part—in a sense, the decisive part—in bringing about the transfer of 50 destroyers to Great Britain, there can be no doubt.

In the same speech White modestly described himself as "only the rooster on the cowcatcher, crowing lustily sometimes at the crossroads." That is a gross understatement. He is in fact as well as in name the head of the White committee, and his labors for its objectives have been prodigious. His name alone, because of the widespread public confidence he has long enjoyed, is a valuable asset to the committee.

That is a statement in which I most heartily join.

Since the White committee is engaged in large-scale propaganda—frankly so—its personnel and activities become a proper subject of analysis.

That was the suggestion I was just making to the Senate committee on lobbying activities.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. WHEELER. I understand that some time ago the Senator from Missouri introduced a resolution calling for an investigation of lobbying activities.

Mr. CLARK of Missouri. Mr. President, I stated a moment ago, when I think the Senator was temporarily out of the Chamber, that it seems to me there are two courses open to the Senate. There has been a special committee on lobbying activities, which is still in existence. Originally it was headed by the then Senator Black, of Alabama. It is now headed by the Senator from Indiana [Mr. MINTON]. The committee has been very free in its incursions into the field of propaganda activities in connection with anyting which the committee happened to be against. As the Senator from Montana will remember, the committee went very exhaustively into the propaganda which was alleged to be going on at the time on the subject of the holding-company bill. The committee made some very interesting disclosures. It went into the question of what it claimed was propaganda against the President's Court-packing bill. Whenever a man wrote a letter against the President's reorganization plan he was subject to being investigated by the committee. The committee is still in existence; and it seems to me that this great, openly and avowedly propaganda organization for the purpose of involving us in war might well be investigated by the committee.

I stated that the alternative was a resolution which I introduced something like a year ago for the investigation of all propaganda, from whatever sources, designed to change the neutrality position of the United States and get us into war—a resolution which was reported unanimously by the Committee on Foreign Relations, and which has since been stifled for a number of months in the Committee to Audit and Control the Contingent Expenses of the Senate. I think that resolution would completely cover not only such organizations as the ones to which I have referred, which I shall presently show are affiliated with organizations avowedly and openly committed for the purpose of getting us into the war, but also such propaganda as the Senator from Kentucky [Mr. BARKLEY] mentioned the other day, from some address in New York which I have forgotten, but which the Senator seemed to know. He referred to some organization which is putting out German propaganda. It seems to me that all propaganda efforts in the United States ought to be investigated by some proper authority.

Mr. WHEELER. I entirely agree with the Senator. I do not care whether it be German propaganda, British propaganda, or any other propaganda.

Mr. CLARK of Missouri. It does not make the slightest difference to me. If it involves the position of the United States, I think the American people are entitled to know about it, from whatever source it comes.

Mr. WHEELER. I think the Senator owes it to the people of the country and to the Senate to insist that his resolution be reported by the Committee to Audit and Control the Contingent Expenses of the Senate. After all, the Audit and Control Committee has nothing to do with the merits or demerits of legislation. The only thing the Audit and Control Committee has the right to do is to pass upon the amount which the particular resolution calls for.

Mr. CLARK of Missouri. I will say to the Senator that I have repeatedly stated that if the resolution could not be favorably reported from the Audit and Control Committee—which, of course, I should naturally prefer—I should be glad to have the resolution reported adversely, so that we may bring the matter up on the floor of the Senate and have a showing of hands.

Mr. NYE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. NYE. Is there a question in the committee regarding the amount of money? Is that the issue which is at stake?

Mr. CLARK of Missouri. So far as I know the matter has never been considered.

Mr. NYE. How much does the Senator's resolution call for?

Mr. CLARK of Missouri. I think it calls for $25,000.

Mr. NYE. Does the Senator know that there is a dispute over the amount of money which should be devoted to this investigation and that such dispute is holding up consideration of the resolution?

Mr. CLARK of Missouri. I do not know that there is any dispute. So far as I know the committee has never had a meeting on the subject.

Mr. WHEELER. I think the Senator ought either to ask the committee to report the resolution one way or the other, or move to discharge the committee and bring the matter to the floor of the Senate and discuss it.

Mr. CLARK of Missouri. I shall be glad to have the resolution reported adversely if it cannot be reported favorably, so that we may bring the matter to the floor of the Senate and have an opportunity to discuss it.

Mr. WHEELER. I think the Senator ought to go further and move to discharge the committee and bring the matter to the floor of the Senate, because the Audit and Control Committee has no right deliberately to hold up any resolution which comes to it, particularly when it has been passed upon by some other committee of this body. On one occasion my late distinguished colleague, Senator Walsh, presented the question on the floor of the Senate and called attention to the fact that the only right which the Audit and Control Committee has is to pass upon the question of the amount called for by the resolution.

Mr. CLARK of Missouri. I will say that that has always been my understanding. I will say further to the Senator from Montana that so far as I am concerned, as I have repeatedly stated, if there is a fear that I might be chairman of the committee by reason of the fact that I introduced the resolution, and if such fear is in any way holding up the resolution, I shall be glad to waive any claim to membership on the committee.

I return to the article by Mr. Ross, and I refer to the statement of his purposes in this study. He said:

> It is the purpose of this article to examine objectively (1) the workings of the White committee * * *.

I think it is necessary to read this statement to understand the inner relation of some of the various propaganda agencies which have been mixed up in the whole movement, because the White committee has been used as a front by an outfit of such men as Agar and others, who are openly, notoriously, and avowedly in favor of getting the United States into the war. I think it is necessary to understand the inner relationship of the propaganda agencies to understand how old Bill White has been used as a front by a group of persons who are actively trying to get us into the war.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. The Senator knows that the White committee was started on the foundation of the League of Nations Association, through Clark Eichelberger. It uses the same offices—8 West Fortieth Street—as did the League of Nations Association. The White committee has the same propaganda mill. I thought the Senator would like to know that it is the same old international group which tried to get us into the League of Nations.

Mr. CLARK of Missouri. I am very much interested in that. I am frank to say that I was unfamiliar with Mr. Eichelberger's activities until he appeared as the director of this organization and until I saw his picture in the copy of the Post-Dispatch, which I hold in my hand.

Mr. Ross says:

> It is the purpose of this article to examine objectively (1) the workings of the White committee, and (2) of a small behind-the-scenes group which has operated with proved effectiveness along lines parallel with those of the White committee, and to an extent in collaboration with it. Included in this group are a number of newspaper editors and columnists. Probably its greatest single achievement was its persuasion of General Pershing to make his radio speech of August 4—a speech which, members of the group and of the White committee believe, did more than any other single thing to mobilize public sentiment behind the destroyer deal.

It appears later in the article that the man who wrote Pershing's speech was Herbert Agar, former London cor-

respondent, former editor of a London magazine, and a long-time resident in England. The man who made the radio arrangements for the speech was "Little Joe" Alsop. What more pitiful spectacle has taken place in the United States in our lifetime than to see this gallant old soldier, now "fallen into the sere, the yellow leaf," in the hands of such a gang as that?

Mr. Ross goes on:

This informal group of 30 to 40 contains men of varying shades of opinion as to how far the United States should go in aiding Britain. Some are on the cautious side; some are in between; a few, unless they have changed their views since June 9—

That was the day they signed this advertisement—

favor an immediate declaration of war by the United States against Germany.

On the June date 30 citizens in a public statement called for a war declaration. Among the signers were 6 who are now identified with the above-described group—

That is the group behind the scenes that got up the destroyer deal, the so-called Miller group—

and who attended a group meeting on July 25, with 13 others, at which steps toward bringing about the release of destroyers to Great Britain were agreed upon.

The 30 persons who signed the memorial for a war declaration constitute no fixed propaganda group.

They are too smart for that—

They acted, as one of the instigators of the petition explained, "impulsively," with the view primarily to arousing the United States to the danger in which it would find itself from a Hitler victory in Europe. This result, he felt, had been since brought about by events abroad; consequently he believed that at least half of those who called for a formal war declaration on June 9 would not do so today.

I am omitting a part of the article—

Among the signers of the war memorial, the White committee and the informal group working with and behind the committee, there is, of course, a large community of interest, extending up to the point where the extremists diverge in favor of immediate and formal war on Germany.

The word "formal", I take it, is a very important word, because most of them agree on war, although they may disagree as to the desirability of an immediate declaration of war.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Is it possible they mean an undeclared war, and that they want to conduct an undeclared war?

Mr. CLARK of Missouri. I think there can be no question about that. Mr. Ross proceeds:

All are agreed on the White committee's proposition that large and continuing aid should be sent to Great Britain, in this country's own defense, and that every effort should be made to induce public opinion to bring pressure on the Government to this end.

I desire the Senate to remember the phrase "bringing pressure to bear on the Government," because it will appear a little later that, while Mr. White will give out a statement in which he will say that his committee is in favor of sending Great Britain everything that we can spare, we find, at the same time, a man by the name of Balderston, also long a resident of Great Britain, putting out a William Allen White news service release, in which he does not raise the question of whether we can spare it or not, but says the General Staff of the Army and the General Staff of the Navy may be technical and say that we need these things for the defense of the United States itself, and that what the organizations have to do is to build a fire under these staffs, arouse public sentiment, bombard the Congress, bombard the President, bombard public officials so as to override the technical objection of the General Staff of the Navy and the General Staff of the Army, who are technically charged with the details of our defense.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. The Senator knows that Mr. Balderston was brought back here to create war propaganda, does he not? It is a known fact among those who have studied it that John L. Balderston is not interested in preserving America but is directly under the British Ministry of Information.

Mr. CLARK of Missouri. I have no information as to that except that, reading what Mr. Balderston has written and reading the stuff he sends out from the William Allen White Information Service, I am entirely prepared to believe the statement of the Senator from West Virginia.

Mr. DANAHER. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield to the Senator from Connecticut.

Mr. DANAHER. Has the Senator seen any of those newspaper advertisements entitled "For Union Now"?

Mr. CLARK of Missouri. I will come to that in a few moments; and I will state to the Senator from Connecticut that having written the State Department asking for the names of the contributors to that advertisement For Union Now, and having received a mimeographed sheet from the State Department explaining why they could not give it to me, I presented a resolution in the Senate yesterday calling on the State Department for that information; and it is my purpose to call up the resolution at the very first opportunity.

Mr. DANAHER. Mr. President, will the Senator yield further?

Mr. CLARK of Missouri. I yield.

Mr. DANAHER. The gentleman whose name has just been mentioned is not only one of the sponsors of that particular move, but also is one of those who have been paying for the advertisement to which the Senator referred.

Mr. CLARK of Missouri. He is also one of the gentlemen who signed the newspaper advertisement advocating and demanding an immediate declaration of war. So he seems to have his hand in on most of these advertisements and most of these propaganda activities, to whomsoever he may report.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Does the Senator know whether this man is an American citizen?

Mr. CLARK of Missouri. I understand he is an American citizen. I looked him up in Who's Who. He was long American correspondent in London for some American newspaper—I have forgotten which paper it was.

Mr. HOLT. Mr. President——

Mr. CLARK of Missouri. The Senator from West Virginia can probably tell us.

Mr. HOLT. I can say to the Senator from Missouri that if he will read Who's Who he will find quite as much space devoted to Mr. Balderston's activities in England as to his activities in the United States, and he was over there until last summer. I wish the Senator had Who's Who and would put Mr. Balderston's record in the CONGRESSIONAL RECORD. It is quite interesting.

Mr. CLARK of Missouri. Mr. Ross goes on to describe the activities of this propaganda organization, which seems to me to make it entirely suitable for investigation by the Lobby Committee of the United States Senate, or some other committee.

Mr. SHIPSTEAD. Mr. President, has the Senator seen the chairman of the committee, and has he given any reason why the resolution has not been reported? It seems to me it is about as important a resolution——

Mr. CLARK of Missouri. I have seen the chairman of the committee on repeated occasions, I will say to the Senator.

Mr. SHIPSTEAD. I think it is about as important a resolution as I have seen since I came into the Senate. At this critical time a committee of this character ought to be working all the time.

Mr. CLARK of Missouri. Let me go forward with the article of Mr. Ross, showing just an instance of the activities of the White committee.

As an instance, the committee this week—

That was last week—

As an instance, the committee this week arranged for a phone-ringing campaign in New York City, to begin next Tuesday. A corps of 1,410 women volunteers, each taking 2 pages of the telephone directory, will call up all the 735,488 residential numbers in the 5 boroughs of New York City. The job will take 2 weeks. The caller in each case will ask for the woman of the household and seek to line her up for the committee's work. Those who respond favorably will be asked to regard themselves as "American minute women," subject to call from the committee to write letters to the President or Members of Congress in support of the committee's objectives. Leaders of the movement are considering a Nation-wide telephone campaign.

Some idea of the success which the committee already has had in inspiring messages to heads of the Government may be gathered from its estimate that petitions presented under committee auspices to the President and Congress in favor of the destroyer deal carried 3,000,000 signatures.

CHAIRMAN PUTS "ENGINE" IN MOTION

When the decision was reached, in pursuance of the general aims of the committee, to go out for the three-point plane and torpedo-boat program, Chairman White set his engine in motion—

That was the "engine of propaganda," as he himself described it—

with a telegram to the heads of the 662 local chapters of the committee. This message, under date of September 12, briefly explained the new project and urged telegrams in its favor to the President.

"There is reason to believe," White wired, "that such material can be sent without hurt to our national defense, particularly as every month the struggle is kept going abroad means the more time we have to prepare the facilities to defend ourselves and the things we believe in."

But right at the same time his publicity agent, Mr. Balderston, was sending releases through the William Allen White Information Service to newspapers all over the United States and to selected individuals, although it was stated that they were not intended to be published verbatim, in favor of "building a fire" under the Army and Navy officials charged with the defense of the United States in case they believed that certain articles were necessary for the defense of the United States and were reluctant to turn them over to anybody else.

On the same date White supplemented this telegram with a letter addressed to the members of the national committee and the officers and chairmen of its local chapters. Because this letter—released in full by the committee to the Post-Dispatch along with other material—not only sets out the arguments for the current program but helps to tell the general story of the committee's aims and methods, it is given here in full text:

My dear friend:

That has a familiar ring.

My dear friend:

I can tell you that these "dear friend" letters would fool almost anybody who was not an expert in detecting facsimile letters. They would fool 99 persons out of 100. They even fooled me, as many facsimile letters—form letters—as I have seen in my lifetime, when I got this letter from Mr. White, sending me a propaganda book.

MY DEAR FRIEND:

There is a word or two scratched out here, and an interlineation made above it. Having known Mr. White for so many years, it never occurred to me that it was not a personal letter; and I started to acknowledge the receipt of the book and answer the letter. It so happened that when I started to answer the letter I held it up in such a way that the sunlight fell on it, and I recognized it as a facsimile letter; but anybody who looks at that letter will see that it is the sort of a letter which is calculated to fool 99 persons out of 100.

MY DEAR FRIEND: I wanted to write this rather long and confidential letter to say a few things about what we have accomplished and our plans for the next few weeks.

This transfer of flying fortresses, of the mosquito fleet of the United States, of the bomb sight, of some of our most priceless military and naval equipment and military secrets, is simply the program for the next few weeks.

I wanted to write this rather long and confidential letter to say a few things about what we have accomplished and our plans for the next few weeks. * * *

I shall not take the trouble to read all of this letter, because it is long, even if it is not confidential.

Later on I shall write you—

This whole letter has been inserted in the RECORD, so I shall quote only the parts of it that are pertinent.

Later on I shall write you—

Said Mr. White—

about the latter material—

That is, the material which is to be furnished through the winter—

but today I want to say a word about what we believe could go quickly.

First, airplanes. We have approximately 75 flying fortresses in our Army.

Of course, we actually had 46.

These are incomparably more powerful—

Which will rather negative the idea that they are overage or obsolete.

These are incomparably more powerful with a longer range than anything that any other nation has. Also, we have many planes, not all first-class, but out of which some could be spared for the defense of London. If an invasion is undertaken, little electric boats, called the mosquito fleet, would be very helpful in turning back the transports. That would be second only in importance to the destroyers.

The naval officials testified that those same little mosquito boats are perhaps the most important harbor defenses possible for the United States of America in case we should be invaded, which God forbid. We have only a few. They are just now coming into construction; but it is suggested by this committee that we take away from our own defenses what the Navy Department say are defenses of the most vital importance and give them to somebody else.

Therefore we strongly hope that our Government dispatch immediately 25 flying fortresses—

This shows how much Mr. White knew about how many could be spared. He said we had 75, and therefore he fixed on a third of them. It turns out that we have only 46.

Therefore, we strongly hope that our Government dispatch immediately 25 flying fortresses and as many pursuit planes as possible, and 20 mosquito boats. Every day is important and a few weeks may be too late to save Britain and our first line of defense. (This was covered in today's telegram.)

This winter the British will need tanks for the desert campaign to protect Suez and Gibraltar; probably food on credit; and a large proportion of the products of American airplane factories. These latter materials we will discuss with you when the present emergency is over.

Mr. President, we ourselves need tanks. We have not enough tanks. The other day I saw a picture of the maneuvers in northern New York in which an ordinary truck was placed in the maneuvers with a sign on it reading: "This is a tank." It may be that the tanks we have are old, but they are all we have. Just why we should be denuded of any defense of that sort is something that Mr. White has been unable to make clear to my mind.

The Senator from Massachusetts [Mr. LODGE] said on yesterday that we needed thousands of these flying fortresses, according to the best military information we could get. We have 46. It takes longer to train crews in the complicated operation of flying one of those flying fortresses than it does to build the ship itself; but it is proposed by White and his committee and those back of them that we take away the only means we have for training crews for the flying fortresses so that we would be able to fly them when we got them.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I am glad to yield to the Senator from Massachusetts.

Mr. LODGE. In connection with the very illuminating remarks the Senator has made about tanks, let me point out that our objective, approved by the War Department and Congress and every other American authority, is 5,000 tanks. At the present time we have about 400. That will give the Senator an idea of how far we are from our goal.

Mr. CLARK of Missouri. I thank the Senator very much. That is entirely in line with the information upon which I rely, which is not as accurate as his.

Mr. White goes on:

Many of you wired a few hours after the destroyer deal was completed asking what to do next.

Where do we take the next bite?

I wired Tuesday for letters, editorials, telegrams to the President urging that everything that can be spared—

As I say, there is always this distinction between what White says and what Balderston says, between what can be spared and what can be grabbed.

I wired Tuesday for letters, editorials, telegrams to the President urging that everything that can be spared from our American armed forces go now to help save London. We were very fortunate—

This is the explanation of these figures of 25 flying fortresses and 20 mosquito boats, not what we could spare, not what the General Staff of the Navy and the General Staff of the Army thought could be spared from our own defenses, but Mr. White said:

We were very fortunate in the destroyer matter in being able to mention 50 destroyers and repeat the number constantly.

All he cared about was getting a number that he could hammer.

We were very fortunate in the destroyer matter in being able to mention 50 destroyers and repeat the number constantly. It is not always easy to give as precise figures. Sometimes our instructions will have to be a bit more general. But please have faith in us, knowing that we are trying to do everything possible to secure correct information and that we will not urge anything that we do not believe is wise and possible.

In other words, they are setting themselves up above all the technical defense experts in the United States. Mr. White and this fellow Eichelberger, and the people who are behind them, are deliberately setting themselves up to override all the expert opinion in the United States.

Although—

Says Mr. White—

Although I know that you must be tired from the hard work over the destroyer campaign, I urge you to use every bit of energy and reserve you have in the next 2 weeks in support of our Govment sending every bit of material that can be spared to help Britain resist invasion from air and sea.

I have referred several times to the contrast between Mr. White's expression of "what can be spared" and Mr. Balderston's expression that they ought to build a fire under the Army and Navy and make them turn over whatever he thinks they ought to turn over. Mr. Balderston said:

The weapons now wanted, or most of them, may cause a sharp controversy here.

Mr. Balderston, you understand, is the director of the William Allen White Information Service.

They are weapons some United States authorities—

Particularly the General Staffs of the Army and Navy—

They are weapons some United States authorities are inclined to consider needed at home—

For the defense of the United States at a time when we are being told that we may be attacked on both coasts at the same time.

* * * the attitude to be taken by this Government must depend in great part upon whether Great Britain be regarded as our first line of defense.

If we do what all the other victims of Hitler have done, we will grant aid grudgingly in small packets, because our military men will behave just as the military men in every other menaced country have behaved—hold the best of what they have to meet attack against ourselves—

Listen to that—

Hold the best of what they have to meet attack against ourselves and refuse to give it up to Britain or anyone else.

Here is a man, the publicity head of this great propaganda organization, who is criticising Americans who say that we ought to hold the best of what we have to protect the United States against a possible attack.

Our Staffs will perhaps incline to take this attitude. If so, they cannot and should not be criticised; they will be doing their professional duty.

Of course they put in their lives determining military and naval policy.

They will be doing their professional duty.

To advise us as to the defense requirements of our own country but they will be overawed and overpowered by such a propaganda organization as this.

Our staffs will perhaps incline to take this attitude. If so, they cannot and should not be criticized; they will be doing their professional duty. Staffs are like that in all countries, and were like that in countries that recently existed but exist no more.

The only way, it is not inconceivable, in which some needed aid can be sent to Britain in time is for those Staffs to be overruled—

For those Staffs, the General Staff of the Army and the General Staff of the Navy, to be overruled as to what are our vital defense needs—

by administrative or legislative action, and the likelihood of this depends in turn upon public opinion. And this is why—

Says this gentleman who just returned from England to tell the American people what to do.

This is why the William Allen White News Service takes the responsibility of making known what the British most need at this moment, now.

It does so because public opinion cannot bring pressure to bear in the higher interest of our own country and the cause of world democracy, against possible opposition which might base itself on the highest professional standards of duty.

That is the standard set up by men who hold up their hands and take an oath of allegiance to the United States of America when they enter the military service or the naval service, and then devote their lives to a consideration of these problems. So Mr. Balderston says that the William Allen White News Service takes the responsibility, "because public opinion cannot bring pressure to bear in the higher interest of our own country"—as seen by Mr. Balderston from London—"and the cause of world democracy, against possible opposition which might base itself on the highest professional standards of duty, without an occasional dose of a nature not usually made public when nations are at war."

Mr. President, I would be less than frank if I did not admit that Mr. White has said that he did not entirely agree with Mr. Balderston. But Mr. Balderston is still a director of the William Allen White News Service.

Mr. HOLT. Mr. President, will the Senator allow me to read something from Who's Who about Mr. Balderston?

Mr. CLARK of Missouri. I should be very glad to yield.

Mr. HOLT. We find that Mr. Balderston went to Europe as a free lance correspondent in 1915. He did not come back and go into the war, but he was in a propaganda agency in the World War in 1918 and 1919. Then he immediately took a job as editor of the London Outlook, and held that until 1923. Then he became the London correspondent of the New York Herald. After that there is no other reference in the 1940 Who's Who to Mr. Balderston except about his home. When someone asks me where my home is, I say West Virginia and Washington, but he gives his choice as England.

Home: 38 Trevor Square, London, SW. 7, and 1800 Angelo Drive, Beverly Hills, Calif.

He thinks more of his English home and puts it in advance of his American home in Who's Who.

Mr. CLARK of Missouri. Mr. President, in view of the fact that Mr. White has formally stated that he did not entirely agree with Mr. Balderston's statements, and in view of the further fact that Mr. Balderston still remains as a director of the William Allen White Information Service, some credence is lent to the statement of Mr. Ernest Lindley in the Washington Post of September 8. Mr. Lindley, of course, is a close friend of the President of the United States, his chosen biographer. He also came from Kansas and is a longtime friend of Mr. White. This statement has to do with the destroyer deal, and he says:

The duty of informing the public concerning a deal which the President regards as "epochal" was shouldered by the columnists

and editorial writers, with little cooperation from the President and his administration.

All the information Congress got about it was in the newspapers, because the first we heard of it was after it was an accomplished fact and the destroyers had actually been transferred.

More than that, a few columnists and editors and publishers were the moving spirits in the whole affair on this side of the Atlantic. The formal front—

Says Mr. Lindley, speaking of his old Kansas compatriot, Mr. White—

The formal front of the movement was the Committee to Defend America by Aid to the Allies, under the chairmanship of William Allen White, of Kansas, editor and publisher. Others not connected with the committee were active also. Among those who participated were Barry Bingham, Herbert Agar, publisher and editor, respectively, of the Louisville Courier-Journal—

Mr. Agar is the gentleman to whom I referred a little while ago, who lived in London for many years and was the editor of a London magazine just a few years ago.

Joseph Alsop, Walter Lippmann, Robert S. Allen, and Frank P. Kent, all newspaper columnists.

Mr. Ross goes into more detail. He tells who the men were who met together and decided to transfer one-seventh of the American Navy to a foreign power, put the deal over, and then went out to justify it to the American people. He refers to the so-called Miller group, a number of whom had been signers of the advertisement in favor of an immediate declaration of war. He says, after some description to be found in the article in the RECORD, of the formation of the group:

On July 25 the group held a dinner meeting at the Century Club in New York City and from the discussion emerged the illuminating memorandum on the destroyers-for-Britain deal.

The text of which is printed in a box on this page.

Attending this meeting were the following:
Robert S. Allen, Washington columnist.
Joseph Alsop, Washington columnist.
Ulric Bell, Washington correspondent of the Louisville Courier-Journal.
Barry Bingham, publisher of the Louisville Courier-Journal, son of the late Robert Worth Bingham, Ambassador to Great Britain.

The late Ambassador Bingham was the man who made a speech in London 3 or 4 years before this war began and assured the British that if they ever became engaged in a war the United States would fight right along with them, man for man, ship for ship, and gun for gun. So his son is only carrying out his policy.

Ward Cheney, silk manufacturer, of New York.

I do not suppose it makes any difference to a man of his great wealth, but when I read about his activities in this connection I made up my mind I would never wear a Cheney necktie again.

Dr. Henry Sloane Coffin, president of Union Theological Seminary of New York.
Clark M. Eichelberger, director of the William Allen White committee.

Mr. HOLT. Mr. President, the Senator knows that for 22 years Mr. Eichelberger has actually lived and has drawn his salary from intervention activities. In other words, every time he could concoct an intervention scheme, it meant he was on the pay roll. It is self-preservation for Mr. Eichelberger.

Mr. CLARK of Missouri. The next name on the list is that of Harold K. Guinsburg, head of the Viking Press, New York.

George Watts Hill, banker and farmer of Durham, N. C.
Henry W. Hobson, Epsicopal bishop of Cincinnati.
Ernest M. Hopkins, president of Dartmouth College.
Francis P. Miller, of Fairfax, Va.

He is the paid head of that particular group.

Geoffrey Parsons, chief editorial writer of the New York Herald Tribune.
Frank L. Polk, New York lawyer, former Under Secretary of State.

Incidentally, he is a partner in the Davis firm, which has always represented the British Government.

Mr. HOLT. Mr. President, will the Senator yield at that point?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. I do not like to interrupt the Senator so much, but the Senator will find in the files that Frank Polk was an advocate of and worked for war over a year before we entered it in 1917. He was in the educational campaign of Robert Lansing at that time.

Mr. CLARK of Missouri. There was Whitney H. Shepardson, a director of the Council on Foreign Relations, of New York.

Robert Emmett Sherwood, playwright, of New York.
Admiral William H. Standley, retired, of New York.

He, of course, since his retirement from the Navy, has become a professional agitator for the involvement of the United States in war.

Dr. Henry P. VanDusen, professor in Union Theological Seminary of New York.

Mr. Ross comments further:

Of this group of 19—

They are the 19 private citizens who met in New York and arranged the details of the destroyer deal and helped in putting it through.

Of this group of 19, 6 were signers of the June 9 public statement favoring an immediate war declaration against Germany by the United States. These were Agar, Hill, Bishop, Hobson, Miller, Shepardson, and Admiral Standley.

I was interested in Agar because of references which I have already made in connection with his activities with the Pershing statement. I looked to see what Mr. Ross had to say about him. He has a list of the signers of the demand for a declaration of war, which I ask to have inserted in the RECORD without taking the trouble to read it at this time.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

ADVOCATES OF WAR DECLARATION

Captioned "A summons to speak out," the statement was signed by the following:

Herbert Agar, editor of the Louisville Courier-Journal and author; winner of the Pulitzer prize for history in 1933. Agar is one of the most active members of the informal group for which Francis P. Miller acts as a sort of clearinghouse. He had a large hand in the preparation of General Pershing's speech of August 4, urging that 50 American destroyers be transferred to Britain.

Burke Baker, of Houston, Tex.

John L. Balderston, of Beverly Hills, Calif.; playwright and one-time London correspondent of the old New York World. Balderston is now putting out, from Washington, a confidential news letter to editors for the William Allen White committee.

Stringfellow Barr, of Annapolis, Md.; president of St. John's College.

J. Douglas Brown; professor of economics at Princeton University.

Richard F. Cleveland, of Baltimore; lawyer; son of President Cleveland.

James F. Curtis, of New York; lawyer; Assistant Secretary of the Treasury from 1909 to 1913.

Edwin F. Gay, of Pasadena, Calif.; economist; formerly dean of the Graduate School of Business Administration of Harvard.

Edward T. Gushee, of St. Louis; executive vice president of the Union Electric Co. of Missouri.

Marion H. Hedges, of Washington; research director and author.

William H. Hessler, of Cincinnati; writer on political economy.

George Watts Hill, of Durham, N. C.; banker and leader in the organization of cooperative marketing and farm organizations; member of the Miller group.

Bishop (Episcopal) Henry W. Hobson, of Cincinnati, who was a major in the last war; member of the Miller group.

Leroy Hodges, of Richmond, Va.; economist and author.

Calvin Hoover, of Durham, N. C.; economist, author, and editor.

Edwin P. Hubble, of San Marino, Calif.; astronomer.

Frank Kent, of Baltimore; columnist of the Baltimore Sun.

Edward R. Lewis, of Chicago; historian and sociologist.

George W. Martin, of New York.

L. Randolph Mason, of New York; lawyer.

Stacy May, of New York; economist and social worker.

Francis P. Miller, of Fairfax, Va.; author and organization director for local committees organized by the Council on Foreign Relations; leader of the Miller group.

Helen Hill Miller; wife of Francis P. Miller.

Walter Millis, of New York; editorial writer of the Herald Tribune; author of The Road to War.

George Fort Milton, of Chattanooga, Tenn.; newspaper editor and author.

Lewis Mumford, of Amenia, N. Y.; writer.
Winfield W. Riefler, of Princeton; economist.
Whitney H. Shepardson, of New York; treasurer and director of the Council on Foreign Relations; assistant to Colonel House at Paris Peace Conference; member of the Miller group.
Admiral William H. Standley, retired, of New York; former Chief of Naval Operations; member of the Miller group.
William Waller, of Nashville, Tenn.

Mr. CLARK of Missouri. Mr. Ross says of Mr. Agar:

Herbert Agar, editor of the Louisville Courier-Journal and author; winner of the Pulitzer prize for history in 1933. Agar is one of the most active members of the informal group for which Francis P. Miller acts as a sort of clearinghouse. He had a large hand in the preparation of General Pershing's speech of August 4, urging that 50 American destroyers be transferred to Britain.

Mr. Ross gives a very interesting account of the procedure of the Miller group, more or less using the White committee simply as a window dressing or a front. He says:

All the practical steps outlined in the illuminating July memorandum of "the Miller group" have been taken.
Carrying out the first item on the agenda, three of the group, Herbert Agar, Ward Cheney, and Francis P. Miller, went to Washington early in August, and in personal interviews bore down hard on the President and most of the members of the Cabinet for immediate and drastic aid to Great Britain.

Mind you, Mr. President, that matter was not confided to the Congress of the United States. The advice of Congress was not asked. No legislative authority was asked. But Mr. Agar, the former British correspondent; Ward Cheney, the silk manufacturer; and Francis P. Miller, the paid employee of the Miller group, on leave from the Council of Foreign Relations, went to Washington early in August and in personal interviews bore down hard on the President himself and the members of the Cabinet for immediate and drastic aid to Great Britain.

Transfer of the destroyers was the great objective.

Mr. DANAHER. Mr. President, will the Senator yield?
Mr. CLARK of Missouri. I yield.
Mr. DANAHER. Does the Senator from Missouri know that there is another such effort contemplated for this very week? Has it come to his attention?
Mr. CLARK of Missouri. I was about to read in a moment Mr. Balderston's seven-point program.
Mr. DANAHER. I should like, then, to call to the Senator's attention an item which appeared in the Hartford Times, of Hartford, Conn., last night:

Walter E. Batterson, State chairman of the Committee to Defend America by Aiding the Allies, will leave Hartford by train or plane tonight for Washington for conferences with President Roosevelt and Secretary of State Cordell Hull.
Mr. Batterson will represent Connecticut in a spectacular trip to the Nation's Capital, where members of many chapters of the defend America committee will present their viewpoints directly to the President and the Secretary of State. Secretary Hull will receive the group tomorrow afternoon—

That is this afternoon, while the Senator from Missouri is speaking—

and the conversations with the President are scheduled for Friday.
William Allen White, national chairman of the committee, probably will be one of the group.

Mr. CLARK of Missouri. I can tell the Senator from Connecticut what the demands of Mr. Balderston are, because they were published in a letter in which he referred to them, not as referring to something which could be spared by the Army and the Navy, but that these were the requirements of Great Britain, as one would requisition something from a subordinate:

1. A score of motor torpedo boats "wanted at once."
2. Flying boats of the PBY type now being made in San Diego—

Those are the Navy's heavy bombers—

3. Flying fortresses, our great long-range bombers.

They constitute the weapon most ideally suited for the defense of the United States, because they can fly from coast to coast; the weapon most ideally suited for the defense of the Caribbean, the Panama Canal, and South America, because of their great range, great speed, and the fact that they can fly high enough that with the American bomb sight they can effect great damage, although at a height making it almost impossible for them to be brought down by anti-aircraft guns.

4. Tanks.

Mr. Balderston says:

Five or six tanks a day are now being turned out for the United States. The British ask for all of these, please, but not for long, only for the first few weeks of supply.
5. Airfields.

They want our airfields in this country to train pilots.

6. Two hundred and fifty thousand more Lee-Enfield rifles.

I never thought much of the Lee-Enfield rifle, but until we get something to take its place it is better than no rifle at all, and until we get something to take its place I can see no rhyme or reason for the transfer of the Lee-Enfield rifles.

And seventh, of course, is the bomb sight, our most priceless military possession.

Mr. HOLT. Mr. President, will the Senator yield?
Mr. CLARK of Missouri. I yield.
Mr. HOLT. The Senator knows that the Little Flower, Fiorello LaGuardia, has said that we are going to allow our air fields to be used by a belligerent because we allowed it when we were in war. According to that, Mr. LaGuardia must think we are in war. I simply wanted the Senator to know that Mayor LaGuardia has already said, as chairman of the Commission, that they are going to allow the use of our air fields by a belligerent.
Mr. CLARK of Missouri. I thank the Senator.
Mr. President, I resume the narration of the activities of this Miller group in putting over the destroyer deal, because I think it is an extremely interesting story—

Carrying out the first item on the agenda, three of the group—Herbert Agar, Ward Cheney, and Francis T. Miller—went to Washington early in August, and in personal interviews bore down hard on the President and most of the members of the Cabinet for immediate and drastic aid to Great Britain. Transfer of the destroyers was the great objective.
Agar, accompanied by Eichelberger, of the White committee, saw the President on August 1. Miller talked to Henry Wallace, now Democratic nominee for Vice President. Joseph Alsop talked to Admiral Stark, Chief of Naval Operations.

Bear in mind that only a few weeks ago—and I am sure the senior Senator from Massachusetts will bear me out in the statement—it had been stated to the Committee on Naval Affairs of the United States Senate that the General Staff of the Navy and the Navy Department were bitterly opposed to the transfer of any destroyers because we needed them ourselves. Also bear in mind the fact that the issue has been confused by the White committee by saying that they were over-age destroyers. "Over-age destroyers" does not mean obsolete. It is a technical naval term meaning any vessel over 20 years old, and the admiral who received these destroyers in Canada described them as magnificent ships, the equal of any in the British Navy.

Joseph Alsop talked to Admiral Stark, Chief of Naval Operations.

Mr. WALSH. Mr. President, will the Senator yield?
Mr. CLARK of Missouri. I am very glad to yield to the Senator from Massachusetts. He knows more about this subject than any other Member of the Senate.
Mr. WALSH. I thank the Senator. I would say that as of about the first of June practically one-half of our entire Navy was in the over-age class. I doubt if we have but very few battleships that are not over-age, in the naval acceptation of that term.
Mr. CLARK of Missouri. Is it not true that a very large proportion of all the navies in active service today are what are in the naval terms classed as "over-age"?
Mr. WALSH. The word "over-age" was agreed upon and used for the first time in the naval limitation treaties made by the five powers. They decided that the measurement of a particular navy's strength should be based upon whether the navy vessels were over-age or under-age. The treaty fixed 26 years as being the period of time between under-age and over-age battleships, 20 years for cruisers, 15 years for destroyers,

and, I think, 12 or 13 years for submarines. These years are approximated.

Mr. CLARK of Missouri. Some people think a suit is worn out after having been worn for 6 months, although I do not.

Mr. WALSH. The fact that the term "over-age" is used does not mean that the ship is removed from commission. It still remains in commission and is usable and is operated as any other naval vessel. But under this over-age agreement a nation could, without violating that agreement, substitute new ships for the battleships and cruisers and destroyers which are over-age.

Mr. CLARK of Missouri. Without violating the naval limitation agreement?

Mr. WALSH. Yes; without violating the naval limitation agreement.

As I said before, nearly one-half of all our naval vessels are in the over-age class.

Mr. CLARK of Missouri. May I ask the Senator if I am correct in the statement that the question of over-age or under-age has nothing whatever to do with the effectiveness, the efficiency of the vessel as a naval weapon of war?

Mr. WALSH. Not at all.

Mr. CLARK of Missouri. It may be efficient or may not. That is a question of fact. But the arbitrary distinction of under-age or over-age has nothing whatever to do with its effectiveness?

Mr. WALSH. The Senator is correct.

Mr. CLARK of Missouri. I will say that before the Senator came into the Chamber a moment ago I was discussing the demand of the William Allen White committee and the Miller group and various other propaganda agencies, to turn over the so-called mosquito fleet of the United States to Great Britain. Is it not a fact that it was testified before the Naval Affairs Committee by the highest ranking officers charged with naval policy that those mosquito boats are of the most vital importance to harbor defense of the United States?

Mr. WALSH. There is no question about it. I do not know whether or not the Senator has had the privilege, as I have had, of being aboard one of those vessels.

Mr. CLARK of Missouri. I never have had that privilege.

Mr. WALSH. One of them is now in our possession and in operation. A few weeks ago I went down the Potomac River in one of those vessels at the rate of 45 miles an hour. The average speed was about 27 miles an hour. We have nothing comparable to them in the Navy. They are extremely valuable for harbor-defense purposes. Some of them are capable of detecting the presence of submarines by a mechanism which is attached to the vessel, and they are capable of dashing in quickly, firing a torpedo at another naval vessel, and getting away.

Mr. CLARK of Missouri. Is it not a fact that actually we have no mosquito boats in our possession except the one to which the Senator has referred; that the others are under contract; and that the proposal of the propaganda organization is to turn over one of the very latest and most necessary devices for the protection of the United States before it has even actually come into the possession of the United States Navy?

Mr. WALSH. That is absolutely true; and, as the Senator knows, if it had not been for an opinion of the Attorney General a few weeks ago, those 21 on order would undoubtedly have been turned over to the Allies.

Mr. CLARK of Missouri. It is my opinion that if it had not been for the action of the Senator from Massachusetts and the Naval Affairs Committee of this body, they would have been turned over. I think the fact that the Senator from Massachusetts called attention to a statute which forbade such action led to the opinion of the Attorney General, which prevented the transfer.

Mr. WALSH. It is very gracious of the Senator to say so. I felt that it was a contributing influence.

While I am on my feet, let me say, with reference to naval vessels, that in the latter part of June, when we had under consideration the bill to speed up construction, the Chief of Naval Operations appeared before our committee and in substance said, "You have tied our hands so tightly that we cannot even sell naval scrap." He asked that the bill which was then pending be modified so as to permit them to sell useless "boats," as dstinguished from "vessels." A "vessel" is a boat which cannot be placed on top of another vessel. A "boat" is a navigable vessel which can be lifted and placed on top of a cruiser, destroyer, or other vessel. There was an attempt to classify the mosquito craft as "boats." They are "vessels" because they cannot be placed on top of another vessel. That is the distinction. The Chief of Naval Operations said that the hands of the Navy were so completely tied that it could not even sell for junk boats which were destroyed, burned, or useless. The statement was reiterated again and again, that because their hands were so tied they had no power to do what has been done.

Mr. CLARK of Missouri. I thank the Senator from Massachusetts very much.

Mr. President, I desire to continue with the account of the activities of the Miller group in connection with the destroyer deal. To repeat a little: "Joseph Alsop talked to Admiral Stark, Chief of Naval Operations."

The Senator from Massachusetts has stated that shortly before that time the Chief of Naval Operations had stated officially to the Committee on Naval Affairs that in the interest of national defense the destroyers could not be spared.

Continuing with the article:

The burden of the message thus driven home to the President and the other officials was that the Government, in view of the danger to this Nation from Hitler's projected world-wide revolution, was pursuing a "cowardly" course; that public opinion demanded more than was being done and would assuredly support the administration in the destroyer deal.

As Alsop, who was in the middle of the picture, has written—

Joe Alsop claims to be so intimate with the President that he can tell what color pajamas the President has on when he talks with Bill Bullitt over the trans-Atlantic telephone at 3:30 o'clock in the morning. [Laughter.]

As Alsop, who was in the middle of the picture, has written: "A great number of persons, both members of the administration and private White House friends, had become disturbed by the President's seeming lethargy"—

That is what Cousin Joe Alsop said about the President—

"A great number of persons, both members of the administration and private White House friends, have become disturbed by the President's seeming lethargy." The destroyer deal had been in the wind since the 1st of June, when Prime Minister Churchill had appealed urgently to the President for as many destroyers as we could spare. It was to overcome the "lethargy" of the President that the delegation from the Miller group descended on Washington in August, and, as one of the group has said, "talked turkey" to the administration.

Who actually "talked turkey" I do not know, and the article does not disclose. Mr. Ross, a very reputable correspondent, says that a member of the group who came to Washington and "put the heat" on the President, afterward said that they had "talked turkey" to the President of the United States.

Ernest Lindley, from whom I quoted a moment ago, is supported by Mr. Ross in the following paragraph:

Lindley, in the following paragraph, attributes too large a part to the writers, though they played an important part, but his picture of the methods by which private individuals sought to influence, and did influence, the course of events in the destroyer deal is essentially accurate:

"For almost 2 months almost everything that was done toward effecting the destroyer deal was done by newspaper columnists and editors. They surveyed the problem with the high officers of the Army and Navy individually."

Mind you, while Congress was in complete ignorance of the deal, the columnists, says Mr. Lindley, one of the columnist friends of the administration—

"Surveyed the problem with the high officers of the Army and Navy individually, with members of the Cabinet, with leading Senators and Congressman, with Wendell Willkie, and with the President himself. They persuaded General Pershing to advocate the transfer of destroyers, in a Nation-wide broadcast."

Mr. Ross continues:

Second on the schedule of the Miller group, as developed at the July 25 meeting, was the launching of "a radio program of education." As related, General Pershing was induced to go on the air for the destroyer deal, and he was aided in the preparation of his speech by one of the group—Agar. Broadcasting arrangements were made by Alsop. Later, radio speeches in similar vein were made by Admiral William H. Standley, retired, of New York, former Chief of Naval Operations, a member of the Miller group and also one of the signers of the June statement favoring a war declaration; and by Col. William J. Donovan, of New York.

That is the same Bill Donovan, excellent soldier that he was in the World War, and a personal friend of mine, who was recently sent over to England by the Secretary of the Navy in what was purportedly a confidential capacity, and who then came home and syndicated a series of articles throughout the United States for propaganda purposes, tending further to involve us in the war abroad.

Both these speeches were arranged for by Miller, as also was a radio speech by Maury Maverick, mayor of San Antonio, scheduled for today (Saturday).

That was last Saturday. When he was in Congress Maury Maverick was an advocate of peace. Apparently he has changed his mind since becoming mayor of San Antonio.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HATCH. I rise by reason of the remark of the Senator that apparently former Representative Maverick has changed his mind.

Mr. CLARK of Missouri. I do not think there is any question about it. I will strike out the word "apparently."

Mr. President, from the various documents which I have read into the RECORD, it is perfectly apparent, so that he who runs may read, that in the first place the responsible officers of the Navy were overridden in the destroyer deal. It is perfectly apparent that the moment the destroyer deal was concluded agitation was started for further transfers of essential and vital American defensive weapons. In my opinion it cannot be the subject of debate that if the propaganda organizations succeed in putting through the transfer of the flying fortresses, mosquito torpedo boats, and our bomb sight they will not be satisfied. They will come back and ask for battleships, men, or anything else the United States may have, no matter how vital it may be to its defense.

Mr. President, it is frequently stated in the propaganda columns that the Government is protected by reason of the fact that it is necessary for the Chief of Staff of the Army in the case of military equipment, and for the Chief of Naval Operations of the Navy in the case of naval equipment, to certify to the chairmen of the respective committees of the House and Senate that they find that the transfer is not contrary to the public interest. That protection is much more nominal than real, because anyone who is in the least degree familiar with the military service or the naval service knows that the opinion of the Chief of Staff of the Army or of the Chief of Naval Operations of the Navy is the opinion of the Commander in Chief of the Army and Navy; and that no matter what may be the private opinion or the technical and expert opinion of the admiral who happens to be Chief of Naval Operations, or of the general who happens to be Chief of Staff of the Army, he is subject to the orders of the Commander in Chief. If he does not obey them he may be removed. So that protection is much more nominal than real.

In conclusion, along the lines I have just been discussing, I desire to read a column which appeared the other day in the Boston Post, by a former member of the Senate press gallery, a very eminent news commentator, a man whose reputation for accuracy is of the very best. I refer to Mr. Robert L. Norton. His article bears on this very point.

He says:

Some curious stories, bearing on conscription and the transfer of the 50 destroyers to Great Britain, are filtering out of Washington. For instance, we are told that some weeks ago Mr. Roosevelt sent for one of the higher-up officials in the American Legion to discuss the defense program.

ADMIRAL STUBBORN

As we get the story, and there is every reason to believe that it is authentic, the President told the Legion official that the plan to send the destroyers to Great Britain was completed, that Attorney General Jackson had written his opinion legalizing the transaction. However, Admiral Stark, chief of naval operations, had stubbornly refused to admit that these ships were either obsolete or unnecessary for our defense.

Said the President to the Legion official as quoted: "After all, I am Commander in Chief of the Army and Navy. It's just as if a major should tell a general what to do."

MARSHALL ARGUES

The other story has to do with the insistence of the President that 4,000,000 men be conscripted instead of the 1,200,000 as now planned. It was stated that Chief of Staff Marshall spent the better part of a week arguing with Mr. Roosevelt that 4,000,000 men were not needed for defense and that it would be absolutely impossible to provide cantonments, food, arms, and the like for such a huge army.

But Mr. Roosevelt seemed determined on the gesture, in line with his statement that the United States, if called upon, could put 50,000 planes into service within a year.

Recognizing the President's flair for the dramatic, the General Staff worked patiently upon him, emphasizing that the very worst thing that could happen to the conscription plan would be to attempt something which was impossible of accomplishment unless the Nation were actually in war and forced to marshal all its resources and put all of its able-bodied citizens under arms or in service.

OFFICERS DISAGREE

There isn't any question but that the high ranking officers of the Navy, or many of them, are in complete disagreement with the Commander in Chief over the transfer of the destroyers to Great Britain. Neither do they agree with the connotation which always describes these ships as "obsolete" or "over-age."

And this is in line with what the Senator from Massachusetts just told the Senate:

"Over-age" is a purely technical term as used by the Navy. It does not mean that the destroyers should be junked or that they are unfit for fighting; and as for being "obsolete," the English admiral who received the ships in Canada declared that they were "magnificent"—as good as anything in the British Navy.

It would appear therefore that the high command in both the Army and Navy are not in absolute accord with the President on some phases of the defense program. In the Army there is great apprehension over the operation of conscription and the lack of equipment for the first 400,000 men to be drafted.

Mr. President, I have taken some time of the Senate to call these facts to their attention because I think that the facts disclosed with regard to this propaganda organization, which is setting itself up as a supergovernment in this country—some of its members with the open intention of getting the United States into war, some of them with the clandestine and hidden intention of getting the United States into the war, and some of them through delusion as to what the consequences of the course which they advocate will be—should be called to the attention of Congress and warrant the Congress considering the matter and taking pains to inform the people.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HOLT. The Senator knows that on the 15th day of March and the 21st day of May of this year high naval officials testified before a Senate committee of the great value of the destroyers which have been transferred to another power. Admiral Stark as late as the 21st day of May appeared before the committee and told of the great value of these destroyers and the need for recommissioning them. I wanted the Senator to know that.

If the Senator is about to conclude, I should like, since he mentioned Mr. Lindley, who is very close to the President, indeed, his biographer, to call his attention to what he said in the Newsweek of the issue out today:

UNITED STATES-BRITISH UNION

British talk about a union with the United States is just a morale booster and the start of a build-up for some post-war semialliance. Washington, of course, wouldn't touch the idea with a 10-foot pole now.

The word "now" should be particularly noted.

Mr. CLARK of Missouri. Just a few days ago the House of Commons of Great Britain was assured by Mr. Clement Atlee, one of the members of the Cabinet, that a union with the United States would not be consummated without an

opportunity to discuss it in Parliament. I hope that the United States Congress may have a similar opportunity.

Mr. HOLT. I want to say to the Senator, before he concludes, that what I just read ended with the word "now," but the article goes on to say:

Both President and Mrs. Roosevelt——

I want the Senator to get this—

Both President and Mrs. Roosevelt are deeply interested in the general idea of some eventual alliance and have had several private discussions with Clarence Streit, author of Union Now.

Think of that! The President of the United States and his wife are together in this.

Naturally, however, the administration wouldn't openly broach the subject until there had been long public discussion and much further decline in isolationist sentiment.

I wanted the Senator to know about that.

Mr. CLARK of Missouri. Probably that is a little more of the activities of William Allen White's committee.

Mr. HOLT. But it does show there is a move in that direction, and, sooner or later, we may find that the Rhodes scholar has been very successful.

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed the consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

Mr. HATCH. Mr. President, today I offered an amendment in substance covering the Sheppard bill, Senate bill 1610. In connection with that amendment which was adopted an amendment was handed to me relating to certain matters in the District of Columbia affecting law schools. It is a subject with which I am not familiar, but I agreed to offer the amendment upon the understanding that the Senator from New York was perfectly willing to have the amendment adopted and to take it to conference for study there. I offer the amendment at this time and ask that it be stated.

The PRESIDING OFFICER (Mr. SCHWARTZ in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert the following:

In establishing rules and regulations governing admission to the practice of law in the District of Columbia, no court in the District of Columbia shall require that any law school shall be approved or accredited by any agent or agency other than the court itself, and no court in the District of Columbia shall require as a condition precedent to admission to practice that any applicant shall have been graduated from any particular law school or from a law school approved or accredited by any agent or agency other than the court itself.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH].

Mr. AUSTIN. Mr. President, I do not think we should adopt such an amendment as that without consideration. It looks as if it were a very interesting little amendment. If I understood its reading, it had unfavorable consideration by one of the standing committees of the Senate, namely, the Committee on the District of Columbia. I do not think the amendment should be adopted in this manner.

Mr. HATCH. I am perfectly willing to discuss it, if the Senator desires.

Mr. AUSTIN. Has this amendment been considered by any committee, so far as the Senator from New Mexico knows?

Mr. HATCH. Not that I know of. As I have stated, it is a subject with which I am not entirely familiar, but from the text of the amendment I think it certainly could well be adopted. It merely prevents any requirement of graduation from any particular law school being prescribed by any private association or agency to enable one to practice law in the District of Columbia and places the control in the court.

Mr. AUSTIN. Is that all it does?

Mr. HATCH. That is my understanding of the amendment. It gives control to the court.

Mr. AUSTIN. I thought there was a clause at the end of it which put a limitation on the courts.

Mr. HATCH. Not at all.

Mr. AUSTIN. May we have the amendment again reported?

The PRESIDING OFFICER. The amendment will be again stated.

The amendment was again stated.

Mr. HATCH. Mr. President, I think the Senator from Vermont understands the amendment now, does he not? It does propose to prevent the court from setting up an arbitrary standard that those seeking to practice law in the District of Columbia must be graduates of any particular school. As I said when I offered it, it is a subject with which I am not familiar and which I have not studied, but the Senator from New York is more or less familiar with it and had agreed to take it to conference and give it study and consideration there.

Mr. NORRIS. Mr. President, will the Senator yield at that point?

Mr. HATCH. I yield.

Mr. NORRIS. As I understand from the reading of the amendment—I have never heard of it before—it permits the court to set up a law school or any other institution. That is the understanding I got from hearing the amendment read.

Mr. AUSTIN. That is the impression I got.

Mr. NORRIS. "Except the court itself," it says.

Mr. HATCH. "Except the court itself"; that is correct.

Mr. BARKLEY. Mr. President, will the Senator yield at that point? Is there now any practice in the District of Columbia whereby any particular law school is designated as the one from which law students must graduate in order to obtain licenses to practice?

Mr. HATCH. I understand not, but I understand that there have been several moves in that direction.

Mr. NORRIS. Would not this amendment do that if the court should approve it?

Mr. HATCH. If the court should approve it, it would.

Mr. NORRIS. If the court should approve a particular law school, then a diploma from that law school would admit the applicant to practice in the District of Columbia, as I understand.

Mr. HATCH. I do not so understand the amendment.

Mr. NORRIS. Is not that correct?

Mr. BARKLEY. Would the amendment permit any court in the District of Columbia to issue an order or a regulation providing that nobody except graduates of the George Washington Law School or the National Law School for example, could be admitted to the bar?

Mr. HATCH. It would not.

Mr. BARKLEY. If the amendment does not mean that, it ought to be clarified.

Mr. NORRIS. Whether or not that interpretation can be sustained, I desire to ask a question. Is it not true that under this amendment, if it should become a law, a court in the District of Columbia could designate any particular school it wanted to designate, and provide by its order that a diploma from that school would admit the applicant to practice in the District of Columbia? Is not that true?

Mr. MEAD. Mr. President, I am not familiar with the amendment; but I understand certain regulations and requirements have been set up by other associations or agencies than the court, and this amendment would prevent those associations or agencies from prescribing a particular course or college.

Mr. BARKLEY. If the Senator will yield at that point, what are these agencies, and have they any influence with the court? What power have they to set up private regulations which will govern the court in the decision as to whether or not somebody should be admitted to the bar? And, while I am inquiring, what relation has that subject to the civil-service bill we are now considering?

Mr. MEAD. None, except that it has to do with personnel that eventually come into the Government service.

Mr. BARKLEY. Some of them may eventually come into the Government service; but certainly not all the lawyers ad-

mitted to the bar in the District of Columbia will become Government employees.

Mr. MEAD. Not quite all.

Mr. NORRIS. Mr. President, will the Senator from New York answer my question?

Mr. MEAD. I will if I can, but I am not familiar with this amendment.

Mr. AUSTIN. I have it in my hand, and I will answer the question.

Mr. NORRIS. Very well.

Mr. AUSTIN. Let me read it. I think the amendment answers the question. I read the last words first, because I want to emphasize them. The last words are:

other than the court itself.

Mr. NORRIS. Those words are what I am afraid of. That means that the court could prescribe graduation from a certain school.

Mr. AUSTIN. Why, yes; the court could fix upon one school.

Mr. NORRIS. Of course, it could.

Mr. AUSTIN. I think this whole subject matter is one which deserves thorough study by a committee before the amendment is adopted by the Senate.

Mr. NORRIS. It seems to me so, too.

Mr. MEAD. Mr. President, it is agreeable to the Senator who offered the amendment, and certainly agreeable to me, that the matter be referred to the proper committee for study. Therefore the amendment is withdrawn.

The PRESIDING OFFICER. Does the Senator from New Mexico withdraw the amendment temporarily?

Mr. HATCH. Yes; the statement of the Senator from New York meets with my approval.

Mr. MEAD. Mr. President, there are a few more amendments which are not very controversial which I should like to submit to the bill, so that we might finish it today, if that is agreeable.

Mr. NORRIS. I have an amendment to offer.

Mr. BARKLEY. Mr. President, may I join the Senator in hoping that we may dispose of the bill today? It had been my hope that tomorrow we might have the calendar called for the consideration of unobjected-to bills. The calendar has not been called for some time, and there are many bills on it which ought to be acted upon. If we can finish this bill today and finish the call of the calendar tomorrow, it is my purpose to move that the Senate adjourn over until Monday, because the tax bill will not be ready for the consideration of the Senate before Monday.

Mr. TOBEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair would like to state that he had attempted to recognize the Senator from New Hampshire [Mr. TOBEY], who had requested recognition.

Mr. BARKLEY. I have no objection to that.

The PRESIDING OFFICER. The Chair inadvertently, as a result of the debate, thought some one on the Democratic side of the Chamber had the floor.

Mr. NORRIS. While we are on this subject, let me state a parliamentary inquiry. Has the amendment offered by the Senator from New Mexico been withdrawn?

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. NORRIS. Very well.

ELECTION CONDITIONS IN NEW JERSEY

Mr. TOBEY. Mr. President, I rise to speak on a subject which to me is the most vital subject which can be brought before this forum of democracy, and that is the free ballot in America. I have particular reference to a committee of which I am a humble member, the duly constituted Senate committee investigating 1940 campaign expenditures, appointed last February by the Vice President, consisting of the Senator from Iowa [Mr. GILLETTE], the Senator from Arkansas [Mr. MILLER], the Senator from Alabama [Mr. HILL], the Senator from Kansas [Mr. REED], and the Senator speaking.

We accepted our appointments, began our deliberations, and made several investigations prior to the great conventions of the respective parties. We found nothing to object to in the discoveries there. In the post-convention period there were brought to our attention conditions in several States of the Union which manifestly, at least on the first presentation to us of the evidence, demanded committee action.

The evidence which was presented to us was of such serious import and gravity that it appeared to us that it must be investigated. We assigned investigators to go into the several States, and they are in four or five States at the present time. My remarks now have particular reference to the State of New Jersey, and the investigation which has been conducted there for a month or more by investigators from our committee, and which is now in process, or was until yesterday.

I desire to give the Senate a factual statement of what has happened in connection with the Committee on Campaign Expenditures as they have gone into the New Jersey situation.

As far as the State of New Jersey goes, I was assigned by the chairman to go with the Senator from Arkansas [Mr. MILLER] into that State and conduct hearings, because the committee were so unfavorably impressed with the picture brought to them by our investigators in a series of three preliminary reports. There came before our Committee on Campaign Expenditures one of the candidates for the Senate in New Jersey at the coming election; and he presented affidavits disclosing, if true—and I may say that they are supported by other affidavits, as well as individual testimony given to me—a condition which is unbelievable in this free country of ours; a boss-ridden county or counties where free elections have been denied to thousands and thousands of persons, where the electoral rolls have been not only, if you please, packed but purged of the names on them, and others substituted; where men have been voted by the score and by the hundreds and by the thousands by names of their own, but they themselves never voted, having moved away, and in some cases passed away; a condition so deplorable that it cries out loud for investigation and for report.

So last week the chairman of this committee of ours, seeing the election ahead, realizing the gravity of the statements and charges which had been made, asked me to go with my colleague, the Senator from Arkansas [Mr. MILLER], and make this investigation and hold hearings in the State of New Jersey, in Hudson County. I sought out my colleague who had been assigned with me, the Senator from Arkansas, and he was away at his home in Arkansas. His office said they would get in touch with him. I gave them the message, and the answer came back the next day that they had contacted him, and that he could not be here that week or this week because of home conditions in his own family and his own State. I carried the report back to my chairman, and he came to me and said, in all sincerity, "I think the thing for you to do is to go in there alone, take charge of the work of investigation, start the hearings, get the ground work done, and then when, as, and if the Senator from Arkansas comes, he will join with you."

I sincerely and frankly demurred, because I felt that it might be a mistake, and so said to my chairman, for whom I have not only respect but, honestly, affection. There are no finer men than the chairman of the committee, and I say that from the heart. I demurred to him in all sincerity, and said, "I think it is a mistake to let me, a Republican Member, go in there alone. There might develop charges of partisanship and of a prejudiced hearing, and so forth, and I do not want to put you in that position; but I do say to you, sir, that I am going in, if I do go in, without fear or favor of any man or interest to hew a straight line, and let the chips fall where they may. I will investigate Republicans just as well as Democrats. I give you my word for that." He said, "I know you will." So he overruled my doubt, and said, "I am going to write you a letter giving you authority. You go on and begin the hearings"; and he wrote me a letter which I now read into the RECORD, dated last Friday:

HON. CHARLES W. TOBEY,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: This letter is for the purpose of advising you that I have named you as chairman of the subcommittee appointed to conduct hearings in the State of New Jersey for this committee.

Senator MILLER will be associate chairman.

Very sincerely,

GUY M. GILLETTE, *Chairman.*

With that letter in my pocket I came back to this Chamber for a last word with him. With my hat in my hand, Friday afternoon, I stood in the corner of the Chamber and said, "Mr. Chairman, I am going to go, but on just one basis—that I go down there with you behind me to conduct an honest, fearless, thorough investigation, no matter how long it takes, what it costs, whom it may hit, or where the chips may fall." He replied, "That is what I want you to do. I am behind you 100 percent. Go ahead." Then with confidence, I proceeded. I took with me the preliminary reports of the investigators, many affidavits, and a great deal of testimony; and, if I may say so, it would shock any of you to read it. I took it to my home, and then I went back to New York City. I went into New Jersey, back and forth from New York to New Jersey. I visited people and contacted parties and talked with the investigators in my room in New York, and we were all ready to go ahead this morning at 10 o'clock. The Federal courtroom in Newark, N. J., had been given over to us through the kindness of the Federal judge and clerk of the court.

The stenographers had been engaged, the witnesses had been summoned. I contacted legal authorities on behalf of the committee, and had their advice. Then something happened. At half-past 5 in the afternoon day before yesterday I received a telegram, which I read:

WASHINGTON, D. C., *September 24, 1940.*

HON. CHARLES W. TOBEY:
(Or forward care Union League Club.)

Due to inability of Senator MILLER, chairman subcommittee, to attend hearings scheduled for this week in New Jersey, deem advisable postponement of hearings until matter further considered by full committee. Secretary if can will advise witnesses.

GUY M. GILLETTE,
Chairman, Senate Committee to Investigate Campaign Expenditures.

JOHN E. MILLER,
Chairman, Subcommittee.

The only purpose in reading that into the RECORD is to bring out the fact that, having the confidence and assurance from my chairman, who appointed me chairman of the subcommittee to conduct this work, we were all ready to go, to move forward, everything was to be looked after, and suddenly we are called back here, investigators and committeemen. The secretary is not needed, the stenographers are not needed, the courtroom is not needed, lawyers not needed. So yesterday morning I called the chairman on the telephone, not being able to get him the night before. I said, "Mr. Chairman, I am amazed and chagrined and embarrassed at the course of events. What is the answer to this telegram breaking off this investigation at this striking point the day before it is to begin?" He said, "I am embarrassed, too."

I stop at that point a moment. I am looking into the face of that Senator chairman, for whom I have affection and regard, as I have for all my colleagues on this committee.

Mr. President and Members of the Senate, there come times where matters of the greatest import are so serious, when things which are done are so pregnant with ill for the American people, that I believe we have to talk frankly, tremendously frankly, and that is what I propose to do, whether it is liked or not. I am built that way. It is not a pleasant thing for me to do here today. But he said to me, "I am embarrassed, too." He said, "A member of our committee came to me and said, 'They are raising hell with me, and you have got to help me out.'"

What did he ask the chairman to do? To postpone indefinitely, to throw out the window, to discontinue the investigation begun in New Jersey, into the rotten situation that exists there. That was the request made of the chairman. What did the chairman do? Just what we would know he would do. He stood up like a man, four square, and said, "I will do nothing of the sort. The Senator from New Hampshire is down there at my command, and under my instructions, with authority ready to begin work. The most I will do will be to call the committee together and go over the matter anew." And that is what he did, as it was his right to do. So I came back to Washington. Our work in New Jersey was stopped, indefinitely postponed.

A meeting of the committee was held this morning, and what happened there was a great satisfaction to me, and to the credit of every member of the committee. The committee decided, despite pressure that is almost unbelievable on certain members, to tell these people where they could go, and that the Senate Committee on Campaign Expenditures would take this matter up anew, and on October 15, in Newark, N. J., we shall begin these investigations and carry them all the way through.

Mr. DANAHER. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from New Hampshire yield to the Senator from Connecticut?

Mr. TOBEY. I yield.

Mr. DANAHER. The Senator has used the term "pressure." From what source does this pressure to which he makes reference come, if he knows?

Mr. TOBEY. I will try to answer the question. Now that I am on the subject of pressure let me say that the most terrible evil in American life, of course, is the evil against which I appear today—the prostitution of election machinery in this country, of any election unit, interfering with the rights of voters to vote their convictions in good conscience wherever they cast their ballots. This committee was appointed to point out where evils exist there and to report back to this body and to make recommendations as to how to make such things impossible.

The Senator asked me whence the pressure came. I have an idea, but I cannot put my finger on the spot and say, "Thou art the man. This is the group." But I will give my colleagues as much light as I can.

I cite that one instance of pressure which came to the chairman of the committee, which he said came from people higher up. I will give another picture. I do not like to do it. I do it because it is necessary to give the picture of the condition as it exists. I say in all good conscience that the time has come in this body to waive aside all technicalities and superfluities, and irregularities, and petty etiquette, and to tell the American people the truth. Pitiless publicity will do more to cure the evil than anything I know of.

I take you to a committee room of the Senate, where we met in July, 2 weeks after the great conventions, and were gathered together as a committee, when one of the Members said to the committee in open meeting, "Gentlemen, I have something serious to take up with you." These are not the exact words, but they give the import and spirit, and some are the exact words. He began his talk in this way. He said, "I am under tremendous pressure. They want me to resign. They would like to have this whole committee out the window, and they came to me with a proposition that no self-respecting man would agree to, and I told them 'No.'" Then mightily moved, he wept.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. WHEELER. I did not understand who made the statement.

Mr. TOBEY. I am referring to one of the members of the committee who made these statements. He did not say where it came from. He said, "I am under tremendous pressure. They are trying to force me to resign. I refused to meet their demands."

Think that over, Mr. President, and friends in the galleries, and 130,000,000 people throughout this Nation. What is going on in this country—election registration lists debauched, free elections interfered with, and, worse than that, and concomitant with it, certain interests in Washington working upon a member of a great committee, whose usefulness would be nil unless he is a free man and can let the chips fall where they will.

But they did not succeed. I was outraged at the attempt. The tears were in my eyes. I said, "Who put this pressure on you? Give us the name." And he shook his head, and another Senator on the committee said, "I know what he has been through, and no Member of Congress ever went

through more pressure than this man has gone through. It is unbelievable."

There is the evidence, corroborated, of an incident in the Committee on Campaign Expenditures, 2 weeks after the great conventions.

What is the second illustration? It was weeks afterward, when certain leaders in the Congress sought out a member of this committee and used pressure to influence him not to continue the investigation in New Jersey.

I give you the third illustration. I have already referred to it, when only yesterday the chairman was called on by a member of the committee and said, "They are raising hell with me. You have to help me," and the chairman told me that what they wanted to do was "to stop the committee hearings and kill any investigation in Hudson County, N. J."

As a result of that desire and purpose to kill the work we are trying to do in an honest way, I got a telegram calling me back home.

> Things are called off in New Jersey. All engagements and assignments out the window, and we have to start all over again.

The attempt to purge this committee, the attempt to crucify the work they have to do and make monkeys out of the committee failed, but nevertheless the attempt was made, and, Mr. President, I have given here three citations of this hellish thing we call "pressure," put upon free men in a free country, in the highest deliberative body in the Nation, in the United States Senate.

I am asked where it comes from, and to name names, and I cannot do it. But come it did. It sprang into being. It did its work upon the committee as best it could. It was turned back, yes, but they tried their damndest to hamstring this committee.

I have a few more observations to make, and I desire to make them now and sit down, as I have held the floor too long.

The preliminary reports of the investigators for our committee in New Jersey indicated shocking conditions. What power attempts to prevent us from going into New Jersey as representatives of our Government and of the United States Senate to deal adequately with this situation, to stop debauchery of the ballot and to investigate election irregularities in Hudson County and elsewhere, if necessary, letting the chips fall where they may? I propound that question.

I now propound another: Is there a Hague-Washington axis?

I propound another: Who are Hague's friends in Washington, who step in and attempt to suppress Federal agencies of investigation?

Mr. HOLT. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. HOLT. Is that the same Mr. Hague I saw pictured with his arm around Vice Presidential Candidate Wallace?

Mr. TOBEY. I cannot say as to that. It was "the" Hague.

Mr. President, the American people have a right to know the source of the pressure which has been applied on this committee by way of Jersey City and Washington to block the prosecution of this inquiry, which seems necessary to prevent wholesale debauchery of the ballot.

It was been obvious for some time that the ordinary legislative processes in the State of New Jersey cannot cope with this situation because Hague flouts the law and defies the legislature. Only a short time ago he said—and it went over this country—"I am the law." He must have had a common ancestor with Louis XIV, who cried out in those days, "L'etat, c'est moi"—I am the state. But not quite yet, Mr. Hague.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. TOBEY. I shall yield in just a moment. When Supreme Court Justice Murphy was Attorney General he told his intimate friends that conditions in Hudson County were awful, and that he was determined to clean things up. He put his investigators in there, but the findings of his investigators were never released to the press. Why? All through his career Hague seems to be able to bring pressure, through high sources in Washington, to stop Federal investigations just in the nick of time, and nothing ever happens. Who intercedes for Hague at Washington and attempts to block Federal agencies from cleaning up the corrupt operations of the Hague Democratic machine, I ask again.

Mr. President, I wish to say something about the President of the United States.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. TOBEY. If the Senator from New Jersey will wait until I conclude this portion of my remarks I shall be glad to yield to him then.

Mr. SMATHERS. I may forget what I wish to ask.

Mr. TOBEY. I have been a Member of the Senate for 2 years and of the House of Representatives for 6 years. I came to Washington with the advent of Franklin Delano Roosevelt as President and have been a Member of the legislative group ever since. I have rarely agreed with the President of the United States on his various policies of the so-called New Deal. But I wish to pay tribute where tribute is due.

I am going to cite to the Senate now one equation or matter on which I agree with him 100 percent, and so does every man within the sound of my voice, Republican or Democrat, whatever his lot in life may be, if there is not something the matter with him. Here is what Franklin Delano Roosevelt said at the University of Pennsylvania last week:

> As long as periodic free elections survive no set of people can deny the right to vote to another set. In the maintenance of free elections rests the complete and the enduring safety of our form of government. And remember that no dictator in history has ever dared to run the gauntlet of a really free election.

It is to insure free elections in New Jersey that we began our investigation which has been so suddenly interrupted.

Mr. President, why am I making this talk here this afternoon? First, to disclose frankly and sincerely and honestly a condition which is abhorrent to all free-thinking Americans, and, second, to cite to you a pressure system, a pressure group, which is operating on free men in the United States Senate, men sworn to do their duty, and before God we are going to do that duty.

And, lastly, to serve notice on these pressure individuals or groups, whatever their names may be or whatever their party, no matter how powerful they are, that we hereby serve notice on you to keep your dirty hands and influence off the members of the Committee on Senate Campaign Expenditures. We are sworn to do the job. We are going to do the job. We are going to do an honest job, a real job, a clean job, let the chips fall where they will, whether we indict Republicans or Democrats, and when we get through we will come back and make our report. But you keep your hands off. You that interfere with us by bringing pressure are just as damnable as these groups or men who debauch elections back in these various States of ours. You are accessories after the facts.

And, Mr. President, we hang out a sign over our committee-room door, from now on, to any pressure group in this country which seeks to subordinate and impair our efficiency. Here is the sign:

> Keep away from this committee!
> Hereof fail not at your peril.

I now yield to the Senator from New Jersey.

Mr. SMATHERS. Mr. President, I have the honor, in part, to represent the great State of New Jersey in this body. I am amazed that the distinguished Senator from New Hampshire, in presenting the question of New Jersey to this body, has said nothing about the charges of corruption of the ballot in Republican south Jersey. He has confined his remarks only to Democratic north Jersey. I want it distinctly understood, and I call upon him to state whether there had been any pressure from me in this connection. As a matter of fact, I have felt that the committee should go into the State of New Jersey and investigate the charges made by the Republicans that there is corruption of the ballot in Democratic north Jersey, and also investigate the charges made by the Democrats that there is corruption of the ballot in south Jersey, and I ask the distinguished Senator to say now, while he is on his feet, whether there has

been any pressure from me on him or any other member of the committee.

Mr. TOBEY. No; I have not seen the Senator from New Jersey for 3 or 4 weeks.

As to his remarks about another part of New Jersey. If he had ears to hear, and had listened to what I said, he would recall the fact that I said when going to New Jersey—I told the chairman of the committee that the only condition under which I will go is as a free man, to make a free, fair, and impartial investigation, no matter what it costs, or how long it takes, or whether it hits Republicans or Democrats.

Mr. SMATHERS. If the Senator from New Hampshire is only going to investigate Hudson County, he will not investigate any Republicans.

Mr. TOBEY. Let me say to the Senator that already our investigators are in a Republican county working—and I told the investigators of another Republican county they have to go into before we conclude our hearings. We are going to do an honest job, that is all; and shame on these people who would come in and use pressure to keep us from going into Hudson County. They ought to say, "Come into Hudson County, and God bless you. We welcome you."

There is an old scriptural adage which I remember from my boyhood which I think applies to the conditions there:

He that doeth evil hateth the light. Neither goeth he to the light because his deeds are evil.

I think we will prove that before we get through from the evidence already adduced by our investigators.

I yield the floor.

Mr. GILLETTE obtained the floor.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. TOBEY. I should like to have the privilege of inserting in the RECORD after my remarks certain articles appearing in the press respecting the progress of the investigation of the committee and its having been interrupted so suddenly.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the New York Sun of September 24, 1940]

UNITED STATES SENATORS TO LOOK INTO HAGUE MACHINE—SPECIAL COMMITTEE WILL INVESTIGATE CHARGES OF REGISTRATION FRAUD—TOBEY TO HEAR EVIDENCE—INQUIRY TO BE HELD IN NEWARK FEDERAL BUILDING—LEADERS OF BOTH PARTIES SUBPENAED

Charges of illegal registration and illegal campaign expenses in Hudson County, N. J., the bailiwick of Mayor Frank Hague, Democratic national committeeman, will be investigated by a special committee of the United States Senate sitting in the Federal Building, Newark. The inquiry will begin on September 26 with Senator CHARLES W. TOBEY, Republican, of New Hampshire, presiding.

The charges were filed with the Senate by Joseph A. Tumulty, Jr., an independent candidate for Senator from New Jersey. Representatives of the committee conferred today with Federal Judge Guy L. Fake and obtained permission to use his courtroom for 3 days, starting Thursday.

According to Mr. Tumulty's charges, "thousands of names are on the registry lists in Hudson County that have no legal right there." He filed his charges last July, and early in August investigators entered the county.

TOBEY TO PRESIDE ALONE

Other members of the committee are Senators GUY M. GILLETTE, Democrat, of Iowa, and JOHN E. MILLER, Democrat, of Arkansas. They will be unable to attend the hearing, so Senator TOBEY will preside alone.

Political leaders of both parties will appear under subpena, it is understood.

While the committee's investigators were in the field, Charles E. Sewell, Republican commissioner of elections in Hudson County, had investigators checking the lists, and it was said that several thousand names were stricken from them.

Democratic leaders charge that Mr. Sewell is withholding publication of the names of those stricken from the lists until it is too late for those whose names have been stricken to take the matter to court.

HAGUE MACHINE UPSET

Meanwhile the Hague machine was considerably perturbed today over the passage of election reforms in Trenton, including a measure requiring the installation of voting machines in Hudson County. The reforms were enacted into law early today over the gubernatorial veto by a weary legislature which remained in session until nearly dawn.

The reform program was aimed by the Republican majority at the Hague machine. Mayor Hague declared that the use of voting machines would cut the Democratic vote in Hudson by close to 40,000 votes, because many voters would be too confused by the contraptions.

Under the new voting-machine bill the Republican-controlled State House Commission has the right to purchase the machines and write their cost off against future State subsidies to the county. It is planned to have the machines installed in time for use in the November elections, if possible.

Another measure passed by the legislature allows the Republican superintendent of elections to call upon the State police to enforce election laws on Election Day.

[From the New York Times of September 25, 1940]

TOBEY WILL STUDY HUDSON VOTE LIST—SENATE INQUIRY INTO CHARGES OF PADDED REGISTRY IN HAGUE'S COUNTY OPENS TOMORROW—TWO ELECTION BILLS PASSED—JERSEY LEGISLATURE, HOWEVER, REVISES COURT AND POLL-BOOK MEASURES AFTER VETO

NEWARK, N. J., September 24.—Senator CHARLES W. TOBEY, New Hampshire Republican and member of the United States Senate Committee on Campaign Expenditures, will hold hearings here Thursday, Friday, and Saturday, in the Federal Building, on charges of a padded voting registry in Hudson County.

The charges forming the basis for the hearings were filed August 13 by Joseph A. Tumulty, Jr., independent candidate for election to the United States Senate from New Jersey. Subsequently, the committee sent investigators to Hudson County, where the political organization led by Mayor Frank Hague of Jersey City has rolled up huge election majorities in recent years.

[From the New York Sun of September 25, 1940]

HUDSON BALLOT INQUIRY HALTED BY WASHINGTON—SENATE INVESTIGATION IS SUDDENLY POSTPONED UNTIL OCTOBER—NO EXPLANATION IS GIVEN—LONG LIST OF SUBPENAS HAD BEEN ISSUED FOR POLITICAL CHIEFS OF BOTH PARTIES

The stage was all set for the United States Senate committee's investigation into illegal campaign expenditures and illegal registration in Hudson County, stronghold of the Democratic forces of Jersey City's Mayor Frank Hague. A courtroom in the Federal Building in Newark had been made ready. The invitations were out. The committee, headed by Senator CHARLES W. TOBEY, New Hampshire Republican, was poised to begin its work. Investigators had assembled masses of material. Hearings were scheduled to begin tomorrow and continue the rest of the week.

Today, however, with startling suddenness Senator TOBEY and his subcommittee were recalled to Washington. A clerk of the investigating committee called Acting United States Attorney William F. Smith on the telephone and canceled use of the court room.

INQUIRY IS POSTPONED

The investigation had been postponed, he said, indefinitely. Perhaps they would be resumed some time in October. No date, however, was set. It was all very confusing.

The investigators attached to the Senate Campaign Investigating Committee went back to Washington, too. Peace and quiet reigned over Hague's Hudson County once more, the same county into which former United States Attorney General Frank Murphy once sent F. B. I. investigators.

On that occasion, too, there was considerable agitation, Mr. Murphy was kicked upstairs to the Supreme Court, Robert H. Jackson came in as Attorney General, and Mayor Hague declared for a third term.

The F. B. I. investigators still have the evidence but no place to go with it.

OBTAIN A COURTROOM

Representatives of the committee had conferred with Federal Judge Guy L. Fake yesterday and asked to be permitted to use his courtroom on Thursday, Friday, and Saturday. That was a favor easy to grant because, the judge pointed out, he and other Federal district and circuit court judges from New Jersey, Pennsylvania, and Delaware will be in Atlantic City at that time for a judicial conference.

The charges, brought by Joseph Tumulty, Jr., independent candidate for United States Senator from New Jersey in the November 5 election, concerned illegal registration and expenditures throughout the county, which is heavily Democratic.

There had been a long list of subpenas issued for all manners of political leaders of both parties, it is understood, but Senator TOBEY did not disclose who his star witnesses were to have been. They may now be deprived of a chance to tell the workings of the well-oiled Hague machine which has returned record pluralities for President Roosevelt—and hopes to repeat.

[From the New York Times of September 26, 1940]

ELECTION INQUIRY IN JERSEY PUT OFF; TOBEY INDIGNANT—SENATOR, IN CHARGE OF SURVEY, GETS WORD FROM CAPITAL OF A POSTPONEMENT—HE HINTS AT PRESSURE—GILLETTE EXPLAINS, HOWEVER, DELAY IS ONLY TO FIX STATUS OF SUBCOMMITTEE

An investigation by a United States Senate committee into charges of illegal registrations in Jersey City, which was to have

got under way, was abruptly postponed for an indefinite period yesterday in circumstances that caused Senator CHARLES W. TOBEY, who was to have presided, to express suspicion that pressure had been brought on "official Washington."

The investigation had been the center of considerable political interest in view of the fact that this is election year and Jersey City, organized under Mayor Frank Hague, is the foundation stone of Democratic strength in New Jersey.

Bitterly indignant, Senator TOBEY, over whose head the inquiry had been postponed, left for Washington last night, saying that he was determined to get to the bottom of the affair.

The postponement was ordered in a telegram received by Senator TOBEY from the Senate Committee on Campaign Expenditures, of which the Senator is a member. The telegram was signed by Senator GUY M. GILLETTE, Iowa Democrat, and Senator JOHN E. MILLER, Arkansas Democrat. Senator TOBEY, from New Hampshire, is a Republican.

Unless Senator TOBEY receives a satisfactory explanation of the postponement and assurances that the inquiry will go through without undue delay, he will see to it, he said, that "the people know of it."

ROLL PADDING CHARGED

The inquiry was originally voted by the Senate committee after James A. Tumulty, Jr., independent candidate for United States Senator, charged that the Jersey City registration rolls were padded. Appearing before the committee in Washington, Mr. Tumulty asserted that, although Jersey City suffered a population loss of 15,703 between 1930 and 1940, the registration total jumped from 148,786 in 1936 to 163,300 in 1940.

The committee sent investigators into the field. They checked up registrations against the people supposedly registered and found, according to Senator TOBEY, that conditions "cried out loud" for exposure and correction.

Interviewed just before his departure for Washington, Senator TOBEY said that, until he received the telegram of postponement, he had thought Senator GILLETTE was 100 percent for the investigation. The Iowa Senator is not beholden to the administration; he was one of the foremost targets of the 1938 purge attempt, in which New Dealers sought to bring about the defeat of Members of Congress who had not given what they considered sufficient support to the administration, and he survived that effort to displace him.

"Senator GILLETTE had emphasized to me that the investigation should not be delayed until after the election," said Senator TOBEY. "But considerable difficulty developed in getting the help of Senator MILLER. As originally constituted, the subcommittee named to conduct the New Jersey investigation was composed of Senator MILLER, as chairman, and myself.

"Senator MILLER, it seemed, could not get away to go to New Jersey. His office said that he had been told the hearings were about to start. Different stories were told in explanation of his inability to attend. One was that his wife was seriously ill, another that he had gone to attend the funeral of a postmaster in Arkansas.

DEMURRED ON ACTING ALONE

"In any event, we finally learned that he would not be able to take part either last week or this, and then Senator GILLETTE asked me to undertake the task alone. I demurred, saying that since I was a Republican it would like a partisan inquiry.

"But Senator GILLETTE urged me to go, and he promised to stand behind me. As a result, I went to Jersey City; I studied the evidence that had been gathered by the investigators. Arrangements had been made for us to use one of the Federal courts beginning tomorrow. Stenographers had been hired, and everything was ready.

"Then came the telegram of postponement. It said that there was to be no further action until a full committee meeting had been held to thresh out the whole matter.

"I immediately called Senator GILLETTE on the telephone and told him I was surprised, amazed, and embarrassed by the calling off of the inquiry. He said that he was embarrassed also. And he agreed to hold a meeting at 10 a. m. tomorrow of the full five-man committee.

INQUIRY NONPARTISAN, HE SAYS

"This inquiry would have been entirely nonpartisan, hewing to the line, and letting the chips fall where they might—an inquiry conducted under the authority given the committee by the Senate, as understood by Senator GILLETTE, myself, and our colleagues.

"The events that this committee was appointed to investigate and to correct, by recommending legislation, are the greatest threat to democracy, namely, the intimidation of voters, the gross use of expenditures of money, the tampering with election books. In other words, crooked work on the election lists, primary and general. President Roosevelt touched on these matters in his recent speech at the University of Pennsylvania. The President said: 'As long as periodic free elections survive, no set of people can deny the right to vote to any other set. In the maintenance of free elections rests the complete and the enduring safety of our form of government. And, remember, that no dictator in history has ever dared to run the gantlet of a really free election.'

"Decent men in all parties concur in that statement.

"Affidavits and evidence in my possession show that there are ample grounds for such an investigation in New Jersey. Conditions cry out loud for it. That is what the committee is for, and that is what it will do, so far as I am concerned.

"I only hope that my fears are unfounded, namely, that some individuals, or officials, or interests in New Jersey have reached official Washington and have caused pressure to be applied to stop this investigation. If such is the case, the people should know of it, and shall know of it.

"In today's papers I notice the statement that other investigations in New Jersey have been postponed, apparently through pressure applied from Washington. As I remember Scripture, "He that doeth evil hateth the light.' I hope that that has no application to the suspension of this inquiry."

EXPLANATION IN WASHINGTON

In Washington Senator GILLETTE said that the investigation had been postponed until the status of the subcommittee had been determined. The chairman asserted that Senator MILLER had been unable to serve because of the illness of his wife. A few days ago, according to Senator GILLETTE, Senator TOBEY reported that he would be unable to attend the hearings if they did not get under way this week. In the circumstances, the Iowa Senator added, he commissioned Senator TOBEY to go ahead.

But in the last few days, according to Senator GILLETTE, it had developed that Senator MILLER might have to resign from the subcommittee, making it necessary to reconstitute the two-man subcommittee. And so, the chairman continued, the full committee had been called into meeting today to determine the status of the subcommittee.

"I therefore joined Senator MILLER in a telegram for Senator TOBEY to postpone the inquiry," the chairman said. "It is strictly a postponement, and only in order that we may determine the membership and status of the subcommittee. That's all there is to it."

In Jersey City it was reported that the committee had assigned investigators to Ocean County, seat of Republican Leader Thomas H. Mathis, secretary of state of New Jersey. Democratic leaders, replying to charges that in Mayor Hague's Hudson County fraudulent registrations would total 60,000, have retorted that many summer residents of Ocean County have cast illegal votes.

The Senate investigating committee is composed of three Democrats and two Republicans. In addition to those mentioned above, the members are LISTER HILL, Alabama, Democrat, and CLYDE M. REED, Kansas, Republican.

Mr. GILLETTE. Mr. President, of course, it is a matter of real regret to me, and I am sure to the other members of our committee, that my good friend the Senator from New Hampshire [Mr. TOBEY] has made the statement he has just made on the floor of the Senate. I can understand and appreciate that he is deeply agitated, deeply moved, and with some justification. I had hoped that the matter would not be presented on the floor of the Senate, but the Senator is fully within his rights and, feeling as deeply as he feels, has made his statement.

It seems to me that, in fairness to all the members of the special committee, my duty requires me to refer to two or three matters in connection with the statement which has just been made. I wish to preface the remarks I shall make with the statement that at no time since the committee was named and entered upon the work assigned to it, has there been a suggestion by any member of the committee, Republican or Democrat, that the work of the committee should be distorted or shaped to serve the ends of any candidate or any party, including the distinguished Senator who has spoken from the fullness of his heart, and my Republican friend the Senator from Kansas [Mr. REED], my equally loved friend the Senator from Alabama [Mr. HILL], and the Senator from Arkansas [Mr. MILLER], with whom I served in the House, and to whom reference has been made.

Each and every one has asserted time after time and insistently demanded that the work of the committee should be shaped and carried on to the end for which it was created, which was the one goal that the electorate of the United States should have an opportunity, so far as we could aid them in so doing, of going to the polls in November and, so far as the purview of our authority was concerned, in the election of Senators, Vice President, and President should have full, free, and fair opportunity to cast their ballots and have their ballots counted.

To that end we have worked. There never has been the remotest suggestion in the membership of the committee that there should be any curtailment, any limitation, any shaping of duty to any other end than that. I felt it was absolutely necessary, so long as this matter had been brought up on the floor, to make that statement in behalf of the committee. That has been their attitude in the past; it is their attitude today; and if I thought for a second or a fraction of a second that that would not be the attitude of every

member of the committee in the future I could not and would not work for 10 seconds with the committee.

I also want to speak, Mr. President, with reference to the situation which has been referred to and which has its embarrassment. There is no question, it had its embarrassment to the Senator from New Hampshire, it had its embarrassment to the Senator from Arkansas, it had its embarrassment to me. In any Presidential political campaign there must of necessity be developed intense partisan feeling. A campaign means that. The attempt to bring forth and have expressed at the polls the wishes of the electorate means that an appeal must be made. Campaigns wax hot. They always do and always will. In presenting the issues to the people feelings are agitated. That must be expected, and we expect it in the difficult work we have to do.

Having that in mind, and knowing the attitude of the members of the committee as expressed in the committee time and time again, we adopted the policy that, if it should become necessary for members of the committee to conduct hearings, if our investigators should develop a state of facts indicating that a committee hearing ought to be held, so that process might be issued to require the production of certain documents and necessary evidence, so far as possible the subcommittee should be bipartisan, so as to remove any possibility or suggestion of manipulation.

About a week ago the committee considered reports which had been made and charges which had been filed before us that there had been padding or manipulation of registration lists in the State of Delaware and in the State of New Jersey. The investigators had filed voluminous reports indicating that there were grounds for further action by the committee. The committee decided to take action. The committee, by proper action, directed the chairman to appoint subcommittees to conduct hearings if hearings were necessary in those two jurisdictions.

Following the instructions of the committee, the chairman appointed a subcommittee consisting of the Senator from Alabama [Mr. HILL] and the Senator from Kansas [Mr. REED] to conduct hearings in Delaware. For the New Jersey situation the chairman appointed the Senator from Arkansas [Mr. MILLER] and the Senator from New Hampshire [Mr. TOBEY]. It became evident to all of us, and was especially evident to me, that to be of value in an election only a few weeks away it was essential that if action were to be taken it should be taken without delay, and I urged the subcommittees to start as expeditiously as possible the work they were assigned to do.

Due to circumstances which could not be foreseen the Senator from Arkansas was called from Washington by illness in his family. I urged the Senator from New Hampshire to hurry with the work of the subcommittee and get started. He told me of the absence of the Senator from Arkansas. I requested that he get in touch with the Senator from Arkansas, and I understand that he made an attempt so to do. When he was advised and I was advised that there would be delay in the return of the Senator from Arkansas, it appeared to me, in my best judgment, that it would be advisable to start the ground work, as the Senator has stated, for the work in New Jersey, and that the Senator from Arkansas could join on his return. I urged and requested the Senator from New Hampshire to proceed to New Jersey and do the preliminary work looking to holding a subcommittee hearing.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. CONNALLY. I was temporarily out of the Chamber. What were the particular charges which were filed in New Jersey which the committee was called upon to investigate?

Mr. GILLETTE. The charges were general in their nature.

Mr. CONNALLY. Were they written?

Mr. GILLETTE. Written charges were filed under oath by a candidate for the Senate from the State of New Jersey.

Mr. CONNALLY. What did he claim had been done? Was he merely afraid in advance that he would not be elected?

Mr. GILLETTE. No; I am quite sure that statement is not justified. The statement was made in the petition——

Mr. CONNALLY. Did the complaint relate to the primary or the general election?

Mr. GILLETTE. The charge was that the registration lists which will be used in the general election have been padded and manipulated in such a way that they do not carry a list of the electorate entitled to vote at the polls. With the filing of that complaint the committee directed the chairman to send out investigators. On the report of the investigators the committee directed that hearings be conducted.

Going back to the matter I was discussing, the Senator from New Hampshire, with my authority and approval, and with my assurance that I wanted him to do so, proceeded to New Jersey to do the preliminary work, to save time. In the meantime the Senator from Arkansas returned, and advised me that in all probability he would have to resign from membership on the subcommittee because the condition of his wife's health was such that it might be necessary to have a check-up in a hospital, and that he felt he could not jeopardize his obligations to his family by any duty, however insistent, which might devolve upon him in the Senate. He requested me to correct the situation by which the subcommittee would be left with but one member and would not be a bipartisan subcommittee. I joined with him, and authorized him to include my name in a telegram which I formulated, and which the Senator has read, informing the Senator from New Hampshire that in our judgment the hearings should be postponed until such time as the committee should have an opportunity to canvass the situation and to fix the status of the subcommittee.

As the Senator from New Hampshire has stated, last night he called me from New York or New Jersey and asked when the meeting of the committee could be held. I suggested Saturday. He asked if it could not be held at 10 o'clock this morning, and it was so held. In the meantime the Senator from Arkansas presented his resignation as a member of the subcommittee; and last night, just before the Senate took a recess, the President pro tempore of the Senate named the Senator from Oklahoma [Mr. LEE] to take the place of the Senator from Arkansas as a member of the subcommittee. I was so advised this morning. I was not present in the Senate in the closing minutes before the recess last night.

The committee met this morning and requested me to add the name of the Senator from Oklahoma to the subcommittee, directed that the Senator from Oklahoma and the Senator from New Hampshire proceed with the work which they were assigned to do, and fixed the date of October 15 as the definite date for the opening of the hearings.

In this connection I wish to be fair. The Senator has mentioned Mayor Hague. I do not know Mayor Hague. I know something of the charges which have been made here and elsewhere, and I hope they are not true. If they are true, as developed by our subcommittee and reported to the committee, whether the charges involve a Democrat or a Republican, there is no power in heaven above or in the earth beneath that would prevent me—and I think I speak for every member of the committee—from taking such action as may be indicated, whether it be against Mayor Hague, the President of the United States, the Senator from Iowa, who is now speaking, or anyone else.

However, I wish to be fair. This afternoon I received a telegram from Mr. Hague. He does not stand convicted before the Senate. He does not stand convicted before the committee. He does not stand convicted anywhere. Serious charges have been made, and the committee will try to determine the truth of the charges and act as the evidence which is presented to it and developed by it may indicate. Until such time, Mayor Hague or anyone else is entitled to have any matters he has presented to the committee read into the RECORD, so long as the matter has been brought to the floor.

Mayor Hague sent the following telegram to me:

JERSEY CITY, N. J.

The Hon. GUY M. GILLETTE,
United States Senate, Washington, D. C.:

The leading newspapers of the country are carrying a story from Senator CHARLES W. TOBEY regarding an investigation inaugurated by your committee on a complaint filed in regard to the increased

registry list in Jersey City. Senator TOBEY's statement intimated that there were influences which prohibited him from sitting as a committee of one to conduct this investigation. If the Senator is referring to the Democrats of New Jersey, then I say to the Senator he is in error. We offer no objection to this investigation. As a matter of fact I would like the opportunity of personally appearing before your committee in New Jersey and I now request of you that if your committee decides to come into this State that you extend to me the courtesy of appearing on the witness stand so that I can express my knowledge of the corruption which exists in the Republican Party in this State. I ask you therefore to lend your good offices to the end that we may have a full impartial committee and not a committee of one come into New Jersey to ascertain the real conditions existing not alone in Jersey City but in south Jersey where the fraud perpetrated by the Republican Party has been exposed. This matter is so serious that in order to properly conduct the investigation you should have the entire committee sit in New Jersey. The Democrats of this State stand ready to produce facts concerning the outrageous fraud and corruption that exists in the Republican Party in south Jersey and we welcome you and your committee and I suggest that in view of the nearness of the approaching election you come in as soon as possible.

FRANK HAGUE,
Member, Democratic National Committee for New Jersey.

This afternoon I sent the following telegram to Mayor Hague:

SEPTEMBER 26, 1940.

Hon. FRANK HAGUE,
Member, Democratic National Committee for New Jersey, Jersey City, N. J.:

Acknowledging receipt your wire today owing to resignation Senator MILLER from Senate committee, Senator JOSH LEE named chairman subcommittee in lieu Senator MILLER. Subcommittee instructed commence hearings New Jersey matter October 15 if possible. While I cannot feel justified in instructing subcommittee as to its duties, am sure they will be glad to give you opportunity to appear personally before them and also to hear any one else who can aid them in their work. It would be impracticable for full committee to conduct hearings as we are engaged in several similar hearings. Subcommittee was also instructed to study reports of committee investigators as to irregularities in other parts New Jersey particularly seashore resorts. Committee appreciates your offer cooperation with our subcommittee and assures you we have only one object in view—that of securing for the New Jersey electorate full and free expression at the polls so far as our authority exists for such aid.

GUY M. GILLETTE,
Chairman, S. C. I. C. E.

(Official business.)

I will say to the Senator from New Jersey, who made an inquiry of the Senator from New Hampshire, that the committee at the present time has investigators in the State of New Jersey investigating charges of improper voting and corruption in several parts of New Jersey other than Hudson County. They are now so engaged, and the subcommittee will be given their full report when it is received.

Mr. SMATHERS. Mr. President, will the Senator yield for a question?

Mr. GILLETTE. Certainly.

Mr. SMATHERS. Will the Senator state whether any pressure was ever exerted by me upon him or any other member of the committee that he knows of to prevent anyone from going into the State of New Jersey?

Mr. GILLETTE. I will gladly bear witness that the Senator from New Jersey, who has just propounded the query, has never to my knowledge made any such attempt with reference to me or anyone else. I gladly and proudly clear him of any such suggestion.

Mr. BURKE. Mr. President, will the Senator yield at that point?

Mr. GILLETTE. Certainly.

Mr. BURKE. It was hardly necessary to ask that question, as all of us who know the chairman of the committee, the Senator from Iowa, know that it would be a crazy man who would attempt to exert any pressure upon him.

Mr. GILLETTE. Mr. President, I sincerely thank the Senator from Nebraska for his very kind words.

Mr. REED. Mr. President, will the Senator yield?

Mr. GILLETTE. Certainly.

Mr. REED. I did not hear what the Senator from Nebraska said.

Mr. BURKE. I shall be glad to repeat it. I said the question of the Senator from New Jersey was hardly necessary, as all of us who know the Senator from Iowa, the chairman of the committee, know that only a crazy man would attempt to exert any pressure upon him.

Mr. REED. Mr. President, with the permission of the Senator from Iowa, I desire to add my full approval of what the Senator from Nebraska has said; but I will state for the information of the Senator from Nebraska that I fear that under that definition some Members of this body might be crazy. [Laughter.]

Mr. GILLETTE. Mr. President, just a few words in closing.

It is needless for me to renew my sincere, heartfelt and deepest confidence in the members of the committee in the work we are trying to do. It is needless to restate the difficulty of the work with which we are charged, and the obligations which have been placed on us. I desire to say, however, on behalf of the Senator from Arkansas [Mr. MILLER], that no one could have worked more consistently, more honestly, more unremittingly in the discharge of the duties of the committee than has the Senator from Arkansas. He has carried that load at a time when his family situation and his own private matters were weighing heavily on his mind and pressing down on his heart. Without going into any general discussion of pressure here or pressure there, the position in which he was placed was such that he felt that he could not continue. There was an obligation on him as a member of the subcommittee. He felt, as we all felt in the policy we had adopted, that one man should not be left to conduct a subcommittee hearing. He submitted his resignation; and with the deepest regret I have ever felt at any action in my life it was necessary, in fairness to him, for the President pro tempore to accept the resignation and to appoint a successor.

I desire to say again to the Senate that there has been no action of any kind on the part of the Senator from Arkansas which should cause him any embarrassment. No act that he has performed, no statement that he has made, no position in which he has placed the committee because of his resignation carries with it any suggestion of blame in any way, shape, or manner. In deference to the Senate and in fairness to the Senator from Arkansas, I feel that that statement ought to be made.

I thank the Senate for its indulgence. I felt that it was necessary to make the remarks I have made.

Mr. MILLER. Mr. President, in view of what has been said today I feel that it is appropriate for me to say something to the Senate, not in defense of the committee nor in defense of the fact that I resigned from the committee.

It has been said, and rightfully so, that the committee, composed of two Republicans and three Democrats, have attempted to approach their work in all seriousness, as free as possible from partisanship. I think everybody who knows me knows that I am not a partisan. I recognize the fact that either a Republican or a Democrat may commit a wrong, and a wrong committed by a Democrat is just as evil as a wrong committed by a Republican. That has been the policy of the committee.

Unfortunately, circumstances over which I have no control, and of which I do not desire to speak and shall not speak, have required me to be away from the Senate for a considerable period of time during the past 4 weeks. I was advised by my office last week that I had been appointed associate chairman of a subcommittee, along with the Senator from New Hampshire [Mr. TOBEY], to make an investigation in New Jersey. I immediately advised my office that I did not think it would be possible for me to attend the meetings or to attend to the duties of the subcommittee. I did not think it would be possible at that time for me to return to Washington for an indefinite period of time. I found it possible to return, however, hoping that I might come here and begin the work.

I came back to Washington the first part of this week. It was not possible for me to remain here. When it became clear that I could not remain here and could not perform my duties as a member of the committee, after hearings had been set for the 26th, 27th, and 28th of this month, I made arrangements to leave Washington tomorrow morning. To be perfectly frank, I tried to leave today, but found it impossible to do so.

Under those circumstances, I submitted my resignation; and, under those circumstances, I prevailed upon the Senator from Iowa [Mr. GILLETTE], the chairman of the committee, to join with me in a telegram to our colleague, the Senator from New Hampshire [Mr. TOBEY], asking a postponement of the hearings in New Jersey. Not because I did not have confidence in the integrity of the Senator from New Hampshire—I have; every man here has—not because I did not have full confidence in his ability to conduct the hearings, but in order to save the committee and the Senate from any charge of partisanship, I felt that it was necessary that the hearings be conducted by a bipartisan committee. For that reason I requested postponement until it could be determined who could and who would take the place which I held on the committee.

Mr. President, that was why the hearing was postponed. It was postponed to meet a situation which I do not think can be prevented. It was postponed without any intention, certainly, upon my part, and without any intention, certainly, upon the part of the other members of the committee, not to do their duty. It was postponed in an effort to provide an orderly investigation, an investigation along the same line any other investigation would take, with a bipartisan committee, just as the investigation was made in Kansas by two members of the committee, just as the investigation is scheduled to be made in other States by two members of the committee.

I regret probably more than anyone else the necessity of my submitting my resignation, but when a Senator finds himself unable to do the work of a committee, he owes it to the Senate and he owes it to the other members of the committee to resign, and ask that someone else be placed on the committee to carry the load.

I conferred with some of my colleagues on this side yesterday and the day before, I talked to people in Arkansas, hoping that I might participate in the investigation next week. I had no more desire to leave the committee than I have to do many other things which I do not desire to do. But sometimes we face situations over which we have no control. I think the chairman of the committee did what he should have done. I think I did what I should have done in asking a postponement of the investigation until it could be made by a nonpartisan committee.

Mr. President, I do not want the Senator from New Hampshire, or any other Senator, to gather from that remark that I do not have the highest confidence in his integrity and his Americanism and in his honesty of purpose. I know the Senator is motivated by as high ideals as move any man in this Chamber, and I knew that if he understood the situation clearly it would meet with his approval.

I do not know anything about any pressure except that I talked to members of the Democratic Party on this side, and they agreed with me that in an investigation, whether it was in New Jersey or in any other State, where the question of partisanship might enter, it should be made by a bi-partisan committee. That is the reason why the hearing was postponed.

So far as I know, no one asked that the hearing be abandoned. I do not know what the press has reported; I am not advised about that; but I am advised that the hearing will be held. It should be held. No one will put the stamp of approval upon anything which is dishonest, whether done by a Democrat or by a Republican. That is the policy of the committee; that is the policy of the Senator from New Hampshire; that is the policy of the Senator from Kansas; it is the policy of the Senator from Alabama, and of the chairman of the committee, the Senator from Iowa. As for my policy, I am willing for them to say what my policy would have been.

Mr. President, under these circumstances I resigned from the committee, in an effort to be of help to the Senate, in an effort to be of service, but not to any political party. I believe I know one man in New Jersey outside of the two Senators and the Members of the House, and he is a former Member of this body, Senator Milton.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Arkansas yield to the Senator from Texas?

Mr. MILLER. I yield.

Mr. CONNALLY. Let me ask the Senator whether it is not true that the activities of a committee of this kind are more in the formation of public opinion, and things of that kind? It has no coercive power. The committee cannot put anyone in jail, unless for contempt, it cannot punish anyone. It is for effect. It has a deterrent effect upon those who would violate the law, and also has a function in giving publicity to anything which may have a tendency to wrong the public generally. That being the case, is it not highly important that the public should think that these investigations are bipartisan, rather than by a partisan committee, or part of a committee? A particular individual Senator might be above reproach, but if the public should form the opinion that an investigation was a political investigation rather than a bipartisan investigation, the utility of the committee would practically be destroyed.

Mr. MILLER. Mr. President, I quite agree that the committee must maintain its investigations on a high level. The committee has recognized—and I am not speaking as a member of the committee now, because I am not on the committee—the committee has recognized all of the time the limitations on its authority. Publicity, pitiless publicity, does more to prevent corruption and fraud than any other one thing. Pitiless publicity is a greater deterrent than punishment itself, because men do not commit fraud and corruption under the eye of publicity.

Mr. President, I am sorry there has been any misunderstanding about the matter. I am sorry the situation has arisen as it has. But let me say in all candor and in all frankness that I think the people in New Jersey and elsewhere will be satisfied when the investigation is made; I think they will be satisfied that the committee is trying to arrive at the facts, and I think also they will be satisfied with this postponement.

Again, Mr. President—and then I shall be through—let me say to the members of the committee that I never regretted doing a thing in my official life more than I regretted resigning from this committee, because the members of the committee are men of honor and of integrity; men who are devoted to high ideals. Let us not have any misunderstanding about the matter. Let us not have any misconception. Let us not have any impression created that anyone is seeking to cover up, or that anyone is seeking to prevent the truth coming out. Whether it would affect a Republican or Democrat is immaterial. It is the policy of the committee—it would have been my policy, of course, and it will be the policy of the committee from now on, and it will be the policy of the Senate—to let the matter proceed in an orderly fashion. But under the circumstances I felt it incumbent upon me to ask the indulgence of the Senate for an indefinite absence, and I felt that, contemplating such absence, in justice to the committee I should submit my resignation, and that is why it was submitted.

Mr. BARKLEY. Mr. President, in view of the statements which have been made, I am not called on to do more than make a very brief statement.

I think it is regrettable that anyone, in the newspapers or on the floor of the Senate, should have drawn any invidious implications from the fact that the investigation in New Jersey was postponed under the circumstances which have been detailed here.

In the first place, none of the members of the investigating committee sought membership on it. They had to be persuaded, I imagine—I know those on our side did—to accept assignments on the committee. It is not a pleasant duty. I once served as a member of an investigating committee of this kind, and it is not a job which anyone would seek. It is one which no one who is not interested in the public welfare and in the freedom of elections should accept.

When this committee was appointed earlier in the session, I think everyone recognized that it was an honorable committee of public-spirited Members of this body, and that no political party and no political candidate could hope to obtain

from that committee as a whole any partisan advantage, unless the revelation of the truth with respect to campaign expenditures and practices would automatically give such a candidate an advantage.

When I was a member of a similar committee some years ago, we tried to keep it in a nonpartisan attitude by requiring that if the committee went outside Washington, either as a whole or by subcommittee, it should be bipartisan. I recall that the committee went to New York and held rather an exhaustive investigation in connection with the campaign then in progress. The whole committee went. That has not always been the practice, but it has been the practice, I think, that when a subcommittee goes into a State to investigate complaints of that sort it should be composed of a member of each political party. I think the Senator from New Hampshire was right in his original position that he alone ought not to undertake the investigation in New Jersey, due to the circumstances surrounding the charges and complaints.

I was aware of the fact, because I try to keep in touch with what goes on, that one subcommittee had been appointed for New Jersey and that another subcommittee had been appointed for Delaware. I have been acquainted all along with the unfortunate circumstances which have prevented the Senator from Arkansas [Mr. MILLER] from serving regularly on the committee and maintaining his usual prompt attendance in the Senate. We all sympathize with the Senator from Arkansas. When day before yesterday he suggested to me that he could not serve, that he could not go to New Jersey, and, I believe, at the same time suggested that somebody ought to be appointed in his place who could go because he thought it ought to be a nonpartisan or bipartisan investigation, I took it upon myself to urge him to serve, if possible, but, realizing the circumstances, I told him that whatever his judgment would be in the matter would be mine.

Yesterday, as he has already detailed, he wrote out his resignation. The Presiding Officer of the Senate asked me for a suggestion as to his successor, and I suggested the Senator from Oklahoma [Mr. LEE], who I understood was returning to Washington this week, and therefore he was appointed. I am advised by the Senator from Oklahoma that he cannot serve, and therefore the place is still vacant. I do not know who will be appointed to fill it, because, as I said at the outset, it is not a job anyone seeks, it is a job it is necessary to persuade someone to take, and I have not, and the Presiding Officer has not, yet been able to persuade anybody to take it. We hope to be able to fill the position in a day or two, and I am satisfied that the investigation scheduled for New Jersey will be conducted. That is all there is to it. Certainly there is nothing in that situation to create a furor about trying to smother an investigation in New Jersey.

Mr. TOBEY. Mr. President will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TOBEY. There is certainly something to create a furor about when on three different occasions extreme pressure was applied on members of the committee to force it to discontinue the hearings in New Jersey.

Mr. BARKLEY. I never heard that.

Mr. TOBEY. There are some things I cannot talk about, but if I could talk about them I could open my lips and call names and places. I would satisfy the Senator from Kentucky.

Mr. BARKLEY. I did not know that the Senator from New Hampshire suffered from any such handicap.

Mr. TOBEY. I am under some handicap here. I am not privileged to give names and places, but I can give the Senator my assurance that the pressure was applied; and I wish to ask the Senator from Kentucky a question.

Mr. BARKLEY. The only pressure I know anything about——

The PRESIDING OFFICER (Mr. HATCH in the chair). Will both Senators please suspend for a moment? Two Senators cannot be heard at the same time. The Senator from Kentucky has the floor.

Mr. BARKLEY. The only pressure I know anything about is the pressure of the unfortunate circumstances that require the Senator from Arkansas to tender his resignation; and when he tendered it I expressed my deep regret, and he expressed his own.

If the Senator now wants to ask me a question, I shall be glad to yield.

Mr. TOBEY. I shall be very personal. Has the Senator now speaking ever approached the Senator from Iowa in company with another Senator and conveyed to him the impression that it would be desirable that no hearings be held in New Jersey?

Mr. BARKLEY. I did not; and anyone who intimates any such thing is guilty of an inexcusable falsehood.

I ask the Senator from Iowa [Mr. GILLETTE], if he is here, whether I ever approached him, either alone or with anybody else, to suggest that there be no investigation in New Jersey?

The PRESIDING OFFICER. The Senator from Iowa does not appear to be in the Chamber.

Mr. BARKLEY. He does not appear to be on the floor.

At this point Mr. GILLETTE entered the Senate Chamber.

Mr. BARKLEY. The Senator from New Hampshire asked me personally whether I ever approached the Senator from Iowa with another Senator and asked him or suggested to him that there ought not to be any investigation in New Jersey. I say that I never approached the Senator from Iowa, either with another Senator or by myself, and suggested that there ought not to be any investigation in New Jersey or anywhere else, and I ask the Senator from Iowa if I am telling the truth?

Mr. GILLETTE. That is correct.

Mr. TOBEY. Will the Senator from Iowa——

The PRESIDING OFFICER. Just a moment. In the interest of orderly procedure, let the Chair ask, Does the Senator from Kentucky yield to the Senator from New Hampshire?

Mr. BARKLEY. Mr. President, that is all I have to say. I hope that very shortly we may be able to fill the vacancy created by the unfortunate and forced resignation of the Senator from Arkansas, for whose ability, integrity, and patriotism we all have the highest regard, and for whose personal circumstances requiring his resignation we entertain the profoundest sympathy.

Mr. REED. Mr. President, I only want to add to what has been said with respect to the matter of a special committee to investigate campaign expenditures, that there is not a Senator on it who wanted to be on it, and who would not like to be relieved if he could be. There is not a man on it who is not doing his duty as best he can. But I do want urgently to request our colleagues in the Senate, for God's sake keep your hands off this committee, and let us alone, and stop trying to exercise pressure as to what we should do and what we should not do. I serve notice, Mr. President, that the next time it is done there will be names told, which we now do not feel at liberty to tell, and they may go pretty high.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. I wish to ask the Senator from Kansas a question, and this is a matter about which I know nothing whatever. As I understand the tenor of the Senator's remarks, some Senators have been trying to exert improper influence on the committee, but he declines to reveal who they are and what the pressure was. The committee has very broad powers. I have read the resolution creating it; I have it in my hand. The committee has the power of reporting to the Senate any contemptuous procedure, and there is no more contemptuous procedure to a court or to a committee than surreptitious approach, with all the implements of pressure being put on Senators to get them to deviate from their duty. If that has occurred, it seems to me the committee ought to report back to the Senate who the contemptuous influences are and let the Senate call them to the bar of the Senate and proceed to try them or commit them to the district attorney for prosecution. It seems to me it is a very grave

charge to be made in an insinuating, uncertain, and devious method by saying, "There is a lot of crookedness going on, and I know all about it. It is wrapped up in my bosom, and I will not divulge it." Under the common law the man who helps to conceal a crime is an accomplice or accessory.

I hope the Senator from Kansas, for whom we all have great affection and esteem, will not continue to bring himself within the scope of condemnation by giving aid and comfort to the machinations of the evil-minded and impure motives of Senators who are trying to squelch the truth and overpower, harass, annoy, and intimidate the committee, because the committee is a committee of the Senate, and when it is improperly approached the Senate is improperly approached. When it is assailed by measures of pressure, undue influence, and overawing power, the Senate is being assailed.

I commend these thoughts to the Senator. I hope that after he sleeps over them and consults with himself in his own closet, he will see fit to divulge the improper influences.

Mr. REED. Mr. President, if the Senator from Texas has concluded his speech, I will say that out of his long experience and very great ability he is probably an expert upon some of these things. What has transpired in the committee heretofore is considered as having transpired in executive session; and the Senator from Kansas will not go any further than that.

Mr. CONNALLY. The resolution says that the investigation must be public.

Mr. REED. I have not yielded to the Senator from Texas.

Mr. CONNALLY. I beg the Senator's pardon. I thought he was willing to exchange views.

Mr. REED. Up to this time these matters have been considered in executive session. I am serving notice that executive sessions have closed so far as the Senator from Kansas is concerned.

I now yield the floor to any Senator the Chair desires to recognize.

EXTENSION OF CLASSIFIED CIVIL SERVICE

The Senate resumed consideration of the bill (H. R. 960) extending the classified executive civil service of the United States.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment.

Mr. MEAD. Mr. President, the senior Senator from Nebraska [Mr. NORRIS], who is in the Chamber, suggested to me the exemption of the Tennessee Valley Authority from the provisions of the bill. That suggestion has my approval. I offer an amendment, on page 2, line 9, after the word "in", to add the words "the Tennessee Valley Authority or in the Works Progress Administration."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

Mr. NORRIS. Mr. President, the amendment which I have had printed, and which I expected to offer as soon as I could obtain an opportunity, contains in reality two amendments, both having the same object in view.

Mr. MEAD. I withdraw my amendment if the Senator will now offer his amendment.

Mr. NORRIS. If the Senator is ready, I shall offer the amendment now.

The PRESIDING OFFICER. The Senator from New York withdraws his amendment, and the Senator from Nebraska is recognized.

Mr. NORRIS. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 2, line 9, after the words "this section shall not apply to", it is proposed to insert "offices or positions in the Tennessee Valley Authority or to."

And on page 10, immediately before section 4, line 8, it is proposed to insert the following subdivision of section 3 (d):

(xii) Offices or positions in the Tennessee Valley Authority.

Mr. NORRIS. Mr. President, inasmuch as this amendment will have to go to conference, I think it ought to be explained if the Senate wishes to adopt it. I should like to be heard on the amendment for a reasonable length of time.

The effect of the amendment is to exclude officials and employees of the Tennessee Valley Authority from the operation of the bill. That is all there is to it. Two changes are necessary to bring that about; so, unless it is desired to separate them, I should like to have them considered together as one amendment.

The PRESIDING OFFICER. In the absence of objection, the Chair will put the question on them as one amendment.

Mr. NORRIS. Mr. President, I think I owe it to myself, and perhaps to my colleagues, to explain why I offer the amendment. I do not believe it will be denied by anybody who has been acquainted with my efforts to serve the public in the House and in the Senate that during all that period I have tried in my way to advance civil service in public office. In past years I have introduced many bills and supported everything which I thought would carry out that idea. I offer this amendment because it would exclude an important activity which, in my judgment, has a better civil-service law and better rules under the law than has the United States Government. I appeared before the committee, and I think I convinced all the members of the committee that that is true.

If the Senator from Kentucky [Mr. BARKLEY] wishes to proceed, I should like to be heard on the amendment itself.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. I think there is no opposition to the Senator's amendment. I was hoping that we might conclude consideration of the bill today, so that we may consider bills on the calendar tomorrow.

Mr. NORRIS. I realize that the amendment will have to go to conference, and that there will be discussion among the conferees. If no reason is given for the amendment, the House conferees may feel justified in objecting to it.

Mr. BARKLEY. I will say to the Senator that I am surprised that the House itself did not exempt the T. V. A. Probably it was an oversight. If the House had thought of it, it probably would have exempted the T. V. A.

Mr. NORRIS. Let me say a few words in regard to the amendment.

I offer the amendment because I believe that to the best of my ability, at least, I am as good a friend of the civil service as there is in Congress. In my opinion, one reason why the Federal Government civil-service law and rules have not been as successful as I think they ought to be is because at the head of every department in the Government sits a man who has been appointed because of political reasons. In my opinion, the right kind of civil-service and merit system ought to commence at the top and go to the bottom.

Some time ago I introduced a bill to carry out that idea in the Post Office Department, commencing with the Postmaster General. Of course, I got nowhere with it, for reasons which the Senate probably will understand without my explaining them.

The Tennessee Valley Authority Act provides for three members of the board of directors, who shall have complete control of all the activities of the T. V. A. On page 2 of the original act, in subsection (h), this language is found:

All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act.

Among other provisions in the act is the following:

SEC. 6. In the appointment of officials and the selection of employees for said corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is found by the President of the United States to be guilty of a violation of this section shall be removed from office by the President of the United States, and any appointee of said board who is found by the board to be guilty of a violation of this section shall be removed from office by said board.

Those provisions are in the original act of the T. V. A. It was a new experiment and was very severely criticized by honest men both in Congress and out of it. Some said the policy was foolish, but it has been tried since the beginning

of the act. The Board has had a great deal of trouble because of its enforcement of this law; but experience has shown, in my judgment, that the T. V. A. is as free from politics as is the Holy Bible itself. I talked with a man who is now out of the employ of the T. V. A., but who for a long time was its general manager. He has since resigned and is employed in another position in the Federal Government. He told me that if it had not been for that provision of the act he would have been unable to withstand the political pressure that came upon him daily until it became thoroughly known by everybody that the T. V. A. was one place where no one could be appointed or promoted or demoted on account of political influence.

The T. V. A. officials have been censured by some Members of Congress because, it was said, they leaned backward in the enforcement of the law. Even while this bill has been under consideration Senators have heard the statements of some Members of this body telling how they have not been able to obtain any appointments. I think the T. V. A. has a civil-service standing in the United States far above the standing of the Civil Service Commission; and that is natural, because there is no provision of law that the head of any department of the Government shall profess a belief in a provision which says that nobody shall be appointed or promoted or demoted except alone for merit and efficiency. This is the only place in the Government service to which such a provision applies; and therefore we have one instrumentality here which from top to bottom has a civil service. It has operated beyond my original expectations.

This provision has brought about a condition in which, when officials of various departments of the Federal Government have been looking for somebody to take up a question, say, in the electrical field, somebody who was unbiased and uninfluenced by either those who favored or those who were opposed to some particular proposition, officials of the Federal Government itself have gone to the T. V. A. and asked them to lend the Federal Government this man or that man in some particular place. Sometimes they have asked men to resign from the T. V. A. in order to appoint them to positions in the Federal Government. I have had personal knowledge of that. I have talked with men who have left the T. V. A. on that account. Some of them have refused to leave, even though the position offered had a higher salary than they were paid.

Mr. President, there are other reasons, I think, why this amendment should be adopted, especially now, that will apply until the various scientific things that the T. V. A. is doing in building dams, transmission lines, electric systems, and so forth, are completed. Then the activities of the T. V. A. will be very much diminished, and I would not object then if this amendment no longer applied. While I think it would handicap the T. V. A. to some extent, it would not be a serious objection.

I have gone over the subject with the officials of the T. V. A. They favor the amendment, although, so far as I know, they have not made any effort to influence Congress in regard to it; but I knew how they felt. I knew how the employees felt. I knew, in a general way, what their relationship was to organized labor. The T. V. A. is one place in the Federal Government where, up to this hour, they have never had a strike or a difficulty with labor which was not amicably, agreeably settled. I talked with Mr. William Green on the subject. When he heard about this amendment that I was going to offer he called me on the telephone and said:

> I want you to convey to the Senate the view I am expressing for organized labor, that this amendment ought to be adopted. Although bitter criticism has been offered in various ways, we are perfectly satisfied that the amendment should be adopted. We hope it will go into the law. The T. V. A. has a better civil service than the Federal Government has.

I could go on and give many illustrations; but unless there is some question about the amendment, because of the lateness of the hour and the desire of the Senate to adjourn, I will close now.

Mr. HILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. HILL. Is it not true that it has been really surprising to find how completely the T. V. A. has been able to keep all politics out of its personnel and out of its personal appointments, and has been able to develop this unusually fine system for the appointment and administration of its personnel?

Mr. NORRIS. It is wonderful. It is surprising to me. We knew when we passed the law that nothing like it had ever been done before, so far as I know. Many persons thought it would not work. Some honestly thought it could not work, and that politics could not be kept out of the T. V. A.; but the answer is, they have done it.

Mr. HILL. They have done it, and they have done it 100 percent.

Mr. NORRIS. They have done it 100 percent.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Nebraska [Mr. NORRIS] is agreed to.

The bill is still open to amendment.

Mr. ELLENDER. Mr. President, I send to the desk an amendment, the purpose of which is to fix April 15, 1941, as the date when the act will become effective.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The CHIEF CLERK. It is proposed to add as the final section of the bill, to be appropriately numbered, the following section:

> The provisions of this act shall become effective April 15, 1941.

The amendment was agreed to.

Mr. MEAD. Mr. President, I have several amendments that I have been waiting all day to offer, while accepting amendments from others. I should like to take these amendments to conference. They were presented to our committee and thoroughly discussed before our committee. They are not in the bill. If they are objectionable, of course I am perfectly willing to forget all about them. I should like to have the first one read, so that I may briefly explain it.

Mr. McKELLAR. Mr. President——

Mr. MEAD. I yield to the Senator from Tennessee.

Mr. McKELLAR. I do not object to the amendments, but I do not know whether or not we are to have a yea-and-nay vote on this bill. Therefore, I desire to say that I favor the bill, and shall vote for it. I have been busy with appropriations, and have not had time to take much part in the debate, and do not want my position to be misunderstood.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maine?

Mr. MEAD. I do.

Mr. WHITE. The Senator said the amendments he proposes to offer had been considered by the committee. He does not mean to suggest, does he, that they are presented as committee amendments?

Mr. MEAD. Not at all. These are my own individual amendments. I merely mean that they were amendments which were presented when we were in session as a committee. I want them read, and I will explain them very briefly, but I do not wish to engage in any debate, and I will take an adverse vote if it is necessary.

The PRESIDING OFFICER. The clerk will state the first amendment offered by the Senator from New York.

The CHIEF CLERK. On page 2, line 21, after the words "civil service", it is proposed to insert the following: "or for not less than 6 months immediately prior to the date such incumbent was furloughed from such office or position: *Provided*, That when an incumbent has been reassigned to duty after furlough said 6 months' meritorious service may include such service immediately preceding said furlough." On page 3, line 2, it is proposed to add the following sentence: "As used in this section, the term 'incumbent' includes a person on furlough from active duty."

Mr. MEAD. Mr. President, that means that if an employee, who in all cases is required to have 6 months' seniority before he can be recommended for examination has a year or 2 or 3 years of seniority, but unfortunately within 6

months has a transfer or furlough, if he is working at the time the agency was covered under the civil service, he can use 6 months of his service prior to the time he was furloughed. In other words, he conforms with the rules and regulations; he must have 6 months of active service; he must be in active service, but if his service is broken, he can have 6 months figured on that service.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. MEAD].

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from New York.

The CHIEF CLERK. On page 4, after line 4, it is proposed to insert the following:

(c) Notwithstanding the provisions of sections 1 and 2 of this act, all persons who, at the time of passage of this act, are employed in temporary positions in the Bureau of the Census and who have been appointed from civil-service registers, shall acquire classified civil-service status upon recommendation by the Secretary of Commerce after completion of a satisfactory probational period by such persons, and certification by the Secretary of Commerce to the Civil Service Commission that such persons have served with merit for not less than 6 months: *Provided*, That the period of employment in the Bureau of the Census immediately prior to passage of this act may be credited toward the probational period.

Mr. MEAD. Mr. President, there are employed in the Census Bureau employees who have worked there for 1 or 2 years; some of them over 2 years. Every one of them tried a civil-service examination. Every one of them was taken from a civil-service register. The only thing the amendment would do for them would be that, if and when they are laid off, it would put them on the reemployment register, on which the names of civil-service employees who are furloughed are placed, instead of on the replacement register, on which employees who never tried a civil-service examination are now placed. It gives the Commission permission to place them on the reemployment register instead of the replacement register.

Mr. ADAMS. Mr. President, how many employees would be affected by the amendment?

Mr. MEAD. I really do not know how many temporary employees who have a civil-service status would be covered by it, but it would have nothing whatever to do with their salaries; it would cost the Government nothing. It would merely give these employees, who were taken from civil-service registers, an opportunity to go on the reemployment register instead of the replacement register. I imagine it would cover perhaps 1,500 employees; I am not sure.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. BARKLEY. In other words, the amendment would allow census employees whose employment is necessarily temporary, although they are under the civil service, to be employed in other civil-service positions in the Government by reason of their civil-service status?

Mr. MEAD. Yes. They go on a list from which is taken personnel for other civil-service positions.

Mr. BARKLEY. The difference between the reemployment list and the replacement list is that the reemployment list is made up of those who have a civil-service status, whereas the replacement list is made up of those who do not have a civil-service status?

Mr. MEAD. It is as to P. W. A. and W. P. A., but these are all civil-service employees. They have all taken an examination; they were all appointed from a list, and all we do for them with this amendment is to put them, when they are laid off, on the reemployment list rather than on the replacement list.

Mr. ADAMS. Why should they have different treatment from that accorded temporary employees in other departments?

Mr. MEAD. Because these employees tried the civil-service examination, passed it, and were appointed from civil-service lists, and the others were not.

Mr. ADAMS. Is that not true in other departments?

Mr. MEAD. No; in the other departments, when they are not selected from the civil-service register—in the newer departments they do not have to select them from the civil-service register—when they are furloughed they go on a replacement register and are eligible for work only in non-civil-service positions.

Mr. ADAMS. And these employees are located in the city of Washington largely?

Mr. MEAD. Oh, no; they are from all over the United States. They are taken from civil-service registers which were open to everyone in the United States.

Mr. ADAMS. They were doing the headquarters work in the different census divisions?

Mr. MEAD. No; they were doing work here in the census, in Washington and in Baltimore.

Mr. ADAMS. That is what I was inquiring, as to where they are located.

Mr. MEAD. The Senator is correct, but they come from all over the Union.

Mr. ADAMS. Their place of unemployment is in the District of Columbia, and in the Baltimore office by reason of lack of space here?

Mr. MEAD. That is correct; but as the Census Bureau, which is an old bureau and covered by civil service, requested added personnel, they had to go to the Civil Service Commission for a list of eligibles, and the employees were taken off the list. All we do by the amendment is to give them an opportunity to go on the reemployment register instead of the replacement register.

Mr. ADAMS. It would give them a better status than is given employees in the Senator's office, for instance.

Mr. MEAD. Yes.

Mr. ADAMS. If misfortune should befall a Senator or a Representative, those in the census would have preference over those who had been in the office of the Senator or the Representative?

Mr. MEAD. No; we take care of our clerks, too.

Mr. ADAMS. But not in the same way. We give them only a civil-service status. They have to go through the examination and meet all the requirements, while the census people do not. They are given a preference.

Mr. MEAD. No; the census employees try a wide-open civil-service examination, in competition with everyone.

Mr. ADAMS. I say, the Senator would give them a preference over employees in his office?

Mr. MEAD. No; they had to try a wide-open examination. Our office employees do not.

Mr. ELLENDER. Before these employees were employed they were on a civil-service register?

Mr. MEAD. Yes; and they tried a wide-open competitive examination.

Mr. ELLENDER. What will be their position on the register when they go back?

Mr. MEAD. They go back to the foot of the register. They get no special consideration.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. MEAD].

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from New York.

The CHIEF CLERK. It is proposed to add at the end of the bill the following new section:

SEC. 8. Hereafter the compensation of the Civil Service Commissioners shall be fixed at $10,000 each per annum, and the compensation of the Executive Director and Chief Examiner shall be fixed at $9,500 per annum.

Mr. MEAD. Mr. President, this might sound like a large sum of money, but we pay all Government commissioners and all of the assistant secretaries and deputy attorneys general from $10,000 to $12,000 per annum. Unfortunately, under the Classification Act—and the Civil Service Commission comes under that act—the top salaries the Commissioners may receive is $9,000 a year. But we have doubled their work, we have given them the Retirement Act to administer, and the Classification Act to administer, and now we are giving them a very large added burden.

This amendment would allow us to take to conference a provision which would enable us to set their salary at $10,000, which is the minimum salary provided for deputies in the various departments, the minimum salary provided for all of the commissions, except the Federal Compensation Commission. The maximum salary in the particular grade is $12,000 a year.

I am proposing the amendment so that we may be able to discuss the possibility in conference of giving to the Civil Service Commissioners $10,000 a year. They are getting $9,000 now. We have added greatly to their work, and I really believe they are entitled to a thousand dollars in the way of addition to their compensation in each instance.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. WHITE. These amendments have not been printed, have they?

Mr. MEAD. Oh, yes; they have been available for several days.

Mr. WHITE. Then I am derelict. I had not seen the amendments. I had never heard them discussed. I do not know what is involved in them except as I get a scanty understanding of them from the Senator's explanation.

I, myself, do not like at this late of hour of the day, with this small attendance of the Senate, to have a number of amendments offered and have us asked to take them on faith, with the understanding that they will go to conference; and no one knows what will happen to them in conference.

Mr. MEAD. The Senator will be on the conference.

Mr. WHITE. If this is the last one, I will subside.

Mr. MEAD. It is.

Mr. NEELY. Mr. President, as there apparently will be no roll call on the passage of the bill, I announce for the RECORD that I am for the bill; and if the roll were called, I should vote for it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. MEAD].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still open to amendment. If there be no further amendments, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. AUSTIN. Mr. President, from what I have observed occurring, I believe there is not to be a quorum call or a yea-and-nay vote. Is that the understanding?

Mr. BARKLEY. I hope there will not be a quorum call or a yea-and-nay vote.

Mr. AUSTIN. Mr. President, I have been requested by some Senators who are absent to make an announcement of their position on this bill. Therefore I announce that the following Senators, if present, would vote "yea" on the passage of the bill: The Senators from Oregon [Mr. MCNARY and Mr. HOLMAN], the Senator from Vermont [Mr. GIBSON], the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Minnesota [Mr. SHIPSTEAD], the Senator from Delaware [Mr. TOWNSEND], and I myself would vote "yea."

The folowing Senators would vote "nay" if present: The Senator from Maine [Mr. HALE], and the Senator from Michigan [Mr. VANDENBERG].

The PRESIDING OFFICER. The question is on the final passage of the bill.

Mr. ELLENDER. Mr. President, since it is apparent that there will not be a yea-and-nay vote on the bill, I should like the RECORD to show that if there were a yea-and-nay vote I should vote in the affirmative.

Mr. THOMAS of Idaho. Mr. President, inasmuch as we are not going to have a yea-and-nay vote, I should like to have the RECORD show that I would vote "yea" on the bill.

Mr. BARKLEY. I desire to announce that I am for the bill also.

The PRESIDING OFFICER. We might as well have a yea-and-nay vote.

Mr. NORRIS. Yes; we might as well have a yea-and-nay vote.

Mr. MEAD. There are too many Senators absent for that.

Mr. BARBOUR. Inasmuch as a number of Senators' positions have been announced, I wish to announce also that I favor the bill, and if a yea-and-nay vote were had I should vote "yea."

Mr. JOHNSON of California. Mr. President, if there were a yea-and-nay vote, I also would vote "yea."

Mr. ADAMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ADAMS. Is the fact that certain Senators have announced that they are going to vote for the bill an implication that everyone who does not rise and make his vote known must be counted in opposition to the bill?

The PRESIDING OFFICER. In answer to the parliamentary inquiry made by the Senator from Colorado, the Chair will say that there is no such implication, but the Chair is of the opinion that the majority of Senators present have already indicated that they would vote "yea."

Mr. O'MAHONEY. Mr. President, I simply rise to question the assertion the Chair has just made.

The PRESIDING OFFICER. It was not an assertion.

Mr. O'MAHONEY. Only a comparatively few Members now present have asserted their position on the bill. I should like to have the RECORD show that I am present, that a yea-and-nay vote has not been called for, and that if a vote were had, I should vote in the affirmative. As I look about me, I find there are a number of Senators present, far more than those who have asked to have their positions recorded, who doubtless would respond in the affirmative also if they felt that they wanted to prolong the session.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. WHITE. Does the Senator note the presence of the junior Senator from Maine, and is he interested to know that the Senator from Maine is in favor of the bill?

Mr. O'MAHONEY. Knowing the Senator from Maine as I do, I am satisfied that that would be his position.

Mr. BARKLEY. I suggest that all Senators should be presumed to be in favor of the bill unless they announce to the contrary.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (H. R. 960) was passed.

Mr. BARKLEY. I think the Chair ought to announce that there was no vote in opposition.

The PRESIDING OFFICER. There are no votes in opposition.

Mr. GURNEY. I wish to be recorded as voting "nay."

The PRESIDING OFFICER. The Senator from South Dakota announces that he voted "nay."

Mr. MEAD. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MEAD, Mr. BULOW, Mr. GEORGE, Mr. WHITE, and Mr. FRAZIER conferees on the part of the Senate.

Mr. HILL. Mr. President, I announce that my colleague, the senior Senator from Alabama [Mr. BANKHEAD], is absent in Alabama on important public business. If he were present, he would have voted in favor of the civil-service bill.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2524) to

incorporate The Military Order of the Purple Heart, and it was signed by the President pro tempore.

ORDER FOR CONSIDERATION OF UNOBJECTED-TO BILLS ON THE CALENDAR

Mr. BARKLEY. I ask unanimous consent that when the Senate meets tomorrow it proceed to the consideration of bills on the calendar to which there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARKLEY. I wish to state also in that connection that, under the assumption that we shall finish the call of the calendar tomorrow, it will be my purpose then to move a recess until Monday, so that we will not have a Saturday session.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Edward Millard Bryan, of Idaho, to be United States marshal for the district of Idaho, vice George A. Meffan, deceased.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the following nominations:

Bernard J. Flynn, of Maryland, to be United States attorney for the district of Maryland; and

August Klecka, of Maryland, to be United States marshal for the district of Maryland.

Mr. HATCH, from the Committee on the Judiciary, reported favorably the following nominations:

Bower Broaddus, of Oklahoma, to be district judge for the eastern, northern, and western districts of Oklahoma, vice Alfred P. Murrah (elevated to the Circuit Court of Appeals for the Tenth Circuit); and

Royce H. Savage, of Oklahoma, to be district judge for the northern district of Oklahoma, vice Franklin E. Kennamer, retired.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters.

The PRESIDING OFFICER (Mr. HATCH in the chair). If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters be confirmed en bloc, except that of Anna M. Brewster to be postmaster at East Islip, N. Y.

The PRESIDING OFFICER. Without objection, with the exception of the nomination mentioned by the Senator from Tennessee, which will be passed over, the remaining nominations of postmasters on the calendar are confirmed en bloc.

That completes the calendar.

RETURN OF THREE CONVENTIONS TO THE SECRETARY OF STATE

Mr. BARKLEY. Mr. President, I ask that the following request of the Senator from Nevada [Mr. PITTMAN] in regard to a number of conventions on the Executive Calendar be read from the desk and that the request made by the Senator from Nevada be agreed to.

The PRESIDING OFFICER. The unanimous-consent request will be read.

The legislative clerk read as follows:

The Committee on Foreign Relations at its meeting on September 24, 1940, authorized and directed its chairman to recommend that the Senate return three conventions to the Secretary of State, without the advice and consent of the Senate to their ratification, in view of the political changes effected through military operations in Europe since these conventions were signed. Two of these conventions, Executive A, Seventy-sixth Congress, third session, and Executive I, Seventy-sixth Congress, third session, were previously approved by the Committee on Foreign Relations and are now on the Executive Calendar of the Senate. The other convention, Executive H, Seventy-sixth Congress, third session, has not been considered by the committee. These conventions are as follows:

Executive A, Seventy-sixth Congress, third session, a convention between the United States of America and France, signed at Paris on July 25, 1939, for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance in the case of income and other taxes, and a protocol signed on the same day which is made an integral part thereof.

Executive H, Seventy-sixth Congress, third session, a convention between the United States of America and Norway, signed at Washington on March 28, 1940, providing for the disposition of a claim of the Government of Norway against the Government of the United States on behalf of Christoffer Hannevig, a Norwegian subject, and a claim of the Government of the United States against the Government of Norway on behalf of the late George R. Jones, an American citizen.

Executive I, Seventy-sixth Congress, third session, a convention between the United States of America and Lithuania defining the duties, rights, privileges, exemptions, and immunities of consular officers of each country in the territory of the other country, which was signed at Washington, May 10, 1940.

I ask unanimous consent that these conventions be returned to the Secretary of State as above set forth.

The PRESIDING OFFICER. Is there objection?

Mr. AUSTIN. Mr. President, I wish to ask whether any of these conventions are on the Executive Calendar?

Mr. BARKLEY. I think the first one is on the calendar.

The PRESIDING OFFICER. The parliamentarian advises the Chair that two of the conventions are on the Executive Calendar.

Mr. AUSTIN. The other is not?

Mr. BARKLEY. The other is not. The committee yesterday unanimously authorized the proposed action because of the situation which makes the treaties inappropriate now.

Mr. AUSTIN. I have no objection.

The PRESIDING OFFICER. Without objection, the request made by the Senator from Nevada is agreed to.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 10 minutes p. m.) the Senate took a recess until tomorrow, Friday, September 27, 1940, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 26 (legislative day of September 18), 1940

POSTMASTERS

NEW YORK

Jay Stafford, Red Creek.
Ward Kilpatrick, Windsor.

VIRGINIA

Wallace J. Dyar, Skyland.

WASHINGTON

Carl S. Halverson, Bremerton.

HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 26, 1940

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Father in heaven, give us today the joy of happy hearts moving in the right direction. Create in us the splendor that dawns when we are brotherly, kind, and benevolent and know not station, race, nor creed. Deepen our spirits to receive Thy grace and make us eager to hear the voice in which duty compels and our country commands us. Inspire us to understand more of our own selves with their possible enrichments of aspirations, heroisms, and dreams. Building a very definite altar in our breasts, may we be rich in godliness lest we be the stricken children of time, whirled hither and thither by the merciless winds of fate and chance. Gracious Lord, we praise Thee for Thy wisdom and patience, for Thy

power and love; yea, more than these for Him who is the bread, the water, and the light of life. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 10295. An act to amend the act of June 23, 1938 (52 Stat. 944); and

H. R. 10405. An act to provide for adjusting the compensation of persons employed as masters-at-arms and guards at navy yards and stations, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9722. An act to provide for the regulation of the business of fire, marine, and casualty insurance, and for other purposes.

The message also announced that the President pro tempore had appointed Mr. BARKLEY and Mr. TOBEY members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of executive papers in the following departments and agencies:

1. Department of Agriculture.
2. Department of Commerce.
3. Department of Labor.
4. Department of State.
5. Department of the Treasury.
6. Department of War.
7. Federal Trade Commission.
8. Work Projects Administration.

ELECTION OF MAJORITY LEADER, HON. JOHN W. M'CORMACK

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. PARSONS]?

There was no objection.

Mr. PARSONS. Mr. Speaker, by direction of the Democratic caucus, I officially announce to the House the election as majority leader of the Honorable JOHN W. MCCORMACK, of Massachusetts. [Applause, the Members rising.]

EXTENSION OF REMARKS

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to extend in the RECORD my own remarks concerning the accomplishments and achievements of the Honorable James A. Farley, and to insert therein several magazine articles.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. GAVAGAN]?

There was no objection.

Mr. REED of New York asked and was given permission to extend his own remarks in the RECORD.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a speech delivered by the late Champ Clark, of Missouri.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. GUYER]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. PATRICK]?

There was no objection.

Mr. PATRICK. Mr. Speaker, yesterday the gentleman from Ohio [Mr. BENDER] was so kind as to courteously salute me as I went to the pressroom. May I say for the benefit of the House that this esteemed gentleman is rather coy and retiring and I think the House should have the benefit of recognized genius, such as the gentleman recognizes in himself. I want to say that the gentleman has written a book. It shows how easily one can wrong a colleague. I thought probably he had help in writing the book, but I read the book and am now convinced that he did not have any help.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a portion of a report made to the mayor of the city of New York on industrial mobilization in connection with New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MARTIN J. KENNEDY]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. RICH. Mr. Speaker, we want to be careful that we do not get into war. I read from an editorial:

> Another sharp statement registering Secretary of State Hull's disapproval of Japan makes United States-Japanese relations a little worse than before. This time Mr. Hull, who, of course, is the Roosevelt administration's official mouthpiece in affairs like this, objects to Japan's grab at French Indochina.
>
> What moral objection there can be to the grab escapes us. France grabbed Indochina in 1863, after 30 years of off-and-on warfare between the natives and French missionaries backed by French soldiers. France is now three-fifths occupied by the Germans, and the Government of the other two-fifths of France has consented to the Japanese Indochina grab.
>
> Yet Mr. Hull complains that the Far East's "status quo is being upset. * * * Under duress." What business is that of ours? What duty have we to preserve the status quo in the Far East?

Mr. Speaker, if we do not watch out we will be at war with somebody that we do not want to be at war with in Asia or in Europe. Anyone wanting a fight can get it if he does not keep his nose out of the other fellow's business. I say to America and American citizens, if you do not watch out your President and elected officials will get us into actual war. Nothing worse can happen to America at this time. Write the President to keep his fingers and nose out of other people's business, especially in Asia and Europe.

[Here the gavel fell.]

THIRD SUPPLEMENTAL NATIONAL-DEFENSE APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia, from the Committee on Appropriations, reported the bill (H. R. 10572) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes (Rept. No. 2982), which was read a first and second time, and with the accompanying report, referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

PERMISSION TO ADDRESS THE HOUSE

Mr. GROSS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvanuia [Mr. GROSS]?

There was no objection.

Mr. GROSS. Mr. Speaker, we have labored long and hard here and we are all entitled to a day off. While we cannot afford to recess and go home, we can take a day off and drive over here about 100 miles into York County, Pa., next week to the county fair.

There you will see fine farms, fine farm products, the best livestock in America and the finest fruit that grows. It is a great country and it is going to be a great fair. That county fair is better and bigger than most of the State fairs and on next Thursday there will be 130,000 or 150,000 people there. I want to invite the entire membership of the House over there next week and we will show you just what we Pennsylvania Dutch people do when we make up our minds. At the head of that association is our Lieutenant Governor, Samuel

S. Lewis, who is widely known throughout the country. Under his leadership that fair has been developed. He is, by the way, a Republican. It was on this fair ground where 30 years ago President Theodore Roosevelt said, "I am proud of your fair, of your big barns, and happy to know that every fall you have them full." No one thought at that time that 30 years later another Roosevelt would come along with a communistic Secretary of Agriculture like Wallace and tell us that we dare not fill these barns. But we fill them regardless.

EXTENSION OF REMARKS

Mr. PIERCE asked and was given permission to revise and extend his own remarks in the Appendix of the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[Mr. BUCKLER of Minnesota addressed the House. His remarks appear in the Appendix of the RECORD.]

EXTENSION OF REMARKS

Mr. TABER. Mr. Speaker, on August 24 the gentleman from Georgia placed in the RECORD a list of naval construction. I ask unanimous consent to place in the RECORD a statement of construction by the Army that appears on page 66 of the hearings on the supplemental defense bill, with reference to Army construction, similar to the one that was placed in the RECORD with reference to the naval construction.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent that in connection with the remarks I expect to make on the appropriation bill to be considered today I may include certain excerpts from a statement by General Herr, Chief of Cavalry, made to the appropriations subcommittee for the War Department.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. ANGELL. Mr. Speaker, I ask unanimous consent that today, following the legislative program of the day and after any other special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

EXTENSION OF REMARKS

Mr. BENDER asked and was given permission to extend his own remarks in the RECORD.

OUR NATIONAL DEFENSE ADVISERS

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, I sincerely appreciate the advertising that my distinguished colleague, the gentleman from Alabama, gave my new book, The Challenge of 1940, published by G. P. Putnam Sons, of New York. You can buy it at the leading newsstands. Again, I thank the gentleman for so kindly mentioning my book in his 1-minute speech.

Let me speak now about our national defense advisers.

Everywhere throughout the country men and women who pride themselves on their willingness to see both sides of the question express their admiration of the personnel of our National Defense Advisory Commission. The quiet manner in which it has gone to work, the many evidences of its willingness to devote itself conscientiously to the problems before it, the untold hours of labor which members of the Commission are voluntarily expending, all these things have given the Commission a great opportunity to win public favor and to perform an historically important job.

Yet despite the efforts of Knudsen, Stettinius, and Hillman, the basic problem has gone unsolved. The President of the United States has seen fit to retain within himself the complete control of the Commission. Repeated requests that a chairman be appointed, voiced by citizens no less public spirited than the President himself, have fallen upon deaf ears. Yet every man and woman who belongs to any organization knows that every organization must have a directing force to push its work. Without a chairman, without a coordinator, men work at cross purposes. They turn in performances of notable value, individually, and yet they may snarl the entire procedure.

Our Advisory Commission stands in grave danger of precisely this trouble. There is no reason whatever why a chairman should not be appointed who would in turn be directly accountable to the President for the activities of the group.

It is simply one additional illustration of the desire of the President to retain within his own hands the complete direction of every one of the multiple activities which he seeks to control.

One-man government is not a remote consideration when the defense of the Nation is so handled. There is serious danger that this one-man government is already here. We cannot risk this kind of danger. [Applause.]

SPECIAL COMMITTEE TO INVESTIGATE UN-AMERICAN ACTIVITIES

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 616

Resolved, That the expenses of conducting the investigation authorized by House Resolution 282 of the Seventy-fifth Congress and continued under House Resolution 26, Seventy-sixth Congress, and House Resolution 321, Seventy-sixth Congress, third session, incurred by the special committee appointed to investigate un-American propaganda in the United States and related questions, acting as a whole or by subcommittee, not to exceed $35,000 in addition to sums heretofore made available, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on Accounts, and the amount herein appropriated is to cover all expenditures of said committee of every nature in the final completion of its investigation and filing its report not later than January 3, 1941.

SEC. 2. That the official committee reporters may be used at all hearings held in the District of Columbia if not otherwise officially engaged.

SEC. 3. The head of each executive department is hereby requested to detail to said special committee such number of legal and expert assistants and investigators as said committee may from time to time deem necessary.

Mr. COCHRAN. Mr. Speaker, this resolution was introduced in the absence of the chairman by the gentleman from Alabama [Mr. STARNES], a member of the Special Committee to Investigate Un-American Activities. This committee will be in existence for the remainder of this Congress. Its funds now available will soon be exhausted. The amount provided in this resolution will enable the committee to carry on the same as they have carried on for the last 4 or 5 months, and then have a small surplus over that amount. The Congress created the committee, and this is the fourth appropriation we have made.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Pennsylvania.

Mr. RICH. How much have we appropriated for this committee?

Mr. COCHRAN. The original appropriation was $25,000, in the Seventy-fifth Congress. There was later a $100,000 appropriation, and then there was a $75,000 appropriation, $200,000 in all. This amount will bring it to $235,000, and is the largest amount that has ever been given to an investigating committee of this House in the 14 years I have been a member of the Committee on Accounts.

Mr. RICH. I believe that even though we spend $200,000, if the result has been to bring to light un-American activities and people have been forced to discontinue such activities, it is the cheapest money we have ever spent.

Mr. COCHRAN. I think everyone will agree with that statement.

Mr. DICKSTEIN. Mr. Speaker, I wonder if the gentleman will yield me some time.

Mr. COCHRAN. The committee has unanimously agreed on the resolution, and the Chair has asked me to expedite the matter, as there is an important appropriation to be considered. I am willing to answer any question the gentleman wants to ask.

Mr. DICKSTEIN. I may have a number of questions to ask, and I do not want to burden the gentleman with all these questions.

Mr. COCHRAN. The Chair recognized me in the belief that the matter could be expedited. I shall have to move the previous question at the earliest possible moment. If the gentleman wants to ask a question, I am willing to answer it.

Mr. DICKSTEIN. What evidence has the committee presented of how it has disposed of the other moneys, and why does the committee need this $35,000 for the remaining 3 months of this Congress?

Mr. COCHRAN. That is all a matter of record. The vouchers have been filed, duly signed by the chairman. The committee is functioning and will have little left of the present appropriation after the first of the month.

Mr. DICKSTEIN. What evidence has been before the Committee on Accounts to justify making available another $35,000?

Mr. COCHRAN. The gentleman knows that the Accounts Committee is an agent of the House. The Accounts Committee did not create this special committee. When the House creates a committee it is the duty of the Accounts Committee to provide money for its operation. A proper showing was made by the gentleman from Alabama [Mr. STARNES], and based on that showing, your committee unanimously voted the additional amount, $35,000.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from California.

Mr. KRAMER. When this resolution came before the committee some 2 weeks ago, at the request of the chairman of the committee, the gentleman from Texas [Mr. DIES], he asked for $25,000. At that meeting, after hearing the comments, I moved to increase the amount to $50,000. My reason for such a move was that the gentleman from Texas had been in Los Angeles and San Francisco and had made statements to the press that unless he received an additional appropriation of $100,000 he could not carry on the work he had carved out to do. Subsequent to that time, I understand, he said that he could get along with $35,000. I understand from the gentleman from Alabama [Mr. STARNES] that that is all the money the committee will need to carry on the work which has been set out by the committee to do, so that if there is any further work to be done in California or anywhere else it will be taken care of out of this appropriation. May I ask the gentleman from Alabama if that is correct?

Mr. STARNES of Alabama. Mr. Speaker, will the gentlemen yield?

Mr. COCHRAN. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. Insofar as we can foresee, that is correct. Thirty-five thousand dollars is probably the amount we can expeditiously and judiciously spend between now and the 1st of January.

Mr. KRAMER. In other words, I want the committee and the House to know that it is through no fault of this committee or mine that he is being hindered from carrying on the investigation.

Mr. RABAUT. If the gentleman will yield, I want to say to the gentleman that I am surprised at his statement, because 2 years ago, when the chairman of the committee, Mr. DIES, came in and got additional money, he came up to Detroit shortly after that and all he did was to smear the Democratic candidate, Frank Murphy, who was seeking reelection as Governor.

Mr. KRAMER. I do not know what he did in Michigan, but he said he had to have this money to complete the investigation, and I do not want to be recognized as one who wants to stop the work now.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN. I yield.

Mr. MICHENER. As a matter of fact, if this resolution does not pass, the work of the Dies committee will have to cease. Is not that correct?

Mr. COCHRAN. That is correct. The life of the committee runs until January 1 and this amount will enable them to continue their activities.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

HOUSING FOR SELECTIVE SERVICE TRAINEES

Mr. TABER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, on Saturday, September 14, the President transmitted to Congress estimates for providing housing for selective-service trainees.

Under the terms of the Selective Training and Service Act no person may be inducted for training and service until shelter, water, heating and lighting, hospitalization, and so forth, shall have been adequately and appropriately provided. The urgency of the provision of such facilities, therefore, is plainly manifest.

Our late Speaker died early on the morning of September 15. Business on September 16, 17, and 18 was suspended on account of his funeral.

At 10 o'clock on Thursday morning, September 19, the House Committee on Appropriations met to consider the President's estimates, submitted on Saturday, September 14.

General Marshall at that meeting was asked if the urgency of the housing matter warranted separate action and he told the committee that every day counted. He said the expediting of the availability of funds for shelter was of tremendous importance to the War Department.

Accordingly the committee drafted and presented to the House when it met on Thursday a resolution appropriating the money for the housing and accessory construction and facilities. The resolution was passed promptly, and on the following day, September 20, the resolution was passed by the Senate without change and sent to the White House for the President's approval. The resolution was written in the language and in the amount of his estimate, so, therefore, there was no excuse for delay in approval.

My information is that the resolution received the President's approval Tuesday the 24th. The resolution passed Friday and was immediately sent to the President and the resolution was not approved until Tuesday, although General Marshall stated that every day counted.

I want the responsibility for the delay to be placed where it properly belongs.

EXTENSION OF REMARKS

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert a resolution of the Polish Veterans.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FILING OF CONFERENCE REPORT ON TAX BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight Saturday night to file a conference report on the tax bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXTENSION OF REMARKS

Mr. MURDOCK of Utah asked and was given permission to revise and extend his own remarks in the RECORD.

Mr. STARNES of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address delivered by Hon. Donald Comer, consultant to Hon. Chester C. Davis, member of the National Defense Advisory Board, delivered before the Agricultural Committee of the United States Chamber of Commerce in session at Washington, on September 26, 1940, on the subject of Decentralization of Defense Industries.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. SCHWERT asked and was given permission to revise and extend his own remarks in the RECORD.

THE POLICY OF THE STATE DEPARTMENT

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I wish to remind the House of the extremely untenable position of the State Department regarding the Far East. Their position passeth all understanding. We have had neutrality legislation on our books. It was never enforced when clearly Japan was at war with China, and this administration has steadily shipped arms, munitions, and commodities of war to Japan with which to hurt China, and, today, the administration decides it will help China. It is an extremely vacillating and untenable and a very dangerous policy that is being pursued by the Department of State. It is just as much an undeclared war as it was a number of years ago.

THIRD SUPPLEMENTAL NATIONAL DEFENSE APPROPRIATION BILL, 1941

Mr. WOODRUM of Virginia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10572) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes; and, pending that, I ask unanimous consent that general debate continue not to exceed 2 hours, the time to be equally divided between the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10572, the third supplemental national defense appropriation bill, 1941, with Mr. GAVAGAN in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 15 minutes. The estimates considered in connection with the bill under consideration amount to $1,325,452,074, apart from contractual authority of $158,500,000, and a reappropriation of $17,790,292.

As submitted by the committee, the bill carries appropriations, reappropriations, and contractual authority in those amounts with the exception of $13,958,438 subtracted at the instance of the Bureau of the Budget because of funds improperly included in the estimates for pay of Army, Marine Corps, and National Guard enlisted personnel.

Of the total amount proposed, the Army's portion is $1,250,792,636, and 85 percent of that amount is before us by reason of the act recently passed providing for calling the National the Officers' Reserve Corps into active military service, and of the Selective Service and Training Act of 1940, passed just a Guard, retired officers of the Regular Army, and officers of short time back.

In consequence of such legislation, it is the plan of the War Department to bring into the service during the remainder of the current fiscal year a total of 1,024,441 men, such number being in addition to the force of 375,000 Regulars heretofore appropriated for.

The division of such augmentation between National Guard men and selective trainees will depend upon, first, the result of the effort being made to recruit the National Guard to peace strength—328,451; second, the result of the effort being made to recruit to full strength the appropriated-for force of Regulars—375,000; and third, the extent to which volunteers may be inducted into the service after the selection procedure shall have become operative.

Under the terms of the bill the number of selective trainees cannot exceed 800,000.

The officers for the expanded force will come very largely from the Officers' Reserve Corps. The estimates contemplate that from time to time during the remainder of the current fiscal year a total of 42,262 officers of such component will be called to active duty.

The whole amount in the accompanying bill by reason of personnel expansion is $1,062,976,496. The major expense items will be found enumerated on page 4 of the committee's report.

In addition to the personnel expansion provided for under the laws I have mentioned, we include under the Army head $36,444,640 for increasing from 7,000 to 12,000 the Army's pilot-training program, that sum applying to pay, travel, organizational, individual, and instructional equipment, tuition at flying schools, acceleration of technical training, and motor vehicles.

Another large item under the Army subdivision of the bill pertains to the expedition of aviation production. We include $150,000,000 of appropriation and $150,000,000 of contractual authority for expediting airplane production. Sixty million dollars of the appropriation and $60,000,000 of the contractual authority is carried under the Air Corps head. Such portion is for accelerating deliveries, including raw materials, and for the added cost incident to overtime and increased shifts. The $180,000,000 of appropriation and contractual authority separately carried under the head of "Expediting production" is to meet the cost of additional production facilities, to be expended upon the recommendation of the Advisory Commission to the Council of National Defense, with the approval of the President. The entire amount has been urged upon the committee as being essential to the rapid production of planes heretofore appropriated for and, it follows, of potential programs of the same or greater magnitude.

The remaining principal proposal touching the Army has to do with the operation and maintenance of the selective-service system; that is, with administering the Selective Service and Training Act. For that purpose we recommend the Budget estimate of $24,825,108. You will find the details on pages 5 and 6 of our report.

The appropriations for the comparable World War activity aggregated $54,896,903. Total expenditures, taking into account items of expense separately financed, ran well in excess of that sum; for example, the pay of a very considerable number of soldiers who were used in assignments it is now contemplated to fill with civilians; travel of draftees, which it is now contemplated to charge to the selective-training system, and certain expenses for printing. Furthermore, it is the understanding of the committee that the States bore a considerable portion of the expense under the former draft law, which it is now contemplated will be borne by the Government.

The records of the former experience were carefully studied in shaping the estimates and an examination of the supporting data presented to the committee, wherein comparisons

are drawn, would seem to justify an appropriation in the amount requested and recommended.

Under the Navy title of the bill you will find a considerably smaller supplemental appropriation. The total, including $8,500,000 of contractual authority, is $69,201,000. That amount principally falls under three heads. Under Ordnance, $9,000,000 is provided for additional facilities for the manufacture of antiaircraft guns, and $27,000,000 is provided for keeping aviation ordnance in step with the Navy's airplane procurement program.

Under the Bureau of Aeronautics we provide an additional amount of $15,000,000 for expansion of the aircraft-manufacturing industry. There has been appropriated previously under the Navy for this purpose $45,000,000. This program is under the direction of the Advisory Commission to the Council of National Defense, which has just completed a resurvey of production facilities, and has found further expansion essential to an early productive capacity of 36,000 airplanes per year. The additional amount represents the Navy's share. There is included in the War Department title of the bill, as I previously have stated, $180,000,000, one-half being by way of contractual authority, for like employment.

Lastly, under Public Works, we include $6,500,000 to enable the Navy to build a large graving drydock in the New York area, sufficiently large to accommodate any naval vessel built, building, or at this time projected, and also toward the acquisition of a supply depot at Bayonne, N. J., represented to be badly needed because of congestion of present facilities in that area. Contractual authority on account of these two projects is $8,500,000.

So much for the bill. I should like now to give you a summation of the things that are being accomplished with the defense funds we have made available for the present fiscal year.

Assuming the instant bill becomes law carrying the appropriations and contractual authority recommended by the committee, the Congress will have made available to the Army and Navy for the fiscal year 1941 a total of $8,334,700,507 by way of immediate appropriation, and $3,802,132,009 by way of contractual authority. The grand total would be $12,136,832,516.

That sum excludes commitments sanctioned for constructing approximately 349 naval ships, excluding a number of small patrol craft, the total estimated cost of which, exclusive of the added expense attendant upon emergency construction, has been represented to be $4,734,051,880. Less than $148,000,000 of that amount has been appropriated directly for initiating this program.

The principal purposes to be served by all of this money that Congress has voted are as follows:

PERSONNEL

Raise enlisted strength of Regular Army from 227,000 to 375,000. Those numbers include the Philippine Scouts.

Raise strength of National Guard (officers and men) from 210,000 to 346,130, and employ on active military service.

Induction and training of a minimum of 695,990 selective trainees.

Increase Army Reserve officers on extended active duty from 3,555 to 55,592.

Raise enlisted strength of the Navy from 145,000 to 170,000, including 10,000 naval reservists to volunteer for active duty.

Increase Naval Reserve officers on extended active duty from 853 to 3,269, plus 5,000 Reserve midshipmen.

Increase Naval Reserve men on extended active duty from 436 to 628, plus 5,351 additional reservists in training as student pilots.

Raise enlisted strength of Marine Corps from 25,000 to 34,000.

Increase Marine Corps Reserve officers on extended active duty from 214 to 252.

House, clothe, subsist, pay, and train these expanded forces, including augmented training for forces in existence prior to expansion.

Increase pilot training and develop enlisted airplane mechanics.

MATÉRIEL

Provide for completely equipping with essential items (items normally produced commercially) the protective mobilization plan force (1,400,000 men) and to maintain that force on a combat status.

Provide all reserve stocks of the critical items of supplies (semiautomatic rifles, antitank guns, tanks, light and heavy artillery, ammunition, gas masks, etc.) needed to equip a ground force of 2,000,000 men.

Provide the Army with a force of 25,000 and the Navy with a force of 10,000 serviceable airplanes.

Begin the construction of 292 combatant naval vessels and 57 auxiliary ships.

Recondition decommissioned naval vessels and acquire and convert auxiliary ships.

Provide additional production facilities, including new plants and extension of existing plants for accelerating immediate programs and to supply potential continued and augmented demands.

Establish and develop new Army and Navy air bases and stations.

Provide for many and varied collateral expenses in connection with all of the foregoing, not heretofore mentioned, including aviation facilities and storage.

The President, in his selective-service proclamation of September 16, 1940, stated that—

> We must and will marshal our great potential strength to fend off war from our shores. We must and will prevent our land from becoming a victim of aggression.

That statement well summarizes the object of the vast outlays going into the purposes just enumerated. So far as the committee is advised, the measure now under consideration, in conjunction with those which have gone before, goes as far in the marshaling process as is considered feasible and practicable at this time by our military and naval leadership.

Mr. Chairman, as far as we know, the passage of this bill will complete the appropriations at this session of Congress and will complete providing funds for the defense program up to date. If this bill becomes law substantially in its present form, as I have previously stated, we will have appropriated for the defense program $12,136,832,516. These funds are appropriated for the purpose of providing total hemispheric defense. If we get value for our money and if we get hemispheric defense, the Government will have secured a great bargain.

We might as well face realities. Further large appropriations are going to be required if we continue the policy of providing for an army of 1,400,000, a two-ocean navy, and all of the other complements that go with that sort of a defense program, together with the bases for aviation and for the Navy. I believe that certainly an overwhelming majority of the Members of the House feel that a total defense program which will give America an impregnable military defense is necessary. [Applause.] I believe the American people concur in that thought. I feel that the legislative branch of the Government has cooperated with the President in making available the necessary legislation and the necessary funds to carry out that sort of program.

The gentleman from Ohio [Mr. BENDER] just a few moments ago undertook, I am afraid, in commenting upon the fact that there had been no director of national defense appointed, to draw some political implications from the defense activities, which is most unfortunate. That is a strange insistence to be coming from the minority side of the House, which has so frequently inveighed against dictatorship and expressed itself as being favorable to democratic processes. If the President should tomorrow name Bill Jones or Sam Smith or anybody else administrator of defense and give him sweeping authority over this defense program, I can imagine that the gentleman from Ohio, among others in this body, would make the welkin ring in reminding us of the fact that their dread threats of dictatorship were coming to pass.

There is not one scintilla of evidence or one possible ground to make a statement that the Advisory Commission on Defense is under the control of anybody. Mr. Knudsen has

never made any such statement. Mr. Stettinius has never made any such statement. On the contrary, repeatedly before the Appropriations Committee of the House they have said in response to direct questions by myself that they had been given absolutely a free hand in the operations and in the tasks given to them to undertake to mobilize industry and to prepare for the Army and Navy the materials they needed in this program.

I believe the Congress and the administration have provided in a conscientious and in a sincere way for the defense of America. Aside from little sporadic outbursts here and there of some overzealous partisan who would undertake to drag politics into it, and those instances are rather rare, the effort has been a nonpartisan effort. I do not recall of a single instance where any gentleman on the Republican side, either in the committee or in the House, has undertaken to cut any of these defense estimates or even to increase them. I am not speaking of the other ordinary expenses of government, but of the defense estimates.

I want to say for the gentleman from New York [Mr. TABER] and other minority members upon the appropriations deficiency committee, which has handled most of these defense items, that they have cooperated in a splendid, patriotic manner. We have endeavored to inquire as minutely as possible into the justification for these items, and we have given to the Congress and to the country the best estimates that could be given of a gigantic program of this kind in advance.

Now, this should be said: Providing for this defense program is entirely different from the ordinary routine process of providing for the regularly established operating Government departments. Our subcommittees can take the Post Office Department or the Interior Department or any other department and, because of the experience we have had year after year in providing for their wants, we can examine their estimates, and we can form a pretty clear idea of whether they are excessive, whether they are unduly expanded, whether they are wise expenditures. Not so with this defense program. Here we are dealing almost with an unknown quantity. To me it has been most satisfactory and rather amazing that the Army and the Navy have been able to come before our committee with as much minute detail and with as many definite and specific estimates as they have been able to present. I am confident that when we have had experience in this defense program we will find many points where perhaps we have been too liberal. There undoubtedly will be other points where insufficient funds have been provided. But we have brought here the very best estimates as the result of the very best consideration that could be given these matters in advance of their operation.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Yes; I yield.

Mr. MAY. I am sure the gentleman will be glad to know that the House Military Affairs Committee, conscious of its responsibility, has today heard General Marshall for more than an hour and a half on the question of personnel set-up of the Army under this program, and I am quite sure that every member of that committee, including the minority members, were extremely satisfied with the explanation that he made of how the thing is being done. Tomorrow we will hear from Admiral Stark on the subject of the procurement features of it. What we are trying to do is to be sure that the thing is being done right. And I want to say now that General Marshall convinced that committee this morning that he is a great general to be in charge of the whole thing and is doing a good job.

Mr. WOODRUM of Virginia. I am very glad to have that statement from the gentleman from Kentucky. I agree with the gentleman that General Marshall, as Chief of Staff, and Admiral Stark, as Chief of Naval Operations, are two splendidly qualified men to handle the program. I do not know where you could find in the service two more splendidly qualified men to handle these important duties. [Applause.]

That brings me to this point.

In providing for this defense program Congress has done its part, but its duties have not ceased. A tremendous duty is going to continue upon the legislative branch by what is going to follow these expenditures and follow these programs. The responsibility rests upon the two subcommittees of the House Appropriations Committee, those for the War Department and the Navy Department, when they come to consider their annual bills, to take these tremendous sums that have been provided and see to it that we get the things we have bargained for.

Let me say this by way of general observation on the subject of defense: Any defense program for America that rests itself entirely upon military preparedness and contents itself in feeling that we have preserved democracy by providing an army and a navy, will awaken one day sadly to realize that we have overlooked perhaps the front-line trenches, and that is the economic feature involved. [Applause.]

I am not worried today about the military defense of the Western Hemisphere. Almighty God in His providence has given us time to provide that and we shall have time to provide that, but I am looking forward a little bit today—and I challenge the membership of this House to look a little bit ahead—to the day when the war clouds begin to roll muttering away, when the nations of the earth bled white and tired, and weary of fighting—when most of the young men have all been buried beneath the sod and only old men and old women, very largely, have been left all over the Continent of Europe, when fields are no longer ripe with harvest but crusted with the dried blood of men whose lives have been sacrificed to the god of war, the day when men lay down their guns by the millions and millions and turn wearily back to the sad tortuous process of taking up and undertaking to rehabilitate the economic life of the world. What sort of world are we going to be living in? Where is America going to be in that day? Perhaps we shall come to think then again as we did after the World War that we should demobilize some of our defense forces. Undoubtedly, having made as many fighting planes as we shall need, having provided as many tanks as we shall need, having stored underground in safe vaults as much ammunition as we shall need, undoubtedly we shall begin to demobilize our industrial plants. Where shall we be then? Where will our economy in America be then? For the next few years we are going to have a period of great industrial activity, almost of boom-time proportions. There will be work to be done; in fact, there is so much work to be done today that we do not have the trained men to do it but have to speed up programs to train men to do this necessary work.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield myself 3 additional minutes.

But when this period of demobilization comes, when Europe demobilizes and America slumps off, I pose to you my friends from districts largely populated by laboring men—I pose to you my friends who pride yourselves upon your interest in agriculture: What jobs are you going to provide for these millions of men who will lay down their guns, for these millions of men who are turned out of the munitions factories and airplanes factories? They having been turned out, and out of employment, what provision are you going to make, my agricultural friends, for someone to purchase the products of the farm?

Oh, my fellow Members of the House of Representatives, the staggering problem that comes today to the people of America is where are we going to be and what is going to be the economy of America in that sad day, that tragic day? And as I read the debates in the public press and in the public forum I am not heartened very much. I find largely they are taken up with commonplace things, wisecracks, trite statements, cheap bids for political support; but the serious problem that thunders to America today and to the Western Hemisphere, the great problem that lies upon your doorstep, is: How are you going to maintain the American way of life and the American standard of living when this day comes? I do not know the answer; I do not pretend to know it. If

any other man in public life knows it, he has been careful to keep it a secret, because we do not find it being discussed today. But I have digressed too much.

We are interested today in putting the finishing touches on military preparedness. We have done that. The legislative branch of the Government has provided what the Commander in Chief has said he needed; that recommendation echoed and supplemented by the advice of experts and concurred in by the advice of industrial leaders. No one can do more than that. With that program I am satisfied. With the economic outlook I am terrified. [Applause.]

Mr. TABER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this bill calls for $1,313,493,633 of direct appropriations and $158,500,000 of contract authorizations. Previous bills together with this one provide $5,702,000,000 of direct appropriations and $2,979,000,000 of contract authorizations for the Army and for the Navy $2,611,811,068 of direct appropriations and $822,995,612 of contract authorizations, making a total of $8,333,000,000 of direct appropriations and $3,800,000,000 in contract authorizations. I shall put that in the RECORD in the form of a table.

Total appropriations for 1941 defense, including this bill

	Direct appropriations	Authorizations
War Department	$5,720,679,731	$2,979,136,397
Navy	2,631,811,068	822,995,612
Total	8,352,490,799	3,802,132,009
Grand total		12,155,622,808

It calls for the appropriation of everything that the War Department and the Navy Department have asked us for through the Budget that they had any reason to expect. The items that have been deducted from all of these bills have been items that after the hearings the War Department or the Navy Department admitted they could get along without.

These bills call for paying the money to bring into service the men who will be drawn under the Draft Act which was passed and became a law a week ago last Saturday. This is the occasion for the putting into effect of the Draft Act. In other words, the Draft Act is not effective until these appropriations are passed insofar as the calling out of troops is concerned. The number provided for I shall put in the RECORD.

The total National Guard and draft men called out will run something like 55,000 to 60,000 per month beginning the middle of September and running through the middle of November, a total for that purpose of approximately 165,000 or 170,000, through the middle of November. The total in December will be small, something like 44,000. I will put those figures in the RECORD. After January the number will run something like two-hundred-and-thirteen-thousand-odd. In other words, the Army is not figuring on having the National Guard or those who are drafted called out until after sufficient, satisfactory housing and hospitalization facilities are provided for all those who might be called out.

This table represents the monthly addition to troops:

	Cantonments	Tents	Total
Sept. 15, 1940	30,443	26,996	57,439
Oct. 15, 1940	5,808	52,275	58,083
Nov. 15, 1940	6,283	50,831	57,114
Dec. 15, 1940	37,086	7,596	44,682
After Jan. 1, 1941	196,109	17,053	213,162

Mr. VOORHIS of California. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from California.

Mr. VOORHIS of California. Will the gentleman explain to us what the relationship is between the $303,000,000 in this bill for housing construction and so on and what I thought was an appropriation that we passed in a single bill a few days ago for the same purpose?

Mr. TABER. There is no item in here for housing. That was all included in the bill previously passed. If the gentleman will look at page 12 of the report he will see the breakdown. The item for construction at military posts is $29,000,000, and I have not that in my head at the moment. I will put what that is for in the RECORD. That item goes toward cost of temporary housing of troops. For barracks and quarters there are $33,000,000 and the $1,729,000 relates to items of construction other than those that are required for the draftees and the National Guard as well as for items of a less urgent variety than those temporary set-ups. There was $338,000,000 included in one way or the other in the bill that was passed last Thursday, if I remember correctly.

Mr. VOORHIS of California. That is right. Is the $303,000,000 on page 2 of the report a summation of the various items that the gentleman mentioned a moment ago?

Mr. TABER. That is a summation of what the Budget estimate was. The Budget estimate was separated into two bills, the one brought in last Thursday and this one.

Mr. VOORHIS of California. I see. I thank the gentleman.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Can the gentleman tell us how fast the enlistment is going on? I understand that the men are enlisting very fast and that the draft may not be necessary for some time.

Mr. TABER. I would not want to say anything about that. I understand, although I do not know, that there are many more enlistments going into the National Guard companies to fill up their peacetime quota which they are being asked to get as far as they can before they start. They are going beyond that if they can without too much solicitation. I understand the biggest part of the enlistments would come in those increments to the National Guard companies in the different localities and that the regular enlistments have been going along at such a rate that they will add about 15,000 net per month to the number in the Army. Of course, I have not the figures right up to date, but that is the general drift.

Mrs. ROGERS of Massachusetts. There were 40,000 in the month of August.

Mr. TABER. But not net. That was gross. The average over June, July, and August was about 15,000 net deducting the expirations.

Mrs. ROGERS of Massachusetts. I understood it was something like 32,000.

Mr. TABER. It ran 15,000 net. That is a pretty good increase and is very satisfactory under any ordinary circumstances.

Mr. VORYS of Ohio. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. The gentleman has stated he is going to put the figures in the RECORD.

Mr. TABER. Of the increments.

Mr. VORYS of Ohio. Yes. The gentleman referred to an appropriation of $8,000,000,000.

Mr. TABER. Eight billion plus of direct appropriations.

Mr. VORYS of Ohio. And three billion of contract authorizations.

Mr. TABER. Yes.

Mr. VORYS of Ohio. To what period does that refer?

Mr. TABER. That is the total of appropriations and contract authorizations running through the period and includes funds that are made available either for direct expenditure or for contract authorizations during the fiscal year 1941.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 10 additional minutes.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield further?

Mr. TABER. Yes.

Mr. VORYS of Ohio. Will the gentleman in preparing the tables show, if it is possible, how much of this was contemplated or taken care of up to, let us say, the Presidential message of May 16, and then, if possible, how much was

taken care of up to June 4, when the President said that we could go home? It would be most interesting and instructive if the gentleman would break down the figures to show what was proposed, and what we did up to the Presidential message, and then what was proposed, and what we did after the time the President said Congress was through for the year.

Mr. TABER. I believe I can give the gentleman that information very readily. Since we were told that we could go home on June 4 the Congress has had submitted to it and passed four major items and one minor item. There was $1,300,000,000 in the first item that went through just before the 1st of July, $5,300,000,000 in the one which went through rather currently, $65,000,000 for the T. V. A., which went through the fore part of July, and $338,000,000 which went through a week ago today. This item has a gross of approximately $1,469,000,000. This includes the contract authorizations, and it makes a grand total of a little better than $12,000,000,000 for funds available for 1941, including the Regular Army and Navy bills which were in contemplation on June 4.

Of the $12,000,000,000 for 1941 over $8,400,000,000 has been submitted by the President and considered by the Congress entirely since June 4.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. I am trying to reconcile the gentleman's figures with the figures of the Secretary of the Treasury on August 9. He put the figure of the total of appropriations and contract authorizations at $14,402,000,000, I believe.

Mr. TABER. He probably included a lot of things that were appropriated for the fiscal year 1940, and probably was referring to a memorandum of what has been made available by this Congress, rather than for the fiscal year 1941. There probably was a mix-up there.

Mr. SMITH of Ohio. He does not include in his estimate the appropriation before the House now.

Mr. TABER. No.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I understood the gentleman from Virginia and the gentleman from New York correctly, this $12,133,000,000 of direct appropriations and contract authorizations does not include the regular military and naval running appropriations.

Mr. TABER. No; I believe it does include that. It is my understanding that it is included in the $12,000,000,000.

Mr. CRAWFORD. May I ask the chairman of the committee if the $12,133,000,000, in round figures, includes the regular annual running appropriations for the military and naval forces?

Mr. WOODRUM of Virginia. No; it does not. That is the defense program. That is the added expansion on account of the so-called defense program.

Mr. CRAWFORD. May I ask what is the rough figure we have provided?

Mr. WOODRUM of Virginia. If the gentleman will permit, I believe I will have to revise my statement. Refreshing my recollection by looking at the report on page 8, I see that we state:

> Assuming the instant bill becomes law carrying the appropriations and contractual authority recommended by the committee, the Congress will have made available to the Army and Navy for the fiscal year 1941 a total of $8,334,700,507 by way of immediate appropriation, and $3,802,132,009 by way of contractual authority.

So, I believe it does carry the regular amount.

Mr. TABER. It does.

Mr. CRAWFORD. What I wanted to clear up for my own information and for the information of a lot of other people who are interested in it is this: We hear so much talk about this session of Congress having appropriated from $12,000,000,000 to $15,000,000,000 for national-defense purposes. In other words, that $15,000,000,000 figure is just about $3,000,000,000 too much. Is that correct?

Mr. TABER. That includes the appropriations that were made available in 1940 and which were spent then. There was a very considerable item of that. I cannot give the figure offhand, but it runs over a billion dollars and might be over $2,000,000,000. I would have to check up on that.

Mr. CRAWFORD. For the present fiscal year, the appropriations beginning last July 1 and ending June 30, 1941, we have provided direct appropriations and contract authorizations for the purchase of new plants, for the feeding of the conscripted Army we are to take in, and for the usual running expenses of the Army and Navy, in round figures $12,133,000,000.

Mr. TABER. That is right.

Mr. CRAWFORD. That clears up the proposition.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. That includes the contractual authorization, and in the amendments that were adopted to the Regular Establishment bill some of those appropriations were carried for approximately 2 years.

Mr. CRAWFORD. Yes; I understand that.

Mr. TABER. Out of the $12,000,000,000 I would say that at least $6,000,000,000 of that particular money cannot be paid out of the Treasury this fiscal year, whether it is appropriated or not.

Mr. CRAWFORD. I understand that.

Mr. TABER. That is contracted for. It will be paid out the following year.

Mr. CRAWFORD. That brings me to the next question I want to ask. What can the gentleman give us, as briefly as he wishes to make it, in the way of a rough figure that will be the running expenses, the recurring expenses of maintaining a million-man standing Army per annum? In other words, from next January to June we face a situation of appropriating money to take care of running needs of the increased Army. What would they run per annum, roughly?

Mr. TABER. Does the gentleman mean a million men in the Army?

Mr. CRAWFORD. Yes; we have here, for instance, $1,325,000,000, we will say, in this particular bill.

We had before us the other day $338,000,000, which was to provide for housing and hospital facilities. Let us assume that is a fixed purchase for plant, but I understand this bill is to cover primarily running expenses.

Mr. TABER. This bill would be primarily running expenses. There is probably a couple of hundred million dollars of nonrecurring items.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 5 additional minutes.

Mr. CRAWFORD. Then should we assume that heretofore we have covered the usual running expenses of the Army, which included the upkeep, and now we bring in, roughly, $1,325,000,000, which will be an additional recurring expense next year on the basis of a 1,000,000-man army, and which is an increase?

Mr. TABER. My own judgment is that the running expenses in peacetime of an army of 1,000,000 men would run not very far from $2,000,000,000.

Mr. CRAWFORD. And that is to be something new which we have not heretofore carried in our Budget.

Mr. TABER. No; if we have had an army of 240,000 or something like that, three-fourths of that would be nearer.

Mr. CRAWFORD. Let me ask the gentleman another question. I was very much impressed with what the gentleman from Virginia had to say, and in my feeble way I have been trying to make the very approach that he pointed out, and in order to do that I have gone back and carefully reviewed in detail the economic history of Germany, for instance, since 1919, moving up through all the different steps they have taken with reference to inflation and revaluation and aski marks and exchange control, where they have tried

to fit themselves into the problem which the gentleman from Virginia was pointing out to us. It carries on through all the unemployment procedure on housing, public works, and agricultural relief that they followed and the way they have tried to build up and control exports and imports. We are all now facing the same situation. We have, in my opinion, practically adopted many of the so-called social reforms which the national socialism of Germany previously adopted. We did not until this year, as I visualize the situation, go into the rearmament program which Germany adopted in 1933.

Mr. TABER. Neither did we go to the 14-hour day.

Mr. CRAWFORD. No; in this step of rearmament we are virtually and in a fairly practical manner taking on the German national socialistic program with reference to defense and other social reforms and all that goes with that.

Mr. TABER. Does the gentleman call the 14-hour day and the 50-cents-a-day pay roll social reform?

Mr. CRAWFORD. The gentleman means in Germany?

Mr. TABER. Yes.

Mr. CRAWFORD. That may also be ahead of us. In Germany they fix the hourly wage, they fix the prices on everything, and as I see the situation we will necessarily, by reason of our previous steps taken, move into the same zone when the time comes that you begin to break down this rearmament program and go back to a disarmament program, and I would like to ask the gentleman whether in the hearings which he had the privilege of attending in connection with the appropriations, if we go into those hearings in detail, will we find quite a bit of information along this line that will give us further light.

Mr. TABER. I do not think the gentleman will find anything in our hearings that will give him any picture of what our situation might be after we return to a peacetime basis. Everything that we have had has been directed toward finding out what are the needs of the country for immediate national defense, and that has been the limit of what we have been able to cover.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. LEAVY. I notice in the hearings the gentleman did cause to be placed in the record certain facts and figures with reference to cost plus fixed fee, which figures appear on pages 66 and 67.

Mr. TABER. I have asked unanimous consent in the House that I may place that table in the CONGRESSIONAL RECORD, so that it may be available to Members just as the Vinson table was made available.

Mr. LEAVY. I think that information is invaluable and in the bill, at page 6, there is a proviso that the Secretary of War shall submit monthly, within 10 days following the last day of each month, commencing on or before November 10, 1940, to the respective chairmen of the Committees on Military Affairs and Appropriations of the Senate and House of Representatives a report of, first, all cost-plus-a-fixed-fee contracts concluded within the period embraced by each report, and so forth.

What I desire to ask the gentleman first is whether that report will be similar to the report that we find here in the hearings.

Mr. TABER. I would anticipate so, and while it is directed to be submitted to the chairman of the committee, I understand that it would not only be available to the membership of the committee, but also to the membership of the House, if they asked to see it.

Mr. LEAVY. That is exactly the information I wanted to get.

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, apropos of what the gentleman from Ohio [Mr. BENDER] said today about his book, which I think I will buy [laughter and applause], I would like to say that you can get another book for a very small price over in the Government document room. I do not think it will cost you over 10 cents; maybe less than that. It contains a report of all the work done by the House conference on unemployment. It contains a record of the thoughts and studies of a number of Members of this body on the central economic problem of this age. I would like to commend that little book to you. It was printed as a House document. We did not have very many copies of it printed, but we may get more if there is sufficient interest shown.

Mr. STEFAN. Will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. STEFAN. In regard to this book and the committee's work in compiling it, I want to say that I was very happy to be a member of that committee. My trouble has been that I have been unable to get sufficient copies of the book at the document room. I wish there were some way that we might get more copies in order to send them out to our constituents. I think it contains a tremendous amount of valuable information; as the gentleman from California, chairman of the committee, who has worked so hard on it, has said, it is the result of an exhaustive study by those of us who have been here so long.

Mr. VOORHIS of California. That is right. Of course, I would be glad to get some more copies, but I think it will require cooperation on the part of a number of Members to bring that about.

I listened with the utmost interest and with a very profound sense of obligation to what the gentleman from Virginia [Mr. WOODRUM] said to the House this afternoon. I do not know that the gentleman from Virginia would agree with all of the views I entertain about what we need to do to face the problem that he posed for us, and in what I have to say in these few minutes I do not want to be understood as attempting to commit him to agreement with me. But I do want to say that I think he made perhaps the most significant speech that has been made in the House since this defense program was undertaken. I tried to make one yesterday afternoon when the House was in no mood to listen, in which I made some of the same points that the gentleman from Virginia made today.

For example, he said the responsibility of Congress is not discharged when it has passed appropriation bills for defense. He said Congress has done its job of providing the money necessary and the necessary legislative framework for the total defense of the Western Hemisphere, but that it is not through with the work it has to do. I agree with him completely.

Mr. Chairman, we are in a grave hour today. It is my humble judgment that the American people would be delighted at any political figure in this whole country, whether he be a candidate for high office or a humble Member of the House of Representatives, who actually and literally did turn politics aside for this period. I do not think it is a time when we can talk politics. I think it is a time when we have to go a lot deeper than that.

In my speech yesterday afternoon I said two things that I would like to read. First I said:

> I think it is of basic importance that Congress does not get the idea that its job is done when it has appropriated money and passed bills for military defense.

Again I said this about the problem that the gentleman from Virginia presented to us, the problem that this Nation and every other Nation in the world is going to face when this period of so-called emergency is passed and when the people try to get back to what they will call "normal conditions," I expect. I said this:

> We can do it. There is no question about that. The question is whether we want to badly enough. The question is whether we shall be content to see some portion of the unemployed go back to work because of our large armament expenditures and then fold our hands and await the economic whirlwind that is bound to come once those expenditures cease or are reduced. Or whether we will go to work earnestly and with determination to get at the root of the reason why our people cannot buy all they are so readily able to produce for sale.

Was there ever a time in the history of the United States when it was so evidently possible to get the cooperative

interest of practically every group of people in this Nation for the great problems that this country faces, as there is now? I do not believe there ever was. I think that the division between us in our political and economic thinking today is a division along the following lines: It is a division between those people who are going to be content to say that "Now we are going to have a boom. We are going to have better business. We are going to have somewhat of a reduction in unemployment. Things are going to be better, so why worry," on the one hand, and people on the other hand who are going to insist that we proceed now to a consideration of the continuing problem that we know is present and which has to be met in every nation in the world and which in some cases has only been met by sacrifices on the part of those peoples of their fundamental liberties and the establishment of a dictatorship.

Now is the time, as the gentleman from Virginia has so well stated, for us to consider these things and how we propose to face them.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. CRAWFORD. Let us take this one point, for instance: Here we put, say, 600,000 additional men under arms. What is to be done with reference to their social-security status in connection with the contributions they have made? Shall we freeze that into the proposition? You could raise any one of 50 questions that way.

Mr. VOORHIS of California. That is correct, and I should like to say to the gentleman that I understand an effort is being made to find the answer to and meet some of those matters in connection with the conference on the excess-profits tax bill. But I do not think that is the way to deal with them. I think we ought to stay here and consider it a week under a special bill.

Mr. CRAWFORD. I agree with the gentleman entirely.

Mr. VOORHIS of California. Certainly we should go very carefully into all questions that affect the lives of the men we draw to serve their Nation in a military capacity.

Mr. CRAWFORD. As was very pointedly said in connection with the tax bill, we fiddle around wasting time failing to pass the tax bill, the very lack of which is holding up the whole defense program. I think it is disgraceful action on the part of the Congress of the United States.

Mr. VOORHIS of California. I want to see the interests of every man who goes into military training taken care of, but I think it would be done much better in a separate bill.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I would like to go ahead for a couple of minutes, if I may. I should like to illustrate briefly the point of the thing I am talking about.

On the matter of unemployment, one of these days I would like to have some time when I could summarize briefly the final report of our House conference on unemployment, but I am not going to speak about that now. I want to illustrate something from the standpoint of national defense. The people in all history who have been perhaps more devoted to their Nation than any other group of people in all society are the individual owners of a piece of the soil, the farmers who own their own farms. Unfortunately there have grown up in this country in the last 50 years forces tending to drive that man off his land and deprive him of the ownership thereof. I am not going into detail about what needs to be done to reverse that trend, but I am saying to you today that it is a problem the solution of which we certainly ought to undertake.

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. VOORHIS of California. Insofar as you can reverse the tendency that now makes tenants out of owners or makes laborers out of owners and tenants and turn those forces back to the point where these men can become landowners again, you have done something for national defense of incalculable importance. National defense means the hearts and minds of the people. It means their devotion spontaneously to the thing that is their life. That is the illustration.

Now I want to say apropos of what the gentleman from Virginia said about the responsibility of Congress not having ended when you have appropriated money. I think—and I said on the floor the other day—that the House of Representatives ought at this time to set up a special committee to do one job today, and that job is to carry on a continuing review of the effectiveness of the expenditures of money for national-defense purposes. I propose this not because of lack of confidence in the National Defense Council, the President, or the Secretary of War, the Secretary of the Navy, or anybody else, but because I think now is the time for the House of Representatives to recognize the fact that it must act with unusual speed in the passage of these measures; that we all know they have been passed carrying billions of dollars without opportunity for full consideration of what was going to happen to the money. The gentleman from Virginia himself pointed out the difference between these appropriations and appropriations for ordinary expenditures. Under these circumstances if a committee were given that responsibility it could, with the defense program proceeding full speed ahead, at the same time discharge as time went on a responsibility which it seems to me is a basic responsibility of the House of Representatives. I had opportunity this morning to speak before the Rules Committee about a resolution which I have introduced on this very purpose.

I conclude merely by saying, Mr. Chairman, that our job is not completed when we have appropriated the money and the means for national defense; it is only completed when we protect the economy and the people of America against this future impact that the gentleman from Virginia pointed out, and when we show the American people that we know what national defense really means.

Mr. VINSON of Georgia. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. VINSON of Georgia. Along the line of the gentleman's statement let me say to him that the Committee on Naval Affairs is following up each one of these authorizations that has been made to carry out the national-defense program. We are constantly checking up with the manufacturers and with the Navy Department to see that the intent of Congress is complied with as speedily as possible.

Mr. VOORHIS of California. I have no doubt of that. My appeal is for a committee whose only job would be to do this one thing. It would not be busy with any other things as the gentleman's committee or the Appropriations Committee is bound to be.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, all of the items in this bill and all the items in future appropriation bills of this session, and there will be one more at least, providing money for the carrying out of the Conscription Act should be defeated and the act itself should be repealed before we adjourn. I base that statement on a change in international affairs. Within the past 2 weeks we agreed to the conference report on the conscription bill. The last argument was that England might fall any minute, then it would be too late for us, even if we adopted the Fish amendment postponing the whole thing 60 days. It would be too late. That is what we heard. Now it is pretty generally accepted that England is not going to fall soon any way. They cannot invade England. That has changed the situation in the last 2 weeks.

The war has been transferred to Africa and to Asia. We are beginning to see new duties as an ally of England. Where will that take us? Mr. Chairman, we ought to repeal the Conscription Act, then adopt the George Washington policy that we followed for so long, and until right now. We should take care of ourselves first of all.

It is wonderfully illuminating, is it not, that we find London has not been hurt very badly after all, that they lied to us, that in the press the worst pictures were shown, that they never quit riding horses in the parks or playing golf over there. It is stated now that they feared more the shells from their own antiaircraft guns than they did the German bombs. We did not get it that way at first. Now England is not going to fall. If that be so, we do not need this conscription bill. Then again the volunteers are coming along fine. Voluntary enlistments are holding up great. We do not need conscription.

Mr. Chairman, the ranking Republican member of the Military Affairs Committee made a rather interesting statement in the last minute or two before the vote on the conscription bill 2 weeks ago next Saturday. The argument arose as to who the author was, whether it was the distinguished gentleman in front of me from New York or a gentleman over in the Senate. The question came up as to who the author of the conscription bill was. He finally admitted it was the Army; that they had been trying for 8 years to get us to adopt this system, and that the Army had finally won out. We are not able to cross a "t" or dot an "i" in these deficiency bills except on Army authority. The Army is ruling this land right now, and we ought to wake up. We ought to repeal conscription because there are so many bad things that go with it; it is awfully expensive, and we are going to hear a lot of bad things about it before next spring. We do not need it. There is no great national emergency now. My stand has constantly been that this hysteria about national defense is "hooey," and I am ready to stake my political future on that proposition.

Mr. WOODRUFF of Michigan. Will the gentleman yield?

Mr. LAMBERTSON. Briefly.

Mr. WOODRUFF of Michigan. Does the gentleman think if there is an emergency it is one that has come to us because we have not kept our collective noses out of matters that have no concern to the people of this country?

Mr. LAMBERTSON. Absolutely, and one of the pathetic things of this campaign, and I say this with temerity, is that there is no collision between the leading candidates. One emphasizes the international policy and the other emphasizes the failure of domestic policies. It does not seem that we are going to have collision in this campaign on any proposition. We have no one representing George Washington and the things he stood for in his Farewell Address in this great campaign and in this so-called national emergency.

This hysteria was started by the President of the United States in his speech to the House and Senate on the 15th of May, in which he depicted just exactly how many hours it would take Germany to bomb Denver and Kansas City. And they cannot even hurt London across a little creek after 3 months. That created a hysteria, it started all the hysteria, and the whole propaganda has been built upon that. Oh, there are a lot of reasons. Economic principles have failed. The war was going to give us prosperity. That was the last effort to raise us out of this depression. But we are not thinking about the aftermath like we should. What about it? Where are the smart men who lead our Nation and who know what happened after the last World War? The farmers have felt it for 20 years. As a matter of fact, they are not over it yet. There is no effort to help the farmers in this war. On the contrary, we are going to cater to South America and buy a lot of their food products.

Mr. Chairman, I want to refer to two or three other things. You may differ with me on the aforesaid, but there are a couple of things I want to mention, on which I am sure you will not disagree.

First, I want to ask, when is this national emergency going to end? Who is going to determine that? The armistice determined it in the other World War. That was specific, but who is going to determine the end of this national emergency? If Franklin Roosevelt is reelected for a third term, do you think he is going to terminate this national emergency while President? Not on your life. [Applause.] Who is going to determine, then, the end of the national emergency? That is the point.

We have also heard about our strained national credit. We were just about broke. We heard that for 7 or 8 years. Now, I am one of the meanest in the House so far as economy is concerned. I do not think there is anyone here more opposed to unnecessary expenditures. I have voted against more appropriations, perhaps, than most anybody else. We come along here and appropriate ten or fifteen billion dollars, and we will be talking about appropriating another $10,000,000,000 next winter, yet no one mentions the national credit, if it is for war, war material, and warmongers. If it is for war and warmongers, the national credit is not even thought of; it is not hinted at.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield to the gentleman from Michigan.

Mr. WOODRUFF of Michigan. Does not the gentleman recall that it is only about 6 weeks ago, after the Republicans of the House had voted to stay here and were criticized by His Eminence in the White House for it, that we were asked for all these appropriations? None of these emergency appropriations were asked for prior to that time. Was there not an emergency then as much of an emergency as there is today?

Mr. LAMBERTSON. There should have been in the minds of those who are so much smarter than most of us. They should have seen it then.

Mr. WOODRUFF of Michigan. Is it the gentleman's opinion that the gentleman in the White House had in mind any such program of preparedness as he has presented to the country on a 15-minute schedule?

Mr. LAMBERTSON. I think he has taken us a long distance past what public sentiment really wants, and he is taking us into this war by the back door. As sure as the sun rises, if he is reelected we will be sending men to England, Africa, or wherever he thinks we can best help the Queen of England to carry out the great purposes of the British Empire, involving us around the world. There will not be any question about it. As the gentleman from California said, there is not any politics in this and there should not be, but I say that the minute this election is over, if the President is crowned king for the third time, we will have a different national policy that will be as bold as Hitler's, and that he will take his election as a vindication that he can do anything he wants to with our Army. [Applause.]

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. CREAL].

Mr. CREAL. Mr. Chairman, when I went to high school the teacher used to read from English authors or American literature a short sketch and then ask the pupils to name the author. I have listened to a speech, and if I had not been present and known who made it, if it had been submitted to me on the street, I would have said it was made by either Earl Browder or Fritz Kuhn. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, the question of whether or not we are in an emergency I believe is water over the dam as far as congressional action is concerned. We have passed legislation under which men are being ordered to camp. It is our responsibility now to provide the funds for their pay, subsistence, housing, hospitalization, equipment, and general welfare.

I have considerable sympathy for those who argue that the so-called emergency has been created. Certainly little has been done by this country to avert one. How much encouragement has been given by representatives of this country to foreign nations to get into this war, the public does not know and may not know for years. I wish we did know.

Personally I have resisted many of the so-called steps short of war, because I have believed they were steps toward war. Certainly they have been steps in that direction; they have not been steps away from war and steps short of war have taken us in that direction faster and further than people generally have realized. So, I accept no responsibility for the emergency, but however we got here—here we are, and I join those who believe that it is better to have insurance and protection and not need it than to need it and not have it.

I am not going to go back home and boast of the fact that I have been here and voted for practically all of these appropriation bills to provide matériel and equipment. I am not going to be particularly proud of that fact because I do not regard it as taking any intelligence or superpatriotism to sit here and say, "Yes, yes, yes," as these requests come along, and vote for them. The thing I wish I could boast about when I go back home is that this Congress had taken more constructive steps toward preventing the emergency which has arisen than the steps we are taking helter-skelter to try to meet it.

The discussion that has come on this bill ought to make clear to the country, although it possibly will not be clear to the country unless we emphasize it, that this Congress does have within its power the authority to control the operation of the Selective Service Act. This bill is for the purpose, primarily, of providing the funds for the operation of that act. The act provides that it shall be operative only insofar as funds are appropriated, and the minute the Congress refuses to appropriate funds for carrying it out, then that minute the act will no longer be operative, at least beyond the funds that have been previously appropriated.

In connection with the discussion of the costs of preparedness, a table that was put into the hearings of the Appropriations Subcommittee for the War Department last spring on the additions to the original defense bill will be of interest. The gentleman from Michigan asked about the comparative costs and the comparative economics in our preparation and that of other countries. During our hearings I asked General Marshall and General Moore for a statement on that subject. They gave us some figures, which are found on page 32 of the hearings by our subcommittee on the Senate amendments to the Military Establishment appropriation bill for 1941. Some of those figures, I believe, are worthy of bringing to your attention at this time.

In this table, based on 1937 figures, we find that the rate of pay for the private soldier in Great Britain was $23.55 per month. In France the rate of pay for the conscript private soldier was $1.05 per month. In Italy the conscript private soldier got a pay of 65 cents per month. In Germany the pay was $6 per month, in Russia the average was $11.77 per month, and in Japan $4.65 per month. At the time this table was prepared our base pay was $21 per month, and under the Selective Service Act, as you know, it is $21 per month for the first 4 months, but then becomes $30 per month.

In estimating the cost of preparedness in this country it is interesting to note the average cost of labor in the several countries in that fiscal year of 1937. The bricklayer in London received 41 cents per hour. In France the bricklayer received $1.33 per day. In Italy skilled labor received $1.60 per day and unskilled 85 cents per day. The bricklayer in Rome received 17 cents per hour. In Germany the bricklayer received 43 cents per hour. In Russia the average wage in the building trades was 36 cents per hour. In Japan the bricklayer received $1.33 per day, or 14 cents per hour.

In the United States a bricklayer in New York received $1.50 per hour. When that is contrasted, $1.50 per hour for a bricklayer in New York with 43 cents per hour in Germany, some realization can be had of the comparative cost of defense in the several countries.

General Moore, in specific answer to a question I had asked him, said:

The Assistant Secretary's office testified before the House Military Affairs Committee that an analysis had been made of what had been done in Germany in the last 7 years in the way of preparation, and an analysis was made of what it would cost this country to do the same relative preparations, as increased by the relatively larger population that we have. The answer is $100,000,000,000.

Then the gentleman from New Jersey [Mr. POWERS] said "$100,000,000,000?" And General Moore said, "Yes, sir."

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. CRAWFORD. In other words, we have concrete evidence that there was plenty of information to that effect as far back as 1933, when National Socialist Germany began a feverish rearmament program following a long number of years of disarmament, and while we did adopt many of the so-called social New Deal reforms of National Socialist Germany, we did not at that time take cognizance of their rearmament program and we passed that up until May 1940.

Mr. CASE of South Dakota. Yes; and the gentleman could find further support for his thought in that regard by recalling that out of the twelve-billion-and-odd dollars which we will have appropriated for national defense when this bill is passed in this session of Congress, $8,104,109,000 of that amount represents Budget estimates that have come to us since the first of the year. In other words, two-thirds of the total appropriations for the Army and the Navy that will have been made in the appropriation bills by this session of Congress, have come to us in Budget estimates since the year began.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. Yes.

Mr. O'CONNOR. Following the question of the gentleman from Michigan [Mr. CRAWFORD] was there anything to indicate that Germany at that time ever contemplated rearming herself to attack the United States, and was there any reason why we at that time should have gone into a state of feverish excitement and commence to prepare for war at sea, air, and on land?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield to me on that?

Mr. CASE of South Dakota. I will be glad to yield to the gentleman.

Mr. CRAWFORD. If the gentleman really wants information, I will tell him exactly where to get it.

Mr. O'CONNOR. I am asking the question of the gentleman who has the floor.

Mr. CRAWFORD. All right.

Mr. CASE of South Dakota. And I have yielded to the gentleman from Michigan to answer the question which grew out of the question that he raised here.

Mr. CRAWFORD. If the gentleman will take the book recently published by Reynal and Hitchock, known as The German Economy 1870 to 1940, and the Voice of Destruction, published by G. P. Putnam's Sons in 1940, and the Economy Recovery of Germany from 1933 to the Incorporation of Austria in March 1938, published by Macmillan & Co., he will get a complete answer to the question, and the gentleman will find that the whole world was served notice that Germany intended to blaze its way across the path of the globe. We had all the information in the world that we needed, and by "we" I mean our official staff in the State Department and the executive department also had it, but they did not for political reasons put it before the American public and they refused to give it to me when I requested the President last fall to give it to me specifically, and he said he did not have time to answer my question.

Mr. O'CONNOR. Mr. Chairman, will the gentleman answer this question?

Mr. CASE of South Dakota. I yield to the gentleman for that purpose.

Mr. O'CONNOR. Does the gentleman think from the information he has received and that he has just told us about, that Germany then intended to lay the foundation for invading the United States, and does he think now that Germany intends to invade the United States?

Mr. CRAWFORD. Germany laid the foundation for invading the United States economically and that we should be prepared to meet it——

Mr. O'CONNOR. I am not talking about "economically."

Mr. CRAWFORD (continuing). Through the detailed informaton which Herr Hitler sets forth with reference to his proposed colonizations and economic invasions in Mexico and Latin America, which would constitute a direct attack against the entire Monroe Doctrine and our natonal defense.

Mr. O'CONNOR. There is not any question but what she intended to compete with us in trade, but I am talking about from a military standpoint.

Mr. CRAWFORD. If the gentleman will permit, the whole weight of the talk here today is a question of economics which we must eventually face and our whole procedure with reference to the natonal debt, and we should leave no stone unturned to prepare for our successfully meeting that economic invasion.

Mr. O'CONNOR. Then it is not war you are talking about, but economics that you are talking about. Our defense program is grounded on the theory of military invasion.

Mr. CRAWFORD. That is all war is about at any time. We have no record to show Germany could successfully invade the United States of America unless by our will they do so. I do not fear direct military invasion. It may come through Mexico or South America.

Mr. CASE of South Dakota. Of course, it is my personal conviction that with the sources of information that should have been available to the administration, the administration was fully capable of having known prior to May 1940 the threat of the German military machine, and on the same point I feel that the countries of Europe had plenty of opportunity to know what they were facing. I do not know whether Hitler originally intended to invade England, but if he ever did, he is giving the matter a second though at this time.

I do not know that he ever seriously thought of invading the United States. I doubt it. But I am confident that if we had the air force we should have had, he would not think of it. The American people are concerned more with our lack of preparedness in the air than at any other point.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I yield the gentleman 2 additonal minutes.

Mr. CASE of South Dakota. Yet when visitors went to Germany and came back and told England and came back and told the United States what Germany was doing in the way of air preparedness, those people were criticized and crucified. Witness Lindbergh and his warnings 2 and 3 years ago.

Now, there are some other items I would like to discuss in this bill, but because of the limitation of time I will put them off until we come to consideration under the 5-minute rule.

In closing, I want to repeat that I am not going to boast about voting for these appropriation bills for national defense, because it seems to me that Congress and the administration had a far greater responsibility, and that was of trying to solve the problem of how the nations of the world will live together. If we devoted one-tenth of the money to that kind of a proposition that we are devoting to military preparedness, we would come far nearer solving the real problem confronting the world at this time.

Mr. Chairman, in my opinion, the men of our generation, the leaders of the world in our day, are falling down on the great job of our times. I cannot think of the boys who went overseas in 1917 and 1918 in a war to end war and who did not come back and in my mind say to them "We are being fair to you" when 20 years later we are getting right back to the same proposition of a world-wide war. I cannot look at that picture of that little girl on Life magazine that came out the other day and see the bewildered terror in her innocent eyes and feel that we are doing our job if we simply sit here and say "yes" when requests for military appropriations come along. We have a much greater responsibility, and that is to try to find some way for the nations of the world to live together in peace. [Applause.]

[Here the gavel fell.]

Mr. O'NEAL. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. MURDOCK].

Mr. MURDOCK of Arizona. Mr. Chairman, I fear I have little contribution to make toward answering the great questions before us, except making an observation or two, I was struck by the solemn tone of the chairman of the subcommittee today as he pointed out that we are not taking thought of the future sufficiently; that we ought to be thinking of what will happen tomorrow. He is a wise man, yet admits that he sees dimly but fearfully the momentous problems ahead.

Following also the remarks of the gentleman from California [Mr. VOORHIS] this come to my thought: There are some things too great for even the mind of man to grasp. Out in my State we have a majestic feature of nature which the human mind can scarcely comprehend, and the brush of the artist cannot portray. The greatest artists in the world attempt to paint natural beauty, but none attempt the grandeur of the Grand Canyon of the Colorado River in northern Arizona. They are forced to admit that they are incapable, with all of their art and skill, to do justice to that awe-inspiring sublimity.

I recall at the opening of the World War that the literary world waited in vain for some master of the English language, some Kipling to come along and write a far greater Recessional. But none appeared. How did it happen that Kipling himself, yet alive at that time, was not able to surpass his earlier production? Certainly in 1914 and 1918 greater things were expected of a Kipling than those which inspired the Recessional in the first place. Was it not the immensity of it all that stunned the human mind? The times may be so awful as to deaden rather than inspire. Apparently it was so a quarter century ago.

How is it today? The same—or worse. The thing which has recently happened in the world is so cataclysmic that the mind of most of us cannot comprehend it. Heretofore we have sometimes tried to indicate the significance of an historic event by saying it marked the end of one age and the beginning of another. But this present world war may mark the end of one civilization and the beginning of another totally different.

In all our efforts at preparedness, let us fortify our minds and souls as well as our shores. Military preparedness is now the first essential. Along with that let us strengthen the American way of life against any and all eventualities. Let us take thought—if it is within human power—to cushion our Nation against the inevitable shocks ahead—economic shocks and those other shocks which are likely to come to the thought life and to the spiritual life of our people out of this time of trouble.

Mr. DIRKSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. This bill carries an appropriation for $1,311,493,636 to take care of the expense of the draft and the drafted men for the present fiscal year ending June 30, 1941. I spoke and voted against the draft. I felt that it was unnecessary to conscript the manpower of this Nation in peacetime. This Nation has never done so before. Press reports indicated yesterday that perhaps none of the men would be drafted—we could and would get more volunteers than are necessary to meet the requirements of the Army, Navy, and Air Corps. I pointed out in my speech against the draft bill that thousands of volunteers were on the waiting list to get into the Navy and Air Corps and about 800,000 men were subject to the call of the President for the Army, a much larger number than we can take care of at this time, and furthermore, that able-bodied young men were volunteering at the rate of more than 40,000 a month.

But the administration forced through this conscription bill and we must now appropriate money to take care of the expense and take care of the men who may be drafted; and I

rise, not in opposition to this appropriation but to make some observations along the same line of those made today by the distinguished gentleman from Virginia [Mr. WOODRUM].

I have said many times that the great threat to our Nation is because of conditions in our own country and not from any attack that may be made from foreign countries. This administration has been and is now neglecting the important domestic problems. Counting the sums set out in this bill, Congress will have appropriated and authorized for contracts more than $12,000,000,000 for national defense for the fiscal year beginning July 1, 1940, and ending June 30, 1941. That is a tremendous sum of money, but it is only about half of the sum this Congress has appropriated since it met on January 3, 1940. Congress has appropriated and authorized the expenditure of approximately $23,000,000,000 this fiscal year. What a staggering sum! This is more than 60 percent of the actual sum of money spent during the World War when we had 5,000,000 men under arms, and 5 times as much as it cost to run the Government and win the 4 years of the Civil War. This will be three times as much as the revenues collected by the Government for the present fiscal year.

Our direct and indirect debts and obligations today amount to more than $50,000,000,000, and before this fiscal year closes, our direct and indirect debts and obligations will be more than $60,000,000,000. Does that tremendous sum mean anything to the safety of our country and our national defense?

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield?

Mr. ROBSION of Kentucky. I am very sorry indeed that I cannot yield at this time to my distinguished and able friend from Vermont. My time is very limited.

A sound public credit is of the greatest importance to the defense and safety of any nation. What does this administration propose to do toward stopping this continued pyramiding of our national debt and further weakening of our national credit? This is the eleventh consecutive year of deficits. We shall have the largest deficit this year of any year. No one in the administration suggests that they plan to stop these deficits or halt the mounting national debt. President Roosevelt and his New Deal Congress will not stop the deficits, the increase of the national debt, or the increase of taxes. They cannot and will not solve this problem. They entered upon a career of taxing and squandering, borrowing and spending. The American people will have to elect an anti New Deal Congress and an anti New Deal administration in order to correct this condition and to protect the country.

THE FOLLY OF THE NEW DEAL'S GOLD POLICY

President Roosevelt forced through a subservient Congress a bill giving him the power to regulate our money and fix the value thereof, when, as a matter of fact, the Constitution gave this power to the Congress alone. Under this measure the President hiked the price of gold from less than $21 an ounce to $35 an ounce, and announced to the world that the United States would pay $35 an ounce for all the gold that might be offered to us. This caused the expansion of gold mines and developed new gold mines throughout the world, and under that policy we have bought $14,000,000,000 worth of gold, which, added to our supply of $7,000,000,000, gives us now $21,000,000,000 of gold. Eighty-five percent of this gold comes from foreign countries. This $14 bonus on each ounce causes a continued flow of gold from all parts of the world—Russia, Mexico, Central and South America, India, Australia, Canada, and other countries.

We now have 80 percent of the movable gold of the world. The balance of trade between nations is supposed to be settled with gold. We are the greatest surplus-producing country of the world. We have a surplus of farm and industrial commodities and the gold. Nations needing our commodities cannot buy them because we have already bought up their gold. This gold continues to pour in, and we bury it down in Kentucky. It is a bonanza for the foreign gold producers. Strange to say, you hear no plan or suggestion from the administration about stopping this tremendous folly. Can we continue throughout the years to take in all the gold of the world at $14 an ounce more than its value? It must stop sometime. We cannot go on forever this way adding to our national debt and stripping the commerce of the world of its medium of exchange. This administration will not stop this folly because when it is announced to the world that the United States will no longer take all the gold and pay $35 an ounce, the price of gold will go back to its real market value, and that will mean a loss of billions of dollars to our Government. The administration is unwilling to face the exposure.

The Under Secretary of State, Mr. Berle, has, however, made the suggestion that when the war is over that in order to have business with Europe it will be necessary for us to make a present of one-half of our gold to Europe. This is one of the greatest follies of all of the follies of the New Deal. It can only be stopped by electing a Republican Congress and a Republican administration.

AGRICULTURE HEADED FOR DISASTER

The New Deal pushed through its plan for agriculture. It loans to the cotton, wheat, and corn growers a greater sum than the market price of these commodities, and gives the growers the option to turn over these commodities and cancel the debt. The result is that the Government has acquired a tremendous surplus of cotton, corn, and wheat. Today the United States Government owns or controls 10,000,000 bales of cotton, 500,000,000 bushels of corn, and 100,000,000 bushels of wheat piled up in cribs. At the end of this crop season the Government will own and have under its control more than 14,000,000 bales of cotton, and will have additional hundreds of millions of bushels of wheat and corn sealed up in cribs. This cotton, corn, and wheat surplus has been growing and will continue to grow.

Before this administration put on its cotton program we exported more than 8,000,000 bales of cotton annually. Last year and before the war this had dropped to a little over 3,000,000 bales, and this year it will be less than 2,000,000 bales, and our exports of corn and wheat have been greatly reduced. It would take about 2 years without a stalk of cotton being grown to take up the surplus of cotton that will be owned and controlled by the Government at the end of this crop year. These surpluses like our gold supply are piling up day by day. At the end of this crop year the Government will have invested in cotton approximately a billion dollars, and one-half billion dollars in wheat and corn. This administration cannot and will not solve this problem. It must be solved some day and somehow. The Government cannot continue to borrow money and go on forever increasing the surplus of cotton, wheat, and corn. Like the gold policy they will persist in going on until we go over the precipice.

This administration has adopted a policy of scarcity instead of plenty. Some plan should be worked out similar to the McNary-Haugen plan which would fully protect the American farmer in a depressed world market and the Government dispose of the surplus every year and not allow it to accumulate as this administration has done and will continue to do.

Of course, under the farm policy of the present administration if this cotton, wheat, and corn should be put on the market it would break the market. The New Deal with this policy has run up against a dead end. Like the gold accumulation folly the New Deal is committed to its folly and it will require a Republican Congress and a Republican administration to correct this condition.

Our farm policy here has encouraged a greatly increased production of cotton and other farm commodities in foreign countries. They are now supplying the markets that the American farmers formerly supplied. Unfortunately, we have lost these markets to the American farmers forever. As our farmers have been forced to cut down their production it has increased production in foreign countries. As we have cut out acreage it has taken away the jobs of a million farming families in this country and has reduced the purchasing power which reflects itself in the loss of jobs to the workers in our factories, mills, shops, and mines. Great quantities of farm products and manufactured goods have come in under the reciprocal-trade agreements.

One of the commissions of this administration recently reported that there were 45,000,000 Americans undernour-

ished—yes; and I might say underhoused and underclothed, needing food, shelter, and raiment; yet 10,000,000 bales of cotton are piled up in warehouses, 500,000,000 bushels of corn and 100,000,000 bushels of wheat are sealed up in cribs and elevators. But this administration will continue to pile up surpluses, and our people will continue to be unemployed, undernourished, poorly housed, and poorly clad. We must have a Congress and an administration that believes in the philosophy of plenty and not of scarcity. No people were ever happy, contented, or prosperous under a policy of scarcity. These blessings always come with plenty. [Applause.]

THE UNEMPLOYMENT MENACE

There are more unemployed today than when Mr. Roosevelt was a candidate for President in 1932 and pledged himself and his party to solve the unemployment problem. His great friend, John L. Lewis, has said in a number of public addresses that the New Deal administration has not solved the unemployment problem or any of the great problems that confronted Mr. Roosevelt when he took office March 4, 1933. Mr. Lewis further asserted that this administration had accomplished little or nothing except to increase taxes, create deficits and more deficits, and to pile up a huge national debt, and that the administration has offered no constructive solution for any of these great problems or held out any promise or hope of relief from the conditions that now confront the people of this country. The council of the A. F. of L. made a similar indictment.

We cannot hope to go forward until we have solved in a just and sensible way the problems of the farmers; put the shops, mills, factories, mines, and other private enterprises to work, and provide jobs for these millions of unemployed. The billions now being poured out for war have furnished temporary prosperity and temporary jobs to certain industries and workers, but we must not forget these are produced by borrowed money, by increasing the deficits, and by increasing our national debt. We are merely reaching out, eating up and consuming the future of ourselves and of our boys and girls.

WHAT WILL HAPPEN AFTER THE WAR?

I have never believed that Hitler would attempt the foolish and impossible task of invading the United States or the Western Hemisphere. I do not now believe he will make any such attempt. The real danger to our country is not a naval or military invasion of the United States or Latin America. Germany and other nations now engaged in war may attempt an economic invasion after the war.

Germany, Italy, England, France, Japan, and every other great country of the world will be bankrupt when this war is over. Our Nation has the gold. They will have nothing with which to buy our products. They will set about to produce manufactured and farm products in great quantities. Their people will work long hours and receive sweatshop wages. They will use child labor, and their working conditions will be bad. Then they will attempt to dump their cheaply produced products into the United States and South America. They will attempt an economic invasion.

It will be a tremendous shock to our standard of living. We will then need our money and credit to tide us over that period. We will then wake up to find that we have squandered and wasted our money and our credit and greatly weakened ourselves to meet this great economic struggle. We have been showering Central and South America with loans and other favors to build up our export trade there. Let me point out, however, that South Americans, when the war is over, will buy where they can buy the cheapest. When that war is over it will require a Republican Congress and a Republican administration to protect American farmers, American industrial workers, and American business from that economic foreign invasion.

BUT MR. ROOSEVELT HAS SUCCEEDED

Mr. Roosevelt has succeeded in creating more bureaus and commissions; he has succeeded in increasing the number of Federal officeholders from a little over 500,000 to more than 1,000,000; he has succeeded in increasing the number of people needing some form of public relief; he has succeeded in increasing the amount of revenues collected from the people annually more than 250 percent; he has succeeded in increasing the national debts and national obligations from approximately $20,000,000,000 to more than fifty billions, and with the commitments he has made it will be more than sixty billions. He has succeeded in increasing the amount of deficits from approximately $4,000,000,000 when he went into office to thirty billions, and when the commitments he has made have been met these deficits will amount to forty billions. He has succeeded in greatly increasing the enmity of the people of the world against the United States; he has succeeded in surpassing all other American Presidents in meddling in the affairs of other countries. He has succeeded in stirring up class hatred; he has succeeded in hindering private enterprise; he has succeeded in substituting doles for jobs; he has succeeded in greatly curtailing the liberties and freedom of the American people; and he has succeeded in gathering to himself more dictatorial powers than all the other Presidents put together.

I am alarmed to think what the results will be to our Nation if our politically ambitious President is given a third term. To preserve the liberties of the American people the third term should be denied to him, and to correct these conditions and to solve these problems there must be a change. Without a change do we not face disaster?

Mr. TABER. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 2 minutes remaining.

Mr. TABER. Mr. Chairman, will the gentleman from Kentucky yield me 13 minutes' additional time?

Mr. O'NEAL. Yes. Mr. Chairman, I yield 13 minutes to the gentleman from New York.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Chairman, considerable has been said today regarding the knowledge European countries and the United States had as to just what Germany was doing in the interim between 1933, when Hitler came into power, and the time we began to build our defense program.

I call attention to the RECORD of June 21, 1939, at which time I spoke on the floor of the House calling attention to certain facts. Colonel Lindbergh had testified before our committee some 2 hours. Only one and a half pages of that testimony was published in the printed hearings; the remainder was not published.

Colonel Lindbergh testified that he went through German factories in 1937 and 1938. His testimony was so amazing that I turned to him and asked him just what factories he went through. Colonel Lindbergh named factory after factory. I asked, "Did they not try to stop you?" He said, "No." Now, mark well this: I asked, "Did anyone go with you?" He answered, "Yes."

"Who went with you?"

His reply, to my amazement and surprise, was: "A military attaché from the American Embassy in Berlin."

If you will look at the RECORD of June 21, 1939, you will recall that I made the statement on the floor of this House that military attachés were not on the job.

I said at that time that apparently the first qualification of a military attaché to a foreign office was that he must have a wealthy wife to finance his social obligations; that apparently from the results obtained it does not make any difference whether he is a nincompoop or not, just so he can meet his social obligations in a financial way.

I asked Lindbergh at that time whether anyone else went with him. He replied, "Yes; an aviation expert from the French Army went with us on one occasion." Despite this statement the figures furnished us by the Army as to the number of airplanes each country had, including Germany and Italy, were absolutely wrong. It was upon these erroneous figures that we based our program.

We have failed miserably in research and development. We were told by General Arnold and Colonel Lindbergh a year ago last January that we were from 3 to 5 years behind

Germany. I quote a question from page 7648 of the RECORD of June 21, 1929, as taken from committee hearings:

If we were so far behind England, Germany, and France in airplane construction, why was it that France came over here to buy some of our military planes?

General Arnold replied that in the emergency France was in, they were ready to buy anything. This testimony was given off the record and never contradicted.

I have information that these planes sold to France took part in the battle of Flanders. The whole French air force was wiped out during the first 10 days. The German planes had self-sealing, leak-proof gasoline tanks. The American and French planes did not have that improvement. The German planes had armored pilot seats. The French and American planes were not so armored. Can you imagine what would happen if an armored bandit car went down the streets of Washington with machine guns firing through the sides and the police department were trying to capture it with an open touring car? If you can, you may realize what happened when these planes went into action.

Mr. Chairman, it is suicide for one of these planes to contact a plane equipped with armored pilot seats and self-sealing tanks.

You will recall the story in the press when the first of these German planes was finally brought down; they discovered hundreds of bullet holes through the gasoline tanks, with several hundred gallons of gasoline remaining in the tanks.

Mr. Chairman, the Army had the authority on January 30, 1939, to build 907 planes. They had had that authority from 17 to 19 months. The reason they did not build those planes was because they were waiting for development of various appliances to place in those planes. Then suddenly in January the President decided he wanted planes. They wanted planes and more planes. Up to then they wanted quality first, then quantity. Now they wanted planes. It did not make any difference what kind of planes—just planes. General Arnold testified as follows:

What we wanted heretofore was quality. Now we want quantity.

Mr. Chairman, in that speech on June 21, 1939, on the floor of this House I opposed the building of 2,200 planes of that type and the placing of them in the reserve of the Army. I took the position that they would be obsolete before they were built. We know today that they are obsolete. Only a few of them were built, and most of those that were built were released to France and wiped out in Flanders and elsewhere; thank God they did not have American boys at the stick.

On June 21, 1939, I spoke on the floor of this House as follows:

Mr. Chairman, this is a frank confession that we are building obsolete planes because we want quantity now instead of quality. Colonel Lindbergh said we should have quality first, then quantity. I maintain that this is absolutely outrageous, to build planes which they frankly confess are obsolete, as the testimony shows that even with our greatest development we are from 3 to 5 years behind European countries. How far behind will we be with these planes in 1941 when completed?

Now, I want to discuss the problem of plane construction, and I want to give you an illustration I gave some time ago on the floor of this House as to what one of our problems is. Two years ago I heard General Craig talk to a pilot in a plane 33,000 feet in the air. Thirty-three thousand feet, if straight up, would be 6 miles. Sound travels at the rate of 1 mile in 5 seconds. A plane that travels 300 miles an hour is obsolete, yet that plane will travel a mile in 12 seconds. A plane traveling 450 miles an hour is traveling at the rate of a mile in 8 seconds. We are today approaching in the speed of planes the speed of sound, 8 seconds a mile for a plane, 5 seconds for sound. It required sound 30 seconds to come down from that plane 33,000 feet in the sky to our sounding apparatus on the ground. During that 30 seconds the plane, if traveling at 300 miles an hour, would have traveled 2½ miles, and if traveling at the rate of 450 miles an hour would have traveled 4 miles. All we would know down here is that 30 seconds before up there 6 miles in the air was a plane, but during that 30 seconds it had gone 2½ to 4 miles God knows in which direction. That is what we have confronting us. The Army has actually solved this problem.

When I heard that broadcast I made the statement that we required antiaircraft guns that could reach 30,000 feet in the air, because we would have to use them at that range in the near future. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. Chairman, Kansas ranks fifth in the States of the Union in the production of oil. Our State could greatly increase its production to the advantage of operators, farmers, and laborers, except for the fact that we conform to the proration agreement of the midcontinent field. Some wells in Kansas are given an allowable production of less than 1 percent of potential. The oil producers are cooperating in every way to keep the industry on a stable basis. It is discouraging, therefore, to note the rapid increase in oil imports.

Imports of low-cost foreign petroleum which make no contribution to American labor or American public revenues take a greater portion of the market for domestic petroleum products than the entire State of Kansas is permitted to supply. Kansas has been holding down its production while a few big companies who are the chief importers of foreign petroleum have been increasing their importations, displacing domestic oil in our own home markets.

Some idea of the importance of these imports may be gained by comparing the daily average production of crude oil in the State of Kansas with the imports which enter our domestic markets. The following figures make this comparison for the first 7 months of 1940:

	Daily average imports	Daily average Kansas production
	Barrels	*Barrels*
January	142,000	171,000
February	211,000	176,000
March	228,000	180,000
April	217,000	161,000
May	197,000	168,000
June	194,000	178,000
July	206,000	188,000

NOTE.—The above figures on imports are taken from data supplied by the U. S. Tariff Commission. Figures on Kansas production are taken from the U. S. Bureau of Mines report.

The self-restraint which Kansas places upon itself is illustrated by the fact that while the daily average production in Kansas during July was 188,000 barrels, the potential production on June 1 was 5,384,182 barrels, according to the Oil and Gas Journal, a recognized authority in the petroleum industry.

From these figures it will be seen that imports were larger than Kansas' production in every month of this year except January. We have another Kansas, in effect, but an uncontrolled and unregulated Kansas. It is a Kansas whose benefits flow not to thousands of citizens of this country but to a few large and powerful importing oil companies. It is a Kansas that does not have to make any contribution to the national conservation program. It is a Kansas without the high labor standards and fair wages enjoyed by the workers in this country. It is a Kansas that makes no contribution to the national defense, but rather, because of the reduced import taxes under the Venezuelan trade agreement, is actually permitted to enjoy an additional competitive advantage it did not have in former years. Certainly the domestic producers have a right to fear these imports, which show an increase of 30 percent for the first 6 months of 1940 over the same period in 1939.

The reciprocal-trade agreement with Venezuela became effective December 16, 1939. This agreement reduced by 50 percent the excise taxes on petroleum and its products imported for consumption within this country. The total quota established for all imports at the reduced rate is no measure of the total quantity of oil that can be imported.

For the first half of this year taxable imports from Venezuela increased 32 percent; from the Netherland West Indies, 127 percent; and from Old Mexico, 3,770 percent. Mexico's importation rose from a daily average of less than 800 barrels to an average of 30,000 barrels per day. Imports of petroleum and its products during the first half of 1940 totaled 38,449,347 barrels. This large increase must be made at the expense of the producers in this country as the imports increased 75 percent while there was only a 5-percent increase in the total petroleum consumption in the United States.

These imports of low-cost foreign oil are not a new problem for the domestic producers, but they are a particularly troublesome one this year. Several factors contribute to this. First, these imports have increased greatly, as shown by the fact that imports subject to excise taxes for consumption within the United States increased 76 percent in the first 7 months of this year as compared with the same period of 1939. At the same time the war has resulted in a loss of 26 percent in our export markets. The domestic producer is being squeezed between falling export markets and rising import supplies. There is not very much that the people of this country can do about our foreign markets, but they can and must do something about these imports which are threatening the life of the small producer in the State of Kansas and in all other oil-producing States.

Trade agreements reducing the excise tax on oil should be rescinded. In fact, the country would benefit from an increase in the excise tax on oil instead of having it further reduced. [Applause.]

Mr. TABER. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. WOODRUM of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Illinois.

Mr. DIRKSEN. Mr. Chairman, I hope that every Member of this House will at some time or other read the remarks of the distinguished gentleman from Virginia [Mr. WOODRUM] which were made in the course of his explanatory statement on the pending bill. He raised a very interesting question, and it is particularly interesting because today marks the second anniversary of Munich. Who could have envisioned when the stone was thrown across the world waters at Munich how far the repercussions would go, how they would embrace ultimately Norway, Poland, and Czechoslovakia, and provoke a tremendous defense program in this country? But there will be an end to the repercussions from Munich. There will come a time when the war will be over. It is reminiscent of that rather lyrical ditty of the gay nineties, as they say, "After the ball is over, after the break of day." In that vein one might suggest that after the war is over, after the firing has ceased, there will come a great many problems for this country, and the time to take thought of those problems is now, in my judgment.

There are many factors involved, of course. One of them is the enormous debt of preparation that we are piling up day after day and with each recurring appropriation bill. We give a great deal of thought, of course, to the end of the war in terms of the international situation and the possibility of an intensive world competition under which we must engage in barter in order to meet the efficacy of other countries, and the possible repercussion of that barter system upon the standard of living in this country, the curtailment of our own opportunities, and the prospect of even greater control for industry and agriculture.

The former Secretary of Agriculture, now a candidate for the Vice Presidency, has been emphasizing that very fact in the Middle West as he goes on his campaign tour. I allude to it briefly, and obviously 6 minutes is not enough in which to do it justice. One ought to have a couple of hours to discuss that matter. However, I think at least it serves the virtue of pitching and poising the question in your minds.

We think of war in terms of the Four Horsemen of the Apocalypse. If you read the Apocalypse very closely you will find a fifth horseman. He is there, and he is the Horseman of Despair. He comes afterward. Of course, that despair will be dished up for this country. Here we have an economy now that is directed upon what we might call an artificial boom in armament, but do not forget there is only one purchaser in that kind of economy; that is, the Government of the United States or other governments. There is only one kind of merchandise, and that is the merchandise of death. But when the end comes, then there comes dislocation, the demobilization of those in uniform and, as they seek to retrieve their jobs, there comes the lengthening of those tenuous unemployment lines which are still long today. There comes the diminution of our national wealth, and also the collapse of national income. But do you not know that when the final score is written, the debt service will be $1,500,000,000 a year, but that income will have diminished, and so you have an annual standing interest charge with a diminished capacity to take care of that load. And then what? Then comes collapse.

It is high time that we stop thinking exclusively in terms of what the international-trade situation will be after the war is over. Domestic problems also demand attention. We have not solved the problem of stagnant capital. It is all right for these dollars to find their way into the armament industries and expand the figures, but when the war is over that will collapse. That will have to be curtailed. Then what about the American economy? It behooves us now to be thinking about it in the hope that by a judicious approach now we can meet that day when the fifth horseman of despair starts riding over all the earth, because that will be a great problem and a great responsibility.

Frankly, I may say to my good friend from Virginia, I am not at all sure about the answer, but I think there is a factor in the answer that we can see now, and that is that you cannot hobble industry too closely, you cannot press too many restrictions on it and then go out and demand the utmost of a crippled industry. The very fact that the conferees are wrestling with a tax bill today that has a very difficult amortization provision in it is the best testimony I know of. People often throw rocks and point an accusing finger at the industry of America and say they are engaged in a sit-down strike, so we must needs by some device in a conscription bill seek to conscript those industrial services.

I do not believe that that is the answer. I believe that when we ask industry to submit themselves to a single purchaser in the form of the Government to manufacture the goods of death we ought to play fair also and make it possible to amortize those plant facilities over a short space of time. They will be utterly valueless when finally the four horsemen—of war, pestilence, death, and famine—cease to ride. So the evidence is very much here. While I think it is a grand thing to hold onto the gains that have been made, yet there must be a relenting of certain restrictions if you are going to pitch this grave problem and this grave responsibility upon American industry and say, "You solve it." You must give them the legislative instruments and help to do it.

As we go along that is one factor that will show up continuously in the answer, and in proportion as we show a little more leniency in dealing with industry and what we demand of it, we can make preparation for what is to come after. I think it is going to have a tendency to head off some of these disastrous effects that will come as a part of a world-wide dislocation.

Casual reflection upon the domestic problems which will become acutely aggravated after the world forsakes its present madness and returns to sanity indicates that these problems will include demobilization of men in uniform, the cessation of the manufacture of war goods and supplies, the diminution of revenues, the shrinkage in national income and a continuing annual interest charge of one and one-half billion dollars which will weigh as a staggering burden upon the weakened economy of our country.

One hesitates to bring forth the unpleasant reminder that, in the period following the World War, Government obligations which sold at $980 per thousand in the latter part of 1918 had depreciated to $860 only 18 months later.

The present program in all its aspects manifestly requires the issuance of additional billions of Government paper as annual deficits continue and grow larger. The gross amount of such obligations which must be carried by banks, insurance companies, and other institutions of the country grows year by year. What a ghastly situation could develop if we fail now to exhibit a degree of vision and seek toward those things which will minimize the shock of dislocation when the present madness ends.

Mr. WOODRUM of Virginia. Mr. Chairman, I yield the remainder of my time to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, there is an ancient Norse legend of Alaric, the Viking chief, hero of a thousand battles, who, on his deathbed, promised his companions-in-arms that if ever needed he would come back to lead them to victory; and in Denmark there has been told through the centuries the folklore story of a sleeping Danish king who would return to defend Denmark in her hour of need. A shepherd searching among inaccessible crags for a lost herd found himself in a vast cavern where the sleeping monarch clad in armor still sat upon his throne. As he gazed, the King stirred in his sleep and murmured, "Is it time; give me thy hand." Afraid to approach nearer, the peasant reached out the steel point of his alpenstock and the tough metal melted like butter in his grasp as he muttered, "Ah, there are men in Denmark still." Even in modern France, the peasants have always believed that in a national crisis their sainted Joan of Arc would arise to lead them. But the enemy came swift and terrible. The invader, unprovoked and unchallenged, savage and ruthless, ravaged Norway and Denmark without cause or occasion—and Alaric and Holger Danska, and even the dauntless spirit of the Maid of Orleans, slept on.

Here in America we likewise have had our legends. "It could not happen here." "The memory of Washington and Lincoln and of every hero from Bunker Hill to Chateau-Thierry would give us spiritual power." "A million men would spring to arms."

But what arms? We cannot fight today with the armament of 1776, or even with the weapons of 1914—as nations have learned to their cost. When Paul Revere rode through Middlesex arousing the minutemen, all that was necessary was for them to rise, pull on their boots, reach above the door for their rifles, and pick a convenient place behind a stone wall along the invader's line of march. That strategy was effective in colonial New England, but it would not protect New York or San Francisco today. Neither the rifle nor the untrained minuteman or even the stone wall would be of avail in modern warfare.

The French on the Maginot line complained that when the Germans came across they saw no men; they saw only tanks and machinery and flaming guns.

France had the men but lacked the machinery, and there was no time to provide it. And almost overnight a great world power, a nation that had dominated Europe, a culture and a civilization that had enriched every period of history, vanished like a falling star, and in darkened London men cower in subterranean shelter to escape the death that flies by night.

In this lawless age when continents are being robbed and enslaved without provocation or excuse, no nation can hope to survive that is not able to defend itself. And self-defense is merely a matter of modern armament and men trained to use it. We have already provided the money for armament. In this bill, the last link in the preparedness program, we provide money for men. One is useless without the other. With the passage of this bill we have now provided for both. With the passage of this legislation it is merely a matter of time before we will have planes, tanks, guns, and ships, and, most important of all, men trained to use them.

And it cannot be emphasized too strongly that this vast expenditure is not a step toward war. It is a step away from war. It is insurance against war. It is the shotgun behind the door, the knowledge of which will deter predatory marauders who otherwise might be tempted by our well-filled corncribs and our crowded chicken roosts.

I listened with interest to the gentleman who preceded me. He is one of the valuable members of the House and I hear him always with pleasure and profit. But I regretted that he devoted the time to a discussion of conditions which will follow the close of the war emergency, when we shall again beat our swords into plowshares and our spears into pruning hooks. Sadly enough that millennium is in the far distant future. Of course it is an intriguing speculation and I suppose I have hammered all the changes on that question harder than any man on this floor. From the beginning of this session I have repeatedly called attention to the fact that eventually the war must end and have insisted that we take into consideration economic conditions which must inevitably follow the war, especially with relation to agriculture. The certainty of this becomes every day more apparent. The huge flying fortresses, the stupendous 16-inch guns, and all the Gargantuan paraphernalia of war which we are so feverishly building at such astronomic costs will be junk when peace is declared. All combined will not be worth a dime except as scrap metal. And it is natural that we should permit our minds to stray even in these crowded hours to such eventualities.

During the hearings on this bill, I asked General Marshall what might be expected in 1944 when we have completed the program; when we have spent these billions of dollars. And of course he could not answer. Because, for the present, such discussion is purely academic. It is wholly irrelevant. We can cross the bridge of post-war economy when we come to it, but for the present there are but two objectives before us. And to those we should devote all time and interest and energy. One is to prepare as quickly and efficiently as possible to defend this Nation and this continent. That we are doing with every possible dispatch.

The other is to prepare with all circumspection to render an account of our stewardship in the disbursement of the vast sums we are voting to appropriate in this bill and have previously voted to appropriate for the preparedness program in this session. Necessarily, these appropriations are liberal. I have no doubt they are in some instances perhaps too liberal. For under present conditions we could not afford to take any chance. I am frank to say that the subcommittee that held these hearings and reported this bill, accepted every recommendation made by the Army and the Navy. At no time did we cut down any estimate by a penny. We provided every dollar requested, and then not content with that, we asked, "Now, do you need anything more," and they have assured us that we have provided every possible dollar that can be used to expedite the arming of the Nation at top speed.

But it would be unreasonable to suppose that in the disbursement of these vast sums in practically every industry throughout the Nation there would not be some mistakes, that there will not be inevitably some waste. It is to this contingency, if not certainty, we should be devoting our earnest attention and consideration. The day is coming when we must face this phase of the situation and we should have it in mind, and every disbursing agency of the Government should have it in mind, as we go along. This House will appoint some day in the future, and I trust it will be in the near future, an investigating committee with vast powers of inquiry.

They will start here with these appropriations and trace every dollar from the Treasury to its ultimate disposition. They will ask, "How did you spend it? Was it spent honestly? Did you get value received?"

And we must be prepared to show that we neglected no precaution; that we took every possible measure to insure the effective and honest expenditure of this money; and especially that we got results. And we call upon every administrator and every contractor down the line to remember that "they likewise shall give account in the day of judgment."

Mr. ROUTZOHN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Ohio.

Mr. ROUTZOHN. I am in hearty accord with what the gentleman has just said about having a committee appointed for the purpose of watching the expenditure of this money. I would like to know whether or not the gentleman will initiate such a program?

Mr. CANNON of Missouri. The gentleman need have no concern about who will initiate it. There are many on this floor and elsewhere who will attend to that. At the close of the last war a committee spent $1,000,000 investigating the conduct of the war. Inevitably there will be investigations of this war. I hope it will be done more cheaply, but it will be done as exhaustively.

Mr. DIRKSEN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to my colleague on the committee.

Mr. DIRKSEN. Does not the gentleman believe that that investigation should be concurrent with these expenditures and ought to be done long before the war, or the alleged war, is over, if war ever comes to this country, so that while all the evidence is fresh we can go on and make the investigation and find out whether this money has been effectively spent?

Mr. CANNON of Missouri. The thing for us to do is to be certain that when the investigation comes, as it surely will come, we shall be prepared to meet it and will be prepared to show that we were justified in spending every dollar that was spent. But we cannot permit that consideration to interfere with the program. This is one of the times we cannot stop to count the cost. We cannot take the chance European countries took. We must be prepared. We have only ourselves to depend on. We are the last line of defense. There is nobody back of us. There are no allies that we can call upon. We stand with our backs against the wall. We have only America to depend upon, and America alone.

And these post-war questions of after-war economies may for the present take care of themselves. If America can meet successfully the problems of the present crisis, she can meet successfully any after-war problems which may arise. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

For contingencies of the Army, $10,000.

Mr. KLEBERG. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time solely for the purpose of calling to the attention of the membership a matter which is deemed by the naval authorities in charge of the Corpus Christi Naval Air Training Station to be one of vital importance. It so happens that Admiral Towers and Admiral Moreell appeared before the committee in support of an item of $3,000,000 additional to the $25,000,000 which was appropriated by the Congress in the last major appropriation bill for the Navy.

At the time the naval estimates were made up the Navy Department estimated originally the sum of $26,650,000 for this project, and an additional sum somewhat in excess of $1,000,000 for the acquisition of land in connection with the project. For some reason or other in the presentation of the matter to the Budget it was apparently deemed that this matter could go over until Congress met again in January; at least, no other reason was assigned.

The present naval air training program calls for the intake of 800 student flyers per month, 300 of whom are to be trained at Pensacola, Jacksonville, Miami, Corey Field, and Selfridge Field; 200 more at Jacksonville, Miami, Corey Field, and Selfridge; and 300 to be trained at the naval air training station now in the process of being erected at Corpus Christi, Tex., my home town.

I want to assure the Committee, first of all, that my interest in this item has no local color whatsoever. The statement I am making here has to do with the effect of the failure to provide this $3,000,000 extra in this particular bill on the preparations program for the defense of our country.

Speed, Mr. Chairman, is of the very essence of the situation. Failure to provide the additional field authorized in the original plan came about by reason of the fact that when the costs were finally estimated carefully and accurately it was found they would have to leave one of the three primary fields out. Three primary fields were originally contemplated and set out in the plans and specifications approved.

Corpus Christi happens to be the only naval air training station where complete training is afforded from primary grades on through to the finished flyer.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. WOODRUM of Virginia. I would like to correct the gentleman in one of his statements. Admiral Towers and Admiral Moreell appeared before the committee in support of the item. The situation was that they appeared before the committee in support of other items.

Mr. KLEBERG. That is right.

Mr. WOODRUM of Virginia. The question of Corpus Christi came up and, as will be seen from pages 20 and 21 of the hearings, I asked Admiral Towers about the situation at Corpus Christi and he said that it was vitally necessary to their program and he was unable to understand why it had not been approved by the Budget.

The committee did not put it in the bill because the Budget had not approved it. We understood that the matter was taken under consideration by the Budget. But it was shown by both Admiral Towers and Admiral Moreell that they regarded it as a vitally essential item.

Mr. KLEBERG. I thank my colleague very much for his contribution.

In conclusion I have this to say, Mr. Chairman: The situation with reference to this particular item is now under consideration and it is hoped that the Budget will send up a suitable recommendation to the Senate where this item can and should be included; and I express the hope that when the conferees meet, if this item is put in the bill, that it will receive favorable consideration.

Mr WOODRUM of Virginia. Mr. Chairman, will the gentleman yield further?

Mr. KLEBERG. I yield.

Mr. WOODRUM of Virginia. I should say, in justice to the gentleman from Texas, that he has been most diligent in this matter and appeared before the committee in its interest.

Mr. KLEBERG. I thank the gentleman very much. In substance the failure to provide the requested $3,000,000 for the third primary training field will prevent the completion of the naval air training station at Corpus Christi. It will seriously impair that school in its program for complete pilot training. It will result in delaying without reason the full possible pilot output contemplated by the whole Navy program.

In the final analysis, it will preclude the carrying out of the present plans there to begin the training of pilots in early March of 1941.

In all, and after all, this $3,000,000 additional will but bring the total funds up to a total only about 4 percent out of line with the Navy's original estimate for the full project.

Mr. Chairman, I yield back the balance of my time.

Mr. BENDER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I ask unanimous consent to proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Ohio is recognized for 15 minutes.

Mr. BENDER. Mr. Chairman, following my 1-minute statement this morning regarding the need for a chairman of the Advisory Committee on National Defense we received one of the finest statements concerning his point of view

from the gentleman from Virginia that I have heard on the floor of the House. It was with respect to what might happen after this war or emergency had passed. He made a fine statement. It is a great pity that so many of us have to try to say so much in the minute we are given occasionally, or the 5 minutes we have now and then. We have not time to discuss as carefully as we should like the things we have some knowledge of. It is for this reason that I have asked this additional time. I did not quite complete the statement I wanted to make this morning because my minute was up when I was about half way through. So I am going to ask your indulgence for a moment while I complete the statement.

Every man and woman who belongs to any organization knows that every organization must have a directing force to push its work. Without a chairman, without a coordinator, men work at cross purposes. They turn in performances of notable value, individually, and yet they may snarl the entire procedure.

Our Advisory Commission stands in grave danger of precisely this trouble. There is no reason whatever why a chairman should not be appointed who would in turn be directly accountable to the President for the activities of the group.

It is simply one additional illustration of the desire of the President to retain within his own hands the complete direction of every one of the multiple activities which he seeks to control.

One-man government is not a remote consideration when the defense of the Nation is so handled. There is serious danger that this one-man government is already here. We cannot risk this kind of danger.

That is exactly the way I feel about this whole defense program. There is a need for a head, there is need for cooperation, there is need for speed as the gentleman from Texas so aptly put it.

A distinguished Senator from Virginia, Senator HARRY BYRD, requested the Army to supply him with information as to the present needs of the Army and as to its future needs. He had quite a hard time getting that information. I do not know whether he has yet received it, but one of our colleagues the gentleman from Pennsylvania [Mr. VAN ZANDT] has received some information concerning the progress we are making. I want to point out to you some of the facts with regard to Army equipment that was on hand May 1 and compare it with the equipment, according to the Army figures, that was available on August 1.

For an army of 450,000 men they had 448 3-inch antiaircraft guns. They had no 90-millimeter guns. They had fifteen 37-millimeter guns. Of .50-caliber machine guns, they had 1,014. They had 38,000 semiautomatic rifles. Of 37-millimeter antitank guns they had 228. Of 60-millimeter mortars they had 3.

Now let me cite the figures the Army has given us on these items as of August 1 and as of May 1.

Three-inch antiaircraft guns: On May 1 we had 448; on August 1 we had acquired 471.

Ninety-millimeter guns: On May 1 we had none, and we had none on August 1.

Thirty-seven-millimeter guns: We had 15 on May 1 and 59 on August 1.

Small arms: Of semiautomatic rifles we had 138,000 on May 1 for 450,000 men, and only 149,124 on August 1 for 519,000 men.

We had on May 1, 228 37-millimeter guns, and on August 1 we had the same number, 228.

On May 1 we had three 60-millimeter mortars and we had three on August 1.

On May 1, we had 183 81-millimeter mortars, and we had 223 on August 1.

On May 1, we had 83 caliber .50 machine guns, and on August 1 we had 330.

Let us take field artillery. We had 141 75-millimeter guns modernized from World War stocks on May 1 and on August 1 we had 241.

Modern combat planes: On May 1 we had 52 and on August 1 we had 300.

For an army of 1,200,000 men we would need, for example, 10,000 planes.

Tractors and motor trucks: On May 1 we had 498 and on August 1, 631, and the need for that size army would be 140,000.

We had 485 scout cars on May 1 and 525 on August 1. We would need for the size army we are thinking about 2,600 of these cars.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. In fairness I think the gentleman ought to remember, particularly with reference to planes, that our plane production has been stepped up in the last 12 months from 250 a month to 1,000 a month. We do not have the planes for the reason that under a policy which I believe most Americans approve we have been letting other people have these planes. That applies to much of this material that would be on hand.

Mr. BENDER. I am glad the gentleman made that point.

Mr. ENGEL. Will the gentleman yield?

Mr. BENDER. I yield to the gentleman from Michigan.

Mr. ENGEL. May I ask the gentleman from Virginia if he has any information whether any of these planes, and if so, how many, are modern, up-to-date planes which contain self-sealing gasoline tanks and armored pilot seats?

Mr. WOODRUM of Virginia. What planes?

Mr. ENGEL. The pursuit planes we are now constructing.

Mr. WOODRUM of Virginia. I do not know. I was answering the gentleman as to why we did not have more planes now than we have. We have been sending them abroad.

Mr. ENGEL. The gentleman said we are building them at the rate of 1,000 a month. I am interested in finding out how many of these are modern up-to-date planes.

Mr. WOODRUM of Virginia. They are all modern and up to date.

Mr. ENGEL. With self-sealing gasoline tanks?

Mr. WOODRUM of Virginia. I do not know about that, but they are the planes that our aeronautical authorities say we ought to have for the job they are doing.

Mr. BENDER. Semiautomatic rifles: We had 38,000 on May 1, and on August 1 we had 49,124. We need for the size army we are talking about, 500,000, and this would include conscripts and volunteers.

Mr. WADSWORTH. Will the gentleman yield?

Mr. BENDER. I yield to the gentleman from New York.

Mr. WADSWORTH. It ought to be understood that while the semiautomatic rifle known as the Garand is now stated to be by far the best military rifle of the world, the next best military rifle in the world is the Springfield-Enfield of which we have over a million. That is not stated there.

Mr. BENDER. The Springfield-Enfield? The Army is derelict in its duty in not supplying that information to the gentleman from Pennsylvania.

Mr. WADSWORTH. That information as I hear it read applies only to those items which have recently been designed and are supposed to be the last word, but it does not give an accurate description of the armament.

Mr. BENDER. I read 75-millimeter guns, modernized from World War stock. We had 141, and there are now on hand 241 modernized from World War stock.

Mr. WADSWORTH. That is true. The modernized 75-millimeter gun from World War stock is a better gun than the 75-millimeter guns that were used in the World War, but the 75-millimeter guns that were used in the World War are still excellent guns, and they are not counted. I think we have 3,000 of them.

Mr. BENDER. Combat vehicles: Scout cars: On May 1, we had 485. On August 1, 525. The need for our Army, as is contemplated between now and the first of the year, is 2,600.

The fact remains that while we have appropriated $5,702,000,000 in direct appropriations, according to the distinguished gentleman from New York [Mr. TABER], and that figure has

not been disputed, and for contract authorizations for the Army $2,975,000,000, we are woefully lacking in the thing that the gentleman from Texas pointed out, and that is speed.

The gentleman from Virginia points out that we are manufacturing many planes but they are not being used for defense. They are being sold elsewhere for other people's wars instead of providing for our defense. What are we here talking about? We are a nonbelligerent. We are supposed to be nonbelligerent. You know the people of the United States have the right to ask their President, Where are we going? Today the answer to that question is clear. With Roosevelt in the White House we are going to war.

We do not pretend to be neutral. We call ourselves a nonbelligerent, but with 50 American ships on the way to England, along with these planes and guns, we are heading straight for Europe. I know that our people hate everything that Hitler stands for, we despise dictatorship in any form, but I challenge anyone to tell us the difference between the Executive orders issued by Roosevelt and those issued by Hitler. We in America hate secret diplomacy, but every step in the negotiations between Great Britain and our Government is secret.

The order was secretly planned and secretly executed. We, the people, knew nothing until the deal was completed. I say to the American people that we cannot and must not tolerate this kind of government. Every one of us, no matter what his political views may be, must recognize that American traditions have been violated, flaunted, and ignored, in the Roosevelt order. We must stop now before it is too late. Roosevelt has started us on the road to war. There is only one way to get off that road. We must change drivers before the accident. We must change our national administration before it is too late.

Let me point out to you that it is 2 years almost to the hour of the Munich conference. You remember that week, the unholiest week in modern history, the Munich conference, when the umbrella man from England was there along with the umbrella man from France, and the umbrella man from America was sticking his nose into the whole business and taking credit for the deal. While willing to take credit for the deal at the time, his associates disclaim all responsibility after the transaction went sour. I ask you to examine the files of the New York Times or the New York Herald Tribune of 2 years ago this week. He received great credit for his participation, and for his having at that time, as they felt, averted a war because of his appeal for these nations to get together and work the thing out. The thing that was worked out was the betrayal of Czechoslovakia. In that betrayal the countries involved in the Munich conference almost sealed their own doom.

I say, what about this secret diplomacy, and what about all this business? I say it is essential that we on the floor of Congress at this time consider the implications that are involved in this whole situation. You will recall that Bismarck once said that whoever held Bohemia, or Czechoslovakia, as we better know it, controlled Europe. Here was a small nation, right in the cockpit of Europe, surrounded by natural barriers of mountains. Hitler after he had taken possession of Czechoslovakia marveled at the kind of a line they had. It had the Maginot line beaten in every respect. Here was a small nation with 1,400,000 troops trained, highly trained, the best soldiers in the world.

[Here the gavel fell.]

Mr. BENDER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. WOODRUM of Virginia. Reserving the right to object, Mr. Chairman, I shall not object to this extension, but I may say to the gentleman that 20 minutes of debate by one speaker under the 5-minute rule is extremely liberal. I want the gentleman to have the time he wants because I am going to ask for 5 minutes to answer. I shall not object to the gentleman's request.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. I say to you that here was this little nation with 1,400,000 trained men. In addition, they had 1,700 planes. Incidentally, the planes that were turned over to Hitler by Czechoslovakia were used to mow down the French, and many of them are being used today to mow down the British. They were used to mow down the Dutch, the Belgians, and the Poles. When they took over Czechoslovakia they took over the finest munitions works in the world, the Skoda Works. They took over 171 tanks, and the Skoda Works had for delivery to France over 70 tanks. The tanks they had for delivery to France were used to conquer the French.

It was one of the blackest pages in the history of the world when that little nation, our ally during the war and the ally of the Allies, was sold down the river, and sold down the river by a combination of leaders who were supposed to know what was going on. As the distinguished gentleman from Michigan pointed out, Lindbergh visited the plants in Germany. He was with an attaché of the American Embassy in Berlin, and certainly he could readily see and tell the people of America what Hitler was doing.

We in our short-sighted policy here have waited until the eleventh hour to rearm and provide for defense. We are paying premium prices now for defense mechanisms which, if Mr. Roosevelt had been on his toes and had made the request of a Congress that was his, if he had asked for the money, it would have most certainly been forthcoming. If he had let us in on what the picture was, or if he had known what the picture was, certainly we would have provided the money for him. Every appropriation bill for defense passed with very little argument when he told us that our country was in danger and our defenses needed to be strengthened.

I was in an elevator of the Mayflower Hotel with a group of men, and joined in the conversation with them. These men had contracts for war materials. They said, "Is it not a pity that we did not know this sooner. Our Government is spending double the amount of money for materials that it would have paid under ordinary circumstances."

Let me say this about the economic whirlwind of which the gentleman from California and my distinguished friend from Virginia, the chairman of the subcommittee, spoke. We are in that economic whirlwind today because of the manner in which the whole system has been unbalanced by spending us into a condition where today no one knows what will happen next. Our first line of defense is to keep our people employed. We find now as many people unemployed as when the present administration went into power. They have had 8 years in which to perform, and in giving an account of their stewardship they can point to 10,000,000 people unemployed today. They can point to secret diplomacy and the lack of knowledge of international affairs.

They ask us today to think about the economic repercussions and the position in which we will find ourselves after it is over. My God, men, what position do we find ourselves in today and what condition do we find the country in today? It is certainly a most unwholesome condition. Certainly, with the country in debt to the extent of some $50,000,000,000, the woman who said she had a mortgage of $48,000,000,000 on her home when the census taker came around was absolutely right. She now has a mortgage of about $50,000,000,000, and she does not know whether she is afoot or ahorseback, and neither do any of the rest of us. [Applause.]

Mr. HENNINGS. Mr. Chairman, will the gentleman yield?

Mr. BENDER. I will be glad to yield.

Mr. HENNINGS. I would like to ask the gentleman how he has voted on defense measures, naval appropriations, and expansion bills.

Mr. BENDER. I voted for every one of them.

Mr. HENNINGS. The gentleman has voted for all defense measures?

Mr. BENDER. Absolutely; every one of them.

Mr. HENNINGS. I am glad to know that. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM of Virginia. Mr. Chairman, I regret very much that the gentleman from Ohio [Mr. BENDER] has injected a partisan note into this discussion of a defense measure which comes before the House with a unanimous report from both the subcommittee and the full committee. There has been no politics in the Appropriations Committee in the consideration of these defense items. There has not always been unanimity of opinion on procedure or on amount or things of that sort, but the only inquiry has been what is needed to give us the defense that we think America ought to have. So I am sorry to see it used as a vehicle for any sort of political discussion.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. Sure.

Mr. RICH. Did the gentleman say this is a unanimous report from the Appropriations Committee?

Mr. WOODRUM of Virginia. That is what I said.

Mr. RICH. Did not the gentleman hear the "noes" that were uttered in the committee meeting this morning?

Mr. WOODRUM of Virginia. Oh, the gentleman votes "no"—I hear that frequently.

Mr. RICH. How does the gentleman know that I voted "no"? I am sure there were a number of "noes" in the committee.

Mr. WOODRUM of Virginia. If the gentleman will examine the report he will see no minority report filed when the bill was ordered reported. Is the gentleman against the bill?

Mr. RICH. No; the question I asked the gentleman was whether this was a unanimous report from the Appropriations Committee.

Mr. WOODRUM of Virginia. Maybe I am wrong, and I will seek to correct myself by asking if the gentleman is for the bill or against it.

Mr. RICH. I will tell the gentleman this: There is merit to having national defense, but I say you are going too fast to be sensible and you will see the time in the next 2 or 3 years when there will be extravagance in the administration of these great sums you are appropriating for national defense, and I think you are going entirely too fast, if the gentleman would like my own opinion.

Mr. WOODRUM of Virginia. I thank the gentleman and I appreciate that. Now, would the gentleman be good enough to point out what particular item in here we went a little too fast on?

Mr. RICH. Of the $12,000,000,000 you are appropriating for war now, you will find that you cannot spend that money judiciously and wisely in the way you are trying to make the appropriation. I think you are not using good common business sense in giving these Departments, including the War Department and the Navy Department and the President, everything they want, and you have no knowledge of where you are going to get this money to carry on in the extravagance appropriations.

Mr. WOODRUM of Virginia. I thank the gentleman; and now will the gentleman go back to the question I asked him, as to which one of the items that the committee unanimously reported we should take out of the bill?

Mr. RICH. If I started in, I would cut every item down by quite a considerable sum.

Mr. WOODRUM of Virginia. The gentleman is going to have an opportunity to offer amendments all through the bill to any item he thinks is too much.

Mr. RICH. The gentleman knows that if I offered any amendments here on the floor this afternoon the gentleman would call in the New Deal organization and I would not have a ghost of a show to cut down any appropriation. Anybody who tries to buck up against the Congress we have now to cut down spending might as well go out and bump his head against the side of this Capitol Building here. He would get just as much results in that way as to offer amendments for economy in spending in this Congress.

Mr. WOODRUM of Virginia. I think any amendment the gentleman would offer to cripple this defense program would not stand a ghost of a show, because I have too much confidence in the judgment of the Committee to think otherwise.

Now, to get away from this bit of pleasantry with my belligerent friend from Pennsylvania, it is hard to follow the reasoning of some gentlemen who in one breath are complaining because the present administration did not start way back and build up an adequate defense, and in the next breath are complaining because now that we are building it up we are leading the Nation to war. I think they ought to make up their minds whether they are for it or not. Mr. Willkie made that great mistake. He said that the President intervened at Munich and sold Czechoslovakia down the river, committing that blunder that so many of us make sometimes when we talk about something without being pretty careful that we know what we are talking about.

Mr. TABER. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM of Virginia. Yes.

Mr. TABER. The only mistake Mr. Willkie made was that he used the word "telephone" instead of "telegraph."

Mr. WOODRUM of Virginia. No.

Mr. TABER. The rest of it was just as Mr. Willkie told it, according to the announcement of the State Department.

Mr. WOODRUM of Virginia. No; the President did at Munich what the American Republic always has been in favor of in trying to use its economic and its moral influence to settle disputes around the conference table rather than to take them to war.

The President did at Munich what he has done time and again since this world conflagration started. He begged, implored, and pleaded with the belligerent war-hungry people of Europe to try to settle their disputes, but he did not undertake to tell them how to settle them.

Mr. JONKMAN. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. JONKMAN. Is not that what they call "appeasement"?

Mr. WOODRUM of Virginia. Well, the gentleman can call it what he wants to. He can call it "appeasement" if he wishes, but after all, knowing the implications of this world conflagration I believe the people of this country would want to see their country use its moral influence if it could to try to avert this catastrophe that we are driven into and that now makes it necessary for us, for defense purposes, to obligate our Government for these stupendous sums.

Mr. BENDER. But not to intervene.

Mr. WOODRUM of Virginia. But not to intervene. There has been no intervention whatsoever. Everything that has been done, so far as I know, has been approved, at least tacitly approved—maybe belatedly approved—by the leaders on that side of the aisle; certainly by the candidate for the Presidency.

Mr. DWORSHAK. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. DWORSHAK. Are there any funds provided for in this bill for development of the naval and air bases on the British possessions in the Atlantic?

Mr. WOODRUM of Virginia. No.

Mr. DWORSHAK. Does the gentleman know whether the Appropriations Committee has considered any funds for this purpose?

Mr. WOODRUM of Virginia. We have not. We have understood that if such funds are needed they will be provided, in part, at least, out of the emergency fund that the Congress gave the President for emergency purposes. There has been no specific recommendation.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Miss SUMNER of Illinois. I would like to ask a question in all seriousness, if there has been any more investigation concerning this bill than there was on the original $5,000,000,000 bill? The reason I ask that is this: Shortly after that, I would say about a month, a very well-known businessman came to my office. I have known him a long time and he is very close to people who have been connected with the defense program. He said, "What were you thinking of when you voted

for $5,000,000,000? Do you not know that the sum is outrageous? I have talked to manufacturers who have been contacted in connection with these contracts. They say the Army does not know what it wants. They say that industry does not know how to accept $5,000,000,000. They think it is a ridiculous sum to appropriate, and apparently there was no rhyme or reason for it." Some of us do not want to vote for appropriations and have that kind of protest made. The conversation I had with him led me to think that his protest was justified.

Mr. WOODRUM of Virginia. The gentleman was probably one of that group of citizens who will be calling upon Members of the House and Senate, where they have sought war contracts and have not been successful in getting them. [Applause.]

Miss SUMNER of Illinois. I assure you that this information was not from that kind of source. It was an old, old friend; in fact, a lawyer.

Mr. WOODRUM of Virginia. Seven billion dollars' worth of contracts have been let to American manufacturers who have accepted those contracts. You will find in the Defense Commission, if you are interested, progress charts showing exactly what will happen and the dates upon which these deliveries will be made. Those facts were laid before our committee. The astute, able, careful, and cautious gentleman from New York [Mr. TABER] was there to assist us in going over these matters, and, as far as I am concerned, I do not think there is the slightest doubt about the fact that the Army and Navy know what they want. They have a definite, concrete program. They are going to be able to award these contracts and expend this money for the purpose for which we appropriated it.

Miss SUMNER of Illinois. I think I ought to say to the gentleman that I have a great deal of confidence in him and I wanted that assurance from him.

Mr. WOODRUM of Virginia. I thank the lady, and I am glad to give it.

Mr. TABER. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. TABER. The information I have with reference to most of these contracts is that practically half the funds which were carried in that $5,300,000,000 bill have already been contracted for and operations are under way for the rest of it.

Mr. WOODRUM of Virginia. I think that is right.

Mr. KELLER. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. KELLER. Is there any provision in the Constitution, or any rule of law, that would prevent any of the gentlemen who are making these criticisms from originating the idea, the necessity for preparedness 2 years ago about which they are complaining?

Mr. WOODRUM of Virginia. I think the gentleman's question answers itself.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. WOODRUM of Virginia. I yield.

Mr. VOORHIS of California. I would like to ask the gentleman a question, whether he does not share with me a certain feeling of discouragement when the gentleman from Virginia and myself tried today to point out some things that obviously any American needs to be concerned about and to face, and then when suggestions are made that there is a terrific partisan point to be made about these matters from representatives of a political party which to my knowledge has never put forward any constructive program for facing these issues that we have presented?

Mr. WOODRUM of Virginia. I think it is unfortunate to inject partisanship. We have got enough stuff that the two political parties can quarrel about—plenty of it. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD. I am led to take these few minutes because I am somewhat stirred by the gentleman from Missouri [Mr. CANNON]. He says that we must protect ourselves and the whole Western Hemisphere. Send forth the news to all South American nations and Canada that no matter whether they prepare or not, that we will protect the entire Western Hemisphere. And he also said that we have no allies we can depend upon, and that we stand all alone. It occurred to me that we have done a good deal lately to make friends and allies among the other nations of the Western Hemisphere. But he has proclaimed today: "You need not spend any money in arming. We, the United States, are going to take care of the Western Hemisphere." That is most disturbing to me. Does he discount the agreements made at the Habana Conference?

I have not allowed politics to influence me in these defense measures. I voted to repeal the embargo. I think that our first line of defense is Great Britain, and that we should help her all we can. That is my attitude. Politics or no politics, that is my viewpoint.

But the best-laid plans amount to nothing now. One hopeful sign I have. I recall to you the words spoken by the gentleman from Virginia yesterday evening:

> The Congress should keep a firmer hand on the administration.

Did you read that? That is indeed encouraging to me. But day by day as the days pass something new occurs. Are we Congressmen not disturbed today after the proceedings of yesterday when Secretary Hull said to the French people, "We are interested in Indochina. All the material we can possibly spare will be sent to you. And we will now refrain from sending Japan war material." Do not all thoughtful men in this Nation foresee a newer and a greater peril by far than has yet appeared on the horizon? Are we to be held dumb today?

But diplomatic action always precedes congressional action, and all we can do is to mop up results of whatever decision may have been made by the State Department. But as I read that statement made on yesterday I foresee serious consequences. That there would be a tripartite agreement between England, the French Vichy Government, and ourselves to see to it that Japan does not further invade Indochina is apparent. If this is the understanding we are led in a little quicker by a back door little expected and from which we may not be able to retreat.

I am voting for this appropriation. I cannot, of course, criticize the President for this recent action, much as I blame him for many things relative to our economic tottering condition. But like the English Government, like the French Government, those in power should have insisted on preparedness for defense, although they might have been relieved of their positions. Their successors probably would not have done better, but they should have warned their people. I claim that we were not convinced of this necessity even 1 or 2 years ago—neither party was. That did not excuse those leaders who were informed. I do not excuse the British or French Ministry in power for not daring to tell their people of conditions in Germany because they feared they would lose their jobs. I have little sympathy for that lack of courage. Roosevelt ought to have insisted, if he knew; but he just talked about the edges in matters of defense, and what money we gave him for defense he spent only for light housekeeping.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mrs. ROGERS of Massachusetts. Does it not seem to the gentleman that it would be extremely helpful if the President told us just what he knew about the situation in the Far East and Europe? I believe everyone knows that the reason the British are doing so extremely well is because they have been told the truth by Winston Churchill. They know just what to expect.

Mr. GIFFORD. I am sure the lady understands that Roosevelt does not trust this Congress whether it be the matter of selling ships or scarce anything else.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GIFFORD. I want time enough to excuse myself for entering this debate at the moment. I am too much aroused over the situation to hold my peace. Rest assured, however, most of us are watching and worrying about our diplomacy. I happen to be in a position where I have been able to talk with men who know more about these matters than I. Thank God, I hope that those who are in authority know what they are doing. I am somewhat like the boy who did not know what he was fighting for. He said, "I am fighting for my rights." "What are your rights?" "Perhaps I do not know, but there's them that does know." I do earnestly hope "there's them that does know." [Applause.]

Mr. RICH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in discussing this appropriation bill I want to read from the report of the committee two paragraphs [reading]:

Assuming the instant bill becomes law carrying the appropriations and contractual authority recommended by the committee, the Congress will have made available to the Army and Navy for the fiscal year 1941 a total of $8,334,700,507 by way of immediate appropriation, and $3,802,132,009 by way of contractual authority. The grand total would be $12,136,832,516.

That sum excludes commitments sanctioned for constructing approximately 349 naval ships, excluding a number of small patrol craft, the total estimated cost of which, exclusive of the added expense attendant upon emergency construction, has been represented to be $4,734,051,880.

A few moments ago the gentlewoman from Illinois [Miss SUMNER] made a statement about a certain manufacturer who could not understand what all the appropriations were being made for. I want to say that I, a Member of Congress and a member of the Appropriations Committee, am baffled. I do not know what they are all for. We have not been told except as we get these reports. We got this bill in the Appropriations Committee and had just about an hour and fifteen minutes on the bill in committee. You talk about billions and say these are just the items we need for war, and they only came up in the last few minutes. A manufacturer in this country cannot fathom these great sums. They do not speak in terms of billions. You can see how much brighter and more intelligent the Members of Congress are than the businessmen of this country. That is the point I think the gentlewoman from Illinois was trying to make, the inability of the businessmen of this country to fathom what the Congress is doing. I share in that inability of the manufacturer who asked her the question.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. RICH. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. I was additionally disturbed when, a few weeks later—I think it is within the past 2 or 3 weeks—I read in Collier's magazine an article by Davenport which showed his investigation of conditions in Detroit where they had attempted to fill defense orders and had gotten themselves enmeshed in red tape with politicians and were in a very great turmoil.

Mr. RICH. Well, that can easily happen. I am for national defense, and I want to do everything I can for national defense to protect this country against aggression from anybody, whether it be in the Eastern or Western Hemisphere. The best way we could do that is to tell the President of the United States and the public officials to keep their noses and their fingers out of other people's business. That is the first thing we ought to do, else we are going to be in a war in the next 6 months or a year. What business is it of Secretary Hull to go over there and monkey around in Indochina at the present time? He will get us into war with the Japanese. We do not want to go over there 4,000 miles to fight Japan, nor do we want to go 3,000 miles to fight Hitler. I say let us stay in our own back yards.

Mr. Chairman, we have appropriated $12,000,000,000 for the operations of the Government before we started appropriating for war. Our income next year will be $5,600,000,000, according to the present estimate—$1,007,000,000 under the tax bill we put through recently and then about $230,000,000 from another tax bill, called the excess-profits tax, which was recommended by the Ways and Means Committee. That will only be a drop in the bucket compared with the amount we have appropriated and authorized. By the time the next administration comes in power—and I am sure it will be a Republican administration—we are going to have a real problem in America in trying to handle the finances of this country and make it safe financially to carry on our Government in a sound business way. At the rate this Congress spends it will be necessary to tax our people till they almost break their backs to carry the burden we are now imposing on them. We will break down financially unless we do, and that is a terrible situation for any country to be in or for any people. A sound country needs a sound government, a sound financial structure.

[Here the gavel fell.]

Mr. HINSHAW. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, while considering a little bill here for only thirteen hundred millions of dollars, a supplemental national-defense appropriation, I think we might listen to our constituents. They sometimes wonder what this money is to be used for, then wonder what the men are to be used for that the money will support. I may say, first, that I have voted for every appropriation bill for defense purposes since I have been a Member of this Congress, and I have advocated national defense for long years before that, for we must be prepared to defend ourselves until the world permanently abandons war as a means of settling disputes.

Now, let me read to you from a copy of a letter which was addressed to the Honorable Cordell Hull, Secretary of State of the United States, by a constituent of mine:

MY DEAR MR. SECRETARY: I see by the papers that Japanese troops have marched into French Indochina and that you are again viewing with alarm and considering the appropriate steps to take to counteract this move.

I realize I am dumb, but for the life of me I can't seem to get very much worked up over what's taking place 8,000 miles from our shores. In fact, I had to look at the globe map to find out where French Indochina is.

I sincerely hope that you are not planning any drastic steps, such, for instance, as those designed to throw Japan out of there. If you are planning any such steps on my account (and for my fellow Americans), please drop the whole thing right now. Of course, I know there is tin in French Indochina and that we need tin. But did it ever occur to any of the bright boys in Washington that we could perhaps buy that tin as well from Japan as from the French (or the English intermediaries)? Maybe this is too obvious a solution and one not in keeping with diplomacy, but if it is, just skip it. As I said above, I'm just plain dumb. But, at that, I should like to inquire how many $70,000,000 battleships, $200,000 airplanes, etc., not to mention several hundred thousand lives, we can afford to spend in order to maintain status quo in such an ungodly place as French Indochina.

While I am about it, I should like to inquire if anyone in Washington has ever given consideration to the possibility of cultivating Japan's friendship. I have an idea that if we would quit making faces at her and begin treating her as a civilized nation, we might find that we didn't need a two-ocean navy after all. But, I repeat, I'm just dumb.

And, by the way, what's this business of our sending the U. S. S. *Augusta* to Singapore? Don't we have enough worries already without deliberately breeding more? God, one would think we were a part of the British Empire, the way we are acting.

Sincerely yours,

CHAS. R. MCGILL.

Mr. Chairman, whether or not we agree with all of the sentiments expressed in this letter, yet Mr. McGill has raised a number of questions that will be raised by others. The people will want to know the answers. They are entitled to know them, for it is their blood and their treasure that may be called upon, and will be sacrificed in the event the United States decides to intervene in Asia. Would that sacrifice be worth what is hoped to be gained, and what is to be gained by it?

The term "status quo" is not understood by many people, but, simply, it refers to the condition of things existing at the time. When we say that it is to our interest to maintain the status quo in the Orient we then mean that it is to our interest to have French Indochina stay a colony of France, Java a colony of Holland, China a free republic, Australia and India colonies of England, and so forth. There is no question that it is to our interest to maintain the status quo in the Orient for the time being at least. That condition would give us assurance of oriental trade and commerce without inter-

ruption, and we need tin, rubber, silk, and tea from the Orient. The question is, however, would it be worth our blood and battleships and the aftermath of war if it became necessary to fight in order to maintain it, and Mr. McGill properly raises that question.

It is to our interest as a nation that peace be established and maintained throughout the world. When "things as they are"—the status quo—is challenged by some dissatisfied nation, then there is war. The rest of the world has now been challenged by Germany, Italy, Russia, and Japan, a powerful combination. They have determined to change things.

They intend to take from England her colonial empire, and they hold France and Holland and other European empires by the throat. They do not immediately threaten the United States, but because of their methods of doing business and their forms of government they are a threat to our foreign trade and perhaps to our own cherished form of government if they succeed in becoming the dominating power. For those reasons we hope that England is not defeated, and we render England every aid that we can without ourselves entering the war.

But in the Orient we have what appears to be a very difficult situation. All of these European countries either have Oriental colonies or hope to win them as the result of war. Meantime, while they are busy fighting each other in Europe, Japan is busy gobbling up the colonies, or at least pointing that way. It would appear to be in the interest of Germany and Italy and Russia, as well as of England and France and Holland, to prevent Japan from taking these colonial possessions, certainly until they can settle their fight in Europe. It would be to Russia's interest for Japan to be out of China.

Apparently the only nation of consequence that is not at war just now is the United States. We are known not to have ambitions toward establishing a colonial empire. Consequently it would be very convenient to these European nations if the United States would engage Japan in a war, or at least prevent Japan from doing any colony gobbling until the war in Europe is over and those countries have a chance to again center their attention in the Orient.

Of course, Germany would also like to do something that would prevent us giving aid to England. If the United States could just be gotten into war with Japan, then aid to England would have to be curtailed, so Germany would have a double purpose in fomenting a war between the United States and Japan.

It is quite evident that we in this country are in a most dangerous situation. For a long time we have been on the slippery path toward war, and yet we have done very little to prepare for it until quite recently. Now we are engaged in an hysterical scramble for preparedness which may lead us beyond our desires.

I do not claim to know the answers, but I have an idea that for our own welfare and for the future welfare of the world as well, we should not permit ourselves to engage in any war unless it be brought to us in the Western Hemisphere; that we should not attempt to settle the questions in the Orient nor to aggravate the frictions there, but to concentrate on rehabilitating our own country, our own economy, our own defenses, and continue to give such aid as we rightly can to Great Britain.

[Here the gavel fell.]

Mr. KELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have been surprised at the criticisms of a great many Members of this House when they talk constantly about what Roosevelt might have done 2 years ago, what he might have recommended, and when I recall especially that there is no provision in the Constitution, no law, no rule, that I know of or have ever heard of that would have prevented those brilliant gentlemen themselves from raising this question of the necessity of a powerful preparedness for defense 2 years ago. In looking up the RECORD, I have not found a single one of these gentlemen critics who had anything to say on that subject.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. KELLER. Yes; I yield for a question.

Mr. CASE of South Dakota. I ask that the gentleman look at the discussion that took place between the gentleman from Arkansas [Mr. TERRY] and myself 2 years ago with reference to an appropriation for airplanes and flying fortresses.

Mr. KELLER. Of course, we have been talking about airplanes for a good many years. I am talking about the matter of general defense as we are doing it now.

Mr. CASE of South Dakota. If the gentleman will look at the RECORD he will find the answer.

Mr. KELLER. If the gentleman from South Dakota and the gentleman from Arkansas talked sensibly on that subject 2 years ago; they are the most distinguished men in this House on that subject, and I take off my hat to both of them, if they really did.

But I repeat that what the American people ought to see is these gentlemen who are pushing out these criticisms on Mr. Roosevelt for not seeing and not announcing and not "telling a cockeyed world all about it." None of these critics did it; yet there was no law preventing their doing it. If they had so much brains to foresee it, why did not they do it? They are Members of this House, and some of them are bragging considerably about the duty of this House to do these very things. I should have been delighted to join with them, because before very many Members of this House here now saw it I not only wrote on the subject but wrote a bill covering the subject of preparedness in this country at the request of Senator Chamberlain, of Oregon, chairman of the Senate Military Affairs Committee, in February 1916. I know a little bit about it, not a lot, because I do not believe anybody knows too much. But I am getting tired of the criticism here of the gentlemen who are so eternally criticizing the administration, when they had the same opportunity and never used it at all. They are demonstrating how much better their hindsight is than their foresight has been.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield to the gentleman from Michigan.

Mr. ENGEL. I made a speech in 1937 on the floor of this House on preparedness, a speech which the Chief of Staff and the Army officials all received.

Mr. KELLER. Fine. I sent out 5,000 of them, and I am not up here bragging about foreseeing it.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. KELLER. I yield for a question, not for a speech.

Mr. RICH. In the appropriations for the War and the Navy Departments 2 and 3 years ago it was discussed on the floor of the House that we needed a larger air force and less naval construction and less money spent in other ways, but they did not seem to take to that, because nobody wanted to increase our air force.

Mr. KELLER. I said I would yield for a question, but not for a speech.

Mr. RICH. They have taken advantage of that. The gentleman knows that an air force and mechanized warfare, according to Hitler's results, are the things that made Hitler's army great.

Mr. KELLER. If the gentleman will permit me to suggest, something like 15 years ago, at least, General Billy Mitchell brought up this whole subject of airplanes. He should have been listened to and he was not. That was a mistake. The 12 years of Republican rule was noted for its complete disintegration of our Army and Navy.

Mr. RICH. It was not 15 years ago.

Mr. KELLER. About that time, following the World War. He ought to have been listened to. But what is the sense of getting up here and laying it all onto one man? I do not think this House, as a rule, wants any one man to do all our thinking for us. I am glad when the President leads. I am glad that he had the courage to announce conditions so dramatically that it awakened this body to conditions as they are, because if he had not done so we would be sitting here with our fingers crossed, and our eyes closed, and there would be nothing doing toward this whole program of preparedness, and there is no question at all about that. We ought to be honest enough to admit it,

and patriotic enough to be glad of it. I am going to go on insisting that we do see that fact in the case. I am glad he had the courage and the foresight to say all these things to us so that we could finally be awakened to the facts in the case.

Mr. RICH. Who is the indispensible man?

Mr. KELLER. BOB RICH, I think, to Mrs. Rich.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, there has been a lot of talk about what the situation is with reference to national defense and what it has been over the past few years, and this has caused me to make a study of the situation, going over the appropriation bills of the last 8 years for military activities. With the permission of the House I shall extend my remarks at this point in the RECORD covering that situation.

While I have the floor at the moment I am going to call attention to a few of the items the Congress, with the approval and on the recommendation of the War Department subcommittee of the Appropriations Committee, has been able to accomplish. It has made a material accomplishment in developing our military defenses. I am not going to make this political, but it is entirely a matter of what the Congress has done.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman says he is not going to make it political. I am sure he would not, and I am sure what the gentleman will put in the RECORD will be very enlightening. However, it will be more enlightening if the gentleman will go back through the three administrations prior to 8 years ago and put in the RECORD what was done during that period.

Mr. TABER. At a time when we were protected by disarmament treaties and when we did not have the Hitler menace to contend with? We have had the Hitler menace to contend with the last 7 years.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. TABER. The gentleman has tried to bring politics into what I was trying to bring out as a development of Congress. I will not yield to anyone else to interfere with what I intend to say. Any time anybody tries to get the truth out here somebody tries in some cheap way or other to bring politics into it.

I am going to tell you a few of the things the Congress has done. In the 1934 bill over $9,000,000 was added on the recommendation of the House Appropriations Committee to build up the National Guard, at the time the President recommended a cut of $4,000,000. In the 1935 bill a start on mechanization of a substantial character was made when for combat automobiles and tanks the Congress added to the recommendations of the President $2,119,200. In the same year an increase beyond the President's request for experimental and development work in connection with airplanes of upward of $1,000,000 was provided. In connection with the procurement of airplanes, Congress also revised the number of planes to be purchased so that those obtained would be more useful and more suitable for defense purposes. Congress provided for continuing the work of the Chemical Warfare Service upon an increased basis, and refused to swallow a cut proposed by the President of 33⅓ percent.

In 1936 the Army training pay for the National Guard was again increased and the equipment for the guard was increased. Amongst the increased activities of the Department there was $475,000 provided above the Budget for the purchase of tanks, a considerable amount of munitions, and helmets.

Under the Air Corps nearly $5,000,000 additional was provided for 97 planes in addition to those recommended by the President.

It made a second forward step in forcing a clean-up of overage officers which the Department had neglected for many years.

In this bill, the 1936 bill, Congress also provided a larger expenditure for the upkeep of military posts.

In the 1937 bill a program for improving the seacoast defenses, involving $6,725,000, was incorporated, for which the President made no recommendation, and they also provided $1,300,000, not recommended by the Budget, for modernizing the artillery of the National Guard and increasing its strength by adding additional contractual authority for the purchase of 58 additional planes to those already recommended.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. In the 1938 bill for the Air Corps, $6,783,000 was provided in contractual authority for the purpose of providing for an increase in cost of planes which had come about as the result of increased wages, so that the number of planes needed to keep the Army's quota up in full might be available.

This same year on the recommendation of the Appropriations Committee, additional funds were provided to recondition 800 of the 75-millimeter guns so that these guns might be modern and up to date. This was also without a recommendation of the Budget.

Another increase was provided in that bill of $800,000 above the figures recommended by the President so that this work might move along promptly and in good order.

The amount of the President's recommendations for the National Guard was increased for ammunition and modernizing equipment and guns by $1,468,000.

In the 1939 bill the work of the Ordnance Corps seemed to be lagging and reappropriations of $1,249,000 were necessary because of the failure of the Department to use the funds provided.

Now, in spite of all these things that the Congress had done, in addition to the recommendations of the President, and every one of them along vital lines, the Army subcommittee was told a couple of years ago that our research and development work was 5 years behind the Germans. Every single item that has been requested by the President to advance these things has been done. In addition to that, in this period that we are in now, since the 1st of January, the Congress, of its own motion, has provided funds on the recommendation of the Appropriations Committee for adding to the Regular Army 95,000 troops. It has, without a recommendation from the President, added $128,000,000 for the housing of the National Guard, and it has provided every single thing that seemed to be needed and that could in any way be thought of.

It seems to me that while, perhaps, Congress has not known everything that should have been done and has not appropriated every dollar that the most far-seeing person might have suggested, yet the Congress has gone ahead of the President and the Budget in every essential item of national defense. [Applause.]

[Here the gavel fell.]

The pro forma amendments were withdrawn.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WOODRUM of Virginia. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. DIRKSEN. Mr. Chairman, permit me to implement the remarks of the gentleman from New York and to express this thing in a rather compact way.

The first thing that the Members should have in mind is the question of what funds were requested by the President

and the Budget Bureau for national defense. The second question is how much did the Congress provide, and the third question is what was the thinking and the demands of the country in relation to this problem?

Two months ago I addressed myself to this question on the floor of the House, and after obtaining the figures from the War Department itself indicated that for the 8 years, including the fiscal year 1933, the Budget Bureau and the President requested of the Congress substantially three and three-quarters billion dollars for the Army. Of that amount we gave them everything except 1 percent. We cut off only $37,000,000. Consequently, if there were any deficiencies or inadequacies in this whole defense structure, the blame must be laid on the doorstep of the Budget Bureau, which is the mouthpiece or instrumentality of the President of the United States and which occupies a spot in the Executive Offices. That is an answer in itself.

On the third question, what was the thinking of the country on national defense; there are folks, you know, who believe in the infallibility of the Gallup poll, and it is rather interesting sometimes to go back and see what they said 2 or 3 years ago.

You know this is the second anniversary of Munich, and 8 months before Munich, in January of 1938, the Gallup poll submitted this question to the people:

Should the United States build a larger Navy?

The answer was 74 percent in the affirmative.

Should the United States increase the strength of its Army?

The answer was 69 percent in the affirmative.

Should the United States enlarge its air force?

The answer to that was 80 percent in the affirmative.

This was 8 months before Munich, in January of 1938, and three times in that year the same proposals were submitted to the people of the country, and in each succeeding poll the percentage in the affirmative increased.

The people of the country were thinking ahead of the President of the United States on the whole question of national defense long before the Munich matter ever acutely crystallized the sentiment and made that poll go even higher. So that the people and the Congress were alert to the situation. They gave the President substantially what he wanted, and if there is any culpability, let it not be laid upon the doorstep of the legislative branch of the Government.

Mr. HORTON. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. HORTON. Have you any figures that would show what the Army and Navy requested of the Budget, which is a request to the President?

Mr. DIRKSEN. I was speaking of the Military Establishment and indicating what came up here in the form of requests through the Budget Bureau.

Mr. HORTON. I do not mean that. I want to know what the Army and the Navy requested of the Bureau of the Budget; not what the Budget requested of the Congress. It seems to me that is the point, because the President was advised by the Army and the Navy of their requirements. Did the President in his message to the Congress indicate the requests of the Army and the Navy?

Mr. DIRKSEN. Oh, no. They are under some interdiction when they come before the Appropriations Committee, and the only way we can get that information is by a direct question to the gentleman who may be testifying, asking him, "Despite the recommendation of the Budget message, how much did you ask for?" I do not know what the answer is. I do know what came here in the form of requests from the White House. I know what the Congress gave. They gave them what they wanted; but the executive branch was behind the thinking of the country, as indicated by the Gallup poll, if that is an instrument of infallibility.

Mr. HORTON. But you do not know whether the request of the President reflected the requests of the Army and the Navy?

Mr. DIRKSEN. The chances are that those who were on the military appropriations subcommittee and the naval appropriations subcommittee, if they asked the question, could have elicited that information.

Mr. WOODRUM of Virginia. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WOODRUM of Virginia. Just by way of pleasantry, does the gentleman believe in the accuracy and infallibility of the Gallup poll?

Mr. DIRKSEN. Let me say to my friend from Virginia that I cross my fingers on that matter as to whether they are infallible or not. [Laughter and applause.]

Perhaps one should observe that the Gallup poll is a most engaging thing. Either it is right or wrong, and those who rely upon this poll to prove the weight of public sentiment behind conscription, or the popularity of a candidate now, can hardly argue that the poll was wrong in 1938 in indicating to the President, as Commander in Chief of the armed forces of this country, what the sentiment was in respect to a more adequate national defense. Reliance upon the poll now is a confession of dereliction as early as 8 months before Munich.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

For welfare of enlisted men, $2,572,594.

Mr. GUYER of Kansas. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GUYER of Kansas: Page 2, line 25, after the heading of "Welfare, enlisted men", strike out the period, insert a colon and the proviso, "*Provided*, That no part of the funds appropriated under this head shall be available for expenditure for the operation and maintenance of facilities where intoxicating beverages are sold or dispensed."

Mr. HENNINGS. Mr. Chairman, I make a point of order that the amendment is not in order.

Mr. GUYER of Kansas. Mr. Chairman, it is a limitation upon an appropriation.

The CHAIRMAN. The Chair will be glad to hear the gentleman from Missouri.

Mr. HENNINGS. Only to say that it undertakes to place a limitation upon an appropriation bill.

Mr. GUYER of Kansas. There is no question about that. That is what it does.

The CHAIRMAN (Mr. GAVAGAN). The Chair is prepared to rule. The Chair feels that as the bill under consideration is a general appropriation bill, appropriating among other things funds for the personnel of the Army, the amendment offered by the gentleman from Kansas [Mr. GUYER] is a proper limitation upon the use of the money and therefore in order. The Chair overrules the gentleman's point of order.

The gentleman from Kansas is recognized for 5 minutes.

Mr. GUYER of Kansas. Mr. Chairman, I do not want to tire the House with an address on this occasion. I do not think there is a Member of this House who does not feel just as I do about the desirability of limiting the use of intoxicating liquors in the Army.

I call attention to the fact that the Vichy Government has placed alcoholism as one of the main reasons for the collapse of the French Army. It was saturated with alcohol. You could not expect it to win.

This has nothing to do with any radical idea about drinking. It is a question of the welfare and efficiency of the boys who are taken to camp. A mother wrote to me and said, "For God's sake, if you are going to take my boy to camp don't give him liquor there, please."

I think the boys who go to the camp should be protected in this way from the injurious effects of alcohol, and especially for the sake of the defense of the country.

After the surrender of the French Army and the ghost of France set up at Vichy, General Petain has imposed upon the most bibulous people on earth a regime of prohibition which if instituted 20 years ago the great debacle in northern France and Belgium would never have occurred. That French Army a decade ago was the best army in the world, and if the present regulations with respect to drinking had been in vogue the past 10 or 12 years there would have been a different tale about liberty-loving France. But as it is she has suffered a

far greater defeat and disgrace than at Waterloo a century and a quarter ago.

Today France has banished all liquors containing more than 16 percent alcoholic content and during 3 days of the week absolute prohibition. All this was the result of a military commission of experts reporting that alcohol had caused the collapse of the proud Army of France.

It was also concluded by this commission that one of the four most difficult problems facing conquered France was drunkenness.

The military leaders of the United States can read a lesson in the story of defeated France. With the recent development of mechanized and aerial warfare, total abstinence becomes a military necessity.

This amendment suggests that we do not wait like conquered France until the war is over to adopt a system for a sober army but to begin now as a necessary policy of the Army. This will conserve the health, wealth, and morals of the young men of the Nation. Gen. John Barleycorn must be driven out of camp and then put only sober generals, sober soldiers, and sober pilots on guard.

Mr. COCHRAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I feel that the amendment offered by the gentleman from Kansas [Mr. GUYER] will be harmful rather than beneficial to the men in the Army. This money undoubtedly will be used at new Army posts where the men selected under the Conscription Act will be housed. Is it not bad enough to take these boys away from their homes without depriving them of a glass of beer if they want it? I know I am not going to deprive men who might be required to defend my country of anything that I can get. Aside from that it will be in the interest of temperance to let them have beer.

The recreational facilities at the Army posts do not sell hard liquor. They sell beer. If you are going to say to the men, "You cannot have beer," there is danger that they will go out and get a bottle of something stronger and bring it to the posts.

There are millions of men in this country who drink nothing stronger than beer, so why do something that might result in their cultivating a taste for something they do not now want?

All post exchanges throughout the United States now sell beer. The placing of this limitation in this bill would not stop the sale of intoxicating liquors in all the Army posts throughout the country, but just where this money might be spent in new posts. Then again if they are not able to get beer inside the post, they will get it on the outside. The gentleman from Kansas knows that.

It looks to me that such a move as this might encourage the bootlegger to operate around the post.

I say the amendment should be voted down in the interest of the boys he seems to desire to protect. The more beer the young men drink, if it will keep them away from hard liquor, the better off they are going to be. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken; and on a division (demanded by Mr. GUYER of Kansas) there were—ayes 16, noes 36.

So the amendment was rejected.

The Clerk read as follows:

For horses, draft, and pack animals, $3,366,340.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

THE PLACE OF CAVALRY IN MODERN WAR

Mr. Chairman, there has been a good deal of misunderstanding, I think, as to the place of cavalry in modern warfare. During the hearings on the regular appropriation bill General Herr, Chief of Cavalry, in answer to some questions which we asked him, gave us some very interesting information. At my request, he prepared for us a statement on the subject, incorporating some remarks made by General Reilly, Officers Reserve Corps, and some observations by Colonel Hardy, Chief of the Remount Service, relative to the use of horses in the Polish campaign. Under permission previously granted by the House, I wish at this point to insert some excerpts from that statement.

[Extracts of the comments of Maj. Gen. John K. Herr, Chief of Cavalry, before the Subcommittee on Military Affairs, of the Committee on Appropriations, March 11, 1940]

It must be remembered that instead of charging with drawn sabers or lances the modern cavalry rarely fights mounted; for the most part it fights dismounted. It simply maneuvers mounted in order to get advantageous positions.

There are times when mounted action or when it may be used chiefly by small units in the case of effective surprise or when conditions of enemy disorganization are such as to render it effective. Under no circumstances will foolish mounted attacks be made against overwhelming enemy fire. You must remember that in spite of the fact that the horse is rarely seen on the motor road, the man is also rarely seen on the motor road except when hitchhiking or driving a car and that horses may also be carried in motors when need be to reach quickly the theater of action.

After one arrives in the theater of action in modern war, there will be very little chance to use roads, certainly not in great masses or at any speed, and it is there that the great flexibility and mobility of horse cavalry reaches its apex of value.

* * * * * * *

FIELD OF CAVALRY EXPANDED BY MACHINES

It is true that the precise methods of employment as well as the scope of action of horse cavalry have been affected to a great extent by air and mechanization. It is also true that these new arms are able to do some of the things formerly done by cavalry, such as distance reconnaissance. It is also true that, by cooperation with the air and by utilization of mechanized cavalry in conjunction with horse cavalry, the scope and effectiveness of modern cavalry has been greatly amplified.

The missions of reconnaissance are amplified by depending on the air to discover the enemy main concentrations at great distances and by utilizing mechanized cavalry at a considerable distance and wherever the road net is suitable.

The efforts of the horse cavalry may thus be concentrated with greater effectiveness to the closer terrain and over all those intervening areas often heavily wooded and cut up by streams or gullies and which cannot be adequately observed by the air nor can they be combed by any vehicle of whatever nature. Only the man on foot or the man on horse can execute adequately these detailed ground reconnaissances and the man on the horse can do it much faster than the man on foot.

Also, it is only the noiseless horse patrols that are able to slip by enemy detachments, secure information, and return with it.

CANNOT TAKE PRISONERS FROM A DRIVER'S SEAT

In delaying action, although the mechanized cavalry can be used very effectively where the road net is good and the terrain suitable, it can by no means flow over the intervening terrain which is often accessible only to horse cavalry. It may be used in cooperation with the horse cavalry but it is not suited for this type of action when used alone to the same degree as is horse cavalry.

In the pursuit we find again that the power of destruction is greatly amplified by the use of the air and the mechanized cavalry but it must be remembered that these echelons are not alone capable of accomplishing the maximum destruction unless we have great groups of horse cavalry in addition.

The air will unquestionably bomb and machine gun disorganized enemy groups, particularly where they are on the roads or concentrated. Mechanized cavalry will strike them along the highways and on favorable terrain but an alert enemy, even though defeated, will take every opportunity to destroy the roads and bridges and other avenues of pursuit, even laying waste to the entire country in his rear. This will stop in great measure any pursuit by mechanized cavalry or infantry in trucks.

Horse cavalry, because it is independent of such means and can cross practically all obstacles is supreme. Furthermore it can take prisoners which cannot be done by the air and is very difficult for mechanization.

* * * * * * *

HORSE CAVALRY CAN COVER ANY TERRAIN

In spite of the unwise and ill-judged assault on the horse in war by many fanciful thinkers it is obvious that their deductions are founded on unsound conjectures and assumptions. They jump to the conclusion that because we have mechanized cavalry that it will exclude the horse cavalry. Nothing could be further from the truth because mechanized cavalry, although very valuable in increasing the scope of the entire cavalry, is in nowise suited to replace horse cavalry.

Whereas horse cavalry can flow over all types of terrain and is not confined to the roads insofar as the horse elements are concerned, and can be supplied by air or pack, mechanized cavalry is going to be chained largely to the roads and will not be able to maneuver over a great part of the terrain which is found on this continent and in this hemisphere. It has not the flexibility of

horse cavalry for each man on his horse, armed with his rifle and pistol, is an independent fighting unit.

It must be remembered also that, although armored vehicles will shed lead bullets, they are just as susceptible of being pierced by armor-piercing projectiles as is the man with respect to the lead bullets of rifle and machine gun. No armored vehicle has been made or can be made that cannot be pierced by armor-piercing projectiles fired by guns which cost but a fraction of the price of the armored vehicle.

* * * * * * *

Our cavalry is not the medieval cavalry of popular imagination but is cavalry which is modernized and keeping pace with all developments. We are particularly fortunate in having great resources both in horses and motors. There are more than 10,000,000 horses in this country and the motor industry is conceded to be the greatest in the world.

No one can read that statement, I believe, and ever again have the idea that the horse is as obsolete as the dinosaur—as one Member expressed it in the hearings on the bill now before us. There simply are some places that only a man on foot or horseback can go. The motorized cavalry is the adaptation of horse cavalry to the conditions of modern war.

The actual use of cavalry in the present European war has received little attention in the press. On this subject, the observations by Colonel Hardy and General Reilly are illuminating. They were supplied us by General Herr, and I insert these extracts from their reports:

THE IMPORTANCE OF HORSES IN MODERN WARFARE

(By Col. Edwin N. Hardy, Q. M. C., Chief of the Remount Service)

Certain situations, reference terrain, climate, mission, road nets, etc., give horse cavalry particular importance not only as respects horse cavalry itself, but as respects horse and pack artillery and horse transport. Balance and coordination is what we must have in military establishments just as we must have in all other activities. Each element and each type of weapon has its own function, and as stated above, must be able to perform some things better than anything else can do them.

We do not realize the great number of horses which have been used and are being used by the German Army since the outbreak of the European war in September 1939. Below are extracts from an article, The Horse in Poland, from the October 1939 issue of Sankt Georg, a German magazine.

"All cavalry will be interested in the part which the horse played on the German side in the Polish campaign. In this connection we may state without any exaggeration that the rapid advance of the Germany Army would have been impossible without the horse, and, furthermore, horses proved their worth in the manner that was expected. To be sure, the significance of the motorized and mechanized forces is unquestionable, but cavalry formations * * * moved at almost the same rate of speed. In accordance with the communications of the headquarters staff of the Wehrmacht in its report dealing with the campaign in Poland, five armies took part in the great decision. According to this, we may assume * * * that Germany used more than 200,000 horses in the campaign in Poland and that this large number made possible the pace of advance of the attacking armies."

The report of the German headquarters staff dealing with the campaign recognized horse cavalry in a special manner by saying:

"Division commanders expressed particular appreciation of the activity of their cavalry in their reports to the Fuehrer, who was on the battlefield with his soldiers. We also have reports of conspicuous cavalry actions led by separate squadrons. As an example, a squadron in the South Army, led by a well-known race-horse rider, boldly attacked a Polish battery set up on difficult terrain (in a great vineyard, rising terracelike) and captured it. The losses were small in spite of a direct hit within the squadron.

"When the weather (which during the main was extremely favorable and did not offer any obstacles to the advance of the motorized and mechanized units) became bad during the final concluding operations, cavalry and horse-drawn battalions came more into their own."

The above supplies us with the most recent examples of the use of horses in modern warfare as we are as yet without reports as to horse activities in the Battle of Flanders and the Battle of France. There were noticed, however, among the first pictures of the Germany Army to be received from France after its capitulation, those of horse cavalry, horse artillery, and horse transport marching through the streets of Paris.

* * * * * * *

The composition of an army depends in great measure upon the theater of operations in which that army will be used. It seems improbable that any army of the United States will be used on foreign soil outside of the Western Hemisphere. If we ever go to war, our theater of operations will probably be in the Western Hemisphere, but it would be difficult to attempt a prognostication as to the exact theater of operations in that vast area. Let it suffice to say that the difference in terrain and climate existing in that great area, and the many undeveloped sections therein, will offer more opportunities for the use of horses and mules in warfare than in closely organized and highly developed countries similar to those in which the present European war is being fought.

HORSED CAVALRY AND THE GAS ENGINE'S CHILDREN

(By Brig. Gen. Henry J. Reilly, Officers' Reserve Corps. Troop C, Cavalry, New York National Guard, 1899–1900. Cadet, United States Military Academy, 1900–1904. Lieutenant (second and first), Second, Thirteenth, and Fifteenth United States Cavalry, 1904–14. Captain, First Illinois Field Artillery, 1915–17. Colonel, One Hundred and Forty-ninth Field Artillery, and commanding officer, Forty-third Infantry Brigade, both Forty-second United States Infantry Division, 1917–18. Has seen combat in Mexico, 1913; China, 1925; Europe, western front, 1914–18, except summer 1915 when on eastern front; Russo-Polish War, 1920; Spanish Civil War, 1938)

Franco's pursuit of the Catalonian Army was an excellent example of all branches—light mechanized, motorized troops, horsed cavalry, regular infantry divisions, pack and motor transportation and aviation—each using its powers to make good the limitations of the others so as to move successfully forward over all types of terrain and never allow the enemy to rest, reorganize, or settle down in a new battle position.

General Monasterio, who commanded Franco's cavalry, had definite ideas as to what cavalry should be. An old regular cavalry officer of the Spanish Army, always interested in horses, their breeding, training, and care, he knew that, after all, the horse is only a means of carrying a soldier and his weapons.

The author's first visit was made when Monasterio's cavalry was occupying a larger part of the loop of the Ebro River, the same territory in which the hard battle of the Ebro was subsequently fought. His headquarters were at Gandesa, later the high-water mark of the Catalonian surprise attack across the Ebro. At the time of the author's visit, the cavalry was out—posting and patrolling the Ebro in the same way as the Union and Confederate cavalry often watched a river during the Civil War.

During this first visit, General Monasterio, as on subsequent occasions, expressed himself as strongly in favor of the American cavalry methods of equipment, armament, and combat. He said, among other things, that he wanted to arm his cavalry with automatic pistols, one for each soldier, as is only true in the cavalry of the United States. Apparently, the only reason he had not succeeded in doing so was because, with the shortage of funds available for the armament of Franco's army and air force, only the most essential weapons could be bought. He emphasized the fact that frequently the opportunity exists for a wide and deep deployment and attack at the gallop in which the automatic pistol is the ideal weapon.

Monasterio insisted that the western front with its parallel-trench systems had made too many officers forget that in the open soldiers are only human beings subject to the same demoralization and panic which throughout history have given opportunities to cavalry. Above all is this true when the cavalry attack comes as a surprise, or, when beaten troops are in retreat, worn down physically by the battle through which they have just passed and morally weakened by their defeat.

Both the general and his officers recounted numerous examples of successful surprise in the long retreat of the loyalists in that series of battles which began with the Battle of the Alhambra, and in which the governmental troops were driven from the Teruel—Saragozza—Huesca line to the Ebro and the Mediterranean. Captured batteries, tanks, machine guns, and motor transport figured in the booty. In the battles themselves the cavalry had never hesitated to dismount and fight on foot.

In the pursuit where the cavalry met machine gun and artillery resistance too great to overcome, aviation, by bombing and dive attacks with machine guns, furnished them the necessary preparatory and accompanying fire.

Each visit to General Monasterio or talk with any of his officers strengthened this picture of a vigorously led cavalry seeking the weak points, the flanks, and the rear of the enemy determined to attack and knowing that its limitations would be augmented by the Spanish aviation, and when nearby, the Italian light mechanized and motorized troops. Talks at various times with Italian cavalry officers assigned for observation purposes to the Spanish cavalry confirmed this picture.

Franco's resources were limited. In building up his armed forces he linked his efforts to the necessities. Franco had never been a cavalryman. Yet he steadily built up Monasterio's force from one consisting of but 5 squadrons in the beginning to one of more than 50 squadrons. Amid war, energy and money are not expended for such an expansion unless the benefits and dividends are apparent.

Spain simply proved once more the principle so often proven by warfare; no arm is independent of the others. They are all part of the whole armed force of a nation. The children of the gas engines are not excepted from this rule. They are merely the youngest additions to the family. Each arm has powers and also limitations. The proper combination is that which arranges the whole so that the powers of each offset the limitations of the others.

Mr. Chairman, I have heard people ignorantly remark that there were no horses in the German Army. From the foregoing statements it is apparent that such statements are far from the truth. From the best sources available, I have

assembled the following figures on the horses in the German Army:

HORSES IN THE GERMAN ARMY

Cavalry division	6,000
Corps cavalry regiments: 14 regiments identified (probably more units of this type exist) with about 950 horses per regiment; total	13,300
200 German infantry divisions, mounted platoons in infantry regiments, 30 in 600 regiments	18,000
Horse-drawn artillery, 200 divisions	406,000
3,859 horses per division × 200 (total horses in divisions, including artillery)	771,800
Horse-drawn supply units: The number of horse-supply columns in the German Army is unknown. Horse-supply columns are attached to German infantry divisions only in special situations.	
Total horses in army (horses in supply columns not included)	791,100

Mr. Chairman, the bill before us carries funds for the purchase of 19,802 horses. On the basis of the testimony I have placed in the RECORD, and taking into consideration the terrain which might be the field of operations in hemispheric defense, I believe that the Members of the House will agree that the proper balance of the United States Army calls for the adaptation and development of the cavalry as contemplated in the funds provided in this bill. [Applause.]

(By unanimous consent, Mr. CASE of South Dakota was given permission to revise and extend his remarks.)

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

MILITARY POSTS

For military posts, $29,500,000, which sum shall be restored to the emergency fund for the President, created by the Military Appropriation Act, 1941, in reimbursement of a like amount advanced therefrom: *Provided*, That the appropriation under this title contained in Public Resolution No. 99, approved September 24, 1940, shall be available for all the objects and subject to the limitations and conditions specified under the same head in the Military Appropriation Act, 1941, except as otherwise provided therein: *Provided further*, That the last two provisos under this heading in title I of the Second Supplemental National Defense Appropriation Act, 1941 (Public, No. 781, 76th Cong.), are amended to read as follows: "*Provided further*, That the Secretary of War may, with respect to contracts for public works for the Military Establishment, whether or not for construction at military posts, entered into upon a cost-plus-a-fixed-fee basis out of funds appropriated for the fiscal year 1941 or authorized to be entered into prior to July 1, 1941, waive the requirements as to performance and payment bonds of the act approved August 24, 1935 (49 Stat. 793; 40 U. S. C. 270a): *Provided further*, That the fixed fee to be paid the contractor as a result of any contract for public works entered into on or after September 9, 1940, for the construction and installation of buildings, utilities, and appurtenances at military posts shall not exceed 6 percent of the estimated cost of the contract, exclusive of the fee, as determined by the Secretary of War.": *Provided further*, That the Secretary of War shall submit monthly, within 10 days following the last day of each month, commencing on or before November 10, 1940, to the respective chairmen of the Committees on Military Affairs and Appropriations of the Senate and House of Representatives a report of (1) all cost-plus-a-fixed-fee contracts concluded within the period embraced by each report, and (2) of all land acquisitions accomplished within such periods, such reports to show (1) as to cost-plus-a-fixed-fee contracts the object or objects thereof, the name and place of business of the contractor, the estimated cost of the contract exclusive of the fee, the amount of the fee, and the date of the contract, and (2) as to land acquisitions the location, area, intended use, the purchase price, the amount appropriated therefor, and the assessed value (first reports shall cover the period July 1 to October 31, 1940).

Mr. SCRUGHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr SCRUGHAM: Page 6, line 11, after the word "War", insert "and Secretary of the Navy."

Page 6, line 14, after the word "Military", insert "and Naval."

Page 6, line 16, after the word "report", insert "where such Secretaries are respectively concerned."

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the last proviso here is language put in the bill to carry out the purposes of an amendment I offered during consideration of the bill for Army housing last week. At the time, it will be recalled, the chairman of the committee, the gentleman from Virginia, stated that the committee wanted to keep track of these expenditures and would be glad to have these reports made.

The housing bill had been printed for engrossing at the time the bill was before us, so to avoid delay it was agreed that my amendment might be incorporated in this bill now before us, and made applicable to the construction and land funds in both bills. The language of the proviso takes care of that.

As has been pointed out during the discussion this afternoon, the day will come when the country and future Congresses will scan closely the expenditures that are made from the funds we appropriate today. We believe that there will be less likelihood of excessive contracts and wasteful expenditures if these reports are made to the committee chairman regularly. If it becomes apparent at any time, then, that contracts are being made at excessive figures or under improper terms, the committee and the Congress can take steps to correct the situation.

This seems to be the only way we can keep any check on the expenditures and avoid delaying the construction program. With the approach of winter it is essential that the housing and hospital facilities be made available as speedily as possible. I hope that not only the members of the Appropriations Committees, but the Members of the House generally, will avail themselves of the opportunity to keep track of these expenditures through examination of the reports filed with the respective committee chairmen.

By unanimous consent the pro forma amendment was withdrawn.

The Clerk read as follows:

The paragraph under the heading "Air Corps, Army", appearing in the Military Appropriation Act, 1941, is hereby amended by striking therefrom the words and figures "$76,205,988 shall be available under the appropriation 'Air Corps, Army, 1940,'" and inserting in lieu thereof the words and figures "$32,205,988 shall be available under the appropriation 'Air Corps, Army, 1939–40' and $44,000,000 under the appropriation 'Air Corps, Army, 1940.'"

Mr. MILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time for the purpose of asking the chairman of the subcommittee just two questions in connection with aircraft production. Possibly the situation has been covered, but I did not hear all of the debate because I was unavoidably detained.

Could the chairman of the subcommittee tell me whether the bill carries money to take care of the situation for nonflying officers of the Air Corps?

Mr. WOODRUM of Virginia. Does the gentleman mean flight pay?

Mr. MILLER. Pay; yes.

Mr. WOODRUM of Virginia. There is nothing in the bill changing the flight pay rate; no.

Mr. MILLER. I noticed there was considerable discussion about that in the hearings, and I rather hoped there would be.

Mr. WOODRUM of Virginia. We provide for an increase in the number but not for an increase in the pay.

Mr. MILLER. The pay still stands at $720?

Mr. WOODRUM of Virginia. The gentleman is correct.

Mr. MILLER. The other question I desired to ask has to do with the $180,000,000 to speed up the aircraft program. I take it, of course, the whole amount is not in the bill; but is any of it?

Mr. WOODRUM of Virginia. The whole amount is in here.

Mr. MILLER. If I am correct in my recollection, $180,000,000 was asked for.

Mr. WOODRUM of Virginia. Sixty million dollars in cash for the Air Corps and $90,000,000 under the head of expediting production. There is contractual authority of like amounts under both heads. Part of it is for expediting plant expansion and part for production of aircraft, but the full Budget recommendation was granted by the committee.

Mr. MILLER. In the hearings the case was made out that in order to speed up the program it was now absolutely necessary to put on two, and in some cases three shifts, which

would involve a higher cost of labor. I believe, if I recall correctly, the increased cost was 5 cents per hour. I am at a loss to understand why the taxpayers of the United States should pay that increased cost for aircraft procurement at a time when the manufacturers are shipping their normal production out of the country. In other words, if anybody is going to pay a bonus for production, it seems to me it should be paid by foreign governments, and that our Government should have the advantage of their normal production plus their increased facilities.

Mr. WOODRUM of Virginia. The gentleman, of course, must understand that foreign purchasers are paying for what they get, and if the aircraft factories are working overtime in the production of planes for foreign governments they are paying for the overtime.

Mr. MILLER. Yes; but we are paying this increased price for speed at a time when we are allowing manufacturers to ship over there at any price, almost, the aircraft they are manufacturing to foreign powers. I do not see why we should pay a bonus for speed at the same time the manufacturers are allowed to ship abroad.

Mr. WOODRUM of Virginia. There is no way to avoid that, if we are to let the foreign governments have priority, which seems to meet with approval.

Mr. MILLER. That is the part I object to, giving them a priority when we have to pay a bonus of $180,000,000. It is the question of priority that I object to.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. These foreign governments have already constructed tremendous additions to various aircraft factories all over the country. I have seen three of them and their construction runs into the millions of dollars.

Mr. WOODRUM of Virginia. Very large sums have been spent in America by foreign governments for plant expansion and the American Government ultimately will get the benefit of that.

Mr. MILLER. I am aware of that. I have one of the largest airplane-motor factories in the country in my own district. I know, for example, that the French Government put three and one-half million dollars on the line for that plant and they are getting all the engines out of that plant. But let us take the Platt-Whitney plant, for instance, with the British getting the normal output of that plant and the American Government having to pay a bonus. There is a priority clause in all these contracts giving the United States Government the right to step in and claim the entire production, if we need it. Now, if we need it so bad that we have to pay a bonus to get it, I believe we should exercise our priority.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to ask the chairman of the Subcommittee on Appropriations if the transfer or sale of the 50 flying fortresses we read and hear so much about these days was discussed with his committee? Certainly, not only the Congress but the country should be given the full details as to any plan for selling these extremely valuable and necessary flying fortresses. Congress has been twitted long enough of its ignorance regarding these matters.

Mr. WOODRUM. Nothing whatever of that kind was before the committee, and there is no provision in this bill.

Mrs. ROGERS of Massachusetts. I wish the gentleman would join with me in securing an investigation of that matter. It is very vital to us.

Mr. WOODRUM. I am perfectly well satisfied with the way in which the matter is being handled, and, as far as I am concerned, I am confident it is being handled all right.

Mrs. ROGERS of Massachusetts. Does the gentleman believe that our flying fortresses are going to be sold to Great Britain?

Mr. WOODRUM. I have no idea. In the language of Will Rogers, "All I know is what I read in the newspapers."

Mrs. ROGERS of Massachusetts. The gentleman is chairman of an extremely important subcommittee, and there is no more important committee in the Congress than the Appropriations Committee. It is amazing that the committee has not been given full information regarding our national defense. If the gentleman has not considered the matter before, I wish he would consider asking the administration what it plans to do in regard to our own national defense.

It is vital to us. Winston Churchill and England have told the people of England what to expect. Certainly we ought to be told in this country what to expect. We are not children. Most of the people of the country are adults, and they are entitled to know the entire fiscal situation of the country and the situation regarding our national defense.

Mr. LAMBERTSON. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. If it is going to be our accepted policy that our first line of defense is in England, why should we not expect to go over there?

Mrs. ROGERS of Massachusetts. I think we should find out what they plan to do regarding the matter. We should be told just what the administration plans to do, just how dangerous the situation is. We know of the transfer of 50 destroyers after the transfer had been made in exchange for bases. We were told then it was because we were receiving the use of certain bases and that our national defense would gain much more than if we retained the 50 destroyers. The Secretary of State, in reply to a resolution of inquiry presented by myself, asking if they planned to transfer any more military or naval equipment in exchange for bases, replied that they did not. It is not that I am against the acquisition of such bases. Far from it. We need them and should have them. I object to the method used in acquiring them.

I feel sure in my own mind, after watching events and developments, that some further trading is planned in exchange for bases somewhere else. I want to know whether the administration plans to sell our flying fortresses or other equipment. The Congress should be told whether any such trading would weaken our national defense too greatly. I wish every Member of Congress would join with me in continuing to insist that we be told what will be done by the administration in shipping our defense equipment to other countries. We should have the full picture before us.

Mr. McDOWELL. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. McDOWELL. If the gentlewoman will recall, Members of Congress found out for the first time from the morning headlines that our airplanes were being flown across the Niagara River. Would it be asking too much to request that a committee be appointed to interview the press to find out what the Government is going to do next? Apparently the newspapermen can get information where the Congress cannot.

Mrs. ROGERS of Massachusetts. That is absolutely true. It looks to me as if certain commentators have underground channels or telephonic communication, some way of finding out from the State Department what is going to be done before the Congress of the United States finds out. Indignation exists all over the country about these very things. If helping Great Britain is best for us, the people want to do it, but they are entitled to be told the truth, given the complete picture, and certainly the Congress is entitled to that information.

Mr. CASE of South Dakota. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I want to commend the work and the interest that the gentlewoman from Massachusetts has shown on this question, because it seems to me it is a ridiculous proposition for the Congress to exercise itself about making appropriations, and not have a clear-cut determination

of what the foreign policy of the country is. I hope the resolution the gentlewoman has introduced will be given serious heed by the Congress, and that she will have support in her efforts.

Mrs. ROGERS of Massachusetts. I thank the gentleman very much. I know what he has done in that regard, and it is extremely valuable. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

EXPEDITING PRODUCTION

For an additional amount for expediting production, including the same objects and subject to the same conditions and limitations specified under this head in the Second Supplemental National Defense Appropriation Act, 1941, $90,000,000, of which $2,000,000 shall be made available to the Bureau of Mines, Department of the Interior, for the erection, equipment, and operation of a pilot plant or plants for the beneficiation of manganese ores and the production of metallic manganese therefrom by the electrolytic or other process, including personal services and other expenses in the District of Columbia and elsewhere for the preparation of plans and specifications, advertising, and supervision of construction; and for all expenditures requisite for and incident to the exploration of manganiferous deposits in accordance with Public Act No. 117, approved June 7, 1939; and, in addition, the Secretary of War, upon the recommendation of the Advisory Commission of the Council of National Defense, and with the approval of the President is authorized to enter into contracts prior to July 1, 1941, for the same purposes to an amount not exceeding $90,000,000.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 11, in line 9, after "$90,000,000", strike out all of the committee insertion beginning with the words "of which $2,000,000" and ending with the words "Public Act No. 117, approved June 7, 1939."

Mr. TABER. Mr. Chairman, we were asked to provide $90,000,000 to furnish equipment for plants largely in connection with the Air Corps, $90,000,000 of cash and contract authorizations for $90,000,000. There was nothing on which the committee considered it could safely recommend to the House a cut. When the full committee met, this amendment segregating $2,000,000 of the money which was to be used for expediting production entirely, I may say, within the field of aircraft and ordnance production, was adopted by the committee and added to the bill. It provides $2,000,000 to erect an experimental plant in connection with the production of metallic manganese by an electrolytic process. This item has been put in other appropriation bills as we have gone along but it has never been used.

For my own part, I would feel that I was breaking faith with the people of the United States if I did away with what I was told was an essential item necessary to provide the proper aircraft and the proper ordnance for the Army, if I took $2,000,000 out of that amount and put it into this experimental proposition. It is entirely experimental. It is something that we do not know will work. It involves a very considerable item of money. It involves the construction of a plant at Boulder Dam, as I understand. I do not believe we are justified in making any such appropriation. If we were, it never should be considered in this way. We have nothing to justify the cut of $2,000,000 from this $90,000,000, we have nothing to justify the taking of this money out of a program for expediting the production of airplanes and ordnance material to put into this experimental proposition, which in my opinion is a wild-goose chase.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. RICH. With reference to the expenditure of this $90,000,000 for expediting production, what was recommended to the committee that these funds should be used for generally?

Mr. TABER. That they should be used for expediting production entirely on the airplane program and on the ordnance program.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. All through the consideration of this bill I have been wondering if they were carrying out the suggestion of Colonel Lindbergh that appeared in the newspaper after he visited the President last year. When the gentleman made his speech I wondered if that was related to this program of Lindbergh's.

Mr. TABER. This relates to a production program for airplanes. It does not involve an experimental proposition at all. We provided last winter, early in the winter, large sums of money for enlarging the experimental facilities of the National Advisory Committee for Aeronautics, and for the Air Corps and the Bureau of Aeronautics of the Navy, to go ahead with an experimental program of large size. We have no reason to believe now that more funds for that purpose are required. We followed the recommendations that were made to us specifically by Colonel Lindbergh himself when he was before our committee on that particular question. I hope that we will stick to national defense and not go into some experimental process and cut down the figures that are needed for the development of national defense. [Applause.]

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have very great respect for the honesty and sincerity of the gentleman from New York who proposed this amendment. He undoubtedly thinks he is correct in his statements. Of those which he has recited, to the best of my knowledge and belief, most of them are inaccurate or are based on incorrect information.

To begin with, the production or beneficiation of manganese is not an experimental proposition. The experimental work has been most thoroughly done largely under previous appropriations from the Congress. The process is all ready to go into practical production of several tons a day in the proposed pilot plant. This process has been carefully examined into by the advisory committee of specialists appointed by Council of National Defense. This committee had the further assistance of a group of experts named by the National Academy of Sciences. They have checked up every step and made a favorable report and recommendations for procedure.

I first presented the matter to Mr. Stettinius of the desirability of erecting the proposed pilot plant. He referred me to Messrs. R. C. Allen and C. K. Leith, who are the advisory committee experts who have been put in charge of such matters. Their recommendation I have here. It reads as follows, reading only a small essential portion of the whole report, I quote:

Attached is a recommendation from the Technologic Committee on Manganese of the National Academy of Sciences and the National Research Council, recommending the immediate release of $1,375,000 to the Bureau of Mines for specified construction and experimentation on the ores of manganese. The recommendations for the expenditure of the remaining $625,000 of the $2,000,000 originally set aside by the act, Public, 667, will follow later.

We strongly urge that the necessary steps be taken at once to release the recommended amount to the Bureau of Mines at the earliest possible date in order that it may begin at once on the planning of equipment and personnel.

C. K. LEITH.
R. C. ALLEN.

Those men are the experts who were placed in charge of manganese matters by the Council of National Defense. The opinions of the technologic committee are certainly worthy of credence. I am quite certain if the gentleman from New York knew anything about the details of the subject he would not have proposed this amendment.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. SCRUGHAM. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. In a bill previously passed we gave the President or the Bureau of Mines, I am not clear which, permission to use funds for this purpose, but they have not used the funds.

The purpose of it is to have the proposed pilot plant utilize domestic manganese with the strong hope that some of our low-grade manganese ores may meet the tests for high-grade manganese that we so much need in our national-defense program.

Mr. SCRUGHAM. Yes, sir. And this is almost a certain method of utilizing the abundant low-grade domestic man-

ganese ores in this country, and thereby rendering us practically independent of such foreign supplies as come from Russia, and from India, and from the Philippines, and from Brazil. The metallic manganese also has great possibilities in alloys as a resistant to sea-water corrosion.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. SCRUGHAM. Yes.

Mr. CASE of South Dakota. And is it not also a fact that in addition to the recommendation of the Advisory Committee, that the Appropriations Subcommittee for the Navy Department in its conference report on the naval appropriation bill and also the Appropriations Subcommittee for the War Department in its conference report on the War Department bill, each recommended an appropriation of $2,000,000 for this exact purpose?

Mr. SCRUGHAM. Yes; that is a matter of record apparently overlooked by the gentleman from New York when he endeavors to kill the appropriation.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. SCRUGHAM. I yield to the gentleman.

Mr. MURDOCK of Arizona. I wish to state that I know of no one who is better qualified to speak in regard to this matter than the gentleman who occupies the Well of the House at this moment. As an Army officer at the beginning of the first World War he saw that the artillery and aviation program of our country was woefully short of these strategic minerals and that we suffered accordingly and that we may suffer again in that same way if we are so unwise as to adopt this amendment.

I want also to say that there are two parts to this great defense program with regard to strategic minerals and especially manganese. Of course, we may have to get them from abroad for the immediate occasion and have them in our stock piles. For most of them this is a precaution while we are getting into production. The gentleman has provided for that, beginning with the naval bill of 1937. At the same time, along with that, concurrently, we should develop home production now in order that we may have true national defense and that, I take it, is the purpose of this $2,000,000 appropriation. This home production is as much a part of national defense as the immediate stock piles.

Mr. SCRUGHAM. I strongly recommend the defeat of the amendment proposed by the gentleman from New York because I am certain it was based upon his lack of accurate information, and I am also sure he would not intentionally thus handicap our national-defense program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 6, noes 30.

So the amendment was rejected.

The Clerk read as follows:

For the operation and maintenance of the Selective Service System as authorized by the Selective Training and Service Act of 1940 (Public, No. 783, 76th Cong.), including personal services in the District of Columbia and elsewhere, lawbooks, periodicals, and books of reference, payment of actual transportation expenses and not to exceed $10 per diem in lieu of subsistence and other expenses of persons serving while away from their homes, without other compensation from the United States, in an advisory capacity to the Director of Selective Service; and purchase and exchange, and hire, operation, maintenance, and repair of motor-propelled passenger-carrying vehicles, including one automobile (at a cost not exceeding $1,500) for the Director of Selective Service, $24,825,108, to remain available until June 30, 1942: *Provided*, That the travel of persons engaged in the administration of the Selective Service System, including commissioned, warrant, or enlisted personnel of the Army, Navy, Marine Corps, or their reserve components, may be ordered by the Director or by such persons as he may authorize, and persons so traveling shall be entitled to transportation and subsistence or per diem in lieu of subsistence, at rates authorized by law.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to call the attention of the committee to some facts about the selective-service law or the conscription of men for the Army in peacetime. Here is an article from this evening's Star stating that receruits are flocking into the Army with the goal of 375,000 in sight, and it goes on to state that the men are making application for 3 years of Army service in order that they may fill the quota that is necessary and that it will not be necessary to conscript men.

I want to quote a statement made by the Senator from Montana who opposed conscription in peacetime. He charged that a campaign of deliberate, premeditated falsehood had been used to intimidate Congress into approving the draft.

I cannot for the life of me see why the Members of Congress were not far-sighted enough to permit the people of this country to volunteer within 60 days or 90 days, with the idea that they were to have 1-year enlistments. Had you permitted that you would have had two or three times as many men as you would have needed to fulfill the quota of the Army, and you would not have had to go out and start up this Hitlerized form of government in America.

It seems to me that the light of day ought to be seen by somebody in the Congress when we are told that if you give them 60 days' time you can get all the men you want, but instead of that you had to drive down the throats of some of the Members of Congress, against their will, the idea that they have to follow somebody at 1600 Pensylvania Avenue who, if you do not watch out, is going to be the Hitler of America, and it is not going to be very long until that day arrives, when the gentleman who is seeking a third term is interfering with the the President of the United States. There is something wrong in Denmark and I think we ought to have a congressional investigation to find out about this third-term candidate who wants to disobey all the rules and all the traditions of American history, and anybody who believes, Mr. Chairman, that he is the indispensable man—God forbid that the day should come when he will ever be put in the White House for three terms and, probably, you will all have to go out and holler "Heil Hitler"—God forbid that that day should ever come—"Heil Roosevelt," I meant [laughter], and God forbid that that day should ever come to this country. If you fellows are going to be hoodwinked into going down there and hollering "Heil Roosevelt," just remember what your constituents will say to you when you get back home.

Are you in favor of the third term? [Laughter.] Somebody told me to ask you men over there that question. How many of you are for a third term? There are about 25 or 30 in the audience now, and how many of you are in favor of a third term? Hold up your hands. [After a pause.] Four out of thirty. [Laughter and applause.]

The pro forma amendment was withdrawn.

Mr. LAMBERTSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAMBERTSON: On page 11, line 16, strike out all to line 13, on page 12, all pertaining to selective service.

Mr. LAMBERTSON. Mr. Chairman, this is in line with what I said earlier in the afternoon. The compelling factor 2 weeks ago to pass the Conscription Act was the fear that England would fall any hour. Then they were to come over here and get us immediately. There has been a wonderful change in sentiment in the last 2 weeks about the fall of England. If there is as much change in the next 2 weeks, before the conscription really gets into effect, the calling of the men, we ought, in all reason, to repeal this act. In view of the fact that we are getting volunteers and in view of the fact that England is disappointing the war jitterbugs by holding out, I think we ought to repeal that.

Then Mr. Hull hinted yesterday where this army might go. It might go to China. Then in cooperation with England they might go to the west coast of Africa. We are beginning to see now how we are being led into war through the back door. England does not need us so badly as we thought she did.

We have been fooled about the damage that Germany has been doing to England. The stories we have heard on this side have been very revealing in the last 2 weeks.

Mr. ROUTZOHN. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. ROUTZOHN. Did the gentleman note that the other day Major General Strong, Assistant Chief of Staff, returned from England and reported that England was going to win the war?

Mr. LAMBERTSON. Yes; and he is a very distinguished authority. Another distinguished Army officer came back and said they have never quit playing golf in London. They have not stopped riding their horses. The bathing beaches are running in full bloom. [Laughter.]

London has not been hurt at all like we have been told she was. That was the compelling factor for the passage of the Conscription Act—that they could not wait 60 days to find out more about it a little while back. The sink hole of iniquity in a democracy is conscription in peacetime—and we ought to start to repeal it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was rejected.

The Clerk read as follows:

Maintenance, Bureau of Supplies and Accounts, $400,000.

Mr. BATES of Massachusetts. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in connection with the passage of this appropriation bill and the general discussion on the preparedness program which we have had this afternoon, I note that nothing has been said and no inquiry has been made with reference to the progress we are making in the Navy Department with regard to the construction of ships. There is no part of the defense program that involves more detail, administrative work, and greater cost than that of the construction of combatant or fighting ships of the Navy.

For the interest of the Members of the House, I think it might be well to place in the RECORD what the Navy Department has done the last few weeks insofar as building up our combatant-ship facilities of the country as a result of authorizations and appropriations made by the Congress within the last few months.

If you will recall, in 1938, the first 20-percent expansion bill was passed by the Congress. In June of this year, the 28th, the 11-percent expansion bill was approved, and within 5 days all the ships authorized under that program were contracted for by the Navy Department.

On September 9 of this month, the Congress passed the 70-percent appropriation bill, increasing the size of the Navy 70 percent above the point then authorized; or, in other words, increasing it by 1,325,000 tons. Almost immediately contracts were entered into for the construction of practically all the ships authorized and appropriated for.

I might say that at the present time that the authorized strength of the Navy is approximately 3,000,000 tons. When the contracts for six cruisers are awarded in a few days there will remain only 81,000 tons not contracted for out of this tremendous program of ship construction.

Today the Navy Department has under contract a total number of 332 ships, and of this number 17 are battleships, 12 are aircraft carriers, 48 are cruisers, 173 destroyers, and 82 are submarines. Of the 17 battleships, embracing all the larger-type ships, the last of these will be delivered in 1947. Of the 12 aircraft carriers, the last of this group will be finished in 1946. The last of the 48 cruisers will be completed in 1946, and of the 173 destroyers now under contract the last will be delivered in 1944. The program calling for 82 submarines will be finished in 1944.

This shows the very exceptionally fine work which the Navy Department has been doing in carrying out this tremendous program of ship construction along the line that has been approved by Congress during the period of the last 3 years. Within a period of 7 years we will have trebled the size of the American Navy from the present under-age tonnage of less than 1,000,000 tons to a total of over 3,000,000 tons, which, together with our over-age ships, will give us the largest and most protective navy the world has ever known.

It seems to me, Mr. Chairman, these facts ought to become part of the RECORD so the Members of the House and the American people may know that the American naval officials are on the job doing a day's work each day getting these ships ready for whatever emergency may arise.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield.

Mr. MURDOCK of Arizona. Can the gentleman tell us what proportion of these ships are being built in navy yards and what proportion in private shipbuilding plants?

Mr. BATES of Massachusetts. The Navy Department has been able in the past to do about 50 percent of the work in the navy yards. Because of the limited capacity of the navy yards to carry on the whole program it has been found necessary to enter upon a program of expansion of private yards, as well as navy yards in order to permit the consummation of a tremendous program involving nearly 2,000,000 tons of new ships.

Mr. MURDOCK of Arizona. I want to express deep appreciation for the statement the gentleman has just made. It answers a question disturbing the minds of many, like myself, living miles from our coast. His statement will be quieting to the perplexed American people.

Mr. BATES of Massachusetts. I thank the gentleman. [Applause.]

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

Aviation, Navy, including plant expansions and facilities in private plants, $15,000,000.

Mr. TAYLOR of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to say just a word about the work of the Appropriations Committee. I have been a member of this committee for 20 years. In all that time the committee never has worked as hard in any previous year or put in as many days as it has this year. All the members of the committee deserve the thanks not only of the House and the Congress but of the American people for their loyal service day after day, holding hearings, and giving exhaustive consideration to the thousands of items involved in the appropriations for the activities of our Government and particularly the large amounts for the defense program.

When this Congress adjourns or recesses from its labors, temporarily or finally for the session, whatever it may be, I will, of course, as chairman, put in the RECORD an official statement summarizing and classifying the appropriations of this session.

I can say to you in advance in a preliminary way in round figures that the total direct appropriations carried in bills already enacted and in process of enactment at this session, including the amounts in the first civil functions appropriation bill, 1941, now in the Senate, and the third supplemental national-defense appropriation bill, 1941, now before you, amount to approximately $15,000,000,000. In addition to this sum there is the total of $1,825,000,000 permanent appropriations—other than trust funds. These two sums make a total of direct appropriations of $16,825,000,000. These figures include supplemental and deficiency amounts for the fiscal year 1940 as well as the appropriations made for the fiscal year 1941.

Of this total of $16,825,000,000 for this session thus far, approximately $8,611,000,000, or more than half of the direct appropriations, has been granted to the Army and Navy for national defense and in addition to this latter sum civil activities of the Government contributing directly and vitally to the national-defense program have received, or will receive, approximately $398,000,000.

The total of $16,800,000,000 does not include permanent trust-fund appropriations of approximately $2,149,000,000 which are payable from the trust-fund receipts, but does include over $815,000,000 for the Postal Service, which is largely payable from the postal revenues.

In addition to the total of direct appropriations, contract authorizations in the approximate amount of $4,000,000,000 have been granted or are pending in bills I have mentioned. Of this sum, $3,805,000,000 is for the Army and Navy for national defense and a large part of the remaining $195,000,000 is for civil activities contributing directly to the national defense program. This amount of $3,805,000,000 for contract authorizations for the Army and Navy does not include commitments authorized for the two-ocean and other naval ship expansion programs, the estimated cost of which, in addition to the appropriations toward them at this session, $148,000,000, will reach the sum of $4,586,000,000.

Summarizing national-defense provision by Congress at this session for both the fiscal years 1940 and 1941, it is as follows:

Army and Navy, direct appropriations	$8,611,000,000
Army and Navy, contract authorizations	3,805,000,000
Navy ship-expansion program; long-range commitments in excess of present appropriations	4,586,000,000
Civil activities contributing to national defense	398,000,000
Total	17,400,000,000

In granting the huge outlays for national defense for the Army and Navy the Congress has not confined itself within the Budget estimates. Wherever the facts seemed to justify additional sums have been provided and these total, for the session, $620,000,000 in excess of Budget requests.

These are preliminary figures which will need revision as the pending bills progress to final enactment. We are hoping this will be the last appropriation bill. If we stay here, however, there is the chance that we may have to appropriate further sums between now and the 3d of January. If this is necessary for national defense, we will do so.

I believe I express the firmly held conviction of each member of the committee when I say that our object is to preserve our country, our liberties, and our system of living and to go whatever distance is necessary in the judgment of our responsible officials and the prominent people who are advising in this matter. You all know, of course, that the President has called in a great many of the most distinguished people of the United States, leaders in all the great lines of agricultural, industrial, and social endeavor of both political faiths who are contributing their services for the benefit of our country. We appreciate it, and we compliment them for making that sacrifice and becoming dollar-a-year men for the sake of preserving our form of government.

I feel that the ends justify the means. I feel that we must first look to our own defense. When we finish, if we are triumphant in preserving our country from the maelstrom of destruction engulfing the world I feel we shall have the brains, patriotism, and courage to work out the aftermath, no matter what that may be. I believe that our present policy is to prepare for defense of the Western Hemisphere.

I want the country to know of the loyal service, the hard work, and the conscientious consideration that we give to all these appropriation items, and that these bills are the result of the best judgment of the Committee on Appropriations. The deliberations of our committee are harmonious and the members are rendering patriotic service. I hope I may dispel any impression that there is politics or demagoguery in the Appropriations Committee, for that is not so. The Appropriations Committee never has been a political committee.

I particularly want to express my thanks to the distinguished gentleman from Virginia [Mr. WOODRUM] for the assistance he has rendered the committee and to me in handling these special defense and emergency measures. He has at all times been cooperative, painstaking, and industrious in these labors and has given wise, patriotic, and courageous counsel in arriving at conclusions. The gentleman is outstanding in his usefulness to the committee and to the House through the fine character of service he is rendering. [Applause.]

I want also to pay tribute to the gentleman from New York [Mr. TABER]. There is hardly a meeting of the committee at which the distinguished ranking minority member has not been present. In the great majority of matters he goes along with us. Sometimes he asks us to reduce the amounts. Sometimes we agree with him. We all admire and respect him. He is honest, courageous, industrious, and a great help to the majority members, and we thank him. [Applause.]

[Here the gavel fell.]

By unanimous consent the pro forma amendment was withdrawn.

The Clerk concluded the reading of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GAVAGAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10572, the third supplemental national-defense appropriation bill, fiscal year 1941, directed him to report the same back to the House with an amendment with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, will the new majority leader tell us, if he knows, what the program will be next week?

Mr. McCORMACK. On Monday the Unanimous Consent Calendar will be called and bills on the Private Calendar will be called. There will also be one suspension, a bill covering an amendment to the Railroad Retirement Act.

The Committee on Military Affairs has a bill relating to the Home Guard, and if unanimous consent can be secured, that will be brought up.

There is also a bill that we are all acquainted with relating to the civil service relative to lawyers. It is proposed to call up that bill some time next week. There is also a bill reported by the committee of which the distinguished gentleman is a member, known as the confiscation bill that may be considered. Conference reports will also be taken up if ready. That is a general outline so far as next week is concerned.

Mr. MICHENER. We are primarily interested in what will come up on Monday.

Mr. McCORMACK. Bills on the Unanimous Consent Calendar and bills on the Private Calendar, then a suspension of the rules in connection with an amendment to the Railroad Retirement Act. If unanimous consent can be secured for the consideration of the Home Guard bill, that bill will be called up.

Mr. MICHENER. There is the civil-rights bill. As I understand it, there are three bills from the Committee on Military Affairs. One of them is the bill to which the gentleman referred. Another one has something to do with installment payments of draftees, and then there is another bill. Are those all coming up next week?

Mr. McCORMACK. That is not my understanding, whether or not other bills will be called up is something I

cannot say at the present time. I have given the gentleman the schedule for Monday. The other bills I have referred to will in all probability come up next week, together with conference reports. What other bills may be called up I am not prepared to say at the present time but I am prepared to state that the bills I have previously referred to will come up next week.

Mr. MICHENER. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

AUTHORIZING SPECIAL AGENTS OF DIVISION OF INVESTIGATION OF THE DEPARTMENT OF THE INTERIOR TO ADMINISTER OATHS

Mr. ROBINSON of Utah submitted a conference report on the bill (S. 2627) to empower and authorize special agents and such other employees of the Division of Investigations, Department of the Interior, as are designated by the Secretary of the Interior for that purpose, to administer oaths in the performance of their official duties.

EXTENSION OF REMARKS

Mr. LEONARD W. HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an article by David Lawrence.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. LEONARD W. HALL]?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement recently made by me before the Committee on Appropriations.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. MANSFIELD]?

There was no objection.

Mr. BURCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a speech I made before the National Convention of Postmasters in New York.

The SPEAKER. Is there objection to the request of the gentleman from Virginia [Mr. BURCH]?

There was no objection.

Mr. GAVAGAN. Mr. Speaker, this morning I asked and secured unanimous consent to extend my own remarks in the RECORD. Since that time I have had a check of the remarks made and I understand they will take about four pages. I therefore renew my request to extend my remarks, notwithstanding that they run over the limit.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. GAVAGAN]?

There was no objection.

Mr. TABER. Mr. Speaker, in connection with the remarks I made in the Committee of the Whole today, I ask unanimous consent to insert certain tables of my own.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include a speech recently delivered by a former Member of this House, Philip P. Campbell.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SHORT]?

There was no objection.

MEMBERS OF SPECIAL COMMITTEE TO STUDY THE ANTHRACITE EMERGENCY PROGRAM

The SPEAKER. Pursuant to the provisions of House Resolution 564, Seventy-sixth Congress, the Chair appoints as members of the Special Committee to Study the Anthracite Emergency Program, the following Members of the House: Messrs. FLANNERY, FLAHERTY, and FENTON.

SPECIAL ORDER

The SPEAKER. Under a previous special order of the House, the gentleman from Pennsylvania [Mr. McDOWELL] is recognized for 30 minutes.

Mr. McDOWELL. Mr. Speaker, this body has appropriated many billions of dollars to be used to buy and to make supplies for the United States Army, Navy, and the Marine Corps, that the Nation may guarantee itself against the ever-growing threat of invasion from foreign enemies.

The city of Pittsburgh, which has been the armory of the Nation for more than a century, has received many million dollars worth of orders that range all the way from tear-gas shells to ship sides for destroyers and battleships. My own district has received, to date, approximately $47,000,000 worth of orders from the national-defense forces. My people are busy up in Pennsylvania making the things the Nation needs.

We have the greatest pool of industry there in the world. We have there concentrated the greatest number of skilled mechanics the world has ever seen in all branches of the industrial arts. If a foreign foe were to choose one major spot in the Nation to strike a blow at the United States, he would choose above all others Pittsburgh and its environs, because the destruction of our city now could be the greatest blow at our defense program that could be wrought.

The day before yesterday this House passed, without a dissenting vote, a bill which provides a fine of $10,000 and a maximum of 30 years in jail to be imposed upon any person who would willfully destroy or attempt to destroy or hinder in any manner the defense program of the people of the United States. This bill, when it becomes a law, as it undoubtedly will be, will affect practically every industry, utility, and transportation device in the Nation. It is a good bill, and it will undoubtedly slow down the activities of those enemies of the Nation who are now in our midst.

During the very brief debate on the bill, I offered an amendment, which would include among those who could be punished by the bill the members of any political party which was not altogether of our Nation, but which had branches in countries outside of ourselves. The amendment specifically named Communists, Nazis, Fascists, and required authorities in defense plants to dismiss any of these on their rolls.

I withdrew the amendment because the sponsors of the bill pointed out that it was not germane to the bill and that the measure should be written into a law of itself. That I have done, and today I have introduced a measure which should receive the approval of every Member of the Congress and of every loyal citizen of the United States, because it will legally prevent enemies of the Nation from working in any defense operation of our country and provide a penalty for those who violate its intent.

The reason for my efforts in the past few days are very interesting, and I desire now to call to the attention of the House of Representatives, the people of the United States, and in particular to the chairman of the Committe for the Investigation of Un-American Activities, the gentleman from Texas [Mr. DIES], and the head of the Federal Bureau of Investigation, Mr. Hoover, the following facts:

Within 3 miles of my home, back in Pennsylvania, is the Westinghouse Electric & Manufacturing Co., which is one of the most important plants manufacturing defense materials in the Nation. To date they have received approximately $17,000,000 worth of orders that include in their list things that range from generators for warships to gun emplacements.

This company is one of the great manufacturing companies of the world; it devised and gave to the world radio broadcasting. It is equipped to furnish the Army and the Navy right now, and right now it is doing countless objects that are so very necessary to the fighting forces of the Nation.

In the local plant in Pennsylvania, which is located principally in the Turtle Creek Valley, there are some 11,000 employees. It was my good fortune to be born there and to grow up among these people. The employees of the various plants are typical Americans, loyal, frugal, hard working, and as patriotic as any Member of this body. They compose one of the largest groups of local organized labor in the Nation; and some years ago they organized and became a part of the

United Electric and Radio Machine Workers of America and affiliated themselves with the Congress of Industrial Organizations.

Everybody agrees that the labor relations of the workers and the employers in the Turtle Creek Valley for more than a score of years has been almost a model circumstance. Strikes have been at a very minimum, labor strife is almost unknown, of violence we have had practically none, and our wages and conditions there are among the best in the world.

The workers of the great Westinghouse plants are good, faithful members of their union. Their official title is Local 601; and if all of the members of Local 601 were to be suddenly removed from active service in behalf of the defense program of this Nation, that program would be seriously slowed down. Everybody agrees to that.

At the present time there is a dispute between the owners and operators of the Westinghouse plants and Local 601 as to the signing of a work contract. The men are working and the plant is producing, but the contract between the two still remains unsigned. Now, my colleagues, the bizarre part of all of this is that the Westinghouse owners and officials are eager to sign the contract, and so are the men who work in the plants, but the contract still remains unsigned.

I have had the word from many of the authorities of the Westinghouse Co., high, medium, and low, that they sincerely believe that they have the finest group of skilled workmen in the world, and they are proud of their great efficient personnel. The wages and the bonuses that have been arranged by agreement between the owners and the men who work there are a model that should be copied by every other great manufacturing concern that exists. Hardly a man who works for the Westinghouse would tell you otherwise.

The entire situation presents one of the most pleasant pictures of labor relations and employer relations that exists in industry.

Now, let me get down to the milk in the coconut. Let me tell you why the contract between this great body of men and that great industry still remains doggo in the desks of the company's officials and in the union's desk.

There can be no question that a great mass of the American people will be astonished to know that in this great defense plant there are working and circulating every day enemies of the people of the United States. We know them; I can name them. The company knows them, and they can name them. The workmen themselves know them and they can name them; and still they are there plotting and planning and conniving as all enemies of the Nation are doing. They cannot be fired; they cannot be laid off. They stay there by legal right—by the right of the provisions of the Wagner Act—and if the company or the men would do the highly patriotic thing and bodily toss them out, both the union and the company would be subject to the provisions of the Wagner Act and could be hailed before the National Labor Relations Board for judgment—and if we are to judge precedent—punishment.

I am one of those Members of this body who believes in the Wagner Act and believes it to be the Magna Carta of labor and who will vote to maintain it so long as I remain a Member of this body, and who voted to maintain it during my service here. Like all other great social advances, the Wagner Act needs to be readjusted to fit and conform with the American way of living, and it was unforeseen when the act was adopted by the Congress that it would eventually protect a very small slice of enemies of the Nation and maintain them in the places where they could do us the worst damage.

Local 601, with its 11,000 employees, is completely in the hands of a gang of men who are as "red" as the Soviet flag, although 98 percent of its membership are good, honest, plain workingmen, who are as patriotic as the average American is, and always will be. The "reds" grabbed control of the union of this vital industry by reason of the traditional American carelessness and indolence.

The members of Local 601 pay their dues, believe in organized labor, and hope that their local is going to be properly operated for the benefit of themselves—and that is very proper—but, like too many Americans, when organization day comes around, and when it is time to elect officers and adopt rules, the great mass of the members are at ball games, or mowing the lawn, or doing something else. As a result, the union has been operated for some years with a maximum of three and four hundred members voting, and has fallen completely into the hands of skilled Moscow-trained organizers who now dominate its offices.

The president of the local is a sick man, and very rarely functions. The vice president is a native-born American named Logan Burkhart, who is a faithful admitted member of the Communist Party, and who also admits that his constant endeavors are in behalf of the Communist Party. The business agent-secretary and real boss of the union is one Charles Newell, who is a stranger to western Pennsylvania, who helped organize various communistic groups in the city of Boston and in the city of New York, and who was sent to Pittsburgh by his "red" superiors to enter and gain control of the great Westinghouse union. He has done a magnificent job for his Soviet superiors. He is running the union in the way that should gain him the highest Soviet decoration that could be granted by the Kremlin in Moscow.

Newell does not like the United States Government, and thinks it should be supplanted by that operated by Stalin in Russia—and remember that Mr. Newell is businessman of the 11,000 patriotic Americans who, by their own rules, that he has choked down their throats, are prohibited from doing anything to help themselves.

This Newell is a close friend of one George Powers, of McKeesport, Pa., who likewise has a throttled grasp on the throat of the great steel industry of that city, which has also millions of dollars of war-defense orders. Mr. Powers is an immigrant from Europe. He spent several days here in Washington as a subpenaed witness before the Dies committee. The committee did not get very far with Mr. Powers. They found out a few unimportant things—that he had been a labor agitator in North Carolina, that he had the most magnificent capacity for forgetting that the committee has ever seen, that he could not recall the boat that he came to America on, and the day I listened he could not even recall the port he arrived at.

Last Friday night I sent reporters from my newspaper to a meeting in McKeesport, at which Mr. Powers presided in his broken English. After making the usual communistic harangue against everything that is American, his wife passed out to those who were present—and, again, who were 98 percent patriotic Americans—copies of the Daily Worker, which, speaking as a newspaperman, I can fully assure you is perhaps the rottenest, lyingest, smelly publication it has ever been my misfortune to read.

If we get into a war, I cannot believe either Mr. Powers, which is not the name he was born with, or Mr. Newell can want us to win it, because they do not like the Government of the United States; they like the Government of Soviet Russia. Like all other stool pigeons of the bloody Russian politicians, they hastily slide over the complete betrayal Stalin has given the Russian people and insistently pound on the theory that all American workmen are mistreated and underpaid.

These are the men who are empowered to call a strike. This is the reason the Westinghouse Co. cannot sign a contract with the union; and who can blame them?

My newspaper, the Wilkinsburg Gazette, has been carrying the story I am telling you now for several weeks, and it may surprise you to know that I am printing the story at the request of the ordinary buck private in local 601 who loves his country. As the laws exist now, the only way these men can be taken out of power in these great defense plants is for the men themselves to do it. They have a reasonable, logical, legitimate excuse for not taking the initiative in the matter. They are plain workmen; they have to have their jobs; they cannot expose themselves to the organized ridicule and the persecutions that Moscow visits upon those

independent thinkers who dare criticize crooked labor officials. Thus they came to the only person they thought could help them in their community—their Representative in Congress—and in all sincerity and without political motive; and as a plain citizen of this country I am laying their story before this body.

The mills and the mines and the factories of my country have enemies of the Nation in them, and by God it is time to get them out of there legally without going through any of the extra legal and awkward methods of mass voting by the members of the union themselves.

In my home town of Wilkinsburg there is an organized bund, which, up until a few months ago, was a very noisy outfit. Being composed in the main of smart and intelligent Nazis, they have quit being noisy and I do not hear anything of them any more from themselves, but those fellows are working in those factories back in Pennsylvania, and is there any Member of this body simple enough to believe that they are not hoping for the success of their Nazi master whether this country is in the war or not? In the name of the honest workmen of Pennsylvania and of the people of the United States, I am laying this matter before the Congress for its immediate attention and asking that you do something about it.

My colleagues, do you know that there are now twice as many members in Communist and affiliated movements in the United States today as there are at present in the Communist Party of Russia? Do you know that there are over 610 national Communist and affiliated organizations with thousands of State and local branches? Do you know that there are over 300 Communist newspapers and magazines in the United States? Let me show you one.

Here is a small monthly newspaper called the Union Generator, the official organ of Westinghouse Local 601, United Electric, Radio, and Machine Workers of America. It is published under the name of the workers of the Westinghouse plant, but this paper is directed from the office of Comrade Earl Browder, of New York City.

Last week John A. Metcalf, president of the union, became alarmed at the situation inside his own local and he wrote out a statement saying that he would not be responsible for anything that was published in the Union Generator. The editor of the Generator, acting in true Moscow manner, refused to give the president of the union space in the president's own newspaper; whereupon Mr. Metcalf was required to distribute handbills up and down the Turtle Creek Valley, stating that he had no control of his own newspaper.

This Congress has taken longer steps into unknown things than any other in the history of the Nation. The Congress is going to draft the young men of the Nation, it has given the administrative branch the power to draft the Nation's industry. We have authorized and are building another complete fleet. We have given part of our Navy to England. We are shipping Navy planes from our own defense forces to another nation. We have determined that any person who commits sabotage can go to jail for 30 years. That is very fine and good, but why lock the stable after the horse is stolen?

Across the river from my district, night before last, a chemical plant blew up—nobody knows why, but the plant is not there any more. A few days ago the Hercules Powder Co. over on the coast blew up—nobody knows how it happened, but a lot of men and part of that plant are not there any more. Spies and saboteurs are clever men that usually do not get blown up.

It appears to me that the Congress of the United States had better take some steps toward drafting the enemies of the Nation out of their defense plants. I cannot see why any of you would oppose such a bill—just good politics ought to put you against the enemies of the Nation. These "reds" and Nazis and others of their kind are of a very tiny minority—they make a lot of noise, but thank God they do not control the country, nor its politics as yet. Thus you are safe in adopting a strictly American law.

My bill prohibits any Communists, bundsmen, Fascists, or members of any poltical party that has branches in any other nation, or any person certified by the Department of Justice as being affiliated or associated with any such political organizations, or even sympathetic to such political philosophy, from working in any capacity in any plant, utility, or transportation device that is connected with the defense program of the United States Government.

The bill, if made into a law, will clean out thousands of seriously dangerous enemies, and we will replace them with good, honest, patriotic American workmen. It is time to quit stalling with these people; it is time to take action. There is not a Member of Congress who goes back to his district that does not hear the question a thousand times, "Why doesn't the Congress do something about the 'fifth columnists'?" Well, here is a way the Congress can do something for the sake of our industry, for the sake of our national defense, and for the sake of our country. I ask you to support the bill. [Applause.]

The SPEAKER pro tempore (Mr. RAMSPECK). Under a previous special order, the gentleman from Wisconsin [Mr. MURRAY] is recognized for 30 minutes.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a newspaper article and excerpts from official publications.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

A FEW OF THE FALLACIES OF THE NEW DEAL

Mr. MURRAY. Mr. Speaker, in asking for this time today I did it for the purpose of clarifying some of the issues before the people of this country and not for the purpose of making a partisan speech or a personal attack upon anyone.

To my way of thinking, the New Deal is fundamentally wrong.

First, the New Deal legislates for the benefit of the few at the expense of the many. The expressed thought and philosophy of my State for two generations has been based on a program of the greatest good for the greatest number, and this philosophy has been impressed upon every student at our great State institution of learning. We think and we vote on this premise.

Secondly, the New Deal proceeds on the basis that the end justifies the means. This is basically wrong, and the results are already becoming evident in an attitude whereby many public officers no longer fill their office in a spirit of its being a public trust. President Roosevelt and his family set the pace with its insurance, mattress, and Sweetheart soap projects.

The Jeffersonian Democrats and Lincoln Republicans desire to preserve our form of government, its ideals, its principles, and its institutions. This is a constructive force built on fairness, justice, love, and tolerance. They realize this country has been made great and can be preserved by following these social and economic principles.

The New Deal Progressives desire a new brand of government, based on foreign ideologies and is one that has a defeatist viewpoint. The "superman" has been their need and now the "indispensable" man is their cry. This philosophy of government is diametrically opposed to the political philosophy of Thomas Jefferson, who had such great faith in the people themselves.

The New Deal Progressives say, "the last frontier is gone"—when millions of undeveloped acres lie in our land; they say "Youth, millions too many" when never before did youth have the opportunities of achievement they could have today.

The New Deal Progressive Party would destroy our form of government. It is a destructive force. It sings a hymn of hate; it pits class against class; it thrives on spite, envy, hate, intolerance, and greed.

The time has come to bring the Government back to the people and unless we do we will have as completely a totalitarian form of government as any European country. On November 5 we vote on whether to have a republic or a

dictatorship. On November 5 we decide once and for all if we are to have a government of laws or a government of men or man.

The New Deal is material, with little or no regard for spiritual values. It falsely claims that dollars mean contentment and happiness.

AGRICULTURAL FALLACIES OF THE NEW DEAL

First. One of the most fallacious acts of the New Deal occurred on August 26, 1937, when the rubber-stamp Congress passed Senate bill 2229, which permitted Members of Congress themselves to enter into agreements under the agricultural program in order that the Members could personally enjoy the benefit of their own legislation. Up to this time the law of the land would not allow Members to enjoy legislation which gave them personal emoluments, but the New Deal changed this procedure to enable Members themselves to profit. This type of legislation is a violation of the public trust and it was passed without the inconvenience of a roll call. It is in direct opposition to the spirit of the Constitution and the act should be repealed if the people are to continue to believe that we are being selected for the general welfare of the public.

Second. The New Deal confuses even its own members. On March 28, 1939, one of our colleagues, the gentleman from Oklahoma [Mr. MASSINGALE], on the floor of the House said, in part:

Let me tell you this: I hope this will be a lesson to the American Congress, to the American farmer, and to the American people as a whole, that we are going to abandon these foolish philosophies of trying to do something by cutting down acreage, killing cattle, killing hogs, and things of that sort, and restore the American farmer to the estate of decency, at least, that he used to have. We can do that. We can give him parity and better than parity. We can give him cost of production. There is a petition on file up here, No. 5, that will give to the farmers of this country what it costs them at least to produce a pound of cotton or a bushel of wheat or any other commodity that we grow on the farms of this country. Let us give it to him. We have got to quit this. Congress cannot go on year after year appropriating five hundred million to a billion dollars a year in order to carry out this darned fool philosophy that some fellow has picked up somewhere and tries to foist on the people of the country and make the farmers endorse it in order to get an imaginary payment. [Applause.]

Millions of the American people have Mr. MASSINGALE'S views on this subject.

Then, on September 9, 1940, another colleague, the gentleman from Oklahoma [Mr. FERGUSON], placed an extension of remarks in the RECORD in which he tried to enumerate and count the blessings of the New Deal agricultural program. He gives it credit for benefits which have never been obtained by the farmers of this country under the present administration.

For example, take the matter of low interest rates to farmers for which he gives the credit to the present administration. Let us look at the facts. Here they are: Monday, June 7, 1937, was Consent Calendar day in the House, and on page 5377 of the RECORD for this day I find that bill H. R. 6763 was brought up. This bill provided for the reduction of the interest rate of Federal Land Bank loans to 3½ percent and the rate on Commissioner loans to 4 percent. No objection being raised, the bill was unanimously passed. There is no record of any Republican opposition, nor any other for that matter.

But here comes the "fly in the ointment." On July 12, 1937, I find in the RECORD a message from President Roosevelt, Document No. 290, which is headed "Message from the President of the United States returning without approval H. R. 6763," and so forth. It was ordered to lie on the Speaker's table. In this veto message President Roosevelt said, in part:

The reduction of the rates of interest on Federal land-bank loans to 3½ percent for the fiscal year 1938, and to 4 percent for the fiscal year 1939, as required by the bill for loans made through national farm-loan associations would, it is estimated, necessitate payments from the Treasury in the amount of approximately $31,700,000 for the former year and $21,200,000 for the latter, a total of $52,900,000. The effect of such an arrangement is that part of the individual borrower's interest is paid for him by the United States. In other words, it constitutes a gift to individual borrowers from the Federal Treasury.

The contemplated reduction in interest rates on commissioner loans from 5 to 4 percent under the bill would reduce the annual income of the Federal Farm Mortgage Corporation, which owns those loans, by an amount of approximately $8,350,000. No provision is made for a corresponding reimbursement of this sum by the Treasury to the Corporation. Losses suffered by the Federal Farm Mortgage Corporation ultimately fall upon the United States as the sole holder of the Corporation's capital stock. More than this, the payment of principal and interest on all bonds issued by the Corporation is guaranteed by the United States.

Any reduction in the interest rate on commissioner loans will place the Federal Farm Mortgage Corporation in such a position that there is a definite possibility that it may not be able to meet its obligations from its own income.

Following up this matter further, I find that on page 7132 of the CONGRESSIONAL RECORD of July 13, 1937, there were 260 votes to override the President's veto. There were 65 Republicans voting "aye." There were 98 nays, of which only 4 were Republicans. This is conclusive evidence that the Republican votes were necessary for the farmers to obtain the lower interest rates. A few millions off the farmers' backs seemed unthinkable to President Roosevelt.

Still further, I find that on Monday, May 16, 1938, on page 6926 of the CONGRESSIONAL RECORD, H. R. 10530 was unanimously passed. This bill extended for 2 years the 3½-percent interest rate on certain Federal land-bank loans and provided for a 4-percent interest rate on commissioner loans until July 1, 1940.

However, I also find the following message from President Roosevelt, Document No. 713:

To the House of Representatives:

I return herewith, without my approval, H. R. 10530, entitled "An act to extend for 2 additional years the 3½-percent interest rate on certain Federal land-bank loans, and to provide for a 4-percent interest rate on land bank commissioner's loans until July 1, 1940."

Section 1 of the bill extends for 2 additional years, beginning July 1, 1938, the 3½-percent interest rate on certain Federal land-bank loans.

Section 2 of the bill extends for approximately 1 year—that is, from July 22, 1939, to June 30, 1940—the 4-percent interest rate on land bank commissioner loans.

Also in the June 15, 1938, RECORD, page 9501, I find the vote to override the President's veto.

Now, just what does this RECORD disclose? First, it shows that 85 Democrats and only 2 Republicans voted to sustain President Roosevelt's veto and against the lower interest rates for farm mortgages. There were 244 votes required to override the President's veto, and the Republican votes were necessary to get a two-thirds majority as 85 Democrats had voted against repassage over the veto. In reading the record of this vote, I was impressed by the large number of new dealers that voted against this lower interest rate for farmers. The new dealers want to take credit for reducing the farm-interest burden but their votes are indisputable evidence that they are making false claims. The unvarnished fact is that the Republicans in Congress, by their votes, made it possible for the farmers to have a 3½-percent to 4-percent interest rate.

HERE IS THE RECORD

Mr. FERGUSON says "by their fruits ye shall know them." So may it be.

Below is the record of the roll call on June 15, 1938, page 9051:

Mr. JONES. Mr. Speaker, this is the same type of bill as was vetoed 2 years ago and passed by the House over the President's veto. The same issues and the same provisions are involved. This simply carries forward for another 2 years the rates of interest that have prevailed during the last 2 years. It seems to me the need for the 3½-percent rate on Federal land-bank loans and the 4-percent rate on land bank commissioner's loans is just as great as was the case 2 years ago.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. Under the Constitution, the vote will have to be taken by the yeas and nays.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

The question was taken; and there were—yeas 244, nays 87, not voting 97, as follows:

[Roll No. 123]

Yeas—244: Aleshire, Allen of Illinois, Allen of Louisiana, Allen of Pennsylvania, Amlie, Anderson of Missouri, Andresen of Minnesota,

Arnold, Atkinson, Bacon, Barden, Bates of Massachusetts, Bernard, Biermann, Bigelow, Binderup, Bland, Boileau, Boren, Boykin, Brewster, Brooks, Brown, Buck, Buckler of Minnesota, Burch, Burdick, Cannon of Missouri, Cannon of Wisconsin, Carlson, Carter, Case of South Dakota, Chapman, Church, Clark of North Carolina, Clason, Claypool, Cluett, Coffee of Washington, Collins, Colmer, Cooley, Cooper, Costello, Cox, Cravens, Crawford, Crosser, Crowe, Crowther, Culkin, DeRouen, Dies, Dirksen, Dondero, Dowell, Doxey, Duncan, Dunn, Eckert, Edmiston, Eicher, Elliott, Engel, Englebright, Faddis, Farley, Ferguson, Fish, Flannagan, Fleger, Fletcher, Ford of Mississippi, Fries of Illinois, Fuller, Fulmer, Gamble of New York, Gambrill of Maryland, Garrett, Gearhart, Gehrmann, Gilchrist, Gildea, Goldsborough, Gray of Indiana, Greenwood, Greever, Gregory, Griffith, Guyer, Gwynne, Halleck, Hamilton, Hancock of New York, Harrington, Harter, Havenner, Hill, Hobbs, Holmes, Hope, Houston, Hull, Hunter, Izac, Jacobsen, Jenckes of Indiana, Luther A. Johnson, Lyndon Johnson, Johnson of Minnesota, Johnson of West Virginia, Jones, Kee, Keller, Kerr, Kinzer, Kleberg, Knutson, Kopplemann, Kvale, Lambertson, Larrabee, Lea, Leavy, Long, Lord, Luckey of Nebraska, Ludlow, Luecke of Michigan, McClellan, McFarlane, McGehee, McGrath, McGroarty, McLaughlin, McReynolds, McSweeney, Maas, Mahon of South Carolina, Mahon of Texas, Maloney, Mapes, Martin of Colorado, Martin of Massachusetts, Mason, Massingale, Maverick, Mead, Meeks, Michener, Mills, Moser of Pennsylvania, Mott, Mouton, Murdock of Arizona, Nelson, O'Brien of Michigan, O'Connell of Montana, O'Malley, Oliver, Owen, Pace, Parsons, Patman, Patterson, Patton, Pearson, Peterson of Georgia, Pettengill, Phillips, Pierce, Plumley, Poage, Powers, Randolph, Rankin, Reece of Tennessee, Reed of Illinois, Rees of Kansas, Reilly, Rich, Richards, Rigney, Robertson, Robinson of Utah, Robsion of Kentucky, Rockefeller, Rogers of Massachusetts, Rogers of Oklahoma, Romjue, Rutherford, Sadowski, Sanders, Satterfield, Sauthoff, Schaefer of Illinois, Schneider of Wisconsin, Schulte, Scott, Seger, Shafer of Michigan, Shannon, Sheppard, Short, Simpson, Smith of Virginia, Snell, Snyder of Pennsylvania, South, Sparkman, Spence, Starnes, Stefan, Sumners of Texas, Sutphin, Taber, Taylor of South Carolina, Taylor of Tennessee, Teigan, Terry, Thomas of Texas, Thomason of Texas, Thompson of Illinois, Thurston, Tobey, Transue, Treadway, Turner, Vincent of Kentucky, Voorhis, Wallgren, Warren, Wene, West, Whittington, Wigglesworth, Wilcox, Williams, Withrow, Wolcott, Wolfenden, Wolverton, Woodruff, Zimmerman.

Nays—87: Barry, Beam, Beiter, Bloom, Boland of Pennsylvania, Bradley, Buckley of New York, Bulwinkle, Byrne, Celler, Citron, Cochran, Cole of Maryland, Connery, Crosby, Cullen, Daly, Delaney, DeMuth, Dickstein, Dingell, Dixon, Dorsey, Drew of Pennsylvania, Eberharter, Evans, Fitzgerald, Flaherty, Flannery, Forand, Frey of Pennsylvania, Gavagan, Gifford, Haines, Harlan, Hart, Healey, Honeyman, Kelly of Illinois, Kelly of New York, Kennedy of Maryland, Kennedy of New York, Keogh, Kocialkowski, Lambeth, Lamneck, Lanzetta, Lewis of Colorado, Lewis of Maryland, Lucas, Luce, McCormack, McGranery, McKeough, Magnuson, Merritt, Mitchell of Illinois, Norton, O'Brien of Illinois, O'Connell of Rhode Island, O'Connor of New York, O'Leary, O'Neal of Kentucky, O'Neill of New Jersey, O'Toole, Palmisano, Patrick, Pfeifer, Polk, Quinn, Ramsay, Ramspeck, Rayburn, Roy, Sabath, Sacks, Shanley, Smith of Connecticut, Smith of West Virginia, Somers of New York, Sullivan, Swope, Tarver, Thom, Umstead, Walter, Woodrum.

Not voting—97: Allen of Delaware, Andrews, Arends, Ashbrook, Barton, Bates of Kentucky, Bell, Boehne, Boyer, Boylan of New York, Caldwell, Cartwright, Casey of Massachusetts, Champion, Chandler, Clark of Idaho, Coffee of Nebraska, Cole of New York, Creal, Cummings, Curley, Deen, Dempsey, Disney, Ditter, Dockweiler, Doughton, Douglas, Drewry of Virginia, Driver, Eaton, Fernandez, Fitzpatrick, Ford of California, Gasque, Gingery, Gray of Pennsylvania, Green, Griswold, Hancock of North Carolina, Hartley, Hendricks, Hennings, Hildebrandt, Hoffman, Hook, Imhoff, Jarman, Jarrett, Jenkins of Ohio, Johnson of Oklahoma, Kirwan, Kitchens, Kniffin, Kramer, Lanham, Lemke, Lesinski, McAndrews, McLean, McMillan, Mansfield, May, Mitchell of Tennessee, Mosier of Ohio, Murdock of Utah, Nichols, O'Connor of Montana, O'Day, Peterson of Florida, Rabaut, Reed of New York, Ryan, Schuetz, Scrugham, Secrest, Sirovich, Smith of Maine, Smith of Oklahoma, Smith of Washington, Stack, Steagall, Sweeney, Taylor of Colorado, Thomas of New Jersey, Tinkham, Tolan, Towey, Vinson of Georgia, Wadsworth, Wearin, Weaver, Welch, Whelchel, White of Idaho, White of Ohio, Wood.

So (two-thirds having voted in favor thereof) the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On the vote:

Mr. Lemke and Mr. Cole of New York (for) with Mr. Hook (against).

Mr. Jenkins of Ohio and Mr. Smith of Washington (for) with Mr. Curley (against).

Mr. Reed of New York and Mr. Hoffman (for) with Mr. O'Connor of Montana (against).

Mr. Eaton and Mr. Ditter (for) with Mr. Boylan of New York (against).

Mr. Arends and Mr. Drewry of Virginia (for) with Mr. Fitzpatrick (against).

Mr. White of Ohio and Mr. Hartley (for) with Mr. Sirovich (against).

This roll call is educational. It shows only 178 Democrats voting to override the President's veto, and for the lower interest rates to the farmers of the Nation.

This roll call also shows 87 votes against overriding the President's veto, of which 85 were Democrats and only 2 Republicans.

The nays on this roll call look like a homecoming of the followers of Tammany Hall, Hague, and Kelly-Nash.

This is no attempt to pit the farmer against any class except the machine politicians of Tammany Hall, Hague, and Kelly-Nash, whose disciples are vociferous in their pleas for the common people, but whose votes are for "cheap" food. If they cannot get it cheap from domestic sources they vote to lower the tariff and get it cheap from foreign sources.

In the same RECORD of Tuesday, July 13, 1937, we find several interesting speeches when the question of overriding the President's veto and giving the farmers of the Nation the benefits of lower interest rates was under consideration.

No. 1. The gentleman from Texas [Mr. RAYBURN] wishes to balance the Budget. I was pleased to note that at that time this matter was really considered, as I have not heard anything about this very desirable action since I have been here. I had come to the conclusion that the present administration had held that the balancing of the Budget was but an empty dream.

Mr. RAYBURN. If we are to do this for the farmer, we will be asked to do the same thing for the urban home owner. I think the gentleman will agree with me that the farmer in his country and mine is pretty well out of the depression as far as farm prices are concerned. I think we are selling the produce of our farms at about as reasonable prices as we have had in his time and mine. What argument would we have with reference to the urban home owner should he say he is paying an excessive rate when he is trying to acquire a little home? What argument are we going to make against him if the Committee on Banking and Currency brings out a bill affecting his interest rate? That would cost the Government maybe $25,000,000, maybe $50,000,000, or maybe $100,000,000. I am sure my friend, the gentleman from Texas, knows that I do not ask these questions or make these statements in criticism of him, because I know he has a very hard job, but it is quite possible that all these things added together would increase our annual outlay from $150,000,000 to $200,000,000. I think we all realize, I do at least, that it is vitally necessary, and one of the most important things that faces the country, to balance the Budget not later than 1939. [Applause.] We should strive toward that end. I know there are sections of the country in dust and drought which have not in any very great degree recovered, but I believe that the average farmer in this country, the average landowner in this country, with an interest rate reduced 40 percent from what it was if the 4 percent obtained—and I am confident I speak for the vast majority of the farm people of my immediate section in saying this—while he wants a low rate of interest he is willing to pay what it costs the Government with the cost of administration added.

It appears to me that if the President's veto is sustained, that the gentleman from Texas and his committee would in all probability be able to work out something—and we are to be here for some time yet—that would protect the farmer in a lower rate of interest than he has ever had except this 3½ percent, and yet not take money out of the General Treasury.

We also find on page 7124 of the July 13, 1937, RECORD the following speech made by our colleague the gentleman from Kansas [Mr. HOPE] the ranking Republican member of the Agriculture Committee:

Mr. HOPE. Mr. Speaker, I desire to make a few brief observations with respect to some matters which I think should be considered in connection with the President's message.

The President's veto message is predicated upon the idea that the emergency is over as far as the farmers of this country are concerned. It is stated in the message that farm income has increased and that the level of farm prices has increased. This is true; but I want to call the attention of the House to the fact that high farm prices do not do the farmer any good when he has nothing to sell, and that is just the situation in which a large proportion of our farmers have found themselves during the past year. Prices have been good because of drought and crop failures, but the farmer who had nothing to sell got no benefit whatever from that situation. This is the reason, very largely, why a continuing farm emergency is with us. Perhaps in another year, with good crops and good prices, the situation may be different; but for the present the emergency is still with us. If there was reason last year and the year before for giving the Federal land-bank borrowers an interest rate of 3½ percent, that reason prevails to the same extent today.

Later this afternoon the House will act upon the conference report on the farm-tenancy bill. We adopted that legislation for the purpose of doing away with the evils of farm tenancy. We are very foolish, it seems to me, to start a long program of farm-tenancy relief in this country unless we do what we can to prevent the lapse into tenancy which will take place under present conditions unless interest rates are somewhere near what the farmers can pay under existing conditions. During the last 5 years the net increase in the

number of farm tenants in this country has been 200,000, or an average of 40,000 per year. Unless we can stop this drift it is idle to talk about solving the problem of tenancy.

Mr. THURSTON. Mr. Speaker, will the gentleman yield?

Mr. HOPE. I yield.

Mr. THURSTON. In regard to the economy phase of the President's veto message, is it the program today that we are to vote upon the proposal to give the President 6 additional secretaries, making a total of 10 secretaries? He already has 4, 2 more than any of his predecessors had. I ask the gentleman also if it is not true that at this time the Federal Government is lending money to shipbuilding concerns for less than 1 percent per annum? The farmer is to pay from 4 to 6 percent.

Did we not just recently provide $60,000,000 additional out of the Treasury to build more ships, the builders of which will likely receive these low interest rates? These ship concerns also receive subsidies. There are other groups in the country that are being more preferred out of the Federal Treasury in regard to interest rates than the farmers. Therefore other groups are being greatly preferred.

Mr. HOPE. I am in agreement with the gentleman in his contention that there are a great many favors being shown other groups which are being denied the farmer. Furthermore, if the matter of economy is involved, it would take the rest of the afternoon to even enumerate the places where waste and extravagance can be stopped. As long as we can spend over $500,000,000 a year on the Navy and almost that much on the Army, and can spend over $1,000,000,000 in 6 months buying gold from all over the world at artificial prices, we can afford to spend a little to ease the interest burden of the farmer.

But right in connection with Government savings let me call attention to the fact that so far as the farmers of this country are concerned we have been doing pretty well in making savings out of the appropriations which the Congress has made for their benefit. Most of you read in the press this morning that $60,000,000 is to be turned back into the Federal Treasury by the Agricultural Adjustment Administration out of the $500,000,000 which was appropriated last year for soil-conservation payments. Two years ago we passed a bill making an annual permanent appropriation of one-third of the customs receipts for the benefit of agriculture.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HOPE. Mr. Speaker, out of the $109,000,000 which was made available last year under this appropriation, only $18,000,000 has been spent. The remainder will eventually go back into the Treasury of the United States.

Mention has been made of the great variation in the interest rates on these Federal land-bank loans. I think something should be done in connection with that. We cannot remedy this general situation at this session of the Congress, but we ought to take the matter up at the next session and work out some permanent plan whereby all farmers will have a uniform rate. We can, however, relieve the existing situation by voting to pass this bill, notwithstanding the veto of the President.

I have the same high regard for the Governor of the Farm Credit Administration and the way in which he has administered the affairs of that organization as the distinguished chairman of our committee. I know that Governor Myers opposes this legislation; but, after all, it is up to the Congress to determine the policy of the Government in this regard. Governor Myers and his associates have carried out the policies that we have heretofore declared in a splendid way. They are entitled to a lot of credit. They will just as cheerfully and as willingly, I am sure, carry out the policy that we declare today, if we override the President's veto.

This speech has the earmarks of being very strong Republican support for the lower interest rate to farmers. Other Republicans, including the gentleman from Kansas, the Honorable EDWARD H. REES, also made a strong speech in support of the lower interest rates.

THE PRESENT SESSION

During the present session of Congress, bill H. R. 8748 was introduced to again extend this lower interest rate of 3½ and 4 percent. I offered an amendment to equalize and reduce the interest rate on the commissioner loans to 3½ percent, the same as the interest rate on the Federal land-bank loans, and it was accepted. The House passed the bill providing for 5 years of the lower interest rate, but the Senate reduced this length of time to 2 years, and the House concurred in the Senate's decision. This is election year and Mr. Roosevelt signed the bill; he did not appear to have so many reasons for vetoing it as he had the two previous times. These facts leave no doubt as to the Republican support for farm measures that make common sense.

ONE OF MANY EXAMPLES OF NEW DEAL OPERATIONS

On page 7129 of this same RECORD of July 13, 1937, we find a speech by our Republican colleague the gentleman from Michigan [Mr. ENGEL]. He calls attention to the cross-purposes of the New Deal agricultural program, whereby President Roosevelt vetoes one bill to lower the interest rate to 3½ to 4 percent and on the same day he has another bill to make 100-percent loans for 40 years at 3 percent interest. This is just one more of the New Deal examples of fake humanitarianism and one more of the alleged social gains we hear so much about. The speech is as follows:

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, I do not see how anyone in the face of the facts can justify a vote in support of the President's veto of the bill which continues the present 3½-percent interest rate on Federal farm loans. There is now before the House a conference report accompanying H. R. 7562 and which will undoubtedly be voted upon today. This is a conference report on the farm-tenancy bill, which would loan 100 percent of the value of the farm to tenant farmers to purchase farms with at 3 percent interest. If this bill is carried out to its fullest extent, it will mean that $11,000,000,000 will be loaned to tenant-farmers of America at 3 percent interest to provide money with which to purchase farms. I am informed that this is an administration measure and that it has the full support of the President. How can the President veto a bill, which veto, if sustained, would compel the farmers to pay the old interest rate and which would discontinue the present interest rate of 3½ percent on farm loans and at the same time support the Bankhead-Jones Farm Tenant Act, which would ultimately loan to the tenant farmers $11,000,000,000 at 3 percent interest? To be consistent, the President would, of course, have to veto the Bankhead-Jones Farm Tenant Act, which is his own administration measure.

I do not want to be misunderstood. I believe the farm-tenant problem is a real problem in America and ought to be solved, but I am simply pointing out the inconsistency of the policy of the President in supporting a bill that will give one class of farmers loans at 3 percent and at the same time vetoing a bill which would give another class of farmers 3½ percent interest on his Federal farm loan. Under the Farm Tenancy Act he is trying to make farm owners out of tenants. In vetoing this interest measure he would be making tenants out of farm owners.

Mr. Speaker, the majority leader in his remarks made a statement that if we continued a 3½-percent interest rate on farm loans, what argument would we have against the reduction of the interest rate on Home Owners' Loan mortgages. The President advanced a similar argument in support of his veto.

On August 17, 1935, and during the first session of the Seventy-fourth Congress (p. 13577) I introduced a bill to reduce the interest rate on home-owners' loans from 5 percent to 3½ percent. At that time I made the following statement on the floor of the House:

"According to a statement furnished me by the Home Owners' Loan Corporation, giving the latest available figures, $2,665,061,750 has so far been borrowed on bonds and loaned to home owners. The rate of interest paid on these bonds varies from 1½ percent to 3 percent per annum, averaging a little more than 2½ percent. The rate charged home owners on mortgages is 5 percent. The Government is charging annually on the above mortgages $133,244,817 in interest and paying out on these bonds $70,511,765 annually. In other words, the Government is charging the home owners each year approximately $63,000,000 more in interest than they are paying out on the bonds."

I also placed in the RECORD a table showing the amount, the serial number, the date of issue, and the interest rate on each home owner's loan bond issued up to June 1, 1935. This verifies the statement I made that the average interest rate paid by the Government was approximately 2½ percent. In view of the fact that the Government is paying 2½ percent and making the home owner pay 5 percent, what justification can the administration have for failing to reduce the interest rate to at least 3½ percent? Why should the home owner pay double the interest rate on the mortgage that the Government is paying on the bonds?

The following article from the September 19, 1940, issue of the Spencer (Wis.) Record, which no doubt was prepared by the New Deal propaganda mill, is a concrete example of the happenings shown in Mr. ENGEL's speech of July 13, 1938:

UNIT REORGANIZATION OF FARMS UNDERTAKEN

Big farms to fit land of low production—is building a permanent agriculture in the southern Great Plains, an area attracting Nation-wide attention in the recent drought years. In these years, the United States Department of Agriculture finds almost without exception, the few farmers able to survive operated farms of 2,000 or more acres, most of which were in grass, with cultivated acres producing supplemental feed.

This pointed the way to unit reorganization, begun last year by the Farm Security Administration. The objective is operating units of 2,000 to 4,000 acres, in contrast to farms of about 500 acres or less, which were common when the land was broken up in the wet years immediately following the World War. Dry years have shown that wheat is not dependable as a major source of income in the western part of the southern plains and have increased absentee ownership. Thousands of acres have been abandoned or returned to the State through tax delinquencies.

The reoganized unit of Fred Bosley in Baca County, Colo., shows how the idea works. In 1935 he had 320 acres. Nearly 2,100 acres could be added to his unit, consisting of 1,060 acres of land to be restored to grass, 90 acres for cultivated crops, and 930 acres of grassland. Negotiations with 8 landowners were necessary before the acreage was acquired. Serious wind erosion had been a menace on land now being restored to native grasses.

Bosley's loan of $2,000 from the F. S. A. was used to purchase a used tractor and equipment, a herd of 8 dual-purpose cows and 17 range cattle, a pressure cooker for use in the home, for payment of $236 delinquent taxes and $95 cash leases, and $331 for operating expense. His subsistence is provided by sale of produce from the farm. His cash crop is broomcorn. His plan of repayment began with $200 in May 1939 and is $300 each spring for the following 6 years.

One hundred and thirty-three reorganizations of the Bosley type have been accomplished since the program was inaugurated last year, the average loan amounting to $1,740. The average change has been from approximately 600 to 2,500 acres. Approximately 300,000 acres have been brought into better use through this program up to the present time.

About 300 other reorganizations are under way. Although the number of farm families affected is small, the program is new and time is needed to get it in full swing. It is estimated that about 75 percent of the farms in the southern Great Plains must be grouped into larger units if they are to survive.

Here we have a mental picture of the New Deal in action. President Roosevelt had many reasons to veto the reduction of interest rates for the people already on the land but the New Deal took another man, a Mr. Bosley, who had 350 acres and decided he needed 2,100 acres more in his farm. Eight other farmers had to make way for Mr. Bosley. The New Deal had loaned him $2,000 and started him merrily on his way. Now what has become of the other eight families? Are they in the migratory camps of California? And what about the fatherly help given to one individual and the using of public funds to finance this big-scale program, which is most assuredly operated for the few at the expense of the many? This is not only an example of a lack of common sense but of common justice. How much of this $270,000,000 of public funds invested in such enterprises will ever be recovered will be an interesting, though painful, observation for the American taxpayer to make?

THE NEW DEALERS VOTE TO LOWER THE TARIFF

President Roosevelt promised not to lower the farm tariff when he was elected in 1932. He promoted the Hull brand of reciprocal-trade treaties that lowered the tariff on over 160 farm commodities. When the first treaty was made with Canada and the tariff reduced 2 cents per pound on cheese, there were 14 times as much cheese imported in 1936 as in 1935. In 1938, when cheese averaged 12.6 cents per pound for the year, the second treaty was made and the tariff reduced by another 20 percent. There were 3½ times as much cheese imported in 1939 as in 1938 even though cheese was only 11.7 cents per pound the first 6 months of 1939.

The following shows the vote on extending these trade treaties as shown on pages 1935–1936 of the February 23, 1940, RECORD:

The SPEAKER. The question is on the passage of the resolution.

Mr. DOUGHTON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 216, nays 168, answered "present" 3, not voting 38, as follows:

[Roll No. 31]

Yeas—216: Alexander, Allen of Pennsylvania, Anderson of Missouri, Arnold, Barden, Barnes, Barry, Barton, Bates of Kentucky, Beam, Beckworth, Bell, Bland, Bloom, Boehne, Boland, Boren, Boykin, Bradley of Pennsylvania, Brooks, Brown of Georgia, Bryson, Buck, Bulwinkle, Burch, Burgin, Byrne of New York, Byrns of Tennessee, Byron, Cannon of Missouri, Cartwright, Casey of Massachusetts, Chapman, Clark, Claypool, Cluett, Cochran, Cole of Maryland, Collins, Colmer, Cooley, Cooper, Costello, Courtney, Cox, Cravens, Creal, Crosser, Crowe, Cullen, D'Alesandro, Darden, Davis, Delaney, Dickstein, Dies, Dingell, Doughton, Doxey, Duncan, Dunn, Durham, Eberharter, Edelstein, Ellis, Evans, Faddis, Fay, Ferguson, Fitzpatrick, Flaherty, Flannagan, Flannery, Ford of Mississippi, Thomas F. Ford, Fries, Fulmer, Garrett, Gathings, Gavagan, Geyer of California, Gibbs, Gore, Gossett, Grant of Alabama, Gregory, Griffith, Hare, Harrington, Hart, Harter of Ohio, Hartley, Havenner, Healey, Hennings, Hill, Hobbs, Hook, Houston, Hunter, Izac, Jacobsen, Jarman, Luther A. Johnson, Lyndon Johnson, Johnson of West Virginia, Jones of Texas, Kee, Kefauver, Keller, Martin Kennedy, Kennedy of Maryland, Michael Kennedy, Keogh, Kerr, Kirwan, Kitchens, Kleberg, Kocialkowski, Kramer, Lanham, Larrabee, Lea, Lesinski, Lewis of Colorado, Ludlow, McAndrews, McArdle, McCormack, McGehee, McGranery, McKeough, McLaughlin, Clara G. McMillan, John L. McMillan, Maciejewski, Mahon, Marcantonio, Martin of Illinois, Massingale, May, Mills of Arkansas, Mills of Louisiana, Mitchell, Monroney, Murdock of Arizona, Murdock of Utah, Myers, Norrell, O'Day, O'Leary, O'Neal, O'Toole, Pace, Parsons, Patman, Patrick, Patton, Pearson, Peterson of Georgia, Pfeifer, Poage, Polk, Rabaut, Ramspeck, Randolph, Rankin, Rayburn, Richards, Robinson of Utah, Rogers of Oklahoma, Romjue, Sabath, Sacks, Sasscer, Satterfield, Schaefer of Illinois, Schuetz, Schwert, Shanley, Shannon, Sheppard, Sheridan, Smith of Connecticut, Smith of Illinois, Smith of Virginia, Smith of West Virginia, Snyder, Somers of New York, South, Sparkman, Spence, Starnes of Alabama, Sumners of Texas, Sutphin, Sweeney, Tarver, Tenerowicz, Terry, Thomas of Texas, Thomason, Tolan, Vincent of Kentucky, Vinson of Georgia, Voorhis of California, Ward, Warren, Weaver, Welch, West, Whelchel, Whittington, Williams of Missouri, Wood, Woodrum of Virginia, Zimmerman.

Nays—168: Allen of Illinois, H. Carl Andersen, Andersen of California, A. H. Andresen, Angell, Arends, Austin, Ball, Bates of Massachusetts, Bender, Blackney, Bolles, Bradley of Michigan, Brewster, Brown of Ohio, Buckler of Minnesota, Burdick, Cannon of Florida, Carlson, Carter, Case of South Dakota, Chiperfield, Church, Clason, Clevenger, Coffee of Nebraska, Cole of New York, Connery, Crawford, Culkin, Curtis, Dempsey, Dirksen, Disney, Ditter, Dondero, Douglas, Dworshak, Eaton, Edmiston, Elliott, Elston, Engel, Englebright, Fenton, Fish, Leland M. Ford, Gamble, Gartner, Gearhart, Gerlach, Gifford, Gilchrist, Gillie, Graham, Grant of Indiana, Green, Gross, Guyer of Kansas, Gwynne, Edwin A. Hall, Leonard W. Hall, Halleck, Hancock, Harness, Harter of New York, Hawks, Hess, Hinshaw, Hoffman, Holmes, Hope, Horton, Hull, Jenkins of Ohio, Jennings, Jensen, Johns, Johnson of Illinois, Johnson of Indiana, Jones of Ohio, Kean, Keefe, Kilburn, Kilday, Kinzer, Knutson, Kunkel, Lambertson, Landis, Leavy, LeCompte, Lemke, Lewis of Ohio, Luce, McDowell, McLean, McLeod, Maas, Magnuson, Marshall, Martin of Iowa, Martin of Massachusetts, Mason, Michener, Miller, Monkiewicz, Mott, Mundt, Murray, O'Brien, O'Connor, Oliver, Osmers, Peterson of Florida, Pierce, Pittenger, Plumley, Powers, Reece of Tennessee, Reed of Illinois, Reed of New York, Rees of Kansas, Rich, Risk, Rodgers of Pennsylvania, Rogers of Massachusetts, Routzohn, Rutherford, Ryan, Sandager, Schafer of Wisconsin, Schiffler, Scrugham, Seccombe, Secrest, Seger, Shafer of Michigan, Short, Simpson, Smith of Maine, Smith of Ohio, Smith of Washington, Springer, Stearns of New Hampshire, Stefan, Sumner of Illinois, Taber, Talle, Thill, Thorkelson, Tibbott, Tinkham, Treadway, Van Zandt, Vorys of Ohio, Vreeland, Wallgren, Wheat, White of Idaho, White of Ohio, Wigglesworth, Williams of Delaware, Winter, Wolfenden of Pennsylvania, Wolverton of New Jersey, Woodruff of Michigan, and Youngdahl.

Answered "present"—3: Hendricks, Wadsworth, and Wolcott.

Not voting—38: Allen of Louisiana, Andrews, Buckley of New York, Caldwell, Camp, Celler, Coffee of Washington, Corbett, Crowther, Cummings, Darrow, DeRouen, Drewry, Fernandez, Folger, Gehrmann, Jarrett, Jeffries, Jenks of New Hampshire, Johnson of Oklahoma, Kelly, Maloney, Mansfield, Merritt, Moser, Mouton, Nelson, Nichols, Norton, Robertson, Robsion of Kentucky, Rockefeller, Schulte, Steagall, Sullivan, Taylor, Thomas of New Jersey, and Walter.

So the joint resolution was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Merritt (for) with Mr. Jarrett (against).
Mr. Kelly (for) with Mr. Darrow (against).
Mr. Nelson (for) with Mr. Thomas of New Jersey (against).
Mr. Drewry (for) with Mr. Jenks of New Hampshire (against).
Mr. Sullivan (for) with Mr. Caldwell (against).
Mr. Schulte (for) with Mr. Gehrmann (against).
Mr. Steagall (for) with Mr. Wolcott (against).
Mrs. Norton (for) with Mr. Coffee of Washington (against).
Mr. Mansfield (for) with Mr. Rockefellow (against).
Mr. Cummings (for) with Mr. Wadsworth (against).
Mr. Moser (for) with Mr. Hendricks (against).
Mr. Robertson (for) with Mr. Crowther (against).
Mr. Maloney (for) with Mr. Corbett (against).
Mr. DeRouen (for) with Mr. Jeffries (against).

General pairs:

Mr. Taylor with Mr. Andrews.
Mr. Walter with Mr. Robsion of Kentucky.
Mr. Allen of Louisiana with Mr. Folger.
Mr. Fernandez with Mr. Nichols.
Mr. Johnson of Oklahoma with Mr. Celler.
Mr. Buckley of New York with Mr. Mouton.

Mr. WADSWORTH. Mr. Speaker, in view of the announcement of the pairs I ask that my vote in the negative be withdrawn from the record and that I be recorded as voting "present."

Mr. HENDRICKS. Mr. Speaker, I have a pair with the gentleman from Pennsylvania, Mr. MOSER. If he were present, he would vote "yea." I therefore withdraw my vote and vote "present."

Mr. WOLCOTT. Mr. Speaker, I have a pair with the gentleman from Alabama, Mr. STEAGALL. Were he present, he would have voted "yea." I voted "nay." For that reason, I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The interesting fact in connection with this vote is that it gives administration approval to the lower tariff on farm products. Here we not only have recorded the free trade inheritance of the South, but we find the big city cousins from

the lairs of Tammany Hall, Hague, and Kelly-Nash political machines lined up for what they think will be cheaper food. They have many reasons to ask support for their constituents, but they want the farmer to continue to produce in competition with the cheap labor of Europe, Asia, and South America.

These new dealers of the school of Tammany Hall, Hague, Kelly-Nash and company not only voted against lower interest rates for farmers but also for lowered tariffs for the protection of the farmer. They, by their votes, are opposed to the American market for the American farmer, and indirectly their votes harm labor as well.

LAGUARDIA IS AGAINST THE FARMER

The new-found friend of the farmer, Mayor LaGuardia, of New York, is to make New Deal speeches during the campaign, according to press reports. I am sure the farmers of the country will be interested to know how he opposed the tariff increase on their products when he was a Member of Congress.

In the Friday, May 24, 1929, RECORD, on pages 1885 and 1886, Mr. LaGuardia, along with Mr. Ramseyer, of Iowa, and the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], who were in favor of a 14-cent tariff on butter, spoke as follows:

Mr. RAMSEYER. Mr. Chairman and members of the committee, this is an amendment to increase by 2 cents the rates on butter and butter substitutes. The bill as originally prepared by the committee fixed the rate on butter at 12 cents and the related products, milk, cream, and so forth, on that basis.

The butter rate was fixed on a cost study between the United States and Denmark, and the 12 cents represents an increase from 8 cents to 12 cents, which was made by the President April 5, 1928.

After the bill was reported—in fact, during the hearings held during the past week by the Republican members of the committee, and before which appeared both Republican and Democratic Members of the House, this is one of the subjects that was brought up—and the claim was made that the rate was too low.

I personally took this matter up with the Tariff Commission, and there found some cost studies that they had on the production of butter in Canada and in the United States, and also between New Zealand and the United States.

The cost studies made by the Tariff Commission a few years ago between this country and Denmark showed a difference of 12.92 cents per pound.

The President increased the duty to the limit—that is, 50 percent—which raised it from 8 cents to 12 cents.

In the Tariff Commission there is a report on butter obtained from a special report of the Canadian House of Commons showing the cost of producing butter in Ontario. Based on this report, the cost difference between Canada and this country is 13.25 cents per pound.

Then we have two reports in possession of the Tariff Commission on the costs in New Zealand, one is from the Wisconsin Experiment Station, which was conducted in New Zealand by Dean Russell and Professor Macklin, men who have the confidence of members of the Tariff Commission. Upon this study it is shown that the cost of producing butter in New Zealand is 27.9 percent less than in Denmark.

At the time the butter study was made by the Tariff Commission of the United States, a gentleman by the name of Mr. S. Sorenson, of Denmark, was here and testified as an expert before the Commission on the cost of producing butter in Denmark. From here he went to New Zealand and conducted a cost study on producing butter in New Zealand. Mr. Sorenson's report shows that the cost of producing butter in New Zealand is 25 percent less than in Denmark. Remember, now, that the 12 cents we have now on butter is based on the cost difference between Denmark and the United States.

This report from the Wisconsin Experiment Station and the report made by Mr. Sorenson, of Denmark, one found that the cost of producing butter was 27.9 percent less in New Zealand than in Denmark, and the other found 25 percent less in New Zealand than in Denmark, are almost together. On this basis the difference in producing a pound of butter in New Zealand and the United States is about 19 cents per pound.

The committee therefore determined to recommend to the House an increase from 12 cents to 14 cents.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. RAMSEYER. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Without objection, the gentleman from Iowa is recognized for 5 additional minutes.

There was no objection.

Mr. RAMSEYER. This 14 cents equalizes the difference in cost between the United States and Canada. If the New Zealand competition should become injurious, the Tariff Commission, having power to increase or decrease 50 percent, could take care of that situation.

The committee does not recommend a change in any of the rates in the related paragraphs to butter.

On milk we increased the duty from 2½ cents to 5 cents a gallon. This is on the basis of 12 cents on butter, and the cream we increased from 20 cents to 48 cents per gallon.

The question may arise, if we increase butter from 12 cents to 14 cents, why should we not increase the other products in the milk paragraphs? Since the hearings before the committee closed the Tariff Commission made a report to the President as to the differences in the costs of producing milk and cream in the United States and in Canada, and this report shows that the cost difference in milk amounts to 4.3 cents per gallon. The rate in the bill is 5 cents a gallon.

The difference in cost of producing cream in the United States and in Canada is 41.2 cents per gallon, and the rate in the bill is 48 cents a gallon. On the basis of the differences in costs of producing milk and cream, no changes are necessary in the proposed rates in the bill.

Mr. KETCHAM. Before the gentleman leaves that point, will he yield for one question?

Mr. RAMSEYER. Yes.

Mr. KETCHAM. Referring to New Zealand and their production cost of butter, is it not also necessary that we have a differential higher than the one against Canada for the simple reason that they produce their surplus at the very time when our production costs are the highest?

Mr. RAMSEYER. Their winter comes during our summer, and vice versa.

Mr. KETCHAM. And, consequently, their costs are lowest when our costs are highest.

Mr. RAMSEYER. Yes; and the committee is of the opinion that this 14 cents will take care of that situation.

Mr. WOODRUFF. Will the gentleman explain to the members of the committee why it is that the committee in its wisdom is not recommending to the House an additional tariff on the product of dried whole milk in view of the raise in the rates on butter?

Mr. RAMSEYER. When you take into consideration that this late report of the Tariff Commission shows the differences in the costs of producing milk and cream in the United States and in Canada are less than the rates in the bill on milk and cream, and although we have not the difference in cost of production of dried milk, if such a study were made, it would probably be found that the rates in the bill are high enough to equalize the cost difference in this country and Canada.

Mr. WOODRUFF. What I had in mind was not the difference in cost between this country and Canada but the condition that exists in the importation from Scandinavian countries. They are importing thousands of tons of dried milk, and it seems to me that this is an opportune time for the Ways and Means Committee to recognize the situation.

Mr. RAMSEYER. The proposed rates in the bill on dried milk represents a considerable increase over the existing law and should take care of the situation the gentleman has in mind.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the committee amendment. Mr. Chairman, after the Committee on Ways and Means had given this matter a great deal of study they reported the bill leaving butter at 12 cents a pound. This was no mere accident, it was the result of very careful study, and there was considerable data available, because the Tariff Commission had made a study of butter conditions, and the rate was increased from 8 cents to 12 cents not very long ago. Under the 12-cent rate the importation of Danish butter practically stopped. Figures will bear me out on that.

It is true that New Zealand is producing butter, but New Zealand is not exporting any great amount of butter to the United States. You will find a very heavy exportation of butter from New Zealand to the Philippines, and the greater part of that butter is consumed by the United States Army in the Philippines.

If you want to cut off the New Zealand market you can do so by writing into the appropriation bill for the Army that all food for the Army in the Philippines shall be purchased in the United States. It would not be necessary to write that into the appropriation bill if the 15 States which represent agriculture would go to the Quartermaster General and point out that the United States Army in the Philippines is consuming New Zealand butter. By doing that they might bring about the desired result.

But I submit that there is no justification for an increase of duty from 12 to 14 cents on butter, because there is very little butter being imported. Butter is so expensive now that it is a luxury. Much has been said about the producer, the industrial worker, and the farmer, but let me say to you that if you run the price up so high that the consumers are not able to purchase butter it will not do any good.

Mr. BURTNESS. Does the gentleman wish to eat foreign butter instead of domestic butter?

At the time Mayor LaGuardia was protesting about the high cost of living in his district the racketeers were in control. It cost more at that time to transport a carload of poultry four blocks from the terminal to the killing pens in New York City than it cost in freight from Wisconsin to New York City.

The New Deal with all its trimmings here caused a greater spread between what the producer gets and what the consumer pays. To help both the producer and the consumer

this spread should be narrowed instead of constantly widened as it is by the New Deal.

The following remarks in the RECORD of May 24, 1929, by our colleague the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] shows that even then he was looking after the interests of the dairy farmers of this Nation; and we all know he has been trying to do so ever since but without much success under the New Deal:

Mr. ANDRESEN. Mr. Chairman, I rise to support the committee amendment. I was under the impression that the gentleman from New York [Mr. LaGuardia] was for the farmers, but hearing his talk here this afternoon on the question of the increase of 2 cents a pound in the rate on butter, it seems to me that he has deserted the farmers of this country. He referred to 15 States that are involved in the matter of this question of butter. Why, every farmer in the United States who has a dairy cow will be benefited by this increase in the tariff. It is not a sectional proposition; it is a national proposition, and it is the only agricultural tariff where all of the farmers in the country will be benefited, and we are asking for this increase from 12 to 14 cents for that reason.

Mr. LAGUARDIA. The gentleman does not want the 19 cents?

Mr. ANDRESEN. Further, the gentleman states that the Tariff Commission recommended certain changes in the tariff on butter, based on an investigation some years ago. At that time, in 1924, Denmark was the principal competing country, and the Tariff Commission naturally took the principal competing country and the conditions they found there, but the situation has changed since then and New Zealand today is the principal competing country, and the difference in the cost of production there and here is 18 cents per pound, less transportation. The farmers are entitled to have 15 cents on butter, but they will be satisfied with the 14 cents at the present time and then appear before the Tariff Commission for further increase when conditions demand it.

Mr. LAGUARDIA. The gentleman, then, is supporting the committee amendment and not the amendment to the committee amendment?

Mr. ANDRESEN. I rose in support of the committee amendment.

Mr. LAGUARDIA. That is some relief.

Mr. ANDRESEN. As far as raising the cost to the consumers of butter is concerned, I say to the Members of the House that they need have no fear as to a rise in the price of butter on account of this increase in the tariff, for the reason that the farmers are not today receiving the full benefit of the 12-cent tariff.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield?

SPEECH FROM NEW JERSEY

The following speech by Mrs. NORTON, of New Jersey, is in this same May 24, 1929 issue, page 1881. This speech is against raising the tariff on cattle. It is well to note here that ever since the Democratic administration of 1912 the United States has been on a beef-importing basis. The production of pork in the United States is gradually equaling the domestic consumption, and no doubt if the New Deal stays in power, we will soon be on a pork importing basis, whereas, a few years ago we were large exporters of pork and pork products.

The speech is as follows:

Mrs. NORTON. Mr. Chairman, I rise in opposition to the amendment.

This tariff was supposed to be revised principally to aid the farmer; that we all admit; but the tariff placed on imported beef and lamb is outrageous.

It is admitted by all the packers in Chicago that, as a result of decreased production during the last 5 years, beef has increased to the point that it cannot be sold to the masses, and there is no profit for the distributor. This is conceded by Wilson, Armour, Swift, and Cudahy in their reports; and their remarks can be found in the tariff hearings, volume 7, schedule 7, page 3947, fresh meats.

I would also like to refer to Mr. Alfred H. Benjamin's brief on page 3951, containing important statistics dealing with the cattle in this country, showing there was a decrease of 1,800,000 cattle during the last 5 years; but, notwithstanding that decrease, the cattle on hand had increased to the extent of $500,000,000. The figures quoted in the brief referred to were taken from the Yearbook of the Department of Commerce, 1928, volume 1, table 70, page 246, which shows a big increase in livestock prices in 1927.

Think of it! We now pay $1 for four lamb chops, and the price of steak is beyond reach of the workingman's dining table.

I am told it takes 5 years, at least, to produce cattle. If we increase the tariff at this time, every family in this country will be taxed for the next 3 years from $1,000 to $1,500 per annum over and above the present high cost of living.

The vital necessities of life, and particularly for the Nation, are meat, butter, milk, cream, and sugar, and all of these commodities call for an increase of 100 percent under this new tariff.

During the past year, with the prevailing high prices on all meat products, it has been difficult for the average wage earner to purchase meats. The meat consumption has not declined in localities where people have money enough to buy it; but it is a pitiful sight in a meat market to find women who formerly were able to buy enough meat to properly feed a family, picking around from item to item and then having sufficient money to buy meat for only half the family.

This is true of your Government employees, living on a starving wage, right here in the Capital City. I know many who have tried to budget, and found these economic experts failed to give the true prices on foodstuffs, in order to arrive at certain conclusions.

The small amount of foreign meat products imported helps reduce the cost for those who badly need it, and the so-called chain stores have been a godsend to the working class, which is the backbone of the Nation.

To place an embargo on this food product will put the domestic meat at such a value that it will curtail consumption and destroy the object for which it was intended.

The President of the United States, in his message to Congress, said:

"I have called this special session of Congress to redeem two pledges given in the last election—farm relief and limited changes in the tariff."

We have been in session more than 5 weeks. Nothing has been accomplished of benefit to the farmer to date.

It has often been said that the power to tax is also the power to destroy. We all believe in a protective tariff—we must, to save our own industries, whether we come from north, south, east, or west. However, the building up of a high wall of tariff around the things that the people of the United States must buy is serious and will limit the amount of things that they would like to buy. Tariff should be written without any sectional interest.

I have tried to be fair and study both sides of the argument and digest some of the reports of the hearings before the committee. Many will acknowledge it to be a rather difficult task, and I am talking simply from the standpoint of the housewife, or the "consumer," so often referred to in this debate.

I cannot, in all fairness, see any logic in the proposed tax on sugar. It seems to me we are placing this heavy duty on the people of the United States to save a few acres of land in certain States where they raise sugar beets and employ Mexican labor and women and children, violating all our labor laws.

Some ambitious gentlemen are trying to foster an industry here and reclaim land at the expense of the American people. If this bill becomes a law, I am informed this Republican Congress will place a charge on the people of the United States on this one item alone of $240,000,000 a year.

Why should we make the consumer bear the cost of foreign labor on sugar-beet industry in the United States when we can get it so cheaply from our island possessions? Sugar is one of our most valued products. It is necessary to life. Why destroy our Territories by placing such a tariff on sugar? It is not economic, not sound. It is not the beet grower that will be benefited by this vicious increase but the beet-sugar manufacturer; the dirt farmer never seems to get anything, because it is not the tiller of the soil who is considered but the manufacturer, always. It is the manufacturer who contributes to the compaign; therefore he receives his reward in tariff, a despicable custom, but true.

I also protest against hides being taken off the free list. It will not benefit the farmer but only increase his cost of living, for he will be bound to pay more money for his boots and shoes. We all pay enough now. Only the large packers would be favored by placing a tariff on hides.

I am willing to protect the boot and shoe industry by placing a duty on shoes and finished leather to offset the foreign competition, especially in women's fancy shoes; but I am not in favor of taking hides off the free list. What this industry needs is free raw material and protection for its products. The domestic supply of hides is decreasing and importations are increasing rapidly.

I am not an alarmist, but I see in this situation of unnecessarily burdening our people a far greater cause of dissatisfaction than in anything that has ever happened and a big step forward to encourage "red" sentiment in this country.

Then, too, raising a high tariff wall certainly is not a step toward world peace. We talk about peace. We spend millions and millions of the taxpayers' money to build new implements of war to insure peace and protect our shores, while we neglect the greatest implement of peace in all the world, "brotherly love."

We call ourselves "allies," yet raise a barrier wall of tariff so high that it is equivalent to serving notice on the nations of the world that we do not want their goods, even at the loss of their friendship.

We are so well satisfied with ourselves we prefer to live alone. Of course, we will magnanimously sell to them; but we do not want to buy from them. And the worst part of it is that we pretend it is because we would help the working people of our country and keep them employed; when, as a matter of fact, for every extra dollar the working man or woman is paid in wages they spend a dollar and a half in food and clothing to make up for that extra dollar.

What a sham! What hypocrisy! How long do you think it will take the working men and women of the Nation to wake up? Do you not think they know who really gets the extra dollar?

Certainly not the dirt farmer whom you are pretending to assist. He is usually a pretty wise man, says little but thinks much; and while I confess he did not show much wisdom in the last election, he will have 4 years more to realize his mistake, and maybe we will have better luck next time.

If I were not thinking of the already overburdened housewife and her undernourished children, I would encourage you to build a higher tariff wall, realizing that it would be so much easier for my party to be returned in 1930; but not even to realize this ambi-

tion would I hesitate to plead with you to think twice before you place a greater burden on our people and prevent our children from getting the food they require to build their bodies.

Members of Congress have lost much of the respect that was and should be rightfully ours. We do work hard; many of us think straight; and, therefore, we should not allow a group of reactionary Republican leaders, working in the interest of powerful corporations, to lead us away from the service we solemnly swore to render to all the people of our country. Such procedure is not only dangerous from a party point of view but it is inhuman and endangers the lives of the people we have sworn to protect.

Since I came to Congress many fine men have passed to the great beyond. When they came to the judgment seat to render an account of their stewardship, which service do you think counted in their favor? Their service to humanity or their service to the Power Trusts and overlords of the business world?

The higher tariff on foodstuffs is indefensible. To satisfy the greed of a minority, it will work great hardship on the majority; and I cannot believe that any Member of Congress will deliberately do this great injustice to the already discouraged poor people of the country.

The gentleman from Pennsylvania, Mr. Beck, in his brilliant speech on Wednesday sounded a note of warning, which I hope will be considered by even the superprotectionists.

President Hoover started his journey to the White House through feeding the starving children of Europe. He was supported then by a great leader—President Wilson.

I sincerely hope his journey away from the White House may not begin through neglect of the children of his own country.

Let him show his leadership now and prove to all the people of the country that he is big enough for the great position he was elected to fill. [Applause.]

It is well to note that in 1932 Mr. Roosevelt knew of no tariffs that were too high. He has reduced the tariffs and caused great increases in beef importation. If the Smoot-Hawley tariff is so unfair why does not the New Deal repeal it? They talked against it before passage, but they still keep it on the statutes.

This LaGuardia attitude is the attitude of Tammany Hall, Hague, and Kelly-Nash and company. Legislation for the few, and give us cheap food—either domestic or from cheap foreign sources. This spirit is among this group in the present Congress as they vote in a body to support lower farm tariffs.

With the huge imports of cattle and meats under the New Deal these big-city friends should be happy, and if the Argentine treaty can be effected after the elections on November 5, mirth should go unrestrained in the bailiwicks of Tammany, Hague, and Kelly-Nash.

THE NEW DEAL QUOTATION AND THE ANSWER

Why anyone should brag about running the country in debt $3,000,000,000 a year for 7 years is beyond my reasoning, but this is what the New Dealers do.

While the gentleman from Oklahoma [Mr. FERGUSON] quotes the Bible, saying: "Wherefore by their fruits we shall know them" in reference to the Republicans' attitude, I wish to say that he should carefully consider two other Biblical passages, one of which is: "What does a man profiteth if he gain the whole world and lose his own soul?" and the warning, "Visiting the iniquity of the fathers upon the children to the third and fourth generation."

In regard to the first quotation, it is well to call the attention of the farmers to the fact that they must not be misled by empty promises. The new dealers should tell the farmers that there is nothing left in the United States Treasury to promise as they have spent it and that the third and fourth generations will be paying for what has already been spent and wasted by the New Deal.

In regard to the second quotation, the farmers will not be deceived for long into thinking they can get subsidies of borrowed money because they will lose their own soul in becoming tools of the New Deal and the whole house will fall, due to the increased public debt. No one can deny that New Deal subsidies are nothing but money borrowed by the New Deal and given out to the people that furnish the money. The new dealers may say they are robbing Peter to pay Paul, but in fact the New Deal robs both Peter and Paul.

THE FACTS MR. FERGUSON AND OTHER NEW DEALERS WILL NOT TELL THE FARMERS

(1) The new dealers will not tell the people that they drove 91,195 farmers from their homes because they could not pay $112 interest on an average $2,800 loan; and during the same time, under the U. S. H. A., they built 90,436 housing units costing $4,350 a unit, and pay an average of $193 per unit of the rent each year for 60 years. These U. S. H. A. units cost $28,000,000 a year subsidy for 60 years, or a total of $1,680,000,000.

In other words, the New Deal drove more people from their farm homes than new homes were provided by the New Deal, and the public debt was increased by $1,680,000,000. This is fake humanitarianism and a false social gain.

(2) The new dealers will not tell the people about the $2,800,000 worth of fluid milk that was purchased in the Boston area, the only city in the United States.

(3) The new dealers will not tell the people about the $1,000,000 worth of fish purchased with Federal Surplus Commodity funds, when many agricultural products were bringing 50 percent of the cost of production. The new dealers thought they controlled the food produced on the land and wanted to start controlling the fish in the seven seas.

(4) The new dealers will not explain in detail the fake parity-payment program. They will not tell the farmers of the country, as a whole, that up to January 1, 1940, cotton farmers alone have had 69 percent of this so-called parity money. They will not reveal the fact that one State, Texas, received 27 percent of the parity money in 1 year. They will not reveal that the New England States did not receive a dollar of the so-called parity money. They will not reveal that some States averaged no payment per farm per year while other States averaged $80 to $86 payment per farm per year. This procedure is not based on common sense nor is it based on common justice. They will not tell the farmers that this money is still a part of the public debt and must be repaid with interest. They will not reveal that they refused to make milk a basic commodity, so other farmers could be included.

(5) The new dealers will not tell the farmers that, while they have been receiving $3,000,000,000 in subsidies, which is borrowed money, the farmers' share of the public debt has risen over $6,000,000,000. They will not tell that, while the farmer, on the basis of total farms in the United States has obtained a subsidy of $48 per farm per year for 6 years, or $288 per farm average for the 6 years, the increased public debt has increased so much that there is an invisible mortgage of $1,000 placed on every farm in America by the New Deal. The subsidy to capital in tax-exempt bonds amounts to thousands of dollars a year, but to the few.

(6) The new dealers will not reveal that the lower farm prices obtained under the New Deal cause a loss of many times more money than the subsidies of borrowed money obtained by them through the New Deal. They will not tell of the 50-cent wheat, and 5-cent lard, and 10-cent cotton under the New Deal.

(7) They will not tell the farmers who have Federal farm mortgages on their farms that President Roosevelt twice vetoed the 3½- to 4-percent interest-rate reduction for farmers while at the same time the New Deal was appropriating millions of dollars to make farm owners out of non farm owners and giving them 40-year mortgages at only 3-percent interest. They will not tell the people that in 1940—election year—that the President did not veto the lower interest rates. This is a striking example of fake humanitarianism and one of the alleged social gains. The new dealers will not tell the public about the hundreds of Communists, and the foreign collectivist sympathizers on the United States pay roll, including the Agricultural Department.

(8) They will not tell the farmers of this country that the New Deal agricultural program is not based on common sense. They will not tell anyone that this program has caused many farmers to operate on a large scale in order to get the Federal subsidies and has driven tenants by the thousands on to the relief rolls and into migratory camps.

(9) They will not tell the public that this agricultural program was put into operation under the guise of soil conservation while its activities are becoming more and more centered on New Deal conservation.

(10) The new dealers will not tell the public that, though $500,000,000 may be appropriated annually under the guise of

soil conservation, the actual facts are that the most fertile and productive farm in America can be depleted in its fertility and still have the operator obtain New Deal subsidy checks of borrowed money.

(11) The new dealers will not tell the public that, after criticizing one government for bartering and subsidizing foreign trade, they turned around and paid an export bounty of 25 cents per bushel on wheat and $7.50 a bale on cotton in an effort to show increased agricultural exports.

(12) The new dealers will call no one's attention to the fact that subsidy checks vary from $7 to $9 per farm per year on a total farm basis in some States while in other border States they have averaged $150 to $175 per farm per year. They will not call your attention to the fact that the fake parity checks amount to nothing at all in a half dozen States, $1 to $2 per year in other States and over $85 in still other States, with no plausible reason for this allocation.

(13) The new dealers will not call your attention to the large subsidy checks of $257,000 issued to one insurance company in 1 year on its farms when the average county in the United States received about $150,000 for all its farmers. They will not tell you that while the average farm would be entitled to but $48 per farm per year, one large corporation farm received $112,000 in 1938 and $122,000 in 1939. They will not call your attention to the fact that one State received one-eighth of all the agricultural subsidies.

(14) The new dealers will not call your attention to the fact that on January 1, 1933, the average Federal land bank loan was $2,254 while on April 1, 1940, it was $3,062.

(15) They will not tell the people of the thousands of foreclosures on Federal farm loans. They will not tell you that in Wisconsin, in 1939, a higher percentage of loans and a larger number of loans were foreclosed and acquired than ever before in the history of the Federal land bank.

(16) They will not tell the public of the cross-purpose schemes of the New Deal. They will not tell of the $500,000,000 annual appropriation to control agricultural production; the appropriated millions to increase agricultural production, and the appropriated millions for export bounties to get rid of the surpluses which they appropriated public money to create.

(17) They will not tell the story of how the New Deal land and farm policy drove thousands upon thousands of farmers off their farms onto the relief rolls and into migratory camps at great expense to the public.

(18) They will not tell the public how they drove the farmers from their farms, appropriated money for the migratory camps, appropriated more money for the Civil Liberty Committee to go and call on the camps and bask in the California sunshine and then turned around and appropriated more money for a new joint committee to evidently find out why the farmers ever left their farms in the first place.

(19) They will not openly tell the cotton farmers that the New Deal has really bungled his business so that he has lost a large share of the world's cotton market for all time to come. For all these subsidies that represent a third of the assessed valuation of the farms, many of these Southern States have 35 percent delinquent land bank commissioner loans and some States, like Mississippi have 48 percent delinquent commissioner farm loans.

(20) The New Deal will never be able to explain how they can, in justice, follow a scheme to loan one man 57 cents per bushel on his corn and then loan none to the rest of the corn farmers of this country. This is most assuredly legislation for the few at the expense of the many. We must have legislation for all and not for the few. I believe in making loans in order to put a bottom under farm prices, but it should be for all farmers, and not for the few.

(21) The New Deal will not tell the dairy farmers that cheese was 17.5 cents per pound the 7 years before the New Deal, 14.7 cents per pound the last 4 Republican years, 13.2 cents per pound the first 7 New Deal years, and in 1938 was only 12.6 cents per pound, and in 1939 only 12.8 cents per pound. They will not tell them that the New Deal reduced the tariff on cheese 42 percent. They will not tell them that on January 1, 1936, when the tariff was reduced 2 cents per pound, the price of cheese immediately dropped 2 cents per pound, and that 14 times more cheese was imported in 1936 than in 1935. They will not tell you that, according to Bulletin 201, United States Department of Agriculture, pages 33–41, that the average price of butter on farms was 35 cents the 6 pre-New Deal years and only 26 cents the first 6 years of the New Deal; and in 1939, after 6 years of the New Deal, it was only 25.8 cents per pound.

(22) The New Deal will not tell the people that in 1932 President Roosevelt said that he knew of no tariffs that were too high. The New Deal will not tell the people that the New Deal immediately began reducing the tariff on over a hundred and sixty farm products.

(23) The new dealers will recite the sins of the Smoot-Hawley tariff, but they will not explain to the people of this country why they do not repeal the act.

(24) The new dealers will vociferously defend the reciprocal-trade treaties, whereby the power is delegated to one man to control the milk check of every dairyman in America.

(25) They will not call your attention to the fact that the new dealers themselves could not stomach the delegation of power to the burearucrats in the Government, so the lawyers effected passage of the Walter-Logan bill in the House this session. This bill gives a court review of New Deal bureaucratic decisions. However, they think that the farmer should like to have the control of his milk check delegated to one man. They will not bring Thomas Jefferson in on this one.

(26) The New Deal Members from the vicinity of the milksheds will not try to explain why they want a domestic tariff, putting up a Chinese wall in order to keep the local fluid milk market for their farmers and will then vote to justify a tariff reduction on the manufactured dairy products, putting these farmers in competition with the cheap labor of South America, Europe, and Asia.

(27) The new dealers will not tell how they had a booklet, one-half inch thick, printed, telling about the sins of interstate trade barriers and then turned around and erected trade barriers in the milksheds of the country. The New Deal fixes prices for the few but opposes price fixing for the many. They "blow hot" and "blow cold."

(28) The new dealers like the protection of a tariff when they can benefit from it. The gentleman from Oklahoma [Mr. FERGUSON] and a dozen other new dealers were much opposed to the Argentine treaty last year and protested against any reduction in the tariff on their products and even went so far as to oppose the tariff on turkeys; then turned around and gave their stamp of approval to the 42-percent reduction in the tariff on cheese. The Smoot-Hawley tariff seems to be agreeable to them when they can benefit from it, but they want the loss to be sustained by other groups.

The new dealers can hardly wait for election day to take up another trade treaty with the Argentine.

(29) The new dealers will not tell the people about the 750,000 head of cattle imported in 1939. They will not tell about the small agricultural exports that have resulted from the New Deal program, the lowest in the history of the country.

(30) New dealers may use the new-found friend of the farmers, LaGuardia, to gather votes, but there is one outstanding fact and that is that in past sessions the Representatives from the boss-ridden cities like Tammany, Hague, Kelly-Nash, and company are more interested in cheap food than any other part of agricultural procedure.

This is shown in the present Congress. Take Chicago, located in the greatest agricultural area in the land, sends Representatives here that vote for lower tariffs and against lower interest rates for farmers.

Chicago, the world's greatest livestock market, is doing well to maintain its lead. These yard people should realize what it means to the yards and to the labor of Chicago if cheap foreign meats are to be imported from the Argentine in such great amounts. They should also realize what these cheap

imports will mean to the surrounding rural area. The Representatives from this livestock business district should be fair enough minded to see what these low tariffs mean to the life of this great livestock center, as well as the farmers of this territory, and not be voting against lower interest rates for farmers and for lower tariffs, as they do vote.

(31) The new dealers will not tell the farmers of the country that they were able to exclude agricultural products from the provisions of the interstate traffic of convict-made goods. Our colleague, the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN], made every effort to give the farmer the benefits that other groups obtained from this legislation, but to no avail.

(32) The new dealers praise the stamp plan. They like the red and blue stamps. There are 2,240 foster homes with an enrollment of 242,000 children that could be supplied with food if the new dealers wished to provide for this nonvoting group. The only fly in the ointment about this program is that the farmer has to carry the burden. The New Deal fixes prices for some small groups of farmers, but turns around and buys the wares of the majority of farmers that have a surplus on bids, and as cheaply as they can, and gives it away to the farmer's customer to sit down and eat. The farmers of this country have for 10 years furnished 25 percent to 35 percent of the cost of feeding the Nation, and this includes the rich as well as the poor. The farmers should not be further impoverished in order to carry out any New Deal schemes. We should have a program with a little more of the red, white, and blue, and not only the red and blue. The farmer cannot be expected to feed the Nation at a loss indefinitely.

(33) The Department of Agriculture has become a New Deal propaganda mill. There was a time when their writings were academic and nonpolitical.

(34) The New Deal has loaded the top offices of the Department of Agriculture with political agriculturists that have never had agricultural training. This has been done in the face of the fact that agricultural colleges have been turning out graduates for over 50 years. Thousands of Smith-Hughes agricultural teachers are in our land.

(35) We must forget the visionary New Deal schemes, and inaugurate the philosophy of the McNary-Haugen bill, and give all farmers an equal opportunity.

(36) No; the gentleman from Oklahoma [Mr. FERGUSON] does not need to worry about what will happen to the farm people of this Nation if and when the gentleman from Massachusetts, the Honorable JOSEPH W. MARTIN, Jr., is in the Speaker's chair.

Every Member of this House knows that Mr. MARTIN is one of the fairest-minded men here, and that agricultural groups, as well as all groups, will have equal, fair, and honest consideration from this outstanding American. No one dares, nor will, deny this assertion.

The danger will come from listening to the bedtime stories of your New Deal professional politician and political agriculturist that will ruin this country if they continue their wasteful, extravagant, cross-purpose, collectivist schemes that are based on neither common sense nor on common justice. Mr. Speaker, the fact is, I do not think much of the New Deal and no one else would if they took time to decipher it. [Applause.]

The SPEAKER pro tempore. Under a previous special order, the gentleman from Oregon [Mr. ANGELL] is recognized for 10 minutes.

CONGRESS SHOULD NOT ADJOURN

Mr. ANGELL. Mr. Speaker, early in June, when there was considerable discussion that the Congress should adjourn, I felt that it would be a serious mistake under existing world conditions to do so. It will be recalled that the President at that time, at two separate press conferences, stated that there was no necessity for the Congress remaining in session. I believe it will be admitted by all now that it would have been a grievous mistake to have adjourned at that time.

Since that time the greater portion of the legislation which is necessary for national defense has been passed by the Congress, including appropriations and authorizations for a two-ocean navy, as well as a total authorization and appropriation of something over $15,000,000,000 to round out the defense program.

In addition, we have enacted legislation authorizing the calling of the National Guard and the law providing for national training and conscription in order to make possible an army of 1,200,000. We have now practically completed this program insofar as authorization and needed funds are concerned.

However, the Congress is the body representing the people of America that is charged with the responsibility of keeping this country out of war. I believe that, if for no other reason, the Congress should remain in session continuously as long as the world crisis continues and keep guard at our gates against war. Much may happen within a day or a week or a month that may change the whole program having to do with our national defense. If Congress adjourns we cannot reconvene. Only the President can call us back. The greatest security we can have against possible involvement in the foreign war is keeping the Congress on the job. Aside, however, from these reasons, important as they are, the domestic problems confronting the Nation cannot be ignored. We must admit that the first line of defense is a sound economic and financial economy. This we do not have. Our credit is being strained to the breaking point. Our tax structure is wholly inadequate to take care of our ordinary continuing expenses, let alone the huge increased preparedness expense we have now authorized. We still have over 9,000,000 unemployed, and our industrial enterprises are hard pressed. In a word, our whole economic and financial structure needs overhauling. Congress must find solutions to these questions if America is to survive.

Mr. Speaker, there is an additional problem that we should now begin to consider, and that is our economic recovery after the war and threat of war ends. Some day the great catastrophe in Europe will be over. Some day we will be no longer confronted with the specter of war in the offing. Some day we will return to a peace status. When demobilization takes place, the transition from a war basis to peacetime activities will strain our economic and financial structure almost to the breaking point. Millions of men will be thrown out of our fighting forces and our wartime industries, and no positions will be open for them. When that day arrives, as it will arrive, we will be confronted with a "war" within our own borders—another war against unemployment, closed factories, idle men, and idle money. We will be confronted with a public debt which may reach seventy-five billions and a tax burden that will be difficult to carry. We must begin now to work out a solution to this catastrophe that will confront us and may again throw this country into a worse depression than that we have confronted for the last 10 years.

Mr. Speaker, in view of these considerations, I urge the Congress to remain in session and not merely mark time but devote itself to a solution of these momentous questions confronting us.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CLAYPOOL for 2 weeks on account of important business.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, today I am introducing a resolution which reads as follows:

Whereas if it be necessary for the national defense of the United States for all possible aid to be given to the Government of Great Britain short of war: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress of the United States that if and when the Chief Executive and Secretary of State contemplate any agreement with the Government of England for the transfer to that government of any military or naval equipment and essential supplies in exchange for other property as a gift or by lease or as an outright gift to said government, the Congress ought to be advised

thereof in advance of the consideration of such arrangement in order that the Congress may have opportunity to exercise its constitutional prerogative to authorize and approve or disapprove the same.

It seems, Mr. Speaker, that this is a very wise provision, one that will meet the approval of the Congress and will be welcomed with relief and joy all over the country. The people of America are greatly alarmed regarding the international situation as it affects us and they want everything done in their own defense. They certainly want nothing done that will weaken it—as proof of that, witness the unanimous demand from persons all over the United States demanding that the Congress stay in continuous session.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2524. An act to incorporate the Military Order of the Purple Heart.

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.), under its previous order, the House adjourned until Monday, September 30, 1940, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR: Committee on Appropriations. H. R. 10572. A bill making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes; without amendment (Rept. No. 2983). Referred to the Committee of the Whole House on the state of the Union.

Mr. COCHRAN: Committee on Accounts: House Resolution 616. Resolution to authorize the payment of expenses of investigation authorized by House Resolution 321; without amendment (Rept. No. 2984). Referred to the Committee of the Whole House on the state of the Union.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 10332. A bill to grant pension for disability or death resulting from service in the United States Coast Guard before July 2, 1930, and for other purposes; without amendment (Rept. No. 2985). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 3619. An act relating to changes in the administration of the National Guard of the United States bearing on Federal recognition, pay, allotment of funds, drill, training, etc.; with amendment (Rept. No. 2986). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 3266. An act to provide pensions, compensation, retirement pay, and hospital benefits for certain Air Corps Reserve officers who were disabled while on active duty with the Regular Army; without amendment (Rept. No. 2987). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 10527. A bill to provide for an extension of the conditions under which a money allowance for quarters may be paid to certain noncommissioned officers of the Army of the United States; with amendment (Rept. No. 2988). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 10391. A bill to increase the authorized numbers of warrant officers and enlisted men in the Army Mine Planter Service, and for other purposes; without amendment (Rept. No. 2989). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee of conference on the disagreeing votes of the two Houses. S. 2627. An act pertaining to the Division of Investigation, Department of the Interior; without amendment (Rept. No. 2990). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 9255) granting a pension to Asberry Risner, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SPENCE:

H. R. 10573. A bill to amend title IV of the National Housing Act, as amended; to the Committee on Banking and Currency.

By Mr. WALLGREN:

H. R. 10574. A bill to provide for free treatment in Public Health Service hospitals of certain persons engaged in maritime employment; to the Committee on Interstate and Foreign Commerce.

By Mr. OLIVER:

H. R. 10575. A bill providing for an examination and survey of Scarboro River, Maine, at a point between Prout's Neck and Pine Point, Maine; to the Committee on Rivers and Harbors.

By Mr. O'LEARY:

H. R. 10576. A bill to provide for marine training centers for the training and instruction of skilled personnel for shipbuilding and related industries, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. McDOWELL:

H. R. 10577. A bill prohibiting Communists and members of the German-American bund and of certain other organizations from working on national-defense contracts; to the Committee on the Judiciary.

By Mr. ROMJUE:

H. R. 10578. A bill to provide for automatic promotions of special clerks in first-class post offices from the first to the second grades; to the Committee on the Post Office and Post Roads.

By Mr. RAMSPECK:

H. R. 10579. A bill to amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes"; to the Committee on the Civil Service.

By Mrs. ROGERS of Massachusetts:

H. Con. Res. 90. Concurrent resolution providing for safeguarding the national defense of the United States; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the Commonwealth of the Philippines, memorializing the President and the Congress of the United States to consider their memorial with reference to the death of the late Speaker William Bankhead; to the Committee on Memorials.

Also, memorial of the Legislature of the Dominican Republic, memorializing the President and the Congress of the United States to consider their memorial with reference to the death of the late Speaker William Bankhead; to the Committee on Memorials.

Also, memorial of the Legislature of the Republic of San Salvador, memorializing the President and the Congress of the United States to consider their memorial with reference to the death of the late Speaker William Bankhead; to the Committee on Memorials.

Also, memorial of the Legislature of the Republic of Peru, memorializing the President and the Congress of the United States to consider their memorial with reference to the death of the late Speaker William Bankhead; to the Committee on Memorials.

Also, memorial of the Legislature of the Republic of Cuba, memorializing the President and the Congress of the United States to consider their memorial with reference to the death

of the late Speaker William Bankhead; to the Committee on Memorials.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KELLER:

H. R. 10580. A bill for the relief of Bronislaw Babij and John Richert; to the Committee on Immigration and Naturalization.

By Mr. KENNEDY of Maryland:

H. R. 10581. A bill for the relief of Mrs. Vashti Steffey; to the Committee on Claims.

By Mr. LESINSKI:

H. R. 10582. A bill for the relief of Elizabeth Lively; to the Committee on Invalid Pensions.

By Mr. McLEOD:

H. R. 10583. A bill for the relief of Margaret Smiley; to the Committee on Immigration and Naturalization.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9324. By the SPEAKER: Petition of Hon. Jose Yulo, speaker of the National Assembly of the Commonwealth of the Philippines, transmitting a memorial with reference to the death of the late Speaker William Bankhead; to the Committee on Memorials.

9325. Also, petition of the California-Nevada Association of Lions International, Los Angeles, Calif., petitioning consideration of their resolution with reference to legislation as may be necessary to put an end to the subversive activities of agents of foreign powers, paid or otherwise; to the Committee on Military Affairs.

SENATE

FRIDAY, SEPTEMBER 27, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Lord, Jesus Christ, who didst take upon Thee human childhood, content to be a swaddled baby in Thy mother's arms for the sake of little children; who didst not eschew the poverty and destitution of a manger for Thy birthplace, for the sake of all the poor and destitute; whose unblemished body on the tree was bared and broken not only to atone for sin but also for the sake of the downtrodden and oppressed: Look with Thy tender, loving pity, we beseech Thee, upon all innocent, suffering children, whose angels do continually behold Thy Father's face. Draw them close to the hearts that love them, that they may bring them to the shelter of Thine encircling arms, with hands that bless, where they may find protection both now and for eternity. We ask it for Thine own dear sake, who lovest beyond all human thought Thy little ones. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Thursday, September 26, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed a bill (H. R. 10572) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Ellender	Lodge	Shipstead
Andrews	Frazier	McKellar	Smathers
Ashurst	George	McNary	Smith
Austin	Gerry	Maloney	Stewart
Bailey	Gillette	Mead	Taft
Barbour	Green	Minton	Thomas, Idaho
Barkley	Guffey	Murray	Thomas, Okla.
Bulow	Gurney	Neely	Thomas, Utah
Burke	Hale	Norris	Tobey
Byrd	Harrison	Nye	Townsend
Byrnes	Hatch	O'Mahoney	Truman
Capper	Hayden	Overton	Tydings
Caraway	Herring	Pepper	Van Nuys
Chavez	Hill	Pittman	Wagner
Clark, Idaho	Holt	Radcliffe	Walsh
Clark, Mo.	Hughes	Reed	Wheeler
Connally	Johnson, Calif.	Russell	White
Danaher	Johnson, Colo.	Schwartz	Wiley
Davis	King	Schwellenbach	
Downey	La Follette	Sheppard	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from Michigan [Mr. BROWN], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MILLER], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Illinois [Mr. SLATTERY] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. HOLMAN], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Vermont [Mr. GIBSON] are necessarily absent.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

SENATOR HENRY F. ASHURST

Mr. HAYDEN. Mr. President, I ask unanimous consent that there be read from the desk a letter addressed to my colleague the senior Senator from Arizona [Mr. ASHURST], and a resolution adopted by the State Senate of Arizona.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona? The Chair hears none, and the clerk will read.

The legislative clerk read as follows:

PHOENIX, ARIZ., *September 25, 1940.*

Hon. HENRY FOUNTAIN ASHURST,
Senate Office Building, Washington, D. C.

DEAR HENRY: At no time during my long service as secretary of the Arizona State Senate have I witnessed such manifest sincerity as was expressed by the senate members in adoption of the enclosed resolution. I certainly wish you could have heard the tribute paid you by many senators in expressing the wish that, as a mark of respect, the adoption of the resolution be by roll-call vote in lieu of the usual viva voce vote.

I wish to express my sentiment with an additional humble "aye" vote.

Very truly yours,

(Signed) BILLY GRAHAM,
(W. J. Graham),
Secretary of the Senate.

A resolution on the retirement of HENRY FOUNTAIN ASHURST from the Senate of the United States of America

Whereas the Honorable HENRY FOUNTAIN ASHURST, United States Senator from Arizona, will retire from the Senate of the United States of America at the end of the third session of the Seventy-sixth Congress; and

Whereas Senator ASHURST has represented this State in the United States Senate continuously since statehood, a period of 28 years; and

Whereas during all those years Senator ASHURST distinguished himself as a faithful public servant, steadfastly refusing to place selfish interests above the welfare of his country; and

Whereas Senator ASHURST will long be remembered by the people of the entire Nation for his statesmanship, his devotion to duty, his

outstanding ability, his unimpeachable integrity, his silver-tongued oratory, his never-failing wit and good humor, and for his many other virtues: Therefore be it

Resolved by the Senate of the State of Arizona,

1. This body expresses its sincere appreciation, and that of the people of Arizona, to the Honorable HENRY FOUNTAIN ASHURST for his unselfish devotion and his many accomplishments in representing the State of Arizona for the past 28 years in the Senate of the United States of America.

2. The members of this body hereby join with the people of the Nation in extending to Senator ASHURST their best wishes for his continued health, happiness, and prosperity.

Unanimously adopted September 25, 1940.

PAUL C. KEEFE,
President of the Senate.
W. J. GRAHAM,
Secretary of the Senate.

The VICE PRESIDENT. The letter and resolution presented by the Senator from Arizona [Mr. HAYDEN] will lie on the table.

SUPPLEMENTAL ESTIMATE, POST OFFICE DEPARTMENT (S. DOC. NO. 296)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Post Office Department (Domestic Air Mail Service), fiscal year 1940, amounting to $585,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF AGRICULTURE (S. DOC. NO. 295)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting two supplemental estimates of appropriation for the Department of Agriculture (Forest Service and enforcement of the Commodity Exchange Act), fiscal year 1941, totaling $215,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF COMMERCE (S. DOC. NO. 294)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Commerce (Civil Aeronautics Administration: Washington National Airport), fiscal year 1941, amounting to $152,200, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PETITION

Mr. TYDINGS presented a petition of sundry citizens, being retail dealers in furniture and house furnishings, of Baltimore, Md., praying for the enactment of pending legislation relative to the continuance of freight forwarder services, which was referred to the Committee on Interstate Commerce.

REPORTS OF COMMITTEES

Mr. SMITH, from the Committee on Agriculture and Forestry, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4152. A bill to authorize the Secretary of Agriculture to make analyses of fiber properties, spinning tests, and other tests of the quality of cotton samples submitted to him (Rept. No. 2184); and

S. 4374. A bill to amend the Agricultural Adjustment Act of 1938 (Rept. No. 2185).

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 4356) making provision for payment of Reserve officers employed by the Government when on active duty, reported it with amendments and submitted a report (No. 2186) thereon.

He also, from the same committee, to which was referred the bill (S. 4366) to provide for an extension of the conditions under which a money allowance for quarters may be paid to certain noncommissioned officers of the Army of the United States, reported it without amendment and submitted a report (No. 2187) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

S. 4384. A bill granting an increase in pension to Oscar F. Pridgen; to the Committee on Pensions.

S. 4385. A bill to exempt daily newspapers of less than 3,000 circulation under the wage and hour law; to the Committee on Education and Labor.

By Mr. WALSH:

S. 4386. A bill providing for the advancement on the retired list of certain officers of the line of the United States Navy; to the Committee on Naval Affairs.

(Mr. WILEY introduced Senate bill 4387, which was referred to the Committee on Public Buildings and Grounds and appears under a separate heading.)

By Mr. RUSSELL:

S. 4388. A bill for the relief of Richard Gammon; to the Committee on Claims.

(Mr. DAVIS introduced Senate bill 4389, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

INCLUSION OF DEFENSE FEATURES IN PUBLIC BUILDINGS

Mr. WILEY. Mr. President, at this time I wish to introduce a bill which provides for the submission of plans for public buildings to the War Department for its recommendations with respect to the inclusion of defense features in such buildings. The news which came over the radio this morning, and which is reflected now in the headlines of the press, indicates a serious situation. For a moment I wish to state my ideas about the bill I am introducing and what I think the need for such a law is.

I am wholeheartedly for defense which will make us immune from attack. Even in our present hurried program, however, I believe that our defense activities must be intelligently planned so that we will get dollar-for-dollar value.

One charge which may be made against our defense activities is that no attempt is made at being economical, and that little attempt is made to coordinate them with other Government activities. I believe that a good illustration of this is found in the construction of public buildings entirely or partly financed by Federal funds.

There is no reason on earth why these buildings cannot fit into the defense program. We make some attempt to correlate our river and harbor program, our bridge construction, and our highway system with the activities of our War and Navy Departments.

Why is it not possible for us to coordinate our tremendous Federal building program with defense activities? Why, in the plans for Federal buildings all over the country, is there not some long-range provision for the storing of armaments, for the possible housing of men, or for other defensive purposes? It should not be necessary for us to later construct such buildings at great cost.

The necessity for these plans may not be so far removed. I call attention again to the newspaper challenge this morning. Certainly, it is more economical and more sensible to anticipate these needs and to build them into the current construction programs at no extra cost than it is to duplicate effort later on.

As to each and every public building constructed with Federal funds, some provision should be made in the plans for cooperating with our defense program. By so doing we can save money, and we can insure that two Government programs will not be necessary to accomplish what one could.

What we need in Government today is economy and intelligent, cooperative planning of this type. We must eliminate unnecessary spendthrift duplication, and we must integrate the work of all departments in as economical a way as possible, so that the American people get as much defense for their money as they possibly can.

I propose to introduce legislation at this session of Congress providing that the plans of federally constructed buildings shall be submitted to the War Department for recommendations. It would not be necessary for the War Department to make recommendations in all instances. In those instances where they believed it desirable, however, they could recommend certain changes in the plans for proposed public build-

ings. The department involved would not necessarily have to follow these recommendations unless they found them thoroughly feasible.

The British people are seeing today that when the public buildings in London were erected those responsible for planning them did not foresee future events. They could have provided placements for guns, they could have provided for future emergencies; and that is what I have in mind in introducing the measure. I ask unanimous consent to introduce the bill and that it be referred to the appropriate committee.

There being no objection, the bill (S. 4387) to provide for the submission of plans for public buildings to the War Department for its recommendations with respect to the inclusion of defense features in such buildings, was read twice by its title and referred to the Committee on Public Buildings and Grounds.

PROTECTION OF MORTGAGORS RENDERING MILITARY OR NAVAL SERVICE

Mr. DAVIS. Mr. President, I ask unanimous consent to introduce and have printed in the RECORD a bill to amend the National Housing Act, as amended, so as to give protection to certain mortgagors who are required to render military or naval service during any national emergency. I desire to have this bill referred to the Banking and Currency Committee as a substitute for one I previously introduced—S. 4198—in view of the departmental policy of the Federal Housing Administration. This policy is set forth in a letter addressed to the Senator from New York [Mr. WAGNER], which I also ask consent to have printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 4389) to amend the National Housing Act, as amended, so as to give protection to certain mortgagors who are required to render military or naval service during any national emergency, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the last sentence of section 204 (a) of the National Housing Act, as amended, is amended by striking out the period at the end thereof and inserting a colon and the following:

"*And provided further*, That with respect to mortgages heretofore or hereafter insured under section 203 on property owned as a home for himself or his family by a mortgagor who volunteers or is drafted pursuant to law for training or service in the military or naval forces of the United States during a national emergency and subjeect to such regulations and conditions as the Administrator may prescribe, there shall be included in the debentures an amount which the Administrator finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during the period of such training or service and 6 months after the termination thereof by discharge or otherwise."

The letter presented by Mr. DAVIS in connection with the bill is as follows:

JULY 24, 1940.

In re S. 4198.

Hon. ROBERT F. WAGNER,
Chairman, Senate Committee on Banking and Currency, United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Your letter of July 12 to Mr. McDonald, requesting his opinion as to the merits of the above-numbered bill, has been referred to me for reply.

It is clear that the purpose of the proposed legislation is to protect deserving mortgagors whose income may have been substantially reduced by reason of their enlistment with the military or naval forces of the United States from losing their homes through foreclosure.

The Administrator is heartily in sympathy with this purpose, but believes that the method adopted in the above bill is unsatisfactory for the following reasons:

The bill provides that the Administrator shall make the monthly payments to the mortgagees as provided in the insured mortgage for and on behalf of the mortgagor, provided both mortgagor and mortgagee enter into contracts with the Administrator protecting the interests of the United States with respect to such payments. I know of no way in which the interests of the United States could be adequately protected in the absence of authority in the Administrator to purchase the mortgages. Any lien which the Administrator could obtain by way of subrogation or otherwise to secure such advances would, of course, be junior to the rights of the mortgagee and might be cut off under various circumstances, which would be most difficult to guard against.

The bill makes no distinction between property which is owned by the mortgagor as a home for himself or family and that from which he receives rent; nor does it take into consideration the amount of pay which the mortgagor may receive from the Army or Navy; but the principal objection thereto lies in the provision requiring the Administrator to keep up the payments provided in the mortgage. This provision results in payment by the Administrator to the mortgagee of interest at 4½ or 5 percent, whereas it would seem that interest at 2¾ or 3 percent, similar to that provided in F. H. A. debentures, should be sufficient. Furthermore, it results in the payment by the Administrator of an amount representing amortization of principal against which the mortgagee is already fully protected by the terms of the mortgage-insurance contract, and a further sum equal to the mortgage-insurance premium which the mortgagee merely holds in escrow and returns to the Administrator annually on the due date.

The administrative expense involved in verifying the amount of the proper monthly payment, including principal, interest, estimated taxes, assessments, hazard-insurance premium, etc., and in making such payments to the proper mortgagees, would be considerable, and there is grave danger that such payments might be so applied by the mortgagee as to destroy any rights which the Administrator might have in connection therewith as against innocent purchasers of the property or of the mortgage.

If it is believed that legislation should be enacted for the particular benefit of mortgagors under insured mortgages, the Administrator feels that the purpose of the above bill could best be accomplished by an act drawn along the lines of the enclosed draft.

It is felt that our approved mortgagees will not institute foreclosure proceedings in any case where an insured mortgage is in default by reason of the mortgagor having been called to military service, provided the terms of the insurance contract are such that the mortgagee will lose nothing by reason of its having postponed foreclosure during the period of such service, including a sufficient period thereafter.

Under the act now in force, all amounts paid by the mortgagee for taxes, hazard-insurance premium, etc., may be included in debentures, but defaulted interest, due prior to the institution of foreclosure proceedings, may not be included therein. It will be noted that the enclosed draft provides for the inclusion of interest at the debenture rate from the date of default or the date the mortgagor entered the service, whichever was later. This would have the effect of protecting the mortgagee from any loss it might sustain by reason of its having postponed foreclosure, thereby protecting the mortgagor and at the same time protecting the Administrator against the excessive cost and risk involved in the plan contained in the bill submitted. The regulations of the Administrator would, of course, be amended to provide the necessary assurances and limitations to carry out the purpose of the amendment.

Very truly yours,

ABNER H. FERGUSON,
First Assistant Administrator and General Counsel.

HOUSE BILL REFERRED

The bill (H. R. 10572) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REVISION AND CODIFICATION OF NATIONALITY LAWS—AMENDMENTS

Mr. SCHWELLENBACH submitted three amendments intended to be proposed by him to the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive nationality code, which were ordered to lie on the table and to be printed.

OFFICIAL RECORDS OF HON. CLARENCE C. DILL AND HON. MATTHEW M. NEELY

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter written by J. G. Luhrsen, executive secretary-treasurer of the Railway Labor Executives' Association, addressed "To all chief executives," dated September 25, 1940, which relates to the official records of Hon. Clarence C. Dill, of Washington, and Hon. MATTHEW M. NEELY, of West Virginia.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D. C., September 25, 1940.

To All Chief Executives, Railway Labor Executives' Association.

SIRS AND BROTHERS: I call to your attention reference made on page 16 of the minutes of the September 18 association meeting concerning former Senator C. C. Dill and former chairman of the Senate Interstate Commerce Committee, and Senator MATTHEW M. NEELY, both having been nominated for Governor in the States of Washington and West Virginia, respectively.

Both former Senator Dill and the present Senator NEELY by their actions have always supported and given freely of their services in

behalf of labor, particularly with respect to railroad legislation benefiting the railroad employees.

It was thought that there was a real justification in giving our blessing to these two men, and no doubt each chief executive will willingly apprise their constituency in such letter as is in conformity with their laws, urging the support for the election of these two outstanding candidates for Governor of their respective States.

It was ordered, by motion, that this matter be referred to the individual organizations for such action as they see fit to take, but I am nevertheless calling this to your specific attention in order that the subject matter as indicated above will not be overlooked.

Yours fraternally,

J. G. LUHRSEN,
Executive Secretary.

TRIBUTE TO SENATOR ASHURST BY ALEXANDRIA (VA.) GAZETTE

[Mr. BYRD asked and obtained leave to have printed in the RECORD an editorial from the Alexandria Gazette, of Alexandria, Va., of the issue of September 19, 1940, paying tribute to Senator ASHURST, which appears in the Appendix.]

THE AIRPLANE PROGRAM—EDITORIAL FROM THE HARTFORD TIMES

[Mr. MALONEY asked and obtained leave to have printed in the RECORD an editorial from the Hartford Times of the issue of September 19, 1940, under the heading "The airplane program," which appears in the Appendix.]

EDITORIAL FROM SATURDAY EVENING POST ON INVOLVEMENT OF THE UNITED STATES IN THE WAR

[Mr. TOBEY asked and obtained leave to have printed in the RECORD an editorial from the Saturday Evening Post of September 7, 1940, entitled "While Yet There Is Time To Think," which appears in the Appendix.]

ORDER OF BUSINESS

The VICE PRESIDENT. The Chair will state the special order of the Senate, which is the call of the calendar for the consideration of unobjected-to bills.

Mr. BARKLEY. Mr. President, when I asked and obtained unanimous consent yesterday to begin the call of the calendar upon the assembling of the Senate, I overlooked the fact that the Senator from Nebraska [Mr. NORRIS] had indicated his desire to address the Senate immediately upon its reassembling today. Therefore, I ask to modify the agreement we entered into yesterday to the extent that the Senator from Nebraska may be recognized to deliver the address which he desires to deliver, and that following that we shall proceed to consider unobjected-to bills on the calendar, beginning with Calendar No. 2095, which is where we stopped at the last call of the calendar; and if, after we finish the new bills on the calendar, we have time, we may go back to the beginning of the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

Mr. McNARY. Mr. President, under the circumstances I think the request regarding the able Senator from Nebraska is a fair one; but on the question of the calendar I understand that the Senator wants to commence at No. 2095.

Mr. BARKLEY. No. 2095, which is where we stopped on the occasion of the last call. The bills prior to that have been called over and over again. I thought we might take up the new bills, and then, if we have time to go back and call the calendar for those that have been called heretofore, that may be done.

Mr. McNARY. There are a number of important bills prior to No. 2095. I should want to have the assurance that we would immediately return to them Inasmuch as we have not had a call of the calendar for 4 or 5 or 6 or 7 or 8 weeks, I think the fair way to do would be to start at No. 1 and go through the calendar.

Mr. BARKLEY. I have no objection to that, except that many of them have been called over and over again.

Mr. McNARY. I know; but there are many times when a bill does not get through today and may get through tomorrow. I think we had better commence at No. 1.

Mr. BARKLEY. Then I will withdraw the part of the request affecting the beginning of the call; but I ask to modify the agreement to the extent of allowing the Senator from Nebraska to proceed.

The VICE PRESIDENT. Is there objection to the modified request? The Chair hears none, and it is so ordered.

PERSONAL STATEMENT—ARTICLE IN WASHINGTON TIMES-HERALD

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. The Senator from Nebraska, by unanimous consent of the Senate, has the floor. Does the Senator from Nebraska yield?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. BARKLEY. I ask the Senator from Nebraska to yield to me in order to call attention to an article published on the front page of the Washington Times-Herald of this morning. Everybody who was here yesterday, whether on the floor of the Senate or in the Press Gallery or in the other galleries, knows precisely what happened in the discussion of the investigation of the situation in New Jersey.

In the morning newspaper, to which I have referred, the following headline appears: "'Probe of Hague Blocked'—TOBEY; BARKLEY Accused of 'Soft-pedal' Act."

This article was written by a Mr. Milton Magruder, whom I do not know. I do not know whether he sits in the Press Gallery from day to day, or whether he writes what he writes from some office downtown; but I desire to read this article to show that either maliciously or by mistake or through a lack of intelligent reporting the article is wholly untrue, without the slightest justification; and no man who occupies the responsible position of a reporter to report the proceedings of the Senate should publish such an article as that which is in the newspaper this morning. I wish to read it in order that the Senate may know exactly what was published, and compare it with what happened yesterday.

Mr. Magruder's article is as follows:

(By Milton Magruder)

A Republican charge that unidentified "higher-ups" have brought pressure upon the Senate Campaign Expenditures Committee to block inquiries into political conditions in Jersey City, N. J., domain of Mayor Frank Hague, and other cities, plunged the Senate into angry debate yesterday.

The accusation was made by Senator CHARLES W. TOBEY (Republican), of New Hampshire, in a speech from the Senate floor. It was corroborated by Senator CLYDE M. REED (Republican), of Kansas, who threatened to "name names in high places" unless reported efforts to interfere with the committee cease. Both are members of the committee.

TOBEY asked Majority Leader ALBEN BARKLEY whether he had not approached Senator GUY M. GILLETTE (Democrat), of Iowa, committee chairman, and left the impression that it would be advisable not to hold an investigation in New Jersey.

He called upon GILLETTE to verify his statement and the Iowan did.

TOBEY started the fireworks by declaring that the subcommittee assigned to the New Jersey probe, of which he is a member, was just about to fire a volley of questions into Hague's bailiwick when someone numbed his trigger finger. He said GILLETTE halted the barrage and added that the committee met yesterday and decided to proceed with the inquiry "despite pressure that is almost unbelievable."

Anybody who was here yesterday, or who will take the pains to read the CONGRESSIONAL RECORD this morning, knows that that article is not true insofar as it intimates that the Senator from New Hampshire [Mr. TOBEY] asked the Senator from Iowa [Mr. GILLETTE] whether I had approached him with a suggestion that the investigation be not had, and that the Senator from Iowa said I had. The Senator from New Hampshire knows, and every other Senator knows who was here or who has read the RECORD, that the Senator from New Hampshire asked me what he called a very personal question, and that is, whether I had approached the Senator from Iowa in company with another Senator to suggest that the investigation in New Jersey be suspended or stopped or interfered with in some way, and that I, with some vehemence, denied that either in company with any other Senator, or by myself, had I approached the Senator from Iowa with any suggestion as to New Jersey or any other State or any other locality in the United States, and that I looked around the Chamber to see whether the Senator from Iowa was present, and, he being temporarily absent, I reiterated my denial. Soon after that the Senator from Iowa came out of the cloakroom, where he had gone to answer a telephone call, and I put the question to him, repeating what the Senator from New Hampshire had asked me and my denial, and asked the Senator from Iowa whether my denial was true that I had not approached him under any circumstances, with anybody or alone, on any such

mission. The Senator from Iowa stated that my statement was absolutely the truth. In spite of that, Mr. President, this reporter named Magruder, on the front page of the Times-Herald this morning, seeks to leave the impression that instead of my asking the Senator from Iowa whether I had approached him on any such subject, the intimation in the question put to me by the Senator from New Hampshire was confirmed by a statement from the Senator from Iowa.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from New Hampshire.

Mr. TOBEY. This is all news to me. I have not seen the newspaper referred to, and the first I had heard of it was the reading of the article aloud here. I can understand the Senator's indignation at the article, for it is not a true picture at all. I never heard of Mr. Magruder, never saw him, and know nothing at all about the matter. What the Senator from Kentucky has now said is a true picture and representation of what happened on the floor of the Senate. Of course, I share with him keen regret that any man—the Senator from Kentucky or anybody else—should be misrepresented in a news article in a matter in which I was concerned.

Mr. BARKLEY. I thank the Senator. I knew, of course, that his version of the incident would coincide with mine; and what I said here is in no regard to be thought of as intimating that the Senator from New Hampshire was remotely responsible for this article. I do not know Mr. Magruder. It may be that I have met him. It is difficult for me to believe that any responsible newspaper reporter would be intentionally guilty of a thing of that sort. I am calling the article to the attention of the Senate and to the attention of Mr. Magruder and to the attention of the Times-Herald in order that if they are willing to make the correction which everybody here knows ought to be made, they may have an opportunity to make it.

Mr. REED. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REED. I merely desire to concur with the statement of the Senator from New Hampshire as to what actually transpired, which the Senator from Kentucky has correctly stated.

Mr. BARKLEY. I thank the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ELLENDER. Mr. President, I think we should go a little further, and I suggest that any member of the press gallery who abuses his privilege in such a manner should not be permitted to occupy a seat therein. There is no excuse for Mr. Magruder's gross misrepresentations, and if a member of the press gallery, he should be dismissed at once. In any event, I think the matter ought to be investigated. I may state in passing that this is not the first time a thing of this kind has happened. The constitutional right of freedom of the press is too often abused.

Mr. BARKLEY. A reporter who would be intentionally guilty of misrepresenting what was so obvious in a debate on the floor of the Senate certainly is not entitled to the privileges of the Senate press gallery. I do not state that Mr. Magruder did this intentionally, and I will not do so until I know further about it. I should like to hear, however, from Mr. Magruder with respect to the article, and the reason why he misrepresented what occurred.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. STEWART. I came into the Chamber just as this explanation was being made by the Senator. I, too, read this article on the front page of the Times-Herald this morning; and it asserted, as I gather has already been stated here, just the converse of the situation which the Senator from New Hampshire has already stated. I am curious to know how it occurred, if the Senator has made inquiry about it and knows why it was that the story was written as it appears here. I had a definite recollection of exactly the contrary, and I went so far as to look up the RECORD this morning and have my recollection of it confirmed. The incident occurred just as I understood the Senator from Kentucky to state that it occurred; that is, that he made the denial and asked the Senator from Iowa [Mr. GILLETTE], the chairman of the committee, to confirm or deny his statement. There was a little delay, as I recall, in the Senator from Iowa coming into the Chamber—he happened to be in the cloakroom at the time—and upon returning, the Senator from Iowa stated that the Senator from Kentucky had made no such statement to him. This story states that the Senator from Iowa accused the Senator from Kentucky.

Mr. BARKLEY. The statement leaves the impression on anyone who reads it that the Senator from New Hampshire accused me of attempting to approach the Senator from Iowa on the subject of suspending, or nullifying, or stopping the investigation in New Jersey, and that the Senator from Iowa confirmed the charge.

Mr. STEWART. A misquotation of this character is extremely grave, and I was so shocked when I read it, as I have said, that I went to the RECORD to see whether or not my recollection was correct.

Mr. BARKLEY. I did not see the article until I came into the Senate Chamber today. I did not have time this morning to read the paper before I left home. But I do feel this is a matter of such gravity that the Senate's attention should be called to it, and that the paper responsible for this misquotation and misrepresentation should be given an opportunity to correct it, if it desires to do so.

WHO IS WILLKIE?

Mr. NORRIS. Mr. President, about 3 months ago the Republican National Convention at Philadelphia nominated Wendell L. Willkie as its candidate for President. Prior to that convention, the most prominent candidates had been making campaigns in the various States, and submitting their candidacies to the voters in Presidential primary elections. Not so with Mr. Willkie. His candidacy had never been submitted to the voters anywhere. It is true, he had said a short time before the convention that he was a candidate, and that he would be glad to accept the nomination if it were tendered him. But in no place in the United States had his candidacy ever been submitted to the electors. His candidacy was not taken seriously. Very few of our people thought it was anything more than a gesture. Many of the delegates to that national convention in Philadelphia had never even heard of him. There were no delegates in the convention pledged to him. No attempt had been made to pledge anybody for him, at least so far as the public knew. Those who knew him, knew of him only as a public-utility magnate, and knew he had been intimately associated and connected with the great private-utility monopoly of the United States.

Soon after the convention assembled, it was discovered that there was great enthusiasm in the galleries for Willkie. It was openly charged, and never denied, that the galleries were packed. At every mention of his name before the convention, there came outbursts of uproarious applause from the galleries. Most of the delegates wondered why there was such apparent enthusiasm for an unknown man, a corporation man, a private-utility man. Telegrams began to come in from all parts of the United States to the delegates, asking them to vote for Willkie. Letters came from the constituents of the delegates. They came by the thousands. The long-distance telephone was called into use as it never had been before. Through it all, the galleries cried out continually, day after day, in apparent enthusiasm, the name of that unknown man, "Willkie! Willkie! Willkie!"

Time wore on. It was apparent that no one of the leading candidates for President had a majority of the convention. Willkie began to accumulate votes, which increased on every roll call. Day after day, and way into the night, night after night, the delegates heard that cry coming from the gallery, "Willkie! Willkie! Willkie!" As the balloting proceeded, he continued to gain, and the apparent enthusiasm in the galleries continued to increase.

The pressure from home was doubled. Men were called on the long-distance phone and told that the boys at home, the influential men at home, the people, were wild for Willkie.

They were told there was a spontaneous uprising from the rank and file of the Republican Party, and that it was demanding the nomination of Willkie, this unknown man, this corporation man, this private-utility magnate. The days wore into nights, and weary delegates, tired, worn out from loss of sleep and from the continual pounding from home and in the convention for Willkie, gradually surrendered to the demand. The corporations and many of the great banks of the country united in the demand, while the galleries continued to cry out, "Willkie! Willkie! Willkie!"

When it became apparent to the country that Willkie might possibly be nominated, many men prominent in the Republican Party, including United States Senators who at first thought there was no possibility of Willkie's nomination, became alarmed. They tried to stop the stampede. But the onrushing forces of corporate and monopolistic influences overpowered them, crushed them, and in some cases probably made them believe there was a great uprising in the country, while the galleries continued to cry out, "Willkie! Willkie! Willkie!"

I have never made any claim to being a prophet, but as for myself, I never underestimated the power behind Willkie. A few days before the convention, when it appeared that no one was going to have a leading plurality, and that there would be quite a number of ballots, I told many of my friends, some of them my colleagues in the Senate, that the chances were that Willkie would be nominated. I was laughed at. I was told there was no such possibility. Among the men in this body to whom I expressed such an opinion was my honored and beloved colleague the senior Senator from Oregon [Mr. MCNARY], whose seat is just in front of mine.

I thought I knew from my own experience something about the power of the great combination of private utility companies. I knew their activities in prior campaigns. I knew they had participated in elections, from road overseers, from school districts, up to the office of the President of the United States. But even I had doubted whether this great machine, spreading into all parts of the United States, would have the effrontery to put forward one of its own magnates as a candidate.

I knew the power of this great machine. I knew how it had influenced the election or the defeat in every neighborhood in the United States of all public officials who had anything to do either directly or indirectly with private utilities. I never doubted its wisdom or its shrewdness. Yet it was difficult for me to realize that this great combination, this great monopoly, would come out into the open for once and make a national attempt not only to control a political party but to dominate the Government of the United States.

The convention wore on. In answer to that great outcry which came to those weary, sleepy delegates in Philadelphia, the heads that fell into the utility basket continued to increase with every ballot, and during the weary hours of the night honest delegates, worn out, hungry, sleepy, continued to hear the cry—a bogus cry, it was—but in their weakened condition they did not discern the difference. They did not realize that, after all, what was claimed to be a spontaneous outburst coming from the people was in reality a carefully prepared, carefully thought-out plan.

Some of the delegates pleaded with their brethren that the nomination of a private-utility magnate would mean certain defeat to the Republican Party and the condemnation of its nominee by the people of the United States. But their pleas were in vain. The tired, worn-out delegates, who had been hearing the cry, "Willkie!" "Willkie!" "Willkie!" since the beginning of the convention, and who had been unable even to wade through the telegrams and letters from the bankers and utility men at home, all became weary of the struggle, and, one by one, while they could still faintly hear that cry ringing in their ears, joined in the stampede and tumbled into the Willkie band wagon.

One by one they surrendered; but they did so weary, worn out, scarcely knowing what was going on, obedient only to that weird sound that came to them in their sleep, "Willkie! Willkie! Willkie!" That sleep was at first a nightmare, then a dream, then a terrible reality.

> Vice is a monster of so frightful mien,
> As to be hated needs but to be seen;
> Yet seen too oft, familiar with her face,
> We first endure, then pity, then embrace.

After the members of that convention had nominated Willkie, had gone to bed, and had a good night's sleep, "the morning after," recognizing the terrible thing they had done in their semiconscious condition, they attempted to counteract this evil influence by placing on the ticket for the second place our honored and respected colleague from Oregon. In this way they undertook to give respectability to the ticket.

A few days after the adjournment of the convention in Philadelphia a delegate from Nebraska saw me in Washington. With him was his wife. He had been a delegate seven consecutive times to Republican national conventions. He is a highly respected, retired businessman, who lives in Omaha, Nebr. He has never run for public office. He has never aspired to or had any ambition in that direction, but he has always been an ardent conservative supporter of the Republican Party. He described this convention to me. He said that in all his lifetime he had never seen anything similar to it. He was pledged by a vote in the Nebraska primary to another candidate. He knew something about Willkie and his corporate connections, and he thought the nomination of Willkie would be resented by the American people.

He was flooded with telegrams and letters from all parts of the United States, asking him to vote for Willkie. He was called on the long-distance telephone by friends, some of whom were his neighbors, who had never before suggested such an idea as the nomination of Mr. Willkie, asking him to vote for Mr. Willkie. Among the prominent men who called him from his home was Mr. Henry Doorly, who controls the greatest newspaper in the Missouri Valley, a newspaper that was founded and brought into prominence through the efforts of a man who for many years served in this chamber, a man whom many of my hearers knew personally and admired greatly, Hon. Gilbert M. Hitchcock. Mr. Doorly controls what is probably the most powerful newspaper west of the Mississippi River and east of the Rocky Mountains. The control is so great that this newspaper has become a monopoly. It has been able to buy out all of its competitors and now stands forth as the only daily newspaper in that great city.

My friend, when called by Mr. Doorly, was told by him that the people of Omaha expected him to do his duty and that his duty was to assist in the nomination of Mr. Willkie.

This delegate was accompanied by his wife. In the course of our conversation she said it seemed to her that every relative or friend she had ever had anywhere in the United States had wired and asked her to use her influence with her husband to secure the nomination of Mr. Willkie. To his credit, be it said, he stood out against all of these entreaties and refused to follow this Nation-wide, well-planned propaganda.

A few days after the convention an old friend of mine from Ohio called on me. He was accompanied by his granddaughter. I had known him well as a Representative from Ohio in the Fifty-ninth and Sixtieth Congresses, but I had now forgotten him. He had passed out of my memory, but at the sight of him, although he had grown old and wrinkled, I knew it was my old friend. When I knew him he was a young man and I was a young man. Our acquaintance ripened into a deep friendship, but after a comparatively short service in the House of Representatives he retired voluntarily to private life, and in the busy life I have had to lead since the Sixtieth Congress he had passed out of my memory. But all those old days returned to me when I saw him and the recollections of a bright and pleasant acquaintance dawned at once upon me.

After some time I asked my friend what had happened at Philadelphia, he having been a delegate from Ohio in that convention. He was not for Mr. Willkie. He was pledged to Ohio's honored son. But when I asked him how it happened, how it was possible that a convention should cast aside its

tried and true leaders and place the honor of a nomination upon an unknown, a corporation utility man, he said:

> I am not fully awake yet. I do not yet realize what occurred. I see it in a sort of maze. Dimly I can see the members of that convention, weary, sleepy, and almost unconscious, fall to the ever-increasing, insistent influence that was voiced from the packed galleries by the shouts of men and women that automatically came forth at every sound of Willkie's name. I can see other strong delegates who believed the nomination of Willkie would be a mistake, pleading with their brethren not to yield to this false propaganda. They sometimes became excited and used language that on ordinary occasions would have brought quick resentment, but no remarks of criticism brought forth any reply.

The weary delegates had finally submitted. In an almost semiconscious state they surrendered to the manufactured sentiment that came from the galleries, "Willkie! Willkie! Willkie!" My friend's description of what happened is the same as that which we have all heard over and over again from many of the observers of this convention.

What is this monopolistic machine controlled by private utility magnates?

It is nothing new. Many years ago this machine began to work. Its influence on elections everywhere—municipal, county, State, and national—was being felt to such a degree that the Senate passed a resolution directing the Federal Trade Commission to investigate this octopus. There was a great struggle in this body before that resolution was passed. Senators who were here then will remember what a strenuous fight was put up against that investigation.

Mr. Willkie was then a young man. He was a lawyer in Akron, Ohio; but his practice as a lawyer was limited to a great extent to his activities in behalf of private utilities. He was then just emerging into national activities; and, although he had been fighting the battles of the private utilities up to that time, this was probably his advent into the national struggle. In the contest over the passage of the resolution of investigation Mr. Willkie then was one of a group of attorneys who joined in filing a brief against the passage of the resolution.

In that brief Mr. Willkie and his associate attorneys used the following language:

> If the special committee is to weigh Senator Walsh's charges in the light of the facts gathered by the State and Federal authorities and the determinations of the courts and commissions concerning them, the charges made before the Senate are unfounded beyond peradventure. * * * If the facts are as this record shows them to be, there is no excessive or inflated capitalization, no unwarranted exactions in the rates, no dangers menacing the investors, the customers, or the general public interest.

The resolution was passed, notwithstanding the objection of Willkie and his colleagues. The results of the investigation shocked the conscience of the American people. Assertions made by Mr. Willkie and other attorneys in their brief were shown to be absolutely untrue. They said, "there is no excessive or inflated capitalization," and yet the investigation showed that nearly one and one-half billion dollars of water had been pumped into the capitalization of the companies investigated. Willkie and the other attorneys in their brief said, "No unwarranted exactions in the rates, no dangers menacing the investors, the customers, or the general public interest"; and yet the evidence disclosed that all these charges were more than true. These disclosures, as I have just said, shocked the conscience of the American people.

The evidence, taken for the most part from the books and the lips of the utility magnates themselves, showed that there was a great national Power Trust. One of its principal mouthpieces was the National Electric Light Association. When the investigation revealed the disgraceful way in which that association had carried on its propaganda and its work throughout all parts of the United States, the National Electric Light Association was compelled, because of an aroused public opinion, to dissolve itself. It gave up its name, the National Electric Light Association, and formed the Edison Electric Institute, which has been ever since—and still is—the mouthpiece of the Power Trust in America.

The investigation showed that no work was too low or too disreputable for the representatives of the Power Trust to put into active operation. They mixed into politics from the top of the ticket to the bottom, wherever any candidate would have anything to do, if elected, with electric power. They bribed preachers in the pulpit. They hired professors in universities. They employed representatives of farm organizations and of other societies to bore from within. They wrote textbooks for the public schools. They had their emissaries in practically every municipality in the United States.

These men were selected not so much for any knowledge they might have of the electric industry as for their ability to worm their way into various kinds of societies to do their work. Their representatives prepared speeches for candidates for Congress. They went into the courts wherever possible and secured injunctions, many of which they knew would have to fail in the end, but delay was one of the objects they had in view. The American people were apprised of these disclosures. They were shocked. They had thought some of the things that were shown to be true were absolutely impossible. The Power Trust had men and women on its secret pay rolls all over the United States. In other words, the private utility industry had worked up a combination and put together a monopoly, a machine, greater and more effective than had ever been organized by human minds or put together by human hands.

The investigation of the Federal Trade Commission showed the evils of holding companies. It showed how, by the combined building of one corporation on top of another, one holding company might dominate millions of consumers and the prices they were compelled to pay for electricity. The evils of the holding company were shown to be so great that there was an outcry on the part of the patriotic people of the United States against their perpetuation.

But the Power Trust, so well organized, as shown by the investigation—although it had to change its name because of the disclosures—still lives. The Edison Electric Institute, successor to the National Electric Light Association, still carries on the work. It has been dominating this industry ever since it was formed. The investigation of the Federal Trade Commission showed that individual generating plants scattered all over the country were organized into groups; that one corporation would buy a group of generating plants; that the stock of this one corporation was, in turn, held by another group; and that the stock of the other corporation was owned by still a third corporation. As I recall, when the Holding Company Act was passed, it was shown that there were instances in which the corporation which generated the electricity was 13 degrees removed in the way of ownership from the top holding company which held all the other companies in bondage.

After the holding companies held practically the entire United States within their grasp, they formed a "trade" association. That was what the National Electric Light Association was, and that is what the Edison Electric Institute now is.

Mr. Willkie, at the time he was nominated for the Presidency in the Republican National Convention in Philadelphia, was one of the trustees of the Edison Electric Institute.

In the meantime, Mr. Willkie had done so well as an attorney for the private utility monopoly in Akron, Ohio, that he was promoted. He was taken to New York. He became one of the attorneys for the Commonwealth & Southern, and about 2 years after, upon the death of Mr. Cobb, president of the Commonwealth & Southern Corporation, he was again promoted. He became president of Commonwealth & Southern, a holding company operating and owning subsidiaries in various portions of the United States—in Tennessee, Alabama, Georgia, and North Carolina, as well as in Ohio and Michigan. As president of this great holding company and as one of the trustees of the Edison Electric Institute, his power in the utility world was greatly increased. He became one of the dominent influences in the electrical field.

The investigation of the Federal Trade Commission has shown conclusively that the Power Trust was deep in politics all over the United States. This is practically admitted in an editorial in Electrical World of October 14, 1933. Electrical World is generally considered to be the mouthpiece of the Power Trust in America.

This editorial starts out with the statement:

It is very evident that the utility business is in politics.

The editorial then goes on to say the Power Trust must remain in politics, and in arguing that this should be done the editorial says the Power Trust—

must make politics their major concern. * * * It means a complete and thoughtfully prepared political program that is applied honestly and continuously in each community served, as well as in the State and national political forums. It means a strong organization based upon political competency; it means definite political action in the political arena.

Further on, the editorial says:

These utility men must come to know intimately the present municipal officials and State and national legislators, also those who will attain these political positions in the future.

Quoting further from the editorial:

This program will succeed or fail depending upon the personnel that applies it. Executives must like to do this work and know how to do it. This calls for a type of man quite different from those who built and expanded the physical plant of the utilities and instituted their operating organizations. It calls for a different kind of knowledge and competency than that necessary to success in finance, engineering, or management. Both education and replacement of personnel must be used to create these new leaders necessary to attain the industry objectives. For no one but chief officers can do this work, can personalize the utilities in each community, can take the lead in the political activities. These are new and quite different specifications for executive competency, but they must be met if present conditions are to be changed for the better.

But a political program does not stop with the selection of a staff of executives or their action in the political arena. There must be other workers. Each employee of the utilities, each member of the manufacturing, wholesaling, contracting, and retailing branches of the electrical industry must be enrolled and put to work. * * * Fortunately it is not necessary to undertake the work by establishing a national headquarters or a national organization. If the actions outlined are undertaken on each property for every local community the national situation will take care of itself; it is the district organizations that win elections. What needs to be done is to staff each local property with political executives and permit them to build their political fences. * * * Utilities should translate public service into political service also by taking local action adequate to meet present needs. Local tickets should be slated and local platforms written at once for each community.

Mr. President, I ask unanimous consent that the entire editorial be printed as an exhibit at the conclusion of my remarks.

The PRESIDENT pro tempore. In the absence of objection, it is so ordered.

(See exhibit A.)

Mr. NORRIS. Mr. President, this great industry, under the leadership of Mr. Willkie and his associates, has carried out the program outlined in this editorial. It has gone into politics in the most minute detail. Its organization covers the entire United States. It consists of intelligent and wise men in every locality, equipped—as this editorial advises—for instant action in any case.

When Mr. Willkie became a candidate for President, without making any attempt in any State or Territory to get delegates, as the other candidates did, he had only to rely upon this great organization. He not only had the backing of his own great holding company and all its subsidiaries but he had the backing of every utility magnate and every utility trust and subsidiary in the United States. Combined with them were the financial interests of Wall Street. When the proper time came, Wall Street touched a button and put this machine to work overnight. From Maine to California came the letters and telegrams, saying, in effect, that the sentiment of the country was that Willkie should be nominated as the Republican candidate by the Republican Party.

It required no great expenditure in building up a machine. The machine already existed. The machine had already been established. It was Nation-wide in its scope, and in all its ramifications it obeyed "its master's voice" that came from Wall Street. It was paid for by the consumers of electricity all over the United States. The very men who were being deceived and betrayed were paying for the upkeep of this great machine. Contributions unwillingly subscribed by every consumer of electricity kept this machine alive. The washerwoman who used electric power to do her work contributed her mite; the student, the school children studying their lessons by the light of an electric lamp, made their contributions by the millions toward the upkeep of this great machine. When Wall Street's representatives took snuff, every utility servant and slave all over our broad land commenced to sneeze.

The members of the Republican convention at Philadelphia weary and worn out, tired and sleepy, half unconscious, listened and listened and listened to the Power Trust cry that came from the galleries of that convention, "Willkie! Willkie! Willkie!" At first these delegates shuddered when they heard this name. They heard it so continuously it became a part of their very political lives. They heard it in the morning when they got up. They heard it all day in the convention. They listened to it at night. And when for a few short hours they lay down upon their couches to sleep, the last thing they heard as they went into dreamland was "Willkie! Willkie! Willkie!"

Not only did this great trust build up fictitious corporations and holding companies but it manipulated its financial operations in a most disgraceful manner. All kinds of water and air were pumped into capitalization. All of this had to be paid for in one or both of two ways. This octopus had no way of getting money, except in one or both of these ways.

One way was through the price of electric current, which the ultimate consumer had to pay. The other was through the manipulation of securities and the padding of capitalization. So that, in order to obtain the millions that were made by the manipulators of this system, they either had to rob the consumer or cheat the investor. The investigation of the Federal Trade Commission showed that for the companies investigated—and this did not include all of them—there were nearly a billion and a half dollars of water in their capitalization.

There is practically no difference in the operation of the various holding companies that are all combined together under the trade association—the Edison Electric Institute—and while often there is no legal connection between two or more of these holding companies there is, as a matter of fact, a close association, a close connection, and a close understanding, a unanimity of operation, between all of them; so that when you strike at one you receive the condemnation of all. If you undertake to investigate one, to show its dishonest manipulation of securities and the exorbitant prices charged for electricity, you bring down upon your head the opposition of every one of them.

Let me illustrate this. I could give hundreds of illustrations, but out of the many I select this one:

Omaha, Nebr., and some few municipalities surrounding it, are supplied with electricity by the Nebraska Power Co. The Nebraska Power Co. is owned by the American Power & Light Co. The American Power & Light is owned by the Electric Bond & Share, a New York corporation. It has no physical or technical legal connection with the Commonwealth & Southern or any of the properties directly controlled by Mr. Willkie; but there is always a bond of sympathy just as strong as though they were owned by one man. The Nebraska Power Co. is incorporated in the State of Maine. As a matter of fact—and I think it will not be disputed—the Nebraska Power Co. controls, to a very great extent and has great influence with, if it does not entirely dominate, the Omaha Chamber of Commerce.

Several years ago, to provide entertainment for its members and to educate the general public, the Omaha Chamber of Commerce was getting prominent men to speak before it. Although he was unknown outside the field of the private power companies, in some way or another the Omaha Chamber of Commerce—very likely through a suggestion of the Nebraska Power Co.—wrote a letter to Mr. Willkie asking him to fix a date upon which he could speak before the chamber of commerce.

It is interesting to know how Mr. Willkie's mind runs on such matters. He apparently knew all about the Nebraska Power Co., the company which in the past, to a great extent, has dominated the politics of the State of Nebraska as well as the city of Omaha. The history of that company in such

domination and control of finances is a disgraceful page in its history. But in this case Mr. Willkie was asked to speak before the chamber of commerce. It was impossible for him to go to Omaha, but he made a suggestion. What was that suggestion? He suggested a speaker to take his place. It is rather peculiar that the man he selected, the man he suggested, was the one man who dominated the Nebraska Power Co.

I read from the Omaha World-Herald of July 26, 1940:

Checking its lists for names of dignitaries to invite to Omaha as public-affairs speakers this year, the chamber of commerce yesterday came across correspondence it had last year with Wendell Willkie about coming here to make a speech if he were in this territory.

Willkie, replying in informal style, said:

"I don't know just when I will be out Omaha way, but if I ever am I shall be delighted to drop in at a meeting and listen to a talk by Mr. J. E. Davidson (president, Nebraska Power Co.). I don't know why you fellows want to get any outside fellows with a person like Jim Davidson around. However, if I ever find myself in that direction, I will let you or Mr. Davidson know."

The chamber is considering reinviting Willkie for this year.

This shows where Willkie's mind runs. It also shows how intimately connected these various power companies and holding companies are, even though they have no physical or legal connection.

During the long and weary fight against the Power Trust in the Congress of the United States, Mr. Willkie was always opposed to any of the remedial legislation pending in Congress. As I have shown, he, with others, filed a brief before the Senate committee opposing the investigation by the Federal Trade Commission. When that investigation was completed, and Congress undertook to remedy the disgraceful situation that was brought to light, he was found opposing every attempt of any kind to bring about reform. He opposed the holding-company bill—a bill which undertook to strike at one of the greatest evils that had grown up under the monopolistic control of the private utilities. He appeared before committees of Congress in opposition to the bill. He was part and parcel of the great Power Trust that was fighting the legislation.

The people of this country will not forget the propaganda put forth by the Power Trust to defeat the holding-company bill. They cannot forget the disclosures made by a committee of the Senate headed by Senator Black, now Justice Black, in which it was shown that all of the disgraceful things that had been performed by the Power Trust during the life of the National Electric Light Association were perpetrated and continued under the Edison Electric Institute, of which Mr. Willkie was one of the trustees. This committee disclosed evidence that over a million dollars was spent by the Power Trust to defeat that legislation. The methods employed in the Senate and the House to defeat it were much the same as the methods used to control the Republican National Convention in Philadelphia. The only difference is that in the efforts of the Power Trust to control the Republican Convention they profited by some of the mistakes they made in trying to control Congress.

It is unnecessary to rehearse the evidence disclosed by the Black committee. It has never been denied that the conditions which Senator Black brought to light showed conclusively that the Power Trust had not changed its spots, and it is a remarkable fact that in the holding-company fight the Power Trust came very near succeeding.

It is probably because of some of the mistakes made in that contest, and because, notwithstanding these mistakes, the Power Trust was so nearly successful, that it undertook to try again the same plan upon the Republican National Convention. Profiting by the mistakes it had made, it succeeded in taking the Republican convention into captivity. To a great extent it brazenly came out into the open instead of acting secretly under cover to put forward one of its own leaders. Through the power of that wonderful organization there was organized a propaganda that has never been surpassed, and it was organized all unbeknown to the public—all unbeknown to the men whom they were going to and did deceive. It was organized so well that before the weary, tired members of that convention knew it they had sold the birthright of the Republican Party for a mess of private utility pottage.

Through all of his mature life Mr. Willkie has been engaged in this fight. He has now become the outstanding and unchallenged leader. In this battle he expects not only to capture a party but to capture the Government itself.

During the course of the years after Mr. Willkie became president of the Commonwealth & Southern Corporation, the methods he has used have been no exception to those practiced from the very beginning of Power Trust domination. He opposed the passage of the T. V. A. bill, and after the bill was passed and became a law he fought it for years in the courts. He, more than any other one man, is responsible for the tedious years of delay and the millions of dollars of expense which the T. V. A. has had to meet. These suits consisted of petitions for injunctions against the T. V. A. in one or more of its activities. The T. V. A. never lost any of these suits in the appellate courts. The injunctions were sometimes issued in the lower court by a judge friendly to Mr. Willkie and his associates, but in every instance the injunction was ultimately set aside, either in the circuit court of appeals or in the Supreme Court of the United States, or both.

The joint committee of Congress appointed to investigate the activities of the T. V. A. reported—on page 62 of the report—that more than $500,000 was actually spent in cash by the T. V. A. in defending itself against these suits. The committee also found that delays in the consummation of contracts for the sale of power caused by these injunction suits had caused serious loss to the T. V. A.

Of course, these losses must be partially estimated, because it is impossible to know, since the injunctions were issued, just what the profits would have been. But, knowing the amount of power that was going to waste which the T. V. A. had for sale, and knowing the number of customers who were anxious to buy it, these estimates can be taken as almost a certainty, and it is estimated that the Authority lost in this way more than $5,300,000.

It is also known that the municipalities which wanted to buy this power, but which were prevented from doing so by the injunction suits, lost an immense amount of money because of the high rates they were compelled to pay to Mr. Willkie's companies during the pendency of the injunction suits. While this damage, as a legal proposition, is remote, yet calculations can be made almost to a certainty as to how much money the consumers of electricity in these localities lost because of the high rates they had to pay. A careful estimate indicates a loss of nearly $8,000,000. All of these losses, running into many millions, have been caused either by Mr. Willkie's companies, or by others acting in conjunction with his companies, and he has been the dominating figure in all of this litigation.

Not only did Mr. Willkie and his corporations fight the T. V. A. in this way, but they went into localities and participated in elections where municipalities were voting on bonds for the purpose of building distribution systems, or buying existing systems, in order that they might get the benefit of the low T. V. A. rates.

As illustrating that point, the city of Chattanooga, Tenn., should be considered. The city of Chattanooga desired to buy electricity of the T. V. A. An election was called in that municipality on the proposition of issuing $8,000,000 worth of bonds for the purpose of putting in a distribution system, or of buying one owned by the Tennessee Electric Power Co., one of Mr. Willkie's subsidiary companies. This election was held on March 12, 1935. The bonds were authorized in this election by a vote of more than two to one, notwithstanding the fact that the private power company in opposing this bond issue spent—as found by the grand jury—$23,907.19 in that one election, while those advocating the bonds spent only $1,540.

The evidence disclosed that for the purpose of defeating the bonds an association was formed, known as the Citizens and Taxpayers Association. This association collected the

money and made the expenditures in this fight. Mr. Willkie's holding company, the Commonwealth & Southern, of which he was then president, paid $20,000 of the money raised to fight this bond issue.

The evidence disclosed that all the methods known for deceiving the people in an election were used in this election. The power company bought 2 lots just prior to the election, and had 120 nonresident employees of the power company register from them. This little trick was discovered and disclosed by the press a few days before the election, and the plan fell through.

The power company subsidized a newspaper known as the Free Press, which it had practically established and set up as a daily paper in competition with the Chattanooga News, a paper friendly to the T. V. A. It withdrew all of its advertising from the Chattanooga News after the bond election and paid unreasonable prices for advertising in the Free Press. The Free Press received from the power company a higher rate for advertising than it received from anybody else. In reality the power company built the Free Press up from nothing and was the one great instrumentality in killing the Chattanooga News, one of the oldest newspapers in the South.

Various other schemes, likewise of a disreputable nature, were used by the power company to defeat the issuance of these bonds by Chattanooga.

Mr. HILL. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. HILL. The Senator will recall that the little paper, the Free Press, was only a semiweekly trade paper, which was issued by 40 grocery stores which were in a chain. This chain of 40 little grocery stores owned this little semiweekly trade paper called the Free Press. As the Senator has said, Mr. Willkie's company took this little semiweekly trade paper and built it up into a great daily newspaper with which to destroy the Chattanooga News. As the Senator knows, the Public Utilities Commission of the State of Tennessee investigated the whole matter and made a very interesting and voluminous report, showing how Mr. Willkie's power company permitted this little trade paper, the Free Press, to go on for month after month without paying anything for the electricity it was getting from Mr. Willkie's company; how Mr. Willkie's company permitted the 40 grocery stores and a creamery and a bakery, operated by the grocery stores, which owned the Free Press, to go on month after month without paying for any electricity from Mr. Willkie's power company; and how finally, when the bills had to be paid, because the Senator's resolution to provide for an investigation to see what Mr. Willkie's company had done to thwart the operation of T. V. A. had passed the Senate and was about to pass the House, the Free Press and the grocery stores, with their creamery and bakery, paid the bill for the electricity used by them with money provided by Mr. Willkie's power company through a lawyer named Silas Williams.

Mr. NORRIS. That is all true.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. I wish to make just one observation, that the Tennessee Utilities Commission, before which this matter was prosecuted, found the Willkie company guilty, my recollection is, on about 800 different counts.

Mr. NORRIS. Mr. President, the Chattanooga case is given only as an illustration. Many details of that case have not yet been given, and I shall give more, but I will not go into all of them. They are too numerous. It is only an illustration of what they do everywhere. It is just a practice which has been indulged in by this monopoly from away before the Walsh resolution was passed, and they were then operating all over the United States.

When the election in Chattanooga was over, the power company had been defeated by a vote of about 2½ to 1, and it was found that there was a large deficit. An official of the Citizens and Taxpayers Association, in whose name the fight against the issuance of these bonds had been made, wrote to Mr. Willkie himself and asked him to subscribe enough money to make up the deficit. His letter to Mr. Willkie is as follows:

APRIL 1, 1935.

Mr. WENDELL L. WILLKIE,
President, Commonwealth & Southern Corporation,
20 Pine Street, New York, N. Y.—

He did not direct this letter to Indiana, to a Hoosier barefoot boy, as Willkie is being described now, but he directed it to 20 Pine Street, New York. It reads as follows:

DEAR MR. WILLKIE: As treasurer of the Citizens and Taxpayers Association, which led the fight against public power in the recent $8,000,000 bond issue in Chattanooga, I am asking your company, as a large stockholder of the Tennessee Electric Power Co.—

In fact, they owned it—

for some further financial assistance, in view of the fact that this fight was made in the interest of the stockholders as well as the citizens and taxpayers of Chattanooga. The campaign which our association made was more expensive than we anticipated to begin with. Also the preferred stockholders and citizens and taxpayers of Chattanooga did not donate to our cause as we had expected—

That was true; they did not "shell out," and when it came to the election they did not vote as they were expected to vote. The letter proceeds—

Our total expenses in the campaign amounted to $24,118.36, and we have received in donations to date $13,261.47, leaving a deficit of $10,856.89. This deficit is covered by:

Note in one of the Chattanooga banks for	$3,000.00
Overdrafts for	7,248.88
Unpaid bills of	609.01
Total	10,856.89

The letter proceeds—

In view of the circumstances, we hope that your company will, as a substantial stockholder in the Tennessee Electric Power Co., appreciate our position and help us to clear up our deficit, which, as stated above, amounts to $10,856.89. The larger portion of our expenses in this campaign were occasioned by advertising in local newspapers in Chattanooga, over the radio, handbills, circulars, posters, etc., this being necessary on account of the Power League favoring the bond issue using like means of advertising to influence the voters.

We are all very sorry that our campaign was unsuccessful, but we had many obstacles in this election which normally would not have existed. However, we feel that the fight has just begun, and I personally will continue to do everything I can to support the position of the stockholders of the Tennessee Electric Power Co.

With very best regards, I remain,
Very truly yours,

CITIZENS' AND TAXPAYERS' ASSOCIATION,
By PAUL S. MATHES, *Treasurer.*

In response to this letter directed to Mr. Willkie, a check of the Commonwealth & Southern Corporation for $10,000 was sent. This contribution by the Willkie holding company was made after the election and was evidently brought forth by the letter I have just read from Mr. Mathes, treasurer of the Citizens and Taxpayers' Association.

The memorandum enclosed with this check, and constituting exhibit No. 253 in the files of the Joint Committee on the Investigation of the T. V. A., is as follows:

Witness: Mathes. Memo attached to check. Retain this memorandum for your files. Endorsement of accompanying check is considered a receipt in full settlement of following items:

4/5/35. Contribution to the Citizens and Taxpayers' Association, Chattanooga, Tenn., $10,000.

NOTE.—If this does not agree with your records, please return with check, explaining apparent error.

THE COMMONWEALTH & SOUTHERN CORPORATION.

We thus see that practically the entire expense in this one municipal election was paid by the Commonwealth & Southern, Mr. Willkie's holding company. The total contributions of the Commonwealth & Southern to this election amounted to $20,000, one-half of which was paid to make up the deficit after the election had taken place. Mr. Willkie cannot escape these facts, because the letter of Mr. Mathes, treasurer of the Citizens and Taxpayers' Association, on April 1, 1935, which I have just read, was directed to Mr. Wendell L. Willkie, and in answer to that plea there came forth the check of the Commonwealth & Southern, without any letter, for $10,000.

It seems proper, therefore, to charge to the Commonwealth & Southern and to Mr. Willkie himself all the unfair and unlawful methods used to control this municipal election in the city of Chattanooga.

The election there went against Mr. Willkie and his associates by a majority of over 2 to 1, but the Commonwealth & Southern had succeeded in setting up a new afternoon newspaper in Chattanooga, no part of the cost of which was included in the contributions made by the Commonwealth & Southern directly to those fighting the issuance of the bonds. They had accomplished, also, the crucifixion of one of the oldest and most respected daily newspapers in the South, and had brought about the sale of this newspaper to the fraudulent newspaper they themselves had established to take its place.

How this can be condoned by anyone who believes in a free press is more than any reasonable man can understand. How such things can occur in a free country is difficult to explain. But, in addition to that, the attempt to elect as President of the United States the man who more than any other one man was responsible for this condition is beyond the comprehension of the ordinary person.

After negotiations extending over several years, Mr. Willkie sold the Tennessee Electric Power Co. to the T. V. A. and the various municipalities acting with the T. V. A. The T. V. A. had always gone on the theory that it would not build generating systems or transmission lines to compete with those owned by existing private-power companies, without first making an attempt to negotiate with such private-power companies to purchase the existing facilities for a fair and honest price, if such a thing were possible. When the Tennessee Electric Power Co. was finally sold for a price agreed upon by Mr. Willkie, the T. V. A., and the representatives of the various municipalities, it was recognized by all that the price paid was really more than the property was worth. The comment of the newspapers of the country when that sale took place was invariably that the T. V. A. had paid a liberal price for the property. The sale of this property at that price was generally approved even by the conservative press of the country.

Personally I believe the price was too high. The T. V. A. realized it was paying more than the property was actually worth, but it wanted to lean backward so that no private investment would be injured. It wanted to end the eternal and perpetual war in the courts and before Congress, the fight Mr. Willkie and his holding company with its subsidiaries was constantly putting up.

The T. V. A. believed, and I have always advocated, that when property of a privately owned electric utility is purchased by a publicly owned system, an amount of money in lieu of taxes equal to the taxes theretofore paid by the private company should be paid annually by the public corporation. The T. V. A. has tried to carry out this principle in good faith. But in the purchase of the Tennessee Electric Power Co. by the T. V. A., there were several properties located in counties in Tennessee, North Carolina, and Georgia where, on account of local conditions, the taxes paid by the private-utility company prior to this sale were the main source of revenue for such counties. In three or four instances, in small counties in thinly populated, mountainous regions, where the private-power company had one or more generating systems, it paid the bulk of the taxes in those counties.

In order to permit the T. V. A. to save these counties harmless and to pay money in lieu of taxes upon all electric properties formerly owned by the Tennessee Electric Power Co., it was necessary that the law be changed. A bill was introduced in the Senate and the House to permit the T. V. A., out of revenues it received from the sale of power, to compensate these counties and to pay an amount of money in lieu of taxes that would be equal to the taxes if the properties were privately owned, as they had been before the contract of sale was made.

Everyone agreed, so far as I know, as to the justice of this proposal. Hearings were had by the Committee on Military Affairs of the House and the Committee on Agriculture and Forestry of the Senate. The bill was referred to the Agriculture Committee in the Senate, and by the Agriculture Committee referred to a subcommittee. Hearings were had. Although everyone who had anything to say one way or the other was invited to appear, no person ever appeared before either committee to object to the bill. On the other hand, all those who did appear favored the enactment of this just law.

I was a member of the subcommittee to which the bill was referred. My honored colleague the Senator from Oregon [Mr. McNARY] was also a member of that subcommittee. We made a unanimous, favorable report to the full committee, and the full committee unanimously reported the bill to the Senate recommending its passage. The motion in that committee to make a favorable report was made by my good friend the Senator from Oregon [Mr. McNARY]. That bill passed the Senate. Even though there appeared to be no opposition to it, an unfriendly House committee refused to report the bill, with the result that the Senate attached that bill as an amendment to another bill, and in that way this bill became a law.

Last year, Mr. Willkie appeared before the House Committee on Military Affairs and testified in connection with the bill permitting the purchase by the T. V. A. of the properties of the Tennessee Electric Power Co. Although the original bill permitting this sale was necessary for him to get his pay for the sale of the Tennessee Electric Power Co. properties, he criticized the proposal made during the hearings that the T. V. A. be permitted to pay money in lieu of these taxes lost by three or four of the counties in Tennessee, North Carolina, and Georgia. It is interesting to know that although the sale of these properties to T. V. A. left it powerless to pay these taxes unless Congress enacted a law permitting it, Mr. Willkie, in his testimony, referring to these counties which would be deprived of tax money on properties he owned, in event of their sale to the T. V. A., said:

> I would let them stew in their own juice down there. A few bankrupt counties would be very enlightening. (See hearings before subcommittee of Committee on Military Affairs of the House of Representatives on S. 1796, p. 298, June 5, 1939.)

He had sold the properties to the T. V. A. He had no further interest. His company had been paying taxes for many years, it is true, but he got his money out of it, and he said, "I would let them stew in their own juice down there. A few bankrupt counties would be very enlightening."

Mr. HILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield.

Mr. HILL. One of the main arguments Mr. Willkie had always used against the T. V. A. and all public power projects was that they would not pay any taxes, and by not paying taxes they would be subsidized, which was unfair to private power companies. Yet, as the Senator says, when the T. V. A. wanted to pay taxes, and the Congress was seeking to pass a bill to permit the payment of taxes by the T. V. A., we found Mr. Willkie saying, "I would let them stew in their own juice."

Mr. NORRIS. I thank the Senator for his contribution. It is very apt. It is all true. Not only Mr. Willkie, but those of his kind, used as their first argument, "They do not pay taxes." When Mr. Willkie was confronted with a bill permitting the payment by the T. V. A. of a sum in lieu of taxes, he said, "I would let them stew in their own juice down there. A few bankrupt counties would be very enlightening."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. Does not the Senator think that the President of the United States would be in a very unfortunate position if he should hold such enmity against any counties or any States in the Union?

Mr. NORRIS. I think a man having that disposition would be unfit for almost any office.

Mr. McKELLAR. I think so, too; but I certainly think he would be wholly unfit to be President of the United States.

Mr. NORRIS. Everybody who knows him and who knows what he has been and what he has done, knows that he is not prepared for the duties of that high office.

I think these outbursts from Mr. Willkie when he was on the witness stand show, after all, his real conception of what he would like to have done in the utility field. He would like to force the Government of the United States to adopt his belief. While, perhaps, it would be necessary for the Government, in order to eliminate losses on multiple purpose dams, to develop power, yet he would like to have that electricity, when thus developed, turned over to him and his associates, private utility magnates, to permit them to sell it to the public. He would have a natural resource of the country in effect turned over to private corporations for profit. He would permit the Government to go to great expense and continue in the development of our natural resources until the time came when there might be some profit, when there might be some return, and then he would have the Power Trust come into the picture to be the beneficiary. If he could not have his way; if the laws of our country provided for any other method, he would not remedy any injustice that had been brought about but he would let the people "stew in their own juice."

It is inconceivable that the people of the United States will listen to the dictates of Wall Street in the selection of a President. Never before in our history has such a brazen attempt been made by great corporations to put one of their leading representatives in the White House.

In this campaign the mantle of deception has to some extent at least been thrown aside and the challenge has been made directly to our people.

Mr. HILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HILL. I do not want to interrupt the Senator too much. I realize that he does not want to detain the Senate too long; but is it not a fact that the same methods and the same practices which were used to defeat the consumers in our cities and towns and to prevent them from receiving the benefits of cheap power were also used in an effort to defeat rural electrification and to deny the blessings of electricity to our farmers?

Mr. NORRIS. I am coming to that.

Mr. HILL. I do not want to interrupt the Senator.

Mr. NORRIS. Are we to be obedient to the commands and demands of greedy monopoly, and for the first time in our history elect as President the outstanding representative of an unjust and unconscionable monopoly, the representative of one of the greatest trusts ever put together by human hands, a trust which has reached into every home and every fireside to exact its unholy and disgraceful tribute from our citizens? Backed by the great Power Trust, assisted by the great money power of Wall Street, helped to a great extent by a friendly press which has grown rich in advertising contributed to it by this same trust, aided and abetted by every evil influence that monopoly, money, and greed can conceive, it is intended to place in the highest office of our land the one man who, more than any other in the land, represents the policies and ideals of these unholy monopolies.

I am wondering, too, whether or not the farmers of the Nation will remember that the Power Trust has fought every effort to extend the blessings of electricity into their farm homes. I am wondering if the farmers will forget that every step which has been taken to bring electricity into their homes and to their firesides has been fought, bitterly and often dishonorably, by the great Power Trust, the monopoly which is seeking to control the Government of the United States.

I am wondering if the farm women of America, enjoying the blessings of electricity which have been brought into their kitchens from the natural resources of our country to relieve them of drudgery and provide them with comfort and happiness, will now vote to put their oppressors in power. Will they forget that every step which has ever been taken to bring them this wonderful blessing has been fought from beginning to end by the same greedy trust which, for the sake of its own gain, has tried always to prevent the extension of rural electrification to American farm homes?

Mr. Willkie, in his speech of acceptance and again last night in Omaha, said he was in favor of rural electrification. But unfortunately for Mr. Willkie, his record and the record of all his associates and the record of the Power Trust from the very beginning have been antagonistic to rural electrification. For many years prior to the passage of the Rural Electrification Act the farmers of America on bended knees, had been begging the trust to give the farmers of America electricity, but their supplications had been denied with impunity, except upon such terms that the farmer could not afford to bear the financial burden.

Not until the passage of the Rural Electrification Act did the Power Trust show any sympathy for the farmers of America. They fought the passage of the bill. They consistently fought its administration. The Power Trust always opposed rural electrification. But when the Government undertook to answer the cries of the farmers and to bring into the farm homes of America the blessings of electricity, Mr. Willkie's associates saw a new light.

Mr. Willkie never saw the light. He never raised his voice in favor of rural electrification until he became a nominee for the Presidency of the United States. He is in favor of electricity for the farmers, if the Power Trust can supply the electricity. The subsidiaries of his own Commonwealth & Southern have opposed rural electrification. They have indulged in all kinds of practices to prevent the carrying out of the law. One of their favorite plans—as it has been of all subsidiaries of the trust—is to build "spite" lines.

In laying out a project under the R. E. A., in order to reach as many farmers as possible, it has been and is the policy of the R. E. A. to unite sparsely settled farm country with thickly settled farm country so as to make the project a financial success.

Where the R. E. A. has surveyed a project the trust starts building a "spite" line into some portion of this territory, usually taking the "cream," and not leaving a sufficient number of farm homes to make up a rural project. Mr. Willkie's own subsidiaries have been as guilty as any other trust subsidiary in this activity. There are many illustrations of this, one of which was the practice followed by the Consumers Power Co. of Michigan.

The Consumers Power Co. of Michigan is a subsidiary of the Commonwealth & Southern, of which Mr. Willkie was president. That company utilized its power to extend its lines for the purpose of blocking and making difficult the building of R. E. A. extensions. It built "spite" lines, splitting up territory which logically was required to make a Rural Electrification project a success. This subsidiary company in Michigan fought in the legislature against the passage of legislation which would have assisted the R. E. A. Through members of the legislature who were friendly to this subsidiary of Commonwealth & Southern necessary legislation was defeated. It later developed that a member of the Michigan legislature on the committee which had such legislation in charge was in the employ of the Consumers Power Co. at the time he was a member of the legislature, and that he had been one of the most outspoken opponents of legislation that would be beneficial to R. E. A.

On one occasion, at least, when the Consumers Power Co. was seeking special favors at the hands of the Michigan commission, Mr. Willkie himself appeared before that commission with other representatives, on behalf of favorable action upon applications of the Consumers Power Co. The Consumers Power Co., however, was no different from any other subsidiary of Commonwealth & Southern, and its action is only an example of what was done by all representatives, by all subsidiaries, of the Power Trust, all over the country.

If Mr. Willkie is now in favor of rural electrification, he ought to tell the American people just when he was converted. It is but natural the farmers of America should listen with suspicion to this voice of the candidate, and compare it with his activities during practically all of his mature life.

The voice may be the voice of Jacob, but the hands are the hands of Esau.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. MINTON. I was very much interested in the reference of the Senator concerning Mr. Willkie's record on rural electrification. I see the Senator has concluded his remarks along that line. I wonder if the Senator heard Mr. Willkie last night as he spoke in Omaha?

Mr. NORRIS. Yes; I heard his speech.

Mr. MINTON. Does the Senator remember what Mr. Willkie in that speech said about rural electrification?

Mr. NORRIS. Yes; and I have the speech on my desk.

Mr. MINTON. He said he had not only been advocating rural electrification since 1933, but he thinks that it ought to be developed and extended.

Mr. NORRIS. Nobody ever heard of his being for rural electrification prior to the time he became a candidate for the Presidency of the United States. He never heard the voice of the farmers who went to his own company praying for the extension of the electric lines into their communities so that they might get the benefit of electricity. I have now, I will say to the Senator from Indiana, some official figures—and if anyone questions the statement I will be glad to use them—of the various cases which have arisen in connection with rural electrification. Let anyone go down to the Rural Electrification Administration and ask them whether they ever had any trouble, whether they have had any "spite" lines built at places where they were trying to put in projects for rural electrification, and they will say—they will have to say, for they have the figures to prove it—that Mr. Willkie, as is true of every other magnate of his kind, has always fought rural electrification wherever he could.

Mr. SCHWARTZ. Mr. President——

Mr. NORRIS. I yield to the Senator from Wyoming.

Mr. SCHWARTZ. Is it not a fact, however, that Mr. Willkie did construct some of what were called electric lines which were not within miles of connection with any electricity, and ran those lines across proposed rights-of-way the farmers were trying to acquire?

Mr. NORRIS. Yes; that has happened.

Mr. SCHWARTZ. Probably that is what he means when he says that he has encouraged rural electrification.

Mr. NORRIS. Probably that may be so.

Mr. HILL. Mr. President——

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. HILL. As the Senator from Nebraska knows, Mr. Willkie's company, the Alabama Power Co., preempts the entire State of Alabama, except for those counties of northern Alabama that are in the T. V. A. area. Mr. Willkie attempted to build so many "spite" lines in Alabama to defeat the R. E. A. projects that the slogan in Alabama today is, "Spite lines with Willkie; life lines with Roosevelt."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Tennessee.

Mr. McKELLAR. The same thing occurred in Tennessee—the building of "spite" lines.

Mr. NORRIS. Yes; it occurred all over the country.

Mr. President, on the 21st day of January 1935, Mr. Willkie made a speech before the Economic Club of New York and the Harvard Business School Club. In that speech, made at a time when even he probably was not thinking of being a candidate for President of the United States, he referred to the infamous Samuel Insull as a "forceful, dynamic, and attractive figure."

Mr. Willkie was referring to Samuel Insull with admiration and approval. The same Insull, who has probably been the means of robbing more small investors than any other human being on earth, stands out in the estimation of Mr. Willkie as a "forceful, dynamic, and attractive figure." The American people think of Insull as the man who was financially able, from contributions he had received from the American consumers of electricity and the robberies he had perpetrated upon the American investors, to control a foreign nation, to charter a foreign vessel, and to sail the seven seas, in an effort to escape the officials of the Federal Government who had warrants for his arrest. He dominated a great electric empire. His methods were the same as the methods of the Power Trust everywhere.

In the same address Mr. Willkie, who was at that time president of the Commonwealth & Southern and trustee of the Edison Electric Institute—as he was on the very day the Republican Party nominated him for President—in language forceful and eloquent, refers to his "obligations" to "public utilities privately owned." He puts his loyalty to them above everything else in the world.

In this speech Mr. Willkie said:

> I do not like to make personal references, but I want to say to you that no duty has ever come to me in my life, even that in the service of my country—

Mark that—

> which has so appealed to my sense of social obligation, patriotism, and love of mankind as this, my obligation to say and do what I can for the preservation of public utilities privately owned. All that I have observed, all that I know, and all that I read teaches me that I could do nothing nobler for the future financial stability and political good of my country or the social and economic well-being of my fellow citizens than to stand firm and unafraid against this foolish fad and fancy of the moment.

There you have from the very heart of Mr. Willkie his philosophy. He puts his loyalty to the Power Trust above loyalty to anything else in life, even to his country in time of war.

These words ought to burn into the heart of every American citizen. They ought to make him realize that Mr. Willkie's election would mean the domination of the Power Trust in our Nation. It is inconceivable to me that a man running for the Presidency of the United States can expect to receive the votes of his fellow citizens when his loyalty to "public utilities privately owned" exceeds his loyalty to his Government, even in time of war.

Mr. President, I ask unanimous consent to print as a second exhibit to my remarks the special section of the New Republic of September 2, 1940, on the subject This Man Willkie.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. NORRIS. And also, as a third exhibit to my remarks, I ask to have printed at the conclusion thereof an article from the New Republic of September 16, 1940, entitled "Mr. Willkie Pleads Guilty."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit C.)

EXHIBIT A

[From the Electrical World for the week ending October 14, 1933]

LIGHT UP WITH POLITICS

It is very evident that the utility business is in politics. And present political influences are destructive to private ownership and operation and favorable to public ownership and operation. These conditions result from the political exploitation of a hostile public sentiment and can be changed only by bringing into play the same kinds of social and political forces that have placed the business in its present hazardous position. This means that the utilities must take political action. Upon a platform of public interest, utility men as taxpayers, as citizens, as representatives of employees and investors, and as public-service suppliers must make politics their major concern. This does not mean potshotting at agitators, at radical politicians, placing definite facts in pamphlets for public distribution, an advertising campaign, or a lobbying contact with legislative bodies—these are incomplete, incorrect, and amateurish. It means a complete and thoughtfully prepared political program that is applied honestly and continuously in each community served, as well as in the State and National political forums. It means a strong organization based upon political competency; it means definite political action in the political arena.

Public sentiment creates the structures upon which politicians rise to eminence, and the utilities must act upon this concept. They must gain public favor to earn fair political treatment. This is the essence of their political program. Every executive or manager in each community served must devote his individual efforts to making the citizens and the politicians friends instead of enemies; to making them understand his personality, his business, his problems, and his intimate and necessary association with every activity that makes for community progress. These utility men must come to know intimately the present municipal officials and State and National legislators, also those who will attain these political positions in the future, and they must be able to convince these men of their political impartiality and at the same time gain recognition that they are honest, that they favor all programs for community development, and that a prosperous and fairly treated

utility under their competent management is a community asset and in the public interest. Utility executives must think and act externally with respect to their properties and honestly, frankly, and sincerely endeavor to become leading citizens instead of selfish property managers only.

This program will succeed or fail, depending upon the personnel that applies it. Executives must like to do this work and know how to do it. This calls for a type of man quite different from those who built and expanded the physical plant of the utilities and instituted their operating organizations. It calls for a different kind of knowledge and competency than that necessary to success in finance, engineering, or management. Both education and replacement of personnel must be used to create these new leaders necessary to attain the industry objectives. For no one but chief officers can do this work, can personalize the utilities in each community, can take the lead in the political activities. These are new and quite different specifications for executive competency, but they must be met if present conditions are to be changed for the better.

But a political program does not stop with the selection of a staff of executives or their action in the political arena. There must be other workers. Each employee of the utilities, each member of the manufacturing, wholesaling, contracting, and retailing branches of the electrical industry must be enrolled and put to work. Their efforts must be exerted effectively and honestly and in accord with a plan that is sufficiently flexible to fit local and national conditions. At the start these people must be convinced that the cause is just, that the work is necessary, and that the plans will get results. They must be told how to be effective but nonpartisan political workers on matters pertaining to the utility business or those involving community well-being. They also must like to do this work, be sincere in it, and be enthusiastic subordinates in the coordinated program. Add to these elements publicity, advertising, fact finding, and other essentials of a good political organization and one gains a conception of the magnitude and complexity of the task confronting the utilities and the industry.

Fortunately, it is not necessary to undertake the work by establishing a national headquarters or a national organization. If the actions outlined are undertaken on each property for every local community, the national situation will take care of itself; it is the district organizations that win elections. What needs to be done is to staff each local property with "political" executives and permit them to build their political fences. This does not involve spending money, artificial or underhand tricks, or any other action than work by them and the local electrical-industry employees to measure up to the meaning of good citizenship and to gain the friendly confidence and understanding of utility customers and local politicians by showing that they are doing an honest and constructive job that is in the public interest. Success in politics depends upon human relations, and these have their greatest center in the homes of the citizens of each locality.

Utilities should translate public service into political service also by taking local action adequate to meet present needs. Local tickets should be slated and local platforms written at once for each community.

UTILIZING OPPORTUNITIES FOR BROADER ENGINEERING ANALYSIS

Relaxed pressure upon engineers to complete electrical construction as rapidly as possible over wide areas of service has released time for more extended analytical studies of system development. Specific examples of work being done to insure a better balanced development of plant are of interest in this connection. New business is receiving more attention from the standpoint of ultimate demand as well as initial requirements, and the relation of load-supplying facilities in districts as a whole to neighborhood necessities is being considered more carefully. The limitations of distribution facilities in particular areas are being studied with reference to system development programs and such inquiries are often set in motion by sales-department activities in a very limited locality. Problems of standardizing transformer sizes for secondary networks and local substation service, voltage regulation, selection of cable types and unification of distribution equipment and applications are much to the fore.

Other matters receiving more leisurely but none the less penetrating attention include the coordination and simplification of field construction procedure to cut labor and material costs; the investigation of equipment obsolescence and study of replacement schedules, and the examination of plant records to reduce maintenance costs by combining overlapping and infrequently used records, as well as eliminating obsolete records and practices in construction and operating accounting. Cooperative conferences are being held with manufacturers, dealers, jobbers and contractors with the object of reducing installation costs without sacrificing service quality, and the importance of adequate wiring with a view to the future installation of air-conditioning equipment in public and semi-public buildings is being considered in progressive circles. Such tasks are doubly useful in occupying engineering forces before the present rapid upswing of new service demands quickens the pace of electrification in industry and commerce and in laying firmer foundations for economical development under the present favorable cost and time conditions. Rehabilitation starts with engineering analysis.

EXHIBIT B

[From the New Republic, special section, of September 2, 1940]

THIS MAN WILLKIE

For the first time in its history the New Republic devotes a special supplement to one man. Wendell L. Willkie has become Republican Presidential nominee at the most crucial moment in the life of this Nation. The next 4 years may decide whether we can survive as an independent, free people. Mr. Willkie has accepted a fearful responsibility, as President Roosevelt has, in asking to be allowed to guide the destinies of America through such a time.

In this special section the editors describe Mr. Willkie's career and personality. They tell the story of how Commonwealth & Southern common stockholders took a loss, on paper, of $750,000,000; of how his Southern companies fought the T. V. A. with injunctions, spite lines, paid propaganda, and whisky at elections; of how his Michigan company tried to suppress a labor union and tangled with the Labor Board. They report and analyze his statements on public questions—in short, give a picture of the man and what he means.

THIS MAN WILLKIE—WHAT'S HE LIKE?

What is the personality of Wendell Willkie, who has in such sudden and spectacular fashion flashed across the American sky? The statement below is based on personal contact with Mr. Willkie, and on the printed records.

This is no horror story. Wendell Willkie isn't anybody's personal devil, and we don't propose to pretend that he is. He is a shrewd and likable business adventurer, and if the times were such that we could afford to entrust the destinies of our Nation to a person of that sort, he would probably acquit himself fairly well in the White House. It is quite possible he may be elected, and in that case he may grow up to his job; Presidents sometimes do. If this happens, however, he will have quite a lot of growing to do.

Willkie in action is something beautiful to see: like Eleanor Holm in the water, or Toscanini conducting. His ancestry is German, but it should have been Irish, or better yet, Welsh. Rarely does he make such a complete failure as he seems to have done in his speech before the National Press Club in Washington, D. C., when some of his hearers found his advocacy of a business government almost indistinguishable from Fascist doctrine. As a rule he is acutely conscious of the personality of the individual with whom he is talking. When someone else comes in, he is conscious of two personalities and so on up to eight or ten. Then he becomes conscious of the majority crowd psychology with its attendant one or two minorities, if any. It isn't that he just wants to go along with his visitor or the group, as the Welsh and Irish sometimes do; he is willing to stand out against them, but he will do it with the utmost tact, with the most delicate shade of regret. Like the skilled executioner in the fable, he will decapitate you so gently that you never notice it until you sneeze.

It is astonishing in how many ways he resembles President Roosevelt. Like that man, he is an actor born to the stage. He hates to contradict you to your face unless it is a matter of business, when he can be extremely hard-boiled. He is self-conscious every second; it is doubtful whether he relaxes in abandonment even when he is sound asleep. The character he presents to the world is a synthetic one carefully created, though on a natural foundation. He knows very well that tousled hair is a good accompaniment to a breezy, dynamic entrepreneur. He once remarked that "it's an asset in my business to look like an Indiana farmer" and he chuckles as he admits that his family and secretary have to work hard on him to get him to buy a new suit. When Commonwealth & Southern sold out to the T. V. A. and he got a big check from David Lilienthal he said just the right thing in the presence of the newsreel cameras: "Dave, this is a lot of money for a couple of Indiana farm boys to be throwing around." This is not to say that if he felt he could afford it he would go around constantly in a morning coat and striped trousers, but only that he is smart enough to capitalize on his normal tendencies.

He is a wisecracker, an expert practitioner of that art which is so completely American that other nations cannot even understand it, to say nothing of imitation. In the motion-picture film he made for Information Please, at one point Clifton Fadiman remarked, "Mr. Willkie, you have quite a career behind you." Willkie flashed back, "I don't like that word, 'behind.' " At the Philadelphia Convention, just after the nomination, when asked whether he would accept an invitation to the White House, he said: "Certainly, one should always be kind to his predecessor." On another occasion the query was made whether he would talk to the President, and he retorted, "Every time I have called on the President heretofore he has done all the talking." These are not very good wisecracks, but they were made impromptu while the cameras were turning, a situation under which most public men are so stampeded they can hardly even read from a manuscript.

Willkie's career as a whole is a startling series of last-minute shifts. When you add him up he looks as though he kept wanting to be and do something else, but then decided at the eleventh hour to be "sensible." In college he was the leader of the antifraternity group but changed his mind eventually and joined one of the best fraternities at Indiana University. During his 10 years in Akron he was on the unpopular side of some issues but at the end of that time he left for New York to enter the service of a great public-utility corporation. He was a Democrat, and a hard-working organization Democrat, too, until about the last possible moment at which he could have shifted and still have any chance of becoming the Republican Presidential nominee in 1940. The psychologists could certainly make something of the life of a man who repeatedly shifts just before the clock strikes, and in a direction which he himself, on some occasions at least, must have considered the less desirable.

The facts of Mr. Willkie's life have now been told often enough in public to need only a brief recapitulation here. He was born February 18, 1892, in Elwood, Ind., a typical small middle western city. His grandparents had come from Germany, bringing his

father with them, and Mr. Willkie himself says they did so to breathe the free air of America. There is no record, however, that the son, Wendell's father, held any political views that one would associate with such an emigré, after settling down in Indiana. He was a lawyer and at one time superintendent of schools, where he earned the nickname of "Hell Fire Willkie." Wendell's mother had been a school teacher, and there is no doubt that the home was one of lively intellectual interests. Wendell was one of six children, with three brothers and two sisters. When he was a small boy the Willkies believed they were on the road to riches—natural gas had been discovered at Elwood (no jokes, please!) and the town was enjoying a boom. Willkie, Sr., speculated in real estate and made handsome paper profits until the natural-gas supply began to dwindle, the boom collapsed, and the paper profits were followed by heavy debts.

Wendell was a high-spirited, normally mischievous boy. Elwood still tells stories of his Hallowe'en pranks, one of which, it is said, consisted of tipping over an outhouse with the violently protesting owner inside. There is a story in circulation that he was expelled from high school not once but twice, but Mr. C. C. Hillis, the Elwood principal, tells us this is not true. "There is no record here," he writes, "that Mr. Willkie was expelled from the high school. He probably was suspended a few days for the infraction of some school rule."

After being graduated from the Elwood high school he went to the University of Indiana at Bloomington where for 3 years he was a leader of the antifraternity crowd. This is a matter of some significance; in nearly every middle western university there is constant guerilla warfare between fraternity and nonfraternity men. The former look down upon the "barbs"—barbarians—as uncouth roughnecks who don't know social usage and come from inferior homes. The barbs reciprocate by considering the fraternity men as namby-pamby rich men's sons. When Willkie in his fourth year suddenly went over to the enemy by joining one of the leading fraternities on the campus, the shock to his barb friends must have been severe.

During his vacations, like many other college students, Wendell Willkie worked at odd jobs in various parts of the country. He was a puddler in a steel mill, a harvast hand in Dakota, a short-order cook. In Mr. Willkie's own mind these college-vacation experiences seem to be a little confused, and he now talks as though he thought he had been a poor boy who worked his way up by these various occupations to the position he now holds. Thus in the movie short for Information Please he recited the history of Puddler Jim Davis, of Pennsylvania and added that he had done the same work himself. Although he did not misstate a single fact, undoubtedly most of the people who saw the film got the impression that they were seeing a chapter in a typical American story, From Breaker Boy to White House. "I understand you people and your problems," he told an Iowa crowd. "Like you, I have come up the hard way." But in fact, his way was about as hard as that of Franklin D. Roosevelt. It consisted in being a member of a family which sent all six of its children through college and helped to launch them in life.

Without any definite idea as to what he wanted, young Wendell was attracted toward teaching. After being graduated from Indiana University in 1913, he got a job in the high school at Coffeyville, Kans., where he taught history, debating, track, and basketball. He has a real love of history, and probably knows more about it than any other public-utility official in the United States. Teaching did not prove as attractive as he had expected, and the following year saw him in Puerto Rico as laboratory assistant in the Fajardo Sugar Co. By the end of the year he had decided that his father's profession, the law, looked pretty good. He went back to Indiana for an LL. D. degree and joined his father's law firm in Elwood.

On the day the war broke out he enlisted in the Infantry and he sailed to France in the middle of January 1918. Just before sailing he had married Miss Edith Wilk, an Indiana small-town librarian. In France he seems to have acquitted himself creditably; he is best remembered as having volunteered his services to defend a number of soldiers who had got into trouble through being A. W. O. L., or for other fairly minor infractions of Army discipline. He came back a captain in 1919 and took the first job he could get, as a member of the law staff of the Firestone Tire Co. in Akron. After a few months of this, he had a chance to become a member of a law firm in the same city, exchanging an assured salary for a complete gamble. His wife's advice to him is often quoted: "Go ahead, take it; never mind the money; get your name on the letterhead."

For the next 8 years Wendell had his name on a letterhead. He became famous in Akron for two violent departures from the middle-western norm. He didn't own an automobile, and he didn't play golf. His only diversion was to sit in a rocking chair on the country-club porch and make fun of his fellow members of the middle class as they staggered in, purple and perspiring, from the eighteenth green. At this time Willkie was a practicing Democrat and it is said that he was active in civil-liberties cases and spoke up for the underdog enough to get the nickname of the Akron Bill Borah. (This may have been influenced also by his shaggy locks, resembling those of the late Idaho statesman.) He was simultaneously, however, building up a nice practice as a public-utilities lawyer, a logical transfer from his work for the Firestone Co. The head of the law firm by whom he was employed, Mather & Nesbitt, was a State senator and attorney for Ohio Edison. Thus nearly at the beginning of his career, the most important part of Mr. Willkie's work came to be tasks like arranging for renewals of utility franchises. He soon attracted the attention of important utility executives such as Mr. B. C. Cobb, of Penn-Ohio and Commonwealth Power. As early as 1926 Mr. Cobb is supposed to have written the famous letter: "Don't let that young man get away from us."

After his apprenticeship as a utility lobbyist before local regulatory bodies, Mr. Willkie moved to the national scene about 1927–28. At that time, the famous Walsh resolution—sponsored by Senator Walsh, of Montana—was before Congress. Leading eventually to the Federal Trade Commission's investigation of the utility industry, it was bitterly opposed by utility spokesmen. One of the two leaders of the lobby established in Washington was Mr. Weadock, Mr. Willkie's superior back in Ohio and later chief counsel to the Commonwealth & Southern. Mr. Willkie was frequently observed in Mr. Weadock's company at congressional hearings and in Washington hotels. When a utility brief condemning the Walsh resolution was presented to the Senate, one of the signatory firms was Mather, Nesbitt & Willkie.

In 1929, the year of the crash, Mr. Willkie was invited to go to New York and set up the law firm of Weadock and Willkie, general counsel for the Commonwealth & Southern Corporation. If the firm had any other clients, nobody ever heard of them. From that day on, Willkie was a C. and S. man; when a president was needed in January 1933, he was a logical choice. The story of what he did for C. & S. during the 11 years from 1929 to 1940 is discussed elsewhere in this supplement.

The point to make about Willkie himself is that he is not a businessman as that phrase is commonly understood. He is not a capitalist; his family traditions are all of professional activity for modest fees and he has accumulated no fortune of his own, though he has earned large salaries. He is not an industrialist; whatever he knows about plant operation has been picked up in his spare time in the past few years. His only formal and extensive contact with the business world has centered in the public-utilities section, which has one of the worst records for shady practice in American history. Not a production man or a salesman, Willkie's essential relationship, to the segment of business he knows best, has been that of a fixer and front man. These are admittedly smear words, but it is hard to think of more respectable synonyms.

In the utility and railroad industries most conspicuously, the operating men who actually make the wheels go 'round in the various revenue-producing divisions of the business rarely get to be boss. The boss is expected to be a public-relations man, especially in regard to the various State and Federal regulatory bodies in these political industries.

This distinction cuts still deeper into the phenomenon Willkie and helps explain his current attitude toward his utility background. For Mr. Willkie has been in Wall Street but not of it (which is perhaps why a number of his more conventional associates have regarded him with suspicion as an intellectual, a reader of books, a writer, a bohemian, even an advanced liberal). Partly because of the liberal background in which he grew up, his crashing of the gate has apparently put him on the defensive. Certainly it helps explain his constant cries of persecution; his glorying in having "come up the hard way"; his anxious search for support from liberals and radicals; his apparent preference, before he became a candidate, for literary society over bankers' club society; all of which conflict with his pride in his recent election to the board of J. P. Morgan's bank for bankers—the First National of New York—which is so exclusive that it is not even a club for run-of-the-mine millionaires. Willkie's story is not that of an Edison or a Ford; he never had to meet a pay roll. He was a condottiere, a mouthpiece, who had a reputation as a public speaker and a liberal and who was hired by the local utility in Akron to talk for it. Since he was the front man for the entire Commonwealth & Southern system, it is fair to hold him responsible for the misdeeds of his subordinates throughout that system. Accepting just such responsibility is what he was paid for.

MR. WILLKIE IN BUSINESS

Mr. Willkie is running for President as a businessman. It therefore becomes important to examine his business career both in its facts and its philosophy, especially to see whether he had any share in financial practices which he later condemned.

Speaker BANKHEAD charged that the Republican Party had permitted conditions to exist which led to the market crash of 1929. Mr. Willkie answered (according to James C. Hagerty's story in the New York Times of July 16):

"I am very proud that I had absolutely nothing to do with that phase of American economic life. * * * I found myself in complete accord with Speaker BANKHEAD in his condemnation of the speculative orgies of the 1920's. I agreed with him in his strictures about the unloading on the public during the same period of common stocks beyond their true value. I have always thought that such speculation was to be condemned whether it was in the securities of utility companies, vending-machine companies, or took the form of gambling in foreign exchanges, such as German marks."

The last two items are intended to toss the ball back to Roosevelt, making out the country squire in the White House to be a veritable wolf of Wall Street, a latter-day Jim Fisk. Of course, the answer suggests itself: in both these ventures, Mr. Roosevelt lost his own money. This is more than can be said for the promoters of the venture which cost the public so dear after Mr. Willkie was hired to represent it.

But the whole of Mr. Willkie's statement is worth careful study. Is it true that he had "absolutely nothing to do with that phase of American life"? The facts do not support him. Indeed, his statement is so thoroughly in conflict with the record that no cold-blooded liar is likely to have made it. Only a man constantly intoxicating and reintoxicating himself with his own words could have been so imprudent.

Here is the record. Early in 1929, when even the elevator boys were getting nervous about the bull market, the Morgans rushed into it. In January they announced that they were entering the utility field, and that they would form the United Corporation as a super holding company for the purpose of buying up control of utility holding companies throughout the East. From January until May the market bubbled and boiled while the Morgans quietly shopped for properties. Finally, on May 9, the contents of United's portfolio were disclosed. The asset value of its common stock was $37⅜. Two days later, as the public rushed to get in on this good thing, the orgy carried United common up to an all-time market high of $73⅛. During the next 2 months the utility market continued to boom. Meanwhile, the asset value of United common increased from $37⅜ to over $61½ as it continued to acquire properties. But, in the face of the continued utility boom and its own growth, United common began to slip—not much, but a little. Why? Because at this peak J. P. Morgan & Co. unloaded over 171,000 shares of United common on the public. A study in the Columbia Law Review estimates that by June 1933, when United was kicking around in the market for $12 a share, the combined Morgan and Drexel profit, excluding the private profits of individual partners, was more than $19,000,000.[1] United today is an empty shell, admittedly unable to dispose of its holding-company stocks.

These, then, were the methods by which Morgan & Co. took the public for a ride in the month of May 1929. During that same month United got together with one of its friends—the American Superpower Co.—which had been formed for a similar purpose by the utility banking house of Bonbright, always closely associated with Morgan. One of the first products of this marriage was the fantastic creation known as Commonwealth & Southern.

On May 23, Commonwealth & Southern was merged out of three holding companies—the Commonwealth Power Co. and Penn-Ohio Edison Co. in the North and Southeastern Power & Light Co. in the South. American Superpower and Bonbright put up $15,000,000 in cash. United put up $10,000,000, which it borrowed from Morgan's. United Gas Improvement, another member of the United family, put up $3,000,000. Altogether, $45,000,000 was raised by the insiders on the basis of $19 a share for Commonwealth & Southern common. Once in the driver's seat of the corporation to be, the promoters appointed a committee which proceeded to negotiate privately with shareholders of the three underlying holding companies for the purpose of inducing them to exchange their stock for Commonwealth & Southern common. The valuation set by the promoters upon Commonwealth & Southern in these exchanges ranged from $24 a share (in exchange for Commonwealth Power) to $24.41 (in exchange for Southeastern), netting the promoters a handsome inventory profit straightaway.

On June 5, 1929, Commonwealth & Southern common was listed on the New York Curb. From the first day trading in it was very heavy. By June 14 trading reached its peak—on that day no less than 1,032,400 shares were moved. This remarkable activity induced many recalcitrant investors in the 3 underlying holding companies to turn in their securities for stock in the new one. It also permitted the promoters and their friends to let the public in on this very good thing. Meanwhile United went right on, spawning Niagara Hudson and Columbia Gas & Electric. But by October it was all over. In that fatal month Commonwealth & Southern hit both its all-time high and its predepression low. The high was $24¾—barely above the price for which the three member companies had turned in their securities. The low was $10. This, Mr. Willkie can hardly deny, was speculation with a vengeance, and it was certainly "unloading of common stocks on the public beyond their true value."

At how much above their true value? Here is the record for its three original constituents, plus a fourth, Allied Power & Light—as taken by the Federal Trade Commission from the records of Commonwealth & Southern:

Ledger value of securities owned as shown by—

	Books of the merged holding companies	C. & S. books	Appreciation
Allied Power & Light	$3, 573, 997. 65	$21, 583, 038. 35	$18, 009, 040. 70
Penn-Ohio Edison	47, 301, 400. 22	107, 341, 619. 23	60, 040, 219. 01
Commonwealth Power Co	89, 742, 899. 05	372, 234, 258. 32	282, 291, 259. 27
Southeastern Power & Light	200, 277, 963. 35	370, 942, 916. 29	170, 664, 952. 92
Total	340, 896, 260. 27	872, 101, 832. 19	531, 205, 571. 92

These write-ups from the none too conservative self-valuation of these properties—in which the Federal Trade Commission later found prior write-ups—were entirely arbitrary. The promoters, made wise by hindsight, may plead that they expected earnings to replace all this water with values; to which the answer might just as well be that they could have written these companies up by a round billion instead of just half a billion if they had had more confidence.

There are two frauds against the public involved in utility write-ups. The first is the obvious one of overvaluing securities for sale to a gullible public. The second is that the valuation of a utility is the base on which its rates are set (so that it may earn a "fair" return on its "investment"). Clearly, if its value is written up, its rates will be inflated. Mr. Willkie's championing of the consumer, of which more under T. V. A., doesn't do so well alongside his refusal to admit that his companies in T. V. A. country were overhauled during the dispute.

The apocryphal story of Mr. Willkie, as told by Russell Davenport in Fortune, has it that Mr. Willkie had no responsibility for this fraud, that he did not come into the picture until he was made president in 1933, whereupon he "kicked the bankers off the board."

By any realistic standard of power exercised in the corporate world, it must be conceded that a corporation head generally regards his lawyer as his second in command, if not as his actual peer. That was shown this summer when Commonwealth & Southern had to pick a new president after Mr. Willkie's resignation. The job went to Justin R. Whiting, of Mr. Willkie's former law firm, which has continued to represent Commonwealth & Southern in legal matters. There can be no denying the responsibility which corporate counsel exercises in the board room. No prudent management will ever move without advice of counsel. When Hopson was indicted, the senior partners of Travis, Brownback & Paxon—Associated's general counsel—were bagged in the same net without the bar association or even any reputable lawyers protesting. Thus, by legal precedent, realistic admission and the way Commonwealth & Southern picked up a successor this summer, we are justified in regarding a corporation general counsel as a responsible, if not ranking, part of its management.

So, in the spring and summer of 1929, Mr. Willkie, giving the lie to the noble defiance of evil speculation expressed by Candidate Willkie in 1940, saw nothing wrong with what the bankers were doing with Commonwealth & Southern. When the chance came to become an insider himself, he acted as though Commonwealth & Southern were the best fraternity on the campus.

What kind of a capital structure did Willkie ride into? Commonwealth & Southern valued its assets at $1,133,700,000 (including the write-ups). The capital structure consisted of a mass of bonds, subsidiary companies' bonds, subsidiary companies' preferred stocks, its own preferred stock, common stock (at $24) and options on more stock at $30 (which it never reached). Of the common stock at $24, there were no less than 33,000,000 shares. The optimists who held this through October may have hoped that it would ride past $50—just a modest doubling in value. At $24, these 33,000,000 shares had a total market value of nearly $800,000,000. To have gone to $50, the boom would have had to last long enough for the market to estimate that Commonwealth & Southern would be able to earn, past all its fixed charges, enough profits to warrant a valuation of $1,500,000,000. This sounds preposterous—today. But the original structure contained over 17,000,000 options held by people who hoped to exercise them to get still more stock at $30.

Not much has to be known about finance to realize that 33,000,000 shares, onto which are tacked 17,000,000 options, are a fabulous burden for any sound corporation to hope to carry. No responsible securities analyst can be found to endorse such a structure—even when it does not come after a flock of senior securities. Mr. Willkie, as general counsel and president, has followed this stock down from 24½ to 1 and a fraction (it was down to 2 when he became president of Commonwealth & Southern in 1933, before the New Deal came in) without ever conceding the point. It is the Government, he maintains, which has destroyed confidence in the market for utility holding-company common stocks (which Willkie usually identifies with the common stocks of utility operating companies, like Commonwealth Edison of Illinois, which enjoy very favorable markets).

In fact, this record shows that Mr. Willkie's subsequent talk about the New Deal's having made new utility investment impossible is so much eyewash. By 1933 his corporation had no funds free after its fixed charges to invest in new expansion; and no one could be found to buy more holding-company securities. The continued expansion of the industry, to a point at which electrical consumption is something like 40 percent above 1929, has occurred in spite of the obstacle to new financing provided by such relics of 1929 as Commonwealth & Southern.

Nor is this all. There is the matter of $150,000,000 of preferred stock issued shortly after the corporation was formed. This stock is supposed to pay a $6 dividend, which accumulates when unpaid. Soon after Commonwealth & Southern stopped paying common dividends, it stopped paying preferred dividends too (it has since resumed payment at the rate of $3 a year). As of July 1940 the corporation owed its preferred stockholders back dividends of $16.50 a share, equal to $24,800,000. But its 33,000,000 shares of common (the options are now so much wallpaper) have a market value of only some $40,000,000 and this is entitled to its share of the cake only after the preferred's back dividends have been paid. The fact is that this preferred stockholders' claim overshadows the claim to earnings of the common, which loses more and more of its value with each quarter's accumulation of unpaid preferred dividends. Thus we have the spectacle of Mr. Willkie offering to balance our Federal finances after he has run his own company these

[1] High Finance in the 1920's: Columbia Law Review, May, June, and November, 1937.

many years by deficit financing on his preferred stockholders' money; and offering to bail out the 130,000,000 owners of the Federal Government after he has failed to keep half of his 33,000,000 shares of controlling common stock above water.

How did Mr. Willkie get to be president of Commonwealth & Southern in 1932? The official theory is that he just rose by sheer merit, the way a cork bobs to the surface when released. Did he?

During the Coolidge and Hoover administrations, the Alabama Power Co., which afterward became incorporated into the Commonwealth & Southern, was making an enormous profit by buying power from Wilson Dam at Muscle Shoals and reselling it. Just how large that profit was it is rather hard to say. The Alabama Power Co. had the only transmission lines near Wilson Dam and could drive a hard bargain with some of its own customers. It bought power from the Government at 2 mills—not 2 cents, but 2 mills—per kilowatt-hour. Ninety percent of its power was sold at wholesale to big customers, half of it to its sister companies—companies in the group which was soon to become the Commonwealth & Southern system. This power was sold at an average of 6½ mills. To be sure, the cost of transmission was added, but since this was wholesale delivery, it could not have been very much. It is safe to assume that the profit on Government power sold in the wholesale end of the business was at least $500,000 a year.

Alabama Power also sold a small fraction of its power to residential consumers and small businesses. Some of this power came from other sources than Wilson Dam, but it is unlikely that it cost very much more. Alabama sold its power to residential consumers at an average price of 6.8 cents—not mills, cents. Of course, the cost of distribution entered in here, and on residential consumption it is far more important than production cost. The New York State Power Authority has made careful studies based on field conditions, and from those studies it would appear that for an average consumption of 465 kilowatt-hours per consumer per year—which was about correct for that area at that time—3¼ cents would be entirely reasonable for distribution. Add 2 mills for the cost of Government power and you get an overcharge of 3.3 cents per kilowatt-hour per consumer. On the amount of residential energy sold, this extra gravy was about $1,000,000 a year. Add in the profit on the power sold wholesale and you get $1,500,000 a year. No wonder Mr. Willkie doesn't like the T. V. A. It broke up one of the sweetest rackets you ever heard of. In the 4 years, 1926–29, inclusive, the average dividend on the Alabama Power Co. common and preferred stock combined per year was $3,700,000.

The president of Commonwealth & Southern at this time was a rock-ribbed Republican and an excellent contact man with a Republican administration. But in 1932 the Democrats came into power. Commonwealth & Southern wanted to continue its profitable arrangement and took what seemed a sensible course. It picked out from its law firm the one man who was known to be a Democrat and associated in active work with Tammany in New York City. If he couldn't keep a profitable arrangement in force, who could?

There remains the brief story of the reforms instituted or approved by Mr. Willkie after he became president of Commonwealth & Southern. Two of its policies give him ground for legitimate pride. One is that his utility system is relatively free of intermediate holding companies, usually devices to mislead the unwary investor. The other is that the Commonwealth & Southern's service and construction companies—in other systems the source of secret profits to a few insiders—have been "mutualized." That is, whatever book profit they may show is annually returned to the system's operating units in proportion to their respective earnings. These two policies were initiated while Mr. Willkie was still counsel to the system; as president, he has continued and developed them.

One of his first acts as president was to readjust the capitalization of Commonwealth & Southern to the realities of the depression by writing off $500,000,000 of water. But there was nothing noble about this; the Federal Trade Commission was probing, and, back in 1931, the Electric Bond and Share management, which has never pretended to be saving the country, had taken a $441,000,000 write-off. Then there is the story of how he made a virtue of necessity by cutting his rates and making it pay. But that belongs in the chapter on Mr. Willkie's relations with T. V. A.

The general record shows that the Morgan-Bonbright clique—which led the defense of the utilities against the investigations started under Hoover; which brought Mr. Willkie to New York in 1929 as a key figure in the original Commonwealth & Southern management, and which in 1933 made him president of the corporation—had by that time effectively ruined the market for utility holding-company securities, new and old. The record shows that this same clique did a great deal by its greedy policies to bring about the drive for public regulation and the public development of water power. And finally the record shows that Mr. Willkie, far from having had absolutely nothing to do with "that phase of American life" was one of those responsible for the speculative orgy. It was that orgy which transformed him from a cracker-barrel Indiana liberal into a Wall Street insider as slick as they come.

WILLKIE AND THE T. V. A.

Up to now, Wendell Willkie is best known for his long and bitter fight with the T. V. A. on behalf of Commonwealth & Southern. What revelations about his character are to be drawn from this story? What are the facts about the battle itself?

Four days after Mr. Roosevelt had sent the T. V. A. bill to Congress, and while congressional hearings were in progress, Mr. Willkie as president of the Commonwealth & Southern informed his stockholders that "if this bill passes, this $400,000,000 worth of securities (Commonwealth & Southern subsidiaries) will eventually be destroyed." This was the signal for a propaganda campaign not differing greatly from other utility-company exploits that congressional investigating committees have made famous. Widow-and-orphan letters poured in on the White House and Congress. Newspapers in the Tennessee Valley blossomed with full-page advertisements. Ostensibly these advertisements were paid for by local utility-operating companies, but the editor of one Mississippi weekly neglected to trim the mat that had been sent him, and the advertisement carried the note: "Insert name of our local power company here."

After the T. V. A. was established its directors—far from declaring war on the private companies—took an extremely conciliatory attitude. They had jurisdiction over Muscle Shoals, the current from which was essential to Alabama Power, and they also had a mandate to develop Muscle Shoals to its full potential capacity. They offered to continue to provide current for Alabama Power if the company would sell them certain of its transmission lines to make possible an experimental "yardstick" area. This would have amounted to a division of territories, a mutual hands-off policy, which is precisely what Mr. Willkie afterward clamored for. With seeming sincerity, the T. V. A.'s offer was accepted.

Before the arrangement could be put into effect, however, the so-called Ashwander case was brought. This case is one of two episodes—the other was the later 19-company suit—that fixed the attitude of two of the three T. V. A. directors and the new dealers generally toward Mr. Willkie, convincing them it was not safe, or even possible, to have ordinary business dealings with him. The case bears directly on his fitness for the Presidency.

Ostensibly, the Ashwander case was brought by preferred-stock holders of Alabama Power to prevent their own company from carrying out its arrangement with T. V. A. Alabama Power was the defendant. As head of the parent company, Commonwealth & Southern, Mr. Willkie had approved the T. V. A.-Alabama Power agreement; presumably, therefore, he wished to carry it out in good faith and was prepared to oppose the preferred-stock holders' lawsuit. Mr. Willkie declared publicly: "The Alabama Power Co. has no connection, direct or indirect, with pending litigation against the T. V. A." Counsel for the stockholders said that the suit was being paid for by 25-cent contributions.

The secret ins-and-outs of the Ashwander case have never become public. As far as is known, no holograph letters showing Mr. Willkie's exact role are in existence. But, in the course of the litigation, it was revealed that the law firm conducting the case, instead of being paid by the two-bit pieces of humble stockholders, had received a $50,000 fee from the Edison Electric Institute, trade association of the utility industry. Mr. Willkie was a director of the Edison Electric Institute. You are compelled to assume either that it acted in a matter vitally concerning him without his knowledge, or else that he was playing a game with T. V. A.

Sometime in 1935–36, the Roosevelt administration made a second attempt to deal with Mr. Willkie. Mr. Roosevelt and his advisers were eager to arrange for a pooling agreement, or power grid, among the utilities serving the Southeast. Such an agreement held enormous possibilities both for national defense and for peacetime economic betterment. Mr. Willkie was frequently invited to the White House and made it his business to drop in still more often. A report spread that he had become the President's adviser on power questions; it was even suggested that he would act as negotiator between the New Deal and the whole utility industry, then beginning its vast constitutional attack on the holding-company law.

In the midst of this relatively amicable relationship between new dealers and Mr. Willkie, the so-called nineteen-company suit was abruptly brought against the T. V. A. The Ashwander case had attacked the T. V. A. only indirectly; the intent of the nineteen-company suit was to drive it from existence. The 19 companies bringing the suit were the utilities in the T. V. A. area, and chief among them were the subsidiaries of Mr. Willkie's Commonwealth & Southern. This ended, permanently, the effort of the administration and the T. V. A. to have a relationship with Mr. Willkie.

When the T. V. A.'s new dams were complete, it began negotiations with Tennessee Valley cities and power districts for the sale of current. The Commonwealth & Southern subsidiaries, especially the Tennessee Electric Power—Tepco—fought these negotiations with courthouse-gang wiles. In the valley's chief cities Commonwealth & Southern subsidiaries took an active, scarcely disguised part in local elections where municipal ownership was at issue. The utilities won in Birmingham but lost in Chattanooga and Knoxville.

What happened in Chattanooga is one of the ugliest parts of the Willkie-T. V. A. record. In that city George Fort Milton, editor of the Chattanooga News, had long been an advocate of publicly owned power. A year after the T. V. A. was started, he opened a campaign for cheap municipal electricity. He was fought furiously by the Tennessee Electric Power Co., a Willkie-Commonwealth & Southern subsidiary. The company contributed $20,000 to a Citizens' and Taxpayers' League, which suddenly appeared to oppose

Milton. In order to permit employees to vote in the local election, the Willkie company arranged to have two pieces of real estate transferred to more than a hundred of them. On election day, whisky, admittedly bought by the power interests, flowed freely near the polls. But Milton's campaign was effective; the people voted for municipal power by 3 to 1.

Thereupon the Willkie company decided to get Milton by whatever means it could. A new paper appeared in Chattanooga to compete with the News. It was the Chattanooga Free Press, previously a free semiweekly "throw-away sheet," distributed to advertise a chain of groceries. The Willkie company took its advertising out of the News and poured it into the Free Press and the pro-utility Chattanooga Times, owned by the New York Times. In 3 years the two friendly papers got more than $90,000 in advertising; the Milton paper got only $240. In the Free Press an abnormally high rate was paid, two and a half times as high as that charged other comparable advertisers. The Tennessee Railroad and Public Utilities Commission described this as "a method whereby the newspaper was enabled to receive money from the power company." The Free Press was also allowed to become delinquent on its light bill to the tune of thousands of dollars. The bill was never paid until Senator NORRIS suggested in the United States Senate that an investigation might be made of utility propaganda against public power. With frantic haste, the Free Press then paid its bill. It got a 5-percent discount from the Willkie company for prompt payment—more than a year late. Try to get that discount on your household bill under the same circumstances, and see what happens to you.

Partly because of this deliberate discrimination by the Willkie company, and partly for other reasons, the Chattanooga News was forced to suspend publication. But the utilities were not to have everything their own way in Chattanooga. Mr. Milton promptly started a new paper, the Evening Tribune, to carry on the fight, and it is fighting still, against odds but with no little success.

Another stiff battle occurred between T. V. A. and Commonwealth & Southern over rural power lines. Before the advent of T. V. A. farmers had not only had high rates, but had been charged almost prohibitive installation costs. The T. V. A. had been especially commissioned to bring electricity to farm homes and encourage the formation of rural power cooperatives. Out of nowhere, salesmen from the Commonwealth & Southern companies appeared on the country back roads, followed by construction crews. What amounted to spite power lines criss-crossed territory where farmers had shown a disposition to buy from T. V. A. In many cases, even after cities and rural districts had voted to accept T. V. A. contracts, the contest did not end. The utilities, or their sympathizers, took to the local courts, and injunctions, or the threat of them, delayed action for months and years.

A good illustration of what was done is the action of the Willkie-Georgia Power Co. At the beginning of 1935, the farmers in northeast Georgia had been trying vainly for years to get electric power. The company either refused service or demanded impossible terms. Thereupon the farmers planned to set up their own cooperative rural distributing lines.

The Georgia Power Co. deliberately sabotaged this effort. According to a sworn statement in the court case of the *T. V. A.* v. *The Tennessee Electric Power Co.*, agents of the Willkie concern swarmed through the region making false and misleading statements about the nature of the cooperative undertaking and tried to frighten the farmers from joining. When work was begun on the lines of the cooperatives, the Georgia Power Co. sent big crews of workmen into the area and began to build "spite lines" on an immense and systematic scale. Extremely high poles were set at road intersections immediately in front of lines that were being constructed for the cooperative. Wires were strung between the utility company's poles in an effort to block construction. At the same time, injunction proceedings were sought in the courts. When these failed, according to the testimony of T. R. Hunnicutt, a divisional manager of the T. V. A.:

"* * * the Georgia Power Co. proceeded to construct short, disjointed lines in many portions of the area which the cooperatives proposed to serve, in many cases setting poles and even stringing service wires to residences, without the consent and against the orders of the owners of the property. * * * These tactics were obviously designed to take advantage of the policy of the Tennessee Valley Authority and the Rural Electrification Administration to avoid financing lines which duplicate existing lines of the private power companies."

What some of the residents of the locality thought of these proceedings is shown by a news item in the Chattanooga News:

"With a loaded .22 caliber rifle in her hand Mrs. A. M. Tate faced a group of Georgia Power Co. linemen in her front yard one day last week.

" 'Come down out of that tree,' she called. 'No one gave you permission to cut those limbs off.'

"She waved her gun and a lineman scurried down the trunk. Another who had been standing at the foot of the big hickory hopped over the fence out of the yard."

That was in Catoosa, Ga. In the same place, farmers burned 2 miles of spite lines put up by the power company. When the company advertised a reward for the arrest of the culprits a spokesman for the farmers said: "We are not out to do anything violent. We'll let the line stay if it doesn't interfere with our T. V. A. lines. But if it is against the law to parallel our lines with that one, if it's put in there just to defeat us, we'll take it down. It's on our property, and it has no right to be there.

"We know we are right, and we are not afraid of going to the chain gang, to the penitentiary, or anywhere else."

At times the Willkie companies, when they learned that a cooperative line was about to be built, rushed in crews to work day and night constructing parallel lines. In Wilson County, Tenn., in 1936, "* * * the power company's workmen built a line right along and beside [the cooperative's], some of the poles touching, and the next day strung wires on their poles. After this wire was strung the workmen came * * * and energized the line, although they did not at that time and have not until this day a single customer.

In August of 1936 the Tennessee Electric Power Co. brought a crew of men into the town of Gladeville and set four or five poles in each direction—north, south, east, and west; at this time the Tepco did not have a source of power within a distance of 12 miles from Gladeville."

At other times representatives of the Tepco used guile instead of force. Here is a final affidavit sworn to by John Buckner, of Franklin County:

"About 2 weeks ago, on or about November 5, 1935, two men who represented themselves as being employees of the Tennessee Power Co. and who are known to be such by my wife, came to my house and asked me and my wife to sign to take electricity from the Tennessee Power Co. I told them that I had already signed an agreement with the T. V. A. to take their power, but these two men told me that the Tennessee Power Co. had bought out the T. V. A. and that the T. V. A. was not now going to run their lines through Franklin County. They also told me that they would wire my house free of charge if I would sign their contract. Upon this representation of the men who represented the Tennessee Power Co. I signed their contract for current."

Throughout all this period, Mr. Willkie carried on a propaganda war against the T. V. A. His most substantial claim in his own defense was that he, a private-utility operator, had reduced rates—although not as far as the T. V. A.—and increased power consumption. There is this much truth in the claim that, at the time it was bought out by T. V. A. Tepco's rates were lower, and its per capita sales higher, than any other private utility in the country. Tennessee Valley Authority advocates, of course, insist that Tepco's policies were less the consequence of Mr. Willkie's industrial statesmanship than of T. V. A.'s yardstick competition.

Before T. V. A. was created the Commonwealth & Southern subsidiaries had shown an exceedingly moderate interest in reducing their charges. However, as has been said, Mr. Willkie did not become the Commonwealth & Southern president until 1933. He can perhaps claim that, if he had been, he would have pursued other policies. But after the Commonwealth & Southern companies made their initial cuts to ward off T. V. A.'s then potential competition Mr. Willkie was ready to call quits. In the Chattanooga News, May 22, 1936, he declared: "Years prior to the existence of the T. V. A. the Southern companies began a progressive reduction of their rates. But further rate reductions will be difficult to achieve because the threat of T. V. A. compels the companies to pay high interest rates on their capital requirements." Yet it is a fact of record that since then, under T. V. A. pressure, the three chief utilities of the area have reduced rates by a further 30 percent and increased sales by nearly 40 percent.

One solid fact to remember is that Mr. Willkie reduced the rates of the Commonwealth & Southern subsidiaries that are in direct competition with T. V. A. sooner and farther than the others. A second fact is that his companies in the South are making money at the new low rates, which suggests that there must have been something funny about the earlier ones.

In 1933, the average rate throughout the United States per kilowatt-hour was 5.49 cents. Four years later it had gone down only 1.1 cents to 4.39 cents. The rate of the Tennessee Electric Power Co., where T. V. A. is a strong factor, went down from 5.77 to 2.86. The Georgia Power Co. went down from 5.16 to 3.04 and the Alabama Power Co. from 4.62 to 2.97. The T. V. A. rate did not exist in 1933, but in 1937 it was 2 cents.

The increase in consumption of electricity over that same period is interesting. In those 4 years the United States average went up from 595 kilowatt-hours per year to 793. The Tennessee Electric Power Co. more than doubled, from 612 to 1,353. The Georgia Power Co. went from 803 to 1,313 and the Alabama Power Co. from 793 to 1,289. The T. V. A., which was not selling in 1933, by 1937 had the highest average consumption of all, 1,465.

Mr. Willkie's wisecrack, that he and Mr. Roosevelt both took office about the same time, that the Government got deeper and deeper into the red while he had put C. & S. on its feet, could hardly be a more complete misstatement of the facts. The record shows that it was T. V. A. competition which forced down the rates of the private companies in the same area and that forcing down the rates produced a tremendous expansion of current consumed. It was Mr. Roosevelt who forced Mr. Willkie into sound business policies against Mr. Willkie's own judgment, and at first only in the territory of direct T. V. A. competition.

Meanwhile, Mr. Willkie's operating company in Michigan, Consumers' Power, was fighting the rural cooperatives that were formed to obtain the benefits of the Rural Electrification Administration. Joseph M. Donnelly, of the Michigan Public Utilities Commission, told part of the story over the radio in January 1938. He said:

"The aim of the Rural Electrification Administration is for the cooperatives to buy from the private utilities or municipal plants, the electric energy needed for retailing to their members. Michigan is one of the nine States in the Union where most of the private utilities have not as yet cooperated in rural development to the

extent of offering electricity to the cooperatives at satisfactory rates. And the consequence has been that some of the funds allotted to these cooperatives that would have been available for line construction are being used for building generating plants."

The role of Consumers Power was even more specifically revealed in the special investigation of Republican State Senator Earl W. Munshaw. Senator Munshaw, as the Detroit Times of July 16, 1938, reported, was found to be receiving "legal fees" from Consumers Power at the very time that "the public utilities committee, of which he was a member, was busy pigeonholing and killing several utility-reform measures which had aroused the opposition of the Consumers Power Co." The Times reported further that one of the measures killed was "a bill affecting Consumers Power which would have aided the expansion of publicly owned rural electric cooperatives."

In April 1939 Mr. Willkie's war against the T. V. A. reached a temporary truce when, soon after the Supreme Court upheld the constitutionality of T. V. A., he agreed to sell the Tennessee Electric Power's properties. The truce cannot be considered a permanent peace, since recent political happenings show that neither of the two other Commonwealth & Southern subsidiaries in the area, the Georgia and Alabama companies, is reconciled to the T. V. A. or the New Deal. The Tennessee company sale, perhaps more than anything else, established Mr. Willkie's present national reputation. While Mr. Willkie has stayed modestly silent, his friends have boasted that he out-traded Mr. Lilienthal, that he bested the Government, that the T. V. A.'s willingness to pay what it did proved the rightness of Mr. Willkie's position.

According to the record, however, the purchase negotiations were not at all a swift, smooth, Willkie triumph. Mr. Willkie repeatedly interrupted them; on several occasions he is supposed to have stamped from the room in undisguised anger. His asking price was more than $100,000,000. Mr. Lilienthal's first offer was $55,000,000, of which nearly $34,000,000 represented funds that municipalities and cooperatives had agreed to supply for the purchase of their local facilities. The price finally settled on between Mr. Willkie and Mr. Lilienthal was $79,600,000, which represented, if anything, a defeat for Mr. Willkie and a victory for the T. V. A.

MR. WILLKIE AND LABOR

The least-known part of Mr. Willkie's record is the relationship of his companies with organized labor. Some of the record of that relationship is set forth below.

What are Wendell L. Willkie's views on labor and its right to organize freely and bargain collectively? While Willkie the candidate has yet to be heard on this issue, except for a few words in his acceptance speech, Willkie the utility president has already answered it—over a period of 7 years, and in terms that seem fairly conclusive. That answer is the labor record of the Commonwealth & Southern Corporation, the billion-dollar utility chain which Mr. Willkie headed until he became the Republican nominee. It is a record that must be giving his publicity men a terrific headache, for it is unmistakably antilabor.

Significantly, a considerable part of the record is to be found in the files of the La Follette Civil Liberties Committee and the National Labor Relations Board, where Commonwealth & Southern, through its various subsidiaries, appears quite often. Their testimony reveals that the utility has been extremely versatile in the range of its antilabor activities: it has hired labor spies, bought tear gas, promoted company unions, coerced and intimidated union employees (one was apparently even poisoned) and, in other ways, manifested hostility to the self-organization of its employees. It is a record marked by bitter strife, including several strikes, and revealing flagrant and repeated violations of employees' rights.

Such items unquestionably represent a serious liability for candidate Willkie, no matter how many nice things he may have to say about labor between now and November. This was made clear by President R. J. Thomas at the recent United Auto Workers' convention in St. Louis, when he described Mr. Willkie as "a streamlined version of Herbert Hoover—slicker, more clever, and more charming, but underneath his synthetic build-up there is still the mind and outlook of a public-utilities manipulator and an enemy of labor." The auto workers in Michigan have helped the employees of Willkie's Consumers Power Co. fight a Willkie company union and win three strikes during the past 3 years. So Mr. Thomas is in a position to know whereof he speaks. President William Green, of the A. F. of L., finds Mr. Willkie's labor record satisfactory, but this is sharply disputed by the A. F. of L. in Alabama, where the N. L. R. B. ordered the Alabama Power Co. last December to disband a company union. President A. H. Liston, of the Montgomery Central Labor Union, reports that "Alabama Power has always fought unions," and adds, "I don't think labor has any use for Mr. Willkie."

The Willkie publicity build-up has stressed his liberalism and his devotion to civil liberties, but there is some rather disturbing evidence to the contrary. There is, of course, the extraordinary off-the-record speech that Mr. Willkie made in Washington, prior to his nomination, in which he spoke so glowingly of rule by the financial and industrial elite and so disparagingly of labor that many reporters present thought they were listening to a virtual endorsement of fascism. More specifically, however, there is the evidence of the La Follette investigation, in which 7 of the 10 Commonwealth subsidiaries turn up as clients of the notorious labor-spy agencies that specialize in the destruction of labor's rights and liberties.

In the period covered by the La Follette report, 1934–36, one finds that Willkie's Georgia Power Co. spent more than $31,000 on labor spies from Pinkerton's, which also serviced Alabama Power. Central Illinois Light was a customer of the Lake Erie Chemical Co., specialists in industrial warfare, purchasing nearly $500 worth of tear-gas guns and shells. The Corporation Auxiliary Co.—the largest espionage agency devoted solely to industrial work and a kind of holding company itself—numbered among its clients three Willkie companies: Consumers Power of Michigan, Ohio Edison, and Pennsylvania Power. Southern Indiana Gas & Electric did business with the Railway Audit and Inspection Bureau, which also had Pennsylvania Power as a client. The La Follette committee was unable to learn the amount of money spent in a number of instances and, of course, the picture may be incomplete in other respects, since many firms and agencies destroyed their records to conceal their activities. The least that can be said is that the record of Mr. Willkie's companies as revealed by testimony before the committee, is in striking disagreement with a statement he made at Town Hall in the course of a debate with Attorney General Jackson:

"Being a member of big business who never hired a labor spy in my life, I don't know the motive that actuates either a big or a little business [that hires one] and I would repudiate the act by both big business and little business."

In 1936, Willkie's Ohio Edison (with Mr. Willkie himself chairman of the board) joined in the antiunion fight of the Mahoning Valley Industrial Council, an organization of reactionary industrialists then engaged in trying to prevent organization among the steel workers of Youngstown. The utility secretly helped the Council underwrite a series of "spontaneous" newspaper advertisements that supposedly gave expression to the public's desire for industrial "harmony" and, in effect, warned the steel workers to "stop, look, and listen" before doing anything so rash as joining the C. I. O. and fighting for better working conditions. It was not until the La Follette investigation that Youngstown newspaper readers learned that this campaign had been paid for by industry. That fact had been very carefully concealed by having the advertisements "sponsored" by an innocent-looking "Civic Affairs Committee," specially set up for the purpose. This committee, composed of various civic leaders who lent their names but did not contribute a cent, was designed to make the message in the advertising seem not only spontaneous but, even more important, genuinely disinterested. Ohio Edison contributed $500 to this gross deception of the Youngstown public.

On the question of unfair labor practices, the National Labor Relations Board has brought two Willkie subsidiaries—Consumers Power and Alabama Power—to trial and found them both guilty of interfering with the rights of their employees. The story of Consumers Power, where Mr. Willkie was himself chairman of the board, is worth reviewing in some detail.

Paradoxically enough, in 1937 Wendell Willkie negotiated and signed a contract with John L. Lewis for the employees of Consumers Power, which gave him the distinction of being the first big utility man to sign with the C. I. O. Willkie boosters like to emphasize this, at least in canvassing C. I. O. votes, but what they usually fail to stress is the fact that it required a strike—which stopped electric service for several hours in a number of Michigan cities—to get Wendell Willkie's signature on the contract. For Consumers Power had flatly refused to recognize or bargain with the C. I. O. until the employees walked out. The event therefore conferred another distinction on Mr. Willkie; he was the first big utility man to have a C. I. O. strike.

The contract had scarcely been signed, however, before Consumers Power launched a determined anti-C. I. O. offensive. This continued unrelentingly right up to the day the Republicans picked Mr. Willkie, when, by coincidence, the management suddenly began acting with a sweet reasonableness such as Michigan and the C. I. O. have not seen in years.

The offensive against the C. I. O. was twofold. C. I. O. members were spied upon, coerced, intimidated, and demoted—while the management proceeded secretly to promote a company union. Employees received form letters denouncing the C. I. O. and A. F. of L. as "outside" organizations whose interests were "mainly of a pecuniary nature." The employees were warned against such influences and urged, instead, to "band themselves together in a solid, loyal, and truly representative employees' organization free of any outside influence." Obviously, as the Labor Board later found, this heralded the birth of one of Wendell Willkie's company unions.

Meanwhile, those employees who failed to join or continued to go to C. I. O. meetings began to have strange things happen to them. Nyles M. Sowle, for example, had his lunch box filled with grease while he was at work. A day later his sandwiches were poisoned—something he did not discover, of course, until he had partially eaten one, when he became so ill he had to be under a doctor's care for several weeks. The company apologized for this and assured the C. I. O. that the foreman responsible—one Myles Beattie—had been duly punished by being laid off for a week. However, the N. L. R. B.'s subsequent examination of the company's pay-roll records revealed that Foreman Beattie had actually been rewarded with a week's vacation with pay. Others, highly skilled electricians and linemen, suddenly found themselves demoted or exiled to the company's "poleyard," where they were put to such disagreeable tasks as creosoting poles or cleaning insects from street-light globes.

The N. L. R. B., in a decision upheld last month by the United States circuit court of appeals, finally called a halt to such coercion and intimidation, which it declared to be part of a deliberate campaign by Consumers Power against the C. I. O. and in favor of its company union. The Board, and now the court, ordered Con-

sumers Power to cease its promotion of an illegal labor organization and to show a decent respect for the rights of its employees.

In its maneuvers to frustrate collective bargaining, Consumers Power stubbornly refused to renew its agreement with the C. I. O. in 1938. A second strike resulted. This was settled by a new agreement, and then Consumers Power repeated the same performance last year. The C. I. O. had won a plurality in a Labor Board election, but the usual run-off election was blocked by an injunction brought against the Board by the A. F. of L.'s Brotherhood of Electrical Workers, which had been eliminated on the first ballot. Pending the lengthy court determination of the Board's powers, the C. I. O. proposed that the company meet and settle grievances with each group separately for its own members. Both the company and the A. F. of L. rejected the proposal. Finally, after months in which there was no agreement and no grievance machinery to protect its members from the increasing discrimination of the company, the Utility Workers went on strike a third time. It was during this strike, which lasted several weeks, that Chairman Arthur E. Rabb, of the Michigan State Labor Board, denounced Consumers Power as being entirely to blame for the failure to reach an agreement.

A satisfactory settlement was finally agreed upon but Consumers Power quickly found a way to evade it. Shortly after the end of the strike a number of employees were indicted for alleged sabotage committed during the strike. By a remarkable coincidence, those indicted included the chairman and members of the U. W. O. C.'s State-wide grievance committee. The company immediately suspended them, and then used their suspension as a pretext for refusing to meet with them further on any union or employee matters. Since the grievance committee provisions represented the most vital part of the strike settlement, the Consumers Power by this maneuver made the agreement virtually meaningless.

Since Mr. Willkie's nomination meetings between the C. I. O. and Consumers Power on grievance matters have been resumed. But whether this came about through the Labor Board, Mr. Willkie's nomination, or the fact that the employees were talking of going on strike a fourth time would be difficult to say.

In other subsidiaries of Willkie's Commonwealth, there is also clear-cut evidence of management opposition to collective bargaining. In two—Southern Indiana Gas and Alabama Power—company unions have been outlawed. The management of Ohio Edison, while it has not resorted to the flagrant unfair labor practices of Consumers' Power, has none the less rejected genuine collective bargaining. The C. I. O. has been organized there since 1937, but it has never obtained a contract. The company has met with the union and issued "statements of policy" but has refused to sign a contract, which the N. L. R. B. holds to be an essential part of genuine collective bargaining.

As against this extensive record of denial of labor rights, by overt acts and otherwise, the A. F. of L. reports two contracts with Commonwealth subsidiaries. There is evidence, however, that at least one of these—with Georgia Power—may be the result of something more than just a pure desire by the management to practice real collective bargaining. A special correspondent of the New York newspaper PM reports that President Preston K. Arkwright, of Georgia Power, "developed an unusually warm and thorough tie-up with the A. F. of L. to have assistance in fighting the T. V. A."

Between now and November, candidate Willkie will no doubt state his views on labor more precisely than he has thus far done. But organized labor is likely to scrutinize the record more closely than the speeches. For in labor relations, actions count more than words. How an employer has actually behaved in dealing with his employees and their union is a far safer guide to his real attitude on labor's rights than anything he may say in self-serving declarations that he may be called upon to make.

MR. WILLKIE IN HIS OWN WORDS

For the past few months, Mr. Willkie has been talking in public as a possible Presidential candidate. What were his views before he began to run for office?

Was it the new face, the large head, the tousled hair, the carefully nurtured impression of opposition by politicians, that engendered the sudden enthusiasm for the Republican Presidential candidate? Or was it knowledge and approval of his views about government? Ask the next man you meet what Willkie's program is. The chances are he doesn't know, or can express it only in the vaguest of generalities. It is important to review Mr. Willkie's public statements, especially those made before he began to seek elective office. He is intelligent and highly vocal, and what he has said and written ought to give us a hint of the sort of President he would make.

In doing so it is scarcely necessary to go back of his entrance into the field of national politics when, on January 25, 1933, he was elected president of the Commonwealth & Southern, a large utility holding company. He had been its general counsel since 1929, as a member of the firm of Weadock & Willkie in New York. These were, in the most literal sense, political jobs. Mr. Willkie was not, of course, an engineer or a man of any technical training whatever in the production and distribution of goods or the management of industry. He was not even a businessman. He was a lawyer of the type ordinarily chosen to represent huge interests in dealing with courts, commissions, legislators, and the public. Skill in juggling verbal formulas and in handling persons are the requirements for such a job. This office was as much an exercise of politics as it is to be Representative of a district or a State in Congress. It involved the whole field of public relations, and very little else.

He began cleverly. The T. V. A. was inevitable; he could not prevent its operations, and to carry on a frontal assault would have been suicidal. In May 1933 he offered to buy power from its generating stations, at the same time promising to charge consumers "rates which will give full recognition to any savings made by the Government in the cost of generation." He had previously testified before the Military Affairs Committee of the House that his corporation and its subsidiaries, "representing the largest investment in the Tennessee Valley, are in favor of the administration's program for the development of that valley." It looked as if here at last were a reasonable utility man. But at the same time he revealed his strategy by saying that his companies wanted no transmission lines or distribution systems built by the Government and hoped they would not be. This was the heart of the matter, but a difficult technical point for the general public. There is little profit in mere generation of electricity; its cost is low in any event, and public ownership cannot make great savings in it. It is in transmission, and particularly in distribution to the consumer, that the big spread comes, and it is here that rates are most affected. Without control over distribution, public ownership cannot exert its major influence. Mr. Willkie was not taking much of a chance in offering to pass on any savings made in generation.

Mr. Willkie carried on in a statement published November 20, 1934, when he declared that if private utility systems received the same governmental assistance that was given to the T. V. A., they could charge lower rates than the T. V. A. And he took the occasion to oppose public ownership of distribution systems when he said the President was "obviously misinformed" in a speech praising the municipal system at Tupelo, Miss. The low rates there existing, he implied, were due to the fact that the system paid no taxes. This argument has for years been iterated and reiterated by utility spokesmen in spite of the well-established fact that taxes are a minor element in cost and can have little effect on rates.

As it became clear that the experiment in public power was to include transmission and distribution as well as generation, Mr. Willkie warmed to his major theme. Government competition, he never tired of insisting, was driving the private companies out of business, and it was unfair competition because it was subsidized.

In a speech to the Investment Bankers Association in October 1934 attacking the T. V. A. he warned, "If the Government continues to build or finance duplicate electric systems, the fate of 90 percent of the securities of the electric-utility operating companies cannot be foretold."

In spite of the complaints of competition from public ownership, however, the same speech scoffed at the strength of the competitors. Of 3,900 municipal plants which had been established in this country, he said, only 1,800 remained in operation. Where they operated, he alleged, their average rate had been 15 percent higher than the rate of private companies. One would think he would not be much afraid of such a rival. But these figures lack specific meaning. Had the citizens of 2,100 cities with publicly owned power, disgusted with municipal operation, decided to scrap their plants? Or perhaps had the public competition brought the private companies to terms, so that a fair offer was made and accepted? Or—perish the thought—may some of the public plants have been disposed of by means of political or legal chicanery?

And in the rate comparison is Mr. Willkie comparing public rates in small or rural communities with private rates in heavily settled communities? Or, if he is comparing public rates with private rates in the same communities, what about the effect of competition? A fair test would be of public rates with private rates in other, but comparable, communities where public power does not exist. Such comparisons have many times indicated the relative cheapness of public power. Another vagueness in the statement is that "average" rate. It includes not only the rate to you and me, but the rate to great industrial concerns. One of the many complaints about the rate structures of the private utilities is that they discriminate in favor of industrial users, while you and I have to pay the freight.

In addition to his relentless and reiterated attacks on the T. V. A. for competing unfairly with private business and squandering the taxpayers' money, Mr. Willkie spared no effort to defeat the Wheeler-Rayburn bill and obstruct its operation after it was passed. This bill was designed to prevent further holding-company abuses and fleecing of stockholders and consumers. Among other things it set up standards for holding-company structures and compelled the reorganization of those higher in the pyramid which had no geographical consistency or genuine function. The line of the president of the Commonwealth & Southern on this bill was clever but a bit devious. He admitted that there had been abuses, but asserted that the Commonwealth & Southern had not been guilty of them, yet authorized the sending of letters to all stockholders of his companies urging them to attack both this bill and the T. V. A. He participated in the Liberty League campaign against the administration on this ground. The burden of his argument was exactly the same as that of all the other utility holding companies, including the bad ones. Before a congressional committee he said that the value of utility securities had dropped $3,500,000,000 since January 1938 due to the Government's anti-holding-company campaign. This reversal of truth has often been exposed; it held that the attempt to remedy the speculative excesses, rather than the excesses themselves, had caused the loss.

But he was shrewd enough to offer a substitute bill, from which the teeth had been extracted. A major extraction was to take the duty of regulating interstate wholesale power rates from Federal authorities and confer it upon "interstate power boards, composed

principally of the State commissioners concerned." The utilities had long ago brought many of the State commissioners into line.

After the Wheeler-Rayburn bill was passed, with moderating amendments resulting from the hearings, the Commonwealth & Southern refused to obey it by registering with the Securities and Exchange Commission. In a statement to the stockholders he explained this action by saying he was protecting their rights against "an unconstitutional process of control and destruction." (The Supreme Court later upheld the constitutionality of the law.) Subsequently he argued that this legislation was preventing the utilities from investing new billions of dollars and so increasing employment.

The history of his dealings with T. V. A. is told in another article, but it is interesting to note how much more adept he was in making a good case than in candid interpretation of the facts. In a letter to stockholders of the Commonwealth & Southern in February 1934 he spoke of "the continued political propaganda which has created a constant ferment for the lowering of rates when no operating companies of the Commonwealth & Southern system are earning a fair rate of return on the fair value of their property devoted to public use." The rates of these companies were nevertheless reduced continually and substantially as a result of the governmental competition which Mr. Willkie attacked as unfair and confiscatory. Yet in January 1938 Mr. Lilienthal pointed out that every one of them was doing more business and making more net earnings than in 1933. The Tennessee Electric Power Co., at the heart of the T. V. A. territory, had increased its net earnings 34 percent since 1933. In an interview in the New York Times magazine a month later Mr. Willkie made a generous admission. "By nature and upbringing I am a liberal. I am strongly in favor of Government supervision of all utilities for I am willing to confess that low rates and many other reforms have been brought about by Government action." Later he superbly twisted the results to his own purposes. In a speech in Somerville, N. J., in May 1940 he boasted, "The record will show that during my term of office I have reduced the rate and increased consumption, while the President, entering office with 10,000,000 unemployed, has spent $60,000,000,000 and still has 10,000,000 unemployed."

It may be irrelevant to the present purpose to inquire whether Mr. Willkie had succeeded in the man-size job which he had accepted to defend the big utilities. In one sense he had, for his companies made more money than ever, and one of them was finally bought by the T. V. A. for a fair, even a generous price. Yet Mr. Willkie had fought at every turn the governmental policies of reducing rates and increasing use which had brought about these results. On the other hand, both the T. V. A. and the Wheeler-Rayburn bill, which he had opposed, had been upheld by the Supreme Court, and the principles embodied in them had begun to be effectuated in practice. The chance for big gambling in utility speculation was, for the time being at any rate, definitely over. It could not be restored without a change in administration. Mr. Willkie transferred his duel against Mr. Roosevelt to a larger field, and decided to run for President.

The broader political views expressed by him in this role have a strong family resemblance to those he had held as utility spokesman, though some of them are disguised by dark glasses and false beards.

There are three main themes, simple and insistently developed, all intended to rehabilitate the reputation of big business and preserve its power against governmental competition or regulation. One is that the drive for social control in the interest of consumers, labor, and farmers is not really desired by the people, but is motivated by hatred and greed for power on the part of politicians. What we must fear is not big business, but big Government. The second is that the great depression and the sufferings that it caused were not so much the result of business or financial practices as of governmental interference with business. The third is that the essence of liberty is free enterprise and that the foundation of civilization is the profit motive. In all this he is careful to slur over any distinction between great and centrally controlled monopolies and the enterprise of small concerns or individuals. A few quotations under each head will illustrate his approach.

1. In December 1928 he had declared before a Round Table Forum at the Town Hall Club, as reported by the New York Times, that "he himself was possessed of no greed for money, but that those in office were possessed of greed for power. He offered the suggestion that it was no worse for a utility-holding company to own two operating companies in different States than it was for the President to have landed estates in New York and Georgia." In a speech in April 1936 over the C. B. S. network, he said, "The so-called death sentence to utility-holding companies had been presented by politicians in answer to a plan of utilities to spend $3,500,000,000 for capital reconstruction * * * the price which the American people have paid in order that the politicians could thus enjoy and exercise their hatreds has been incalculable. One essential part of that price is the existing unemployment."

Success of the drive for public control of power would, he said in the New York Times Sunday Magazine, October 31, 1937, "eventually enable a governmental bureaucracy to climb to the driving seat of all industry." In the same article, referring to Senator NORRIS' bill for six more regional conservation authorities, he wrote, "If the farmer's youngsters wanted to build a springboard or a float at the old swimming hole, that would be out, unless permission were given by a bureaucrat on the public pay roll. * * * Having roped the businessmen in one direction, they tossed their loop in another direction to catch the farmers." In his Town Hall debate with Robert H. Jackson he declared, "The fact of the matter is that small business and big business prosper under exactly the same conditions. * * * After all, a large corporation is simply, as a rule, a corporation in which the interest is divided among a great number of stockholders." He protested against the use of such "catchwords as economic royalists, Bourbons, moneyed aristocrats, banker control, and holding companies."

In a speech at the Daily Princetonian Alumni Association dinner in January 1939, he said that as a young man he had fought big business to protect the liberty of the citizens against its domination, but now "I am fighting to protect the people by defending business against government. * * * Liberalism today means protecting the liberties of the people against the domination of big government." "For a while," he said, in Toledo in March 1940, "I hoped that the New Deal would replace it (the condition of the 1920's) with a truly liberal faith. * * * But the leaders seem to be motivated not by love, but by hate. They preferred to punish rather than to reform." In an article published in the Saturday Evening Post of December 30, 1939 (and previously rejected by the New Republic) he accused the New Deal of being motivated by hatred, not love, of fellow men, and contrasted it in that respect with the magnanimity of Washington, Lee, and Lincoln. The reason the New Deal reforms, though good in purpose, went wrong, was that they were inspired by hate. Here as elsewhere he pictured himself as an innocent victim of unfair Government competition.

2. Mr. Willkie's second theme is that Government, not business, is to blame for the depression. Here again one can quote from his speeches and public articles.

In his radio speech in 1936 he asserted that though politicians had sought to lay the entire blame for the depression on businessmen, if the former had been content with "safe regulation" the country "would have surmounted most of its economic difficulties." "The real cure for depression," he insisted in his Town Hall debate, "consists in convincing millions of small investors throughout America that the Government does not intend to continue its attack on American industry, big or little." In November 1939, in a speech defending civil liberties, he rang in his favorite theme by declaring that the 10,000,000 unemployed could be put to work if restrictions were withdrawn from the free flow of capital. In April 1940 he told the Boston Chamber of Commerce, "By its sinister rumors the Government has created a Government-made depression. * * * The politicians brewed a kind of witches' broth out of a pot of horror and smeared it all over American enterprise." And all this leads to his third point, about free enterprise and the profit motive.

3. In his Times article in October 1937 he declared, "the profit-motive constitutes the incentive to human endeavor which makes industrial efficiency possible. Kept within reasonable bounds, spread among many stockholders, profit is the factor that has almost always made private business more efficient than Government enterprise." Like the old anti-Socialist debaters, he attacked the Post Office as inefficient because it didn't make a profit, though in a later interview in the Times he somewhat changed his tune by saying that if a corporation were to take over the Post Office, "this service would be as efficient as it is now and there would be no deficit." When it was revealed that his corporation had spent $20,000 to defeat municipal ownership in Chattanooga in 1935, he was reported by the Times (Aug. 25, 1938) as regretting that it had not spent more. In June 1939, speaking at the World's Fair, he attributed the greatness of this country to private enterprise, saying, "Those of us who now enjoy the benefits of this free enterprise should value it above anything else, even above security, above any of the new concepts that have been offered us to take its place."

Several times he has sought to prove his liberalism by support of civil liberties—yet the moral of such utterances is always that the liberties of private business should be respected. Attacking the Dies committee, by inference, to the Columbia alumni in November 1938, he said that as vital to the democracy as the democratic process and civil liberties is free private enterprise. In his New Republic article denouncing governmental infringements of civil liberty he complained of the action of Congress in subpenaing the telegrams of utility interests—by which investigation the fake telegrams intended to defeat the Wheeler-Rayburn bill had been discovered.

In his Des Moines speech in May 1940, attacking the New Deal, he compared it to the French popular-front government, which he blamed, in true conservative style, for France's weakness. And a few days later, in his Somerville speech he declared that the New Deal could not carry out the defense program and that the first task, before defense, was a fight to the end against the present administration.

Defense by unrestricted private enterprise, responding to the profit motive! That is what Mr. Willkie has seemed to offer us. He appeared even more definite in his acceptance speech, when he spoke of "outdistancing Hitler in any contest he chooses in 1940 or after. And I promise you that, when we beat him, we shall beat him on our own terms and in the American way." "The American way," in Mr. Willkie's phraseology, means through the operations of private business, and his statement is certainly something to think about.

In previous years Mr. Willkie had many times admitted the necessity of social legislation, though he usually attacked the particular law under discussion.

In his acceptance speech he endorsed many of the individual activities of the New Deal, but repudiated its underlying philosophy. He pledged his adherence to the doctrine that business needs

a minimum of control and a maximum of opportunity. He agreed with the Roosevelt administration on the desirability of aiding Great Britain to resist Hitler, and recommended selective military service.

The essence of his position, on the face of the words he has spoken, is that of the economic liberalism of a century ago, when there were no great corporations, when finance capitalism was unheard of, when government was supposed to be the chief tyrant, and when it was generally believed that all would be for the best in the best of possible worlds if private enterprise (under competition) and capital accumulation were allowed a free hand. His adept statement of this thesis, his ability to put it across with his winning smile, is what makes the beneficiaries and practitioners of a business culture rise to cheer him in the movie houses. At last they have found someone who can get off the old gags as if they were fresh and vital. Century-old liberalism is a good screen for the dominance of 1940 big business, and that, behind the words, is what Mr. Willkie has really been seeing.

Since Mr. Willkie is a well educated, intelligent, and quick-witted man, and had a keener insight in his younger days, there are those who suspect that he really knows better, and that faced with different responsibilities he will adjust his opinions to the realities. But to adopt such a view is hardly complimentary to his sincerity. For it would indicate that all the time he has been merely a slick supersalesman with his tongue in his check, hiring himself out to the highest bidder.

EDISON INSTITUTE ETHICS

One serious criticism of Mr. Willkie has to do with the code of ethics of the public-utility industry as a whole. During the decade before he became president of Commonwealth & Southern that industry engaged in an extraordinary and highly discreditable campaign to discourage the idea of publicly owned power throughout the United States. Newspaper publishers were bribed with large advertising accounts, for which there was no economic justification, and were then incited to attack public ownership in editorials, many of which the utilities men obligingly wrote for them. School principals were offered free textbooks, well written and reasonable except on this one subject. College professors of economics were bribed with annual retainers of several hundred dollars, supposedly given for "advice" which, however, was never requested. The climax came when a fund of many millions of dollars was earmarked for secret purchase of a controlling interest in 12 or 15 of the biggest daily newspapers in the United States—a plan that was stopped only because of untimely exposure by the Federal Trade Commission.

During this same period the utilities also indulged in an orgy of unsound financing. Holding companies were pyramided one upon the other. Huge sums in securities were printed and sold to the public to enrich the small ring of inside speculators. These securities bore little or no relation to the earning power of the companies and were usually misrepresented as to their voting privileges. The growth and bursting of the Insull balloon was an extreme but not untypical example of what happened all over the country. Commonwealth & Southern issued 33,000,000 shares of common stock, which afterward declined to about one-fifteenth of their 1929 value—a paper loss of three-quarters of a billion dollars.

It is a nice point whether Mr. Willkie has not owed the country some action beyond what has been seen. For 7 years he has been one of the two or three top men in the industry; for 3 or 4 years its leading spokesman. He is a director of the Edison Electric Institute, which is merely the old National Electric Light Association under another name; the N. E. L. A. did much of the dirty work for the industry in the wicked twenties. Many of the leading executives of the subsidiary companies of Commonwealth & Southern are the same men who engaged in the practices described above. So far as we can learn, there is no record that Mr. Willkie has ever tried to get any of these individuals removed from office, or to enforce guarantees that they will not return to their old habits the first time a good opportunity is afforded.

Not only did Mr. Willkie fail to show any public conscience regarding earlier sins of the public-utility industry, but his company participated up to the hilt in propaganda activities after he had become president. The lobbying committee of the Committee of Public Utility Executives, organized in February 1935 to fight the Holding Company Act, had Willkie as one of its members and Commonwealth & Southern as one of the participating companies. The desperate lobbying done by the utility companies, the barrage of telegrams, some of them fakes, the individuals summoned from all over the country to bring pressure to bear on the Members of Congress are still (we hope) fresh in the public mind. This committee admitted spending $350,000 on the effort to influence Congress, but this did not include the additional vast sums spent by individual holding companies separately in bringing people to Washington and for other purposes. Pressed to admit that all this money came from what consumers had paid for light and power, Philip H. Gadsden said truculently that since the money was earned under legal rates established by public-utility commissions, "it is our money after that, and we can do as we please about it."

Two big New York law firms—Sullivan & Cromwell, and Simpson, Thacher, & Bartlett, received $75,000 each from the Edison Electric Institute for 5 months' work. Burnham Carter, of the famous Ivy Lee firm, got $5,000 a month for his particular services. In the general expenses, Commonwealth & Southern was the third largest contributor. It also on its own hook paid Joe Tumulty, Woodrow Wilson's one-time secretary, $12,500 for his special services, whatever they were. Mr. Willkie might well say, "all of this I saw and part of this I was."

Naturally, a candidate for President will not go out of his way to present to the voters his own less attractive phases. He does, however, owe them an obligation not to offer a set of views which are in fact different from those by which he has been guided in the past and would continue to be guided if he were elected.

It is now fairly well known that the picture of Mr. Willkie presented to the public in the first 6 months of 1940 was at least partially a synthetic one. Some of the ablest press agents and advertising men in the United States were attracted to him early and they did a magnificent job, with his highly intelligent assistance, in offering to the people a tousle-headed farm boy from Indiana, a heroic fighter for civil liberties, instead of the hard-boiled magnate from Wall Street.

These experts included Russell Davenport, recently managing editor of Fortune; Robert L. Johnson, publisher of Promenade and a founder of Time; Fred Smith, of Selvage & Smith, the publicity man who put over Bruce Barton for Congress; Bruce Barton himself, a highly able publicist; Harry M. Shackleford, advertising manager of the Johns-Manville Corporation; and Stanley Resor, of the J. Walter Thompson Advertising Agency. Oren Root, Jr., the smart young Wall Street lawyer who put classified advertisements in newspapers all over the country and thereby started Willkie-for-President clubs, might well be added because of aptitude, if not experience.

Whatever Mr. Willkie himself may be, the forces by which he is surrounded are those of American big business. In the White House he would probably be surprised to discover for the first time how fully he was their prisoner. It is a noteworthy fact that for the first time in American history a big-corporation president has dared to offer himself directly as a candidate for the National Presidency; always before business felt it must operate through a political cat's-paw.

In 1932 the business community's confidence in itself was badly shaken—so much so that it only went through the motions of supporting Mr. Hoover's campaign. In 1936 it had recovered a little, but not much; the really big boys decided early that Landon was in for a licking and went back to their storm cellars. This year, however, business is feeling its oats. It is advancing under exactly the banners of 1928; it has learned nothing from the revolutionary forces that have swept the world in the past 12 years. It pretends to believe, and Mr. Willkie says, that we can turn the clock back and arrive again at the innocent and happy America of 30 years ago. But in fact what the businessmen propose is something a good deal different. They want control of America by businessmen—in effect, control by the largest manufacturing, utility, and banking corporations. They don't want to oppress labor, but they want it to know who's boss. The day is long past when the country could afford any such development. In the world of 1940, and under the threat of aggression by the totalitarian states, such control would certainly mean the realities of fascism beneath the forms of democracy.

Mr. Willkie probably does not himself realize how completely this would be true. Remembering mankind's infinite capacity for self-deception, one assumes that he is convinced by some of his own oratory. No doubt he thinks of himself as a kindly, genial man, who would somehow be able to resolve the fundamental class conflicts that no one else has ever yet in any country in the world succeeded in resolving except by ruthlessly destroying the power of one or another of the contestants. But because Mr. Willkie is deceived about himself is no reason why other people should be deceived about him. In an election as important as this year's, the public ought to look beyond a man's words to his lifelong associations and deeds, which are a vital clue to his character, to the forces behind him and to the adequacy of his mental world to deal with the crushing realities by which he will certainly be confronted.

EXHIBIT C

[From the New Republic of September 16, 1940]

MR. WILLKIE PLEADS GUILTY

Two weeks ago the New Republic published an 18,000-word supplement devoted to examining the career of Wendell Willkie. Some of the statements were damaging to him as a candidate for the Presidency, and we expected he would attempt to reply. He waited 6 days and then, through his own voice and those of several associates, he did so. But this reply was so extraordinary in character that it might as well be called a confession.

It is to be noted that with a single unimportant exception, Mr. Willkie and his aides centered their whole fire on only one section of our supplement, that dealing with his labor record. Mr. Willkie himself mentioned only the evidence of the La Follette Civil Liberties Committee showing that 7 of the 10 subsidiaries of his Commonwealth & Southern Corporation were clients of notorious labor-spy agencies.

Mr. Willkie's attempt to deny these facts calls for special comment. In view of his strenuous efforts in recent days to pose as a friend of labor, we consider it important not only to examine carefully his statement but also to present additional information on the hostile labor record of certain Willkie subsidiaries.

Mr. Willkie was quoted by the press as saying that "There is nobody connected with any organization that I have ever been associated with who ever testified before the La Follette Civil Liberties Committee." Of course not, and the New Republic did not say so. We were well aware that the chief evidence of the La Follettee committee came not from the employers but from the records of the labor-spy agencies. Employers in every field made every

effort to conceal their use of labor espionage, and in this respect Mr. Willkie and his associates were, and are, presumably no different.

Mr. Willkie, of course, does not and cannot flatly deny that some of his subsidiaries in Commonwealth & Southern did employ private detectives from Pinkerton's and other agencies engaged in industrial espionage. He is forced to admit that practice, but attempts to make it seem legitimate by explaining that these spies were hired solely to detect theft and check on streetcar collections. What is to be said of this excuse? It is not without significance that this is one of the alibis most frequently advanced by employers and detective-agency officials. In fact, the La Follette committee encountered it so often that it made a special study of its validity. In its report on industrial espionage the committee observes that this excuse, as well as other "legitimate" reasons—such as the promotion of efficiency or protection against sabotage—"were of so little merit that after examination by the committee they were repudiated by the same officials who advanced them."

Particularly relevant is the committee's finding that labor spying was almost invariably concealed in the journals of Pinkerton's. In entry after entry in their books they would describe the purpose of a case as "investigation of radical conditions," often coupling this with "investigation of theft, sabotage, and irregularities." The committee's report declares that "on preliminary examination the Pinkerton officials steadfastly maintained that these entries meant what they said—investigation of theft and sabotage, usually linked by them to radicalism. It was not until the committee laid bare the whole story of industrial espionage that the general manager of the Pinkerton agency reluctantly admitted that the entries actually concealed spying on union organizations."

"Senator LA FOLLETTE. Now, Mr. Rossetter, isn't it true that the description in the Pinkerton journal of sabotage, theft, and irregularities often actually covers up investigation to be made of union activities?

"Mr. ROSSETTER. Well, if you take that as a sample, I will have to say 'Yes' to it."

There can be little question concerning the kind of detective work done for the Willkie subsidiaries. When Willkie's Georgia Power paid out $31,000 for Pinkerton men it was for espionage work and was so classified by the Pinkerton agency itself, which ought to know. This is the case with all the Willkie subsidiaries listed by the La Follette committee as industrial clients of Pinkerton's, Corporations Auxiliary Co., and National Corporation Service, Inc. As the committee's report explains, they "were so designated by those detective agencies themselves" and the "services supplied by the detective agencies to the employers listed were espionage, strikebreaking, guards in connection with labor disputes, or similar service, or a combination of some or all of these services."

Thus Mr. Willkie's excuse is clearly an afterthought and is directly refuted by the testimony of the labor-spy agencies themselves. Indeed, the notation that his agency was checking fare collections on Willkie's streetcars did not even occur to Secretary A. E. Lawson, of National Corporation Service, when he testified before the La Follette committee. Mr. Lawson was of course under oath. To Senator LA FOLLETTE's specific question on the kind of work done for Willkie's Ohio Edison Co., he replied "Espionage." Moreover, the agency's record, as printed by the committee, reveals that one of the spies assigned to Ohio Edison "performed all wiretapping and dictaphone work." Obviously, resort to such underhanded methods is indefensible, irrespective of whether or not the victim is labor. Would Mr. Willkie have us believe, however, that this, too, was perfectly legitimate work performed while riding around on his company's streetcars?

Several officials of Commonwealth & Southern have hastened to the defense of Mr. Willkie and his labor policy, but it is doubtful whether their statements will prove really helpful. President Preston S. Arkwright, of Georgia Power, for example, offers an explanation that makes one begin to doubt the sound business judgment of the utility industry. For while he supports Mr. Willkie on the necessity of hiring spies to prevent dishonesty in fare collections, his further comments on the matter flatly contradict this. Questioned by the Federated Press on how much dishonesty the Pinkerton men had detected, Mr. Arkwright made the surprising reply that "the question of dishonesty is not involved. The employees of this company as a group are unusually honest."

Why, when there is admittedly no need to track down thieves, does Georgia Power continue to hire Pinkerton men to hunt for them? After all, $31,000 makes a lot of nickels. President Michael Quill, of the Transport Workers' Union, offers an explanation that seems to us somewhat more credible than those of Willkie and Arkwright. He asserts that it is not customary for transport companies to hire outside spies—known as beakies and shoo-flies in the industry—unless they want to learn more about their employees than whether they are turning in receipts. "Utilities usually have their own employees for this work," says Mr. Quill, "and when outside spies from Pinkerton's or similar outfits are hired, it's a sure sign of an intensified antiunion attitude."

In Michigan, Vice President D. E. Karn, of Willkie's Consumers Power, has also come to the defense of his former boss. Mr. Karn's statement is a masterpiece of misrepresentation. He asserts that his company "has always been willing to bargain" but that "up to date the difficulty has been in determining which union represents the majority." It will be noted that Mr. Karn does not deny or take issue with a single one of the several specific unfair labor practices cited by the New Republic. He does not and cannot deny that Consumers Power fostered a company union for the purpose of preventing its employees from joining either the A. F. of L. or the C. I. O. and that this company union was a major factor in the difficulty in determining a majority representative. He fails to mention that his company engaged in wholesale discrimination against members of the C. I. O. utility workers' union and that this, too, contributed to the difficulty. Unlike Mr. Willkie, Mr. Karn is careful not to say that there is no testimony about this hostile labor policy. He is aware that there is a lengthy decision by the National Labor Relations Board (9 N. L. R. B. 701) finding Consumers Power guilty and outlawing its company union. This decision was upheld only a few weeks ago by the circuit court of appeals, following a suit initiated by Consumers Power.

The record clearly shows that Consumers Power was never willing to bargain. Since 1937 it has bargained on only three occasions—when its employees, as a last resort, went on strike to protect their union and its members from further discrimination and company harassing. Maurice Sugar, counsel for the C. I. O.'s utility workers in their dealings with Consumers Power, reports that he has "never encountered a company more antilabor in its attitude." Since Mr. Sugar is also general counsel of the United Auto Workers and is, accordingly, reasonably expert in juggling antiunion employers, Consumers Power must have been pretty good to get so high a rating. Perhaps Mr. Sugar's further comment on the company's labor policy explains why: "It has not only placed every obstacle it possibly could in the way of bona fide collective bargaining, but has even violated its contract in refusing to submit to arbitration matters which are clearly arbitrable under the terms of the contract. One is forced to conclude that the persistent provocation of its employees by the company has been intended to force a shut-down of power throughout Michigan in the hope that public reaction would result in the destruction of the union."

Vice President Karn would no doubt like to have the public believe, on reading his statement, that he and his associates at Willkie's Consumers Power have been neutral bystanders pending the determination of a majority union. The New Republic makes public for the first time herewith a document released by R. J. Thomas, of the U. A. W.-C. I. O. The document is an order, signed by Mr. Karn himself, for 500 subscriptions to The Labor Digest, a notorious antilabor paper, which were obviously to be sent to employees of the company. The Detroit Labor News, official organ of the Detroit and Wayne County Federation of Labor, an A. F. of L. central body, has revealed interesting things about both the paper and its editor, one Norman A. Zolezzi. According to The Detroit Labor News, Mr. Zolezzi uses his paper "to promote the interests of labor-hating employers, and, in political campaigns, sells its editorial policy to candidates to mislead the voters on labor support. * * * Because of his shady conduct, Zolezzi was expelled from the American Labor Press Association at the Atlantic City convention of the American Federation of Labor." A few years ago Mr. Zolezzi organized the Frank Fitzgerald for Governor Labor Committee for the Republican Party. Some years before that he served 15 months in the Federal penitentiary for impersonating a Federal officer in a shake-down.

The New Republic has a sworn affidavit from a former salesman of The Labor Digest, which explains Mr. Zolezzi's method of selling subscriptions and which throws considerable light on why Consumers Power would be willing to do business with him. The affidavit gives the general scheme of Zolezzi's sales talk, as follows:

The employer is told that his employees are in the control of the reds, the Communists, the labor agitators, the C. I. O. and other subversive agents, and that these subversive agents fill the employees with propaganda that is dangerous to the employer and causes labor unrest and dissension. The employer is then told that it is about time that his employees are given the right material to read and are educated in the proper course, so that the employer can win the employee back to the employer; that there are two ways of doing this, one is to advertise in the Labor Digest, and the second is to give the Labor Digest the mailing list of the employees and the Labor Digest would then be sent directly to the employees, the rate being $1 per year for each employee who gets the paper. The employer is to pay for the subscriptions.

The order placed by Consumers Power for the Labor Digest is dated August 11, 1938. This was just a few days after the Labor Board had concluded its hearings involving Consumers Power on charges of unfair labor practices and fostering its company union. The case was in the hands of the board at Washington, awaiting decision, when Consumers Power gave its order for the Labor Digest. It would seem that the management, fearing that its company union would be outlawed, was preparing, as the affidavit puts it, "to win the employee back to the employer" by having him read denunciations of the C. I. O. and the Labor Board.

Early this year Consumers Power was involved in a flagrant violation of the civil rights of its employees—that is to say, employees who happened to be active members or officials of the C. I. O. This occurred at the time that the Gadola grand jury—a one-man grand jury, headed by Judge Gadola—was indicting numerous Consumers Power employees on charges of alleged sabotage committed during the strike last year. According to a special report of the Michigan Civil Rights Federation, Consumers Power permitted the officers of the grand jury to question employees in its offices, although the officers had no such authority and were acting wholly illegally. The federation found that the grand jury officers had been guilty of "using their offices to intimidate and oppress members and sympathizers of the Utility Workers' Organizing Committee, C. I. O. This becomes ominous when it is borne in mind that the National Labor Relations Board

elections were scheduled to be held in Flint when these acts were committed."

Furthermore, the actions of Consumers Power, coupled with threats of perjury charges by the grand jury officers, "so intimidated the employees that they now fear to employ counsel or take any action to protect their constitutional rights." Employees were arrested without warrants, held incommunicado for as long as 5 days, and not permitted to notify even their families or closest relatives of their whereabouts. They were denied counsel and specifically warned to stay away from union leaders and attorneys.

One result of the indictments was the immediate suspension by Consumers Power of the employees indicted, among whom were included several union officials. The company subsequently refused to meet with these officials, because of their suspensions, and the handling of union grievances was thereby frustrated.

In Chicago, Ross W. Wallace, president of the Willkie Central Illinois Light Co., has issued a statement denying a charge that the New Republic did not make, namely, that there had been a strike there. What we said was that the company had purchased tear-gas guns and ammunition. Mr. Wallace admits this, but says that these were not for use against the company's own employees. He explains that the company purchased "12 baby-grand gas guns and 36 shells for use of its regular employees patrolling its own lines against possible sabotage at a time when there was a strike on another company's property." Actually the company bought considerably more, as the invoice printed in the La Follette records shows. It bought a long-range field gun, 6 long-range tear-gas shells, 6 short-range tear-gas shells, 4 illuminating star shells, and 6 special aluminite clubs capable of firing shells. This scarcely sounds like the kind of equipment appropriate for protection against sabotage. In any case, Mr. Wallace does not explain why the regular law officers could not give the company special protection, if needed, or why he seems to assume that it is perfectly all right to use the weapons listed against another company's employees.

Neither Mr. Willkie nor any of his associates has had anything to say concerning the antilabor record of three other subsidiaries discussed in our supplement. They cannot, of course, deny that the Alabama Power Co. was found guilty of fostering a company union—continuously from 1934 to 1939, although during that period it used three different names as a subterfuge to stay within the law. Similarly, they cannot deny that there was another Willkie company union at the Southern Indiana Gas & Light Co., only recently outlawed. And they cannot dispute the evidence showing that Ohio Edison secretly contributed to an antiunion advertising campaign in Youngstown.

Aside from the attempt to reply to the charges regarding his labor record, Mr. Willkie and his friends have mentioned only a single other point. Mr. B. F. Weadock, his former law partner, denies that Mr. Willkie was managing director of the Edison Electric Institute. He says Mr. Willkie was only a director and that he was not present at the meeting at which the Edison Electric Institute decided to intervene in the Ashwander case, brought to fight the Tennessee Valley Authority. At the next meeting of the Edison Electric Institute, he says, Mr. Willkie was present and voted "no."

Mr. Weadock's statement does not contradict what the New Republic said. We never charged that Mr. Willkie was managing director of the Edison Electric Institute. We said he was "a director" and Mr. Weadock admits he was "a member of its board of trustees." There is no difference in fact between these two terms in common practice. Our exact comment on Mr. Willkie's connection with this affair was, "You are compelled to assume either that it [the Edison Electric Institute] acted in a matter vitally concerning him without his knowledge, or else that he was playing a game with T. V. A."

The whole tenor of Mr. Weadock's statement would be to suggest that Mr. Willkie at that time, and presumably ever since, had been friendly toward the Tennessee Valley Authority. But the facts are to the contrary. Mr. Weadock cannot laugh off Willkie's statement on March 5, 1936, that "the T. V. A. is the most useless and unnecessary of all the alphabetical joyrides." He cannot laugh off Mr. Willkie's repeated other attacks on the T. V. A. over the years. He cannot laugh off the fact that Willkie subsidiaries participated in the 19-company suit brought to declare the T. V. A. unconstitutional.

The reply of Mr. Willkie and his friends to the New Republic supplement is more significant for what is omitted than for what is covered. Mr. Willkie says nothing about the campaign by which his companies helped to destroy the Chattanooga News, outstanding newspaper advocate of publicly owned power. He says nothing about the setting up of spite lines by the Georgia Power Co. to cut off farmers' cooperatives. He says nothing about the "blackmail lines" hastily built by his companies in T. V. A. territory in regions where they had few or no prospective customers, to keep the T. V. A. out. He omits the charges that false representations were made to potential consumers, such as that the Tennessee Power Co. had bought out the T. V. A.

Mr. Willkie is silent on the shockingly bad actions of the power industry during the 1920's, when newspaper editors were debauched, college teachers secretly put on the pay roll, propaganda smuggled into the public schools, all in the effort to fight publicly owned power. If he has ever repudiated that record or tried to clean house, we have not heard of it. He is silent on the charge that he was a member of the committee of public-utility executives organized in February 1935, to fight the Holding Company Act. The tactics used by that lobbying committee, the barrage of telegrams from all over the country, some of them fakes, the expenditure of $350,000 through the committee to influence Congress, and hundreds of thousands more by the constituent companies—all these have passed unnoticed by Mr. Willkie at the date of this writing. Instead, out of our mass of evidence, he and his associates have chosen two or three points for an attempt at refutation. How successful that attempt has been, we leave our readers to judge.

ELECTION CONDITIONS IN NEW JERSEY

Mr. TOBEY. Mr. President, I ask unanimous consent to proceed for 5 or 6 minutes.

Mr. BARKLEY. Mr. President, I shall not object to the Senator's request, as I understand he has to leave the city, but I will object to any further speeches which would interfere with the calling of the calendar, which is the order of business according to the agreement entered into yesterday.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Hampshire? The Chair hears none, and the Senator from New Hampshire will proceed.

Mr. TOBEY. Mr. President, in the afternoon session of yesterday, September 26, as a part of the afternoon's debate, the subject matter of the Special Committee to Investigate Campaign Expenditures came up, with particular reference to the State of New Jersey, and the subcommittee which had been duly constituted to go into that State and conduct an investigation, with public hearings, after reports had been submitted by our investigators, as they had been.

I charged in my statement yesterday that pressure had been brought to bear on Senators to postpone indefinitely the hearings scheduled to have begun yesterday morning, September 26, in Newark, N. J.; and I still make that charge.

Any man who has a cause to present desires to have it reinforced from honorable and sound sources. I now read to the Senate from the Newark Evening News of Thursday, September 26. The Newark Evening News is a very reputable newspaper and is represented in the Senate Press Gallery by one of the best of newspapermen. I read in large headlines, supporting what I said yesterday:

HAGUE SUCCEEDS, PROBE DELAYED—SENATE INQUIRY INTO VOTE FRAUD CHARGES PUT OFF TO OCTOBER 15

WASHINGTON.—A high-pressure drive by the Hague machine to delay investigation of fraudulent registration allegations in Hudson County by a special Senate committee on campaign expenditures has succeeded.

Senator GILLETTE, Democrat, of Iowa, committee chairman, announced the investigation by a subcommittee would be started October 15. The move came after Senator TOBEY, Republican, of New Hampshire, protested when a hearing he was about to begin at the Newark Federal Building today was called off.

Senator GILLETTE declared the reason for the delay was that a new member of the inquiry, Senator JOSH LEE, Democrat, of Oklahoma, would be campaigning in the West with Henry A. Wallace, Democratic Vice Presidential candidate.

Effect of the postponement will be that only 3 weeks will remain for the New Jersey inquiry before the November 5 election. This would leave only a few days in which to check registration signatures against those on the poll books now held by Jersey City officials.

NO SURPRISE

GILLETTE's announcement was no surprise to persons close to Mayor Hague's leaders here. For 2 days they have known of the pressure exerted by Representative EDWARD J. HART, of the Fourteenth New Jersey District, and MARY T. NORTON, of the Thirteenth, comprising Hague's territory, to stop or sidetrack the inquiry.

All the influence the Hague machine could invoke was brought to bear and telephone wires between City Hall, Jersey City, and the offices of HART and Mrs. NORTON have been hot.

TOBEY has charged that pressure from here was responsible for the delay and has threatened to say his piece on the floor of the Senate.

In their representations to Senator GILLETTE, HART and other Democrats are said to have made the most of the Jersey City complaint that it was an outrage on a loyal Democratic organization to allow a Republican Senator from New Hampshire to ask hostile questions.

MADE AN ALLY

This sort of business, it was said, made the Senate committee an ally of the Republicans at Trenton who are carrying out the orders of Republican National Chairman JOE MARTIN to destroy the voting effectiveness of the Hague machine.

Democrats of both Houses of the Congress were enlisted by HART and Mrs. NORTON in the drive to stop TOBEY from asking "dirty questions." Some of these Democrats were quick to say that they could not understand why GILLETTE had to go out of his way to

help the enemy and that if the pressure to probe Hudson were irresistible, he never should have given a New England Republican carte blanche.

Everybody, including GILLETTE, said these Democrats ought to know that a "sharp, canny old fellow" like TOBEY was too dangerous a man to get such an assignment, that one Democrat at least ought to be on the job with him.

The last paragraph is good, and no one appreciates it more than I, for it is always a good thing to keep a man humble, to "see ourself's as ithers see us." The point I want to make, however, is that here is confirmatory evidence that the game is on; pressure is being brought to bear upon men in the Senate by those who want to set aside this investigation; and only this morning, from two sources, word has come to me that the poll books and registration books which we have been seeking to bring into juxtaposition to compare signatures, to prove the "phony" voting in New Jersey, have been burned and destroyed.

I cannot vouch for the truth of that allegation. It comes from two sources. It may be true and it may not be true; but if it is true, it is to be regretted, because the first thing the Senator speaking was going to do when he "got into gear" in Newark, N. J., was to subpena those books and put a score of men on them to show up the alleged fraud which I believe to exist.

I read this article for one purpose—that the public and the Senate may know that what the Senator from New Hampshire [Mr. TOBEY] said yesterday is backed up by an able newspaper from an adequate report of conditions in Newark, N. J., showing how the heat has been applied and the pressure applied which produced results, so that the efforts of the Senate committee investigating election conditions in Newark, N. J., with hearings all scheduled, stenographers ready, witnesses summoned, secretaries and all there, and courtroom engaged, all go out of the window until October 15; and in the interim only God knows what may happen.

THE CALENDAR

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senate will now consider unobjected-to bills on the calendar. The clerk will state the first business on the calendar.

The first business on the calendar was the resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with suspension of a rule.

Mr. MCNARY. Mr. President, I do not want to delay matters. I am very anxious to go forward. A number of Senators are absent, however, who wanted to be notified when we took up the calendar. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Sheppard
Andrews	Ellender	Lodge	Shipstead
Ashurst	Frazier	McKellar	Smathers
Austin	George	McNary	Smith
Bailey	Gerry	Maloney	Stewart
Barbour	Gillette	Mead	Taft
Barkley	Green	Minton	Thomas, Idaho
Bridges	Guffey	Murray	Thomas, Okla.
Bulow	Gurney	Neely	Thomas, Utah
Burke	Hale	Norris	Tobey
Byrd	Harrison	Nye	Townsend
Byrnes	Hatch	O'Mahoney	Truman
Capper	Hayden	Overton	Tydings
Caraway	Herring	Pepper	Van Nuys
Chavez	Hill	Pittman	Wagner
Clark, Idaho	Holt	Radcliffe	Walsh
Clark, Mo.	Hughes	Reed	Wheeler
Connally	Johnson, Calif.	Russell	White
Danaher	Johnson, Colo.	Schwartz	Wiley
Davis	King	Schwellenbach	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

RESOLUTIONS AND BILLS PASSED OVER

The resolution (S. Res. 58) providing that a calendar day's notice shall suffice in connection with the suspension of a rule was announced as first in order.

Mr. BARKLEY. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The resolution (S. Res. 74) providing for a Committee on Civil Aviation was announced as next in order.

Mr. BARKLEY. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

The joint resolution (S. J. Res. 45) to amend the act of July 3, 1926, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and render judgment in claims which the Crow Tribe of Indians may have against the United States, and for other purposes," was announced as next in order.

Mr. KING and Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 783) to amend the act, as amended, entitled "An act to refer the claims of the Delaware Indians to the Court of Claims, with the right of appeal to the Supreme Court of the United States," approved Feb. 7, 1925, was announced as next in order.

Mr. MCKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 790) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the Prairie Band or Tribe of Pottawatomie Indians of Kansas and Wisconsin against the United States was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1222) authorizing an appropriation for payment to the Osage Tribe of Indians on account of lands sold by the United States was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 767) conferring jurisdiction on the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Assiniboine Indians may have against the United States, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 864) authorizing the Arapahoe and Cheyenne Indians to submit claims to the Court of Claims, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1303) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to cotton, was announced as next in order.

Mr. SMITH. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 795) to provide for the education of all types of physically handicapped children, to make an appropriation of money therefor, and to regulate its expenditure, was announced as next in order.

Mr. BARKLEY and Mr. TAFT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 570) to regulate interstate and foreign commerce in agricultural products; to prevent unfair competition; to provide for the orderly marketing of such products; to promote the general welfare by assuring an abundant and permanent supply of such products by securing to the producers a minimum price of not less than cost of production, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1305) to promote the general welfare through appropriation of funds to assist the States and Territories in providing more effective programs of public education was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2203) to amend certain sections of the Social Security Act was announced as next in order.

Mr. KING (and other Senators). Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 34) for the relief of W. K. Richardson was announced as next in order.

Mr. KING. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 517) to amend the Communications Act of 1934 to prohibit the advertising of alcoholic beverages by radio was announced as next in order.

Mr. LA FOLLETTE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1730) to amend the civil-service law to permit certain employees of the legislative branch of the Government to be transferred to positions under the competitive classified civil service was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1650) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 915) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1740) to promote business and economic research in the United States by establishing and maintaining in connection with State university schools of business administration, research stations to cooperate with the Department of Commerce was announced as next in order.

Mr. WHITE. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 145) proposing an amendment to the Constitution of the United States relating to old-age assistance was announced as next in order.

Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

BILL INDEFINITELY POSTPONED

The bill (S. 1296) to amend paragraphs (b), (c), and (d) of section 6 of the District of Columbia Traffic Act, 1925, as amended by the acts of July 3, 1926, and February 27, 1931, and for other purposes, was announced as next in order.

Mr. BARKLEY. Let the bill go over.

Mr. OVERTON. I move that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, the bill will be indefinitely postponed.

BILLS, ETC., PASSED OVER

The joint resolution (S. J. Res. 84) proposing an amendment to the Constitution of the United States for a referendum on war was announced as next in order.

Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The joint resolution (S. J. Res. 140) proposing an amendment to the Constitution relating to the power of the Congress to declare war was announced as next in order.

Mr. BARKLEY. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 409) to protect American labor and stimulate the employment of American citizens on American jobs was announced as next in order.

Mr. SCHWELLENBACH. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 5643) to invest the circuit courts of appeals of the United States with original and exclusive jurisdiction to review the order of detention of any alien order deported from the United States whose deportation or departure from the United States otherwise is not effectuated within 90 days after the date the warrant of deportation shall have become final; to authorize such detention orders in certain cases; to provide places for such detention; and for other purposes, was announced as next in order.

Mr. SCHWELLENBACH. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2573) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of regulating interstate and foreign commerce in rice and providing for the orderly marketing of rice at fair prices in interstate and foreign commerce, was announced as next in order.

Mr. KING and Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2830) to provide for the registration of aliens was announced as next in order.

Mr. SCHWELLENBACH. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2510) to promote the general welfare through the appropriation of funds to assist the States and Territories in providing more effective programs of public kindergarten or kindergarten and nursery-school education was announced as next in order.

Mr. KING (and other Senators). Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 168) providing for an investigation of the immigration of aliens into the United States was announced as next in order.

Mr. SCHWELLENBACH (and other Senators). Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

BILLS INDEFINITELY POSTPONED

The bill (S. 3130) relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone was announced as next in order.

Mr. SHEPPARD. Mr. President, the subject matter of Senate bill 3130 and House bill 7941 has been cared for in appropriation bills and these bills may be postponed indefinitely.

The PRESIDING OFFICER. Without objection, Senate bill 3130 and House bill 7941 will be indefinitely postponed.

BILLS, ETC., PASSED OVER

The resolution (S. Res. 232) limiting debate on general appropriation bills was announced as next in order.

Mr. KING and Mr. BARKLEY. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

LOANS ON STORED WHEAT

The bill (H. R. 6480) to amend the Agricultural Adjustment Act of 1933 was announced as next in order.

Mr. KING. Let the bill go over.

Mr. FRAZIER. Mr. President, I do not know who objected to the consideration of this bill, but I wish the Senator objecting would withhold his objection for just a moment.

The bill proposes an amendment to the Agricultural Adjustment Act to take care of stored wheat upon which the Government has loans. It applies only to wheat States, it is true; but, under the present law, if wheat upon which a farmer secures a loan is stored in a local elevator, it cannot be shipped out while the Government loan is on it without canceling the storage certificate.

The bill merely provides a means by which a local elevator which has not room enough to carry the stored wheat may ship it to a terminal and have it re-stored without canceling the storage certificate. It is an administration measure. Secretary Wallace appeared before the committee advocating the bill, and in the report will be found a letter from him favoring it. It is a simple little measure to help the farmers in the localities where there are not elevators large enough to carry the stored wheat. I hope the bill may be passed because it is a simple measure for the benefit of the farmers.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, I wish to add my voice to what the Senator from North Dakota has said. I objected to the bill at one time and it went over. My objection was interposed for the purpose only of enabling me to make inquiry of various grain interests in the grain-producing sections, and I found from my inquiry no objection to the bill. So I hope the bill may not be objected to but may be passed.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

CIVIL-SERVICE RETIREMENT

The bill (S. 3368) to amend the Civil Service Retirement Act and other retirement acts was announced as next in order.

Mr. KING. Let the bill go over.

Mr. FRAZIER. Mr. President, the chairman of the Committee on Civil Service, the Senator from South Dakota [Mr. BULOW] is not present, and he asked me to have this matter taken up. This is a bill recommended by the civil service, by the Veterans' Administration, and it also includes some of the civil-service employees under the Panama Railroad and The Alaskan Government Railroad. I speak for the bill because of my interest in the veterans.

The House passed a similar bill, which is Calendar No. 1963, and if the objection may be withheld, it is my purpose to move to substitute the House bill for the Senate bill. It provides for taking care of some of the veterans of foreign wars who cannot be taken care of under the present law.

The report shows that the civil-service representatives, the representatives of General Hines, of the Veterans' Administration, and some representatives of the Veterans of Foreign Wars, got together on certain applications by veterans, and there were a few veterans they could not take care of under the present law. After several conferences they agreed to a bill, and the bill I am now discussing was the result. It is true it includes some of those on The Alaska Railroad, whom the civil service recommends, and some of those on the Panama list of civil-service employees, but the Department recommends it.

I hope the objection may be withdrawn so that these veterans may be taken care of. They are the ones in whom I am interested. While the Senate knows that I am opposed to war, I believe that if we send our citizens to war, we should take care of them after they return, especially if they are disabled. This bill would take care of a few men who cannot be taken care of in any other way.

The PRESIDING OFFICER. Is there objection to the substitution of the House bill for the Senate bill and the consideration of the House bill at this time?

There being no objection, the Senate proceeded to consider the bill (H. R. 8621), to amend the Civil Service Retirement Act and other retirement acts.

Mr. FRAZIER. I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 25, it is proposed to strike out "'SEC. 97. Computation of accredited service, subject to the provisions of section 98 of this title. Subject to the provisions of section 8 hereof, the" and to insert "'SEC. 97. Computation of Accredited Service. Subject to the provisions of section 98 of this title, the", so as to make the bill read:

Be it enacted, etc., That the first paragraph of section 5 of the Civil Service Retirement Act of May 29, 1930 (46 Stat. 472; 5 U. S. C. 707), be amended to read as follows:

"SEC. 5. Subject to the provisions of section 9 hereof, the aggregate period of service which forms the basis for calculating the amount of any benefit provided in this act shall be computed from the date of original employment, whether as a classified or an unclassified employee in the civil service of the United States, or in the service of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices, or the legislative branch of the Government, and also periods of service performed overseas under authority of the United States, and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States; in the case of an employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included; in the case of an employee who is eligible for and receives a pension on account of non-service-connected disability under laws administered by the Veterans' Administration the minimum period of service necessary to entitle him to pension shall not be included; but in the case of an employee who is eligible for and receives pension or compensation under laws administered by the Veterans' Administration on account of service-connected disability, all honorable military or naval service shall be included; and nothing in this act shall be construed as to affect in any manner an employee's right to retired pay, pension, or compensation in addition to the annuity herein provided."

SEC. 2. That the first paragraph of section 97 of title 2, Canal Zone Code, be amended to read as follows:

"SEC. 97. Computation of Accredited Service. Subject to the provisions of section 98 of this title, the service which shall form the basis for calculating the amount of any benefit provided in this article shall be computed from the date of original employment, whether as a classified or an unclassified employee, in the civil service of the United States or under the municipal government of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices of the Government, and service on the Isthmus of Panama with the Isthmian Canal Commission, the Panama Canal, or the Panama Railroad Co.; also periods of service performed overseas and under authority of the United States and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States. In the case of an employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included; in the case of an employee who is eligible for and receives a pension on account of non-service-connected disability under laws administered by the Veterans' Administration the minimum period of service necessary to entitle him to pension shall not be included; but in the case of an employee who is eligible for and receives pension or compensation under laws administered by the Veterans' Administration on account of service-connected disability, all honorable military or naval service shall be included; and nothing in this article shall be construed as to affect in any manner an employee's right to retired pay, pension, or compensation in addition to the annuity herein provided."

SEC. 3. That the first paragraph of section 7 of the act entitled "An act for the retirement of employees of The Alaska Railroad, Territory of Alaska, who are citizens of the United States," approved June 29, 1936 (49 Stat. 2021; 5 U. S. C. 745f), as amended by the act approved August 7, 1939 (Public Law No. 320, 76th Cong.), be further amended to read as follows:

"SEC. 7. Subject to the provisions of section 8 hereof, the service which shall form the basis for calculating the amount of any benefit provided in this act shall be computed from the date of original employment, whether as a classified or an unclassified employee in the civil service of the United States or under the municipal government of the District of Columbia, including periods of service at different times and in one or more departments, branches, or independent offices of the Government and service in Alaska with the Alaskan Engineering Commission and The Alaska Railroad, or of either of them, and service on the Isthmus of Panama with the Isthmian Canal Commission, the Panama Canal, or the Panama Railroad Co.; also periods of service performed overseas under authority of the United States and periods of honorable service in the Army, Navy, Marine Corps, or Coast Guard of the United States. In the case of an employee, however, who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included; in the case of an employee who is eligible for and receives a pension on account of non-service-connected disability under laws administered by the Veterans' Administration the minimum period of service necessary to entitle him to pension shall not be included; but in the case of an employee who is eligible for and receives pension or compensation under laws administered by the Veterans' Administration on account of service-connected disability, all honorable military or naval service shall be included; and nothing in this act shall be construed as to affect in any manner an employee's right to retired pay, pension, or compensation in addition to the annuity herein provided."

SEC. 4. That the last clause of paragraph (o) of section 26 of the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor", approved February 23, 1931 (46 Stat. 1213; 22 U. S. C. 21), as amended by the act of August 5, 1939 (Public Law No. 277, 76th Cong.), be further amended to read as follows: "but in the case of a Foreign Service officer who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included; in the case of an employee who is eligible for and receives a pension on account of non-service-connected disability under laws administered by the Veterans' Administration the minimum period of service necessary to entitle him to pension shall not be included; but in the case of an employee who is eligible for and receives pension or compensation under laws administered by the Veterans' Administration on account of service-connected disability, all honorable military or naval service shall be included; and nothing in this act shall be construed as to affect in any manner an employee's right to retired pay, pension, or compensation in addition to the annuity herein provided."

SEC. 5. This act shall take effect the first day of the month next succeeding the date of enactment. Any person separated from the service prior to such effective date may, upon request, have his claim for retirement adjudicated under the terms of this act; but no increase in annuity shall be allowed prior to such effective date nor shall this act be construed so as to reduce the annuity of any person separated prior to its effective date.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3368 will be indefinitely postponed.

RESOLUTION AND BILL PASSED OVER

The resolution (S. Res. 231) favoring the deletion from the Sixteenth Census population the schedule of inquiries Nos. 32 and 33, relating to compensation received, was announced as next in order.

Mr. BARKLEY. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1162) to provide for the recognition of the services of the civilian officials and employees, citizens of the United States, engaged in and about the construction of the Panama Canal was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

STATUTE OF LIMITATIONS ON CLAIMS AGAINST THE UNITED STATES

The bill (H. R. 8150) providing for the barring of claims against the United States was announced as next in order.

Mr. BARKLEY. I should like to have an explanation of the bill.

Mr. VAN NUYS. Mr. President, this bill was suggested by the Comptroller General, former Senator Brown, when he occupied that office. It fixes the statute of limitations at 10 years against all claims against the United States coming under the jurisdiction of the General Accounting Office.

The report shows that courts and the different departments have different statutes of limitations, and the General Accounting Office has no statute of limitations. There are claims filed there today against the United States arising even before the Civil War. This fixes a limitation of 10 years.

Mr. BARKLEY. I have no objection.

Mr. AUSTIN. Let the bill go over. There is a claim of the State of Vermont that is older than 10 years, a measure providing for the settlement of which has passed the Senate and is now under consideration by the House of Representatives. I hope it may pass the House, and I should certainly not want to have a barrier raised against that claim.

Mr. BARKLEY. Mr. President, as I understand, this applies only to claims coming before the General Accounting Office, and does not limit any claims provided for by an act of Congress.

Mr. AUSTIN. The claim of Vermont came before the General Accounting Office and was considered by it twice; I do not know but that it was considered by it more times than that, and the bill in Congress was based on the finding by the General Accounting Office.

Mr. BARKLEY. I do not think Congress, in the enactment of a special act covering a claim, is bound by any general statute of limitations. We frequently pass bills settling claims when the statute of limitations has applied in the case of some department. We do not say that we are bound by that.

Mr. AUSTIN. I can hardly pass on this in the limited time we now have, and I therefore ask the sponsor of the bill to let it go over.

Mr. VAN NUYS. I am very anxious, on behalf of the General Accounting Office, to have the proposed legislation enacted. The bill passed the House unanimously. But I should be very glad to confer with the Senator from Vermont, and if possible make certain exceptions which will be satisfactory.

The PRESIDING OFFICER. The bill will be passed over temporarily.

BILLS PASSED OVER

The bill (H. R. 3838) to protect trade-mark owners, producers, distributors, and the general public against injuries and uneconomic practices in the distribution of competitive commodities bearing a distinguishing trade-mark, etc., was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3243) to provide for a customhouse building at Miami, Fla., was announced as next in order.

Mr. KING. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 801) to assure to persons within the jurisdiction of every State due process of law and equal protection of the laws and to prevent the crime of lynching was announced as next in order.

Mr. RUSSELL. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 57) to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes, was announced as next in order.

Mr. DAVIS. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 6324) to provide for the more expeditious settlement of disputes with the United States, and for other purposes, was announced as next in order.

Mr. McKELLAR. May we have an explanation of the bill? Without an explanation, let it go over.

The PRESIDING OFFICER. The bill will be passed over.

MINAS KIRILLIDIS

The Senate proceeded to consider the bill (S. 3442) to authorize the cancelation of deportation proceedings in the case of Minas Kirillidis, which had been reported from the Committee on Immigration with an amendment at the end of the bill to insert a paragraph, so as to make the bill read:

Be it enacted, etc., That the Secretary of Labor be, and is hereby, authorized and directed to cancel the proceedings instituted against Minas Kirillidis, any provision of existing law to the contrary notwithstanding. From and after the date of the approval of this act Minas Kirillidis shall not again be subject to deportation by reason of the same facts upon which the outstanding proceedings rest.

Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current quota year.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LOUISE HSIEN DJEN LEE LUM

The bill (S. 3204) for the relief of Louise Hsien Djen Lee Lum was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, notwithstanding the provisions of the immigration laws, the Secretary of Labor is authorized and directed to (1) permit Louise Hsien Djen Lee Lum, the wife of a citizen of the United States and the mother of two children born in the United States, to remain permanently in the United States, and (2) cancel any warrants of arrest or orders of deportation which may have been issued with respect to the said Louise Hsien Djen Lee Lum.

RUTH MOLIMAU KENISON

The bill (S. 2148) for the admission of Ruth Molimau Kenison to American citizenship was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Ruth Molimau Kenison, a native of American Samoa, residing in the Territory of Hawaii, and the widow of a native-born citizen of the United States, who was formerly an employee of the United States Naval Station at Pago Pago, Samoa, be, and she is hereby, unconditionally admitted to the character and privileges of a citizen of the United States of America.

SNAKE OR PIUTE INDIANS

The Senate proceeded to consider the bill (S. 1432) authorizing the Snake or Piute Indians of the former Malheur

Indian Reservation of Oregon to sue in the Court of Claims, and for other purposes, which had been reported from the Committee on Indian Affairs, with amendments. The first amendment of the committee was on page 2, line 4, after "1880", to insert "setting aside certain lands"; on page 3, line 10, after the words "way of", to strike out "set-off: *Provided*, That the court shall determine the set-offs, if any, under the terms of section 2 of the Second Deficiency Appropriation Act, fiscal year 1935 (49 Stat. 596), to find and fix the net amount due to said Indians" and to insert "set-offs, where such payments or advances have inured to the benefit of said Indians."

The amendment was agreed to.

The next amendment of the committee was, on page 3, line 22, after the words "by the", to strike out "representative or agent of said", in line 23, after the word "under" to strike out "and by virtue of authority given at a council of said Indians duly called by the Indian Department and held on October 1, 1934, and by virtue of a certain contract entered into by said Indians with their representative or agent dated October 6, 1934," and insert "contracts approved by the Secretary of the Interior", and on page 4, line 3, after the word "which" to insert "petition".

Mr. McNARY. Mr. President, when I presented the bill I asked for a change in the amendment found on pages 3 and 4, now about to be acted upon. I desire at this time that the Senate reject the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. KING. Mr. President, will not the Senator make a brief explanation of the bill?

Mr. McNARY. The bill is in the usual form, following the procedure pursued for a hundred years. It merely provides that the Indians mentioned in the bill may bring in the Court of Claims a suit against the Government, based on a treaty. I assure the Senator from Utah that the claim has merit, and I am very anxious that it may be submitted to the court.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 4, in section 3, line 14, after the word "courts", to strike out "including the services rendered by any person or persons other than attorneys on a quantum meruit basis."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction be, and the same is hereby, conferred upon the Court of Claims, with the right of appeal to the Supreme Court of the United States by either party as in other cases, anything in the Judicial Code of the United States and amendments thereto to the contrary notwithstanding, and notwithstanding the lapse of time or the statute of limitation, to hear, examine, and adjudicate the claims of, and decree just compensation for, any and all claims of the Snake or Piute Indians of the former Malheur Reservation of Oregon arising or growing out of the Executive orders of September 12, 1872, May 15, 1875, and July 23, 1880, setting aside certain lands as a reservation for said Indians, which lands were taken from them and restored to the public domain by the Executive orders of January 28, 1876, September 13, 1882, May 21, 1883, and March 2, 1889; and it is hereby declared that the taking and the loss, without just compensation to the said Indians, of their lands, reserved to them by the said Executive orders of 1872, 1875, and 1880, and which were restored to the public domain by the said Executive orders of 1876, 1882, 1883, and 1889, is sufficient ground for the court to render equitable relief, and the court shall determine the acreage of the lands set aside for the said Snake or Piute Indians by the aforesaid three Executive orders, as near as may be, and shall determine the value thereof as fixed and classified under the terms of the public land and mining laws of the United States, provided the minimum value shall be fixed at $1.25 per acre, and render just compensation for the value and loss of use of the same. For the purpose of this act, the Snake or Piute Indians of the former Malheur Reservation shall be defined to be all Snake or Piute Indians who occupied and used lands set aside under the said three Executive orders creating the Malheur Reservation (1) from September 12, 1872; (2) from the time of establishing their home on such lands if such home was established between September 12, 1872, and January 1, 1878; or (3) from the time of their birth if they were born on such lands after September 12, 1872, and who continued to occupy and use such lands until their removal therefrom by force in 1878, and their descendants. Any payment or advances made to the said Indians by the United States shall not be pleaded as an estoppel but may be pleaded by way of set-off, where such payments or advances have inured to the benefit of said Indians.

SEC. 2. The claim of said Snake or Piute Indians of the former Malheur Reservation of Oregon shall be presented by petition or petitions to be filed within 5 years from the approval of this act and shall make the said Indians party plaintiff and the United States party defendant. Such petition shall be verified and signed by such attorney or attorneys employed by the representative or agent of said Indians under and by virtue of authority given at a council of said Indians duly called by the Indian Department and held on October 1, 1934, and by virtue of a certain contract entered into by said Indians with their representative or agent dated October 6, 1934, in accordance with existing law, which may be made upon information and belief and no other verification shall be necessary. Official letters, papers, documents, maps, and other public records, or certified copies thereof, of any department of the Government shall be available to the Government and the claimants, and may be used in evidence, and be furnished without cost.

SEC. 3. Upon final determination of such suit instituted hereunder, the Court of Claims shall have jurisdiction and fix and determine a reasonable fee for all services rendered before the departments of the Government, committees of Congress, and the courts not to exceed 10 percent of the amount recovered. In addition thereto all necessary and proper expenses incurred in the preparation and prosecution of such suit hereunder, the said fees and expenses shall be paid by the Secretary of the Treasury out of any sum or sums found to be due said Indians, when appropriation therefor is made by Congress to pay any judgment rendered, and the balance of any sum or sums shall be placed in the Treasury of the United States as a trust fund to the credit of said Indians decreed by said court to be entitled thereto, and shall draw interest at the rate of 4 percent per annum from the date of said judgment, and shall be subject to appropriation by Congress for the benefit of said Indians.

SEC. 4. That for the purpose of the distribution of the proceeds of such judgment, the Secretary of the Interior is hereby authorized and directed to make a proper roll of said Indians within 2 years from the date of the approval of this act. Each community of the Snake or Piute Indians of the former Malheur Reservation, of Oregon, shall prepare a roll of its membership, which roll shall be submitted to a council of the majority of their Indian chiefs, who lived on the above said Indian reservation, for its approval or disapproval. The said central council of these chiefs shall prepare a combined roll of all members and descendants of members of the respective communities of said Indians of the former Malheur Reservation of Oregon, and shall submit the same to the Secretary of the Interior for a final approval which shall operate as final proof of such Indians to share in the benefits of this act.

BOLINROSS CHEMICAL CO., INC.

The Senate proceeded to consider the bill (S. 3590) conferring jurisdiction upon the Court of Claims to hear the claim of the Bolinross Chemical Co., Inc., which had been reported from the Committee on Claims with amendments, on page 1, line 7, before the word "raid", to strike out the words "alleged unlawful", and on page 2, line 3, before the name "February", to insert "or about", so as to make the bill read:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States to hear, determine, and render judgment upon the claim of the Bolinross Chemical Co., Inc., of Newark, N. J., for damages or losses resulting from the raid on its chemical plant at 12–22 Orange Street, Newark, N. J., including the alleged destruction of its machinery, equipment, raw materials, and finished products, and the loss of its business, by prohibition agents of the United States, on or about February 20, 1929.

SEC. 2. Suit upon such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations, and proceedings for the determination of such claim, appeals therefrom, and payment of any judgment thereon shall be in the same manner as in the cases over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER subsequently said: Without objection, the Senate will revert to Calendar No. 1566, Senate bill 3590, which was passed. The Chair has been informed that an identical House bill, H. R. 8868, is on the Senate Calendar as No. 1821.

Mr. KING. Is that the bill to which I objected?

The PRESIDING OFFICER. No. The bill now under discussion is Calendar No. 1566. Without objection, the vote by which the Senate bill was passed is reconsidered.

Is there objection to the substitution of the House bill for the Senate bill and its present consideration?

There being no objection, the Senate proceeded to consider the bill (H. R. 8868) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Bolinross Chemical Co., Inc., which had been reported from the Committee on Claims, with amendments, on page 1, line 7, before the word "raid", to strike out "alleged unlawful", and on page 2, line 3, before "February", to insert "or about", so as to make the bill read:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States to hear, determine, and render judgment upon the claim of the Bolinross Chemical Co., Inc., of Newark, N. J., for damages or losses resulting from the raid on its chemical plant at 12–22 Orange Street, Newark, N. J., including the alleged destruction of its machinery, equipment, raw materials, and finished products, and the loss of its business, by prohibition agents of the United States, on or about February 20, 1929.

SEC. 2. Suit upon such claim may be instituted at any time within 1 year after the enactment of this act, notwithstanding the lapse of time or any statute of limitations, and proceedings for the determination of such claim, appeals therefrom, and payment of any judgment thereon shall be in the same manner as in the cases over which such court has jurisdiction under section 145 of the Judicial Code, as amended.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3590 will be indefinitely postponed.

DANIEL STEELE

The bill (S. 2883) for the relief of Daniel Steele was announced as next in order.

Mr. KING. Mr. President, I notice that the Chairman of the United States Compensation Commission does not look with favor on the bill. I should like to have an explanation; and if it is not forthcoming, I shall object.

The PRESIDING OFFICER. The bill will be passed over.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 225) relating to the conditions for payment with respect to sugarcane harvested from certain plantings in the mainland cane-sugar area was announced as next in order.

Mr. ADAMS. I ask that the joint resolution be passed over.

The PRESIDING OFFICER. The joint resolution will be passed over.

ALGY FRED GILES

The bill (S. 3653) for the relief of Algy Fred Giles was announced as next in order.

The PRESIDING OFFICER. The Chair will state that that bill was reported from the Committee on Military Affairs with an amendment, which has been heretofore agreed to, and the bill has heretofore been passed, as amended. On motion of the Senator from Utah [Mr. KING] made on May 28, the vote by which the bill was passed was reconsidered.

Mr. KING. I notice the Secretary of War reports adversely on the bill.

Mr. SHEPPARD. Mr. President, it was for that reason that the special bill was introduced, and if the Senator from Utah will permit me to make a brief statement, I shall be glad to do so.

Mr. KING. Yes.

Mr. SHEPPARD. This soldier left the service without leave when the Army authorities refused to give him a discharge to enable him to return home to support his mother and a small brother and sister.

While absent without leave he secured employment and supported his dependents. After providing for his dependents, and after he was able to leave them, he endeavored voluntarily to return to the Army However, he met with an accident and while in the hospital was apprehended by Army authorities. Had he been brought to trial for being absent without leave the chances are probably that he would have been acquitted.

He was justified in going to the assistance of his mother when she needed him. It was a humane and honorable act on his part.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate resumed the consideration of the bill (S. 3653) for the relief of Algy Fred Giles, which had been reported from the Committee on Military Affairs with an amendment, which had previously been agreed to. The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged soldiers Algy Fred Giles, serial No. 6232471, who enlisted January 29, 1926, and was discharged July 16, 1928, shall be held and considered to have been honorably discharged from the military service of the United States on July 16, 1928: *Provided*, That no pension, back pay, bounty, compensation, or allowance shall be held to have accrued prior to the passage of this Act or subsequent thereto.

BILL PASSED OVER

The bill (H. R. 7981) to grant pensions to certain unremarried dependent widows of Civil War veterans who were married to the veterans subsequent to June 26, 1905, was announced as next in order.

Mr. KING. Over.

The PRESIDING OFFICER. The bill will be passed over.

JAMES ROBERT HARMAN

The bill (H. R. 6782) for the relief of James Robert Harman was announced as next in order.

Mr. KING. I find the Secretary of War makes an adverse report upon that bill. May we have an explanation? If not, let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. MEAD subsequently said: Mr. President, a moment ago the distinguished Senator from Utah [Mr. KING] asked for an explanation of House bill 6782, Calendar No. 1606. Let me say to the distinguished Senator from Utah that, although the bill involves a veteran who resides in the State of New York, Representative O'NEAL, of Kentucky, has taken a deep interest in it and has convinced me of its merit. He brought the veteran to my office. The veteran has been disciplined repeatedly for sitting down on the job or lying down on the job. At times his disability had been diagnosed as phlebitis, or rheumatism, but only recently did the doctors discover that the veteran had Buerger's disease, and that eventually he will lose both his legs and perhaps both his arms. An operation has already resulted in some improvement in the veteran's condition, but it is thought that the trouble is due to the fact that the disease was not properly diagnosed. The House committee report thoroughly establishes that he has Buerger's disease. That will be found on the first page of the report. The House committee immediately reported the bill favorably.

As I have said, Representative O'NEAL, of Kentucky, who went out of his way to take an interest in and sponsor this measure, has repeatedly urged me to take an interest in it.

Mr. KING. I should say, Mr. President, that the only information I have concerning the case is that found in the report of the former Secretary of War, Mr. Woodring, Major General Adams, and Lieutenant Colonel Herrick, of the Judge Advocate General's Department, all of whom report adversely. I have no other information on the subject.

Mr. MEAD. They took the information contained in their report from the medical reports which are now obsolete, but if the Senator will look on the first page of the House committee report, he will find the opinion of Members of the House, who say:

The subsequent medical history shows that there did exist at the time a condition known as thromboangitis or Buerger's disease. This disease is characterized in part by extreme pain in the leg, which may be relieved in some cases by operation.

It is indicated in the report that the condition will require an operation. So the House committee reported the bill favorably based upon the later information that was not con-

tained in the medical records of the War Department or the earlier medical records of the veterans' hospital.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 6782) for the relief of James Robert Harman, was considered, ordered to a third reading, read the third time, and passed.

GREAT FALLS BRIDGE COMMISSION

The bill (S. 2705) creating the Great Falls Bridge Commission and authorizing the construction, maintenance, and operation of a bridge across the Potomac River near the Great Falls of the Potomac was announced as next in order.

Mr. LA FOLLETTE. Mr. President, may we have an explanation of the bill?

Mr. BYRD. The bill was introduced by my colleague, the senior Senator from Virginia [Mr. GLASS]. It provides for the creation of the Great Falls Bridge Commission for the purpose of constructing and maintaining a bridge over the Potomac River. The bill would impose no liability on the part of the Government. It merely grants the commission authority to construct, maintain, and operate a bridge, the cost of which is to be paid from toll charges. There is no objection made to it in the report, if the Senator from Wisconsin will refer to it, by the Commissioner of Public Roads, by the Secretary of War, or by Mr. Delano, of the National Capital Park and Planning Commission.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve postal service, and provide for military and other purposes, the Great Falls Bridge Commission (hereinafter created, and hereinafter referred to as the "Commission"), and its successors and assigns, are hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the Potomac River between a point in Montgomery County, Md., and a point in Fairfax County, Va., within 2 miles above or below the Great Falls of the Potomac, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act: *Provided*, That no railway shall be operated on or over such bridge. The location and design of such bridge shall be subject to the approval of the Secretary of War and the National Capital Park and Planning Commission and shall be such as not to interfere with any power development on the Potomac River that may be made under specific authorization of Congress or under the provisions of the Federal Water Power Act and in accordance with the project set forth in Senate Document No. 403, Sixty-sixth Congress, third session, or any appropriate modification thereof.

SEC. 2. The Commission and its successors and assigns are hereby authorized to enter upon such lands, and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Virginia and the State of Maryland, including real estate and other property acquired for or devoted to a public use or other purposes by the State of Virginia or the State of Maryland, or any governmental or political subdivisions thereof, and including also such lands appurtenant to the Washington Aqueduct dam and conduit as in the judgment of the Secretary of War may be occupied without damage to the proper uses of those structures, as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated. The proceedings for the condemnation of any such property located in the State of Virginia or the State of Maryland shall be the same as in the case of the condemnation of private property for public purposes in such State.

SEC. 3. (a) The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of such bridge and its approaches (including any approach highways which, in the judgment of the Commission, it is necessary or advisable to construct or cause to be constructed to provide suitable and adequate connection with existing improved highways) and the necessary land, easements, and appurtenances thereto, by issuing negotiable bonds of the Commission, which shall bear interest at a rate of not to exceed 6 percent per annum. The principal and interest of such bonds, and any premium to be paid for the retirement thereof before maturity, shall be payable solely from the sinking fund provided for by section 4 of this act, and such payments may be further secured by a mortgage on such bridge. All such bonds may be registerable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 40 years from their respective dates of issue, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the Commission may determine. The Commission and its successors and assigns may repurchase, and may reserve the right to redeem, any of said bonds before maturity in such manner and at such price or prices as may be be fixed by the Commission prior to the issuance of the bonds; but no such bonds shall be repurchased or redeemed by the Commission or its successors or assigns at a price in excess of 5 percent more than the face value thereof plus accrued interest. The Commission may in its discretion issue refunding bonds in order to repurchase or redeem any of its outstanding bonds before the maturity thereof: *Provided*, That any such refunding bonds shall mature at such time or times, not exceeding 50 years from the date of enactment of this act, as the Commission may determine.

(b) The Commission may enter into an agreement with any bank or trust company in the United States as trustee which has the power to act as trustee and to make such agreement, setting forth the duties of the Commission in respect to the purchase, construction, maintenance, operation, repair, and insurance of the bridge, the conservation and application of all funds, the security for the payment of the bonds issued by the Commission, the safeguarding of money on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in the case of trust agreements relating to bonds of corporations. Such trust agreements may contain such provisions for protecting and enforcing the rights and remedies of the trustees and the bondholders as may be reasonable and proper and not inconsistent with the law.

(c) The bonds issued by the Commission shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6 percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount of such bonds shall be so calculated as to produce, at the price of their sale, the cost of such bridge and its approaches and the land, easements, and appurtenances used in connection therewith when added to any other funds made available to the Commission for the said purposes. The cost of such bridge and its approaches and approach highways shall be deemed to include interest during construction of such bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic-surveying, and other expenses incident to the construction of the bridge and the acquisition of the necessary property, incident to the financing thereof, including the cost of acquiring existing franchises, riparian rights, plans, and works of and relating to the bridge which are owned by any person, firm, or corporation, and the cost of acquiring from any such corporation all or any part of its shares of stock, either by conveyance or otherwise, if, in the judgment of the Commission, such acquisition of shares should be found expedient.

(d) If the proceeds of the bonds issued by the Commission shall exceed such costs as finally determined, the excess shall be placed in the sinking fund provided for by section 4. Prior to the preparation of such bonds the Commission may issue temporary bonds of interim certificates, with or without coupons, and of such denominations as the Commission may determine, which shall be exchangeable for the permanent bonds of the Commission when such bonds have been executed and are available for delivery.

SEC. 4. (a) The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge as hereinafter provided, but the rates of toll so fixed shall be subject to the approval of the Secretary of War as provided by the act of Congress approved March 23, 1906. In fixing such rates of toll they shall be so adjusted as to provide a maintenance fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of the bonds issued by the Commission and the redemption or repurchase price of any such bonds redeemed or repurchased before maturity. All tolls and other revenue from such bridge shall be used solely for such purposes and for the purposes hereinafter specified in this section. After payment or provision for payment has been made from the maintenance fund of all such costs of maintaining, repairing, and operating such bridge and its approaches, and there has been reserved an amount of money estimated to be sufficient for such purposes during an additional period of not more than 6 months, the remainder of the tolls collected shall be placed in the sinking fund at intervals to be determined by the Commission.

(b) An accurate record of the cost of the bridge and approaches, of the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

(c) The Commission shall establish reasonable classifications for all traffic over the bridge. The tolls shall be so fixed and adjusted by the Commission as to be of uniform application to all traffic within any such classification, regardless of the status or character of any person, firm, or corporation participating in such traffic, and the use of such bridge shall not be permitted except upon payment of tolls so fixed and adjusted. No official or employee of the Commission, no official of the Government of the United States while in the discharge of duties incident to his office or employment, and no

member of a fire department or peace officer when engaged in the performance of his official duties shall be charged any toll for using such bridge.

SEC. 5. Within a reasonable time after the construction of the bridge the Commission shall file with the Public Roads Administration of the Federal Works Agency a sworn itemized statement showing the cost of constructing the bridge and its approaches, the cost of acquiring any interest in real or other property necessary therefor, and the amount of bonds debentures, or other evidence of indebtedness issued in connection with the construction of such bridge.

SEC. 6. (a) After payment of the bonds issued by the Commission and the interest thereon, or after a sinking fund sufficient for such payment shall be provided and shall be held for that purpose, the Commission shall convey to the States of Virginia and Maryland as hereinafter provided all the interest of the Commission in and to such bridge. The deeds or other suitable instruments of conveyance delivered by the Commission shall transfer to each of such States an undivided half interest in such bridge to be administered by the State or by any municipality or agency thereof that may be authorized by or pursuant to the law of such State to administer the same, but such conveyance and transfer shall be made only upon the condition that the bridge shall thereafter be free of tolls and shall be properly maintained, operated, and repaired by such States acting jointly through such agencies thereof as may be mutually agreed upon. If the State of Virginia or the State of Maryland fails to accept, or is not authorized to accept, such undivided half interest in such bridge, then the bridge shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of toll shall be so adjusted as to provide a maintenance fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of such bridge and its approaches under economical management, until such time as the States of Virginia and Maryland shall accept such conveyance under the conditions herein prescribed.

(b) Notwithstanding any restrictions or limitations imposed by the act entitled "An act to provide that the United States shall aid the States in construction of rural post roads, and for other purposes," approved July 11, 1916, or by any act amendatory thereof or supplementary thereto, the Federal Works Administrator may extend Federal aid under such acts for the construction of such bridge out of any moneys allocated to the State of Virginia, with the consent of the department of highways of such State, and out of any moneys allocated to the State of Maryland, with the consent of the State highway commission of such State.

SEC. 7. (a) There is hereby created a body corporate to be known as the Great Falls Bridge Commission, which shall have perpetual succession, and shall have power to make contracts; to sue and be sued; to complain and defend, in any court of competent jurisdiction, State or Federal; to adopt, alter, and use a common seal; to purchase or otherwise acquire and to hold or dispose of real estate and other property; to accept and receive donations of money or property and apply the same to the purposes of this act; and to do all other things necessary or proper to carry out such purposes.

(b) The Commission shall consist of James Nolan and Robert Peter, of Montgomery County, Md.; and John C. Mackall and H. W. T. Eglin, of Fairfax County, Va.; and J. Edward Burroughs, Jr., of the District of Columbia. Each of such persons shall qualify as a member of the Commission by filing in the office of the Secretary of Agriculture, within 30 days after the date of the enactment of this act, a statement under oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy in the membership of the Commisison shall qualify in like manner within 30 days after his appointment. Any vacancy occurring in the Commission by reason of death or resignation, or by failure to qualify as above provided, shall be filled by the Secretary of Agriculture.

(c) Before any bonds are issued by the Commission each member of the Commission shall give such bond as may be fixed by the Public Roads Administration of the Federal Works Agency conditioned upon the faithful performance by such member of all the duties required of him by this act. The cost of such surety bond prior to and during the construction of the bridge shall be paid or reimbursed from the proceeds of the bonds issued by the Commission, and thereafter such cost shall be deemed an operating expense and paid by the Commission. The Commission shall elect a Chairman and Vice Chairman from its members, and may establish rules and regulations for the conduct of its business. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(d) The members of the Commission shall each be entitled to a per diem compensation for their services in the amount of $15 for each day actually spent in the business of the Commission, but the maximum compensation of the Chairman in any year shall not exceed $1,800, and that of each of the other members in any year shall not exceed $1,200. Each member of the Commission shall also be entitled to receive a traveling-expense allowance of 10 cents per mile for each mile actually traveled on the business of the Commission.

(e) The Commission may employ and fix the compensation of a secretary, treasurer, engineers, attorneys, and other such experts, assistants, and employees as it may deem necessary. All salaries and expenses of the Commission shall be paid solely from the funds provided under the authority of this act.

SEC. 8. (a) The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts of the Commission shall be used solely for carrying out the purposes of this act.

(b) After all the bonds issued by the Commission and the interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payments shall have been made, and after the bridge shall have been conveyed to the States of Virginia and Maryland as provided in section 6, the Commission shall be dissolved by an order of the Commissioner of Public Roads. Such order shall be made upon the initiative of the Commissioner or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Washington, D. C. Notice of the time and place of such hearing and the purpose thereof shall be published once, at least 30 days before the date thereof, in a newspaper published in the city of Washington. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided and distributed equally between the States of Virginia and Maryland, in such manner as may be determined by the Commissioner of Public Roads of the Federal Works Agency.

SEC. 9. The Commission is further authorized to enter into a contract or contracts with the Department of Highways of the State of Virginia and the State Highway Commission of Maryland, or with any county or municipality of either of such States, under which the Commission may receive financial aid in the construction or maintenance of such bridge and its approaches, and to enter into a contract or contracts with the highway departments of such States, or either of them, under which such highway departments, or either of them, may construct, operate, and maintain, or participate with the Commission in the construction, operation, and maintenance of such bridge and its approaches. The Commission may also in its discretion avail itself of any of the facilities of the highway department of either of such States in connection with the construction of the proposed bridge.

SEC. 10. Nothing in this act shall be construed to authorize the Commission or any member thereof to create any obligation or incur any liability other than obligations or liabilities which are dischargeable solely from the funds which are made available for carrying out the purposes of this act. No obligation created and no liability incurred pursuant to this act shall be a personal obligation or liability of any member or members of the Commission, but shall be chargeable solely to the funds so made available. No indebtedness created pursuant to this act shall be an indebtedness of the United States.

SEC. 11. In the event that the States of Virginia and Maryland, the State of Virginia or the State of Maryland, or a political subdivision or agency of either or both of such States, shall create a commission or other public body with authority to construct the bridge across the Potomac River referred to in this act, and such construction is to be undertaken in the manner prescribed by and subject to the provisions and limitations of this act, such commission or other public body shall ipso facto succeed to all the rights of the Great Falls Bridge Commission under this act, and shall assume all the outstanding obligations and liabilities of such Commission.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

BILL PASSED OVER

The bill (S. 3886) to amend the Soil Conservation and Domestic Allotment Act, as amended, the Agricultural Adjustment Act of 1938, as amended, and for other purposes, was announced as next in order.

Mr. BARKLEY. May we have an explanation of that bill?

Mr. KING. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

IMPROVEMENT OF EAST RIVER, N. Y.

The bill (S. 3918) adopting and authorizing improvement of East River, N. Y., was announced as next in order.

Mr. McKELLAR. May we have an explanation of that bill by the Senator from New York?

Mr. MEAD. Mr. President, the Navy Department and, I believe, the Maritime Commission, were requested to pass upon this bill when it was before the Senate Commerce Committee. As I remember, the only present avenue by which the larger ships of the Brooklyn Navy Yard can reach the ocean is the southern passage. As a war measure it is desired to dredge the East River so that ships may proceed north via the East River and find an outlet to the ocean by way of Long Island Sound. This is a war measure. It will give the Navy an alternate route out and in to the navy yard. It is a measure which originated with the Navy Department, and it came to us with the recommendation of the Council of National Defense, and, as I understand, is a national-defense measure.

Mr. REED. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

TRANSPORTATION OF HOUSEHOLD GOODS

The bill (H. R. 9264) to provide for uniformity of allowances for the transportation of household goods of civilian officers and employees when transferred from one official station to another for permanent duty was announced as next in order.

Mr. KING. Mr. President, may we have an explanation?

Mr. VAN NUYS. Mr. President, this bill is the result of a recommendation which will be found in the annual report of the Comptroller General for the fiscal year ended June 30, 1939.

The bill provides for uniformity of allowances for the transportation of household goods of civilian officers and employees when transferred from one official station to another for permanent duty.

The Comptroller General says at the present time, under administrative regulations, there is a wide variance in the authorized allowances with respect to the limitations fixed for packing, crating, drayage charges—some allow uncrating—and so forth, also as to the weight and nature of the effects which may be shipped at Government expense.

As shown by the report, the Department of the Interior, the Department of Labor, the Department of Agriculture, and the Veterans' Administration have different regulations and requirements and privileges, and the purpose of the bill is to unify them and make all the departments subject to the same regulations.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

BILLS AND JOINT RESOLUTION PASSED OVER

The bill (H. R. 4985) to provide for a Fishery Educational Service in the Bureau of Fisheries was announced as next in order.

Mr. LODGE. Mr. President, I should like to ask the Senator in charge of the bill whether hearings were held on this matter.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. BILBO] has charge of the bill. He is not now present.

Mr. LODGE. I ask that the bill be passed over until the Senator returns.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 92) declaring the conservation of petroleum deposits underlying submerged lands adjacent to and along the coast of California below low-water mark and under the territorial waters of the United States of America essential for national defense was announced as next in order.

SEVERAL SENATORS. Over! Over!

The PRESIDING OFFICER. The joint resolution will be passed over.

The bill (S. 1492) to provide for a 5-year building program for the United States Bureau of Fisheries was announced as next in order.

SEVERAL SENATORS. Over! Over!

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 6687) to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction was announced as next in order.

Mr. KING. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (H. R. 1550) granting an increase of pension to Christopher C. Popejoy, was announced as next in order.

Mr. MINTON. Mr. President, I ask that the bill be indefinitely postponed owing to the fact that the proposed beneficiary has been taken care of under general legislation heretofore passed.

The PRESIDING OFFICER. Without objection, the bill will be indefinitely postponed.

AMENDMENT OF INTERSTATE COMMERCE ACT—USE OF REFRIGERATOR CARS

The bill (S. 2753) to amend part I of the Interstate Commerce Act, as amended, with respect to the use of refrigerator cars was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. BARKLEY. At the request of a Senator who is unable to be present, I ask that the bill go over.

Mr. SHIPSTEAD. Mr. President, this bill has been passed over many times. I now serve notice that at the first opportunity I intend to move to take up the bill. The bill has had extensive hearings before the Interstate Commerce Committee, and a unanimous report from the committee has been filed.

Mr. REED. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. REED. I wish to be certain that I am correct as to the bill we are considering.

Mr. SHIPSTEAD. It is Calendar No. 1710, Senate bill 2753.

Mr. REED. I ask the Senator who made the objection to withdraw it.

Mr. BARKLEY. Mr. President, I am making the objection on behalf of the Senator from New Jersey [Mr. SMATHERS], who is temporarily absent. I do not know anything about his interest in it, but I feel that under the circumstances the bill should go over.

Mr. REED. Let me say that I do not think the Senator from New Jersey would object to the bill. The Senator from Minnesota [Mr. SHIPSTEAD] who introduced the bill has agreed to an amendment to meet the objection.

Mr. SHIPSTEAD. That is correct.

Mr. REED. The bill as it now reads is unobjectionable, and I hope there will be no objection.

Mr. BARKLEY. I have not been advised of the reason why the Senator from New Jersey objects. He has requested me to object, and have the bill go over. I cannot inquire into his reasons, but I feel that out of courtesy to him the bill should be passed over. I shall try to ascertain the reasons for his objection when he returns.

Mr. REED. May we return to the bill later?

Mr. BARKLEY. Let it go over for the present.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SHIPSTEAD. In connection with the colloquy with regard to Calendar No. 1710, Senate bill 2753, I ask unanimous consent that a copy of the report of the committee be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The Committee on Interstate Commerce, to whom was referred the bill (S. 2753) to amend part I of the Interstate Commerce Act, as amended, with respect to the use of refrigerator cars, having considered the same, report favorably thereon with an amendment in the nature of a substitute and recommend that the bill as amended do pass.

The bill (S. 2753) was introduced by Mr. SHIPSTEAD on July 6, 1939, and as so introduced read as follows:

"That subsection (11) of section 1 of part I of the Interstate Commerce Act, as amended, is amended by adding at the end thereof the following new sentence: 'Shippers in interstate commerce of fresh meats, packing-house products, or dairy products (including butter, eggs, cheese, and dressed poultry), shall have the right to supply themselves with such safe and adequate refrigerator cars as they deem efficient and proper for the transportation of such products; and it shall be unlawful for any common carrier to refuse to accept such cars for transportation in interstate commerce of such fresh meats, packing-house products, or dairy products (including butter, eggs, cheese, and dressed poultry.'"

Elaborate hearings on the bill were conducted before a subcommittee of the Committee on Interstate Commerce of July 20 and 21, 1939, such subcommittee consisting of Mr. SHIPSTEAD, as chairman, and Mr. BONE and Mr. STEWART. At that hearing testimony on behalf of dairy and farming interests, fish and poultry associations, farmers' cooperative associations, vegetable distributors, as well as testimony on behalf of the railroads through the Association of American Railroads, was introduced and considered. Senator SCHWELLENBACH, of Washington, also appeared as a witness. The testimony introduced at the hearings developed this important factor: That the railroads had actually in the past discriminated against shippers tendering refrigerator cars for transportation in interstate commerce by declining to take the cars of some of the shippers while accepting the cars of other shippers. There was no question in the minds of any of the members of the committee that this practice was wrong and such unjust discrimination should be corrected.

It was the endeavor of the committee to remove these discriminations as fully developed by the testimony and as a result of the testimony it was felt that the bill as originally introduced on July 6, 1939, heretofore set out, did not accomplish that purpose.

With this in mind, the Committee on Interstate Commerce considered the alternative proposals to S. 2753. As a result of that consideration the committee recommended that the bill as amended be enacted.

As amended, the bill (S. 2753) would read as follows:

"That paragraph (11) of section 1 of part I of the Interstate Commerce Act, as amended, is amended by inserting before the period at the end thereof a colon and the following: *'Provided,* That in the case of inability or refusal of any carrier by railroad to supply safe, adequate, and proper refrigerator cars to any shipper in interstate commerce of perishable food products or commodities, and which are suitable to protect the marketability of such shipments, such shipper shall have the right to supply to such carrier such refrigerator cars as the Commission approves as being safe, adequate, and proper for the transportation of such products and commodities: *Provided further,* That if any carrier by railroad is unable to, or refuses to, supply safe, adequate, and proper cars to a shipper in interstate commerce of perishable food products or commodities, and which are suitable to protect the marketability of such shipments, and (1) refuses to accept any refrigerator car so approved by the Commission and tendered to such carrier by such shipper for the transportation in interstate commerce of any such products or commodities, or (2) unjustly discriminates either between private car companies supplying refrigerator cars to such shipper or between shippers owning refrigerator cars who have the right to supply cars to such carrier as herein provided, such refusal, or unjust discrimination, as the case may be, shall be deemed to be an unjust and unreasonable practice with respect to car service.' "

The bill as amended gives the shipper the right to supply, in case of inability or refusal of any railroad to do so, cars for the transportation of perishable food products which are safe, adequate, and proper for that purpose and which are suitable to protect the marketability of shipments of such products. The duty is imposed upon the Interstate Commerce Commission to determine what cars are safe, adequate, and proper for such transportation. The bill also prohibits any railroad from unjustly discriminating against private car companies or shippers in the transportation of such cars, whether the refrigerator cars are owned or supplied by the private car companies or shippers. The refusal of any railroad to accept any such car approved by the Commission, or for any railroad to unjustly discriminate in the manner forbidden by the bill, is declared to be an unjust and unreasonable practice with respect to car service. No separate penalty for a violation of the provisions of the bill was provided because it was felt that the matter was adequately covered by the omnibus penalty provisions of section 10 (1) of the Interstate Commerce Act, as amended.

BILLS PASSED OVER

The bill (S. 1717) to revise the method of determining the payments to be made by the United States to the several States with respect to conservation lands subject to the jurisdiction of the Department of Agriculture was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3268) to amend section 4438 of the Revised Statutes of the United States for the better protection of life and property was announced as next in order.

Mr. BARKLEY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

LAWS RELATING TO STEAM VESSELS

The Senate proceeded to consider the bill (S. 3864) to apply laws covering steam vessels to certain passenger-carrying vessels, which had been reported from the Committee on Commerce with an amendment, on page 3, after line 2, to insert:

SEC. 6. Nothing in this act shall be construed to apply to pleasure craft not for hire.

So as to make the bill read:

Be it enacted, etc., That wherever used in this act (a) the term "motor vessel" means any steam vessel which is not more than 65 feet in length, measured from end to end over the deck excluding sheer, and also any vessel propelled in whole or in part by machinery other than by steam.

(b) The term "motor vessel carrying passengers for hire" shall include motor vessels as defined in subsection (a) of this section only when carrying more than 16 passengers for hire: *Provided,* That the term "motor vessel carrying passengers for hire" shall include motor vessels as defined in subsection (a) of this section which carry more than 12 passengers, when such motor vessel is on an international voyage as defined in the International Convention for the Safety of Life at Sea, 1929 (50 Stat. 1121).

SEC. 2. All laws covering the inspection of steam vessels be, and are hereby, made applicable to all motor vessels carrying passengers for hire to such extent and upon such terms as may be required by the regulations of the Board of Supervising Inspectors with the approval of the Secretary of Commerce.

SEC. 3. So much of section 4426 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 404), as relates to the inspection of hulls and boilers and manning of motor vessels to which this act applies, and so much of section 5 of the act of June 9, 1910 (U. S. C., 1934 ed., title 46, sec. 515), as relates to licensing of operators or manning of motor vessels to which this act applies, as are in conflict with any provisions of this act are hereby repealed.

SEC. 4. This act shall become effective 18 months after date of its enactment.

SEC. 5. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEC. 6. Nothing in this act shall be construed to apply to pleasure craft not for hire.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TRAINING OF AIRCRAFT OBSERVERS

The bill (S. 4005) to further amend section 13a of the National Defense Act so as to authorize officers detailed for training and duty as aircraft observers to be so rated, and for other purposes, was announced as next in order.

Mr. McNARY. Mr. President, I should like to have an explanation of the bill from the chairman of the committee.

Mr. SHEPPARD. Mr. President, a companion bill, House bill 9898, is on the calendar as No. 2140.

House bill 9898 permits the detail of officers of the various arms of the Army to training and duty with the Air Corps as aircraft observers.

It is not contemplated that these officers shall be given training as pilots.

They are merely to be assigned as members of the combat crews and will be required to participate in regular and frequent flights and will be subject to the same risks and hazards as are pilots.

The use of officers of other branches for this duty will contribute to better integration of the air arm and the ground arms and will further the cooperative effort of observation aviation and the troop with which it works in training and in combat.

The War Department says that this legislation is urgently needed in order that training as aerial observers of officers of ground arms may be initiated with the least practicable delay.

I ask that the House bill be substituted for the Senate bill, and that the House bill be now considered.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 9898) to further amend section 13a of the National Defense Act so as to authorize officers detailed for training and duty as aircraft observers to be so rated, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 4005 is indefinitely postponed.

CHAIM WAKERMAN

The Senate proceeded to consider the bill (S. 3087) to record the lawful admission to the United States for permanent residence of Chaim Wakerman, known as Hyman Wakerman, which had been reported from the Committee on Immigration with an amendment at the top of page 2 to insert:

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current quota year.

So as to make the bill read:

Be it enacted, etc., That the Secretary of Labor be, and is hereby, authorized and directed to record the lawful admission for permanent residence of Chaim Wakerman, known as Hyman Wakerman, New York, N. Y., on June 23, 1929, and that he shall for all purposes under the immigration and naturalization laws be deemed to have been lawfully admitted as an immigrant for permanent residence.

Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current quota year.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

UMBERTO TEDESCHI

The bill (H. R. 2036) for the relief of Umberto Tedeschi was considered, ordered to a third reading, read the third time, and passed.

ISAAC SURMANY

The bill (H. R. 5417) for the relief of Isaac Surmany was considered, ordered to a third reading, read the third time, and passed.

MOTIEJUS BUZAS AND BERNICE BUZAS

The bill (H. R. 6409) to record the lawful admission to the United States for permanent residence of Motiejus Buzas and Bernice Buzas, his wife, was considered, ordered to a third reading, read the third time, and passed.

JOSEPH B. RUPINSKI AND MARIA ZOFIA RUPINSKI

The bill (H. R. 7515) for the relief of Joseph B. Rupinski and Maria Zofia Rupinski was considered, ordered to a third reading, read the third time, and passed.

LEO NEUMANN AND ALICE NEUMANN

The bill (H. R. 8295) for the relief of Leo Neumann and his wife, Alice Neumann, was considered, ordered to a third reading, read the third time, and passed.

EMMA KNUTSON

The bill (H. R. 2684) for the relief of Emma Knutson was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 4860) to amend existing law so as to provide for the exclusion and deportation of aliens who advocate the making of any changes in the American form of government was announced as next in order.

SEVERAL SENATORS. Over! Over!

The PRESIDING OFFICER. The bill will be passed over.

LOUIS D. FREEDMAN

The bill (H. R. 7179) authorizing the naturalization of Louis D. Freedman was considered, ordered to a third reading, read the third time, and passed.

ADOLPH BURNSTEIN AND OTHERS

The bill (H. R. 6083) for the relief of Morris Burnstein, Jennie Burnstein, and Adolph Burnstein was considered, ordered to a third reading, read the third time, and passed.

Mr. KING. Mr. President, I have been advised by the distinguished Representative from New York, Mr. SOL BLOOM, that the title should be amended to apply exclusively to Adolph Burnstein, and not to the other two persons mentioned in the title. I move that the title be amended by striking therefrom "Morris Burnstein, Jennie Burnstein, and", so as to read "for the relief of Adolph Burnstein." The title is wrong. The bill is correct. The title should be amended to apply to only one person instead of three.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the title offered by the Senator from Utah.

The title was amended so as to read: "An act for the relief of Adolph Burnstein."

SALVATORE TARAS

The bill (H. R. 6946) for the relief of Salvatore Taras was considered, ordered to a third reading, read the third time, and passed.

COLUMBIA RIVER BRIDGE, ASTORIA, OREG.

The Senate proceeded to consider the bill (S. 3765) to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., which had been reported from the Committee on Commerce with amendments, on page 2, after line 2, to insert:

SEC. 2. That so much of section 4 of the act approved June 13, 1934 (48 Stat. 949, 950), which reads as follows: "or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management," is hereby repealed.

And on the same page, line 10, to change the number of the section from "2" to "3", so as to make the bill read:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., authorized to be built by the Oregon-Washington Bridge Board of Trustees by an act of Congress approved June 13, 1934, as amended, as heretofore extended by acts of Congress approved August 30, 1935, January 27, 1936, August 5, 1937, May 26, 1938, and August 5, 1939, are further extended 1 and 3 years, respectively, from June 13, 1940.

SEC. 2. That so much of section 4 of the act approved June 13, 1934 (48 Stat. 949, 950), which reads as follows: "or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management," is hereby repealed.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The title was amended so as to read: "A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., and for other purposes."

EMPLOYMENT OF ALIENS BY EXECUTIVE AGENCIES

The resolution (S. Res. 273), favoring the furnishing to the Senate by the various executive agencies of information concerning the number, compensation, and duties of aliens employed therein, was considered and agreed to, as follows:

Resolved, That it is the sense of the Senate that each executive department, independent establishment, and other agency in the executive branch of the Government shall furnish to the Senate immediately full and complete information with respect to the number of aliens employed by such department, establishment, or agency, or compensated in whole or in part from Federal funds appropriated for such department, establishment, or agency, and such information shall include, among other things, statements with respect to the compensation being paid to each such alien, the type of service he is performing, and the length of time he has been employed in any capacity by any agency of the Government.

Mr. BARKLEY subsequently said: Mr. President, May I inquire what was done with Calendar No. 1786, Senate Resolution 273?

The PRESIDING OFFICER. The resolution was agreed to.

Mr. BARKLEY. I think probably the resolution ought to go over. I ask unanimous consent that the vote by which Senate Resolution 273 was agreed to be reconsidered, and that the resolution go over. I think the information is already available in a report, which makes it unnecessary to adopt the resolution.

The PRESIDING OFFICER. Without objection, the vote by which Senate Resolution 273 was agreed to is reconsidered, and the resolution is passed over.

USE OF FACILITIES OF NATIONAL PARKS AND MONUMENTS FOR SCHOOL PURPOSES

The Senate proceeded to consider the bill (H. R. 4097) to authorize the use of certain facilities of national parks and national monuments for school purposes, which had been reported by the Committee on Public Lands and Surveys, with an amendment, to strike out all after the enacting clause, and insert:

That in order to facilitate the providing of educational opportunities for children of Government employees and other residents in the national parks and national monuments, the Secretary of the Interior is hereby authorized in his discretion, to make available for elementary-school purposes therein, without charge, space in Government-owned buildings, when such space may be available for such purposes without detriment to the official business of such national parks and national monuments.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

NELL MULLEN

The bill (H. R. 1857) for the relief of Nell Mullen was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2001) for the relief of the Choctaw and Chickasaw Tribes of Indians of Oklahoma was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (H. R. 7611) to provide for the rank and title of lieutenant general of the Regular Army was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. SHEPPARD. Mr. President, I shall later ask unanimous consent to recur to this bill. It may go over for the present.

Mr. SHEPPARD subsequently said: Mr. President, recurring to Order of Business No. 1865, House bill 7611, to provide for the rank and title of lieutenant general of the Regular Army, if I may have unanimous consent to do so, I desire to say that an identical bill passed the Senate some time ago and also passed the House and was signed by the President and is now the law. I therefore ask that the House bill to which I have referred be indefinitely postponed.

The PRESIDING OFFICER. Without objection, House bill 7611 is indefinitely postponed.

PUBLIC-SCHOOL DISTRICTS IN MAHNOMEN, MINN.

The bill (H. R. 8124) to provide funds for cooperation with public-school districts (organized and unorganized) in Mahnomen, Itasca, Pine, St. Louis, Clearwater, Koochiching, and Becker Counties, Minn., in the construction, improvement, and extension of school facilities to be available to both Indian and white children, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 6560) relating to placer mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, or gas on the public domain was announced as next in order.

Mr. KING. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ACQUISITION OF CERTAIN PROPERTY IN THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (S. 1825) to provide for the acquisition of certain property for public use in the District of Columbia.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to acquire on behalf of the United States for public use at a reasonable price from Federal funds, through purchase, condemnation, or otherwise, the following-described property, together with all improvements thereon, located in the District of Columbia, which appears on the assessors' records for the District of Columbia as parcels 168/50, 168/32, 175/30, 175/41, 175/116, 175/73, and 175/56 at a cost not to exceed $500,000: *Provided, however*, That, if at any time an appropriate use for this property or any portions thereof shall be found for District of Columbia purposes, such property may be transferred to the government of the District of Columbia and the Federal Government reimbursed from District appropriations.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums, not in excess of $500,000, as may be necessary to carry out the purposes of this act.

Mr. DANAHER subsequently said: Mr. President, I ask unanimous consent that the vote by which Senate bill 1825 was passed be reconsidered.

The PRESIDING OFFICER. Without objection, the vote by which Senate bill 1825 was passed is reconsidered.

Mr. DANAHER. May we have an explanation of the bill so we may know where the land is and for what purposes it is proposed to be acquired? It is proposed to authorize the expenditure of $500,000 to acquire certain lands.

Mr. CONNALLY. Mr. President——

Mr. MEAD rose.

Mr. CONNALLY. The junior Senator from New York [Mr. MEAD] is familiar with the measure, and I yield to him for an explanation.

The Senator from New Jersey, I think, is also familiar with it.

Mr. MEAD. Mr. President, several years ago a point was raised in the other House against construction of an abattior or a slaughterhouse in the District of Columbia. It seems that a permit was secured and property and materials were all accumulated, and the construction was under way, but, because of a fight waged in the other House, the progress of the project was stopped. Subsequently, legislation was enacted which prevented the construction of slaughterhouses or abattoirs of this particular type in the District of Columbia. There was a great loss sustained, and a bill was introduced to compensate those who had made certain progress in the construction of the slaughterhouse. There was contained in the bill a provision to reimburse the owners of the property for certain good-will and loss of trade, and so forth; but that provision was eliminated by the Senate committee, and there is nothing now left in the bill except provision for the actual sale of the land by the company to the authorities of the Government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. CONNALLY. May I suggest to the Senator that the sale is not directed in this bill, but the Secretary is merely given the authority to buy the property?

Mr. MEAD. I think that is correct.

Mr. CONNALLY. He does not have to buy if he does not want to.

Mr. MEAD. That is correct; the bill was amended so that the Secretary of the Interior may purchase the property if he desires to do so.

Mr. ADAMS. Mr. President, the bill provides "That the Secretary of the Interior is authorized and directed to acquire."

Mr. MEAD. I was taking the suggestion of the chairman of the committee.

Mr. ADAMS. But the bill provides as I have stated.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield to the Senator.

Mr. DANAHER. Will the Senator please look at line 3, page 1, where it provides, "That the Secretary of the Interior is authorized and directed to acquire" the property.

The report, let me say to the Senator, indicates that the property has a value of $134,127, but the bill authorizes an expenditure of $500,000. I should like to see those figures reconciled.

Mr. MEAD. The reason $500,000 is in it is that in the bill as it came before the committee it proposed to reimburse the particular party for the loss of trade and goodwill and for the damage resulting from the prohibitory legislation. But the Senate committee struck all that from the bill and there remains only the direction to purchase the property. It is assumed that the property is worth over $150,000. The Secretary of the Interior, whose Department made the investigation, has this comment to make:

Since it was agencies of the Federal Government which, in the main, carried on this fight to prevent the erection of the slaughterhouse, it seems to me only just that the Federal Government should buy this property at a reasonable market value. I believe that we could afford to pay this for the absence of the proposed nuisance alone; but I am certain that the Government will be able to use this property or to dispose of it in a manner that will not mean any loss.

This Department is in favor of this bill, and my personal hope is that it will pass at this session.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MEAD. I am glad to yield.

Mr. AUSTIN. I should like to find out where this property is located.

Mr. MEAD. It is located in the northeast section of the city in the direction of the Baltimore Pike.

Mr. AUSTIN. Is it near the bridge across the Anacostia River?

Mr. KING. Yes.

Mr. MEAD. My understanding is that it is in the northeast section in the direction of the Baltimore Pike.

Mr. AUSTIN. This may be the same property that I examined personally because of claims which I thought were extravagant in amount. If it is, I certainly would object, and because of the uncertainty I shall object.

The PRESIDING OFFICER. Objection is made and the bill will go over.

RESIDENCE REQUIREMENT FOR POSTMASTERS

The bill (S. 4116) amending the act of June 25, 1938, extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

Mr. MEAD. Mr. President, I inquire if any Senator has asked for an explanation.

Mr. KING. I asked that the bill go over, but I will be glad to withhold the objection to enable the Senator to explain it.

Mr. MEAD. Mr. President, there is not very much to this bill. When Congress passed the act covering postmasters into the civil service, the Civil Service Commission was required, before it certified an applicant for examination, to make sure that he lived within the delivery district of the post office. It has been found that at certain military camps, certain insane asylums, and other similar institutions postmasters cannot possibly live. So only in those extreme cases would the bill permit the Civil Service Commission to certify a man who lives outside the delivery district.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act approved June 25, 1938 (52 Stat. 1076), is amended by changing the period to a colon and adding thereto the following: "*Provided*, That residence within the delivery of the post office or within the city or town where the same is situated shall not be essential to the examination, appointment, reappointment, or promotion of applicants for postmaster at offices where the Civil Service Commission decides that peculiar local conditions preclude or render impracticable the application of such requirements. In such cases the Commission may examine and certify for appointment, reappointment, or promotion persons who reside in such area adjacent to, or surrounding, the delivery zone of the post office as may be fixed by the Civil Service Commission."

COAL PRICES ESTABLISHED BY NATIONAL BITUMINOUS COAL COMMISSION

The Senate proceeded to consider the joint resolution (S. J. Res. 212) making applicable to certain coal deliveries the prices established by the National Bituminous Coal Commission, which was read as follows:

Resolved, etc., That the United States and various departments and agencies thereof having entered into agreements during the fiscal year 1938 providing, under certain circumstances, for the delivery of coal at prices established by the National Bituminous Coal Commission, and deliveries having been made under such agreements between 12:01 antemeridian, on December 16, 1937, the earliest effective date of orders of the National Bituminous Coal Commission "establishing minimum prices", and 11:59 postmeridian, on February 25, 1938, the effective date of the revocation of these orders by the National Bituminous Coal Commission, there is hereby recognized the effectiveness and applicability to these deliveries of the prices established in such price orders.

Mr. KING. Let us have an explanation of the joint resolution.

Mr. MINTON. I inquire if objection was made to the joint resolution.

The PRESIDING OFFICER. An explanation has been requested.

Mr. MINTON. Mr. President, after the passage of the so-called Bituminous Coal Act the Government entered into certain contracts with operators who were supplying coal to the Government. In those contracts it was provided that if the Bituminous Coal Commission established prices, the prices paid would not be the prices fixed by the contract but those fixed by the Bituminous Coal Commission. The Commission did establish prices, but, as the Senate will recall, those established prices were enjoined in the local district court, although the matter was never taken up to the higher court to determine whether or not those prices were validly fixed. The Bituminous Coal Commission simply backed away from it and started over. During that time some of those who had furnished coal to the Government were paid the prices established by the Bituminous Coal Commission. There were some others who were not paid, and the joint resolution, if enacted, would permit those who were not paid to be paid the prices established by the Bituminous Coal Commission. If this is not done, of course, the General Accounting Office will have to bring suit against those who have been paid, and try to recover back the money. In the judgment of the department that recommends the joint resolution, it should be passed to enable them to pay the other operators. The total cost would be probably $60,000, not to exceed $70,000.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. MINTON. Certainly.

Mr. KING. Has the joint resolution been recommended favorably by any department of the Government?

Mr. MINTON. Yes; it has been. The Interior Department has recommended its passage; in fact, it drafted the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

PARTICIPATION BY STATES IN REVENUES FROM NATIONAL PARKS, ETC.

The Senate proceeded to consider the bill (S. 3869) to authorize the participation of States in certain revenues from national parks, national monuments, and other areas under the administrative jurisdiction of the National Park Service, and for other purposes.

Mr. KING. Mr. President, let us have an explanation of the bill.

Mr. HAYDEN. Mr. President, the explanation of the bill is that it proposes to do in the case of the National Park Service exactly what is now done with respect to the national forest reserves and lands under the grazing service administered by the General Land Office and the Biological Survey; that is to say, that 25 percent of the revenues derived from national parks shall be paid to the States and counties in lieu of taxes. I understand the Senator from Wyoming [Mr. SCHWARTZ] objected to the bill on a previous occasion, but he has informed me that he is now satisfied with the bill.

Mr. McKELLAR. Does the bill apply only to western national parks?

Mr. HAYDEN. It applies to all parks, and is based on a perfectly sound principle.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That beginning with the next fiscal year following the approval of this act, 25 percent of the moneys derived by the Federal Government during any fiscal year from the collection of fees, including motor and other vehicular fees, from visitors to areas which are now or hereafter may be under the administrative jurisdiction of the National Park Service, as shall be certified by the Secretary of the Interior, shall be paid by the Secretary of the Treasury, as soon as practicable after the end of each fiscal year, to the State in which each area under the administrative jurisdiction of the National Park Service is situated.

When any such area is in more than one State, the diistributive share therefrom to each State shall be proportional to its area therein, as shall be certified by the Secretary of the Interior. Such funds shall be expended for the benefit of the county or counties in which each area is situated, in such manner, and by such agencies of State or local government as the State legislatures shall prescribe: *Provided*, That for each fiscal year there shall not be paid to any State for the benefit of any county an amount in excess of 40 percent of the revenues derived by said county from all other sources during such fiscal year.

SEC. 2. As used in this act, the term "State" includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

FOREIGN ACCOUNTS IN FEDERAL RESERVE BANKS

The bill (S. 4174) relating to foreign accounts in Federal Reserve banks was announced as next in order.

Mr. DANAHER. I ask that the bill go over.

Mr. BARKLEY. Mr. President, I hope that whoever objected to the bill will withdraw it in order that an explanation may be made. It is a bill that was almost passed 2 or 3 months ago, but there was some conflict between the

provisions on the House and the Senate bill, which the Senator from New York can explain.

Mr. WAGNER. Mr. President, I inquire if the Senator from Connecticut objects to the bill?

Mr. DANAHER. I think we ought to take it up, let me say, under a motion to consider it separately. I do not think we can dispose of it under the 5-minute rule. I think there is too much involved in the question whether or not the Government should undertake to recognize any agency of a foreign government to whom billions of dollars may be turned over, and thereupon have it appear that the Federal Reserve bank will be absolved of liability. That is what is involved in this bill.

Mr. WAGNER. I think it is much simpler than that. I am not going to waste the time of the Senate if the Senator is going to persist in his objection.

Mr. DANAHER. I insist that the bill should go over.

Mr. WAGNER. Then I shall have to let it go over, and ask that at some future time when I get the opportunity it may be considered by the Senate.

Mr. DANAHER. Let me say to the Senator that I am perfectly willing to cooperate with him to get the bill up in any way, but not on the call of the calendar. I want to see action on it at such time as we can fully explore it, and there is not sufficient time on the call of the calendar to do so.

Mr. WAGNER. I am perfectly willing that that be done, but I wanted to inquire of the Senator whether he intends to insist on his objection. If he is, I shall not proceed any further.

Mr. DANAHER. I shall insist on the objection; and the same objection applies also to Calendar No. 2045, House bill 10127.

The PRESIDING OFFICER. On objection, Senate bill 4174 and House bill 10127 will be passed over.

ACQUISITION OF TITLE TO LOW-VALUE LANDS

The bill (H. R. 9736) to amend section 355 of the Revised Statutes, as amended, to authorize the Attorney General to approve the title to low-value lands and interests in lands acquired by or on behalf of the United States subject to infirmities, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

Mr. KING. Mr. President, may I inquire whether an objection was interposed to the consideration of this bill? The passage of the bill is greatly desired by the Attorney General.

The PRESIDING OFFICER. The Senator from Oregon [Mr. McNARY] objected to the consideration of the bill.

Mr. McNARY. Mr. President, I objected because there was no explanation of the bill. I shall be glad to listen to the Senator, and probably he can correct any misapprehensions I may entertain.

Mr. KING. This bill was submitted by the Department of Justice. In the acquisition of land for military purposes they frequently find it necessary to acquire little areas of small value—just a few hundred dollars—and the bill authorizes the acquisition of the land without going to the expense of filing suit for condemnation. In other words, they may acquire the property by making payment, and later if there is any infirmity in the title suit for condemnation may be brought. The bill is merely an aid in the acquisition of small areas which are essential to round out a field which has been acquired for aviation or for naval purposes.

Mr. BARKLEY. Mr. President, as I understand, the Attorney General has written a letter urging the enactment of the bill.

Mr. KING. Yes; I have his letter here, and I shall ask that it be inserted in the RECORD.

Mr. McNARY. In the face of the explanation I withdraw any objection.

Mr. KING. I ask that the letter of the Attorney General, as printed in the report of the committee, be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, that will be done.

The letter is as follows:

DEPARTMENT OF JUSTICE,
Washington, D. C., April 30, 1940.

Hon. HENRY F. ASHURST,
Chairman, Senate Judiciary Committee, United States Senate, Washington, D. C.

MY DEAR SENATOR: There is transmitted herewith a draft of a bill to amend section 355 of the Revised Statutes to authorize the Attorney General to approve the title to low-value lands and interests in lands acquired by or on behalf of the United States subject to infirmities.

Section 355 of the Revised Statutes (U. S. C., title 40, sec. 255) governing the approval of title in land acquisition, except in certain specific instances, in effect prohibits such acquisition unless the Attorney General renders an opinion "in favor of the validity of title." In the interpretation of this provision over a long period of years, it has been established that a valid title is one free of any infirmities. Frequently in the acquisition of large areas of submarginal, logged-off, and other low-value lands, it has been necessary to eliminate infirmities in the title by condemnation or other judicial proceedings, entailing in many instances the expenditure of funds in excess of the value of the land itself.

Practical considerations make it desirable that the Government should be able to purchase low-value lands for conservation projects, rural rehabilitation, land retirement, national parks, national forests, and other similar purposes, without the delay and expense involved in the removal of title infirmities, provided such action will not jeopardize the interests of the United States. In the event that, subsequently to the purchase of the land, it should become necessary to remove title infirmities, resort may then be had to condemnation or other proceedings.

In order to eliminate, so far as possible, the delay and expense now incident to the acquisition of low-value lands, the proposed legislation would authorize the approval of title by the Attorney General, in the case of such low-value lands, subject to infirmities. Appropriate safeguards adequate to protect the interests of the United States are included in the proposed bill.

I recommend the enactment of the legislation.

With kind regards,

Sincerely,

ROBERT H. JACKSON,
Attorney General.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. KING. Mr. President, I desire to offer a number of amendments to the bill. I send them to the desk and ask to have them stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Utah will be stated.

The CHIEF CLERK. On page 1, it is proposed to strike out lines 4 and 5, and to insert in lieu thereof, "as amended, is hereby."

The amendment was agreed to.

The CHIEF CLERK. On page 2, at the end of line 6, it is proposed to insert a comma.

The amendment was agreed to.

The CHIEF CLERK. On page 2, lines 9 and 10, it is proposed to strike out "or by exchange or donation."

The amendment was agreed to.

The CHIEF CLERK. On page 2, line 15, it is proposed to strike out "The" and to insert in lieu thereof "That the."

The amendment was agreed to.

The CHIEF CLERK. On page 2, lines 21 and 22, it is proposed to strike out "nor in cases of donation and exchange shall grants be accepted."

The amendment was agreed to.

The CHIEF CLERK. On page 3, line 6, after the word "act", it is proposed to insert a comma.

The amendment was agreed to.

The CHIEF CLERK. On page 3, line 7, it is proposed to strike out "in cases of purchase."

The amendment was agreed to.

The CHIEF CLERK. On page 3, lines 8 and 9, it is proposed to strike out "and in cases of donation and exchange by the acquiring authority's appraisal."

The amendment was agreed to.

The CHIEF CLERK. On page 4, line 17, after the word "authority", it is proposed to insert a semicolon and the following:

and nothing in this section shall be construed to affect in any manner any authority which the Secretary of War, the Chief of Engineers, or the Secretary of the Interior have under the provisions of law in force on the date this section as amended takes effect with respect to the approval by them of title to land or interests in land acquired

by the War Department or the Department of the Interior, as the case may be.

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That section 355 of the Revised Statutes of the United States, as amended, is hereby amended to read as follows:

"SEC. 355. No public money shall be expended upon any site or land purchased by the United States for the purposes of erecting thereon any armory, arsenal, fort, fortification, navy yard, customhouse, lighthouse, or other public building of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title.

"Notwithstanding the provisions of this or any other law, whenever the average value of any lands or interests in land to be acquired by or on behalf of the United States under a single option or contract of sale does not exceed $10 per acre (hereinafter referred to as 'low-value lands'), the title may be accepted subject to such infirmities as, in the opinion of the Attorney General, may, without jeopardizing the interests of the United States, be left for removal by condemnation or other appropriate proceedings, if and when necessary: *Provided*, That the total value of any lands or interests to be acquired under a single option or contract of sale subject to an infirmity does not exceed $3,500. No public money shall hereafter be expended for the acquisition of such low-value lands or interests in land by or on behalf of the United States for any purpose until the written opinion of the Attorney General has been had approving the title, subject, if expedient, to infirmities as herein provided. However, no money in excess of $2,500 shall be expended for the construction of buildings, works, or other improvements (except roads, trails, and fire-protection improvements) on any site, tract, or parcel of land the title to which is subject to infirmities, until the written opinion of the Attorney General in favor of the validity of the title has been had as in the case of other lands. For the purpose of this act, values of lands and interests in land shall be determined by the consideration paid or to be paid.

"The Attorney General is hereby authorized to approve the title to easements or rights-of-way to be acquired by or on behalf of the United States, subject to such infirmities as, in his opinion, will not jeopardize the interests of the United States.

"Nothing in this act shall be construed to limit the authority now or hereafter delegated to any officer in exercising the power of eminent domain for or on behalf of the United States, to take title to or possession of or to expend money for or upon any land or interest in land, or to expend money as security for an ultimate award in advance of final judgment in any proceedings to determine just compensation; nor shall this act be construed to preclude any acquiring agency from expending money for the erection of any preliminary and temporary structure upon any land.

"The head or other authorized officer of any department, independent establishment, or agency, shall procure any evidence of title which the Attorney General may deem necessary, and the expenses of procurement, except where otherwise authorized by law or provided by contract, may be paid out of the appropriations for the acquisition of land or out of the appropriations made for the contingencies of, the acquiring department, independent establishment, or agency.

"The Attorney General may, in his discretion, base any opinion as to title required either by this act or any other law upon either or both of the following: Certificates of title of title companies or such evidence of title as he may deem satisfactory.

"The foregoing provisions of this section shall not be construed to affect in any manner any existing provisions of law which are applicable to the acquisition of lands or interests in land by the Tennessee Valley Authority, and nothing in this section shall be construed to affect in any manner any authority which the Secretary of War, the Chief of Engineers, or the Secretary of the Interior have under the provisions of law in force on the date this section as amended takes effect with respect to the approval by them of title to land or interests in land acquired by the War Department or the Department of the Interior, as the case may be. Nor shall the foregoing provisions of this section, or the provisions of any other law, be construed to require any opinion of the Attorney General in connection with the acquisition or improvement of easements and rights-of-way for military or naval purposes; or for the acquisition or improvement of easements and rights-of-way by the Department of Agriculture for forest and other conservation purposes where the cost of any such easement of right-of-way acquired under a single instrument of conveyance and the cost of any improvement thereon does not exceed $2,500; and the Attorney General may, in his discretion, waive the requirement for his opinion in connection with the acquisition or improvement of easements and rights-of-way for other purposes when, in his opinion, such waiver will not jeopardize the interests of the United States.

Notwithstanding any other provision of law, the obtaining of exclusive jurisdiction in the United States over lands or interests therein which have been or shall hereafter be acquired by it shall not be required; but the head or other authorized officer of any department or independent establishment or agency of the Government may, in such cases and at such times as he may deem desirable, accept or secure from the State in which any lands or interests therein under his immediate jurisdiction, custody, or control are situated, consent to or cession of such jurisdiction, exclusive or partial, not theretofore obtained, over any such lands or interests as he may deem desirable and indicate acceptance of such jurisdiction on behalf of the United States by filing a notice of such acceptance with the Governor of such State or in such other manner as may be prescribed by the laws of the State where such lands are situated. Unless and until the United States has accepted jurisdiction over lands hereafter to be acquired as aforesaid, it shall be conclusively presumed that no such jurisdiction has been accepted.

STATUS OF RETIRED OFFICERS OF ARMY, NAVY, MARINE CORPS, AND COAST GUARD

The Senate proceeded to consider the bill (H. R. 9024) relating to the status of retired officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, and to amend section 113 of the Criminal Code, which was read, as follows:

Be it enacted, etc., That section 113 of the Criminal Code is hereby amended by inserting at the end thereof the following:

"Retired officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, while not on active duty, shall not by reason of their status as such be subject to the provisions of this section: *Provided*, That nothing herein shall be construed to allow any retired officer to represent any person in the sale of anything to the Government through the department in whose service he holds a retired status."

Mr. WALSH. Mr. President, the Navy Department favors this bill. Will the Senator from Texas make an explanation of it?

Mr. SHEPPARD. Mr. President, section 113 of the criminal code is amended by this bill so as to permit retired officers of the Army, Navy, Marine Corps, and Coast Guard, while not on active duty, to appear before Departments, bureaus, commissions, and other agencies of the Government in behalf of business concerns. These officers were held to come within this section by an interpretation and holding of a court. That interpretation would exclude business executives and accountants on a salary basis, as well as lawyers charging fees, from appearing before Departments, bureaus, commissions, and other agencies of the Government in behalf of business concerns, should they happen to be retired officers. Many retired officers are sorely put to it to make a living for themselves, and they make it largely by doing this kind of work. This bill is to relieve them of the handicap of that court holding.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 9389) to more effectively utilize certain lands of the public domain, and for other purposes, was announced as next in order.

Mr. THOMAS of Oklahoma. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

COST OF PRODUCTION OF CRAB MEAT, ETC.

The resolution (S. Res. 200) directing the Tariff Commission to investigate the production costs of crab meat, crab paste, and crab sauce was considered and agreed to, as follows:

Resolved, That the United States Tariff Commission is hereby directed to investigate, for the purposes of section 336 of the Tariff Act of 1930, the differences in the cost of production between the domestic article and the foreign article, and to report at the earliest date practicable, upon crab meat, fresh or frozen (whether or not packed in ice), or prepared or preserved in any manner, including crab paste and crab sauce.

ENFORCEMENT OF CUSTOMS AND IMMIGRATION LAWS

The Senate proceeded to consider the bill (S. 3778) to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930, which had been reported from the Committee on Finance with an amendment, on page 2, line 1, after the words "and the", to strike out "Secretary of Labor" and insert "Attorney General", so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to provide better facilities for the enforcement of the customs and immigration

laws," approved June 26, 1930 (U. S. C., 1934 ed., title 19, sec. 68), is hereby amended to read as follows:

"That to aid in the enforcement of the customs and immigration laws along the Canadian and Mexican borders and to provide better facilities for such enforcement at points along such borders at which no Federal or other buildings adapted or suitably located for the purpose are available, the Secretary of the Treasury and the Attorney General are hereby authorized to expend, from the funds appropriated for the general maintenance and operation of the Customs and the Immigration and Naturalization Services, respectively, the necessary amounts for the acquisition of land and the erection of buildings, sheds, and office quarters, including living quarters for officers where none are otherwise available: *Provided*, That the total amount which may be so expended for any one project, for the use of one department, including the cost of the site, shall not exceed $5,000, and that where quarters are so erected or facilities so provided for the joint use of the Customs and the Immigration and Naturalization Services the combined cost charged to the two appropriations concerned shall not exceed $10,000 for any one project, including the site.

"SEC. 2. The Secretary of the Treasury is authorized to expend, from the funds appropriated for the general maintenance and operation of the Customs Service, such amounts as may be necessary for the erection of protective gates across international highways and roads crossing the Canadian and Mexican borders and for the erection of such fences in the immediate vicinity of such highways and roads as may be necessary to prevent unlawful entry or smuggling."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ACCEPTANCE OF GIFT OF LANDS FROM TUCSON, ARIZ.

The bill (S. 4120) authorizing the Secretary of War to accept a gift of lands from the city of Tucson, Ariz., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows.

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to accept as a gift to the United States title to all or any part of the following-described lands, owned or optioned by the city of Tucson, Ariz.:

Gila and Salt River base and meridian: Sections 25, 36, and all of that portion of sections 34 and 35 lying north of the right-of-way of the Southern Pacific Railroad, township 14 south, range 14 east; sections 31, 32, the southwest quarter section 30, township 14 south, range 15 east; section 6, 5, 4, 3, 2, 9, 10, 11, 12, 14, 13, 24, the south half and the northwest quarter section 1, the northeast quarter, the north half of the northwest quarter and the northeast quarter of the southeast quarter section 8, the north half, the southeast quarter and the northeast quarter of the southwest quarter section 15, the northeast quarter, the north half of the southeast quarter, the north half of the northwest quarter and the southeast quarter of the northwest quarter section 23, the northeast quarter, the northeast quarter of the northwest quarter and the east half of the southeast quarter section 25, township 15 south, range 15 east; sections 30 and 32, the southwest quarter and the west half of the northwest quarter section 7, the south half, the northwest quarter and the southwest quarter of the northeast quarter section 18, the west half, the west half of the northeast quarter, the west half and the southeast quarter of the southeast quarter section 19, the south half of the southwest quarter section 20, the west half and the southeast quarter section 29, the north half, the southeast quarter and the northeast quarter of the southwest quarter section 31, township 15 south, range 16 east.

META DE RENE M'LOSKEY

The bill (H. R. 554) for the relief of Meta De Rene McLoskey was considered, ordered to a third reading, read the third time, and passed.

BEN L. KESSINGER AND M. CARLISLE MINOR

The Senate proceeded to consider the bill (H. R. 1183) for the relief of Ben L. Kessinger and M. Carlisle Minor.

Mr. REED. Mr. President, I wish the reading clerk would go slowly enough so that we may follow the proceedings. Frequently I am unable to follow the reading clerk, and am in doubt as to what action has been taken, or what the ruling of the Chair may be.

The PRESIDING OFFICER. The clerk will restate the title of the bill.

The Chief Clerk restated the title of the bill, which was ordered to a third reading, read the third time, and passed.

WASYL KULMATYCKI

The bill (H. R. 2286) for the relief of Wasyl Kulmatycki was considered, ordered to a third reading, read the third time, and passed.

NOLAND BLASS

The bill (S. 3185) for the relief of Noland Blass was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Noland Blass, of Little Rock, Ark., the sum of $4,271.57 in full settlement of all claims against the United States for a refund of income tax paid for the year 1935: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

BILL PASSED OVER

The bill (H. R. 6699) for the relief of special tax school districts Nos. 2, 3, 4, and 5, Broward County, Fla., was announced as next in order.

Mr. WHEELER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

RUFUS E. FARMER

The bill (H. R. 6842) for the relief of Rufus E. Farmer was considered, ordered to a third reading, read the third time, and passed.

PARENTS OF CHARLDEAN FINCH

The bill (H. R. 7425) for the relief of the parents of Charldean Finch was considered, ordered to a third reading, read the third time, and passed.

EMELIE WITZENBACHER

The bill (H. R. 7681) for the relief of Emelie Witzenbacher was considered, ordered to a third reading, read the third time, and passed.

ESTELLE M. CORBETT

The bill (H. R. 7747) for the relief of Estelle M. Corbett was considered, ordered to a third reading, read the third time, and passed.

Mr. REED. Mr. President, I renew my request that the reading clerk proceed with sufficient deliberation so that we may follow him and understand what we are doing.

Mr. KING. I agree with the Senator.

Mr. CONNALLY. Mr. President, I for one wish to say that we have probably the most efficient reading clerk now alive. I suggest to the Senator from Kansas that if he will get a copy of the calendar and follow it from item to item, there will be no difficulty at all in keeping up with what is going on.

Mr. JOHNSON of California. Regular order!

Mr. CONNALLY. I think it is really a reflection on the Senate to have a Member advise the country that he cannot keep up with the clerk when the Member has a written copy of each bill in front of him. There are so many bills on the calendar that we want to get through with it at some time or other.

Mr. REED. I may say to the Senator from Texas that I also like to take a glance at the bill itself, as well as the calendar of the Senate.

Mr. CONNALLY. If the Senator will look under his desk—I do not know whether he ever looks under his desk or not—he will find a compilation of the bills by number, giving the calendar number and the number of the bill, and he can turn it over just as he would a newspaper, which I have seen him do at times. He will find it right there.

Mr. REED. I may say to the Senator from Texas that I have in front of me the calendar of bills and reports; but not being so rapid, fast, quick, and smart as the Senator from Texas, I find difficulty in looking at the bills as fast as the reading clerk reads them, and I make that request.

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

JOHN A. KAMES

The bill (H. R. 10036) for the relief of John A. Kames was considered, ordered to a third reading, read the third time, and passed.

Mr. REED. Mr. President, if we cannot have a fair amount of deliberation, I shall make a point of no quorum after every bill that is disposed of. I do not want to do that, and I shall not do it if we may have the bills read in such a way as to give the amount of time which is reasonably necessary to know what we are doing.

Mr. BARKLEY. Mr. President, does the Senator from Kansas want the clerk to read every bill that is called before the Senator can decide whether he objects to it or is willing to have it passed? Certainly that is not usually done; and I think the Senator does himself an injustice when he intimates that he cannot keep up.

Mr. REED. I will say to the senior Senator from Kentucky that several times I have not been able to keep up. I have not been able to follow the reading clerk or the Presiding Officer. I do not want to go to the extreme of making a point of no quorum between each of the bills; but, unless we can have deliberation, that I shall do.

Mr. BARKLEY. What sort of deliberation? If there is no objection to a bill, of course, it is the duty of the Chair to announce its passage.

Mr. REED. I should like to be able to look at the bill before I decide whether or not I shall object to its consideration.

Mr. TYDINGS. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. I yield the floor.

Mr. TYDINGS. In order to try out the system proposed by the Senator from Kansas, I ask unanimous consent that in the case of the next three bills none of them be acted on until the Senator from Kansas says he is satisfied, just to see how fast we go.

Mr. TAFT. Mr. President, I fully agree with the Senator from Kansas. I cannot hear whether the Presiding Officer says the bill is passed or is passed over. I frequently cannot distinguish the words of the reading clerk, because he reads so fast.

I fully agree with the Senator from Kansas that the procedure here is one which is very difficult and in fact almost impossible to follow. I see no reason why the title of the bill should not be read so that we may hear it, or why the Presiding Officer should not clearly pronounce the words which are necessary to pass the bill or to pass it over. Frankly, in three out of four cases I cannot tell whether the bill is being passed or passed over.

Mr. BURKE. Mr. President, at the particular point on the calendar where this debate arose we were considering bills reported by the Committee on Claims. The 10 or a dozen bills particularly involved were all under the charge of the very able junior Senator from Wyoming [Mr. SCHWARTZ]. I will say to the Senator from Kansas and the Senator from Ohio that all the bills we are now considering have had the study of the House Committee on Claims, and have passed the House. When they came to the Senate Committee on Claims each of them was assigned to an individual member, who made a thorough study of all the reports, and then brought the bill back before the full committee, where the matters were argued out and discussed; and only the bills which met with the unanimous approval of the committee were reported out on the calendar. As a matter of practicality, if the clerk is to read Calendar No. 2107, House bill 10036, where we now are, and must then pause until the Senators do over again the work which was done by the individual member of the Claims Committee and by the Claims Committee itself, we shall not cover one page of the calendar in an entire session.

I think the request made is altogether unreasonable. We have known for sometime that we were going to consider the calendar, and any Senator who felt that, in accordance with his duty, he must be familiar with every one of the bills, should have taken the opportunity, before the calendar was called, to do the work which has been done in this case by the Committee on Claims, laboriously, during all the weeks and months of the session. I think it would be altogether unfair and improper to hold up the proceedings of the Senate on meritorious claims in order that each individual Senator might now, on the floor of the Senate, after a bill has been called, study the bill and the report of the department, and the report of the committee, in order to determine whether he in turn would agree with the Committee on Claims.

Mr. REED. Mr. President, I have not asked anything unreasonable. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Downey	La Follette	Sheppard
Andrews	Ellender	Lodge	Shipstead
Ashurst	Frazier	McKellar	Smathers
Austin	George	McNary	Smith
Bailey	Gerry	Maloney	Stewart
Barbour	Gillette	Mead	Taft
Barkley	Green	Minton	Thomas, Idaho
Bridges	Guffey	Murray	Thomas, Okla.
Bulow	Gurney	Neely	Thomas, Utah
Burke	Hale	Norris	Tobey
Byrd	Harrison	Nye	Townsend
Byrnes	Hatch	O'Mahoney	Truman
Capper	Hayden	Overton	Tydings
Caraway	Herring	Pepper	Van Nuys
Chavez	Hill	Pittman	Wagner
Clark, Idaho	Holt	Radcliffe	Walsh
Clark, Mo.	Hughes	Reed	Wheeler
Connally	Johnson, Calif.	Russell	White
Danaher	Johnson, Colo.	Schwartz	Wiley
Davis	King	Schwellenbach	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

Mr. REED. Mr. President, I do not desire to have to renew the call for a quorum. I think the Senate and Senators are entitled to that degree of reading which enables us to follow what we are doing. If we can have that, I shall be very happy to cooperate in expediting the call of the calendar. If we cannot have that, I am serving notice now that there will be a quorum call after action on every bill.

The PRESIDING OFFICER. The next calendar number to be considered is 2108. The clerk will state the bill.

WILLIAM A. REITHEL

The Senate proceeded to consider the bill (H. R. 3907) for the relief of William A. Reithel, which had been reported from the Committee on Claims with an amendment, on page 1, line 4, to strike out "$5,000" and to insert in lieu thereof "$3,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay the sum of $3,000, out of any money in the Treasury not otherwise appropriated, to William A. Reithel, of Brooklyn, N. Y., in full settlement of all claims against the United States for personal injury by reason of the negligent driving of an Army auto-truck driver which resulted in driving over the foot of the said William A. Reithel and necessitating amputation of the foot: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SECOND LT. JOHN TOMLINGSON

The Senate proceeded to consider the bill (S. 3657) authorizing the appointment and retirement of John Tomlingson as a second lieutenant, United States Army, which was read, as follows:

Be it enacted, etc., That the President is authorized to appoint John Tomlingson, of Rutland, Vt., formerly a first sergeant, Battery D, Fifty-seventh Regiment Coast Artillery Corps, United States Army, a second lieutenant, United States Army, with commission to date from October 19, 1918, and to retire him and place him on the retired list of the Army with the pay and allowances to which he would have been entitled if he had served as a second lieutenant between October 19, 1918, and November 11, 1918; but no back pay or allowances shall be held to have accrued by reason of this act prior to its passage.

Mr. KING. Mr. President, upon examining the report I find the following language:

The War Department is strongly opposed to the enactment of this legislation.

That is signed by Secretary of War Woodring.

Mr. AUSTIN. Mr. President, let me explain that this bill would not be here were it not for the statement the Senator has just read. It is because of the unusual character of the case that it came to the Congress at all. It would not be here if it were not necessary for Congress to exercise its discretion in granting relief to the soldier involved. The exigencies of time intervened, so that, although the soldier had earned his commission, it had not been issued to him when the Armistice came. He certainly had nothing to do with bringing about the Armistice, yet it had the legal effect of depriving him of his commission.

The committee has examined the case with great care. This is not my bill, it is my colleague's bill, and he is not present, being absent from the Senate on a necessary engagement. I should like to see the bill passed. This is an extraordinarily interesting case, and it had the backing of many members of the American Legion of Vermont, and recently, at the maneuvers, a petition was signed by a large number of soldiers in active training on behalf of relief to this particular soldier.

Mr. KING. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. KING. I invite the attention of the Senator to this statement:

> In this connection it has been ascertained the beneficiary is now receiving $75 per month for 100-percent service-connected disability, from the Veterans' Administration.

I was wondering whether or not, in view of that statement, the enactment of the measure under consideration is warranted.

Mr. AUSTIN. Mr. President, I do not know that the money consideration is important. I observe that the bill itself provides that "no back pay or allowances shall be held to have accrued by reason of this Act; prior to its passage." If it carries anything in the way of money consideration, it has reference to the future only.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. McKELLAR. Was this man wounded on the battlefield, and is that the reason why he draws his compensation; and was he authorized to be appointed, and was it the Armistice only that prevented his receiving his commission? If so, I think he should by all means receive the relief.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. WALSH. I should like to make an inquiry of the Senator from Vermont. Would the passage of this bill create a precedent?

Mr. AUSTIN. I think not. I think it is a unique case.

Mr. WALSH. Is this the only man in the country who failed to obtain his commission because of the signing of the armistice?

Mr. AUSTIN. I could not say that.

Mr. WALSH. How many more men would claim the same thing?

Mr. AUSTIN. I think it will be found that no other man was in exactly the same situation this man was in.

Mr. WALSH. I also desire to inquire why the bill did not go to the Committee on Finance. It apparently seeks, indirectly, at least, to remove a veteran from one category and place him in another, and to increase his compensation. As chairman of the Naval Affairs Committee, and as a member of the Committee on Finance, I realize the importance of avoiding setting precedents. I know that when we adopt a policy in the Committee on Naval Affairs or in the subcommittee of the Committee on Finance handling veterans' affairs, it may come home to haunt us again and again, and we have absolutely no standard to go by. Of course, I do not mean to be critical of the committee which reported the measure now under consideration.

The question of giving relief in Army and Navy cases and veterans' cases should be very carefully considered and acted on only after thorough investigation, and after the committees handling Army and Navy and veterans' affairs have considered the problems. I do not rise to object, but I merely desired to make these comments.

Mr. BARKLEY. Mr. President, I may say to the Senator from Massachusetts that this is not quite the sort of case which goes to the Committee on Finance, which has a subcommittee handling veterans' legislation. This is a bill to authorize the appointment of a soldier as a lieutenant.

Mr. WALSH. It apparently indirectly affects compensation.

Mr. BARKLEY. Yes; but that sort of bill always goes to the Committee on Military Affairs.

Mr. WALSH. I can see the reason for its going to that committee.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MIGRATORY BIRD AND WILDLIFE REFUGES

The bill (S. 2576) to authorize the expenditure of the receipts from migratory bird and wildlife refuges or other areas or projects operated by the Bureau of Biological Survey, was announced as next in order.

Mr. WHEELER. Let the bill go over.

Mr. WHITE. Mr. President, I could not hear who suggested that the bill go over.

Mr. WHEELER. I suggested that it go over.

Mr. WHITE. Mr. President, the Senator in charge of the bill is temporarily absent from the floor of the Senate, but I think I understand the purposes of the bill and what it seeks to accomplish. As the Senator from Montana knows, we have for a great many years established a considerable number of migratory bird refuges in various sections of the United States. From some of these refuges the Government is obtaining very small amounts of revenue. On some of them stock is grazed. I think on some of them fur-bearing animals are caught. Hay is cut on some of them. The purpose of the legislation is to take such receipts, which in the aggregate amount to only $50,000 at this time, and turn them into the Treasury, in a special fund to be used hereafter for the protection of our wildlife resources. I cannot see any valid objection to the bill, and I hope the Senator from Montana will not press his objection.

Mr. WHEELER. I withdraw my objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2576) to authorize the expenditure of the receipts from migratory bird and wildlife refuges or other areas or projects operated or controlled by the Bureau of Biological Survey, United States Department of the Interior, for the protection of such refuges, areas, or projects and the wildlife thereon, and for other purposes, which had been reported from the Special Committee on Conservation of Wildlife Resources with an amendment, on page 1, line 6, after the words "controlled by the", to strike out "Bureau of Biological Survey" and to insert "Fish and Wildlife Service", so as to make the bill read:

> *Be it enacted, etc.*, That all money received from the sale or other disposition of any products or from the use of any land or resouces of migratory bird and other wildlife refuges or other areas or projects administered or controlled by the Fish and Wildlife Service, not otherwise obligated, shall be covered into the Treasury of the United States, and shall be received and set aside as a special fund to be known as the wildlife development fund, which when appropriated by Congress shall remain available until expended, as the Secretary of the Interior may direct, for the protection, administration, improvement, extension, operation, and control of such migratory bird and other wildlife refuges, on the same basis as direct appropriations for the administration, maintenance, development, operation, and control of such refuges or other areas or projects are available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the expenditure of the receipts from migratory-bird and wildlife refuges or other areas or projects operated or controlled by

the Fish and Wildlife Service, United States Department of the Interior, for the protection of such refuges, areas, or projects and the wildlife thereon, and for other purposes."

OVERTIME COMPENSATION FOR CERTAIN EMPLOYEES OF THE NAVY DEPARTMENT AND COAST GUARD

The bill (S. 4196) establishing overtime rates for compensation for employees of the field services of the Navy Department and the Coast Guard, and for other purposes was announced as next in order.

Mr. REED. I ask that the bill be passed over.

Mr. WALSH. Mr. President, will the Senator withdraw his request for a moment, so I may make a brief explanation of that bill?

Mr. REED. Yes.

Mr. WALSH. Under the general law, and prior to the law that was passed in June this year providing for extra compensation for overtime work, 90 percent of all Government naval employees when engaged in overtime work were paid for overtime. In the act of June of this year that number was increased, and certain designated employees who were not per diem employees were given overtime pay for extra work, so that at the present time 96 percent of all naval employees are given extra compensation for overtime work.

This bill would take care of the other 4 percent. The committee is of the opinion that we cannot discriminate between two persons working side by side, and say to one, "Because you are a stenographer you cannot receive overtime pay," and say to another, "Because you are a mechanic you may receive overtime pay." The purpose of the bill is to have a general law providing for extra compensation for the remaining 4 percent of employees who are not covered by the existing law.

Mr. REED. Do I correctly understand the Senator from Massachusetts to say that 96 percent of employees similarly situated are now receiving overtime pay?

Mr. WALSH. Ninety-six percent of naval employees who work over 40 hours a week now receive extra compensation.

Mr. REED. That applies to the Coast Guard also?

Mr. WALSH. Yes. So far as our committee has had any influence in establishing a policy, we have been urging that overtime work be kept down to its lowest possible peak, on the theory that more persons should be employed rather than to increase the overtime compensation. That has been the policy and is the policy. But there are certain scientific occupations and certain specialty work for which additional employees are not available, and, of course, persons engaged in those lines must be employed overtime and must receive overtime pay. At present 96 percent of all the employees, when they work 1 minute over 40 hours a week, receive extra compensation.

Mr. REED. With that explanation by the Senator from Massachusetts, I withdraw my objection.

Mr. DANAHER. Mr. President, I should like to say to the Senator from Massachusetts that I am heartily in favor of this measure, but at the same time I call to his attention that it is a fact that at this minute in other departments employees are being subjected to as much as 60 and 65 hours of work a week without receiving adequate commensurate compensation. In the Department of Justice alone, for instance, where the men in the Fingerprint Division have been overloaded with work, due to extra requirements by reason of congressional legislation, they are working 65 hours a week over microscopes, with a faint light, requiring extra strain on their eyes and causing a drain on their nervous energy. They are working for that length of time without additional compensation. It seems to me that such a condition should receive some public notice, and that adequate compensation should be allotted to employees under those circumstances. I am glad the Senator from Massachusetts takes notice of the situation in the case of the employees covered by this bill.

Mr. WALSH. I sympathize with the employees referred to by the Senator from Connecticut, but he can understand that I am dealing only with the Navy Department.

Mr. DANAHER. Yes; I do.

Mr. WALSH. The Senator can also understand that if a mechanic, under the existing law, received overtime pay, his assistant and his supply clerk and his stenographer ought also to receive overtime pay.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in addition to the employees enumerated in section 5 (a) of the act approved June 28, 1940 (Public, No. 671, 76th Cong.), compensation for employment in excess of 40 hours in any administrative workweek computed at a rate not less than one and one-half times the regular rate shall be paid to all per annum employees of the field services of the Navy Department and the Coast Guard who are not enumerated in such act: *Provided*, That such overtime employment is hereby authorized, under such regulations as the head of the Department concerned, with the approval of the President, may prescribe, only where additional employees cannot be obtained or will not suffice to meet the exigencies of the situation: *Provided further*, That in determining the overtime compensation of the foregoing per annum Government employees the pay for 1 day shall be considered to be one three-hundred-and-sixtieth of their respective per annum salaries.

SEC. 2. The provisions of this act shall be effective during the national emergency declared by the President on September 8, 1939, to exist, and shall terminate June 30, 1942, unless the Congress shall otherwise provide.

REGULATION OF DELIVERY OF CERTAIN CHECKS TO FOREIGN GOVERNMENTS

Mr. GEORGE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2296, Senate bill 4353. I wish to make a brief explanation of the bill. In the first place, let me say that the conferees on the excess-profits-tax measure will be in session in 15 or 20 minutes, and it will be necessary for me to be absent from the Senate Chamber at that time, and there is no chance that the bill will be reached in that time in its order on the calendar.

This is a bill which the Treasury Department, the State Department, and the Veterans' Administration are most anxious to have passed in order that it might go to the House for consideration. I will be pleased to explain in a word, if the Senate will bear with me, what the bill proposes.

Some time ago I introduced a bill in the Senate to authorize the Veterans' Administrator to withhold delivery of checks payable to persons residing in foreign countries that were at war, and where the payees of the checks could not receive the value of the checks. The State Department and the Treasury Department called upon the Finance Committee and requested that the bill be held for a while, and subsequently asked that the bill introduced, which dealt only with checks issued by the Veterans' Administration to payees in foreign countries, such as Belgium or France, be amended so as to apply to all checks made payable to payees residing outside the limits of the United States or its possessions, in cases in which the Secretary of the Treasury was reasonably certain that there could be no delivery made of the checks, or that the payees could not receive the benefit of them.

On April 10, 1940, the President issued an Executive order directing that checks be not forwarded to foreign payees residing in the war-torn countries, and the Division of Disbursements in the Treasury now has on hand a considerable number of checks which it cannot deliver, and is advised by the representatives of the State Department in foreign countries that there are some twenty-odd thousand additional checks that cannot be delivered. The Treasury Department, the Veterans' Administration, and the State Department join in the recommendation that this legislation be enacted, which simply authorizes the Veterans' Administrator to leave the checks in the Treasury in a special account until the account of the individual veteran or beneficiary, as the case may be, reaches $1,000. Then it goes into miscellaneous account.

The Disbursing Division of the Treasury is authorized under the bill to pass the checks into a special Treasury account. It has a responsibility for the checks, under the Executive order, which is rather heavy, and it wishes to put the checks in a special Treasury account. Of course, the money is ultimately payable to the payees of the checks whenever the Treasury is satisfied that delivery may be made to the payees in foreign countries. All the bill undertakes

to do is simply to legalize and authorize the setting up of special accounts in the Treasury, and the payment of the sums due the payees in foreign countries into such special accounts.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 4353), to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories, and possessions, and for other purposes, which had been reported from the Committee on Finance with amendments. In section 2, on page 3, line 9, after the word "amount", to strike out the comma and "exclusive of amounts due under contract of insurance," and at the end of the bill to insert a new section, so as to make the bill read:

Be it enacted, etc., That hereafter no check or warrant drawn against funds of the United States, or any agency, or instrumentality thereof, shall be sent from the United States (including its Territories and possessions and the Commonwealth of the Philippine Islands) for delivery in a foreign country in any case in which the Secretary of the Treasury determines that postal, transportation, or banking facilities in general, or local conditions in the country to which such check or warrant is to be delivered, are such that there is not a reasonable assurance that the payee will actually receive such check or warrant and be able to negotiate the same for full value.

SEC. 2. Any check or warrant, the sending of which is prohibited under the provisions of section 1 hereof, shall be held by the drawer until the close of the calendar quarter next following its date, during which period such check or warrant may be released for delivery if the Secretary of the Treasury determines that conditions have so changed as to provide a reasonable assurance that the payee will actually receive the check or warrant and be able to negotiate it for full value. At the end of such quarter, unless the Secretary of the Treasury shall otherwise direct, the drawer shall transmit all checks and warrants withheld in accordance with the provisions of this act to the drawee thereof, and forward a report stating fully the name and address of the payee; the date, number, and amount of the check or warrant; and the account against which it was drawn, to the Bureau of Accounts of the Treasury Department. The amounts of such undelivered checks and warrants so transmitted shall thereupon be transferred by the drawee from the account of the drawer to a special deposit account with the Treasurer of the United States entitled "Secretary of the Treasury, Proceeds of Withheld Foreign Checks", at which time such checks and warrants shall be marked "Paid into Withheld Foreign Check Account." Thereafter the drawee shall deliver such checks and warrants, together with other paid checks and warrants, to the Comptroller General of the United States, who shall allow credit therefor in the accounts of the drawer and the drawee.

In the case of checks representing payments under laws administered by the Veterans' Administration, when the amount transferred to the special deposit account on behalf of any individual payee equals $1,000, the amounts of any further checks, except checks under contracts of insurance, payable to such payee under such laws shall be covered into the Treasury as miscellaneous receipts. The deposit in the special deposit account or the covering into the Treasury as miscellaneous receipts, pursuant to the provisions of this section, of the amount of any check issued under laws administered by the Veterans' Administration shall be considered for all purposes, including determinations of rights under section 305 of the World War Veterans' Act, 1924, as amended, as payment to the person entitled thereto.

SEC. 3. Payment of the amounts which have been deposited in the special deposit account in accordance with section 2 hereof shall be made by checks drawn against such special deposit account by the Secretary of the Treasury, only after the claimant shall have established his right to the amount of the check or warrant to the satisfaction of the Secretary of the Treasury (or, in the case of claims based upon checks representing payments under laws administered by the Veterans' Administration, to the satisfaction of the Administrator of Veterans' Affairs) and the Secretary of the Treasury has determined that there is a reasonable assurance that the claimant will actually receive such check in payment of his claim and be able to negotiate the same for full value.

In the case of the death of the payee of any check in payment of pension, compensation, or emergency officers' retirement pay accruing under laws administered by the Veterans' Administration, while the amount thereof remains in the special deposit account, such amount shall, subject to the other conditions of this act, be payable as follows: (a) Upon death of the veteran, first to the widow; if there is no widow, to his child or children under the age of 18 at his death; (b) upon death of the widow, to her children under the age of 18 years at her death; (c) upon the death, prior to disbursement of all or any part of the apportioned amount, of an apportionee of a part of the veteran's pension, compensation, or emergency officers' retirement pay, such apportioned amount not disbursed shall be payable to the veteran; (d) in all other cases no disbursement whatsoever of such pension, compensation, or emergency officers' retirement pay shall be made or allowed except so much as may be necessary to reimburse the person who bore the expense of burial: *Provided, however*, That no disbursement shall be made unless claim therefor be filed in the Veterans' Administration within 1 year from the date of the death of the person entitled and perfected by the submission of the necessary evidence within 6 months from the date of the request of the Veterans' Administration therefor. Such benefits shall include only amounts due and unpaid at the time of death under then existing ratings or decisions.

SEC. 4. The provisions of sections 2 and 3 hereof shall apply to all checks or warrants the delivery of which is now being, or may hereafter be, withheld pursuant to Executive Order No. 8389 of April 10, 1940, as amended, as well as to all checks or warrants the delivery of which is now being withheld pursuant to administrative action, which administrative action is hereby ratified and confirmed: *Provided*, That any check or warrant the delivery of which has already been withheld for more than one quarter prior to the enactment of this act shall be immediately delivered to the drawee thereof for disposition in accordance with the provisions of sections 2 and 3 hereof: *Provided further*, That nothing in this act shall be construed to dispense with the necessity of obtaining a license to authorize the delivery and payment of checks in payment of claims under section 3 hereof in those cases where a license is now or hereafter may be required by law to authorize such delivery and payment.

SEC. 5. The Secretary of the Treasury is hereby authorized to prescribe such rules and regulations as he in his discretion may deem necessary or proper for the administration and execution of this act.

SEC. 6. Nothing contained in this act shall be construed as affecting or applying to checks or warrants issued in payment of salaries or wages or for goods purchased by the Government of the United States in foreign countries.

The amendments were agreed to.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. TAFT. I do not quite understand the necessity for a bill of this kind. Surely it is fairly easy to locate a person who is in occupied France. Is it the idea that we do not want to transmit money to someone in occupied France?

Mr. GEORGE. The bill as it was originally introduced applied only to payments made by the Veterans' Bureau to persons within the countries which were then engaged in war, and are now engaged in war, or which have been subjugated. It was found from experience that checks could not be delivered to the payees with any certainty that the actual payees would receive the checks; and if they did receive them, it was also found that for various reasons—including, in some instances, confiscatory taxes—the value of the check would not be realized by the payee. It was therefore thought best to prevent the sending out of the checks, and to place the checks or the funds in the Treasury so as to protect the payees.

Mr. TAFT. I have in mind the case of a private annuity of a woman in France who has no other means of support. It has been exceedingly difficult to deliver to her the payments on an annuity of about a thousand dollars a year. I see no reason why she should not receive the annuity. I see no reason why checks should not go through if the recipients want to receive them. I cannot understand the theory. I suppose it applies to England also; but why should not the checks go through? If the payee does not endorse a check, it cannot be cashed, and it can later be replaced by another check. As a matter of fact, we can tranmit money to private individuals in Germany today, but we cannot transmit it to persons in occupied France, except for the relaxation in the regulations which was made yesterday.

Mr. GEORGE. As a matter of fact, money may be transmitted to many countries, but there is no assurance that a great part of it will not be taken away by the tax gatherer. That was found to be true particularly in those areas which had been occupied by Russia following the occupancy of Latvia and other small countries by the Russian Government.

Mr. TAFT. Is the bill intended to apply merely to a case here and there, or is it intended to be practically a universal limitation on the sending of such checks? I think many persons are solely dependent on such checks. If they cannot get out of the countries where they are, how are they to live?

Mr. GEORGE. The bill provides expressly that the check may be passed into the Treasury only when there is no reasonable assurance of delivery or realization upon the check.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

W. M. HURLEY AND JOE WHITSON

The bill (H. R. 775) for the relief of W. M. Hurley and Joe Whitson was considered, ordered to a third reading, read the third time, and passed.

LUTHER HADEN

The bill (H. R. 8743) for the relief of Luther Haden was considered, ordered to a third reading, read the third time, and passed.

ROSA PAONE

The bill (H. R. 4954) for the relief of Rosa Paone was considered, ordered to a third reading, read the third time, and passed.

STEVE ZEGURA, JR., AND B. DRAGOMIR ZEGURA

The bill (H. R. 8830) to amend the records at the port of New York to show the admission of Steve Zegura, Jr., and B. Dragomir Zegura as aliens admitted for permanent residence was considered, ordered to a third reading, read the third time, and passed.

NICHOLAS G. KARAS

The bill (H. R. 8906) to record the lawful admission to the United States for permanent residence of Nicholas G. Karas was considered, ordered to a third reading, read the third time, and passed.

HJALMAR M. SEBY

The Senate proceeded to consider the bill (S. 3729), for the relief of Hjalmar M. Seby, which had been reported from the Committee on Claims, with amendments. On page 1, line 5, after the words "the sum of", to strike out "$31,000" and insert "$14,369.61"; in line 7, after the word "Texas", to strike out "on account of" and insert "in full settlement of all claims against the United States for"; on page 2, line 10, after the name "Hjalmar M. Seby", to strike out "; and (5) failure of United States Government representatives to accord him, the said Hjalmar M. Seby, credit for increased prices of materials under the terms of the National Recovery Act" and to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $14,369.61 to Hjalmar M. Seby, general contractor, of Abilene, Tex., in full settlement of all claims against the United States for damages and losses sustained by him at the hands of representatives of the United States Government through (1) unjust cancelation of contract No. 4646, United States Government form No. P. W. A. 51, for extension and remodeling United States post-office building, Vernon, Tex., known as Public Works Administration project No. 41; (2) failure of United States Government representatives to pay him for work done and materials furnished; (3) improper interference by United States Government representatives with him in the performance of his functions and duties as contractor under contract beforementioned; and (4) confiscation by United States Government representatives of materials and tools belonging to said Hjalmar M. Seby: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. KING. Mr. President, I should like to have an explanation of the bill. I have read the very numerous reports from various departments, and from the Comptroller General, and they are all adverse.

Mr. SHEPPARD. I say to the Senator that if there ever was a case of bureaucratic oppression and tyranny, it is this one. Generally one bureaucrat sustains another.

Mr. Hjalmar Seby, the beneficiary of this bill, a general contractor of Abilene, Tex., contracted with the United States to rebuild and remodel the post-office building at Vernon, Tex., and also to construct a large addition thereto.

He was awarded the contract on November 28, 1933. He was then living in Abilene, Tex., was 54 years of age, and had been in the general contracting business for upward of 30 years. He had an excellent reputation for honesty and ability in his chosen profession; he had constructed on contract many fine buildings in Texas, including the Fine Arts Building of Simmons University and the Administration Building of Abilene Christian College, both of which involved much larger construction than did the Vernon post-office contract. Among other buildings, he had constructed a girls' dormitory at the McMurray College in Abilene, Tex.

His bankers, neighbors, and those for whom he had constructed buildings all gave him the highest recommendation as to ability and integrity. He had never before had a Government contract.

Mr. Seby was by birth a Norwegian, coming to this country in 1902 and becoming a naturalized citizen on June 20, 1910. He volunteered for service in the armed forces of the United States in the first World War. He was accepted and recommended for a commission in the stevedore and labor battalions on October 26, 1918. The commission was issued, but not signed before the armistice.

Mr. Seby commenced work on the Vernon, Tex., post office in February 1934. At that time the National Industrial Relations Act was in effect. The Government sent one of its officials as its construction engineer to the project.

Mr. Seby was the subject of attempted bribery by this construction engineer, and this engineer, in an attempt to force Seby to pay him money or give him property, such as free gasoline or an automobile, continually interfered with and seriously delayed him in the construction of this post-office building. This engineer caused changes to be made in the construction of the building that were contrary to the contract specifications.

From that time on the evidence discloses a systematic attempt to drive Mr. Seby out of this contract.

On or about August 16, 1934, a special agent of the Public Works Administration commenced investigating Mr. Seby on Seby's alleged violations of the then-existent N. I. R. A. Code with regard to the hours he allowed labor to work. A few days later Mr. Seby was arrested by virtue of a warrant issued on an affidavit made by this agent and was forced to absent himself from his work for several days. The Federal grand jury, however, refused an indictment against Mr. Seby after going into the situation.

On August 28, another construction engineer was sent to the job, the former engineer having been dismissed. This second engineer caused newspaper items to appear in Vernon that Seby had been arrested on this labor charge, and worst of all this engineer telegraphed the companies supplying materials to Mr. Seby, intimating that he was financially insolvent, they had best be careful in dealings with him, and told them of Mr. Seby's arrest, not adding that he had been exonerated, and said that he was facing a loss of his contract. As a natural result of this Mr. Seby had trouble securing credit from these companies and securing necessary materials. In fact his credit and name were finally destroyed, a credit and name it had taken him 30 years to build, and he has been unable to obtain work since.

Finally payments due him by the Government were withheld and he was forced to surrender the work. The Government seized his office, equipment, and materials, and eventually the bonding company took charge.

The man was ruined. He had put all he had into this project. I looked into his case and came to the conclusion that he should have $31,000 from the Government. The Senator from Vermont [Mr. GIBSON], to whom the bill was referred as a member of the Claims Committee, reduced the amount to $14,000 stating virtually that this was the minimum which Mr. Seby ought to be paid now by the Government.

Mr. KING. Mr. President, I am compelled to leave to attend a conference on the tax bill. I know nothing about the case. In hastily examining the report I find that Mr. Elliott the Acting Comptroller General, the engineer, and Alan Johnstone, the general counsel, have recommended against it.

Mr. SHEPPARD. They supported the reports which came in from the field. I do not suppose they had personal knowledge of the situation.

Mr. KING. I know the evils of bureaucracy; and if the Senator contends that this is a bureaucratic imposition, I am inclined to support his views.

Mr. REED. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. REED. I was about to ask the Senator from Texas, if this man was such a good character, why he made a claim for $31,000, whereas the Committee on Claims has allowed him only $14,000?

Mr. SHEPPARD. That was the finding of the Senator from Vermont [Mr. GIBSON]. He felt that that was the least Mr. Seby ought to be given. It was my judgment that he ought to have had $31,000, the entire amount which I was convinced he lost. Seby himself claimed $42,000 and substantiated it with evidence he presented to the Treasury.

Mr. REED. Only because of my belief in the unquestioned integrity of the Senator from Texas will I withhold objection to this bill. I think it is a bad thing.

Mr. SHEPPARD. I thank the Senator.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. WILEY. How long ago did this transaction take place?

Mr. SHEPPARD. In 1934; and Mr. Seby has been trying to obtain a settlement ever since.

Mr. WILEY. Has any action been taken to punish those who were in a position of trust with the Government, and who set out to ruin this man?

Mr. SHEPPARD. Apparently there was a conspiracy. Officials evidently interacted with one another and evidently had understandings with one another.

Mr. WILEY. From what the Senator was reading. I thought he was describing an episode in Russia.

Mr. SHEPPARD. It sounds like it. I have not given all the facts, all the impositions and persecutions. To save time, I have given only samples of what Mr. Seby underwent. Today he is a ruined and financially broken man at 61. He was one of the most prosperous, able, and successful contractors of west Texas.

Mr. WILEY. I can fully appreciate the Senator's viewpoint in relation to Mr. Seby. I am interested in what has been shown. If we now have a condition in this country under which Government employees and Government agencies may persecute a man and use grand juries and instrumentalities of government to ruin him, it is about time the Senate of the United States investigated the situation, brought the real culprits before the bar of justice and put them in prison where they belong.

Mr. SHEPPARD. I agree with the Senator.

Mr. WILEY. These are troublous times, and the way for the Government to remain intact is to have men in the public service who are intact mentally and morally.

Mr. SHEPPARD. Again I agree with the Senator.

Mr. WILEY. Apparently, we have in this instance men whose business it was to see that they were lining their own pockets and persecuting men who wanted to be honest.

I know nothing about the merits of the bill, but I think the facts as given here should be investigated by the proper authorities and further evidence should be presented to this body so that we may determine our course.

Mr. SHEPPARD. I am in thorough agreement with the Senator.

Mr. NORRIS. Mr. President, I should like to ask the Senator from Texas a question. Did I understand the Senator from Texas to contend that there was some sort of conspiracy against this contractor indulged in by officials of the Federal Government, including the Comptroller General's Office?

Mr. SHEPPARD. No. The Comptroller General evidently accepted the report of the bonding company which seemed to be a conspirator against Mr. Seby also.

Mr. NORRIS. He would not listen to Seby and evidently has decided, as I understand it, to support the conspirators. Did the committee call these men before it and have them testify?

Mr. SHEPPARD. I was not on the committee. The Senator from Vermont [Mr. GIBSON] was a member of the Committee on Claims who looked into the matter and made the favorable report. His report specifically reviews the evidence; in fact, my remarks have been based largely on his report.

Mr. NORRIS. Has it been contended that these Government officials formed a conspiracy against the other man who had not violated the law?

Mr. SHEPPARD. It is my opinion that what they did to the contractor, Mr. Seby, amounted to conspiracy.

Mr. NORRIS. What was the nature of their conspiracy? What was behind it? What did they claim?

Mr. SHEPPARD. They asked that they be given cash, gasoline, an automobile, and the use of Mr. Seby's organization for their benefit. It was graft.

Mr. NORRIS. Did their superior officers have their attention called to the fact that some officials of the Government in subordinate positions had been trying to graft on the contractors and get them to compensate them?

Mr. SHEPPARD. They had their attention called to it, and at one time they dismissed one of the agents. Later, I am advised, he showed up in another branch of the service.

Mr. NORRIS. That was not removing him.

Mr. SHEPPARD. The man who took his job seemed to be of the same color.

Mr. NORRIS. I cannot yet understand why the officials above these subordinate officials having their attention called to the fact that they had under them employees guilty of a conspiracy, and of trying to rob an honest man, have taken no action. It is quite evident that if they did their duty these men would be sent to the penitentiary or at least removed from office, it seems to me.

Mr. SHEPPARD. Certainly, sir.

Mr. NORRIS. Well, what has been done along that line?

Mr. SHEPPARD. The case only came to my attention a few months ago, and I am not through with it, I will say to the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE TO VIRGINIA OF PORTION OF NAVAL RESERVATION AT DAHLGREN, VA.

The bill (H. R. 9636) authorizing the conveyance to the Commonwealth of Virginia of a portion of the naval reservation known as Naval Proving Ground, Dahlgren, Va., was considered, ordered to a third reading, read the third time, and passed.

TEMPORARY PROMOTIONS IN THE ARMY

The bill (S. 4207) to provide uniformity in temporary promotions in the Army of the United States in time of emergency was announced as next in order.

The PRESIDING OFFICER. The Chair understood the Senator from Texas desired that the bill be indefinitely postponed. The Chair is advised by the Parliamentarian that the bill has been taken care of in another bill which has been passed.

Mr. SHEPPARD. The substance of this bill was placed in the second supplemental appropriation bill as a rider and became a law. So this bill may be postponed indefinitely.

The PRESIDING OFFICER. Without objection, Senate bill 4207 is indefinitely postponed.

COMMANDANTS OF NAVAL DISTRICTS

The bill (S. 4247) to repeal the first proviso to the appropriations for "Miscellaneous expenses," as contained in title I of the Naval Appropriations Act for the fiscal year ending June 30, 1941 (Public, No. 588, 76th Cong., 3d sess.) was announced as next in order.

Mr. DANAHER. Mr. President, I inquire why the proviso of the appropriations act referred to should be repealed? I should like an explanation of why the bill seeks to repeal the limitation placed originally on the use of the appropriation.

Mr. WALSH. Mr. President, let me state the purpose of the bill.

The bill was introduced at the request of the Navy Department. The committee have been advised that the bill meets with the approval of the Bureau of the Budget.

The purpose of the bill is to repeal a restriction in the Naval Appropriation Act which has been in effect since the act of July 12, 1921, the Appropriation Act for the fiscal year 1922. This restrictive clause prevents the Secretary of the Navy from assigning an officer as commandant of a naval district unless he should be ordered to command a navy yard, naval training station, or naval operating base, if any of these be in the naval district involved, and is a measure which is not adaptable during war or national emergency.

During war or national emergency the military phase of the district organization increases enormously and requires the individual and undivided attention of the commandant, which is not possible when he is responsible for the administrative functioning of another activity, such as a navy yard or naval operating base. In the interests of national defense it is necessary that district commandants be relieved of the details of work or administration of other agencies or subdivisions within their jurisdiction.

Let me illustrate: In the Boston naval district there is a navy yard at Boston. The Secretary of the Navy can designate only one commandant for that whole naval district and the commandant of the district must also be commandant of the navy yard. In that naval district there is a navy yard at Portsmouth, N. H.; there is at Newport, R. I., a naval torpedo station; there is at New London a submarine base; and there are other naval stations, one at Hingham, for storage purposes, and there is also now an auxiliary navy yard at Boston. I refer to those as an example.

Because of the great volume of work, it is impossible for the commandant of the naval district and also commandant of the Boston Navy Yard properly to attend to all the work devolved upon him. Over his desk must come not only matters affecting the Boston Navy Yard but also those affecting the entire district, including a naval base almost as large as the yard which he commands.

This amendment would permit the Secretary of the Navy to assign an officer as commandant of the naval district independent of the commandant of the Boston Navy Yard or the Portsmouth Navy Yard or at the New London submarine base or at the Newport torpedo base if, in his opinion, it was essential and necessary.

The bill has a different objective from what it appears to have. It really amounts to permitting the appointment of responsible officers to command large naval districts, something which is now forbidden by reason of the provision in the appropriation act.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. DANAHER. Let me say to the Senator that that would certainly be true if we were to add to the language which is used some clause to the effect, "*Provided,* That there is already a commandant in the yard or district where the appropriation is to be utilized." It is not proposed to say that, but, quite to the contrary, what is proposed is to repeal a limitation on the use of an appropriation. While the objective, as stated by the Senator from Massachusetts, is perfectly correct——

Mr. WALSH. And desirable.

Mr. DANAHER. There is no reason why the money upon which Congress placed a limitation cannot be spent whether there is one commandant or fifty. In point of fact, there is no reason why there should be any.

Mr. WALSH. Will the Senator suggest appropriate language? This bill was drafted by the legal staff of the Navy Department, and I suppose was confined strictly to the objective they had in mind.

Mr. DANAHER. Does the Senator see the force of the point I now raise?

Mr. WALSH. I take it, that the Senator is of the opinion that the removal of this limitation might be abused?

Mr. DANAHER. Let me point out to the Senator, if he will allow me, that we previously provided that none of this fund could be used for certain purposes unless there was a certain type of officer who would be in charge of the yard in question. That is correct, is it not?

Mr. WALSH. That is true.

Mr. DANAHER. Now by this bill it is proposed to repeal that limitation. Therefore, there is no longer any limitation on the appropriation to be utilized under the head of "Miscellaneous" in any yard or in any district, regardless of how many commandants there may be.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Is there objection to the present consideration of the bill?

Mr. REED. Mr. President, I object; but I withhold the objection until I can discuss the matter for a moment with the Senator from Massachusetts.

I cannot quite get the philosophy of this bill. I assume that a naval officer of sufficiently high rank is placed in charge of a naval district. I also assume that a naval officer of proper rank is placed in charge of a naval station, or reserve station, or any other kind of station that might happen to be included in the district. It seems to me the point made by the Senator from Connecticut [Mr. DANAHER] is very well taken.

Mr. WALSH. But the present law requires every expenditure by the commandant in a given district to go to the desk and to be acted upon by a commandant who is already swamped with work. The purpose of this bill is, in the interest of the national defense, to permit a division and a breaking-up of these large districts, which operate successfully and well in time of peace; but now it is necessary to make a subdivision of them, and we cannot do it under the existing law.

Mr. REED. I suggest to the Senator from Massachusetts that we have what are known as corps areas, and within those corps areas in the Army are forts. An officer of proper rank is in command of a corps area, and he is also in command of all the things in the corps area; but in charge of each separate fort, again, is an officer of proper rank.

I cannot see the philosophy of the bill. I think the point made by the Senator from Connecticut is well taken; and I object to the consideration of the bill.

The PRESIDING OFFICER. The bill will go over under objection.

Mr. BYRNES subsequently said: Mr. President, I call the attention of the Senator from Massachusetts [Mr. WALSH] to the bill which he endeavored to have considered a few minutes ago. I should like to advise the Senator that the last appropriation bill passed by the Senate embodies the exact language of the bill in question, and it is now the law. In view of that fact, I suggest that the Senator might have the bill stricken from the calendar.

Mr. WALSH. Very well, Mr. President, I ask that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 4247 will be indefinitely postponed.

APPOINTMENT OF COMMISSIONED AND WARRANT OFFICERS IN NAVAL RESERVE

The Senate proceeded to consider the bill (S. 4246) to provide for the appointment of certain persons as commissioned or warrant officers in the Naval Reserve, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments, in section 2, page 2, line 12, after the word "not", to strike out "thereby"; and, in line 13, after the word "allowances", to insert "to which they would have been entitled had they continued on active duty in their regular status", so as to make the bill read:

Be it enacted, etc., That hereafter commissioned warrant and warrant officers and enlisted men of the Regular Navy and enlisted men of the Fleet Reserve may, under regulations prescribed by the Secretary of the Navy, be issued appointments as commissioned or warrant officers in the Naval Reserve, under which appointments they may be required to serve only in time of war or when in the opinion of the President a national emergency exists: *Provided,* That while serving on active duty under appointments made as herein provided, the regular status of such appointees shall be considered as in abeyance, and upon termination of active duty thereunder they shall revert to the status held by them immediately preceding such active duty: *Provided further,* That active duty in the Naval Reserve performed under the provisions of this act shall be counted for all purposes as though it had been rendered by the individuals concerned in the status held by them immediately preceding such active duty.

SEC. 2. Appointees called to active duty as commissioned or warrant officers of the Naval Reserve as provided by section 1 of this act shall not suffer any reduction in pay and allowances to which they would have been entitled had they continued on active duty in their regular status: *Provided*, That if while so serving on active duty they contract sickness or disease or sustain injury, or die as a result of such sickness, disease, or injury, they or their beneficiaries shall be entitled to all the benefits provided for commissioned or warrant officers of the Naval Reserve or to the same benefits to which they would have been entitled had such active service been performed in their prior status as commissioned warrant or warrant officers or enlisted men of the Regular Navy, or the Fleet Reserve, whichever may be the greater.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ONE HUNDREDTH ANNIVERSARY OF FOUNDING OF NAVAL ACADEMY

The joint resolution (S. J. Res. 253) providing for the celebration in 1945 of the one hundredth anniversary of the founding of the United States Naval Academy, Annapolis, Md., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That in order to provide for the commemoration of the one hundredth anniversary of the founding of the United States Naval Academy, there is hereby established a commission to be known as the United States Naval Academy Centennial Commission (hereinafter referred to as the "Commission"), to be composed of three Senators to be appointed by the President of the Senate, three Members of the House of Representatives to be appointed by the Speaker of the House of Representatives, the person occupying the office of President of the United States on the date of the enactment of this joint resolution, the Governor of the State of Maryland, the Secretary of the Navy, the Superintendent of the United States Naval Academy, and five persons to be appointed by the President. The members of the Commission shall select, from among their number, a chairman and a vice chairman. The Superintendent of the United States Naval Academy shall appoint, subject to the approval of the chairman and vice chairman of the Commission, a secretary for the Commission. If any vacancy occurs in the office of secretary, such vacancy shall be filled in the manner provided for the original appointment. The authority of the Commission under this joint resolution shall cease and terminate on June 30, 1946.

SEC. 2. It shall be the duty of the Commission to formulate plans for the celebration to be held on or about October 10, 1945, in commemoration of such anniversary.

SEC. 3. The Commission is authorized to cooperate with the State of Maryland, the city of Annapolis, the Navy Athletic Association, and other organizations, in order to carry out the provisions of this joint resolution.

SEC. 4. The members of the Commission shall serve without compensation, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties as members of the Commission.

SEC. 5. The Commission is authorized to make such expenditures for the purpose of carrying out the provisions of this joint resolution as it may deem advisable, but no expenditure shall be made except for the purposes authorized by a majority of the members thereof. Expenditures of the Commission shall be paid upon the presentation of vouchers approved by the chairman of the Commission.

SEC. 6. The Commission shall make a report to the Congress, as soon as practicable, of the plans formulated and the recommendations of the Commission for the observance of such anniversary.

SEC. 7. There is hereby authorized to be appropriated the sum of $5,000, to be expended by the Commission for the purpose of carrying out the provisions of this joint resolution.

ADVANCEMENT ON RETIRED LIST OF CERTAIN NAVY OR MARINE CORPS OFFICERS

The bill (H. R. 9688) to provide for the advancement on the retired list of any officer of the Navy or Marine Corps retired pursuant to the provisions of section 13 or 15 (e) of the act of June 23, 1938, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That any officer of the Navy or Marine Corps who has heretofore been placed on the retired list pursuant to the provisions of section 13 or 15 (e) of the act of June 23, 1938 (52 Stat. 944), or both of such sections, shall receive the retired pay of a rear admiral of the upper half.

BILL PASSED OVER

The bill (H. R. 9854) to authorize certain officers and enlisted men of the United States Navy, the United States Marine Corps, the Naval Reserve, and the Marine Corps Reserve to accept such medals, orders, decorations, and presents as have been tendered them by foreign governments was announced as next in order.

Mr. WHEELER and other Senators. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

FRANK HALL

The Senate proceeded to consider the bill (H. R. 7283) for the relief of Frank Hall, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the words "sum of", to strike out "$5,844.29" and insert "$3,700", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frank Hall, of New Paris, Ohio, the sum of $3,700. Such sum represents and shall be in full settlement of all claims against the United States for loss incurred in the destruction by fire of real and chattel property on or about February 18, 1939, said fire resulting from actions of an agent or agents of the Soil Conservation Service, United States Department of Agriculture: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

JOHN J. MURPHY

The bill (H. R. 5365) for the relief of John J. Murphy was considered, ordered to a third reading, read the third time, and passed.

LOUIS ST. JACQUES

The bill (H. R. 5771) for the relief of Louis St. Jacques was considered, ordered to a third reading, read the third time, and passed.

ALBERT DEPONTI

The bill (H. R. 5776) for the relief of Albert DePonti was considered, ordered to a third reading, read the third time, and passed.

LOUIS A. CHARLAND

The bill (H. R. 6605) for the relief of Louis A. Charland was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 9766) to direct the deportation of Harry Renton Bridges was announced as next in order.

Mr. WAGNER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

I. M. COOK, J. J. ALLEN, AND RADIATOR SPECIALTY CO.

The bill (S. 4250) conferring jurisdiction upon the United States District Court for the Western District of North Carolina to hear, determine, and render judgments upon the claims against the United States of I. M. Cook, J. J. Allen, and the Radiator Specialty Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the United States District Court for the Western District of North Carolina to hear, determine, and render judgments upon the claims against the United States of I. M. Cook, of Charlotte, N. C.; J. J. Allen, of Charlotte, N. C.; and the Radiator Specialty Co., of Charlotte, N. C., for damages sustained by each by reason of a fire which destroyed a building, known as the Cook Body Co. Building, in Charlotte, N. C., in December 1938, such fire having started from an oil stove in a part of such building which was occupied by the Works Progress Administration.

SEC. 2. In the determination of such claims, the United States shall be held liable for such damages, and for any acts committed by any of its officers and employees, to the same extent as if the United States were a private person.

SEC. 3. Suits upon such claims may be instituted at any time within 1 year after the date of enactment of this act, notwithstanding the lapse of time or any statute of limitations. Proceedings for the determination of such claims, and appeals from, and payment of, any judgments thereon shall be in the same manner as in the case of claims over which such court has jurisdiction under the provisions of paragraph "Twentieth" of the Judicial Code, as amended.

BILL PASSED OVER

The bill (S. 4203) to provide for the employment on active duty of retired personnel of the Regular Army, and for other purposes, was announced as next in order.

Mr. SHEPPARD. Mr. President, a similar House bill will be here shortly. It will be best, therefore, to have this bill passed over without prejudice, and kept on the calendar until the House bill arrives.

The PRESIDING OFFICER. The bill will be passed over without prejudice.

DISCONTINUANCE OF CERTAIN PROFESSIONAL EXAMINATIONS IN THE ARMY

The Senate proceeded to consider the bill (S. 4224) to authorize the discontinuance of professional examinations for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps during time of war or emergency declared by Congress, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 3, after the words "declared by", to insert "the President or by", so as to make the bill read:

Be it enacted, etc., That in time of war or during an emergency declared by the President or by Congress, the Secretary of War may, in his discretion, dispense with any part of the examination for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps, except those relating to physical examination.

The amendment was agreed to.

Mr. DANAHER. Mr. President, I should like to know from the Senator from Texas whether or not this bill will instantly become law and become operative should we pass it.

Mr. SHEPPARD. It must pass the House.

Mr. DANAHER. Yes; I mean, when it passes the Congress?

Mr. SHEPPARD. Yes.

Mr. DANAHER. In other words, the emergency referred to and defined in the bill is now in existence. Is that it?

Mr. SHEPPARD. As I understand, a limited emergency has been proclaimed by the President.

Mr. DANAHER. There is nothing in the bill about "limited." I want to know if the Senator understands that we are now operating under an emergency in this country.

Mr. SHEPPARD. I think so.

Mr. DANAHER. We are doing it, therefore, I take it, pursuant to a declaration by Congress?

Mr. SHEPPARD. I think the passage of the so-called National Guard bill and the passage of the draft bill indicate that Congress considers that we are in an emergency.

Mr. DANAHER. Directing the Senator's attention to line 4, where the bill provides, if it becomes operative, that we shall dispense with the regular order of examination for promotions when the Congress declares an emergency to exist, does the Senator understand that the Congress has ever declared any such emergency?

Mr. SHEPPARD. I think it did; yes, sir.

Mr. DANAHER. When?

Mr. SHEPPARD. By implication, when it passed the two bills to which I have referred.

Mr. DANAHER. "By implication." Could we, therefore, properly strike out the words "the President" and still have the bill operative?

Mr. SHEPPARD. The bill itself was prepared by the War Department, and refers both to the President and to Congress. I do not think there should be any change in these respects.

Mr. DANAHER. Does the Senator understand that we are operating under an emergency declared by the President?

Mr. SHEPPARD. Both by the President and by Congress.

Mr. TAFT. Mr. President, I do not understand how the President can declare an emergency, or what effect that declaration has. There are a number of acts which permit the President under certain circumstances, for the purposes of those acts, to declare emergencies. There is no law permitting him to declare a limited emergency, or a general emergency, or any other kind of an emergency.

Mr. SHEPPARD. As I understand, in September he declared what he called a limited emergency.

Mr. TAFT. He did, but there is no law authorizing him to do that, and there is no law giving any effect to such a declaration. As a matter of fact, the original declaration of a limited emergency applied to certain particular laws which state that when he declared a thing, certain other things should happen.

It seems to me this bill certainly should clearly state whether the President shall declare a general emergency, what kind of an emergency, or whether it is an emergency declared merely for the purpose of this particular bill, because I do not understand that there is any law in existence giving the President power to declare emergencies merely because he thinks there is an emergency of some kind.

The PRESIDING OFFICER. Is there objection to the further consideration of the bill?

Mr. REED. I object.

The PRESIDING OFFICER. The bill will be passed over under objection.

Mr. HILL. Mr. President, will the Senator withhold his objection?

Mr. REED. Certainly; I will withhold it.

Mr. HILL. May I have the attention of the chairman of the committee, the Senator from Texas?

The Senate Committee on Military Affairs amended the bill by inserting in the bill, after the words "declared by," the words "the President or by," meaning that the emergency had to be declared by the President or by Congress. Why not further insert—I think that might meet the objection in the minds of some Senators—the words "for the purposes of this act"?

Mr. TAFT. That would meet my objection.

Mr. HILL. That would meet the objection. I can see no reason why that language should not go in, and I think the bill ought to be passed.

Mr. SHEPPARD. I accept the amendment.

Mr. REED. Mr. President, I desire a little more information. As I read the bill, which is very short, there still is required a physical examination of officers to be promoted. I inquire of the Senator from Alabama whether I am correct in that understanding.

Mr. HILL. The Senator certainly is correct in that understanding. All that the bill would do would be to permit the War Department, in case of an emergency declared by Congress and declared by the President for the purposes of the act, to waive the professional examination.

The only officers in the Army who are required today to stand a professional examination for promotion are the officers of the Medical and Dental Corps of the Army. No other officers are required to stand any professional examinations. Now we are getting ready to expand or greatly increase the Army, and these promotions ought to be stepped up. To have to hold a large number of examinations at the present time would delay things. Certainly, after all is said and done, the bill is not one of very great consequence; but it would permit promotions of medical and dental officers to go through just as promotions now go through for all the other officers in the Army.

Mr. REED. Let me inquire of the distinguished Senator from Alabama whether there is not this distinction between medical officers, dental officers, veterinary officers, and the other officers of the Army, in that other officers of the Army are educated in a Government school, namely, at West Point, and that they have to have a certain length of service and certain qualifications for promotion, but the Government takes its medical, its dental, and its veterinary officers without such Government training. Am I correct?

Mr. HILL. Mr. President, let me say to the Senator that only about 35 percent of the officers in the Army are educated and trained by the Government. Between 60 and 65 percent of the officers come in without ever having gone through West Point or any other Government school. The officers in the dental and medical corps of the Army have to undergo a very rigid examination before they come into

the Army, and they are all graduates of grade A medical or dental schools. They are graduated from some of the best medical and dental schools in the country, such as Harvard University, the University of West Virginia, the University of Wisconsin, the University of Kansas, and others. They have to graduate from a grade A dental or medical school before they can get commissions in the Army.

In addition to that, we have a school for doctors and dentists at Carlisle, Pa., as the Senator knows, where these officers are sent for training in special courses. I think the requirements for dental and medical officers in the Army today are certainly just as rigid as those for officers in other branches of the Army, and, indeed, I think they are far more rigid.

Mr. REED. Officers in the Army are sent to the Officers' School at Fort Leavenworth, or they may be sent to some other school; they may be sent to a quartermasters' school; they may be sent to any one of various kinds of schools. Can the Senator from Alabama say whether the officers who would be covered by the bill now before us are required to take any training after they have entered the Army?

Mr. HILL. Certainly, as I have just stated.

Mr. REED. Will not the Senator from Alabama please point out where the school is?

Mr. HILL. It is at Carlisle, Pa. The Army has a fine school there for doctors and dentists, where we send these officers, where all kinds of courses are prescribed for officers of both the Dental Corps and the Medical Corps of the Army. In addition, as the Senator knows, there are great Army hospitals, such as the Walter Reed Hospital, which is a large medical center. Officers are detailed there, and there they take courses in all kinds of training and experience.

Mr. REED. I still have my doubts about the bill, but in deference to my good friend from Alabama and my good friend from Texas, I withdraw the objection.

Mr. SHEPPARD. I desire to accept the amendment.

The PRESIDING OFFICER. Does the Senator from Alabama intend to offer an amendment?

Mr. HILL. I wish to offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, line 5, after the word "discretion", it is proposed to insert the words "for the purposes of this act."

The amendment was agreed to.

Mr. DANAHER. Mr. President, I should like to ask a question, having in mind the possibility of a further amendment, and I direct my inquiry to the Senator from Texas. I notice that the bill was reported on August 23, having first been reported favorably by the committee as of July 30, apparently. I am not certain of that, but I think that is accurate. That was before we passed the National Guard bill, covering the National Guard into the Federal Army. I should like to know whether or not this bill, if enacted, would apply to officers of the National Guard in the divisions of service described in the bill.

Before the Senator answers the question, I point out that within 24 hours I read a dispatch in the papers to the effect that one of the leading adjutant generals of the National Guard already claims that the National Guard officers are being discriminated against by the Army in the matter of promotions. In order that there may be no inequity in that particular, I think we should amend this bill further, if the Senator from Texas agrees, to include officers of the National Guard who are covered into the Federal service pursuant to the recent act of Congress.

Mr. SHEPPARD. I shall be glad to accept such an amendment.

Mr. DANAHER. I ask that the bill be passed over temporarily, and I will prepare the amendment.

The PRESIDING OFFICER. The bill will be passed over temporarily.

Mr. DANAHER subsequently said: A few moments ago I asked the Senator from Texas [Mr. SHEPPARD] to allow a bill to be passed over until I had prepared an amendment. The amendment is completed, and I should ask that the Senator recur to Senate bill 4224, Calendar No. 2144.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (S. 4224) to authorize the discontinuance of professional examinations for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps during time of war or emergency declared by Congress.

Mr. DANAHER. I submit an amendment to the bill.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 1, line 6, after the word "Army", it is proposed to insert "and in the National Guard of the United States."

Mr. SHEPPARD. Mr. President, that amendment is entirely acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in time of war or during an emergency declared by the President or by Congress, the Secretary of War may, in his discretion, dispense with any part of the examination for promotion in the Regular Army and in the National Guard of the United States of officers of the Medical, Dental, and Veterinary Corps, except those relating to physical examination.

EDWARD WORKMAN

The bill (H. R. 428) for the relief of Edward Workman was considered, ordered to a third reading, read the third time, and passed.

W. J. HANCE

The bill (H. R. 532) for the relief of W. J. Hance was considered, ordered to a third reading, read the third time, and passed.

EUEL CALDWELL

The bill (H. R. 1174) for the relief of Euel Caldwell was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF ALFRED BATRACK

The bill (H. R. 1912) for the relief of the estate of Alfred Batrack was considered, ordered to a third reading, read the third time, and passed.

ALEX SILBERSTEIN AND OTHERS

The bill (H. R. 4441) for the relief of Alex Silberstein and others was considered, ordered to a third reading, read the third time, and passed.

M. GRACE MURPHY, ADMINISTRATRIX

The bill (H. R. 2214) for the relief of M. Grace Murphy, administratrix of the estate of John H. Murphy, was considered, ordered to a third reading, read the third time, and passed.

EVYLINE VAUGHN

The bill (H. R. 5400) for the relief of those rendering medical and hospital services to Evyline Vaughn, was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF JAMES A. RIVERA

The bill (H. R. 5863) for the relief of the estate of James A. Rivera was considered, ordered to a third reading, read the third time, and passed.

REGINA HOWELL

The bill (H. R. 6108) for the relief of Regina Howell was considered, ordered to a third reading, read the third time, and passed.

GEORGE R. STRINGER

The bill (H. R. 6210) for the relief of George R. Stringer was considered, ordered to a third reading, read the third time, and passed.

JOHN TOEPEL AND OTHERS

The bill (H. R. 6456) for the relief of John Toepel and others was considered, ordered to a third reading, read the third time, and passed.

GEORGE F. KERMATH

The bill (H. R. 6639) for the relief of George F. Kermath was considered, ordered to a third reading, read the third time, and passed.

FRED M'GARRAHAN

The bill (S. 4073) for the relief of Fred McGarrahan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Fred McGarrahan shall be held and considered to have been honorably discharged on January 8, 1902, as a private, Company H, Eleventh Regiment United States Infantry: *Provided*, That no pension, pay, bounty, or other benefit shall be held to accrue by reason of this act prior to its passage.

EXPANSION OF MITCHEL FIELD, N. Y.

The bill (S. 4258) to remove the restriction placed upon the use of certain lands acquired in connection with the expansion of Mitchel Field, N. Y., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the item contained in the act of Congress approved July 1, 1937 (50 Stat. 452), entitled "An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1938, and for other purposes", providing for the acquisition of land in the vicinity of Mitchel Field, N. Y., 342 acres, more or less, to be used exclusively for runways, $500,000, is hereby amended so as to remove the restriction thereby placed on the use of the land so authorized to be acquired: *Provided*, That the use of said land for any other purpose shall in no way interfere with the effective use of the runways placed thereon.

ARMY MINE PLANTER SERVICE

The bill (S. 4275) to increase the authorized numbers of warrant officers and enlisted men in the Army Mine Planter Service, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter the authorized personnel of the Army Mine Planter Service shall comprise, for each Army mine planter in service or under construction, one master, one first mate, one second mate, one chief engineer, one assistant engineer, and one second assistant engineer, who shall be warrant officers appointed by and holding their offices at the discretion of the Secretary of War, and such enlisted men of the Coast Artillery Corps as the Secretary of War shall prescribe from time to time: *Provided*, That the maximum authorized numbers of warrant officers and enlisted men of the Coast Artillery Corps are hereby increased by the numbers of additional warrant officers and enlisted men authorized by this section: *Provided further*, That when the number of Army mine planters in service and under construction exceeds 14, the Secretary of War may, in his discretion, and to such extent as he may deem proper, make temporary appointments of the additional warrant officers required for the additional mine planters: *Provided further*, That members of the Army Mine Planter Service appointed as temporary warrant officers shall, while serving as such, have the rank, pay, allowances, and retirement privileges of the grade and ratings to which they are temporarily appointed, and upon termination of their temporary appointments as warrant officers shall revert to the grades from which they were appointed, without loss of seniority, credit for continuous service, or any other right or privilege, by reason of their service as temporary warrant officers: *And provided further*, That the relative rank, pay, and allowances of warrant officers of the Army Mine Planter Service shall be as now prescribed by law, and warrant officer second assistant engineers shall receive pay and allowances, and be entitled to other privileges as now prescribed by law for warrant officer second mates, and while aboard their vessels shall take rank immediately below warrant officer second mates.

ANTHONY BORSELLINO

The bill (H. R. 10191) for the relief of Anthony Borsellino was considered, ordered to a third reading, read the third time, and passed.

MURIEL THOMPSON

The resolution (S. Res. 295) to pay a gratuity to Muriel Thompson was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Muriel Thompson, widow of Charles Thompson, late an employee of the Senate restaurant under supervision of the Committee on Rules, the sum of $210, an amount equal to 6 months of his last compensation as such employee, said sum to be considered inclusive of funeral expenses and all other allowances.

ALASKA GAME LAW

The bill (H. R. 8474) to further amend the Alaska game law was considered, ordered to a third reading, read the third time, and passed.

J. K. LOTA AND ASSOCIATES

The bill (H. R. 9123) to approve Act No. 65 of the Session Laws of 1939, of the Territory of Hawaii, was considered, ordered to a third reading, read the third time, and passed.

ELECTRIC CURRENT IN KAWAIHAU, KAUAI

The bill (H. R. 9124) to approve Act No. 214 of the Session Laws of 1939, of the Territory of Hawaii, was considered, ordered to a third reading, read the third time, and passed.

LA VERA HAMPTON

The bill (H. R. 4571) for the relief of La Vera Hampton was considered, ordered to a third reading, read the third time, and passed.

JOHN P. HART

The bill (H. R. 6060) for the relief of John P. Hart was considered, ordered to a third reading, read the third time, and passed.

JAMES MURPHY, SR.

The bill (H. R. 6230) for the relief of James Murphy, Sr., was considered, ordered to a third reading, read the third time, and passed.

WALLIE MOTOR CO.

The bill (H. R. 6457) for the relief of the Wallie Motor Co. was considered, ordered to a third reading, read the third time, and passed.

MAJ. CLARENCE H. GREENE

The bill (H. R. 5264) for the relief of Maj. Clarence H. Greene, United States Army, retired, was considered, ordered to a third reading, read the third time, and passed.

RESOLUTION PASSED OVER

The resolution (S. Res. 298) to appoint a special committee to study and survey problems of American small business enterprises was announced as next in order.

Mr. McNARY. Mr. President, the Senator from North Dakota [Mr. NYE] is called away from the Chamber. He asked that the resolution go over during his absence.

The PRESIDING OFFICER. The resolution will be passed over.

DISPOSAL OF TOOLS AND EQUIPMENT ON NEW ENGLAND HURRICANE-DAMAGE PROJECT

The bill (S. 3991) to authorize the disposal of tools and equipment on the New England hurricane-damage project, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That upon completion or discontinuance of the Federal Government's work in rehabilitating and reestablishing forest-protection improvements and in the reduction of forest-fire hazards in the various towns or other political subdivisions of the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut under appropriation for New England hurricane damage in the First Deficiency Appropriation Act, fiscal year 1939, and acts amendatory thereof and supplementary thereto, the Secretary of Agriculture be, and he is hereby, authorized to transfer to the respective States so much of the fire protection and improvement tools and equipment, purchased from said appropriation for said work for use in the respective States, as in his judgment may be needed for continuance of said work and forest-fire protection by said States.

AMENDMENT OF SECTION 3493 OF INTERNAL REVENUE CODE, FORMERLY SECTION 404 OF SUGAR ACT OF 1937

The bill (H. R. 10080) to amend section 3493 of the Internal Revenue Code, formerly section 404 of the Sugar Act of 1937, was announced as next in order.

Mr. REED. I ask that the bill be passed over.

Mr. JOHNSON of California. Mr. President, will the Senator withhold his objection?

Mr. REED. Yes; I am very happy to withhold my objection.

Mr. JOHNSON of California. The bill has the approval of the Treasury Department and of every one interested in it. It does not deal with the question of sugar as sugar, as

may be thought from its title, but it deals with the matter of extension of time in which certain claims may be filed. I cannot see any reason for objection being made to the bill.

Mr. REED. What is the amount involved?

Mr. JOHNSON of California. I do not know.

Mr. McNARY. May I add a word? This is a House bill. It simply provides that the claimant be given one additional year to file a claim for rebate in connection with exportation of sugar. There is no money involved in the bill. It simply gives the claimant an opportunity to make his claim; giving him an extension of 1 year in which to do so. The bill passed the House. It involves no liability on the Government.

Mr. REED. I am very happy, on the assurance of the distinguished Senator from Oregon [Mr. McNARY] and the distinguished Senator from California [Mr. JOHNSON], to withdraw my objection. One could not find the purpose of the bill from a reading of it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 10080) to amend section 3493 of the Internal Revenue Code, formerly section 404 of the Sugar Act of 1937, was considered, ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

Mr. BARKLEY. Mr. President, it is obvious that we cannot finish the call of the calendar today. It will have to go over. The Senator from Nevada [Mr. PITTMAN], the chairman of the Committee on Foreign Relations, desires to have immediate consideration of the so-called Habana treaty, which was unanimously reported from the committee the other day, and which it is important to get action upon as soon as possible.

Mr. McNARY. Mr. President, may I inquire of the able Senator from Kentucky when he proposes to conclude the consideration of the calendar?

Mr. BARKLEY. We shall try to conclude the calendar Monday, without having a session tomorrow.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CONNALLY. With the assurance that we shall proceed with the calendar Monday, I shall not present a unanimous-consent request with reference to taking up a bill out of order. I wish to say, however, that Calendar No. 2251, House bill 10412, is a bill of general importance, relating to housing in connection with the defense program, and it is highly necessary to get it through quickly, because we must provide an appropriation in the pending deficiency appropriation bill.

Mr. BARKLEY. Mr. President, I will say I am familiar with that bill, and I am for it. I can assure the Senator from Texas that we will go ahead with the calendar on Monday. I say that because I had previously indicated to Senators that we would not have a session tomorrow, and I wish to keep my promise in that respect.

Mr. CONNALLY. Very well.

PERSONAL STATEMENT—ARTICLE IN WASHINGTON TIMES-HERALD

Mr. BARKLEY. At the beginning of the session today I called the attention of the Senate to an article appearing in this morning's Times-Herald in which I was misrepresented and misquoted. The Times-Herald has in its later edition an article correcting the article in the morning edition, in which it takes full responsibility for the omission of an entire sentence, which places an entirely different meaning on the article as it appeared in the morning edition. It also appears that Mr. Magruder, whose name appears at the top of the article, did not actually write it. Mr. Magruder, I am informed, is not a regular correspondent of the morning Times-Herald, but is a correspondent of the United Press, which furnishes to the Times-Herald articles of various sorts; that is, its service is used by the morning newspapers. While the article published in this morning's paper, of which I complained, was on the front page, this correction is inside somewhere, which I presume will be seen if everyone reads every page of the newspaper. But I am glad to exonerate Mr. Magruder, and I am glad that the Times-Herald has made the correction of the article of which I complained earlier today.

Mr. O'MAHONEY. Mr. President, do I understand the Senator from Kentucky to say that the story to which he makes reference was not a local story written by a reporter of the Times-Herald?

Mr. BARKLEY. It was a story, as I am informed, written by a reporter for the United Press, whose service is used by the Morning Times-Herald. Whether that article went out over the country under a United Press date or headline, I do not know. I have not seen any other newspaper, and I do not know whether or not it appeared elsewhere, but the newspaper of which I complain here in Washington has made the correction, and I am glad to acknowledge it. The newspaper states that it was a mistake in the make-up. It may have been made by the linotype operator; it may have been made by somebody else, but it contained an omission of a vital sentence, which makes a tremendous difference.

Mr. O'MAHONEY. Let me say, I was present on the floor during the colloquy, and I will say that this morning when I read that newspaper story I noticed the omission of the significant sentence of the Senator from Kentucky. If the article was written by a reporter for the United Press, and the mistake was occasioned by dropping a paragraph in the make-up, then undoubtedly no fault attaches to the correspondent of the United Press who wrote the story.

Mr. BARKLEY. I have been shown the article as it was prepared for use, and it seems that the omission occurred somewhere in the composition room of the local newspaper.

Mr. REED. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. REED. As the distinguished Senator from Kentucky knows, in addition to being a farmer I am a newspaperman of sorts, and while the article did do the Senator an injuctice, which I am very happy the Times-Herald has corrected, I wanted to tell the Senator that in the confusion on the floor yesterday and the running colloquy it would not have been a difficult matter for a man in the Press Gallery to become confused with respect to the question which the Senator from New Hampshire [Mr. TOBEY] directed to the Senator from Kentucky, and which the Senator from Kentucky in turn directed to the Senator from Iowa [Mr. GILLETTE].

I stated this morning, and I repeat now, that the article did do the Senator from Kentucky an injustice, which should be corrected, and, having had a part in the discussion yesterday, insofar as anything I can say, I want that injustice corrected, and I am very happy that even so much progress has been made in correcting it.

Mr. BARKLEY. I realize that in the confusion here our friends in the gallery may at times have difficulty. I want to pay them the tribute of saying that they, I believe, try their level best to be accurate. My experience and my association with the boys who sit up in the gallery, which has been more intimate in recent years than it used to be, has been most delightful, and I feel that I can say without reservation that for the most part I have great confidence in them, and I believe that they try to report accurately what occurs here. The article that went out from the Capitol here was correct. The mistake was made somewhere else, not here.

Mr. REED. I may say to the Senator, having had some newspaper publishing experience, as well as having been a working newspaperman, that, after all, I know of no body of men who try more earnestly to get the facts correctly than working newspapermen, and that includes the Press Gallery of the Senate.

Mr. BARKLEY. I am glad the Senator says "working" newspapermen.

Mr. REED. Yes; of whom I am one.

Mr. BARKLEY. The boys who sit up in the Press Gallery here are working newspapermen.

Mr. REED. They are, most of them.

Mr. WHEELER. That does not apply to all the columnists, however.

Mr. REED. I meant by "working" newspapermen, men who write the day's facts; what we call "spot news." I think the men who write spot news do a magnificent job.

Mr. BARKLEY. There is a great difference between those who write "spot" news and those who write "spotty" news. [Laughter.]

Mr. REED. The Senator from Kentucky may have it his own way.

MEMORIAL SERVICES FOR THE LATE SENATOR LUNDEEN

Mr. SHIPSTEAD. Mr. President, on behalf of the State Society of Minnesota, I have been requested to announce that memorial services for the late Senator Lundeen will be conducted at 4 o'clock next Sunday afternoon at the Augustana Lutheran Church in Washington. The State society invites any Members of the Senate who desire to be present to attend the services.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Louis Albert Ledbetter, Oklahoma National Guard, to be brigadier general, National Guard of the United States.

Mr. HATCH, from the Committee on the Judiciary, reported favorably the nomination of Gerald A. Gleeson, of Pennsylvania, to be United States attorney for the eastern district of Pennsylvania, vice J. Cullen Ganey (appointed district judge).

Mr. BAILEY, from the Committee on Commerce, reported favorably the nomination of Lt. Comdr. Albert M. Martinson to be a commander in the Coast Guard, to rank as such from September 1, 1940.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

PROVISIONAL ADMINISTRATION OF EUROPEAN COLONIES AND POSSESSIONS IN THE AMERICAS

Mr. PITTMAN. Mr. President, I ask unanimous consent, that the Senate proceed to the consideration of Executive O, Seventy-sixth Congress, Provisional Administration of European Colonies and Possessions in the Americas.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the Convention, Executive O (76th Cong., 3d sess.), a convention entitled "Convention on the provisional administration of European colonies and possessions in the Americas," signed at Habana on July 30, 1940, which was read the second time, as follows:

CONVENTION ON THE PROVISIONAL ADMINISTRATION OF EUROPEAN COLONIES AND POSSESSIONS IN THE AMERICAS

The Governments represented at the Second Meeting of Ministers of Foreign Affairs of the American Republics,

CONSIDERING:

One. That the American Republics have formulated at the Second Consultative Meeting the Act of Habana with regard to the destiny of colonies of non-American countries located in this hemisphere as well as with respect to the provisional administration of such colonies;

Two. That as a result of the events which are taking place in the European continent situations may develop in the territories of the possessions which some of the belligerent nations have in the Americas which may extinguish or materially impair the sovereignty which they exercise over them, or leave their government without a leader, thus creating a state of danger to the peace of the continent and a state of affairs in which the rule of law, order, and respect for life, liberty and the property of inhabitants may disappear;

Three. That the American Republic consider that force cannot constitute the basis of rights, and they condemn all violence whether under the form of conquest, of stipulations which may have been imposed by the belligerents in the clauses of treaty, or by any other process;

Four. That any transfer, or attempted transfer, of the sovereignty, jurisdiction, possession or any interest in or control over any such region to another non-American State, would be regarded by the American Republics as against American sentiments and principles and the rights of American States to maintain their security and political independence;

Five. That no such transfer or attempt to transfer or acquire any interest or right in any such region, directly or indirectly, would be recognized or accepted by the American Republics no matter what form was employed to attain such purposes;

Six. That by virtue of a principle of American international law, recognized by various conferences, the acquisition of territories by force cannot be permitted;

Seven. That the American Republics, through their respective government agencies, reserve the right to judge whether any transfer or attempted transfer of sovereignty, jurisdiction, cession or incorporation of geographic regions in the Americas, possessed by European countries up to September 1, 1939, has the effect of impairing their political independence even though no formal transfer or change in the status of such region or regions shall have taken place;

Eight. That in the cases foreseen, as well as any others which might leave the government of such regions without a leader, it is, therefore, necessary to establish a provisional administrative regime for such regions until such time as their definitive regime is established by the free determination of their people;

Nine. That the American Republics, as an international community which acts strongly and integrally, using as a basis political and juridical principles which they have applied for more than a century, have the unquestionable right, in order to preserve their unity and security, to take such regions under their administration and to deliberate as to their destinies, in accordance with their respective degrees of political and economic development;

Ten. That the provisional and transitory character of the measures agreed to does not imply an oversight or abrogation of the principle of nonintervention which regulates inter-American life, a principle proclaimed by the American Institute, recognized by the meeting of jurists held at Rio de Janeiro and fully reaffirmed at the Seventh International American Conference held at Montevideo;

Eleven. That this community has therefore international juridical capacity to act in this manner;

Twelve. That in this case, the most appropriate regime is that of a provisional administration; and that this system entails no danger because the American Republics do not entertain any purpose whatsoever of territorial aggrandizement;

Thirteen. That the establishment of a special provisional regime in the present convention and in the Act of Habana concerning the provisional administration of European colonies and possessions in the Americas does not eliminate or modify the system of consultation agreed upon at Buenos Aires, confirmed at Lima, and practiced at Panama and Habana.

Fourteen. Being desirous of protecting their peace and safety and of promoting the interests of any of the regions herein referred to which may fall within the purview of the foregoing recitations, have resolved to conclude the following convention:

I

If a non-American State shall directly or indirectly attempt to replace another non-American State in the sovereignty or control which it exercised over any territory located in the Americas, thus threatening the peace of the continent, such territory shall automatically come under the provisions of this convention and shall be submitted to a provisional administrative regime.

II

The administration shall be exercised, as may be considered advisable in each case, by one or more American States, with their previous approval.

III

When the administration shall have been established for any region it shall be exercised in the interest of the security of the Americas and for the benefit of the region under administration, with a view to its welfare and progress, until such time as the region is in a position to govern itself or is restored to its former status, whenever the latter is compatible with the security of the American Republics.

IV

The administration of the region shall be exercised under conditions which shall guarantee freedom of conscience and of worship, subject to the regulations which public order and good habits may demand.

V

The administration shall enforce the local laws coordinating them with the purposes of this convention, but it may furthermore adopt such measures as may be necessary to meet situations in which such laws do not exist.

VI

In all that concerns commerce and industry, the American nations shall enjoy the same situation and benefits, and the administrator is

forbidden to establish a privileged position for itself or its nationals or for certain states. Open economic relations shall be maintained with all countries on a reciprocity basis.

VII

Natives of the region shall participate, as citizens, in public administration and in the courts of justice without further qualification than their capacity so to do.

VIII

To the extent that it may be practicable, rights of every sort shall be governed by local law and custom, and vested rights shall be protected in accordance with such law.

IX

Forced labor shall be abolished in the regions where it exists.

X

The administration shall provide facilities for education of all kinds with the two-fold purpose of developing the wealth of the region and improving the living conditions of the population, especially as regards public and individual hygiene and preparation for the exercise of political autonomy as soon as possible.

XI

The natives of a region under administration shall have their own Organic Act which the administration shall establish, consulting the people in whatever manner is possible.

XII

The administration shall submit an annual report to the inter-American organization entrusted with the control of the regions under administration, of the manner in which it has fulfilled its functions, attaching thereto copies of its accounts and of the measures adopted in the region during the year.

XIII

The organization referred to in the preceding article shall be competent to take cognizance of the petitions submitted by inhabitants of the region through the medium of the administration, with reference to the exercise of the provisional administration. The administration shall transmit, with this petition, such observations as it may deem proper.

XIV

The first administration shall be granted for a period of three years; at the end of this period, if necessary, it shall be renewed for successive periods not longer than ten years.

XV

The expenses incurred in the exercise of the administration shall be defrayed with the revenues of the region under administration but in case they are insufficient the deficit shall be met by the State or States which act as administrators.

XVI

A commission to be known as the "Inter-American Commission for Territorial Administration" is hereby established, to be composed of a representative from each one of the States which ratifies this convention; it shall be the international organization to which this convention refers. Once this convention has become effective, any country which ratifies it may convoke the first meeting proposing the city in which it is to be held. The Commission shall elect its chairman, complete its organization and fix its definitive seat. Two-thirds of the members of the Commission shall constitute a quorum and two-thirds of the members present may adopt decisions.

XVII

The Commission is authorized to establish a provisional administration in the regions to which the present convention refers; allow such administration to be exercised by the number of States which it may determine in each case, and supervise its exercise under the term of the preceding articles.

XVIII

None of the provisions contained in the present convention refers to territories or possessions which are the subject of dispute or claims between European powers and one or more of the Republics of the Americas.

XIX

The present convention is open for signature by the American Republics at the City of Habana and shall be ratified by the High Contracting Parties in conformity with their constitutional procedures. The Secretary of State of the Republic of Cuba shall transmit at the earliest possible date authentic certified copies to the governments for the aforementioned purpose of ratification. The instrument of ratification shall be deposited in the archives of the Pan American Union in Washington, which shall notify the signatory governments of said deposit. Such notification shall be considered as an exchange of ratifications.

The present convention shall enter into force when two-thirds of the American Republics have deposited their respective instruments of ratification.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, having deposited their full powers found to be in due and proper form, sign this convention on behalf of their respective Governments and affix thereto their seals on the dates appearing opposite their signatures.

RESERVATIONS

RESERVATION OF THE CHILEAN DELEGATION

1. The Chilean Delegation, convinced of the necessity of effecting practically the continental solidarity, approves the resolution, making clear that Chile shall only acquire commitments and responsibilities when the said resolutions shall have been ratified by its constitutional organisms.

RESERVATION OF THE ARGENTINE DELEGATION

2. The Delegate of the Argentine Republic in signing this Act places on record that it does not refer to or include the Malvinas Islands, because the latter do not constitute a colony or possession of any European nation, since they are a part of the Argentine territory and are included within its dominion and sovereignty, as was stated at the Panama meeting, which statement he considers reiterated hereby in its entirety, and also with reference to other southern Argentine regions as he has stated in the deliberations of this Commission. He likewise states that the signing of this Act and Resolution does not affect and leaves intact his Government's powers established in the constitutional norms which obtain in Argentina, with respect to the procedure applicable in order that this Act and Resolution may acquire validity, force and effectiveness.

RESERVATION OF THE COLUMBIAN DELEGATION

3. I vote in the affirmative with the suggestion that I shall sign the Convention, subject to the approval by my Government and the constitutional standards of my country.

RESERVATION OF THE VENEZUELAN DELEGATION

4. The Venezuelan Delegation signs with the understanding that the Convention concerning the colonial possessions remains subject to the public powers of the nation, in accordance with its constitutional provisions.

ADDITIONAL RESERVATIONS OF THE CHILEAN DELEGATION

5. The Chilean Delegation, at the time of signing this Convention, in addition to the reservation set forth at yesterday's meeting, makes reservation of Chile's rights in Antarctica.

Honduras:
[SEAL] SILVERIO LAINEZ.
Haiti:
[SEAL] LEON LALEAU.
Costa Rica:
[SEAL] LUIS ANDERSON.
Mexico:
[SEAL] EDUARDO SUAREZ.
Argentina (with the explanation and reservation formulated in the Act):
[SEAL] LEOPOLDO MELO.
Uruguay:
[SEAL] P. MANINI RIOS.
Ecuador:
[SEAL] J. TOBAR DONOSO.
Bolivia:
[SEAL] ENRIQUE FINOT.
Chile:
[SEAL] SCHNAKE.
Brazil:
[SEAL] M. NUBUCO.
Cuba:
[SEAL] MIGUEL ANGEL CAMPA.
Paraguay:
[SEAL] TOMÁS SALOMONI.
Panama:
[SEAL] NARCISO GARAY.
Colombia:
[SEAL] LUIS LOPEZ DE MESA.
Venezuela:
[SEAL] DIOGENES ESCALANTE.
El Salvador:
[SEAL] H. ESCOBAR SERRANO.
Dominican Republic:
[SEAL] EMILIO GARCIA GODOY.
Peru:
[SEAL] LINO CORNEJO.
Nicaragua:
[SEAL] MARIANO ARGÜELLO.
Guatemala:
[SEAL] CARLOS SALAZAR.
United States of America:
[SEAL] CORDELL HULL.

[Translation]

I, Miguel Angel Campa y Caraveda, Secretary of State of the Republic of Cuba,—CERTIFY: That this is a true copy of the original text of the Convention on Provisional Administration of European Colonies and Possessions in the Americas, signed at Habana by the Ministers of Foreign Affairs of the American Republics or their personal representatives, the thirtieth day of July, nineteen hundred and forty, at the closing session of the Second Meeting of the Mininisters of Foreign Affairs of the American Republics.

For the purpose of notifying the Government of the United States of America, I issue this certification in the City of Habana on the thirtieth day of the month of August, nineteen hundred and forty.

[SEAL] MIGUEL ANGEL CAMPA.

FINAL ACT OF THE SECOND MEETING OF MINISTERS OF FOREIGN AFFAIRS OF THE AMERICAN REPUBLICS, SIGNED IN THE CITY OF HABANA, THE THIRTIETH DAY OF JULY, ONE THOUSAND NINE HUNDRED AND FORTY

XX

ACTS OF HABANA CONCERNING THE PROVISIONAL ADMINISTRATION OF EUROPEAN COLONIES AND POSSESSIONS IN THE AMERICAS

WHEREAS:

1. The status of regions in this continent belonging to European powers is a subject of deep concern to all of the Governments of the American Republics;

2. As a result of the present European war there may be attempts at conquest, which has been repudiated in the international relations of the American Republics, thus placing in danger the essence and pattern of the institutions of America;

3. The doctrine of inter-American solidarity agreed upon at the meetings at Lima and at Panama requires the adoption of a policy of vigilance and defense so that systems or regimes in conflict with their institutions shall not upset the peaceful life of the American Republics, the normal functioning of their institutions, or the rule of law and order;

4. The course of military events in Europe and the changes resulting from them may create the grave danger that European territorial possessions in America may be converted into strategic centers of aggression against nations of the American Continent;

The Second Meeting of Ministers of Foreign Affairs of the American Republics.

DECLARES:

That when islands or regions in the Americas now under the possession of non-American nations are in danger of becoming the subject of barter of territory or change of sovereignty, the American nations, taking into account the imperative need of continental security and the desires of the inhabitants of the said islands or regions, may set up a regime of provisional administration under the following conditions:

(a) That as soon as the reasons requiring this measure shall cease to exist, and in the event that it would not be prejudicial to the safety of the American Republics, such territories shall, in accordance with the principle reaffirmed by this declaration that peopies of this continent have the right freely to determine their own destinies, be organized as autonomous states if it shall appear that they are able to constitute and maintain themselves in such condition, or be restored to their previous status, whichever of these alternatives shall appear the more practicable and just;

(b) That the regions to which this declaration refers shall be placed temporarily under the provisional administration of the American Republics and this administration shall be exercised with the two-fold purpose of contributing to the security and defense of the Continent, and to the economic, political and social progress of such regions and,

RESOLVES:

To create an emergency committee, composed of one representative of each of the American Republics, which committee shall be deemed constituted as soon as two-thirds of its members shall have been appointed. Such appointments shall be made by the American Republics as soon as possible.

The committee shall meet on the request of any signatory of this resolution.

If it becomes necessary as an imperative emergency measure before the coming into effect of the convention approved by this Consultative Meeting, to apply its provisions in order to safeguard the peace of the continent, taking into account also the desires of the inhabitants of any of the abovementioned regions, the committee shall assume the administration of the region attacked or threatened, acting in accordance with the provisions of the said convention. As soon as the convention comes into effect, the authority and functions exercised by the committee shall be transferred to the Inter-American Commission for Territorial Administration.

Should the need for emergency action be so urgent that action by the committee cannot be awaited, any of the American Republics, individually or jointly with others, shall have the right to act in the manner which its own defense, or that of the continent requires. Should this situation arise, the American Republic or Republics taking action shall place the matter before the committee immediately, in order that it may consider the action taken and adopt appropriate measures.

None of the provisions contained in the present Act refers to territories or possessions which are the subject of dispute or claims between European powers and one or more of the Republics of the Americas.

IN WITNESS WHEREOF, the Ministers of Foreign Affairs of the American Republics or their personal representatives, sign and seal the present Final Act.

Done in the City of Habana, this thirtieth day of July, one thousand nine hundred and forty, in texts in the English, Spanish, Portuguese and French languages,[1] which shall be deposited in the archives of the Pan American Union. The Secretary General of the Meeting shall transmit the original of the present Final Act to the Pan American Union through the intermediary of the Department of State of Cuba.

RESERVATIONS

Reservation of the Argentine Delegation:

2. As to the Act of Habana:

"The Delegate of the Argentine Republic in signing this Act places on record that it does not refer to or include the Malvinas Islands, because the latter do not constitute a colony or possession of any European nation, since they are a part of the Argentine territory and are included within its dominion and sovereignty, as was stated at the Panama meeting, which statement he considers reiterated hereby in its entirety, and also with reference to other southern Argentine regions as he has stated in the deliberations of the Commission. He likewise states that the signing of this Act and Resolution does not affect and leaves intact his Government's powers established in the constitutional norms which obtain in Argentina, with respect to the procedure applicable in order that this Act and Resolution may acquire validity, force and effectiveness."

Reservation of the Uruguayan Delegation:

3. As to the Act of Habana (XX):

"The Delegation of the Republic of Uruguay states that the purpose of this Act is to anticipate the carrying out of the Convention approved on this subject, in case it is necessary to apply the Convention before the number of ratifications requisite for its taking effect has been obtained.

"It wishes, therefore, to place on record a reservation respecting the attitude of its Government, under the latter's express instructions, in case it should deem necessary, prior to the application of the Act, to examine the question of whether under the Uruguayan constitutional regime, prior legislative ratification is required."

Reservation of the Colombian Delegation:

7. As to the Act of Habana (XX) and the Declaration concerning Reciprocal Assistance and Cooperation for the Defense of the American Nations (XV):

"I vote affirmatively with the statement that I shall sign the Act of Habana and the Declaration concerning the Reciprocal Assistance and Cooperation for the Defense of the Nations of the Americas, subject to approval by my Government and to the constitutional norms of my country."

Reservation of the Venezuelan Delegation:

8 As to the Act of Habana (XX):

"The Venezuelan Delegation signs with the understanding that the Act of Habana relative to colonial possessions is subject to ratification by the Public Power of the Nation in accordance with its constitutional provisions."

Honduras:
[SEAL] SILVERIO LAINEZ.
Haiti:
[SEAL] LEÓN LALEAU.
Costa Rica:
[SEAL] LUIS ANDERSON.
Mexico:
[SEAL] EDUARDO SUAREZ.
Argentina:
[SEAL] LEOPOLDO MELO.
Uruguay:
[SEAL] P. MANINI RIOS.
Ecuador:
[SEAL] J. TOBAR DONOSO.
Bolivia:
[SEAL] ENRIQUE FINOT.
Chile:
[SEAL] SCHNAKE.
Brazil:
[SEAL] M. NABUCO.
Cuba:
[SEAL] MIGUEL ANGEL CAMPA.
Paraguay:
[SEAL] TOMÁS SALOMONI.
Panama:
[SEAL] NARCISO GARAY.
Colombia:
[SEAL] LUIS LÓPEZ DE MESA.
Venezuela:
[SEAL] DIÓGENES ESCALANTE.
El Salvador:
[SEAL] H. ESCOBAR SERRANO.
Dominican Republic:
[SEAL] EMILIO GARCIA GODOY.
Peru:
[SEAL] LINO CORNEJO.
Nicaragua:
[SEAL] MARIANO ARGÜELLO.
Guatemala:
[SEAL] CARLOS SALAZAR.
United States of America:
[SEAL] CORDELL HULL.

Reservation of the Chilean Delegation:

As to the Act of Habana (XX):

"The Chilean Delegation, at the time of signing the present Final Act, makes reservation in addition to the reservation set forth in yesterday's Private Plenary Session, of the rights of Chile in Antarctica."

[Translation]

I, Miguel Angel Campa y Caraveda, Secretary of State of the Republic of Cuba,

Certify: that the present is a true copy of the original text of the Final Act of the Second Consultative Meeting of the Ministers of Foreign Affairs of the American Republics, signed at Habana by the Delegates of the Governments to the said Meeting, July 30, nineteen hundred and forty.

And for the purpose of notifying the Government of the Republic of the United States of America, I issue this certification in the City of Habana, on the sixth day of the month of September, nineteen hundred and forty.

[SEAL] MIGUEL ANGEL CAMPA.

The PRESIDING OFFICER. The convention is before the Senate and open to amendment.

Mr. PITTMAN. Mr. President, let me state briefly what the convention is. The convention was signed at Habana on

[1] Spanish, Portuguese, and French texts not printed.

July 30, 1940. It is intended to take care of the transfer of non-American possessions in the Western Hemisphere. The matter has been discussed quite fully.

The provision is that when any one of the republics feels that there is a threat of the transfer of one of the non-American possessions, it may first call it to the attention of the American republics. The American republics then appoint a committee consisting of representatives from each republic. When two-thirds of the committee are appointed, they meet for the purpose of determining whether or not there is a threat of change of sovereignty or whether or not there has been an actual change of sovereignty. If they decide that such is the case, then any one or all of the republics, through the committee, may participate in the temporary control of the territory.

The provisional arrangement is to take effect only until the convention which is now submitted is ratified by two-thirds of the republics. If there is a threat of transfer or an actual transfer of non-American possessions, then the governments communicate with each other, and all or any one of them may take temporary possession of the territory and hold it until it is returned to the original sovereign, or until an independent government is set up for the government of the territory.

That is the substance of the convention.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. TAFT. I should like to ask the Senator a few questions.

As I read the convention, it sets up, immediately it is ratified, an inter-American commission for territorial administration, with one representative from each state. I do not understand that any one state may step in after the commission is created. Must there not be an affirmative vote by a majority, and must not the commission say which nations shall participate in the administration of the territory?

Mr. PITTMAN. No. If the Senator will read paragraph 7, he will see that it says:

> 7. That the American republics, through their respective government agencies, reserve the right to judge whether any transfer or attempted transfer of sovereignty, jurisdiction, cession, or incorporation of geographic regions in the Americas, possessed by European countries up to September 1, 1939, has the effect of impairing their political independence even though no formal transfer or change in the status of such region or regions shall have taken place.

Each government determines that question for itself.

Mr. TAFT. Does the Senator mean that any government may then take possession? Does the Senator mean, for example, that we may go ahead without the approval of the Commission?

Mr. PITTMAN. Temporarily.

Mr. TAFT. I am not referring to the temporary situation. I am referring to the convention we are considering, which sets up an Inter-American Commission for Teritorial Administration. That commission is authorized to establish a provisional administration. I read article XVII on page 8 of the report:

> The Commission is authorized to establish a provisional administration in the regions to which the present convention refers; allow such administration to be exercised by the number of states which it may determine in each case, and supervise its exercise under the term of the preceding articles.

So it seems to me that if the Inter-American Commission should decide that it does not want us to take possession of Bermuda in the event it should be attacked by Germany, but should want Brazil to do so, we should be bound by the convention to agree that Brazil and not ourselves may take possession of Bermuda.

Mr. PITTMAN. I do not so understand.

Mr. TAFT. That seems to be the obvious effect of the language of the convention. I thoroughly approve of the general idea; but it seems to me we are putting our entire welfare, and the occupation of regions which may be absolutely necessary for our defense, within the power of a majority of the American republics, which may not agree with us in any way.

Mr. PITTMAN. I think the section states that each government may determine for itself whether or not there is a violation; and, having done so, it may take possession. Any or all of them may enter into possession.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. I suggest to the Senator from Ohio that the provision would not apply to the United States, because it is an American power. It relates only to the transfer of sovereignty to some non-American power.

Mr. TAFT. Assuming the occupation of Bermuda by the Germans, the convention would at once go into effect; and under the terms of the convention it seems to me that the Inter-American Commission for Territorial Administration, on which we have one seat out of some 22, would determine who should occupy Bermuda. It might not be in the interest of our own national welfare to permit anybody except ourselves to occupy Bermuda.

Mr. CONNALLY. I thought the Senator was referring to the bases. It would not affect our title to the bases.

Mr. TAFT. I do not think it has anything to do with the bases. I am not referring to the bases. I simply took Bermuda as an example of a territory over which the British have sovereignty. It seems to me very doubtful whether it is wise for us to give power to a majority of the South American republics on matters which relate directly to our own possible national defense.

Mr. PITTMAN. I think there is no question that our Government or any other government may enter into possession. As to the provisional administration which may be set up pending possession, that matter is left open to the various parties who see fit to participate.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. DANAHER. I notice in article 1 that the American republics expressly state that they are formulating this convention at the second consultative meeting. Am I correct in understanding that the first consultative meeting, which is also so described by the President in his message to the Senate, was the one which was held at Panama last October?

Mr. PITTMAN. That is true.

Mr. DANAHER. Will the Senator please tell me whether or not the convention arising out of and agreed upon at the first consultative meeting has ever been submitted to the Committee on Foreign Relations?

Mr. PITTMAN. No; it has not. It is in no way binding upon the convention which is now presented.

Mr. DANAHER. I do not mean that. It was simply a matter of curiosity in my mind as to why the second should have been submitted to the Senate and not the first. I wonder if the Senator can help me.

Mr. PITTMAN. That was explained by Assistant Secretary Berle, and also by Mr. Hackworth, legal adviser to the Secretary of State. They consider the convention of the conference at Panama as purely temporary. They consider the convention before us as permanent.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BARKLEY. Is what we call the Act of Habana, which was regarded as temporary, a sort of ad interim provision to govern the conduct of the republics while the convention is being ratified by the various countries?

Mr. PITTMAN. There were three conventions: The Panama Convention, which was temporary; the provisional convention, which has been referred to, which is not binding; and the permanent convention, which is now before us for ratification.

Mr. DANAHER. Mr. President, will the Senator further yield?

Mr. PITTMAN. I yield.

Mr. DANAHER. When the matter was before the committee, was the question gone into as to whether or not the first meeting at Panama was considered binding? I am sure the Senator will readily remember that we declared a neutrality

zone off our eastern shores. Does the Senator recall whether or not the particular agreement looking to that development was considered binding on the respective republics?

Mr. PITTMAN. The Assistant Secretary discussed that question. He does not consider it a binding convention.

Mr. DANAHER. Let me say one other thing to the Senator, in view of his courteous cooperation with me. Those of us who are not members of the committee have not had the benefit of advice and assistance from the Department; but it is interesting to note that at the convention which was arrived at in Panama on October 3, 1939, the same foreign ministers who were present at Habana said:

That with regard to their status as neutrals—

Referring to their several countries—

there exist certain standards recognized by the American republics applicable in these circumstances, and that in accordance with them they shall prevent the setting on foot of any military, naval, or aerial expedition in the interests of the belligerents, the fitting out or arming of any ship or vessel to be applied in the service of one of the belligerents, to cruise or commit hostilities against another belligerent.

I am quoting from the Appendix of the Record, page 5659.

Let me ask the Senator whether there was any discussion in the committee by the Department representatives as to whether or not that particular portion of the Convention of Panama was considered binding.

Mr. PITTMAN. No; there was not.

Mr. DANAHER. It was not discussed?

Mr. PITTMAN. No.

Mr. DANAHER. I thank the Senator very much.

Mr. REED. Mr. President——

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from Nevada yield to the Senator from Kansas?

Mr. PITTMAN. I yield.

Mr. REED. With great regard for the distinguished Senator from Nevada, chairman of the Foreign Relations Committee, I am unable to escape the same conclusion stated too briefly by the Senator from Ohio.

As I read the convention, there is to be first a determination whether or not a provisional government shall be set up. Then it provides that the provisional set-up shall be that provided in section XVI on page 8:

A commission to be known as the Inter-American Commission for Territorial Administration is hereby established, to be composed of a representative from each one of the states which ratifies this convention; it shall be the international organization to which this convention refers. Once this convention has become effective, any country which ratifies it may convoke the first meeting proposing the city in which it is to be held.

Then it goes on to say that the Commission shall elect its chairman, and that two-thirds shall be a quorum. Then it says, in section XVII, to which the Senator from Ohio calls attention:

The Commission is authorized to establish a provisional administration in the regions to which the present convention refers; allow such administration to be exercised by the number of states which it may determine in each case, and supervise its exercise under the term of the preceding articles.

I am very happy, of course, to see the American republics brought into a closer relationship; but I cannot escape the belief that under this Habana treaty or convention, or whatever it may be called, the United States becomes 1 of 22 republics which may set up a provisional commission, and that commission may determine the administration of any region which now belongs to a foreign country, and the possession of which might be affected by the outcome of war or any other reason. I shall be very happy if the Senator from Nevada will be so good as to put any other construction upon language which seems to me to be very plain.

I am not trying to be captious or critical. I am happy that the Western Hemisphere republics are taking on a responsibility; but I cannot escape the absolute conviction that under this convention we are merely 1 of 22 republics, and that the Commission which is set up under the provisions of the convention will determine what kind of an administration there shall be, and who shall have authority over any one of the regions or islands or terrtiories affected.

Mr. PITTMAN. I stated that under the convention, any or all of the American republics are entitled to go in and protect the possessions in question. As to the administration of the possessions, as to what form of government they will have, that, of course, is left to these people to determine; but all the way through the right to enter is left to the determination of each state itself.

Mr. REED. Let me make an inquiry of the Senator from Nevada. Let us assume that we desired to take over control of the island of Trinidad as being necessary to the defense of the Panama Canal Zone, and that the Republic of Colombia also desired to take it over. Then what?

Mr. PITTMAN. They would both enter into possession, of course, and so would Brazil, if it saw fit; but as to whether the island should have a mayor, or a city council, or what not, the form of government would have to be determined by all of the countries.

Mr. REED. I suggest to the Senator from Nevada that the United States of America and the United States of Colombia could not both enter into possession of Trinidad, except by mutual agreement.

Mr. PITTMAN. I do not see why they could not enter into possession of it.

Mr. REED. Each one of them?

Mr. PITTMAN. They could both go on the island. There would be no question of entering into possession of the island. The question would be what form of government they should set up, and whether or not it should be an independent government.

Mr. REED. Who would determine that question?

Mr. PITTMAN. That question would be determined by two-thirds of the governments.

Mr. REED. But who would first determine which one of these 22 republics should take possession of any particular territory, whether it be an island or a part of the mainland?

Mr. PITTMAN. No one would determine who should take possession. There is no question that each government for itself might determine whether or not there had been a transfer of sovereignty, or a threat of transfer of sovereignty. That question is left to each government to determine for itself; but, of course, they must have some form of administration. Two-thirds of them would determine that question.

Mr. CONNALLY and Mr. TAFT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield, and if so, to whom?

Mr. PITTMAN. I yield first to the Senator from Texas.

Mr. CONNALLY. Mr. President, I suggest to the Senator from Kansas and also to the Senator from Nevada that section I of the formal convention, on page 6, provides:

If a non-American state shall directly or indirectly attempt to replace another non-American state in the sovereignty or control which it exercised over any territory located in the Americas, thus threatening the peace of the continent, such territory shall automatically come under the provisions of this convention and shall be submitted to a provisional administrative regime.

Under the commission which is set up by a representative from each of the republics, the declaration of Habana, which is not a part of the convention, but which is found on page 11, provides temporarily that if one country feels that this thing is taking place, and action must be taken immediately, it may intervene and go in, but it is only a temporary arrangement, and finally, as I understand, the administration is to be taken over by the commission which is to be set up.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Ohio?

Mr. PITTMAN. I yield.

Mr. TAFT. I think the provision is very ambiguous, but I am willing to vote to ratify the treaty on the statement of the Senator from Nevada that the right is reserved to go in our own initiative, and also on a similar statement on

the part of the Secretary of State which I find on page 4, where he says:

The determination of the necessity for establishing such a provisional regime is entrusted to an emergency committee consisting of one representative of each of the American republics, although provision is also made for individual or joint action on the part of any of the American republics should the need be so urgent that consideration by the committee cannot be awaited.

On the basis and with the understanding that that is what the treaty means, I withdraw any objection to its ratificaion.

Mr. PITTMAN. I will say to the Senator from Ohio that we had quite a full meeting of the committee, and these questions were asked for an hour and a half; and Assistant Secretary Berle and the legal adviser of the Department, Mr. Hackworth, agreed to that.

Mr. REED. Mr. President, let me say to the Senator from Nevada, in agreement with the Senator from Ohio, that I expect to vote for the ratification of the treaty; but I do so with the belief that, after all, we are only one of the 22 republics, and that the whole spirit and philosophy of the Habana Convention is that the 22 American republics, so-called—some of them—shall, through this international commission, absolutely determine who shall administer it, and what kind of an administration they will have, subject to the limitations written into the treaty.

Mr. PITTMAN. That may be true. Nevertheless, I think it is really a great advance that we have reached this point.

Mr. REED. In which opinion I am in entire agreement with the Senator from Nevada.

Mr. WHITE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Maine?

Mr. PITTMAN. I yield.

Mr. WHITE. I fail to find in the treaty any reservation of the right of denunciation. I desire to ask the chairman of the committee whether it is necessary to have within a treaty a reservation of the right of denunciation, or whether that right inheres in sovereignty.

Mr. PITTMAN. Congress may denounce a treaty at any time. The only reason for having in a treaty a provision for its denouncement is to have a length of time provided within which it shall not be denounced.

Mr. O'MAHONEY. Mr. President, I should like to ask the Senator from Nevada a question. Is there any provision of assumption in the convention that all the signatories are to be beyond the influence of any non-American state throughout the life of the convention? In other words, what would be the effect if any one of the signatories to the convention should actually come under the domination, in reality, of a non-American state? Would the United States still be bound?

Mr. PITTMAN. Under section 7 the United States would determine for itself whether there had been a violation of the transfer of sovereignty.

The PRESIDING OFFICER. The convention is before the Senate and open to amendment. If there be no amendment to be proposed, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive O, Seventy-sixth Congress, third session, a convention entitled "Convention on the Provisional Administration of European Colonies and Possessions in the Americas," signed at Habana on July 30, 1940.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two-thirds of the Senators present concurring therein, the resolution of ratification is agreed to, and the convention is ratified.

THE JUDICIARY

The PRESIDING OFFICER. The clerk will state the nominations on the calendar.

The legislative clerk read the nomination of Bower Broaddus to be United States district judge for the eastern, northern, and western districts of Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Royce H. Savage to be United States district judge for the northern district of Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. THOMAS of Oklahoma. I ask unanimous consent that the President be immediately notified of the confirmations of the two judges for Oklahoma.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

UNITED STATES MARSHALS

The legislative clerk read the nomination of August Klecka to be United States marshal for the district of Maryland.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward Millard Bryan to be United States marshal for the district of Idaho.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk read the nomination of Anna M. Brewster to be postmaster at East Islip, N. Y., which had previously been passed over.

Mr. McKELLAR. I ask that the nomination be confirmed at this time.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed.

RECESS TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 12 minutes p. m.) the Senate took a recess until Monday, September 30, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 27 (legislative day of September 18), 1940

APPOINTMENTS IN THE REGULAR ARMY

TO BE ASSISTANTS TO THE CHIEF OF THE AIR CORPS, WITH THE RANK OF BRIGADIER GENERAL, FOR A PERIOD OF 4 YEARS FROM DATE OF ACCEPTANCE, WITH RANK FROM OCTOBER 2, 1940

Brig. Gen. Herbert Arthur Dargue (colonel, Air Corps), wing commander, vice Brig. Gen. Jacob E. Fickel, assistant to the Chief of the Air Corps, nominated for temporary appointment as major general.

Col. Davenport Johnson (lieutenant colonel, Air Corps), Air Corps, vice Brig. Gen. Barton K. Yount, assistant to the Chief of the Air Corps, nominated for temporary appointment as major general.

Col. Carl Spaatz (lieutenant colonel, Air Corps), Air Corps, vice Brig. Gen. George H. Brett, assistant to the Chief of the Air Corps, nominated for temporary appointment as major general.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Lt. Col. James Veto McDowell, Cavalry, with rank from August 9, 1940.

Maj. Harry Cullins, Infantry, with rank from July 1, 1940.

Maj. Duncan Philip Frissell, Infantry, with rank from July 1, 1940.

TO SIGNAL CORPS

First Lt. William Potter Turpin 3d, Infantry, with rank from August 1, 1935.

TEMPORARY APPOINTMENTS IN THE ARMY OF THE UNITED STATES

TO BE MAJOR GENERALS WITH RANK FROM SEPTEMBER 25, 1940

Brig. Gen. Lesley James McNair, United States Army.
Brig. Gen. William Bryden, United States Army.
Brig. Gen. Jay Leland Benedict, United States Army.
Brig. Gen. Richard Curtis Moore, United States Army.
Brig. Gen. Adna Romanza Chaffee, United States Army.
Brig. Gen. Edmund Leo Daley, United States Army.

TO BE MAJOR GENERALS WITH RANK FROM OCTOBER 1, 1940

Brig. Gen. Henry Conger Pratt, United States Army.
Brig. Gen. Frederic Harrison Smith, United States Army.
Brig. Gen. Philip Bradley Peyton, United States Army.
Brig. Gen. Joseph Michael Cummins, United States Army.
Brig. Gen. Karl Truesdell, United States Army.
Brig. Gen. Robert Charlwood Richardson, Jr., United States Army.
Brig. Gen. Charles Fullington Thompson, United States Army.
Brig. Gen. Henry Tacitus Burgin, United States Army.
Brig. Gen. Jonathan Mayhew Wainwright, United States Army.
Brig. Gen. James Lawton Collins, United States Army.
Brig. Gen. Edwin Martin Watson, United States Army.
Brig. Gen. Joseph Warren Stilwell, United States Army.
Brig. Gen. Bruce Magruder, United States Army.
Brig. Gen. Lloyd Ralston Fredendall, United States Army.
Brig. Gen. James Eugene Chaney, United States Army.
Brig. Gen. Jacob Loucks Devers, United States Army.
Brig. Gen. Charles Lewis Scott, United States Army.
Brig. Gen. Thomas Alexander Terry, United States Army.
Brig. Gen. Jacob Earl Fickel (colonel, Air Corps), assistant to the Chief of the Air Corps.
Brig. Gen. Barton Kyle Yount (colonel, Air Corps), assistant to the Chief of the Air Corps.
Col. James Henry Burns, Ordnance Department.
Brig. Gen. Frederick LeRoy Martin (colonel, Air Corps), wing commander.
Brig. Gen. George Howard Brett (colonel, Air Corps), assistant to the Chief of the Air Corps.

TO BE BRIGADIER GENERALS WITH RANK FROM SEPTEMBER 25, 1940

Col. John Hutchison Hester, Infantry.
Col. Edward Postell King, Jr., Field Artillery.

TO BE BRIGADIER GENERALS WITH RANK FROM OCTOBER 1, 1940

Col. Wallace DeWitt, Medical Corps.
Col. Albert Gallatin Love, Medical Corps.
Col. Howard McCrum Snyder, Medical Corps.
Col. George R. Allin, Field Artillery.
Col. Morrison Clay Stayer, Medical Corps.
Col. James Kerr Crain, Ordnance Department.
Col. William Vaulx Carter, Adjutant General's Department.
Col. Gerald Clark Brant, Air Corps.
Col. Innis Palmer Swift, Cavalry.
Col. Edmund Louis Gruber, Field Artillery.
Col. Francis Bowditch Wilby, Corps of Engineers.
Col. Ralph Talbot, Jr., Field Artillery.
Col. Arthur Willis Lane, Infantry.
Col. Dawson Olmstead, Signal Corps.
Col. Cortlandt Parker, Field Artillery.
Col. Henry Black Clagett, Air Corps.
Col. Clyde Rush Abraham, Infantry.
Col. René Edward DeRussy Hoyle, Field Artillery.
Col. Rush Blodgett Lincoln, Air Corps.
Col. Henry Welles Baird, Cavalry.
Col. John Boursiquat Rose, Ordnance Department.
Col. Harry Keneth Rutherford, Ordnance Department.
Col. James Preston Marley, Field Artillery.
Col. Charles Henry White, Infantry.
Col. William Lloyd Sheep, Medical Corps.
Col. Glen Edgar Edgerton, Corps of Engineers.
Col. Clarence Lynn Sturdevant, Corps of Engineers.
Col. Harvey Douglas Higley, Field Artillery.
Col. Richard Donovan, Coast Artillery Corps.
Col. Robert Clive Rodgers, Cavalry.
Col. John Francis Curry, Air Corps.
Col. Homer McLaughlin Groninger, Cavalry.
Col. Walter Reed Weaver, Air Corps.
Col. Richard Herbert Somers, Ordnance Department.
Col. Eugene Reybold, Corps of Engineers.
Col. John Alden Crane, Field Artillery.
Col. Marshall Magruder, Field Artillery.
Col. John Piper Smith, Coast Artillery Corps.
Col. Jacob Herman Rudolph, Air Corps.
Col. Frank Sheldon Clark, Coast Artillery Corps.
Col. John Clifford Hodges Lee, Corps of Engineers.
Col. George Smith Patton, Jr., Cavalry.
Col. James Garesché Ord, Infantry.
Col. Horace Hayes Fuller, Field Artillery.
Col. Henry Dorsey Farandis Munnikhuysen, Quartermaster Corps.
Col. Robert Lawrence Eichelberger, Infantry.
Col. Edwin Forrest Harding, Infantry.
Col. William Hood Simpson, Infantry.
Col. Rollin Larrabee Tilton, Coast Artillery Corps.
Col. Raymond Eliot Lee, Field Artillery.
Col. John Magruder, Field Artillery.
Col. Richard Ferguson Cox, Coast Artillery Corps.
Col. James Luke Frink, Quartermaster Corps.
Col. Fred Clute Wallace, Field Artillery.
Col. Burton Oliver Lewis, Ordnance Department.
Col. Ernest Joseph Dawley, Field Artillery.
Col. John Millikin, Cavalry.
Col. Durward Saunders Wilson, Infantry.
Col. Frank Floyd Scowden, Quartermaster Corps.
Brig. Gen. Walter Hale Frank (colonel, Air Corps), wing commander.
Col. Frederick Elwood Uhl, Infantry.
Col. Oscar Wolverton Griswold, Infantry.
Col. Edgar Bergman Colladay, Coast Artillery Corps.
Col. Russell Peter Hartle, Infantry.
Col. Gladeon Marcus Barnes, Ordnance Department.
Col. Harvey Clark Allen, Coast Artillery Corps.
Col. Oliver Loving Spiller, Coast Artillery Corps.
Col. John Porter Lucas, Field Artillery.
Col. Douglas Blakeshaw Netherwood, Air Corps.
Col. Lewis Hyde Brereton, Air Corps.
Col. Leonard Townsend Gerow, Infantry.
Lt. Col. Levin Hicks Campbell, Jr., Ordnance Department.
Col. Follett Bradley (lieutenant colonel, Air Corps), Air Corps.
Col. Clarence Leonard Tinker (lieutenant colonel, Air Corps), Air Corps.
Col. Martin Francis Scanlon (lieutenant colonel, Air Corps), Air Corps.
Col. Henry William Harms (lieutenant colonel, Air Corps), Air Corps.
Col. Millard Fillmore Harmon (lieutenant colonel, Air Corps), Air Corps.
Lt. Col. Terry de la Mesa Allen, Cavalry.
Col. Oliver Patton Echols (lieutenant colonel, Air Corps), Air Corps.

POSTMASTERS

INDIANA

Edward E. Speas to be postmaster at Whiteland, Ind., in place of B. D. Perkins, resigned.

IOWA

Arthur A. Smith to be postmaster at Lewis, Iowa, in place of J. W. Zike, Jr., removed.

KENTUCKY

Carl D. Evans to be postmaster at La Center, Ky., in place of J. H. Bondurant. Incumbent's commission expired June 16, 1940.

Hannah G. Chappell to be postmaster at Lewisport, Ky., in place of J. C. Pell, deceased.

MINNESOTA

Stuart P. Schaefer to be postmaster at Ely, Minn., in place of N. M. Brown, removed.

John R. Coan to be postmaster at Minneapolis, Minn., in place of J. R. Coan. Incumbent's commission expired February 5, 1940.

A. Elton Jones to be postmaster at Twin Valley, Minn., in place of Alfred Anderson, to retire.

NEW YORK

Frank E. Sowinski to be postmaster at Jamesport, N. Y. Office became Presidential July 1, 1937.

SOUTH CAROLINA

James E. Bell to be postmaster at McCormick, S. C., in place of J. B. Harmon, Jr., resigned.

TEXAS

Macon L. Rice to be postmaster at Venus, Tex., in place of Alice Hines. Incumbent's commission expired August 21, 1939.

WASHINGTON

Mike Capps to be postmaster at Port Gamble, Wash., in place of D. L. Jackson, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 27 (legislative day of September 18), 1940

UNITED STATES DISTRICT JUDGES

Bower Broaddus to be United States district judge for the eastern, northern, and western districts of Oklahoma.

Royce H. Savage to be United States district judge for the northern district of Oklahoma.

UNITED STATES ATTORNEY

Bernard J. Flynn to be United States attorney for the district of Maryland.

UNITED STATES MARSHALS

August Klecka to be United States marshal for the district of Maryland.

Edward Millard Bryan to be United States marshal for the district of Idaho.

POSTMASTERS

NEW YORK

Anna M. Brewster, East Islip.

SOUTH DAKOTA

Dale A. Van Voorhis, Hitchcock.
William H. Hinselman, Winner.

WITHDRAWAL

Executive nomination withdrawn from the Senate September 27 (legislative day of September 18), 1940

POSTMASTER

WEST VIRGINIA

John Kenna Kerwood to be postmaster at Ripley, in the State of West Virginia.

SENATE

MONDAY, SEPTEMBER 30, 1940

(Legislative day of Wednesday, September 18, 1940)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O God, the giver of all good, at this the beginning of another day, we acknowledge and bless Thee for Thy gifts. Help us so to use them, that we may rise above the realm of mediocrity into the heights of great achievement, as we dedicate our lives anew before the altar of our country and our God. May the light of faith within, though it be but a transient gleam of beauty from Thy loving heart, soften for us the harshness of the clouds without and make a pleasant glow amidst the gloom within. We believe not only in Thy justice but also in Thy mercy. Make us, therefore, just and upright in our every dealing, and humanly divine in the quality of our kindness to our fellow men. And, as we alternate this day 'twixt rest and labor, repose, and the task that taxes us, may we carry with us no marring care into the haven where Thou dost refresh Thine inheritance, but may we find therein the peace of God that passeth understanding, that shall keep our hearts and minds safeguarded in the fellowship of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Friday, September 27, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Holt	Schwartz
Andrews	Danaher	Hughes	Schwellenbach
Ashurst	Davis	Johnson, Calif.	Sheppard
Austin	Downey	Johnson, Colo.	Shipstead
Bailey	Ellender	King	Smith
Barkley	Frazier	McKellar	Stewart
Bilbo	George	McNary	Taft
Bridges	Gerry	Maloney	Thomas, Idaho
Brown	Gillette	Minton	Thomas, Okla.
Bulow	Green	Murray	Thomas, Utah
Burke	Guffey	Norris	Townsend
Byrd	Gurney	Nye	Truman
Byrnes	Hale	O'Mahoney	Van Nuys
Capper	Harrison	Overton	Walsh
Caraway	Hatch	Pepper	Wheeler
Chavez	Hayden	Pittman	White
Clark, Idaho	Herring	Reed	Wiley
Clark, Mo.	Hill	Russell	

Mr. MINTON. I announce that the Senator from Washington [Mr. BONE] is absent because of illness.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Kentucky [Mr. CHANDLER], the Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Oklahoma [Mr. LEE], the Senator from Illinois [Mr. LUCAS], the Senator from Nevada [Mr. MCCARRAN], the Senator from New York [Mr. MEAD], the Senator from Arkansas [Mr. MILLER], the Senator from West Virginia [Mr. NEELY], the Senator from Maryland [Mr. RADCLIFFE], the Senator from North Carolina [Mr. REYNOLDS], the Senator from Illinois [Mr. SLATTERY], the Senator from New Jersey [Mr. SMATHERS], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. HOLMAN], the Senator from Michigan [Mr. VANDENBERG], the Senator from Massachusetts [Mr. LODGE], the Senator from New Hampshire [Mr. TOBEY], and the Senator from Vermont [Mr. GIBSON] are necessarily absent.

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATE, WAR DEPARTMENT (S. DOC. NO. 298)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for continuing the construction of the power plant at Bonneville Dam, Columbia River, Oreg., fiscal year 1941, amounting to $4,000,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, POST OFFICE DEPARTMENT (S. DOC. NO. 300)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting

a supplemental estimate of appropriation for the Post Office Department (domestic air-mail service), fiscal year 1941, amounting to $29,882, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES, NAVY DEPARTMENT (S. DOC. NO. 299)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Navy Department, fiscal year 1941, amounting to $4,450,000, together with a proposed provision affecting an existing appropriation, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, PUBLIC HEALTH SERVICE (S. DOC. NO. 297)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting a supplemental estimate of appropriation for the Public Health Service, Federal Security Agency (emergency health and sanitation activities), fiscal year 1941, amounting to $800,000, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SURVEY OF RIVERS ON ISLANDS OF ST. CROIX AND ST. THOMAS, V. I.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize a preliminary examination and survey of certain rivers and their tributaries on the islands of St. Croix and St. Thomas, V. I., for flood control, for run-off and water-flow retardation, and for soil-erosion prevention, which, with the accompanying paper, was referred to the Committee on Commerce.

CLAIM OF EDGAR H. INGHAM, GUARDIAN OF MARGARET MARIE INGHAM

The VICE PRESIDENT laid before the Senate a letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of Edgar H. Ingham, guardian of Margaret Marie Ingham against the United States, which, with the accompanying paper, was referred to the Committee on Claims.

MEMORIAL

The VICE PRESIDENT laid before the Senate a resolution of the San Francisco (Calif.) Coordinating Council for Peace, protesting against the enactment of compulsory military training and service legislation, which was ordered to lie on the table.

REPORTS OF COMMITTEE ON MILITARY AFFAIRS

Mr. SHEPPARD, from the Committee on Military Affairs, to which was recommitted the bill (S. 4175) to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes, reported it with an amendment and submitted a report (No. 2138) thereon.

He also, from the same committee, to which was referred the bill (S. 4240) to authorize the sale, under the provisions of the act of March 12, 1926 (44 Stat. 203), of surplus War Department real property, reported it without amendment and submitted a report (No. 2188) thereon.

DISTRIBUTION OF HYDROELECTRIC ENERGY IN PACIFIC NORTHWEST

Mr. BARKLEY. Mr. President, the Senator from Washington [Mr. BONE], who is temporarily absent, sent me a bill which he desires me to introduce at this time in his name for the development and conservation of the resources of the Pacific Northwest through the wide distribution of electric energy generated by certain Federal projects, for the improvement of navigation and the promotion of the national defense, and for other purposes. I ask unanimous consent that the bill may be introduced and appropriately referred.

I also ask that there be printed in the RECORD a letter from the Secretary of the Interior to the Senator from Washington [Mr. BONE] with respect to this matter.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 4390) for the development and conservation of the resources of the Pacific Northwest through the wide distribution of electric energy generated by certain Federal projects, for the improvement of navigation and the promotion of national defense, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

The letter from the Secretary of the Interior addressed to the Senator from Washington [Mr. BONE] is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, September 30, 1940.

Hon. HOMER T. BONE,
United States Senate.

MY DEAR SENATOR BONE: In accordance with our conversations with you and some of your colleagues from the Northwest regarding the establishment of the Columbia power administration as a regional agency in the Department of the Interior, I have reviewed the attached bill. While it has not been submitted to the Bureau of the Budget, I am glad to give you my views concerning it.

The Columbia power administration will accomplish a needed coordination of the power facilities of the Bonneville and Grand Coulee Dam projects in a permanent agency, will permit on a practicable and equitable basis the acquisition of existing private utility properties by the people of the Northwest where they have voted to establish public power agencies, will make possible the more efficient use of the resources of the region for the national defense and the public welfare, and will encourage the wider use of electricity in the homes, farms, and factories of the Pacific Northwest.

I recommend the enactment of this bill.

The existing Bonneville Power Administration was established provisionally by the act of August 20, 1937, to market the power generated at the Bonneville Dam. The Secretary of the Interior, through the Bureau of Reclamation, was authorized by the President, pursuant to the act of August 30, 1935, to complete and operate the Grand Coulee Dam project. On August 26, 1940, pursuant to this same act, the President signed Executive Order No. 8526 designating the Bonneville Power Administrator, under the supervision and direction of the Secretary of the Interior, as the agent for the sale and distribution of electrical power and energy generated at the Grand Coulee Dam project. This order provided a single Federal agency to market the energy produced at both the Bonneville and Grand Coulee Dam projects. Additional legislation is required, however, to give full effect to this coordination since the arrangement continues to be provisional. This situation hampers the efficient marketing of power.

Another serious obstacle to the marketing of Columbia River power has been the inability of local public agencies to acquire necessary distribution systems. The people, in the exercise of their right of the ballot, have created agencies in many counties for the distribution of Columbia River power. Their efforts have been largely frustrated because their local agencies have found it economically infeasible to acquire the existing distribution systems which comprise parts of larger systems owned and controlled by eastern holding companies. Obviously, the piecemeal acquisition of such systems, by several unrelated public agencies would be uneconomical and impractical from the point of view of both the public agencies and the private companies. These people need and want the assistance of the Federal Government in meeting their problem of acquiring the existing utility properties on a system-wide basis on terms that are practicable and equitable. Such assistance will be afforded to them by means of this bill.

The Bonneville Administrator now has the power to acquire transmission lines. The bill would extend this power by providing for the acquisition of entire systems, including generating and distribution facilities, where such systems are economically dependent on such transmission lines. The act directs that distribution facilities so acquired be sold to public bodies or cooperatives as quickly as such sales can be properly consummated. In order to effect these acquisitions, the administrator is authorized, with the approval of the Secretary of the Interior and of the Secretary of the Treasury, to issue bonds of the Administration, guaranteed by the United States. Such acquisitions are to be entirely self-liquidating.

There is also an important function to be performed by the proposed Columbia power administration in the advancement of the national-defense program. The development and utilization of the many strategic and critical mineral resources found in the Pacific Northwest forms an essential part of this program. These resources require for their fullest development an abundant supply of cheap power, used chiefly in their processing. A single coordinating agency will be an invaluable aid in the efficient marketing of power for these purposes.

Finally the agency will foster and encourage the wider use of Columbia River power in the general development of the Pacific Northwest. It will do this through the making of studies, experiments, and demonstrations in the wider and better utilization of electricity on farms, in homes, and in manufacturing processes. It will do this through the continuation and extension of provisions of the present Bonneville legislation assuring that the power to be made available through the proposed Columbia power administration shall be sold at rates and in a manner to encourage the widest possible use, and by retaining the provisions of existing law granting preferences and priorities to public agencies and cooperatives.

The primary purposes for which the Grand Coulee Dam project is being constructed, including the irrigation and reclamation of arid lands, have been recognized in the proposed legislation. The basic requirements of the irrigation features of the Grand Coulee Dam project, as recognized in existing law, are not altered by the bill.

I have discussed the proposed legislation with the President, and its objectives have received his approval.

Very truly yours,

HAROLD L. ICKES,
Secretary of the Interior.

ACQUISITION OF CERTAIN BRITISH POSSESSIONS AND REDUCTION OF GREAT BRITAIN'S INDEBTEDNESS TO THE UNITED STATES

Mr. KING. More than 2 years ago upon a number of occasions I stated that it was my belief that an understanding had been reached between Hitler, Mussolini, and Stalin under the terms of which democratic nations were to be conquered or brought under their jurisdiction and control. I also added that there was accumulating evidence that Japan was a party to the understanding or agreement. Upon a number of occasions since then I repeated the statements just referred to.

When Czechoslovakia was assailed I reaffirmed the views formerly expressed, and when Poland was crushed and divided between Hitler and Stalin, I repeated the statements which I had formerly made.

It is apparent that for a number of years the powers referred to have cooperated in order to bring a large part of the world under their dominion and control. They are earnestly seeking now to bring Spain within the terms of the axis, and Japan gives evidence of active cooperation in aid of the destruction of free peoples and democratic governments, and with the purpose of joining in a division of conquered territory and of the spoils of war.

China has been the victim of a ruthless assault upon the part of Japan, and the recent conduct of Japan evidences a purpose upon her part to continue her brutal and barbarous attack upon China and to effect her complete subjugation. Not only that, but Japan is giving evidence of her cooperation and, indeed, union with the European axis, in order to effectuate the destruction of democratic nations.

Some time ago, before France had been conquered, I suggested to the Department of State that our Government obtain leases from Great Britain and France of their territory in the Western Hemisphere.

After France had been conquered and brought under the cruel and iron hand of Hitler I suggested to the State Department that our Government obtain 100-year leases from Great Britain of her territorial possessions in the Western Hemisphere. Unfortunately we delayed action with France, and undoubtedly France is not now in a position to act independently with the United States or any nation. We are warranted, I assume, in taking the position that the Vichy government is not in a position to make any disposition of territory which France had or may have in the Western Hemisphere.

Our Government acted wisely in obtaining from Great Britain naval bases in the Caribbean area. It is not too late for our Government to obtain from Great Britain naval bases and other territory in the Pacific and the Pacific region.

The bill which I am about to offer authorizes the President to enter into negotiations for the immediate acquisition by lease or otherwise of such islands or other possessions of Great Britain in or bordering on the Pacific Ocean as he may deem to be necessary. In connection with such program it also provides that to facilitate such acquisitions and by way of partial consideration, the President may be authorized, through the Export-Import Bank of Washington, or such other Federal agency as he may designate, to make such loans and extensions of credit to the Government of Great Britain, and its political subdivisions, as may be deemed advisable; also the President is authorized to provide for reducing the amount of the indebtedness of the British Government to the United States provided in the act of 1922, as amended, by an amount equivalent to the reduction of the indebtedness of the Italian Government to the United States which was granted by the act of April 28, 1926.

The bill also provides that the prohibition contained in sections 7 and 8 of the Neutrality Act of 1939, and in the act to prohibit financial transactions with any foreign government in default of its obligations to the United States, shall not apply with respect to the Government of Great Britain or any political subdivision thereof, or with respect to any person as defined in either of such acts, or any organization or association acting for or on behalf of the Government of Great Britain or any such political subdivision.

The critical situation of democratic peoples and democratic governments should challenge the attention of all those who believe in democracy and who are concerned in preserving democratic institutions and justice and liberty throughout the world. It is evident that Hitler and his associates are determined to superimpose upon the peoples of the world an autocratic and tyrannous form of government. They have, in a ruthless and barbarous way, destroyed peaceful and democratic nations; they have planned and are planning to divide the world and to impose upon the people a system of government under which liberty and freedom may not exist. Great Britain, with heroism, seldom, if ever, equaled and never surpassed, is fighting not alone for the British Empire, but for all people who love liberty and justice.

Mr. President, I believe that the time is propitious for the consideration not only of conditions in Europe, but the situation in the Pacific. For that reason, I have prepared a bill which I desire to introduce in the Senate and to have the same read for its information at this time.

The VICE PRESIDENT. Without objection, the bill will be read.

There being no objection, the bill (S. 4391) to authorize negotiations for the acquisition of certain British possessions, to provide for reducing the indebtedness of Great Britain to the United States, and for other purposes, was read, the first time by its title and the second time at length and ordered to lie on the table, as follows:

Be it enacted, etc., That the President is hereby authorized, in furtherance of the national-defense program, to enter into negotiations for the immediate acquisition by lease or otherwise of such islands or other possessions of Great Britain in or bordering on the Pacific Ocean as he may deem to be necessary in connection with such program.

SEC. 2. In order to facilitate such acquisitions and in partial consideration therefor, the President is further authorized (1) through the Export-Import Bank of Washington or such other Federal agency as he may designate, to make such loans and extensions of credit to the Government of Great Britain and its political subdivisions, as he may deem advisable, and (2) to provide for reducing the amount of the indebtedness of the British Government to the United States specified in the act of February 9, 1922, as amended, by an amount equivalent to the reduction of the indebtedness of the Italian Government to the United States which was granted by the act of April 28, 1926.

SEC. 3. After the date of enactment of this act, the prohibitions contained in sections 7 and 8 of the Neutrality Act of 1939, and in the act entitled "An act to prohibit financial transactions with any foreign government in default on its obligations to the United States," approved April 13, 1934 (48 Stat. 574), shall not apply with respect to the Government of Great Britain or any political subdivision thereof, or with respect to any person (as defined in either of such acts), organization, or association acting for or on behalf of the Government of Great Britain or any such political subdivision.

PROBLEMS OF SMALL-BUSINESS ENTERPRISES—AMENDMENTS

Mr. MURRAY submitted amendments intended to be proposed by him to the resolution (S. Res. 298) to appoint a special committee to study and survey problems of American small-business enterprises, which were ordered to lie on the table and to be printed.

RIVER AND HARBOR DEFENSE IMPROVEMENTS—AMENDMENTS

Mr. BYRD submitted two amendments intended to be proposed by him to the bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes, which were ordered to lie on the table and to be printed.

STUDY OF FEDERAL HOUSING ACTIVITIES

Mr. TAFT submitted the following resolution (S. Res. 322), which was referred to the Committee on Banking and Currency:

Resolved, That a special committee of the Senate is hereby established, to consist of five members to be appointed by the President of the Senate from the members of the Committee on Banking and Currency, the Committee on Education and Labor, and the Committee on Public Buildings and Grounds. It shall be the duty of such committee to make a comprehensive study of the activities of the Federal Government in the field of housing, particularly as administered by the United States Housing Authority, the Federal Housing Administration, the Federal Home Loan Bank Board, the Federal Works Agency, and other agencies of a temporary or emergency nature. Such committee shall particularly consider—

(1) The need for housing in connection with the national-defense program;

(2) The formation of a long-range plan for stimulating slum clearance and the construction of new housing for the lower and middle income groups with a minimum of Government subsidy;

(3) The coordination of all Government housing activity and the consolidation or elimination of agencies where such consolidation or elimination will promote greater economy and efficiency in administration; and

(4) The stimulation of private investment and private industry in the housing field.

Such committee shall report its findings to the Senate not later than March 30, 1941, and shall recommend such legislation as it may deem necessary to carry out the objectives set forth in this section.

For the purposes of this section, such committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-sixth and Seventy-seventh Congresses; to employ such clerical and other assistants; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $15,000, shall be paid out of the contingent fund of the Senate, upon vouchers approved by the chairman.

ADDRESS BY SENATOR BROWN AT MICHIGAN DEMOCRATIC STATE CONVENTION

[Mr. BROWN asked and obtained leave to have printed in the RECORD an address delivered by him at the opening of the Democratic State Convention in the Civic Auditorium, Grand Rapids, Mich., on September 24, 1940, which appears in the Appendix.]

EXPANSION OF R. F. C. LOANS—ADDRESS BY SENATOR MURRAY

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an address prepared by him and read by Dr. Francis A. Thompson before the annual Metal Mining Convention of the American Mining Congress held at Colorado Springs, Colo., September 16 to 19, 1940, which appears in the Appendix.]

ADDRESS BY HON. FRED W. CATLETT ON HOME OWNERS' LOAN CORPORATION

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an address concerning the history, purpose, and accomplishments of the Home Owners' Loan Corporation, delivered by Hon. Fred W. Catlett, member of the Federal Home Loan Bank Board, on September 25, 1940, which will appear hereafter in the Appendix.]

LOANS TO LATIN AMERICA AND PURCHASES OF TUNGSTEN IN CHINA

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD several news releases by the Federal Loan Agency, with respect to loans made to Latin-American countries and purchases of tungsten in China, which appear in the Appendix.]

NATIONAL DEFENSE—ADDRESS BY MAJ. GEN. WILLIAM C. RIVERS

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a radio address on the subject of national defense, delivered by Maj. Gen. William C. Rivers, United States Army, retired, September 19, 1940, which appears in the Appendix.]

STATEMENT BY OSWALD GARRISON VILLARD ON THIRD PRESIDENTIAL TERM

[Mr. BURKE asked and obtained leave to have printed in the RECORD the statement of Oswald Garrison Villard before the Senate Judiciary Subcommittee on the constitutional amendment proposing to establish a single Presidential term of 6 years, which appears in the Appendix.]

ARTICLE BY SIDNEY BLATT ON RURAL ELECTRIFICATION

[Mr. MCKELLAR asked and obtained leave to have printed in the RECORD an article by Sidney Blatt on the subject of rural electrification, published in the Philadelphia National Record, which appears in the Appendix.]

CONSIDERATION OF THE UNANIMOUS-CONSENT CALENDAR

The VICE PRESIDENT. By special order of the Senate, the clerk will call the calendar, beginning where the Senate left off Friday last.

JOE L. M'QUEEN

The bill (H. R. 7139) for the relief of Joe L. McQueen, was considered, ordered to a third reading, read the third time, and passed.

BOSTON & MAINE RAILROAD

The bill (H. R. 7815) for the relief of Boston & Maine Railroad, was considered, ordered to a third reading, read the third time, and passed.

DAVID J. WILLIAMS, JR.

The bill (H. R. 5814) for the relief of David J. Williams, Jr., a minor, was considered, ordered to a third reading, read the third time, and passed.

REIMBURSEMENT OF CERTAIN OFFICERS AND MEN OF COAST AND GEODETIC SURVEY

The bill (H. R. 9073) to provide for the reimbursement of certain officers and men of the Coast and Geodetic Survey for the value of personal effects lost, damaged, or destroyed in a fire aboard the Coast and Geodetic Survey launch *Mikawe* at Norfolk, Va., on October 27, 1939, was announced as next in order.

Mr. KING. Let us have an explanation of the bill.

Mr. BURKE. Mr. President, this is a small claim approved by the Department of Commerce and acted upon favorably by the committee. It involves $831.15, as I recall.

Mr. KING. I have no objection.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time and passed.

WILLIAM M. IRVINE

The bill (H. R. 10155) for the relief of William M. Irvine, was considered, ordered to a third reading, read the third time, and passed.

SAMUEL ROBERTS

The Senate proceeded to consider the bill (H. R. 6091) for the relief of Samuel Roberts, which had been reported from the Committee on Claims, with an amendment, on page 1, line 6, after the words "sum of", to strike out "$1,919.25" and insert "$1,387.10", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Samuel Roberts, Somerville, Mass., the sum of $1,387.10, upon either the making of an assignment of all rights under, or upon the filing of a discharge and satisfaction of a judgment and execution for a like sum rendered in the district court of Somerville against the operator of a United States mail truck in favor of the said Samuel Roberts, for damages sustained by him as the result of personal injuries received on January 6, 1937, when he was struck on Massachusetts Avenue, Somerville, Mass., by the said mail truck. The payment of such sum shall be in full settlement of all claims against the United States for damages sustained as the result of such injuries: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

VERDIE BARKER AND FRED WALTER

The Senate proceeded to consider the bill (H. R. 5053) for the relief of Verdie Barker and Fred Walter, which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the words "sum of", to strike out "$5,000" and insert "$2,000", and in lien 8, after the words "sum of", to strike out "$500" and insert "$200", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Verdie Barker, of Bloomingdale, Jefferson County, Ohio, the sum of $2,000; and to Fred Walter, of Richmond, Jefferson County, Ohio, the sum of $200, in full settlement of all claims against the United States for personal injuries sustained by them on November 21, 1937, when the truck in which they were riding was struck by a United States Department of Interior truck numbered 6458, assigned to Civilian Conservation Corps Company 580, Camp SP–9, Broadacre, Ohio: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

RIVER AND HARBOR IMPROVEMENTS

The bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, let us have an explanation of the bill.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with amendments.

Mr. WALSH. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment offered by the Senator from Massachusetts will be stated.

The CHIEF CLERK. On page 2, between lines 20 and 21, it is proposed to insert the following:

Norfolk Harbor, Va.; House Document No. 683, Seventy-sixth Congress.

Mr. McNARY. Mr. President, I rise not for the purpose of opposing the amendment; but this bill is boiled down to the limit from an old bill which was before the Senate some time ago, with which the chairman of the Committee on Commerce is more conversant than I am. At that time several amendments were offered which were abandoned because it was the purpose to come within the limitation prescribed by the President. I am curious to know what this amendment is.

Mr. WALSH. The amendment is offered at the request of the Navy Department. It is part of the defense program of the country. Last week, when I offered the amendment, I had printed in the RECORD a letter from the Department setting forth their reasons. I have taken up the matter with the chairman of the committee, and I believe he feels that the amendment is an important one and defendable on the basis of being in the interest of national defense.

Mr. BAILEY. That is my understanding.

Mr. McNARY. Mr. President, there are a number of projects that will bear that stamp. I am not familiar with the attitude of the chairman of the committee. I respect his judgment on matters of this kind, of course; but there are a number of amendments which come within the category of national defense. In that category there are a number of projects that I have abandoned out of respect to the judgment of the President of the United States, who stated what he wanted.

Now, apparently, there is to be an enlargement of the plan. If we are to go into the question of national defense wherever we or the Navy Department may think it is justified, the bill is open to general amendment.

I am not opposing the amendment offered by the Senator from Massachusetts. I simply wish to know what the policy is to be. If we are to write a new bill on the floor of the Senate, I should want the bill to go over until I have an opportunity to present a few projects which are also worthy; but I am willing to take the bill in the naked form in which it was proposed to the committee and was voted out, and stand on that, because it conforms to the President's own letter. I shall not interpose an objection to this amendment, however, because I know the Senator from Massachusetts would not attempt to offer an amendment that was not actually needed for the defense of the country.

Mr. WALSH. I call attention to the fact that the amendment is not for my own section of the country at all, and that I have no personal interest in it except the national interest.

Mr. McNARY. I appreciate that. The Senator from Massachusetts is always unselfish and looks at the broad question of national defense on any matter; but I want to know from the chairman of the committee what is to be the policy of the chairman regarding the bill.

Mr. BAILEY. Mr. President, the Senator from Oregon has stated my views precisely. I hope we can get the legislation through. It has been delayed. The amount authorized is not great. It is $35,000,000. The bill is on a national-defense basis, approved by the President, the War Department, the Coast Guard, and the Navy Department.

Two Senators have proposed amendments which are of equal value with the projects in the bill. The one proposed by the Senator from Massachusetts could not possibly be resisted by me in the committee, and I am not inclined to resist it here. If we can get it through, together with one to be offered by the Senator from Texas [Mr. SHEPPARD], which is on all fours with it, I shall be glad to proceed today and get the bill through; but if we cannot do that, I shall have to ask that the Senate proceed to the consideration of the bill at the end of the consideration of the truth-in-fabric bill.

I wish to get the legislation through at this session, and it is of the greatest importance that we do so. That is my view. I am perfectly willing to agree, as chairman, to the amendments offered by the Senator from Massachusetts and the Senator from Texas. That is all I can do; but if we are to open up the bill, we shall have to have a special day for its consideration, and I am afraid the legislation will be defeated.

Mr. McNARY. Mr. President, my statement involved a question of policy only. I think the Crescent City project, in the northern part of California, is as worthy as any project in the bill. I refrained from pressing it because I wanted to respect the views the President expressed in his letter. If these other projects are going through, I will accept them, and I will forego, even now, in order to get this bill out, offering my amendment; but I doubt if this is the proper way to legislate.

Mr. WALSH. Mr. President, I send to the desk a letter from the Chief of the Bureau of Yards and Docks, which I ask to have printed in the RECORD in this connection.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NAVY DEPARTMENT,
BUREAU OF YARDS AND DOCKS,
Washington, D. C., September 24, 1940.

Hon. DAVID I. WALSH,
United States Senate.

MY DEAR SENATOR WALSH: It is my understanding that H. R. 9972, authorizing improvement of certain rivers and harbors in the interest of national defense, will be brought up on the floor of the Senate within the next day or two.

We have been cooperating very closely with the War Department (Office of the Chief of Engineers) in connection with this bill, inasmuch as all of the projects therein are of vital interest to the Navy in connection with the national-defense program.

The Navy Department has just received an urgent letter from the commandant of the fifth naval district recommending that the

project for providing additional anchorage area south of Craney Island in Norfolk Harbor be inserted in the subject bill.

This project, which will provide two anchorage bases, at an estimated cost of $182,000, south of Craney Island, which is the naval fuel depot in Norfolk Harbor, is covered in detail in House Document No. 683, Seventy-sixth Congress, third session. (See Chief of Engineers' letter of March 19, 1940, p. 2, and pars. 8, 11 (b), 14, and 50.)

The increasing importance of the Hampton Roads area, due its central strategic location and enlarged defense plans now under way, makes it necessary that additional anchorage areas be provided for naval craft. This area will be used for ships awaiting their turn to fuel at the Craney Island depot; as a sheltered harbor for the increasing small naval craft used for loading stores, making minor ship's force repairs, liberty parties, and for the relief of the already crowded condition of other anchorage areas and dock spaces at the navy yard and the naval operating base.

The anchorage situation in the Elizabeth River at Norfolk has been made more acute owing to the necessity of providing buoy moorings for the large number of destroyers which are now basing at the operating base. Ships of the fleet are using the Craney Island depot for fueling purposes on a continually increasing scale. It is contemplated that this anchorage will now be used entirely for naval craft rather than for barges, freighters, and other commercial ships, as contemplated in the original project and report. The estimated cost of $182,000 would appear very reasonable in proportion to the benefits to be obtained from this project.

I would very much appreciate it if you could propose the following suggested amendment when this bill is brought up on the floor of the Senate:

Amendment intended to be proposed by —— to the bill (H. R. 9972) authorizing the improvement of certain rivers and harbors in the interest of the national defense, and for other purposes: On page 2, between lines 20 and 21, insert the following:

"Norfolk Harbor, Va., House Document No. 683, Seventy-sixth Congress."

Sincerely yours,

B. MOREELL, *Chief of Bureau.*

Mr. NORRIS. Mr. President, it seems to me it is hardly fair to undertake to pass a bill of this magnitude under the unanimous-consent rule. I am not opposing this legislation, but I think everybody must recognize that the bill is one of national importance; and whatever may be the view of any Senator, he could hardly expect such a bill to be put through the Senate under the unanimous-consent rule.

I should like to say to the Senator from North Carolina [Mr. BAILEY] that I am somewhat in doubt as to the nature of the bill which he says ought to pass, and the nature of amendments which ought not to be offered or ought to be rejected if offered. I have an amendment which has been approved by the Board of Engineers. So far as I know, it is all ready for inclusion by Congress in a legislative bill. I expected, if this legislation should be taken up, to offer that amendment to this bill. I have not prepared it. I am not ready to do so today, because I had no idea that we were to take up this bill under a unanimous-consent agreement.

I realize that I could object to the consideration of the bill, as any other Senator could; but I do not want to be captious. I do not want to object if there is something here which, as a matter of national defense, we ought to pass. I should like to ask the Senator from North Carolina whether I am to understand that it is his belief that no amendments ought to be offered to the bill, and that it contains everything which can be included under the term "national defense," and that any other amendments—although they may be, as I think mine is, without objection—should not be offered at this time?

Mr. BAILEY. Mr. President, I will say to the Senator that I could not go that far. I think there may be other desirable amendments; but all the propositions we have before us are those submitted by the President, the War Department, the Navy Department, the Coast Guard, and the two amendments to which I have referred, one from the Senator from Massachusetts and the other from the Senator from Texas. The latter amendments seem to me to be as good as the others, and I could not object to them.

I realize, however, that when we open up the bill to these amendments, we open it up to other amendments. I am not insisting that the bill pass without discussion. I am perfectly willing to pass it over for the present, provided we can get it up sometime this week; and probably that will satisfy the Senator, too.

Mr. NORRIS. I have no objection to that. I should like to cooperate. I do not want to be in the attitude of impeding the passage of anything that is brought in here as a matter of national defense by including something that is not a matter of national defense.

I have talked with the Senator briefly about the amendment I propose to offer, but it was at a time when I did not think any such legislation was to be taken up. I do not think it would take long to prepare the amendment. If we should take up this bill as we would take up any other legislation of considerable magnitude, it probably would necessarily be a day or two before we could dispose of it.

Mr. BAILEY. I will say to the Senator that I am not inclined to the view that a bill of this kind should pass while bills are being considered by unanimous consent. It was presented. I am not going to resist its going over if the Senate wishes to have that done.

Mr. NORRIS. Then I think the bill ought to go over, Mr. President.

Mr. BAILEY. Before we dispose of the matter, let me ask our leader, the Senator from Kentucky [Mr. BARKLEY] just when I may reasonably expect to have this matter brought up.

Mr. BARKLEY. Mr. President, I will say to the Senator from North Carolina that it is impossible to fix the hour and the day.

Mr. BAILEY. I understand that, of course.

Mr. BARKLEY. I am very much interested in the Senator's bill, and will cooperate with him in getting it up. Immediately after the conclusion of the consideration of bills on the calendar the conference report on the wool bill is in order. I do not know how long that will take. Probably there is to be some discussion of it. It may take an hour or two. By that time the conference report on the tax bill may or may not be here. But I may say to the Senator I feel confident that within the next 2 or 3 days we can take up his bill for consideration.

Mr. BAILEY. I think that is agreeable.

Mr. NORRIS. Mr. President, if I may have the attention of the Senator from North Carolina, I should like to confer with him, if the bill shall go over, and I hope he will not make a motion to take it up within a day or two, at least. I should like to have some time to prepare an amendment, if, after consultation with the Senator from North Carolina, I decide that it is proper to offer it.

Mr. BAILEY. I shall be very glad to confer with the Senator about it.

Mr. BURKE. Mr. President, will the Senator from North Carolina yield?

Mr. BAILEY. I yield.

Mr. BURKE. The chairman of the Committee on Commerce, the Senator from North Carolina [Mr. BAILEY] is interested in having a proper time fixed for considering this important bill. I suggest for his earnest consideration that he arrange to have it come up immediately after the Senate concludes consideration of the Logan-Walter bill. [Laughter.]

Mr. KING. I agree with that.

Mr. BAILEY. Mr. President, I have stated the situation with which I have been dealing. I have stated why I wanted to get the bill through this morning, and, of course, if I cannot, I cannot, and I will take my chances with the assurance given me by the majority leader.

The PRESIDENT pro tempore. On objection, the bill will be passed over.

REPEAL OF OBSOLETE STATUTES

The Senate proceeded to consider the bill (S. 4316) to repeal sections 4588 and 4591 of the Revised Statutes of the United States.

Mr. KING. Let us have an explanation.

Mr. BAILEY. Mr. President, this is a bill to repeal certain obsolete statutes, and is recommended by the proper department and approved by the committee.

The PRESIDENT pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 4588 and 4591 of the Revised Statutes of the United States (U. S. C., title 46, secs. 686 and 687) be, and they are hereby, repealed.

SEC. 2. All certificates heretofore issued to seamen under the authority of section 4588 of the Revised Statutes of the United States are hereby declared void.

FISH HATCHERIES AT GRAND COULEE DAM

The bill (H. R. 9921) to authorize the maintenance and operation of fish hatcheries in connection with the Grand Coulee Dam project was considered, ordered to a third reading, read the third time, and passed.

STONY POINT LIGHT STATION RESERVATION

The bill (H. R. 10246) to further amend the act of July 30, 1937, authorizing the conveyance of a portion of the Stony Point Light Station Reservation to the Palisades Interstate Park Commission, was considered, ordered to a third reading, read the third time, and passed.

ACTIVE DUTY FOR CERTAIN COAST GUARD OFFICERS

The bill (H. R. 10337) to authorize the Secretary of the Treasury to order retired commissioned and warrant officers of the Coast Guard to active duty during time of national emergency, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

WABASH RIVER BRIDGE, INDIANA

The bill (H. R. 9952) authorizing the Indiana State Toll Bridge Commission to construct, maintain, and operate a toll bridge across the Wabash River at or near Mount Vernon, Posey County, Ind., was considered, ordered to a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, MINNESOTA

The bill (H. R. 9561) granting the consent of Congress to the Minnesota Department of Highways and the counties of Benton and Stearns, in Minnesota, to construct, maintain, and operate a free highway bridge across the Mississippi River at or near Sauk Rapids, Minn., was considered, ordered to a third reading, read the third time, and passed.

BIG SANDY RIVER BRIDGE, WEST VIRGINIA

The Senate proceeded to consider the bill (S. 4087) authorizing the Big Creek Bridge Co., Consolidated, its successors, and assigns, to construct, maintain, and operate a bridge across the Tug Fork of the Big Sandy River at or near Nolan, W. Va., which had been reported from the Committee on Commerce with amendments, on page 1, line 3, after the word "That", to strike out "in order to facilitate interstate commerce, improve the postal service, and provide for military and other purposes" and to insert "the consent of Congress is hereby granted to"; on line 7, to strike out "is hereby authorized to construct, maintain, and operate" and to insert "to complete construction of"; on line 9, after the word "at", to strike out "a point suitable to the interests of navigation, at or near Nolan"; on page 2, line 2, after the name "Virginia", to strike out "in accordance with" and to insert "and to maintain and operate said bridge as a lawful structure subject to"; on line 6, after the numerals "1906", to strike out "and subject to the conditions and limitations contained in this act," so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the Big Creek Bridge Co., Consolidated, its successors and assigns, to complete construction of a bridge and approaches thereto across the Tug Fork of the Big Sandy River, at West Virginia, and to maintain and operate said bridge as a lawful structure subject to the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. There is hereby conferred upon the Big Creek Bridge Co., Consolidated, its successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Big Creek Bridge Co., Consolidated, its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under authority contained in the act of March 23, 1906.

SEC. 4. After the completion of such bridge, as determined by the Secretary of War, either the State of West Virginia, the State of Kentucky, any public agency or political subdivision of either of such States, within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of either of such States governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 5 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 5. If such bridge shall at any time be taken over or acquired by the States or public agencies or political subdivisions thereof, or by either of them, as provided in section 4 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 6. The Big Creek Bridge Co., Consolidated, its successors and assigns, shall within 90 days after the completion of such bridge file with the Secretary of War and with the highway departments of the States of West Virginia and Kentucky, a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and upon request of the highway department of either of such States shall, at any time within 3 years after the completion of such bridge investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Big Creek Bridge Co., Consolidated, its successors and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 4 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 7. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to the Big Creek Bridge Co., Consolidated, its successors and assigns, and any corporation to which or any person to whom such rights, powers and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to legalize the construction by the Big Creek Bridge Co., Consolidated, of a bridge across the Tug Fork of the Big Sandy River at or near Nolan, W. Va."

WITHLACOCHEE RIVER BRIDGE, GEORGIA

The Senate proceeded to consider the bill (S. 4135) granting the consent of Congress to the State Highway Board of Georgia to construct, maintain, and operate a free highway bridge across the Withlacoochee River, between Valdosta, Ga., and Madison, Fla., at or near Horns Ferry, which had

been reported from the Committee on Commerce with amendments, on page 1, after the enacting clause, to strike out, "That the consent of Congress is hereby granted to the State Highway Board of Georgia to construct, maintain, and operate a free highway bridge and approaches thereto across the Withlachoochee River, at a point suitable to the interests of navigation, between Valdosta, Ga., and Madison, Fla., at or near Horns Ferry, in accordance with the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters,' approved March 23, 1906, and subject to the conditions and limitations contained in this act," and to insert, "That the consent of Congress is hereby granted to the State Highway Board of Georgia to complete construction, in accordance with plans accepted by the Chief of Engineers and the Secretary of War, of a free highway bridge and approaches thereto across the Withlachoochee River, between Valdosta, Ga., and Madison, Fla., at Horns Ferry, and to maintain and operate said bridge as a lawful structure subject to the provisions of the act entitled 'An act to regulate the construction of bridges over navigable waters,' approved March 23, 1906", so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the State Highway Board of Georgia to complete construction, in accordance with plans accepted by the Chief of Engineers and the Secretary of War, of a free highway bridge and approaches thereto across the Withlacoochee River, between Valdosta, Ga., and Madison, Fla., at Horns Ferry, and to maintain and operate said bridge as a lawful structure subject to the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to legalize the construction by the State Highway Board of Georgia of a free highway bridge across the Withlacoochee River between Valdosta, Ga., and Madison, Fla., at Horns Ferry."

CHARLES F. MARTIN

The bill (H. R. 4724) for the relief of Charles F. Martin, a minor, was considered, ordered to a third reading, read the third time, and passed.

SALLIE BARR

The bill (H. R. 4615) for the relief of Sallie Barr was considered, ordered to a third reading, read the third time, and passed.

JOHN E. AVERY

The bill (H. R. 6215) for the relief of John E. Avery was considered, ordered to a third reading, read the third time, and passed.

BETTY JANE BEAR ROBE

The Senate proceeded to consider the bill (H. R. 7910) for the relief of Betty Jane Bear Robe, which had been reported from the Committee on Indian Affairs with an amendment to insert a new section at the end of the bill, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the superintendent of the Pine Ridge Indian Reservation, S. Dak., for the account of Betty Jane Bear Robe, minor child and sole heir to the estate of Bessie Bear Robe, the sum of $2,000. Subject to the approval of the Secretary of the Interior, not to exceed $500 of such sum may be expended by such superintendent to pay debts outstanding against the estate of the said Bessie Bear Robe. The payment of such sum of $2,000 shall be in full settlement of all claims against the United States on account of the death of Aloysius Spotted Bear, minor son of the said Bessie Bear Robe, who was killed on March 30, 1938, when struck by an automobile of the United States Indian Service while alighting from an Indian Service school bus on United States Highway No. 18 within the boundaries of the Pine Ridge Indian Reservation, S. Dak.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

SEC. 2. That any person duly enrolled as a member of an Indian tribe who received in pursuance of a tribal treaty or agreement with the United States an allotment of land which, by the terms of said treaty or agreement was exempted from taxation, restricted against alienation, or which by the terms of any act of Congress was continued under the supervision of the United States during the minority of such allottee, and from which land the restrictions have or have not been removed, and any such enrolled member of an Indian tribe having restricted money in the custody and control of the United States, and who was required or permitted to pay prior to April 26, 1931, any Federal income tax on such lands or on the rents, royalties, or other gains arising from such lands during such restricted or tax-exempt period or on income from such restricted funds while in the custody or control of the United States, or on income from any allotment during the minority of the allottee, or any such person who has been erroneously or illegally taxed by reason of not having claimed or received the benefit of any deduction or exemptions permitted by law, and who would be entitled under this or previous acts or rulings of the Treasury Department in similar Indian cases to a refund of the taxes so illegally or erroneously collected, but for the fact that he failed to file a claim for such refund within the time prescribed by law, shall be allowed 2 years after the approval of this act within which to file such claim, and if otherwise entitled thereto he may recover such taxes in the same manner and to the same extent as if such claims for refund had been theretofore duly filed as required by law, it not being the policy of the Government to invoke or plead a statute of limitations to escape the obligations of agreement solemnly entered into with its Indian wards, or prior to April 26, 1931, to exact for its own use and benefit an income tax from them while their property continued under the supervision of the United States, and/or during the minority of the allottee: *Provided, however*, That in the case of the death of a member of an Indian tribe his heirs who succeeded to his allotment of lands be permitted to file claims and recover refunds in the same manner as duly enrolled member of an Indian tribe: *Provided further*, That in the case of the death of any enrolled member of an Indian tribe any such illegal taxes paid by him or on his account may in like manner be claimed and recovered by the person or persons who would have received such money had it constituted a part of his estate at the time of his death.

That all acts and parts of acts in conflict herewith are modified for the purpose, and only for the purpose, of carrying into effect the provisions hereof.

The amendment was agreed to.

Mr. REED. Mr. President, I should like to have an explanation of this measure. It seems to be a rather important bill.

Mr. THOMAS of Oklahoma. Mr. President, the first part of the bill proposes to pay the sum of $2,000 to the parents of an Indian boy who was killed on an Indian reservation. The Indian boy was on his way home from school, and just before he reached home he got out of the truck in which he was riding, and another car came by, in which there were an Indian policeman and one or two other passengers, and it ran over the boy and killed him. The first part of the bill is to cover that claim.

The second part of the bill has to do with refund-of-taxes claims. Oklahoma was admitted to the Union with the Indian lands tax free, but later on the State proceeded to tax them, and still later the Supreme Court held that the taxes could not be levied against these lands. Congress has heretofore passed a law providing that claims could be filed for refunds. The time for the filing of the claims has expired. Many Indians paid taxes, without the knowledge that they had a right to file claims for refunds until the time had expired. This measure proposes to give them 2 years from the date of the enactment of the bill within which they may file claims for refunds. Then the Treasury Department will have to pass on the question whether or not the claims are just. The bill would give them 2 years in which to file their claims.

Mr. REED. This bill is entitled "An act for the relief of Betty Jane Bear Robe." That claim is covered in the first part of the bill. It is not the kind of bill that is customarily found under a title of this kind. The second part of the bill is general legislation, and should not be included under such a title as this, and therefore I ask that the bill go over.

Mr. THOMAS of Oklahoma. Let me say for the RECORD that a condition exists in another body which makes it practically impossible for an Indian bill to be passed. Whenever a bill has an Indian title it is objected to. Therefore, unless we include some of these bills in a sort of an omnibus measure, and send them to the other House as amendments, there is no chance to have Indian legislation enacted. That is why the committee saw fit to tack this amendment on to this particular bill. The second part of the bill has passed the Senate

heretofore, and that is why it is attached to the other bill as an amendment.

The PRESIDENT pro tempore. Objection is heard, and the bill will be passed over.

Mr. GURNEY subsequently said: Mr. President, I ask unanimous consent to return to Calendar No. 2196, House bill 7910. I have conferred with the Senator from Kansas [Mr. REED], and the Senator from Oklahoma [Mr. THOMAS], and they have agreed there will be no objection on their part to the consideration and passage of the bill if the amendment of the Senate Committee on Indian Affairs is deleted. Therefore I ask for the immediate consideration of the bill as it came from the House.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 7910) for the relief of Betty Jane Bear Robe, and to carry out certain obligations to certain Indians, which had been reported from the Committee on Indian Affairs with an amendment.

The PRESIDING OFFICER. The amendment has heretofore been agreed to.

Mr. THOMAS of Oklahoma. Mr. President, this is a House bill, which was considered by the Committee on Indian Affairs and approved by the committee. In order to secure the enactment of some legislation on another subject, the committee saw fit to attach an amendment to the bill. I am sure no member of the committee desires to withhold the relief from this Indian family in South Dakota, simply in order to have an amendment adopted. In view of the fact that the objection made by the Senator from Kansas [Mr. REED] precludes and prevents Indians from another State having an opportunity to file a claim at their first knowledge of their right to file a claim, of course, the bill, as amended, cannot pass. So, at the request of the Senator from South Dakota [Mr. GURNEY], I am agreeable to the Senate disagreeing to the Senate committee amendment, to the end that this relief may be given to the Indian family which lost its son.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, the vote by which the amendment was agreed to is reconsidered.

The question is on agreeing to the committee amendment.

The amendment was rejected.

The bill was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, the amendment providing for changing the title will be disagreed to.

VETERANS' ADMINISTRATION FACILITY, LOS ANGELES, CALIF.

The bill (H. R. 10267) to authorize the Administrator of Veterans' Affairs to grant an easement in a small strip of land at Veterans' Administration Facility, Los Angeles, Calif., to the county of Los Angeles, Calif., for sidewalk was considered, ordered to a third reading, read the third time, and passed.

TICKETS TO THE INAUGURAL CEREMONIES, 1941

The Senate proceeded to consider the joint resolution (H. J. Res. 467) to exempt from the tax on admission amounts paid for admission tickets sold by authority of the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President-elect in January 1941 which had been reported from the Committee on Finance with an amendment, on page 1, line 4, after the word "Ceremonies", to insert "on the occasion"; and on line 8, after the word "section", to strike out "500 of the Revenue Act of 1926" and to insert "1700 of the Internal Revenue Code", so as to make the joint resolution read:

Resolved, etc., That all amounts paid for admission tickets sold by authority to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President-elect in January 1941, said committee to be appointed with the approval of the President-elect, shall be exempt from the tax on admissions imposed by section 1700 of the Internal Revenue Code, as amended, all the net proceeds from the sale of said tickets to be donated by the said committee to charity.

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

HERBERT ZUCKER

The bill (S. 4227) for the relief of Herbert Zucker, and others, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Attorney General of the United States be, and he is hereby, authorized and directed to accord nunc pro tunc examinations under the immigration laws to Herbert Zucker, Emma Zucker, Hanni Zucker, and Dorrit Claire Zucker, citizens of France, and Martha Hirsch, citizen of Czechoslovakia, and if such aliens upon examination be found admissible to the United States except for lack of immigration visas he shall record their lawful admittance for permanent residence as of the date of their temporary entry at New York on November 17, 1939. Upon the making of such record of permanent admission and payment by the aliens of fees fixed by law the Secretary of State shall instruct the proper quota-control officers to deduct four numbers from the German quota and one from the Czechoslovak quota of the current fiscal year.

Mr. AUSTIN. I ask that the report of the Committee on Immigration on the bill be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT NO. 2088

The Committee on Immigration, to whom was referred the bill (S. 4227) for the relief of Herbert Zucker, Emma Zucker, Hanni Zucker, Dorrit Claire Zucker, and Martha Hirsch, having considered the same, report favorably thereon with the recommendation that the bill do pass.

Because of its brevity, the bill is quoted herein in full.

"*Be it enacted, etc.*, That the Attorney General of the United States be, and he is hereby, authorized and directed to accord nunc pro tunc examinations under the immigration laws to Herbert Zucker, Emma Zucker, Hanni Zucker, and Dorrit Claire Zucker, citizens of France, and Martha Hirsch, citizen of Czechoslovakia, and if such aliens upon examination be found admissible to the United States except for lack of immigration visas he shall record their lawful admittance for permanent residence as of the date of their temporary entry at New York on November 17, 1939. Upon the making of such record of permanent admission and payment by the aliens of fees fixed by law the Secretary of State shall instruct the proper quota-control officers to deduct four numbers from the German quota and one from the Czechoslovak quota of the current fiscal year."

Unlike most bills of this character, its purpose is to benefit an American community and the residents thereof rather than the aliens involved. These aliens arrived in the United States under a temporary visitors' permit November 17, 1939. The alien Herbert Zucker has, since 1920, been substantially interested in a New York corporation known as the Astra Bent Wood Furniture Corporation, Inc. That company has a capital of $60,000, all of which is owned by the aliens involved in this bill or their immediate families. In addition to that, Mr. Zucker and his family have other investments in American corporations amounting to $98,000, and cash and credits in American banks or financial institutions amounting to $70,000.

The business connection of Mr. Zucker and the other aliens involved in this bill which is of public interest involves the purchase by them of the Hale Co., of East Arlington, Vt. The record discloses that during the months of January and February of 1940, the Hale Co., which is a corporation organized for the purpose of manufacturing furniture, was in liquidation. Had it been liquidated and closed, the town of Arlington, Vt., would have lost a pay roll of $200,000 a year and the employment of 200 persons. Mr. Zucker invested $204,000 in this enterprise and not only protected this pay roll of the town of Arlington, but has extended the construction of the factory involved and will increase the pay roll.

The files of the committee contain many letters from responsible citizens of Arlington, Vt., and Bennington County, Vt., outlining the importance of the maintenance of this corporation to the community and county. They show the firm was founded in 1860, and it is apparent that this factory has been the backbone of employment in the community for many years.

Therefore, your committee feel that the bill should be enacted by the Congress and recommend such action. There follows the report of the Attorney General:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., August 17, 1940.

Hon. RICHARD B. RUSSELL,
Chairman, Committee on Immigration, United States Senate, Washington, D. C.

MY DEAR SENATOR: This acknowledges your request for the views of this Department concerning a bill (S. 4227) to authorize and direct the Attorney General to accord nunc pro tunc examinations under the immigration laws to Herbert Zucker, Emma Zucker, Hanni Zucker, and Dorrit Claire Zucker, citizens of France, and Martha Hirsch, citizen of Czechoslovakia, and if such aliens are found admissible except for lack of immigration visas, to record their admission for permanent residence as of November 17, 1939.

It appears from the files of the Immigration and Naturalization Service that Herbert Zucker, age 52, his wife, Emma, age 40, and his two daughters, Hanni and Dorrit Claire, age 20 and 15, respectively, arrived in the United States on November 17, 1939, and were admitted temporarily for a period of 6 months. They are citizens of France, although born in Czechoslovakia. For 6 years preceding their arrival in the United States they resided in Paris. It is represented that Mr. Zucker has been financially interested in the Astra Bent Wood Furniture Co., Inc., a New York corporation, since sometime in 1920. The business of the company is the importation and sale of a specialty which originated in Czechoslovakia and which was manufactured in France.

The instant bill does not propose the waiver of any provision of the immigration laws, except that relating to quotas.

Whether the bill should receive favorable consideration involves a question of legislative policy concerning which I prefer not to make any suggestion.

The files of the Immigration and Naturalization Service concerning this matter are enclosed herewith. It is requested that they be returned to that Service when they have served your purpose.

Sincerely yours,

ROBERT H. JACKSON.

VICKSBURG NATIONAL MILITARY PARK, MISS.

The bill (S. 3907) to authorize the acceptance of donations of property for the Vicksburg National Military Park in the State of Mississippi, and for other purposes, was announced as next in order.

The PRESIDENT pro tempore. There is an identical House bill—H. R. 9658—on the calendar which, without objection, will be substituted for the Senate bill and be now considered.

There being no objection, the bill (H. R. 9656) to authorize the acceptance of donations of property for the Vicksburg National Military Park in the State of Mississippi, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 3907 will be indefinitely postponed.

CLEVELAND NATIONAL FOREST, CALIF.

The bill (H. R. 2728) to add certain lands to the Cleveland National Forest in Orange County, Calif., was considered, ordered to a third reading, read the third time, and passed.

HENRY W. SHURLDS AND W. H. WHITE

The bill (H. R. 9942) authorizing the Secretary of the Interior to issue to Henry W. Shurlds and W. H. White a patent to certain lands in the State of Mississippi was considered, ordered to a third reading, read the third time, and passed.

RUTH GAINEY BRANSCOME

The bill (H. R. 9943) authorizing the Secretary of the Interior to issue to Ruth Gainey Branscome a patent to certain lands in the State of Mississippi was considered, ordered to a third reading, read the third time, and passed.

EXTENSION OF OIL- AND GAS-PROSPECTING PERMITS

The bill (S. 3172) to provide for the extension of certain oil- and gas-prospecting permits, was announced as next in order.

The PRESIDENT pro tempore. The next bill on the calendar is an identical House bill, and, without objection, it will be substituted for the Senate bill.

There being no objection, the Senate proceeded to consider the bill (H. R. 8448) to provide for the extension of certain oil- and gas-prospecting permits, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 1, line 10, after the word "permits", to insert "and under which the permittee had in good faith complied with all existing laws and regulations", so as to make the bill read:

Be it enacted, etc., That notwithstanding the provisions of any other act, any oil- or gas-prospecting permit issued under authority of the act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," approved February 25, 1920, as amended, which expired between December 31, 1937, and January 1, 1940, because of lack of authority under existing laws to make extension of such permits, and under which the permittee had in good faith complied with all existing laws and regulatons, shall, upon application to the Secretary of the Interior and subject to valid intervening rights, be extended for an additional period ending December 31, 1941.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 3172 will be indefinitely postponed.

FORT MARION NATIONAL MONUMENT, FLORIDA

The bill (H. R. 8353) to change the designation of the Fort Marion National Monument in the State of Florida, and for other purposes, was announced as next in order.

Mr. BYRNES. I ask that the bill go over.

Mr. ANDREWS. Mr. President, I hope the Senator will permit the Senate to consider this bill. It is a measure which does nothing except change the name of the Fort Marion National Monument to the Castillo de San Marcos National Monument. The people of Florida are asking for this action and, so far as I know, all the historical societies are requesting that the change be made. The Government is now doing rehabilitation work at that point, reestablishing this old fort, which has been in disuse since shortly after the Revolutionary War, and it is desired that the original name be restored to the fort.

The PRESIDENT pro tempore. Is there objection?

Mr. BYRNES. I object.

Mr. McKELLAR. Mr. President, I have been requested by the junior Senator from North Carolina [Mr. REYNOLDS] to ask that the bill go over at this time.

Mr. BYRNES. Mr. President, I dislike very much to object to the request made by the Senator from Florida, but as a matter of fact, ever since Florida was ceded to the United States, this fort has been known as Fort Marion, named after a distinguished soldier and patriot of the American Revolution. Members of the Daughters of the American Revolution in South Carolina who have communicated with me, believe that at this time it is not wise to change the name of this national monument in which all the people of the United States have an interest; but, on the contrary, that more such monuments might be named after Revolutionary heroes. I should not want to agree to consideration of the bill until the Daughters of the American Revolution have had an opportunity to be heard.

Mr. ANDREWS. I have no objection to the Daughters of the American Revolution being heard with respect to the matter. However, let me say that every historical society in Florida has expressed a desire that the proposed change be made.

Mr. PEPPER. Mr. President, we would like to give notice that in due course we propose to move to take the bill up for consideration.

The PRESIDENT pro tempore. Objection is heard, and the bill will be passed over.

REQUISITION OF ARTICLES AND MATERIALS FOR THE UNITED STATES

The Senate proceeded to consider the bill (H. R. 10339) to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes, which had been reported from the Committee on Military Affairs with amendments.

The first amendment was, on page 1, line 6, after the word "military", to insert "or naval."

The amendment was agreed to.

The next committee amendment was, on page 1, line 9, after the word "thereof", to insert "ordered, manufactured, procured, or possessed for export purposes."

The amendment was agreed to.

Mr. REED. Mr. President, I should like to have an explanation of the bill from either the chairman of the Military Affairs Committee or a member of that committee, particularly in view of the very broad implications which are contained in the language of the bill, as I read it. Last Friday I tried to have these proceedings conducted in such a manner that we could understand what was being done. In order to hold the situation, and for fear that the Presiding Officer, not intending to, of course, might declare the bill passed, as was done a few moments ago without that being the understanding of the Senator from Vermont [Mr. AUSTIN],

I ask for an explanation of the bill, and withhold objection pending the explanation.

Mr. HILL. Mr. President, the passage of the bill is urgently requested by the War Department. One of the worst bottlenecks in the national-defense program is due to the lack of machine tools. A great many machine tools have been sold to foreign countries, but have not left the United States; and under the act of July 2, 1940, the further exportation of such tools is prohibited. These tools are now lying at various United States ports. They are owned by foreign countries, but they cannot be sent to the foreign countries which bought them. They will not be sent because the Government of the United States, under the act just referred to, will not permit their exportation. It is not possible in some instances to induce those connected with these foreign orders to sell the tools in question to the Government of the United States. The tools are simply lying at the various ports. No one is using them. No one today can obtain them. What the bill does is to give the Government of the United States the power to requisition and take these tools, either to be used by the Government itself or to be sold by the Government to manufacturers who need the tools for national-defense production.

The bill provides that when the Government takes over the tools, the President shall determine a fair and reasonable price, without allowing for any speculative profits or anything of that kind, and tender the money to the owners of the tools. If, however, the owners are not satisfied with the price fixed by the Government, then the Government may take the tools, pay 50 percent of the price fixed by the President, and the owners may have the right to go into the Court of Claims and ask for such additional payment as they think they are entitled to.

Mr. HOLT. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. HOLT. Does not the bill allow the President to take over any supplies he desires in the United States and sell or dispose of them as he himself desires?

Mr. HILL. No; I should say not. The bill is limited to supplies the exportation of which has been denied in accordance with the provision of section 6 of the act of July 2, 1940, and it applies only to military and naval equipment, such as the President now has the power to prohibit being exported from the United States.

Mr. HOLT. Yes; but assume that certain ships were involved, would this measure affect their sale or disposition?

Mr. HILL. I do not think it would affect ships. The Senator will notice the language of the bill which provides for the talking over of—

> Any military or naval equipment or munitions, or component parts thereof, or machinery, tools, or materials or supplies necessary for the manufacture, servicing, or operation thereof * * * the exportation of which has been denied—

under the act to which I have referred.

Mr. HOLT. I am very fearful the passage of this measure would repeal that part of the law which deals with the disposition of naval vessels.

Mr. HILL. No; the whole idea and purpose and intent of the bill is to prevent supplies of any sort that may be necessary for the Army and the Navy going out of the United States, and to permit the Army and the Navy to obtain such supplies for the use of the Army and the Navy.

Mr. HOLT. Yes; but does it not give the President the power to sell and dispose of them after they are taken over?

Mr. HILL. Certainly it is intended that the sale or disposition of the tools shall be made only to manufacturers who would use the tools to supply equipment to the Army or the Navy of the United States.

Mr. HOLT. If the Senator does not object, I should like to have the bill go over until I am sure that what I have in mind will not result from the passage of the bill.

Mr. HILL. Let me say to the Senator that if he wants to amend the bill so as to limit its provisions strictly to persons supplying equipment or supplies to the Government of the United States, certainly there could be no objection, because that is its intent and purpose.

Mr. HOLT. The Senator does not object if I ask that the bill go over temporarily?

Mr. HILL. No.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. SCHWELLENBACH. Let me make a suggestion to the Senator. Is it not true that the word "vessel" has been used in the various acts, including the act of 1917, section 3, and has it not been construed that the absence of the word "vessel" in this measure would make it impossible for the act to be construed as the Senator from West Virginia fears it might be construed?

Mr. HOLT. I will say to the Senator that I have not had time to go over it thoroughly, and if the Senator from Alabama does not object, I shall ask that the bill be passed over until I have an opportunity further to examine it.

Mr. HILL. Would the Senator object to the bills being passed, and then, if upon examination of the bill he finds reason for objecting to it, he can move that the vote by which the bill was passed be reconsidered?

Mr. HOLT. I think it would be better to let it go over temporarily, and call it up for action later.

Mr. HILL. I wish to say that I have no personal interest in the bill at all. My only interest in the bill is that the War Department is urgently requesting its passage on the ground that machine tools, which we need so badly in the United States, are today lying on our docks and wharves, the Government not being able to get them, no one really being able to get them. There they are lying idle, when they are so badly needed for the production of national-defense equipment and material.

Mr. HOLT. I wish to say to the Senator from Alabama that I agree thoroughly with respect to the need for the acquirement of tools and materials. The feature to which I object is allowing the President to sell and dispose of them in any manner he desires. What I fear is not the power to requisition them, but the power to dispose of them.

Mr. HILL. The Senator knows, does he not, that the title to the tools and equipment is in the hands of foreign governments?

Mr. HOLT. Would the Senator object to an amendment providing that they shall be sold or disposed of in the United States?

Mr. HILL. Not at all. I should be glad to accept such an amendment. I would not object to it at all.

Mr. HOLT. Let us pass the bill over, so an amendment to that effect may be prepared.

Mr. HILL. Very well, let the bill be passed over, so that an amendment may be prepared.

The PRESIDENT pro tempore. The bill will be passed over.

Mr. HILL subsequently said: Mr. President, a few minutes ago House bill 10339, Calendar No. 2209, was passed over at the request of the Senator from West Virginia [Mr. HOLT]. I have conferred with the Senator from West Virginia, and he and I have agreed on two amendments. I ask for the consideration of the bill at this time.

The PRESIDENT pro tempore. Without objection, the Senate will recur to the bill.

The Senate resumed the consideration of the bill (H. R. 10339) to authorize the President to requisition certain articles and materials for the use of the United States, and for other purposes.

The PRESIDENT pro tempore. The amendments on page 1 have already been agreed to. The clerk will state the next amendment reported by the committee.

The next amendment was, in section 1, page 2, line 6, after the word "material", to insert "and to sell or otherwise dispose of any such articles or materials, or any portion thereof, whenever he shall determine such action to be in the public interest. Any moneys received by the United States as the proceeds of any such sale or other disposition of any such articles or materials or any portion thereof shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold or disposed

of, and the same shall immediately become available for the purposes named in the original appropriation", so as to make the section read:

Be it enacted, etc., That whenever the President determines that it is necessary in the interest of national defense to requisition and take over for the use or operation by the United States or in its interest any military or naval equipment or munitions, or component parts thereof, or machinery, tools, or materials or supplies necessary for the manufacture, servicing, or operation thereof, ordered, manufactured, procured, or possessed for export purposes, the exportation of which has been denied in accordance with the provisions of section 6 of the act approved July 2, 1940 (Public, No. 703, 76th Congress), he is hereby authorized and empowered to requisition and take over for the said use or operation by the United States, or in its interest, any of the foregoing articles or materials, and to sell or otherwise dispose of any such articles or materials, or any portion thereof, whenever he shall determine such action to be in the public interest. Any moneys received by the United States as the proceeds of any such sale or other disposition of any such articles or materials or any portion thereof shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold or disposed of, and the same shall immediately become available for the purposes named in the original appropriation.

Mr. HILL. Mr. President, on page 2, line 7, in the amendment of the committee, after the word "thereof", I offer an amendment on behalf of the Senator from West Virginia and myself, reading as follows:

to a person or corporation of the United States.

The amendment to the amendment was agreed to.

Mr. HILL. I offer another amendment. On page 2, line 15, in the committee amendment, I move to strike out the period and insert a semicolon, and the following words:

Provided, however, That nothing in this section shall modify or repeal section 14 of Public Law 671, Seventy-sixth Congress, approved June 28, 1940.

The PRESIDENT pro tempore. The amendment offered by the Senator from Alabama to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 2, line 15, after the word "appropriation" and before the period, it is proposed to insert:

Provided, however, That nothing in this section shall modify or repeal section 14 of Public Law 671, Seventy-sixth Congress, approved June 28, 1940.

Mr. DANAHER. Mr. President, I should like to ask the Senator whether or not that is in accordance with the construction to be placed on the section by the Attorney General, or the construction that was placed on the act by the Congress when it passed the act.

Mr. HILL. Mr. President, I have preserved section 14 just exactly as it is written, verbatim et literatim, all the a's and the z's, the periods and the commas and the semicolons.

Mr. DANAHER. I thank the Senator. I was just thinking of a recent opinion by the Attorney General.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

LETTER DEALING WITH SELECTIVE COMPULSORY MILITARY SERVICE

Mr. SMITH. Mr. President, I have been waiting for an opportunity to bring a letter to the attention of the Committee on Military Affairs. I think all Senators ought to be acquainted with it. I ask unanimous consent to have the letter read by the clerk at this juncture, omitting the name of the writer of the letter.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

ROCK HILL, S. C., *September 24, 1940.*

Senator ELLISON D. SMITH,
Senate Office Building, Washington, D. C.

DEAR SENATOR SMITH: Apropos the Selective Service Act: In section 1, (b), the act says, "Congress further declares that in a free society the obligations and privileges of military training and service should share generally in accordance with a fair and just system * * *" then proceeds to violate the spirit of this section and discriminate against several of the military services.

The act appears to have been written by the Army because, in section 5 (b) (1), it makes a peacetime exemption for men who have served in the Regular Army for 3 years, and later for the National guardsmen who have served the equivalent, or thereabouts, but ignores service time in the Navy, Marine Corps, Coast Guard, and Coast and Geodetic Survey.

Of course I realize, Senator SMITH, that with the rush and uproar of getting the bill passed, a few points were bound to be overlooked, and it seems to me a few further amendments, as suggested above, will be necessary.

As S. 4164 stands, in this respect, it may be likened, in the above, to the old impressment laws of Great Britain (which partly caused our War of 1812), in which a sailor could be discharged after years of service by impressment, then on the following day be slugged and kidnaped by the press gang and forced to serve years more in the army or the navy, because:

As the law stands, a man could have served 8 or 12 years in the Marine Corps, be discharged on October 15, forced to register on the following day, October 16, then drafted into the Army for a year, plus the subsequent reserve duty 'til 45 years of age.

In reference to myself, I have served in the C. M. T. C. (1 term) and in the naval service for 4 years; then went to college and finally got a start in my profession, and I naturally feel I have covered all the military service that should be required of me by the United States of America during peacetime and should be let alone.

In all probability the Army intends to rectify this oversight by interpreting this exemption for all military and naval services, but the point which I want to make is that the act itself should be amended. It seems to me, Senator SMITH, that because of the number of vague clauses, generalities, ambiguities, ranging in a wide degree of interpretation, some of which I admit are necessary, the act hands the Army's Commander in Chief a virtual military dictatorship of men between 21 and 36 throughout the life of S. 4164. And with it he can harass whom he pleases, as he can vary his interpretation as he sees fit or whenever he sees fit, on any one vague point.

And, therefore, I hold, these generalities and oversights should be cut down as much as possible by specific amendments. As to the discrimination I mentioned, in all Federal laws to my knowledge, besides this act, parity between various branches of military services is recognized; that is, equality of years' service, ratings, rights and privileges granted. (S. 4164 is at least parity-conscious as to pay scale in sec. 12 and in 3 (c) and (d).)

I believe, Senator SMITH, if you inquire at the Veterans' Bureau you will learn that nearly half a million ex-service men from the other branches will be discriminated against by the bill. It seems to me someone not as yet engulfed by the hysteria of the month should be willing to go to bat for half a million men who did not exactly depend on the British Navy to defend our Atlantic coast and other fables. Certainly it will be deeply appreciated by the writer.

The critical examination I have made of the Selective Service and Training Act and my comments here were based on the bill as published in the New York Times, September 15.

Thanking you for the courtesy of your consideration of the foregoing subject, Senator SMITH, I am,

Very sincerely yours,

_____.

Mr. SMITH. Mr. President, I should like to have the letter referred to the Military Affairs Committee. I know the man who wrote it. He has given the matter careful study. If the things he points out are correct, I think the matter ought to be affirmatively stated in the law and not left to the discretion of the military authorities.

I ask that the letter be referred to the Military Affairs Committee, and returned to me for my file when the committee shall have finished with it.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will state the next bill on the calendar.

WILLFUL INJURY OR DESTRUCTION OF WAR MATERIALS

The Senate proceeded to consider the bill (S. 4297) to amend an act entitled "An act to punish the willful injury or destruction of war materials or of war premises or utilities used in connection with war materials and for other purposes," approved April 20, 1918, which had been reported from the Committee on Military Affairs with an amendment, to strike out all after the enacting clause and insert:

That the act approved April 20, 1918, entitled "An act to punish the willful injury or destruction of war material, or of war premises or utilities used in connection with war material, and for other purposes" (40 Stat. 533; U. S. C., title 50, secs. 101–103), be amended as follows:

The first paragraph of section 1 be, and the same is hereby, amended by deleting the word "the" immediately preceding the word "war."

The fourth paragraph of section 1 be, and the same is hereby, amended to read:

"The words 'United States' used in this act in a geographical sense shall include the Philippine Islands, the Panama Canal Zone, and all other territory and waters, continental and insular, subject to the jurisdiction of the United States, and this act shall be effective within the United States as thus defined."

Following section 3 of said law, add the following new sections:

"SEC. 4. That the words 'national-defense material,' as used herein, shall include arms, armament, ammunition, livestock, stores of clothing, food, foodstuffs, fuel, supplies, munitions, and all other articles of whatever description and any part or ingredient thereof, intended for the use of the United States in connection with the national defense.

"The words 'national-defense premises,' as used herein, shall include all buildings, grounds, mines, or other places wherein such national-defense material is being produced, manufactured, repaired, stored, mined, extracted, distributed, loaded, unloaded, or transported, together with all machinery and appliances therein contained; and all forts, arsenals, navy yards, camps, prisons, or other military or naval stations of the United States.

"The words 'national-defense utilities,' as used herein, shall include all railroads, railways, electric lines, roads of whatever description, railroad or railway fixture, canal, lock, dam, wharf, pier, dock, bridge, building, structure, engine, machine, mechanical contrivance, car, vehicle, boat, or aircraft, or any other means of transportation whatsoever, whereon or whereby such national-defense material, or any troops of the United States, are being or may be transported either within the limits of the United States or upon the high seas; and all dams, reservoirs, aqueducts, water and gas mains and pipes, structures and buildings, whereby or in connection with which water or gas may be furnished to any national-defense premises or to the military or naval forces of the United States, and all electric light and power, steam or pneumatic power, telephone and telegraph plants, poles, wires, and fixtures and wireless stations, and the buildings connected with the maintenance and operation thereof used to supply water, light, heat, power, or facilities of communication to any national-defense premises or to the military or naval forces of the United States.

"SEC. 5. That during a period of national emergency declared by Congress or proclaimed by the President, including the period of national emergency proclaimed by the President by proclamation No. 2352, dated September 8, 1939, whoever, within intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense, or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense, shall willfully injure or destroy, or shall attempt to so injure or destroy, any national-defense material, national-defense premises, or national-defense utilities, as herein defined, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 10 years, or both.

"SEC. 6. That during a period of national emergency declared by Congress or proclaimed by the President, including the period of national emergency proclaimed by the President by proclamation No. 2352, dated September 8, 1939, whoever, with intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense or whoever, with reason to believe that his act may insure, interfere with, or obstruct the United States in the strengthening of its national defense, shall willfully make or cause to be made in a defective manner, or attempt to make or cause to be made in a defective manner, any national-defense material, as herein defined, or any tool, implement, machine, utensil, or receptacle used or employed in making, producing, manufacturing, or repairing any such national-defense material, as herein defined, shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 10 years, or both."

Mr. WHEELER. Mr. President, I call attention to the language on pages 6 and 7 of the bill. To me, it does not make sense. Section 5 says:

That during a period of national emergency declared by Congress or proclaimed by the President, including the period of national emergency proclaimed by the President by proclamation No. 2352, dated September 8, 1939, whoever, with intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense, or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense, shall willfully injure or destroy—

And so forth. The language to which I direct particular attention is:

Or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense.

If a man does something with intent to injure, or with reason to believe that the act will injure, that means that the act is done with intent. I submit that the language ordinarily used is sufficient. The language to which I refer would only be confusing to any prosecuting attorney in enforcing the law. When we use the language "with intent to injure, interfere with, or obstruct," we cover the ground as fully as it could be covered by the language "or whoever, with reason to believe that his act may injure, interfere with, or obstruct."

Someone might commit an act without intent, and yet he might have in his mind something which no one could figure out; and possibly it might be said that he had reason to believe that his act might injure, interfere with, or obstruct. We cannot prosecute persons unless they have an intent to do something. Therefore I move to strike out, in section 5, on page 6, line 19, after the word "defense", the words "or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense"; and in section 6, on page 7, line 7, after the figures "1939", to strike out "whoever, with intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense, or whoever, wih reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense." My amendment would not change the meaning.

Mr. NORRIS. Mr. President, will the Senator read the words he intends to strike out?

Mr. WHEELER. The language to which I refer is:

Or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States in the strengthening of its national defense.

The language would then read:

Whoever, with intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense, shall willfully injure or destroy, or shall attempt to so injure or destroy—

And so forth.

Mr. SHEPPARD. I suggest that the Senator offer his amendment to the identical House bill now on the Senate calendar in order that the matter may go to conference.

Mr. WHEELER. I shall be glad to offer the amendment to the House bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana to the committee amendment.

Mr. MINTON. Mr. President, the bill is an attempt simply to apply the act of April 20, 1918, which was a wartime measure, to the present emergency. The same words to which the Senator has referred are found in the act of April 20, 1918. That act has been on the statute books ever since.

Mr. WHEELER. Mr. President, I do not care whether it has been on the statute books for 100 years. It does not make good sense to say "or whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States." Of course, if a person does something with the intent to do it, he is guilty. If he does it under certain circumstances, he is presumed to have done it with intent. It does not make good sense to say "whoever, with reason to believe that his act may injure, interfere with, or obstruct the United States," does it with intent to injure the United States. The Senator will not find such language in any criminal statute I have ever read.

Mr. MINTON. It is found in the act of April 20, 1918.

Mr. WHEELER. It is not to be found in any other criminal statute.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CONNALLY. I think the Senator ought to insist on the retention of that language. The elimination of the language suggested by the Senator from Montana would require proof of intent. If there is one thing on earth which is difficult to prove in a criminal case, it is intent. Usually, intent must be inferred from acts. We cannot probe into a man's mind with an X-ray and say, "This is his intent." The language "or whoever, with reason to believe that his act may injure, interfere with, or obstruct," makes it easier to prove the intent. It may be inferred that any reasonable, sensible man knows that certain results follow certain acts. I think it would be much more easy to secure convictions if that language were retained.

Mr. WHEELER. If a person does an act with reason to believe that he is doing it for the purpose of injuring the Government, he does it with intent to injure the Government. The language to which I object simply does not make any sense. We do not want to convict persons who may do something innocently, and without any intent to injure. Under the language in the bill, if a person does something with intent to injure, he is guilty; but we do not want to go to the point where we say to a man that because he makes an innocent mistake he may be found guilty and sent to the penitentiary for 10 years or be fined $10,000. In times of hysteria and times of war we need to be careful. We should be just as careful to protect the innocent as to convict the guilty. I recall that when John Lord O'Brian had charge of the criminal division in the last war, he said to me, "We have much more difficulty in trying to keep United States attorneys from prosecuting people for treason when they are not guilty than we do in having them prosecute people who are guilty."

Mr. MINTON. Mr. President, it seems to me the point the Senator from Texas makes is entitled to some consideration. I can well understand how a man might say, "I did not intend to do this," when the answer might be, "Any reasonable person would know that the thing you did would result in injury." It seems to me that there is a difference between a man who deliberately, knowingly, and intentionally does a thing and a man who does a thing which he ought as a reasonable man to know would lead to a certain result. He might say, "I did not intend to do it."

Mr. WHEELER. It does not make any difference whether or not he intended to do it. If a reasonable man does something, it is a question of fact for the jury to decide. Under this language, if he does it realizing that he is doing it for that purpose, he is guilty. There can be no question about it, and why undertake to change the language that is ordinarily used in every criminal statute? It might have some false construction put upon it by some foolish judge or some foolish district attorney. I think it would be a mistake to enlarge or attempt to enlarge the criminal statutes at this time or at any other time.

Mr. MINTON. I think that the amendment might well be adopted. We can take it to conference and give it further consideration there at least.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. WHEELER] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. MINTON. I now ask that the similar House bill (H. R. 10465) be substituted for the Senate bill and presently considered.

There being no objection, the Senate proceeded to consider the bill (H. R. 10465) to amend an act entitled "An act to punish the willful injury or destruction of war material or of war premises or utilities used in connection with war material, and for other purposes."

The PRESIDENT pro tempore. Without objection, all after the enacting clause of the House bill will be stricken out and the Senate bill as amended inserted. The Chair hears no objection.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDENT pro tempore. Without objection, Senate bill 4297 will be indefinitely postponed. There was no objection.

JUNE THOMPSON, A MINOR

The bill (H. R. 3009) for the relief of June Thompson, a minor, was considered, ordered to a third reading, read the third time, and passed.

HENRY J. WISE

The bill (H. R. 4815) for the relief of Henry J. Wise, was considered, ordered to a third reading, read the third time, and passed.

ARTHUR JOSEPH REIBER, A MINOR

The bill (H. R. 5040) for the relief of Arthur Joseph Reiber, a minor, was considered, ordered to a third reading, read the third time, and passed.

PAUL J. KOHANIK

The bill (H. R. 5314) for the relief of Paul J. Kohanik, was considered, ordered to a third reading, read the third time, and passed.

SOPHRANIA HOLMES

The Senate proceeded to consider the bill (H. R. 1284) for the relief of Sophrania Holmes, which had been reported from the Committee on Claims, with an amendment on page 6, after the words "sum of", to strike out "$179" and insert "$500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Sophrania Holmes, of Jasper County, Tex., the sum of $500 in full settlement of all claims against the United States for personal injuries received as a result of a collision with a Civilian Conservation Corps truck and the private car in which Sophrania Holmes was a passenger on November 28, 1935, on Highway No. 63, in Jasper County, Tex.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

MRS. E. V. MAKI

The Senate proceeded to consider the bill (H. R. 1874) for the relief of Mrs. E. V. Maki, which had been reported from the Committee on Claims with an amendment, at the beginning of line 7, to strike out "$5,000" and insert "$2,500", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. E. V. Maki, of Escatawpa, Jackson County, Miss., the sum of $2,500. The payment of such sum shall be in full settlement of all claims against the United States for damages sustained by the said Mrs. E. V. Maki on account of the loss of her son, Gaston Maki, who was killed on November 1, 1935, when the truck on which he was riding collided with a truck of the Civilian Conservation Corps bearing United States Department of Agriculture tag numbered 12–171 and operated by an enrollee of the Civilian Conservation Corps named Howard Jones, said collision having occurred approximately 1 mile north of McHenry, Miss., on United States Highway No. 49: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

CHARLES KLIEWE

The Senate proceeded to consider the bill (H. R. 5154) for the relief of Charles Kliewe, which had been reported from the Committee on Claims with an amendment on page 1, line 7, after the words "sum of", to strike out "$2,500" and insert "$872", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William F. Kliewe, as legal guardian of his son, Charles Kliewe, a minor, of Pearl River, N. Y., the sum of $872.70 in full settlement of all claims against the United States on account of the personal injury sustained by the said Charles Kliewe, who was injured on March 14, 1938, by a tree felled by the Dutch elm disease eradication crew of the Department of Agriculture: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and

the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

ORGAN PIPE CACTUS NATIONAL MONUMENT, ARIZ.

The Senate proceeded to consider the bill (S. 4083) to permit mining within the Organ Pipe Cactus National Monument in Arizona, which had been reported from the Committee on Public Lands and Surveys, with an amendment, to strike out all after the enacting clause and insert:

That the Organ Pipe Cactus National Monument, in the State of Arizona, shall hereafter be called and known as the "Organ Pipe Cactus National Recreational Area," and all moneys heretofore or hereafter appropriated for that area under its previous designation may be used in the area as redesignated.

SEC. 2. That within the Organ Pipe Cactus National Recreational Area all mineral deposits of the classes and kinds now subject to location, entry, and patent under the mining laws of the United States shall be subject to disposal under such laws, with right of occupation and use of so much of the surface of the land as may be required for all purposes reasonably incident to the mining or removal of the minerals and under such general regulations as may be prescribed by the Secretary of the Interior.

SEC. 3. The administration, protection, and development of the aforesaid national recreational area shall be exercised under the direction of the Secretary of the Interior by the National Park Service. Insofar as applicable and not in conflict with this act, the act of August 25, 1916 (39 Stat. 535), as amended and supplemented, shall govern the promotion and regulation of the recreational area and the uses of such area shall be coordinated under regulations to be prescribed by the Secretary of the Interior.

Mr. HAYDEN. Mr. President, it will be observed that the amendment is one amendment, striking out all after the enacting clause. Inadvertently there were left out three or four words which I should like to have included in the amendment.

The PRESIDENT pro tempore. The amendment offered by the Senator from Arizona to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 2, line 12, after the word "be", it is proposed to insert "exclusive of the lands containing them."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to change the designation of the Organ Pipe Cactus National Monument, in the State of Arizona, and for other purposes."

CORONADO INTERNATIONAL MONUMENT, ARIZONA

The Senate proceeded to consider the bill (S. 4130) to provide for the establishment of the Coronado International Monument, in the State of Arizona, which had been reported from the Committee on Public Lands and Surveys, with amendments.

The first amendment was, in section 1, page 2, line 9, after the numerals 20, to strike out "all" and insert "west half"; and in line 14, after the word "establishment", to strike out the comma, so as to make the section read:

That for the purpose of permanently commemorating the explorations of Francisco Vásquez de Coronado, the President of the United States is authorized to declare, by proclamation, any lands within the following-described area, subject to all valid existing rights, to be established as the "Coronado International Monument":

GILA AND SALT RIVER MERIDIAN

Township 24 south, range 20 east, section 10, south half southwest quarter, south half southeast quarter; section 11, south half southwest quarter; section 13, southwest quarter northwest quarter, south half; section 14, northwest quarter, south half, northwest quarter northeast quarter, south half northeast quarter; section 15, all; section 22, all; section 23, all; section 24, all; township 24 south, range 21 east, section 17, south half southwest quarter; section 18, southwest quarter, south half southeast quarter; section 19, all; section 20, west half; aggregating approximately 2,880 acres: *Provided*, That said proclamation shall not be issued until the President of the United States shall have been advised through official channels that the Government of Mexico has established, or provided for the establishment of, an area of similar type and size adjoining the area described herein.

The amendment was agreed to.

The next amendment was, in section 2, page 2, line 24, after the word "monument", to insert:

Provided, That nothing in this act shall be construed to authorize any recreational or other development by the National Park Service within the 60-foot strip north of the international boundary between the United States and Mexico withdrawn by proclamation of the President dated May 27, 1907 (35 Stat., part II, p. 2136).

The amendment was agreed to.

The next amendment was, in section 4, page 4, line 6, after the word "develop", to insert the words "or used", and in line 10, after the word "purposes", to insert:

And provided further, That neither roads nor public campgrounds shall be constructed by the National Park Service within the south half southwest quarter of said section 10.

So as to make the section read:

SEC. 4. In the administration of the monument area the Secretary shall not permit the construction of fences except (a) along the International Boundary, (b) beside monument roads or approach roads, and (c) around monument areas within which improvements have been located by the National Park Service: *Provided*, That any roads constructed within the monument area by the National Park Service shall include necessary cattle underpasses properly located for the passage of cattle across such roads: *And provided further*, That the right to the exclusive beneficial consumptive use for stockwatering purposes of any water heretofore developed or used for such purposes within the monument area shall remain in the present holders thereof, their heirs, assigns, successors, and administrators, so long as such water continues to be used exclusively for such purposes: *And provided further*, That neither roads nor public campgrounds shall be constructed by the National Park Service within the south half southwest quarter of said section 10.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GREAT SMOKY MOUNTAINS NATIONAL PARK

The Senate proceeded to consider the bill (H. R. 6813) to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountain National Park, and for other purposes, which had been reported from the Committee on Public Lands and Surveys, with amendments.

The first amendment was, in section 4, page 5, line 19, after the word "for", to strike out "by and under the authority of the Secretary of the Interior" and insert "and the proceeds paid into the Treasury of the United States", so as to make the section read:

SEC. 4. That all guns, traps, nets, seines, fishing tackle, teams, horses, or means of transportation of every nature or description used by any person or persons within the limits of said park when engaged in killing, trapping, ensnaring, taking, or capturing such wild birds, fish, or animals contrary to the provisions of this act or the rules and regulations promulgated by the Secretary of the Interior, shall be forfeited to the United States and may be seized by the officers in said park and held pending prosecution of any person or persons arrested under the charge of violating the provisions of this act, and upon conviction under this act of such person or persons using said guns, traps, nets, seines, fishing tackle, teams, horses, or other means of transportation, such forfeiture shall be adjudicated as a penalty in addition to the other punishment prescribed in this act. Such forfeited property shall be disposed of and accounted for and the proceeds paid into the Treasury of the United States: *Provided*, That the forfeiture of teams, horses, or other means of transportation shall be in the discretion of the court.

Mr. McNARY. Mr. President, I am curious to know how the bill affects particularly the status of the national-park system. I do not at this time entertain any objection to the bill, but I should like to have from the Senator from Tennessee a statement and explanation.

Mr. McKELLAR. I will be very glad to give an explanation. The bill was prepared by the Department of the Interior and sent to both the House and the Senate. So there were similar bills in both bodies, and I believe the Senate bill has heretofore been passed.

The lands in the park were secured from several sources. The Rockefeller Foundation, in honor of Mrs. Laura Spellman Rockefeller, put up $5,000 to purchase a portion of what is known as the Great Smoky Mountains Park. In addition to that, the States of Tennessee and North Carolina put up, as I recall, between two and three million dollars

apiece—I am speaking only from memory—to purchase lands. In addition to that a great many individual subscriptions were made for the purchase of lands. In addition to that, the United States Government, on three occasions, I think, put up other portions of the amount necessary.

By the bill the State of North Carolina and the State of Tennessee are simply deeding to the Federal Government lands in the park. In other words, the bill would place the entire body of land that now constitutes the park under the Government.

Mr. McNARY. I understand that this bill conforms to the status now pertaining to other national parks?

Mr. McKELLAR. Yes.

Mr. McNARY. Those parks we have, mainly in the West, where the scenic portion of our country lies.

Mr. McKELLAR. A very large scenic portion lies also in the eastern section.

Mr. McNARY. That is true; there is nothing more beautiful perhaps than the region around the Great Smoky Mountains Park which lies in the States of North Carolina and Tennessee, for which I have a very sentimental feeling. In the case of the parks we have in the scenic portions of the Middle West and beyond the Rocky Mountains, title was taken, of course, and it resides in the Federal Government. The lands were acquired sometimes through grants, but usually by the transfer of jurisdiction from one department to another. For instance, in many cases the national parks have been taken from the National Forest Service, sometimes from the public domain, and in those instances there was a transfer of jurisdiction but not a transfer of title. I understand from this measure that the two States, having acquired lands through donations of funds, and having acquired title, are transferring the title to the National Park system, so that the lands in the Great Smoky Mountains Park will stand on the same footing, and occupy the same status as the land in all the national parks of the country.

Mr. McKELLAR. That is true.

Mr. McNARY. I have no objection to the bill at all.

Mr. McKELLAR. I thank the Senator.

The Senator from North Carolina has made a suggestion that I think ought to appear in the RECORD. The Government having acquired title to the lands, the title to the lands is in the Government, but Tennessee and the State of North Carolina are ceding jurisdiction over the lands to the United States.

Mr. BAILEY. The jurisdiction follows the land and the title, just as it does in the case of all public property.

The PRESIDING OFFICER. The question is on agreeing to the amendment which has been stated.

The amendment was agreed to.

The clerk will state the next amendment reported by the committee.

The next amendment was in section 5, page 5, line 24, to strike out "That upon the recommendation and approval of the Secretary of the Interior of a qualified candidate the", and insert "The", so as to make the section read:

The United States District Court for the Western District of North Carolina and the United States District Court for the Eastern District of Tennessee shall jointly appoint a commissioner, who shall have jurisdiction to hear and act upon all complaints made of any violations of law or of the rules and regulations made by the Secretary of the Interior for the government of the park and for the protection of the animals, birds, and fish, and objects of interest therein, and for other purposes, authorized by this act. Such commissioner shall have power, upon sworn information, to issue process in the name of the United States for the arrest of any person charged with the commission of any misdemeanor, or charged with a violation of the rules and regulations, or with a violation of any of the provisions of this act prescribed for the government of said park and for the protection of the animals, birds, and fish in said park, and to try the person so charged, and, if found guilty, to impose punishment and to adjudge the forfeiture prescribed. In all cases of conviction, an appeal shall lie from the judgment of said commissioner to the United States District Court for the Western District of North Carolina, or the United States District Court for the Eastern District of Tennessee, respectively, depending upon the district in which the particular land in said park on which the offense shall have taken place is located; and the United States district courts in the afore-mentioned districts shall jointly prescribe the rules of procedure and practice for said commissioner in the trial of cases and for appeal to said United States district courts.

The amendment was agreed to.

The next amendment was in section 6, page 7, after the word "purpose", to strike out "upon the recommendation of the Secretary of the Interior."

The next amendment was, in section 6, page 7, line 8, after the word "purpose", to strike out "upon the recommendation of the Secretary of the Interior", so as to make the section read:

SEC. 6. That such of the United States commissioners for the western judicial district of North Carolina and the eastern judicial district of Tennessee as may be designated for the purpose, by the respective district courts for such districts shall have authority to exercise the same jurisdiction with respect to offenses against law and the rules and regulations made in pursuance thereof, committed within their respective judicial districts, as the park commissioner provided for in this act is authorized to exercise.

The amendment was agreed to.

Mr. DANAHER. Mr. President, I should like the attention of the Senator from Tennessee, if I may have it, to ask whether or not the criminal jurisdiction which is being given to a United States commissioner in accordance with this proposed act is in conformity with similar jurisdiction exercised in all other parts.

Mr. McKELLAR. My understanding is that it is. I was so informed at the time, and I think that it is just the same as it is in all the other national parks of the country; they have a uniform system, according to my understanding.

Mr. DANAHER. Is an accused person given the right of trial by jury before the United States commissioner?

Mr. McKELLAR. He is obliged to be given the right of trial by a jury in the case of any crime committed, of course. He has a constitutional right to have such a trial.

Mr. DANAHER. Does the Senator understand that we are creating some new jurisdiction over this area?

Mr. McKELLAR. No. We could not possibly create a jurisdiction contrary to the terms of the Constitution.

Mr. BAILEY. Mr. President, we are simply ceding the jurisdiction in law to the Federal Government, in view of the fact that the Federal Government has acquired title to an immense acreage of land. All the rights of citizens under the Bill of Rights are preserved. I take it there is an analogy in the case of post-office properties.

The United States Government has jurisdiction over its post-office property. If a crime is committed on the property, the United States Government may take jurisdiction, or the State may take jurisdiction, and the rule is that whichever first takes jurisdiction has it. Here, however, the jurisdiction is ceded to the Federal Government, in view of the fact that it is an immense acreage, about 400,000 acres of land, and it is just in the regular order of things that it should be done. Otherwise, the two States would have jurisdiction over land which is owned in fee simple by the Federal Government.

Mr. DANAHER. I thank the Senator from North Carolina.

Mr. KING. Mr. President, will the Senator yield?

Mr. DANAHER. Just one moment, please.

Let me say to the Senator that I have no quarrel whatever with the explanation he has submitted. Quite the contrary; I think it is probably a very feasible and proper way to reach this situation; but it was new to me to know that a United States commissioner was being given jurisdiction to conduct a jury trial even as to an offense within the park area. We do not have any such situation in my State.

I now yield to the Senator from Utah.

Mr. KING. Mr. President, I think the Senator is in error in assuming that the United States commissioner would have jurisdiction to impanel a jury and to try a person for a theft or for a misdemeanor with a jury, if a jury were demanded, or if a felony were committed. All that the commissioner may do is to act as a committing magistrate, and he would bind the defendant over to await the action of the Federal grand jury. He would have no authority to try him.

Mr. DANAHER. Let me assure the Senator from Utah that I am certain he has misconstrued the language appearing in section 5 of the bill, because for the offenses described by that section the power to try the cases is expressly conferred. Moreover, the accused, if convicted, is given a right of appeal to the next term of the United States district court in the State in which the offense takes place, and I respectfully commend that particular section to the attention of the Senator from Utah. There is a new jurisdiction in the particular that the crimes or offenses described by that section are triable by the commissioner.

Mr. KING. I should have some doubt as to the validity of a statute which conferred upon a commissioner who exercises merely the functions of a committing magistrate, power to impanel juries and to try persons who, it is alleged, have committed some offense. It is barely possible that the Federal Government would have the authority, although I had not so recognized it, to confer upon a committing magistrate the authority to impanel a jury and to try an individual for the alleged infraction of some Federal statute.

Mr. DANAHER. I will say to the Senator from Utah that it was the Senator from Tennessee [Mr. McKELLAR] who said that a jury trial would be provided; but I wish to call attention definitely to the fact that the matter of trying persons accused of violation of the provisions of this statute, if passed, will be given to the United States commissioner who will be appointed pursuant to section 5.

Mr. TAFT. Mr. President——

Mr. DANAHER. I yield to the Senator from Ohio.

Mr. TAFT. I merely want to ask whether there is any such officer. This man does not seem to be a United States commissioner in the general sense of the term. He is called a park commissioner. He is appointed jointly by the court of Tennessee and the court of North Carolina. I wonder whether or not there is any such officer in existence in any of the other national parks.

Mr. McKELLAR. I do not know how that is as to other parks; but under section 5 the Senator will see that the district judges of eastern Tennessee and of western North Carolina shall jointly have the right to appoint this commissioner, and that makes him a United States commissioner for Tennessee in the part of the territory which is in Tennessee and also a United States commissioner for North Carolina in the part of the territory which is in North Carolina. A jury trial is provided, but it is in the courts and not by the commissioner.

Mr. DANAHER. On the appeal.

Mr. McKELLAR. On the appeal.

Mr. DANAHER. That is my understanding, too.

There is only one other question which I should like to direct to the Senator from Tennessee. In section 9 the bill provides that the park commissioner must live within certain boundaries. May I ask the Senator from Tennessee if the Mr. Eakin of whom I have heard the Senator from Tennessee speak is the commissioner of this park who would be appointed under section 9?

Mr. McKELLAR. He would have to be appointed by the judge. He is not so appointed now. He is just a park commissioner. I do not know whether or not he would be appointed; but he lives there.

Mr. DANAHER. Then let me say to the Senator from Tennessee that when the words "park commissioner" are used on page 8, line 12, the bill really is referring to this new quasi-judicial officer.

Mr. McKELLAR. That is my understanding.

Mr. DANAHER. All right. I thank the Senator.

The PRESIDENT pro tempore. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

WILLFUL INJURY OR DESTRUCTION OF WAR MATERIALS

Mr. WHEELER. Mr. President, I desire to revert to Calendar No. 2210, Senate bill 4297. I should like to make a parliamentary inquiry. Was the House bill passed, or was the Senate bill passed?

The PRESIDENT pro tempore. The House bill was passed, striking out all after the enacting clause and substituting the text of the Senate bill.

Mr. WHEELER. I find, upon examining the House bill, that the House bill did not contain the objectionable provisions which I had moved to strike out of the Senate bill; and, for the RECORD, I feel that the House bill was all right as it came over from the House.

The PRESIDENT pro tempore. Without objection, the vote by which the House bill was passed will be reconsidered.

Mr. MINTON. Mr. President, if it is to be reconsidered, I should like to offer an amendment.

The PRESIDENT pro tempore. Without objection, the vote by which House bill 10465 was ordered to a third reading and passed is reconsidered. The bill is open to amendment.

Mr. MINTON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment offered by the Senator from Indiana will be stated.

The CHIEF CLERK. It is proposed to insert in the bill the following:

Provided, That nothing in this act shall be construed so as to interfere with the right to strike.

Mr. MINTON. Mr. President, the effect of the amendment is simply to say that the act of striking itself shall not be an offense.

Mr. WHEELER. It seems to me the preservation of the right to strike would not be sufficient unless the Senator put in the words "by a labor organization," or "by a recognized labor organization," or something of the kind. Otherwise, the right to strike of itself might be considered something entirely different.

Mr. MINTON. I am perfectly willing to accept the modification of my amendment suggested by the Senator from Montana.

The PRESIDENT pro tempore. Before going any further, may the Chair state the parliamentary situation? The text of the House bill is not under consideration. The bill bears the House number, but the text of the bill is that of the Senate bill with the amendment of the Senator from Montana in it. Does the Senator from Montana desire to reconsider the vote by which his amendment to the House bill was adopted? The measure before the Senate is really the Senate bill, bearing the number of the House bill.

Mr. WHEELER. I desire to reconsider the vote by which the Senate passed the Senate bill, and then to pass the House bill, or bring it back for the consideration of the Senate.

Mr. BARKLEY. Mr. President, inasmuch as the language in the Senate bill which was stricken out is not in the House bill, it seems to me the best thing to do is to pass the House bill without striking out all the language after the enacting clause.

The PRESIDENT pro tempore. That is true unless there is to be another amendment.

Mr. BARKLEY. Even so, the measure would go back to the House as a House bill.

The Senator from Indiana proposes to provide that the right to strike shall not be abridged. The Senator from Montana [Mr. WHEELER] has made a suggestion about limiting the right to strike to labor organizations. I do not know, of course, whether or not there are labor organizations in all these institutions. It seems to me that if we are to guarantee the right to strike, we ought to make it apply to all workers, and not simply to those who may belong to an organization. The place where the strike occurs may be one where there is no organization.

Mr. MINTON. I think so. The only purpose of the amendment is to provide that striking itself shall not be considered and construed to constitute willful and intentional injury of the property.

Mr. KING. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. KING. Has it been held anywhere, by any judge, at any time, that the right to strike has been abridged or that striking would be illegal? I had not heard of it. The right to strike is inherent among individual rights.

Mr. MINTON. A court might conceivably hold that striking itself indicated an intent to injure. It is out of an abundance of caution that the amendment is offered.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. AUSTIN. I am not quite clear as to what is meant by "interfere with the right to strike." The place in the bill where the Senator proposes to put the amendment may make a difference. Where does the Senator from Indiana intend to place that language in the bill?

Mr. MINTON. As a general proviso, that nothing in the act shall be construed so as to interfere with the right to strike.

Mr. AUSTIN. It seems to me that all one would have to do would be to cover a willful act of destruction by some evidence that it was part of a strike and this act would protect him.

Mr. MINTON. Oh, no; not if in the striking the workers intentionally and willfully injure the property. The mere act of striking itself should not be construed to be a willful or an intentional injury of property.

Mr. AUSTIN. If the Senator has that kind of an amendment, I think I would not be opposed to it. What he is apparently proposing, however, is something which would nullify the effect of the proposed law. I suggest to the Senator that he put the amendment in the form in which he has recently stated it is his intention to provide, rather than in the form in which he has presented it. As it appears, it is a prohibition against giving any effect to the proposed act, if the acts of destruction and sabotage are committed under the name or in the guise of a strike. We do not want that sort of legislation.

Mr. MINTON. Certainly not, and that is not the purpose of the amendment. The purpose of the amendment is merely to provide that the act of striking itself shall not be construed to be a willful or intentional injury.

Mr. AUSTIN. There is another feature suggested to me just now, that this seems on its face to recognize the right to strike against the Government; not only that, but to strike against the Government in time of peril. It seems to me that effect is contrary to all that I know the Senator from Indiana stands for.

Mr. MINTON. There is no purpose in the amendment except to provide that in the construction of the proposed law the mere act of striking itself shall not be construed to be a willful or intentional injury.

Mr. AUSTIN. If the Senator will put his amendment in that form, I think there will be no objection.

Mr. MINTON. I offer the amendment in that form. As I propose it, at the suggestion of the Senator from Vermont, it provides that "the act of striking shall not be construed to be an intentional or willful injury within the meaning of this act."

Mr. TAFT. Mr. President, I should like to ask the Senator from Indiana a question. Suppose a gun were in process of manufacture, and the effect of striking at a particular moment, at a particular point in the process, might result in the destruction of the gun, because the proper time for cooling would not be afforded, or something of that kind. Does the Senator mean that such an act of destroying a gun should not be construed as sabotage, and subject to the provisions of the law?

Mr. MINTON. I mean only that the act of striking itself shall not be construed to be a willful or intentional injury.

Mr. TAFT. But the act of striking itself, under some conditions, might result in the destruction of very valuable war material of the United States, and it seems to me that under those circumstances those contemplating a strike should wait, or make some provision by which such a thing as I have suggested should not occur. It seems to me the amendment is not necessary. It seems to me that if material is willfully destroyed, whether it is by strike or otherwise, there should be responsibility. The act merely prohibits the destruction and injury of war materials; it does not prohibit striking, or the cessation of work, or the failure to go ahead with war material; but under some circumstances striking may be equivalent to the destruction of war material, and in such circumstances I think that kind of a strike, engaged in without taking care of such a situation as I have described, should be covered by the proposed act.

Mr. MINTON. I do not think a strike should be covered, unless the injury was intended, was knowingly done, unless there was an intention to injure the property.

Mr. TAFT. The Senator's amendment does not take into account what the intention is, and if the amendment goes into the law, it merely wipes out the crime altogether.

Mr. AUSTIN. Mr. President, as I read the amendment proposed by the Senator from Indiana, it would prohibit a court from giving any weight to an act of striking in testing the question of sabotage. I do not think the Senator from Indiana intends it to have that absolute effect, does he?

Mr. MINTON. I do not think it does have it.

Mr. AUSTIN. Let us read it. I am afraid it does. It reads:

> The act of striking shall not be construed to be an intentional or willful injury within the meaning of this act.

It might be, but if we pass this type of legislation, although there is in fact a willful injury and an intentional injury within the meaning of the act, we prohibit a court from giving it that effect, do we not?

Mr. MINTON. Though there may be some injury, unless the injury were intended, unless it was knowingly committed, that is, unless the act of striking were committed with the purpose of intentionally injuring the property, I do not think the law should have any such construction.

Mr. CONNALLY. Mr. President, let me say to the Senator from Indiana that it occurs to me that there is no danger, under the bill as it is drawn, of the mere act of striking, if innocently engaged in, being subject to the law. On the other hand, I think the Senator's amendment goes a little too far. Under the proposed act, if one man should take such action as is described for the purpose of injuring the national defense, he would be guilty and would be sent to the penitentiary, but if all employees in a factory did it, they would be exempt, as I read the Senator's amendment.

Mr. MINTON. I do not think so, unless the one man who acted intended to willfully injure the property.

Mr. CONNALLY. I say, if one man committed an act of sabotage, he would be guilty and would be sent to the penitentiary, but if a majority of the workers did the same thing, because it was a strike they would be exempt, as I see it.

Mr. WHEELER. Mr. President, I do not think the Senator is correct. As a matter of fact, one man may strike or two men may strike. The proposed act does go a long way. It provides:

> Whoever with intent to injure, interfere with, or obstruct the United States in the strengthening of its national defense * * * shall willfully injure or destroy, or shall attempt to so injure or destroy, any national-defense material * * * as herein defined, shall, upon conviction—

And so forth. Some courts might hold that when a group of union men struck, regardless of their living conditions or anything else, it was with the intent of injuring or interfering with the national defense. Employees might strike without interfering with the national defense, or they might do it with the intention of interfering with the production of materials in the particular factory until the conditions were bettered.

Mr. BARKLEY. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. BARKLEY. The law and the courts have recognized the right of employees to strike. It seems to me the language proposed contemplates some physical injury to the property, some physical act brought to bear upon the property which would result in damage or injury. I am wondering whether

the amendment is really necessary in order to safeguard the rights of employees.

Mr. MINTON. It is out of an abundance of caution, at the suggestion of organized labor, that I offer the amendment.

Mr. BARKLEY. Of course, I am in sympathy with the object, but I am wondering whether the bill contemplates the sort of injury which might occur if a man or any group of men quit work and walk out. That is not a physical injury brought to bear on the property itself.

Mr. CONNALLY. Let me suggest to the Senator that under the bill, unless the striking was engaged in for the purpose of injury, they could not possibly be guilty.

Mr. BARKLEY. I think that is true.

Mr. CONNALLY. Because the general law gives them the right to strike. Unless the court and the jury believed that they did it for the purpose of injuring the national defense, they could not be convicted. I hope the Senator will not press his amendment. I am sympathetic with it, but it is a very serious matter, and I hope he will not press it.

Mr. WHEELER. Why not put the bill over until the Senator has a chance to look into it further? I suggest that it go over until we have an opportunity to examine it.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, the bill will be passed over.

SUSPENSION OF ENFORCEMENT OF CERTAIN CIVIL LIABILITIES

The bill (S. 4270) to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishments was announced as next in order.

Mr. KING. Mr. President, I should like to have the Senator from Louisiana [Mr. OVERTON] explain the bill.

Mr. OVERTON. Mr. President, the Senate will recall that we had under consideration a short while ago the National Guard bill. The Senate, and later the House, adopted an amendment to the bill extending the Soldiers and Sailors Civil Relief Act of 1918 to the National Guard men. Then when we had under consideration the so-called conscription bill a similar amendment was adopted and is now the law. The amendment that was then proposed in both acts, and now written into the law, left out certain provisions of the 1918 act, because they required revision in order to be brought up to date, namely, the insurance provision, the tax provision, and the provision in reference to public lands. So the amendment that was adopted does not relate to insurance, taxes, or to public lands.

The main purpose of the bill is to include within the civil relief to be granted to the members of the regular staffs of the Army and Navy and the National Guard men, and the draftees, the benefits of the old insurance provisions of the 1918 act and of the tax provisions and of the public-lands provisions, all brought up to date.

The provisions contained in the present bill have been recommended by the War Department, and prepared after consultation with the Department of the Interior and the Treasury Department.

Briefly, if the Senator from Utah desires that I explain those additional provisions, I may observe that, in respect to insurance, the benefits of the act are proposed to be extended to those in the military service who have policies of insurance not in excess of $5,000. If anyone has a policy or policies of insurance in excess of $5,000 the amount is reduced to $5,000 insofar as the provisions of this act are concerned.

Instead of having the War Risk Insurance Board administer the insurance provisions, the Veterans' Administrator administers them. Any person in military service may make application to the Veterans' Administration, stating what policy or policies he has, and that he desires to take advantage of the provisions of this act.

The Veterans' Administrator then passes on the application, and determines whether the applicant is connected with the military service, and in the event that by reason of his military service the beneficiary under the insurance policy is unable to meet his premiums, a certificate is issued by the Veterans' Administrator to the insurance company holding the policy in the amount of the premium that may be defaulted.

The Federal Government has a first lien and privilege upon the policy to reimburse itself in the event that the beneficiary does not within 1 year after termination of his military service make good the defaulted premiums that he was unable to meet by reason of his military service.

Mr. KING. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. KING. Does the Senator mean from his explanation that we are superimposing upon the present situation all the statutes that were applicable during the World War?

Mr. OVERTON. That is correct.

Mr. KING. The reason I make inquiry is that in the Finance Committee recently, and particularly in the meetings of the conferees of the House and the Senate, the question arose as to what provision should be made with respect to the cases of soldiers and those who come under the Social Security Insurance Act and railroad employees. My recollection is that, aside from dealing with the question of railroad employees, the committee took the position that the subject was so broad that it needed further consideration, and that the Finance Committee and the Ways and Means Committee early in January or February, as soon as Congress meets, would take up the question of a new tax bill, and would then take into consideration the question of social insurance and what disposition should be made of certain cases—in fact, take up the whole subject.

Mr. OVERTON. This measure does not relate to that phase of the problem at all.

Mr. KING. It seems to me that we are now treating of a matter which needs further legislation in the event that we are drawn into war, or even if we are not drawn into war. But under the present national-emergency situation we are superimposing the conditions, and so on, as they existed in the World War, and I was wondering whether it was wise to do that.

Mr. OVERTON. Let me say that as I understand it—I am not a member of the Finance Committee—but what I gather from the newspapers is that the Finance Committee did not have under consideration insurance premiums due on policies by those who might be drafted into the service but what they had under consideration was legislation with respect to social-security benefits and not in reference to insurance.

Mr. REED. Mr. President, will the Senator yield?

Mr. OVERTON. I yield.

Mr. REED. I have examined the bill, and I am sure the distinguished and able Senator from Louisiana would not insist that a bill of this importance, with such far-reaching implications, which affects contracts and life-insurance policies and even homestead entries, should pass on the Consent Calendar. I am in sympathy with the purposes which the Senator from Louisiana and the authors of the bill are seeking to accomplish. I simply do not think the bill ought to be passed in this way, on the Consent Calendar, with only 5 minutes' consideration. Therefore, Mr. President, I suggest the bill go over.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. OVERTON. In substance, the main provisions of the bill are already law. We adopted them in the Senate and in the House when we passed the National Guard Act and the Draft Act. The matter of suits against those drafted into the military service, stays of proceedings and writs, purchases on installment, rental obligations, and all those things were considered and acted upon and passed, and are now law. They were adopted at the present session of Congress. What the present bill mainly does is to extend the insurance provisions and the tax provisions and the public-lands provisions to what is existing law.

Mr. REED. If it is already in the law there is no occasion to reenact it.

Mr. OVERTON. We are not reenacting the tax provisions. We have not enacted them. We are not reenacting the insurance provisions.

Mr. REED. I ask that the bill go over.

Mr. OVERTON. Before that is done, let me say to the Senator that this is considered to be a very important bill. There is a great deal of public interest in it.

Mr. REED. May I agree with the Senator on that statement?

Mr. OVERTON. Certainly. I understand the Senator's attitude, but what I wish now to do is to ask our majority leader that we have an opportunity to take up the bill for consideration before adjournment.

Mr. BARKLEY. I shall be glad to cooperate with the Senator is securing consideration of the bill as soon as possible. We cannot fix the time now.

SALES TAX IN NATIONAL PARKS AND UNITED STATES RESERVATIONS

Mr. BROWN. Mr. President, I ask unanimous consent to return to Calendar 1692, House bill 6687. I wish to make a brief statement before the request is put.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent to return to Calendar 1692, House bill 6687. Is there objection?

Mr. WHEELER. Mr. President, I shall not object at this time, but I think that when bills are passed once, we ought not to go back and keep calling up bills which have been passed over, because some of us are interested in bills appearing later on the calendar, and we may never reach some of the bills toward the end of the calendar. It is a bad procedure. In the future I shall object to it.

The PRESIDING OFFICER. Is there objection to the consideration of House bill 6687, Calendar No. 1692?

Mr. McNARY. Mr. President, is the Senator who objected present?

Mr. BROWN. He is present, and I have discussed the bill with him. He has no further objection to it. I refer to the Senator from Utah [Mr. KING].

I shall be glad to make a brief explanation of the bill.

Mr. WALSH. Mr. President, I objected to this bill originally on behalf of the Navy Department. There is a conflict between the Treasury Department and the Attorney General on one side, and the Army and Navy on the other, as to the wisdom of this proposed legislation. However, I am disposed to let the matter be settled by the Commander in Chief of the Army and Navy, and not delay or postpone action at this time.

Mr. McNARY. Let me suggest to the Senator—and I hope it will not inconvenience him—that we pass the bill over until we shall have completed the calendar.

Mr. BROWN. Does the Senator mean that as soon as we shall have concluded the calendar he will have no objection to considering the bill as a part of the calendar?

Mr. McNARY. That is correct.

Mr. BROWN. That is satisfactory.

Mr. SCHWARTZ. Mr. President, I was unable to hear what the Senator from Michigan said at the conclusion of his remarks, as to when and how the matter will be considered.

Mr. BROWN. I understand the bill will go to the foot of the calendar.

Mr. SCHWARTZ. And will be considered under the rule applicable to the calendar?

Mr. BROWN. Yes.

Mr. SCHWARTZ. I do not want to be in the position of having a large number of bills to be considered, which would consume considerable time, after we shall have finished the calendar.

REIMBURSEMENT OF CERTAIN DISTRICT POLICEMEN AND FIREMEN

The Senate proceeded to consider the bill (H. R. 8846) to provide for the retirement of certain members of the Metropolitan Police Department of the District of Columbia, the United States Park Police force, the White House Police force, and the members of the Fire Department of the District of Columbia, which had been reported from the Committee on the District of Columbia with amendments, on page 2, line 9, after the word "service", to insert "and having reached the age of 55 years", and on the same page, line 16, to add a proviso, so as to make the bill read:

Be it enacted, etc., That section 12 of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1917, and for other purposes," approved September 1, 1916, is amended by adding after the fourth paragraph of such section a new paragraph to read as follows:

"Whenever any member of the Metropolitan Police Department of the District of Columbia, or of the United States Park Police force, or of the White House Police force, or the Fire Department of the District of Columbia has served 25 years or more as a member of such department or police force, or the Fire Department of the District of Columbia, or any combination of such service, and having reached the age of 55 years, he may, at his election, be retired from the service of any such police department or police force, or fire department, and shall be entitled to receive retirement compensation from the said policemen and firemen's relief fund, District of Columbia, in an amount equal to 50 percent per annum of the salary received by him at the date of retirement: *Provided, however*, That in any fiscal year any such retirement shall be in accordance with such rules and regulations as may be adopted by the Commissioners of the District of Columbia, and in no fiscal year shall the amount of all such retirements authorized under the provisions of this paragraph aggregate more than $30,000."

The amendments were agreed to.

Mr. BARKLEY. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. On page 2, line 9, after the word "service" and the comma, it is proposed to insert "or whenever any member of the United States Secret Service who has served 25 years in the service of the United States Government, the duties of whom in whole or in part related to the protection of the life of the President and who has actively performed duties other than clerical for 10 years or more directly related to the protection of the President extended by the Secret Service Division."

On page 2, line 12, after the word "force", it is proposed to insert "or Division."

On page 2, line 22, following the committee amendment, it is proposed to insert:

Provided further, That when any member of the United States Secret Service Division shall have performed service in connection with the protection of the President for 10 years or more, thereby becoming subject to future retirement after 25 years' service under the provisions of this act, that he shall be authorized to transfer all funds to his credit in the United States Civil Service retirement fund to the policemen and firemen's relief fund of the District of Columbia, and that after the transfer of such funds, the salary of that member shall be subject to the same deductions for credit to the policemen and firemen's relief fund of the District of Columbia as the deductions from salaries of other members contributing to that fund, and he shall be entitled to the same benefits as other members contributing to that fund."

Mr. BARKLEY. Three changes are suggested. I ask that they be considered as one amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARKLEY. Mr. President, the effect of this amendment is to include about 15 White House secret-service men. The provision is that there shall be transferred from the civil-service retirement fund whatever accumulation has been brought about by the contributions from their salaries, and that it shall be added to the policemen and firemen's retirement fund of the District of Columbia, and that thereafter the same contribution shall be made by those men as is now being made by the men taken care of in the bill.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. OVERTON. As I understand, the Senator's amendment does not refer to the White House policemen?

Mr. BARKLEY. It refers to the While House Secret Service men.

Mr. OVERTON. Does it interfere at all with the language in the bill which reads: "and having reached the age of 55 years"?

Mr. BARKLEY. No.

Mr. OVERTON. They must have attained the age of 55 years?

Mr. BARKLEY. That is correct; and they must have been in the Service for 25 years.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. DAVIS. Mr. President, I happened to be out of the Chamber. May we have the amendment stated?

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 2, line 9, after the word "Service" and the comma, it is proposed to insert "or whenever any member of the United States Secret Service who has served 25 years in the service of the United States Government, the duties of whom in whole or in part related to the protection of the life of the President and who has actively performed duties other than clerical for 10 years or more directly related to the protection of the President extended by the Secret Service Division."

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Mr. DAVIS. I call the attention of the Senate to the fact that a young man going on the police force at the age of 21 must serve until he is 55 years of age. It might be rather difficult to serve that length of time. I think the committee amendment ought to have been rejected.

Mr. OVERTON. In explanation of the committee amendment, the law as it now exists provides for the retirement of any policeman or fireman in case of physical or mental disability. If for any reason he is unable to serve, he may retire, although he has been in the service only a few months. What the amendment contemplates is that an able-bodied mentally capable policeman or fireman should not retire until he has reached the age of 55. It seems to me that a fireman or policeman who is mentally and physically able to serve at the age of 40, 45, or 48 should serve. That is the reason why the committee amendment was adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

FRANK H. LUSSE

The Senate proceeded to consider the bill (S. 3489) for the relief of the estate of Frank H. Lusse, deceased, which had been reported from the Committee on Claims with an amendment, to strike out all after the enacting clause, and insert:

That the Comptroller General of the United States be, and he hereby is, authorized and directed to allow credit in the accounts of Lt. Col. Frank H. Lusse, formerly of the Kentucky National Guard, in the sum of $4,749, representing payments made by him incident to the appointment of George (Richard) James, as caretaker, employed under section 90 of the National Defense Act, as amended (U. S. C., title 32 (Supp.), sec. 42), during the period January 1, 1927, to April 30, 1932, to the extent the payments are otherwise correct, where the services have been performed and the United States has received the full benefits of the payments, notwithstanding the services were actually performed by another than the person appointed.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill authorizing and directing the Comptroller General of the United States to allow credit in the accounts of Lt. Col. Frank H. Lusse, formerly of the Kentucky National Guard."

F. W. HEATON

The bill (H. R. 6512) for the relief of F. W. Heaton was considered, ordered to a third reading, read the third time, and passed.

BURIAL AND FUNERAL EXPENSES OF DECEASED VETERANS OF REGULAR ESTABLISHMENT

The bill (H. R. 7731) to provide for the burial and funeral expenses of deceased veterans of the Regular Establishment who were discharged for disability incurred in the service in line of duty, or in receipt of pension for service-connected disability, was considered, ordered to a third reading, read the third time, and passed.

WALTER B. M'DOUGALL AND HERBERT MAIER

The bill (H. R. 7276) for the relief of Walter B. McDougall and Herbert Maier was considered, ordered to a third reading, read the third time, and passed.

LILLIAN BROWN AND SILAS YOUNG

The bill (H. R. 7302) for the relief of Lillian Brown and Silas Young was considered, ordered to a third reading, read the third time, and passed.

ALLEN B. BOYER

The bill (H. R. 8301) for the relief of Allen B. Boyer was considered, ordered to a third reading, read the third time, and passed.

LEADER OF NAVAL ACADEMY BAND

The bill (S. 1146) for the relief of the leader of the Naval Academy Band was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That from and after the date of enactment of this act the leader of the Naval Academy Band shall have the rank and receive the pay and allowances of a lieutenant, United States Navy. In computing the pay and allowances of the said official all service in the Navy of whatever nature rendered by him shall be counted as commissioned service.

AUTHORIZATION FOR PENNSYLVANIA RAILROAD TO CROSS NEW YORK AVENUE NE.

The bill (S. 4295) to authorize the Pennsylvania Railroad Co., by means of an underpass, to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Pennsylvania Railroad Co., operating lessee of all of the railroads and appurtenant properties of the Philadelphia, Baltimore & Washington Railroad Co. in the District of Columbia, be, and it is hereby, authorized to establish switch and siding connections with its tracks in parcel 130/9, to cross New York Avenue by means of a suitable underpass, and thence into and through parcel 129/33 and lot 801 in square 3585, as well as into and through the bed of Brentwood Road between New York Avenue and Florida Avenue, if and when said road is officially vacated by the Commissioners of the District of Columbia, all of said parcels of land being thus known and identified on the plat books of the Surveyor's Office of the District of Columbia, with all switches, crossings, turn-outs, extensions, spurs, and sidings as may be or become necessary for the development of the said squares and parcels of land above indicated for such use as may be permitted in the use district or districts in which said squares and parcels of land are now or may hereafter be included as defined in the zoning regulations of the District of Columbia and shown in the official atlases of the Zoning Commission.

SEC. 2. Before any of the work above authorized shall be begun on the ground a plan or plans thereof shall be prepared and submitted to the Commissioners of the District of Columbia for their approval, and only to the extent that such plans shall be so approved shall said work or any portion thereof be permitted or undertaken.

SEC. 3. Nothing herein contained shall be construed as limiting or abridging the authority of the Commissioners of the District of Columbia under the act of Congress approved March 3, 1927 (44 Stat. L. 1353), entitled "An act to provide for the elimination of grade crossings of steam railroads in the District of Columbia, and for other purposes."

SEC. 4. That Congress reserves the right to amend, alter, or repeal this act.

DR. A. L. RIDINGS

The bill (H. R. 9284) to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. A. L. Ridings was announced as next in order.

Mr. DANAHER. Mr. President, will the Senator from Utah kindly explain the bill?

Mr. KING. Mr. President, a number of years ago a law was enacted under the terms of which persons were required to take examination within a limited period of time in order to continue their practice in the District of Columbia. A number of persons were away from home or temporarily absent and did not avail themselves of the privilege. We have from time to time passed bills permitting them to take examinations. This is a case in that category.

Mr. DANAHER. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

PETER BAVISOTTO

The Senate proceeded to consider the bill (H. R. 5336) for the relief of Peter Bavisotto, which had been reported from the Committee on Claims with an amendment at the end of the bill to add a proviso, so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Peter Bavisotto, the sum of $495.80 representing the amount of premiums paid by him on an invalidated policy of war-risk insurance: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

TRANSPORTATION OF FARM PRODUCTS—COMPLAINTS TO MARITIME COMMISSION

The bill (H. R. 8354) to provide for complaint, assistance to farmers, and intervention by the Secretary of Agriculture in proceedings before the United States Maritime Commission relating to the transportation of farm products was announced as next in order.

Mr. KING. Mr. President, the Senator from Virginia [Mr. GLASS] is not present today. He has sent me an amendment to this measure which he asked me to present. I submitted it to my friend the leader upon the other side who has charge of the bill, and, as I understand his statement, he has no objection to it. I send the amendment to the desk and move its adoption.

The PRESIDING OFFICER. The amendment will be stated.

Mr. BARKLEY. Mr. President, I have a letter—it is not now before me and I am not certain that this is the bill to which reference is made—opposing an amendment of the Senator from Virginia offered to some bill. Will the Senator let the bill go over so that I may ascertain whether the letter to which I have referred applies to this bill?

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The Chair will have to say that if the amendment is offered he will have to ask that the bill go over. He objects to the present consideration of the bill if the amendment is to be offered.

Mr. AUSTIN. Mr. President, may we have the amendment inserted in the RECORD?

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah [Mr. KING] on behalf of the Senator from Virginia [Mr. GLASS] will be read.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. . Section 13 (a) of the Fair Labor Standards Act of 1938 is amended by striking out the period at the end thereof and inserting a semicolon and the following: "or (11) any employee employed in handling, drying, packing, packaging, processing, storing, canning, freezing, grading, marketing, or delivering to storage or to market, or to a carrier for transportation to market, any fresh fruit or fresh vegetable, or any products consisting wholly or in chief volume of fresh fruits or fresh vegetables, including dried fruits, or any employment in connection with or incidental to any of the foregoing; when such operations are performed prior to the delivery to a terminal market for distribution for consumption."

Mr. McNARY. Mr. President, the Agricultural Adjustment Act contains a wise provision that in respect to the adjustment of freight rates on farm products jurisdiction is conferred upon the Secretary of Agriculture to make complaint. This bill merely carries that idea forward to include the United States Maritime Commission. That is the bill as originally introduced, and I think no one could have objection to it.

The amendment offered by the Senator from Virginia through the instrumentality of the Senator from Utah seems to bear down upon the Labor Relations Act. It has its application, but I am not particularly familiar with the reaction that the House might have to such an amendment. Therefore, in view of the amendment to which objection is directed, I make no objection to the bill going over for further consideration.

Mr. KING. Mr. President, I ask to have inserted in the RECORD a statement to accompany the proposed amendment. I am not very familiar with the matter, but I have offered the amendment at the request of the Senator from Virginia. In view of the attitude and position taken by the junior Senator from Utah, I shall not object to the bill going over.

The PRESIDING OFFICER. Without objection, the statement presented by the Senator from Utah will be printed in the RECORD, and the bill will be passed over.

The statement presented by Mr. KING is as follows:

MEMORANDUM ON AMENDMENT TO FAIR LABOR STANDARDS ACT OF 1938, TO BE PROPOSED BY SENATOR GLASS TO H. R. 8354 OR H. R. 9654

1. The amendment effectuates the intent of Congress in the passage of the Biermann amendment to the wage and hour law (sec. 13a (10)). See RECORD of May 24, 1938. The purpose being to give a complete exemption to agricultural activities.

2. The exemption has been denied to everyone by the administrator's definition of "area of production" which states that the exemption does not apply to anybody if he employs more than 10 people. There is no conceivable relationship between the number of employees and an area in which farm products are grown. There is no practical way to have any case litigated in the courts until actual violation.

3. The amendment only exempts those activities handling fresh fruits and vegetables. It does not exempt the handling of nonseasonal fruits and vegetables such as soups, pork and beans, hominy, etc.

4. It will not exempt the packers in the large cities. Aside from union contracts, conditions of skilled labor, etc., less than 4 percent of the packing of fresh fruits and vegetables is done in cities of 100,000 population, less than 7 percent in cities of 50,000, and less than 10 percent in cities of 25,000. This shows that activities handling fresh products are located out in the country—in the area of production where there is no reservoir of labor and where the labor is unskilled, most of them coming from the adjoining farms.

5. In such activities, the cost of a unit of production is the criterion and not the hourly wage. Those employing unskilled labor are required to employ two to three times as many persons and their total labor cost is more than that of employers of skilled labor. Consequently, if present regulations apply, all such activities will be concentrated in the large cities and these industries will be lost to the farmers and country labor.

6. Any increased cost of production comes out of the farmer in the form of a decrease in price for the raw product. The farmer is unable to pay the wages prescribed by the law and consequently will be unable to harvest his own crops.

7. These agricultural activities should not be subject to any such law, as they are governed entirely by the elements and weather. The crops must be handled when ready regardless of hours or they spoil and are lost.

8. The substance of the amendment was twice adopted by the House in May 1940 when the Barden and Norton bills were debated, although both bills were finally recommitted. See Bland amendment—RECORD of May 2, 1940, page 5450, and WADSWORTH'S remarks in RECORD of April 26, 1940, at page 5139.

ADDITIONS TO UINTAH AND OURAY RESERVATIONS, ETC.

The bill (H. R. 9705) to make more effective use of certain parts of the public domain, and for other purposes, was announced as next in order.

Mr. WHEELER. Mr. President, may we have an explanation of the bill?

Mr. THOMAS of Oklahoma. Mr. President, I desire first to call attention to the title of the bill. Its title reads:

An act to make more effective use of certain parts of the public domain, and for other purposes.

The bill provides first for the transfer of numerous tracts of lands to two Indian reservations in Utah. It affects the Uintah and Ouray Tribes of Indians and their reservations, respectively. So the bill provides for adding of public domain to those reservations in the first instance. In the second instance it provides for the transfer of certain lands from the State to the reservations, the State to receive land in lieu of the land thus transferred.

The bill then follows that up by providing that these tribes may go into the Court of Claims and assert their rights against the United States because of a claim of unfulfilled treaties.

The bill went to the Public Lands Committee. It had public-land features which made it possible and proper for it to go to that committee.

Inasmuch as this bill carries three or four different items of different character—the addition of land to reservations, the transfer of lands, the exchange of lands, and also authorizes the tribes to go into the Court of Claims—the Senate committee thought it would be proper to add to the bill some additional sections, embodying provisions which have heretofore passed the Senate. For example, on former occasions the Senate has passed bills empowering the Eastern Cherokee Indians residing in North Carolina to go into the Court of Claims and assert their rights against the Government, if they have any.

Heretofore this body passed a bill providing that the Kiowa, Comanche, and Apache Indians might go into the Court of Claims. Those bills have not gotten through the other body. I am not criticizing the other body; I am only stating the fact that presents itself to the Senate.

Mr. REED. Mr. President, I wish to offer an objection to this bill because of the statement of the Senator from Oklahoma. It appears there have been added to it separate and related items.

Mr. THOMAS of Oklahoma. The Senator is well within his rights to make objection, but so long as conditions exist as they are now, proposed legislation of this character is at a standstill. So, if the objection is made we have no option but to accept the objection and wait for some future time to take these bills up on their merits.

Mr. KING. Mr. President, I regret very much that objection is made because this bill has much merit and certain features of it have been deferred for a long time. It seems to me that we ought to take action, and I hope the Senator from Oklahoma will in the near future seek an opportunity to have this bill considered.

Mr. PITTMAN. Mr. President, I wish to appeal to the Senator from Kansas.

Mr. KING. The Senator from Kansas has left the Chamber.

Mr. PITTMAN. I will state for the RECORD then that the Senator from Kansas seems to believe that an amendment cannot be offered——

Mr. REED entered the Chamber.

Mr. PITTMAN. I was saying that I wanted to appeal to the Senator to withdraw his objection. He seems to think that under the parliamentary practice, an amendment that is not germane cannot be offered to any bill. That is undoubtedly true with regard to appropriation bills, because it is so expressly provided by the rules; but in the case of a piece of general legislation that goes to the House, if it is not an appropriation bill or a revenue bill, any amendment may be added which the House wants to add or the Senate can add anything it desires when a House bill comes over here.

These matters are not so unrelated anyway. The original bill coming from the House deals with Indian lands, adding certain lands to Indian reservations; and the bill now does that. It also includes matters with regard to tribes of Indians which have treaties with the United States Government and which they claim the Government has violated. There is no way that question can be determined unless they are permitted to go into the Court of Claims and try their case against the United States Government. No one can sue the United States Government without consent of the Government expressed through Congress. There is no amount set out in the bill, but it provides that about five large tribes of Indians may bring suit in the Court of Claims. It is all left to them, after they sue, as to what the court will allow them.

The PRESIDING OFFICER. Does the Senator from Kansas withdraw his objection?

Mr. REED. Mr. President, even before the distinguished Senator from Nevada delivered his admonition, I fully understood the legislative situation. The objection still stands.

The PRESIDING OFFICER. The bill will be passed over.

CHEROKEE INDIAN NATION OR TRIBE

The bill (S. 3133) for the relief of the Cherokee Indian Nation or Tribe, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,185.72 with interest at 5 percent from June 30, 1919, to the date of the appropriation of the said sum herein authorized, which sum was appropriated by the act of June 30, 1919 (41 Stat., pp. 21, 22), and by the terms of said act was required to be "credited to the principal of the Cherokee school fund," a trust fund bearing interest at 5 percent, but which said sum was erroneously deposited in the general fund of the Treasury as miscellaneous receipt, by miscellaneous receipt covering warrant No. 122, as of August 14, 1919.

When appropriated said money shall be credited to the Cherokee school fund and the Secretary of the Treasury shall pay the said money to the surviving attorneys of the Cherokee Indian Nation or Tribe selected by them in pursuance to the act of March 19, 1924 (43 Stat. p. 27), to reimburse in part said attorneys for expenses heretofore incurred in the preparation and prosecution of the claims of the said Cherokee Indian Nation or Tribe, brought under said act of March 19, 1924, in the name of "The Cherokee Nation against the United States."

CONTRACTS WITH POST OFFICE DEPARTMENT

The bill (S. 3485) to amend section 226 of the act of March 4, 1909, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 226 of the act of March 4, 1909 (35 Stat. 1134; U. S. C., title 18, sec. 356), is amended to read as follows:

"Whoever, being a person employed in the Postal Service, shall become interested in any contract for carrying the mails or in any contract or agreement with or any bid before the Post Office Department, or shall act as agent, with or without compensation, for any contractor or person offering to become a contractor in any business before the Department, shall be immediately dismissed from office, and shall be fined not more than $5,000 and imprisoned not more than 1 year, or both."

CUSTODIAL-SERVICE EMPLOYEES OF POST OFFICE DEPARTMENT

The Senate proceeded to consider the bill (H. R. 892) to extend to custodial-service employees employed by the Post Office Department certain benefits applicable to postal employees, which had been reported from the Committee on Post Offices and Post Roads with amendments, on page 1, line 9, after the word "reached", to insert "*Provided*, That no individual employee shall receive an increase in excess of $60 per year"; and on page 2, line 5, after "July 1", to strike out "1939" and insert "1941", so as to make the bill read:

Be it enacted, etc., That every custodial-service employee (other than charmen and charwomen working part time) employed by the Post Office Department shall, at the end of each year's satisfactory service, be promoted to the compensation rate next higher than that of which he is then in receipt until the maximum rate of compensation for the grade to which his position is allocated is reached: *Provided*, That no individual employee shall receive an increase in excess of $60 per year.

This act shall not be applied so as to reduce the compensation of any custodial-service employee employed by the Post Office Department or so as to result in the dismissal of any such employee.

This act shall take effect July 1, 1941.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

SELLWOOD STATION OF PORTLAND (OREG.) POST OFFICE

The bill (H. R. 8069) to reform the lease for the Sellwood Station of the Portland (Oreg.) post office was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 8171) to require the filling of all vacancies in the position of assistant postmasters in first- and second-class post offices was announced as next in order.

Mr. KING. Mr. President, is there any necessity for instructing the proper officials to fill these vacancies? It would seem to me that if the law provides for the office, when a vacancy occurs there certainly is an authorization to some agency or person to fill the office—either the President, or some official of the Department. I was wondering what the necessity of this legislation is.

Mr. McKELLAR. Mr. President, this bill has been before the Post Office Committee for quite a while. The committee has considered the bill a number of times. The last time it was considered, the committee by a very large majority reported it favorably, and it is on the calendar. The bill will cost, of course, some additional money. It merely directs the Postmaster General to fill the positions of assistant postmasters in various post offices of the first and second class.

Mr. KING. I think the bill had better go over.

Mr. O'MAHONEY. Mr. President, I hope the Senator from Utah will withhold his objection. There seems to me to be particularly good reasons why the bill should pass at this time.

On numerous occasions the Post Office Department officials have testified to the Committee on Appropriations that the Department fills as many as possible of these assistant postmaster vacancies with the funds which have been appropriated. In the past, the Budget Bureau has not been willing to approve funds for all of the offices; but since the passage of the Selective Service Act and the calling out of the National Guard the Department anticipates that in many instances postmasters will be called to the service, and in some cases in which the vacancies have not been filled there will be a serious condition.

I assure the Senator that the Post Office Committee has given the matter very careful consideration, and feels that the bill is a meritorious one; and I hope the Senator will withdraw his objection.

Mr. KING. Let me say to the Senator that my understanding is that the Department has repeatedly reported adversely on the proposed legislation, and is not in favor of it.

Mr. O'MAHONEY. The Department has filed an adverse report because the legislation is not in accordance with the recommendations of the Bureau of the Budget. That was the only basis of the report. From the point of view of the actual administration of the office, the Department officials favor it.

Mr. KING. I will ask the Senator to let the bill go over, and I will make further inquiry of the Department regarding it.

The PRESIDING OFFICER. The bill will be passed over.

EIGHT-HOUR WORKDAY FOR CERTAIN POSTAL EMPLOYEES

The bill (H. R. 9670) to provide an 8-hour workday and payment for overtime for dispatchers and mechanics-in-charge in the motor-vehicle service of the Postal Service was considered, ordered to a third reading, read the third time, and passed.

POSTAL AGENCIES AT FOREIGN SEAPORTS AND AIRPORTS

The bill (H. R. 9991) to amend section 4021 of the Revised Statutes and to repeal section 4023 of the Revised Statutes relating to establishment of postal agencies was considered, ordered to a third reading, read the third time, and passed.

APPOINTMENT OF GRADUATES OF NAVAL RESERVE OFFICERS' TRAINING CORPS

The bill (H. R. 10406) to authorize the appointment of graduates of the Naval Reserve Officers' Training Corps to the line of the Regular Navy, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

JOINT RESOLUTION PASSED OVER

The joint resolution (S. J. Res. 296) to define common carriers by water engaged in certain commerce with the Virgin Islands of the United States, and for other purposes, was announced as next in order.

Mr. WHEELER. Let the joint resolution go over.

Mr. WHITE. Mr. President, I should like to have from some member of the committee an explanation of the joint resolution.

Mr. WHEELER. I would rather have it go over.

The PRESIDING OFFICER. Objection being made, the joint resolution will be passed over.

TRANSPORTATION OF MAIL WITHIN TERRITORY OF ALASKA

The Senate proceeded to consider the bill (H. R. 9851) authorizing special arrangements in the transportation of mail within the Territory of Alaska, which had been reported from the Committee on Post Offices and Post Roads with an amendment, in section 1, page 3, line 3, after the word "contract", to insert:

That the Postmaster General, in his discretion, may fix the postage for the mails carried, or any part thereof, by aircraft to, from, or within Alaska, at rates not exceeding in any case 30 cents per ounce or 15 cents per half ounce, notwithstanding any other provision of law.

So as to make the bill read:

Be it enacted, etc., That whenever required by the Postmaster General, any air carrier authorized by the Civil Aeronautics Authority under title IV of the Civil Aeronautics Act of 1938 to engage in the transportation of mail in the Territory of Alaska shall, within the limits of such authorization, transport, in addition to mail on which postage shall have been paid at the rate provided by the act of June 12, 1934 (48 Stat. 933), as amended, any other classes of mail bearing the appropriate postage for its respective class, and the Postmaster General is authorized to require such transportation. The rates of compensation to be paid such carrier for the transportation of all mail shall be fixed by the Civil Aeronautics Authority in accordance with the provisions of the Civil Aeronautics Act of 1938, approved June 23, 1938 (52 Stat. 973). When in the opinion of the Postmaster General the needs of the Postal Service require the transportation of mail by aircraft in the Territory of Alaska, where no transportation of mail by aircraft has been authorized by the Civil Aeronautics Authority under title IV of the Civil Aeronautics Act of 1938, the Postmaster General, notwithstanding any other provision of law, is authorized to contract for the carriage of all classes of mail bearing the appropriate postage for its respective class by aircraft after advertisement in accordance with law. The transportation of mail under contracts entered into under this Act shall not, except for sections 401 (1) and 416 (b) of the Civil Aeronautics Act of 1938, be deemed to be "air transportation" as that term is defined in the Civil Aeronautics Act of 1938, and the rates of compensation for such transportation of mail shall not be fixed under that Act. The Postmaster General shall transmit a copy of each contract made pursuant to this act to the Civil Aeronautics Authority at the time it is let. Any such contract shall be canceled upon the issuance by the Civil Aeronautics Authority of an authorization under said title IV of the Civil Aeronautics Act of 1938 to any air carrier to engage in the transportation of mail by aircraft between any of the points named in such contract. That the Postmaster General, in his discretion, may fix the postage for the mails carried, or any part thereof, by aircraft to, from, or within Alaska, at rates not exceeding in any case 30 cents per ounce or 15 cents per half ounce, notwithstanding any other provision of law.

SEC. 2. Payment for services pursuant to contracts entered into by the Postmaster General under authority of this Act shall be made from the appropriation for star-route service in Alaska.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

CONSOLIDATION OF EXCEPTIONS TO SECTION 3709, REVISED STATUTES

The Senate proceeded to consider the bill (H. R. 10061) to consolidate certain exceptions to section 3709 of the Revised Statutes and to improve the United States Code, which had been reported from the Committee on Expenditures in the Executive Departments, with amendments.

Mr. ADAMS. Mr. President, I ask the Senator from Indiana [Mr. VAN NUYS] to give some little explanation of this bill. It seems to be a very extensive bill. It may be more simple than it looks; but it contains the repeal of a large number of sections of the statutes which are listed, without much information in reference to them.

Mr. VAN NUYS. Mr. President, the bill is simple. It provides no new legislation. As the title will indicate, it

collates in one bill all the exceptions to section 3709 of the Revised Statutes, which provides for advertising in the departments, with exceptions. As I say, the exceptions have all been collated in this bill, and the corresponding sections of the respective statutes have therefore been repealed.

The sponsor of this bill was Mr. KEOGH, chairman of the House Committee on Revision of the Laws, who is responsible for the preparation of the code of laws of the United States. He introduced this bill to make more uniform the classification in the code of exceptions to section 3709. No new legislation is involved in the bill; but Mr. KEOGH has taken from all of the numerous departmental acts and appropriations the exceptions to section 3709, Revised Statutes, and placed them in one bill for the convenience of the different departments, the auditors, the bar, and contractors in general.

Mr. ADAMS. So there is no change in the limitations imposed upon contracting in any of these cases?

Mr. VAN NUYS. That is correct. The exceptions have merely been collated into one place in the Revised Statutes.

The PRESIDING OFFICER. The amendments reported by the committee will be stated.

The first amendment of the Committee on Expenditures in the Executive Departments was in section 1, page 2, after line 22, to insert:

(18) The Veterans' Administration.

The amendment was agreed to.

The next amendment was, in section 1, page 3, after line 10, to strike out:

(1) The Bureau of Mines.

The amendment was agreed to.

The next amendment was, in section 1, page 3, at the beginning of line 12, to strike out "(2)" and insert "(1)."

The amendment was agreed to.

The next amendment was in section 2, page 5, after line 18, to insert:

(m) Bureau of Mines—to any purchase or service rendered in the investigation of domestic sources of mineral supply, when the amount involved does not exceed $500.

The amendment was agreed to.

The next amendment was, in section 2, page 5, after line 21, to insert:

(n) Bureau of Reclamation—to the purchase of supplies and equipment or the procurement of services for the Bureau at the seat of government and elsewhere made in the open market in the manner common among businessmen, when the aggregate payment for the purchase or the service does not exceed $300 in any instance.

The amendment was agreed to.

The next amendment was at the beginning of section 3, page 6, line 4, to insert "(a)."

The amendment was agreed to.

The next amendment was in section 3, page 6, after line 13, to insert:

(b) When the aggregate amount involved does not exceed the sum of $300, section 3709 of the Revised Statutes shall not apply to any purchase or service for which expenditures are incurred from funds allocated to Government agencies for obligation under the act of June 28, 1937 (50 Stat. 319), relating to the Civilian Conservation Corps.

The amendment was agreed to.

The next amendment was in section 3, page 6, after line 19, to insert—

(c) All contracts for labor or supplies necessary for the carrying on of operations on the Menominee Indian Reservation pursuant to the act of March 28, 1908 (35 Stat. 51), as amended, shall be exempt from the requirements of section 3709 of the Revised Statutes.

The amendment was agreed to.

The next amendment was, in the schedule beginning on page 7, to insert on page 8, after line 4, the following:

Act of June 28, 1937, chapter 383, section 11, second proviso, 50 Statutes 321, 16, 584].

The amendment was agreed to.

The next amendment was, on page 11, line 3, after "54 Statutes", to insert "189."

The amendment was agreed to.

The next amendment was, on page 11, line 4, after "54 Statutes", to insert "211."

The amendment was agreed to.

The next amendment was, on page 11, line 5, after "54 Statutes", to insert "290."

The amendment was agreed to.

The next amendment was, on page 11, after line 5, to insert—

Act of August 4, 1939, chapter 418, section 13, 53 Statutes 1197, 43, 380a.

The amendment was agreed to.

Mr. KING. Mr. President, on page 2, I move to strike out the provision as to the District of Columbia on line 2, and to insert it on page 3 after line 8. It is merely a transposition of the District of Columbia from one place to the other.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 2, it is proposed to strike out, in line 2, "(4) The District of Columbia" and to insert on page 3, after line 8, "(9) The District of Columbia."

Mr. VAN NUYS. This is a simple amendment. It is to strike out the words "(4) The District of Columbia" on page 2, line 2, and insert the same words between lines 8 and 9 on page 3.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

BARRING OF CLAIMS AGAINST THE UNITED STATES

Mr. VAN NUYS. Mr. President, I have in mind what the senior Senator from Montana [Mr. WHEELER] said a while ago, but I should like to revert to Calendar No. 1392, House bill 8150, which was laid aside until we could draw an amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

There being no objection, the Senate proceeded to consider the bill (H. R. 8150) providing for the barring of claims against the United States.

Mr. VAN NUYS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, line 3, after the word "demand" it is proposed to insert "(except a claim or demand by any State, Territory, possession, or the District of Columbia)."

Mr. THOMAS of Oklahoma. Mr. President, may I ask the Senator from Indiana a question?

Mr. VAN NUYS. I yield.

Mr. THOMAS of Oklahoma. What effect would this amendment and the bill, if enacted, have upon Indian claims which are now pending before the Court of Claims, and those which may hereafter be brought before the Court of Claims?

Mr. VAN NUYS. Objection was made by the senior Senator from Vermont on account of the fact that a claim for the State of Vermont had been pending. I took the matter up with the departments, and they assured me it would have no effect on that sort of claim.

Mr. THOMAS of Oklahoma. The Senator is referring now to a claim of the State of Vermont. Is the Senator sure that if the bill as amended were enacted it would have no effect on claims which are pending on account of Indian tribes and Indian groups?

Mr. VAN NUYS. That is the interpretation of the departments.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. VAN NUYS].

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

ASSIGNMENT OF CLAIMS UNDER PUBLIC CONTRACTS

The bill (S. 4340) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, was announced as next in order.

Mr. BARKLEY. Mr. President, there is an identical House bill on the calendar, No. 2293, and I suggest that the Senate proceed to the consideration of that bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 10464) to assist in the national-defense program by amending sections 3477 and 3737 of the Revised Statutes to permit the assignment of claims under public contracts, which was read, as follows:

Be it enacted, etc., That sections 3477 and 3737 of the Revised Statutes be amended by adding at the end of each such section the following new paragraph:

"The provisions of the preceding paragraph shall not apply in any case in which the moneys due or to become due from the United States or from any agency or department thereof, under a contract providing for payments aggregating $3,000 or more, are assigned to a bank, trust company, or other financing institution, including any Federal lending agency: *Provided*,

"1. That in the case of any contract entered into prior to the date of approval of this act, no claim shall be assigned without the consent of the head of the department or agency concerned;

"2. That in the case of any contract entered into after the date of approval of this act, no claim shall be assigned if it arises under a contract which forbids such assignment;

"3. That unless otherwise expressly permitted by such contract any such assignment shall cover all amounts payable under such contract and not already paid, shall not be made to more than one party, and shall not be subject to further assignment, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in such financing;

"4. That in the event of any such assignment, the assignee thereof shall file written notice of the assignment together with a true copy of the instrument of assignment with—

"(a) the General Accounting Office,

"(b) the contracting officer or the head of his department or agency,

"(c) the surety or sureties upon the bond or bonds, if any, in connection with such contract, and

"(d) the disbursing officer, if any, designated in such contract to make payment.

Notwithstanding any law to the contrary governing the validity of assignments, any assignment pursuant to this act shall constitute a valid assignment for all purposes."

Mr. BARKLEY. Mr. President, the Senate bill was unanimously reported by the Committee on Banking and Currency, but it contained an amendment changing "$3,000" at the bottom of the first page to "$1,000." I offer that amendment to the House bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, line 10, it is proposed to strike out "$3,000" and insert "$1,000."

The amendment was agreed to.

Mr. BARKLEY. I offer another amendment, to be inserted at the place indicated.

Mr. ADAMS. Mr. President, is the House bill identical with the Senate bill?

Mr. BARKLEY. Yes.

Mr. ADAMS. Now that the amendment has been made?

Mr. BARKLEY. That is true. This is a bill authorizing the assignment of contracts with the Government to banks and trust companies in order to enable contractors to obtain the money with which to proceed with their contracts. The reduction from $3,000 to $1,000 is made in order to accommodate smaller contractors and small corporations.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Kentucky.

The CHIEF CLERK. On page 3, after line 5, it is proposed to add the following paragraph:

Any contract entered into by the War Department or the Navy Department may provide that payments to an assignee of such contract shall not be subject to reduction or set-off and if so provided such payments shall not be subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of the contract designated in the assignment.

Mr. BARKLEY. Mr. President, the amendment merely provides that when a contractor, in order to obtain money so that he may perform his contract with the Government under the defense program, assigns his contract to a bank or trust company in order to get money with which to proceed with the work, it shall not be permissible to offset against the claim or contract later an indebtedness which the contractor may owe the Government on account of some other contract or some other situation. In other words, it is an effort to make it possible for contractors to go to private lending institutions of the United States and, by assigning their contracts with the Government, obtain private funds in order to carry out the work, instead of coming to some public-lending agency.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. AUSTIN. If the Government in negotiating the principal contract desired to prohibit the operation of the statute, it could do so by writing that provision into the primary contract, could it not?

Mr. BARKLEY. Under the present law contractors cannot even assign their contracts to anyone else, but in the event of the enactment of the bill without amendment, they could provide in the contract, probably, although that is not quite certain, that there should be no set-off or counterclaim against the contract price or the award after the assignment had been made. This merely provides that there may be such a provision in the contract, and in a case where it is put into the contract, later on there shall be no off-set or counterclaim put up against it.

Mr. AUSTIN. My point is that there is nothing in the bill which would deprive the Government of the power of prohibiting assignments of contracts.

Mr. BARKLEY. No; there is nothing to prohibit that; it merely authorizes that it may be done.

Mr. AUSTIN. The Government could make any specific contract nonassignable?

Mr. BARKLEY. Absolutely.

Mr. ADAMS. Mr. President, I wish to make an inquiry of the Senator from Kentucky as to whether or not the amendment which he has offered would not afford to a contractor who was not overscrupulous and who owed money to the Government, or was liable to the Government upon other contracts, an opportunity to evade. I can understand the desirability of permitting assignments in order that the contractor may procure money with which to pursue his contract, but I am wondering whether in any case the contractor could take advantage of the amendment to assign his contract, get his money, and evade his liability to the Government.

Mr. BARKLEY. Of course, it would be possible, I suppose, in some case, for a contractor who owed the Government something on some other account to evade payment under the amendment, if the Government could not collect otherwise. But the Government would be in no worse position with the amendment on the bill than it is now under the obligation of the contract out of which the obligation arose.

The situation is that this bill and the amendment are urgently endorsed and recommended, by the War and Navy Departments and by the Defense Council. The object of the proposed legislation is to make it possible for smaller contractors to go to a bank or trust company and put up their contract as collateral security and borrow the money necessary to enable them to go on with the work. A bank would not lend money on such a contract, even though it were assigned to it, if it were laboring under the fear that when the work was over and they got ready to collect their money from the contractor the Government could come in and assert a claim against the contractor on account of something else which had no relationship whatever to the contract and the defense program.

I think the benefits conferred by the amendment outweigh very largely any possible loss the Government might sustain because some isolated contractor who might owe the Government something would take advantage of this provision in order to escape liability.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky [Mr. BARKLEY].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill 4340 will be indefinitely postponed.

HOUSING AND NATIONAL DEFENSE

The Senate proceeded to consider the bill (H. R. 10412) to expedite the provisions of housing in connection with national defense, and for other purposes, which had been reported by the Committee on Public Buildings and Grounds, with amendments.

The first amendment of the committee was in section 1, page 1, line 7, after the word "activities" to insert "and that such housing would not be provided by private capital when needed (but such finding shall not be made until notice shall be given to the Federal Housing Administrator of the proposed construction, stating the number of units proposed and the areas in which they are to be located, and a report received thereon from the Federal Housing Administrator).

The amendment was agreed to.

The next amendment of the committee was on page 2, line 4, after the parenthesis, to strike out "acting through the Public Buildings Administration," so as to make the paragraph read:

SECTION 1. In order to provide housing for persons engaged in national-defense activities, and their families, in those areas or localities in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activites and that such housing would not be provided by private capital when needed (but such finding shall not be made until notice shall be given to the Federal Housing Administrator of the proposed construction, stating the number of units proposed and the areas in which they are to be located, and a report received thereon from the Federal Housing Administrator), the Federal Works Administrator (hereinafter referred to as the "Administrator") is authorized:

Mr. WALSH. Mr. President, I have been requested to inquire the reason why the committee struck out the words "acting through the Public Buildings Administration." Will the Senator from Texas give us that information?

Mr. CONNALLY. Mr. President, the purpose the committee had in mind was to leave the matter to the discretion of Mr. Carmody, who heads all these agencies, to employ such agency as he might choose, any one of the agencies under his jurisdiction, either the Public Buildings Administration, or the Housing Administration, or any other agency over which he has control.

Mr. WALSH. It was to prevent any one agency acting, such as the Public Buildings Administration?

Mr. CONNALLY. He could designate that, and if he did, they could proceed. It is conceivable that one agency might build one project and some other agency another.

Mr. WALSH. That answers the inquiry.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 2, line 4.

The amendment was agreed to.

The next amendment of the committee was in subdivision (b), page 3, line 15, to strike out "$3,000" and insert "$3,500"; on line 16 to strike out "$4,000" and insert in lieu thereof "$4,500"; on line 17, after the word "no", to insert the word "family"; on line 18 to strike out "$3,950" and insert "$4,450"; on page 19, to strike out "$4,750" and insert "$5,250"; on line 20, after the word "administration", to insert "but including"; on line 21, after the word "facilities", to strike out "and the aggregate cost of community facilities shall not exceed 3 percent of the total cost of all projects," so as to make the subdivision read:

(b) By contract or otherwise (without regard to secs. 355, as amended, 1136, as amended, and 3709 of the Revised Statutes, sec. 322 of the act of June 30, 1932 (47 Stat. 412), or any Federal, State, or municipal laws, ordinances, rules, or regulations relating to plans and specifications or forms of contract, the approval thereof or the submission of estimates therefor) to make surveys and investigations, plan, design, construct, remodel, extend, repair, or demolish structures, buildings, improvements, and community facilities, on lands or interests in lands acquired under the provisions of subsection (a) hereof or on other lands of the United States which may be available (transfers of which for this purpose by the Federal agency having jurisdiction thereof are hereby authorized notwithstanding any other provisions of law), provide proper approaches thereto, utilities, and transportation facilities, and procure necessary materials, supplies, articles, equipment, machinery, and do all things necessary in connection therewith to carry out the purposes of this act: *Provided*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used, but this proviso shall not be construed to prevent the use of the cost-plus-a-fixed-fee form of contract: *Provided*, That the cost per family dwelling unit shall not exceed an average of $3,500 for those units located within the continental United States nor an average of $4,500 for those located elsewhere, and the cost of no family dwelling unit shall exceed $4,450 within the continental United States or $5,250 elsewhere, exclusive of expenses of administration, but including land acquisition, public utilities, and community facilities.

The amendments were agreed to.

The next amendment was in section 6, page 6, line 2, before the word "balance" to strike out "unexpended" and to insert "unobligated" so as to make the section read:

SEC. 6. Moneys derived from rental or operation of property acquired or constructed under the provisions of this act shall be returned to the appropriation authorized by this act and shall be available for expenses of operation and maintenance including administrative expenses in connection therewith, and the unobligated balance of the moneys so deposited shall be covered into the Treasury at the end of each fiscal year as miscellaneous receipts.

The amendment was agreed to.

The next amendment was in section 7, page 6, line 9, after "Administrator," to strike out "acting through Public Buildings Administration", so as to make the section read:

SEC. 7. Notwithstanding any other provisions of law, whether relating to the acquisition, handling, or disposal of real or other property by the United States or to other matters, the Administrator, with respect to any property acquired or constructed under the provisions of this act, is authorized by means of Government personnel, selected qualified private agencies, or public agencies (a) to deal with, maintain, operate, administer, and insure; (b) to pursue to final collection by way of compromise or otherwise, all claims arising therefrom; (c) to rent, lease, exchange, sell for cash or credit, and convey the whole or any part of such property and to convey without cost portions thereof to local municipalities for street or other public use: *Provided*, That any such transaction shall be upon such terms, including the period of any lease, as may be deemed by the Administrator to be in the public interest: *Provided further*, That the Administrator shall fix fair rentals, on projects developed pursuant to this act, which shall be within the financial reach of persons engaged in national defense: *Provided further*, That any lease authorized hereunder shall not be subject to the provisions of section 321 of the act of June 30, 1932 (47 Stat. 412).

The amendment was agreed to.

The next amendment was, in section 8, page 7, line 6, after the word "utilize", to strike out "employees and facilities of" and to insert "and act through", so as to make the section read:

SEC. 8. In carrying out the provisions of this act the Administrator is authorized to utilize and act through the Federal Works Agency and other Federal agencies and any local public agency, with the consent of such agency, and any funds appropriated pursuant to this act shall be available for transfer to any such agency in reimbursement therefor. Nothing in this act shall be construed to prevent the Administrator from employing or utilizing the professional services of private persons, firms, or corporations.

The amendment was agreed to.

Mr. WALSH. Mr. President, I send to the desk an amendment proposed at the request of the Department of Justice, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, lines 6 and 7, it is proposed to strike out the words "355, as amended" and to strike out the same words from line 18, page 2; to insert, on page 2, line 6, after the word "acquire", the words "prior to the approval of title by the Attorney General" and to insert the same words after the parentheses on page 2, line 23.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. WALSH].

The amendment was agreed to.

Mr. DANAHER. Mr. President, I have received from the Hartford Central Labor Union a letter dated September 19,

1940, concerning the bill, and one paragraph of the letter I should like to read for the information of the Senate:

Knowing that prevailing wages and satisfactory labor standards have been incorporated under this set-up—

Meaning the United States Housing Authority and the Hartford Housing Authority—

and that labor has had every consideration from the Hartford and United States Housing Authorities, we fear that this radical change in the method of administering public housing may mean a breaking down of these labor standards and the unfair treatment of local labor groups. We know little about the agency authorized in the Lanham bill to construct defense housing in the Hartford area, but we do have complete confidence in the methods of the local housing authority.

Mr. President, I ask unanimous consent to have the letter from the Hartford Central Labor Union printed in full in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARTFORD CENTRAL LABOR UNION,
Hartford, Conn., September 19, 1940.

DEAR SENATOR DANAHER: At a meeting of the Hartford Central Labor Union, comprising 42 locals, discussion arose concerning the merits of the so-called Lanham bill recently passed by the House. Our understanding of this piece of legislation is that it places control of the defense housing in agencies other than the Hartford Housing Authority and the United States Housing Authority. In the opinion of the union delegates, the Hartford Housing Authority has demonstrated its ability to construct with the cooperation of local labor unions public housing on a large scale in this area.

Knowing that prevailing wages and satisfactory labor standards have been incorporated under this set-up, and that labor has had every consideration from the Hartford and United States Housing Authorities, we fear that this radical change in the method of administering public housing may mean a breaking down of these labor standards, and the unfair treatment of local labor groups. We know little about the agency authorized in the Lanham bill to construct defense housing in the Hartford area, but we do have complete confidence in the methods of the local housing authority.

The Hartford Housing Authority is now constructing a 1,000-unit housing project for defense workers of greater Hartford. Does the new bill mean that 5,000 more units are to be built by another agency in Hartford, possibly in competition with the program of the authority? Inasmuch as the authority has carefully studied local housing needs, and has planned its defense program accordingly, it does not seem logical that another agency should enter the local field.

From a civic standpoint, we are interested in the provision of housing in Hartford and believe that this city has the ability to service a large number of additional housing units far more satisfactory than the small surrounding towns.

We have found from our experience in working with the local authority and representatives from the United States Housing Authority that the present decentralized program for providing public housing works to the best interests of labor, and therefore we question the value of transferring control to a Federal agency in Washington. There seems to be a feeling among the Members that we may become the victims of political antagonisms in Washington.

As the result of this discussion an amendment was passed providing that "the administration of defense housing in greater Hartford should be under the Hartford Housing Authority which knows the local needs, has proved its efficiency, and has the confidence of not only the labor unions but also of the citizens of Hartford and under which we are sure that there will be no breaking down of labor standards.

Very truly yours,

CHARLES A. HELLYAR, *Secretary.*

Mr. DANAHER. Mr. President, under date of September 25, 1940, the Hartford Civic and Economic Welfare Council, an excellent organization, definitely interested in the welfare of the people and in the housing program and problem generally, wrote me a letter, from which I read an excerpt as follows:

Furthermore, I should like to emphasize to you that the local housing authority and the United States Housing Authority have, by their considerate policies, earned the cooperation of labor. They have enjoyed splendid labor relations as the efficiency of their building programs indicates. To work through them in providing defense housing would be to take advantage of this situation, whereas the establishment of a new agency for providing defense housing would probably involve a considerable amount of adjustment to arrive at satisfactory labor relations.

Mr. President, that letter from the secretary of the council, Mr. Abrams, I ask to have printed in the RECORD at this point, as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE HARTFORD CIVIC AND ECONOMIC WELFARE COUNCIL,
Hartford, Conn., September 25, 1940.

Hon. JOHN A. DANAHER,
Senator, United States Senate Office Building, Washington, D. C.

DEAR SENATOR DANAHER: Because I wish to impress upon you the fact that there is a strong local opinion that public housing for defense may be placed in inexperienced hands as a result of recent legislation, I am writing this letter and am expanding some of the ideas previously stated in a letter to you. I have studied the so-called Lanham bill as passed by the House and as amended and approved by the Senate Committee on Public Buildings and Grounds, and the bill obviously does not definitely provide for the use of the Hartford Housing Authority and the United States Housing Authority. Both of these agencies have demonstrated their ability to provide public housing rapidly and efficiently in this area. The Hartford Housing Authority has the confidence of the people of Greater Hartford because it has proceeded on its course on the basis of accurate statistical surveys and with a willingness to cooperate with public and private agencies. I cannot see why it is not good business for the Federal Government, if it is honestly anxious to provide housing for defense workers, to use the services and experience and the personnel of the Hartford Housing Authority working in cooperation with the United States Housing Authority. If a Government department wanted printing work done, would it set up an office of its own or would it use the established Government Printing Office?

Furthermore, I should like to emphasize to you that the local housing authority and the United States Housing Authority have, by their considerate policies, earned the cooperation of labor. They have enjoyed splendid labor relations as the efficiency of their building programs indicates. To work through them in providing defense housing would be to take advantage of this situation, whereas the establishment of a new agency for providing defense housing would probably involve a considerable amount of adjustment to arrive at satisfactory labor relationships.

I trust that you will give this matter your consideration, for local resentment against the establishment of a defense housing program under the control of any agency than the Hartford Housing Authority is strong. This is one case, I believe, in which legislation has been set forth in Washington with no realization there of local desires.

Most sincerely yours,

BEN ABRAMS,
Secretary-Treasurer.

Mr. DANAHER. Mr. President, with those thoughts in mind, I should like to direct the attention of the Senator from Texas [Mr. CONNALLY] to section 8, page 7, of the bill, from which I read:

SEC. 8. In carrying out the provisions of this act the Administrator is authorized to utilize and act through the Federal Works Agency and other Federal agencies and any local public agency, with the consent of such agency.

Is it merely permissive, or is it mandatory that the program contemplated by the bill shall proceed through locally established housing authorities?

Mr. CONNALLY. I will say to the Senator that it is purely within the discretion of the Public Works Administrator. He may employ these agencies if he desires, or he may not.

Mr. DANAHER. So that conceivably outside capital may come into a city like Hartford, Conn., and, utilizing the law there, create a corporation, and then undertake, with the assistance and cooperation of the Federal Works Agency, portions of the program contemplated by this bill; is that correct?

Mr. CONNALLY. I do not go quite that far with the Senator. Under the bill I do not think there would be any commingling of the Federal funds and the local funds, but if the Administrator should desire he can, under the bill, make arrangements with some local housing authority to construct the facilities.

Mr. DANAHER. Whatever question I now make perhaps will be completely dissolved if the Senator will explain why section 8 is in the bill, giving this permissive feature, as I have just read it. I have explained it as I understand it, anyway.

Mr. CONNALLY. I will say to the Senator that it was in the bill as originally considered in the House, and the Senate committee did not seek to change it. Since this is an emergency measure, I presume it was desired that the Federal Works Administrator should have the widest possible latitude and discretion so as to speed up these housing projects, and to use any instrumentality or agency he may designate. That is the only reason I can give to the Senator.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TAFT. It seems to me conditions are different in different places. In a city such as Hartford, where a local agency exists, the Federal Works Administrator may wish to use that agency. If a powder plant is built in the middle of the country where a local agency may not exist, the Federal Government itself would undertake to build it, and in doing so the Administrator may use the U. S. H. A., or the Federal Building Administration, or the P. W. A., which built some of these buildings originally, or any other agency of the Government concerned in housing. I think the Administrator is free to do just what the letters submitted by the Senator from Connecticut wish to have done. Instead of tying the work up in the Public Buildings Administration only, it was desired to have it open, so the Federal Administrator could use the local agencies.

The Senator referred to private capital. There is no private capital involved in the bill. If private capital can undertake this work, then the Government is not going to build at all under the general purposes of the bill.

Mr. DANAHER. I thank the Senator from Texas for his answer to me. I agree with what the Senator from Ohio stated concerning private capital. I myself think the situation is as he has now explained it. I thank the Senator from Ohio for making that explanation. But is there any objection, let me ask the Senator from Texas, to providing that existing Federal agencies, such as the United States Housing Authority, or existing local agencies, such as the Hartford Housing Authority, be required to do the work in the event they are already on the ground?

Mr. CONNALLY. I will say to the Senator that I should very seriously object to that. I think the Administrator should be left free. He can be trusted to protect the interests of the Government. I would not want to make it mandatory, for then we would always have a difficult situation. In some localities, as suggested by the Senator from Ohio, it might be desirable to employ the U. S. H. A. In others it might not. We cannot determine those situations here. All we can do is to give the Administrator discretion in the matter. I certainly should oppose his utilization of the U. S. H. A. in all places or in all cases.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KING. The so-called crises arising from time to time are utilized as arguments for tapping the public Treasury and using money collected from the taxpayers of the United States. I was wondering if the situation is now such as to justify an appropriation of $150,000,000 at this particular period of so-called crisis? Is the proposed expenditure necessary by reason of military preparations? Was there evidence before the committee to justify such an enormous appropriation?

Mr. CONNALLY. There was, I will say to the Senator from Utah. A recent appropriation bill carried certain items for the Army and the Navy, but the Army and the Navy utilized the funds which were allocated to them principally for the construction of buildings on their own reservations. The primary purpose of this measure is to provide housing near or adjacent to manufacturing plants or other military defense plants for those who may be employed in them. For instance, a new aviation air field has been located in my State. It is located in a growing town which is already crowded, and it is practically impossible to secure housing facilities. I merely cite that as an example. It is contemplated that all this money will not be necessary at once. The bill merely makes an authorization, not an appropriation, and the purpose is to make such authorizations from time to time, as the facilities are required or are necessary.

I will say that we had before the committee practically unanimous requests from all the Government agencies involved, the Army, the Navy, and the Housing Authority, as well as the Council of National Defense, which was very active in bringing the matter aggressively before the committee, I will say to the Senator from Utah.

Mr. KING. Does it not assume that private capital for one reason or another may not be employed in the construction of these houses?

Mr. CONNALLY. Not at all.

Mr. KING. Are we not taking a course in respect to this, and many other matters in connection with the so-called national defense, which is really an obstacle to private capital, and which is a deterrent to private capital and private initiative in taking the steps necessary to be taken for national defense?

Mr. CONNALLY. I wish to point out to the Senator from Utah that on page 1 the bill provides:

> In order to provide housing for persons engaged in national-defense activities, and their families, in those areas or localities in which the President shall find that an acute shortage of housing exists or impends which would impede national-defense activities and that such housing would not be provided by private capital when needed (but such finding shall not be made until notice shall be given to the Federal Housing Administrator—

And so forth. It is the purpose of those who are urging the bill that whenever possible private capital shall be employed to provide the housing; and before Federal funds may be expended there must be a finding in each instance that private capital will not provide the facilities.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DANAHER. The point I do not understand is this: If we have a housing authority such as that to which I have already referred, namely, the Hartford Housing Authority, and the United States Housing Authority, both of which agencies are providing satisfactory services in the housing field, why should we bring in a third agency, which has had no experience in the building of houses?

Mr. CONNALLY. The Senator is in error. For many years the Public Buildings Commission has built post offices and courthouses all over the United States, and thoroughly understands the matter. The trouble is that the organization of the United States Housing Administration is upon a wholly different theory and plan. What the local housing authorities want is to borrow money from the Government and then build the structures and owe the Government the money. I do not think that is the right way to approach this question. The projects under consideration are purely for national defense. The local agencies wish to erect more buildings, regardless of whether or not they are required for national defense. That may not be true of the Hartford Housing Authority, but I know it is true of some of the local authorities.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WALSH. The Senator forgot to state that the Army and Navy carry on very extensive building programs for their officers and enlisted men.

Mr. CONNALLY. I thank the Senator. The Senator from Massachusetts very properly and pertinently observes that the Army and Navy have had wide experience in building barracks and other structures, and have been doing so for years. Under the terms of the bill the Public Works Administrator might designate the Army to do the work in some particular locality, where the project might be contiguous to an Army camp; or it might designate the Navy to do the work under the general supervision and direction of the Public Works Administration.

Mr. ELLENDER. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The CHIEF CLERK. In section 8, page 7, line 11, it is proposed to substitute a comma for the period and insert "or for loans on such terms as the Administrator shall prescribe."

Mr. ELLENDER. Mr. President, the primary purpose of the amendment is to permit construction of some of the defense-housing projects by the local housing authorities with borrowed funds. It makes available certain machinery that fits into the existing framework of housing construction in this country. Obviously, what is needed in the construction

of these defense-housing projects is speed. It cannot be denied that the proper method by which to insure speed is through the utilization of construction and management agencies which over the past few years have developed experience, staffs, and practices in construction and operation of housing projects. Those local housing agencies are already set up, they are running smoothly, and they are geared for rapid action. Manifestly they can do the job in much less time than would be required by a new and untried agency.

Mr. President, as we all know, the Congress established the United States Housing Authority some years ago, and it operates in building projects of this nature on borrowed funds. My amendment seeks to permit the local housing agencies throughout the United States to borrow from the Administrator some of the funds provided by the pending bill, on such terms and conditions as he may designate. Under my amendment, the funds that we are now appropriating would go much further toward alleviating the housing shortage. It would be possible for the Federal Works Administrator to lend some of the funds, at his discretion, instead of requiring all the funds to be granted outright. Another important point to be borne in mind is that the ownership of the buildings would be centered in an agency which would be able to handle the houses after the emergency had passed. It was my privilege to serve as a member of a subcommittee of the Senate Claims Committee with respect to a number of housing projects which were built during the World War at New Brunswick, N. J. Those buildings were constructed under the same conditions and terms as are provided in the pending bill. After the war was over, the Federal Government was left with many buildings on hand which it did not know what to do with. There were some in Philadelphia and in other sections of the country. The Government had to bear a considerable loss. If we should adopt my amendment it would permit the Federal Administrator to lend money to the local housing authorities throughout the States. All of them have the machinery with which to go to work immediately. They have trained forces which can be used to construct the projects at once. They are experienced in the construction of low rent housing units. As was pointed out by the Senator from Connecticut [Mr. DANAHER], we can make immediate use of those organizations by the adoption of my amendment. I hope the Senator from Texas will accept the amendment and take it to conference, at any rate.

Mr. KING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KING. Is it the purpose of the amendment to resurrect what some believe to be a defunct—and properly defunct—housing organization?

Mr. ELLENDER. There is no resurrection contemplated, since the Authority is by no means defunct.

Mr. KING. I refer to the one with which Mr. Straus is connected.

Mr. ELLENDER. The United States Housing Authority is still building low rent housing projects. They have facilities established throughout the country similar to the one at Hartford, to which the Senator from Connecticut has referred. We have such facilities in Louisiana and in various other parts of the country. Those agencies are now equipped to build housing units for the national-defense program.

Mr. KING. So far as I have been advised—and I do not speak with the knowledge possessed by the Senator from Louisiana—they are agencies which have not been very successful, and the costs to the Federal Government have been tremendous. The losses will be very great.

Mr. ELLENDER. The Senator must be misinformed. I do not know where he obtains this information. I know that the Housing Authority is now in process of building homes for persons of low income, and I know its program has been successful. This amendment, of course, would permit the Housing Authority to build some of the homes for national-defense workers provided by this bill at the discretion of the Federal Works Administrator.

Mr. CONNALLY. Mr. President, in fairness to the Senate I think I ought to say that I am not in favor of the amendment. I sympathize with the Senator from Louisiana. I had a conference with him earlier in the day, in which I indicated that I might agree to let the matter go to conference. If I should be on the conference committee, letting the matter go to conference might imply that I should support the amendment. Upon reflection, I must say that I am not in favor of the amendment, and I hope the Senate will not agree to it.

Mr. ELLENDER. Mr. Carmody, the Federal Works Administrator who would have charge of the funds, is in agreement with the amendment.

Mr. CONNALLY. I cannot help that. His name is not on the Senate roll when we vote. He does not count here. So far as I am concerned, I hope the amendment will not be agreed to. The housing authorities have had their opportunity. They have already obtained $800,000,000 out of the Treasury of the United States. Wherever there is a local authority, it means that already in that community a great amount of Federal money has been spent on housing facilities. Now they want more. I want this program to be a Federal program, under the direct control of the Federal Government. When the houses are no longer needed, I want them to belong to the United States, so that we may dispose of them, rather than to have a debt against some local authority which probably never would be paid.

Mr. ELLENDER. Mr. President, the Senator well knows, as I pointed out awhile ago, that during the World War hundreds of houses were built under a law along the same lines as that which the Senator is now proposing. The Federal Government lost millions of dollars. In New Brunswick, N. J., many thousands of dollars were spent by the Government, and the loss was very great. Permitting an existing housing authority to build the houses would mean that we would have an agency which could handle the houses after the emergency shall have passed.

Mr. CONNALLY. I can only say that I hope the Senate will defeat the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. TAFT. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be stated.

The CHIEF CLERK. On page 8, after line 12, it is proposed to insert the following:

SEC. 5. A joint committee of the Senate and House of Representatives is hereby established to consist of five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, and five Members of the Senate, to be appointed by the President of the Senate. It shall be the duty of such committee to make a comprehensive study of the activities of the Federal Government in the field of housing, particularly as administered by the United States Housing Authority, the Federal Housing Administration, the Federal Home Loan Bank Board, the Federal Works Agency, and other agencies of a temporary or emergency nature. Such committee shall particularly consider—

(1) The need for housing in connection with the national-defense program;

(2) The formation of a long-range plan for stimulating slum-clearance and the construction of new housing for the lower and middle income groups with a minimum of Government subsidy;

(3) The coordination of all Government housing activity and the consolidation or elimination of agencies where such consolidation or elimination will promote greater economy and efficiency in administration; and

(4) The stimulation of private investment and private industry in the housing field.

Such committee shall report its findings to the Congress not later than March 30, 1941, and shall recommend such legislation as it may deem necessary to carry out the objectives set forth in this section.

For the purposes of this section, such joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Seventy-sixth Congress; to employ such clerical and other assistants; to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed

$25,000, shall be disbursed one-half by the Secretary of the Senate and one-half by the Clerk of the House of Representatives, upon vouchers approved by the chairman. The appropriation of such sums as may be necessary for the purposes of this section is hereby authorized.

Mr. TAFT. Mr. President, it seems to me that there is need for defense housing. When this bill was presented to our committee the committee provided it must be undertaken by the Public Buildings Administration. We have a United States Housing Authority which probably has more information on the subject than anybody else. I somewhat doubt the wisdom of the amendment of the Senator from Louisiana, because the U. S. H. A. is not actually building any houses; it is simply loaning money to loaning agencies. I think, as far as they could go under this bill would be to give the Administrator of the Public Works Agency a right to use a local agency as his agent to construct these buildings because they know how to do it, the buildings to be owned by the United States and administered by him.

I have some doubt about the amount that is necessary in this program. We have already appropriated $100,000,000 for the Army and Navy for this kind of housing, not for barracks, but in addition to all appropriations for barracks. Now we are adding an authorization of $150,000,000 more, or a total of $250,000,000. I question whether we need so much, and I hope it will not be used.

We are putting in a provision that the Federal Works Administrator must make a report, but the mistake, in my judgment, is that we have a U. S. H. A. with one policy, we have an F. H. A. with another policy; that is, the loaning of money for insuring mortgages to provide private capital for housing. We have, in addition to that, the Home Loan Bank Board which is loaning money to building and loan associations, which then loan to private individuals. We are adding now another Government agency. If the Federal Works Administrator should use the Public Buildings Administration, as he may—it is made permissive, instead of compulsory—then we will have another agency that has never built any residences, and we will set up a new force of architects and many employees to build this kind of buildings. In addition to that, the Army has such a force and the Navy has such a force today. I understand from a gentleman on the National Defense Board who appeared before us that the President is directing the Army and Navy to turn over that $100,000,000, and all buildings which are not on Government reservations to the Federal Works Agency, so that it will be administered under this bill. If we go ahead and appropriate this proposed $150,000,000 it will make $250,000,000 available. It seems to me the time has come when we ought to try to consolidate the housing policy, when we ought to have one agency of the Government concerned with housing decide how far the Federal Government itself shall build any housing, how far it shall go in building housing for low-income groups and subsidize such housing.

One reason for putting this in the Public Buildings Administration is that the House of Representatives today absolutely refuses to expand any further the program of the U. S. H. A., because they are opposed to it, and, practically, because it involves a subsidy of about $150 a family a year, which is a very expensive method. Yet the U. S. H. A. has done a great work. Some policy, perhaps with a loan or subsidy, may be worked out satisfactory to the House of Representatives. It is because of their objection to that program that we have had to stop the U. S. H. A. program, although the Senate voted additional funds.

I thought the type of joint committee proposed by my amendment would enable the House objections to be heard so that there could be provided some kind of housing program and there could be presented a single, unified Government program to take care of one of the real needs of the country, which is housing for the lower-income groups.

It seems to me that my amendment would do no harm, but would add to the strength of the bill and would enable someone to straighten out such difficulties as are suggested by the Senator from Connecticut, and would make possible a single and reasonable policy.

Mr. SCHWELLENBACH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Washington?

Mr. TAFT. I yield.

Mr. SCHWELLENBACH. I could not quite understand the amendment of the Senator from Ohio, but, as I understood it, it provided an appropriation out of the contingent fund of the Senate and House for the proposed joint committee; is that correct?

Mr. TAFT. It did not follow that course, but followed the form of the bill.

Mr. SCHWELLENBACH. Mr. President, I should like to make a parliamentary inquiry. I do not know whether or not it is so, but I think it is customary for resolutions of this kind to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate before they are acted upon by the Senate. I should like to inquire about that.

The PRESIDING OFFICER. Under the amendment the appropriation authorized is to come out of the Treasury of the United States, and not out of the contingent fund.

Mr. TAFT. An appropriation is merely authorized. There is no appropriation provided.

Mr. SCHWELLENBACH. Then, no appropriation is made by the amendment?

Mr. TAFT. No; no appropriation is made.

Mr. CONNALLY. Mr. President, I hope the Senate will not adopt the amendment of the Senator from Ohio. I have no objection to a study being made of this question, but a long study would necessarily be involved of any long-range program. This is an emergency amendment we are urging. We want these houses now, not next year, and I think the amendment of the Senator from Ohio would delay the matter.

Mr. TAFT. I will say to the Senator I have no desire whatever to delay the bill; I am for the bill, and I have no desire to block its progress, but it seems to me this is an appropriate time to suggest to the House that this be done. I think the Senator will find a willingness to accept a joint committee of this kind.

Mr. CONNALLY. I think if the Senator wants to approach this matter he had better do it by resolution and not by an amendment to the pending bill.

Mr. TAFT. Except that if a resolution were adopted it would not be likely to make any progress. The subject of the amendment is germane to the pending bill, because by the bill we are adding to all the confusion which already exists an additional confusion by providing another Federal bureau that is to undertake a study of the problem of housing. It is a little different problem, I agree, but it still is the same general question.

Mr. CONNALLY. Mr. President, the Senator from Ohio knows how investigating committees work. Some of them now still in existence have been in existence for 3 or 4 or 5 years. I have no objection if the Senator wants to have a thorough investigation of the housing situation. I suggest to him that the Senate Committee on Banking and Currency has jurisdiction over all these housing matters.

Mr. TAFT. No. If the Senator will yield, I may suggest that I am on three committees of the Senate which all deal with housing. I am on the Banking and Currency Committee, which handles all F. H. A. matters; I am on the Education and Labor Committee, which handles all U. S. H. A. matters; and I am on the Committee on Public Buildings and Grounds, which handles this kind of housing. So there are three committees of the Senate itself dealing with the housing subject today.

Mr. CONNALLY. Let me say to the Senator from Ohio——

The PRESIDING OFFICER. The time of the Senator has expired on the amendment.

Mr. BARKLEY. Mr. President, I wish to speak briefly on this subject. If this were a meritorious proposition on its own account, it ought not to go on this bill, it seems to me. We have had some experience with joint committees. With rare exception, if anybody wants to have something not done, the method to be pursued in producing that result is to appoint a joint committee of the two Houses. We tried that on reorganization. The joint committee had one meeting

and never again met. So the two Houses went about it separately.

Mr. TAFT. Would the Senator be willing to state his view as to a resolution to create a Senate committee on this subject, if this amendment should not be adopted?

Mr. BARKLEY. The Senator has already testified to the fact that we have three standing committees dealing with this subject. Of course, another one would be four.

Mr. TAFT. But those three committees have three policies, and we should have one instead of three.

Mr. BARKLEY. I would rather think the matter over before committing myself to it. I am willing to consider it. We all know that the Committees on Public Buildings and Grounds of the two Houses have exclusively dealt with public buildings such as post offices, Treasury Department buildings, and so on. They have had no jurisdiction whatever over low-cost housing in cities, or Federal loans to provide individuals or corporations the money for the purpose of building houses. The Banking and Currency Committee has for a number of years gone into the whole question of home ownership in connection with the Home Owners' Loan Act, which has been amended frequently, the Building and Loan Act, which came out of that committee, and the Federal Housing Administration Act, which came out of that committee. I have never investigated to see just how the United States Housing Authority got into the Committee on Education and Labor, but it is all right. It dealt with the labor situation and we have no very tight rules here with reference to the assignment of bills. Any Senator who wants to have a bill referred to a committee of which he is a member merely writes the name of the committee on the bill and it goes to that committee. I certainly am not at this time prepared to commit myself to a joint committee of the two Houses to look into this subject. If the amendment has any merit on its own account, it certainly ought not to go upon this bill, but I am willing, so far as I am concerned individually, to give consideration to the matter if the Senator wants to try it in another way.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Ohio [Mr. TAFT].

The amendment was rejected.

Mr. WHEELER. I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, it is proposed to amend section 12 by striking out the remainder of line 16, after the period, all of lines 17 and 18, and insert in lieu thereof the following:

Laborers and mechanics employed in the construction, repair, or demolition work authorized by this act shall be paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined under the procedure prescribed by the act of August 30, 1935 (49 Stat. 1011; U. S. C., title 40, sec. 276 (a)).

Mr. WHEELER. Mr. President, I may say this amendment was suggested by the American Federation of Labor. The Senator from New York [Mr. MEAD] was going to offer it but, because of being called away to New York on important business, he was unable to do so and I am now offering it for the Senator from New York. I understand the Senator from Kentucky is willing to take the amendment to conference.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana [Mr. WHEELER].

Mr. CONNALLY. Mr. President, just a moment. I have not promised to take the amendment to conference. I do not think it is necessary, because the bill itself provides the identical thing which is the subject of the amendment, and I do not see any use in fighting over nothing. The trouble about it is that this particular amendment seeks to take away from the public administrator the authority to determine what is the prevailing wage and put it over in some other department. That, I do not favor. It would tend to delay, impede, and hold up this work. Personally, I shall vote against the amendment.

Mr. WHEELER. Let me say that I am only offering the amendment on behalf of the Senator from New York [Mr. MEAD], because he is away. In the letter he states that he talked with the Senator from Texas——

Mr. CONNALLY. Yes; he did.

Mr. WHEELER. And that the Senator agreed to take the amendment to conference.

Mr. CONNALLY. I told the Senator from New York that if he offered the amendment I should not make any particular objection to it; but I am not committed to it, and I told the Senator from New York that I was not in favor of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Montana [Mr. WHEELER] on behalf of the Senator from New York [Mr. MEAD].

The amendment was rejected.

Mr. DANAHER. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut will be stated.

The CHIEF CLERK. On page 7, line 11, after the word "therefor", it is proposed to insert:

Provided, That in localities where the Federal Works Administrator shall find that the United States Housing Authority or any local public agency is capable of meeting the requirements for the housing program, the Administrator shall utilize and act through the United States Housing Authority or such local public agency.

Mr. DANAHER. Mr. President, we have all known just what the difficulty is that this amendment seeks to reach. It has been fully discussed by various Senators. There are local public agencies which are more than qualified to carry on the particular defense program and housing needs of the particular community. There is the United States Housing Authority, through which Housing Authority projects may be developed. There is a third agency which has been building post offices if you like, bridges if you choose, but housing, no. To this particular confused situation it is perfectly apparent that we are going to have to add a whole new set of bureaucratic services in order to achieve what is said to be the need for haste, and yet we already have agencies which are capable of doing the job.

If we really want to have the work done, it seems to me that when the Administrator himself finds that the local needs can be and will be met through existing agencies he should so find, and thereupon work through those agencies. That is all the amendment seeks to accomplish, and that is specifically what it will accomplish.

Mr. CONNALLY. Mr. President, I hope the amendment will be rejected. These local housing authorities are not Federal agencies at all. They are incorporated under State law, and their officers are appointed by the State. For the same reasons that I suggested in opposing the amendment of the Senator from Louisiana [Mr. ELLENDER], I hope the Senate will vote down this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DANAHER].

The amendment was rejected.

Mr. REED. Mr. President, I have had quite a number of letters upon this particular subject. I have let this debate run along, so far as I was personally concerned, before interjecting myself into it, to see whether the interests were as important and the implications as far reaching as I feared they were. In the 25 or 30 minutes which Senators have taken in discussing the bill they have pointed out many important differences of opinion.

This bill contains an authorization of $150,000,000. We have already provided money for the Army and the Navy and for buildings under their supervision and jurisdiction. I grant that there may be some occasion for hurry with this work; but certainly there is no occasion for hurry which is sufficient to justify this body in considering a bill of this size

and character, with the wide differences of opinion which have developed here, under the 5-minute rule on the Consent Calendar. I am sure the Senator from Texas [Mr. CONNALLY] and the majority leader [Mr. BARKLEY] can find a time at an early date for the consideration of the bill in a more adequate way.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. REED. Certainly.

Mr. CONNALLY. Let me suggest to the Senator from Kansas that this matter was thoroughly examined in the committee. The Senator from Ohio [Mr. TAFT], a member of the committee, went over it thoroughly, and the bill was unanimously reported. I hope the Senator from Kansas will not arbitrarily delay and impede the passage of this measure because of the fact that one objection can stop the bill. I assure him that a number of the minority members of the committee were present, including the Senator from Ohio [Mr. TAFT], who took a deep interest in the bill and was for it; and after hearings and consultations the bill was unanimously reported by both Republicans and Democrats.

Mr. REED. I am sure the Senator from Texas, with the aid of the majority leader, can find a place for the consideration of the bill when it may have a fuller discussion than under the 5-minute rule on the Consent Calendar.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REED. I gladly yield to the Senator from Kentucky.

Mr. BARKLEY. The bill has been under discussion now for an hour. That probably is as much time as it would have if it were taken up separately. Nobody has been shut off. Of course we have a 5-minute rule that we operate under, or are supposed to operate under; but it is very rarely invoked or observed. After an hour has been spent on the bill, I do not see what we would gain by putting it over to try to take it up separately.

I hope the Senator from Kansas will not object to the consideration of the bill. It certainly is important. It is an emergency matter. I do not think anything would be gained by taking it up later and threshing the whole matter over again. We shall have practically wasted the time which has been devoted to it if it goes over now.

Mr. REED. I beg to remind the majority leader that three or four times I have tried to get the floor for this purpose.

Mr. BARKLEY. Of course, the Senator could have objected when the bill was first called. I suppose the debate has been of some value. I would not discount it. It has brought out the terms of the bill and the necessity for it. Various amendments have been offered. Some have been agreed to, and some have been rejected; but, in view of the nature of the bill and the desire for it on all sides, it seems to me it ought not to go over now, after discussion.

Mr. REED. I do not think a delay of 2 or 3 days is of great importance in the consideration of a bill of this kind.

Mr. TRUMAN. Mr. President, will the Senator yield?

Mr. REED. I shall be very glad to yield.

Mr. TRUMAN. I will say to the Senator from Kansas that the Public Buildings and Grounds Committee, of which the Senator from Texas [Mr. CONNALLY] is chairman, held elaborate hearings on this bill. It was amended, and nearly every one of the amendments that have been presented here were considered by the committee. I do not think any further consideration of the bill beyond the hour during which it has been considered and beyond the consideration which the committee gave—and the committee reported it unanimously—would help the situation at all.

This is an emergency measure. I think it is absolutely essential that the bill be passed and sent to conference and an agreement reached if it is at all possible; and I hope the Senator from Kansas will not persist in his objection.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. REED. The Senator from Kansas asks that the bill go over.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the time of the Senator from Kansas be extended.

The PRESIDING OFFICER. Is there objection?

Mr. REED. I thank the Senator; but I shall have to object to the consideration of the bill.

Mr. CONNALLY. I ask unanimous consent to speak for 5 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. CONNALLY. Mr. President, I very much regret that after this matter has been thoroughly debated, after every Senator who desired to speak has had an opportunity to speak, and after the bill has been discussed for more than an hour, the Senator from Kansas then arbitrarily objects and will not have the bill considered.

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. The Senator from Kansas is old-fashioned enough to think that a bill carrying an authorization of $150,000,000 is a bill dealing with a substantial amount of money; and when an authorization of that amount is contained in a bill which has shown such a great diversity of opinion in the short time it has been debated, it should have fuller consideration.

Mr. CONNALLY. I do not yield for a speech. I have only 5 minutes.

The Senator from Kansas says he is old-fashioned. He sat here when he could have objected to the consideration of the bill when it was first called; but after everybody on the floor who wants to debate the bill has talked about it, after the Senate has considered half a dozen or more amendments, the Senator from Kansas says the bill has had no consideration.

If the Senator from Kansas wants to talk again, I am in favor of staying here and hearing him talk. I would even be willing to listen to him for another hour; but this is an imperative matter. If the national defense is of no more concern to the Senator from Kansas than arbitrarily to object when everybody else has heard the bill discussed, and when the Senate has expressed itself upon every amendment that has been offered——

Mr. SCHWELLENBACH. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. CONNALLY. I yield.

Mr. SCHWELLENBACH. It has been my understanding in connection with the consideration of bills on the calendar, that any Senator has a right to object to the consideration of a bill, and that that is the point at which objection must be made. After a bill has gone beyond that point, and there has been no objection to its consideration, is not the Senator from Texas entitled now to ask for a vote upon the bill?

The PRESIDING OFFICER. Under the rules of the Senate the objection can be raised at any time. Does the Senator from Kansas withdraw his objection?

Mr. REED. No, Mr. President.

The PRESIDING OFFICER. Objection is made, and the bill will go over.

The Clerk will report the next bill on the Calendar.

Mr. CONNALLY. Mr. President, I had unanimous consent to speak for 5 minutes, and my time is not up, is it?

The PRESIDING OFFICER. The Chair understood the Senator from Texas to ask for unanimous consent to permit the Senator from Kansas to speak for 5 minutes.

Mr. CONNALLY. I then asked for 5 minutes for myself.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I think the Senator from Texas asked for 5 minutes for himself, and I think that he should be permitted to proceed. I do not like the practice of granting unanimous consents of that kind, but I did not object. I think the Senator is entitled to 5 minutes, and I think he has already occupied about 4½ minutes.

Mr. CONNALLY. I am willing to subside, but I hope that the Senator from Kansas will be old-fashioned enough tonight to go home and retire upon his downy pillow, and be old-fashioned enough to think about the situation that is confronting the American people, and the emergency which this country

now faces; that he will be old-fashioned enough to look across the ocean and see the accumulating enemies of our country on both oceans and both fronts, and then will be old-fashioned enough to withdraw his objection, after everyone else in the Senate is ready to vote on the bill, with this lone statesman from Kansas objecting. I say that in all affection and regard. If the Senator had been a Member of the Senate a little longer he would not make that kind of an objection after we had debated a bill for an hour or more.

The PRESIDING OFFICER. The Clerk will state the next resolution on the Calendar.

ENLARGEMENT OF ROCKY MOUNTAIN NATIONAL PARK, COLO.—CONTINUATION OF INVESTIGATION

Senate resolution 312 (submitted by Mr. HATCH on the 12th instant) was read, considered, and agreed to, as follows:

Resolved, That Senate Resolution 147, agreed to on January 8, 1940, authorizing the Senate Committee on Public Lands and Surveys, or any subcommittee thereof, to make a thorough investigation of all questions relating to the proposed enlargement of Rocky Mountain National Park in the State of Colorado, is hereby continued in full force and effect for the same purposes during the Seventy-seventh Congress.

DAY OF PRAYER

The resolution (S. Res. 293) requesting the President to appoint a day for national prayer and supplication was announced as next in order.

Mr. DANAHER. Mr. President, is the Senator from Iowa prepared to speak on the resolution at this time?

The PRESIDING OFFICER. The Senator from Iowa is not present.

Mr. DANAHER. I should like to have the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

Mr. DANAHER. My reason for asking that the resolution go over is that originally I asked the Senator from Iowa to strike out the preamble. Then I should have no objection to the resolution. I certainly am in favor of the resolution.

TRANSFER OF LAND TO THE SPRING PARK CLUB

The Senate proposed to consider the bill (S. 4319) authorizing the transfer of land owned by the United States back to the Springs Park Club of Richfield Springs, N. Y., which was read, as follows:

Be it enacted, etc., That in order to correct the description of the land conveyed to the United States for a post-office site at Richfield Springs, N. Y., which included a 1-foot strip of land along the easterly side thereof for which a deduction was made in the contract price paid by the United States, the Federal Works Administrator be, and is hereby, authorized to convey by the usual quitclaim deed all right, title, and interest of the Government to the owners of the land abutting the easterly side of the post-office site at Richfield Springs, N. Y., the following-described piece or parcel of land forming a part of said post-office site:

Lying and being in Richfield Springs, county of Otsego, State of New York, and described as follows:

Beginning at a point in the southerly side of Main Street, said point being the northeast corner of the premises conveyed by the Spring Park Club, Inc., to the United States by deed dated May 31, 1939, recorded June 1, 1939, among the land records of Otsego County, in Liber 388 of Deeds, at page 265; running thence in a westwardly direction along the southerly side of Main Street a distance of 1 foot to a point; thence in a southwardly direction a distance of 172 feet to a point in the northerly side of land now or formerly of the Spring Park Club, Inc.; thence in an eastwardly direction a distance of 1 foot to a point being the southeast corner of lands conveyed to the United States by the aforesaid deed from the Spring Park Club,. Inc.; thence in a northwardly direction a distance of 172 feet to the point or place of beginning, as shown on "Topographical Survey of Post Office site at Richfield Springs, N. Y., made by William Oehrle, dated March 5, 1938, corrected April 23, 1938," the original of which is on file in the Public Buildings Administration of the Federal Works Agency.

Mr. McNARY. Mr. President, may we have an explanation of the bill?

Mr. CONNALLY. This is a bill introduced by the Senator from New York (Mr. MEAD). It provides for the transfer of a strip of land about a foot wide adjoining some Federal property.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WATER CONSERVATION AND UTILIZATION PROJECTS

The Senate proceeded to consider the bill (S. 4167) to amend an act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," which had been reported from the Committee on Irrigation and Reclamation with amendments.

The amendments of the Committee on Irrigation and Reclamation were, on page 3, line 2, after the word "the", to strike out "Farm Security Administration" and insert "Department of Agriculture"; on page 4, line 14, after the word "and", to strike out "which can probably be returned by the Office of Indian Affairs" and insert "be repayable in accordance with existing law relating to Indian lands"; in line 25, after the word "report", to insert "by the Secretary of Agriculture to the President"; on page 5, line 1, after the word "any", to strike out "which the Secretary" and insert "proposed by the Department"; in line 2, after the word "Agriculture", to strike out "may wish to provide"; on page 6, line 9, after the word "law", to insert "and any applicable interstate agreements"; in line 12, after the word "law", to insert "and any applicable interstate agreements"; on page 9, line 1, after the word "costs", to insert "except as to Indian lands which shall be repayable in accordance with existing law relating to Indian lands,"; on page 10, line 13, after the word "this", to strike out "section" and insert "subsection"; in line 18, after the word "President", to insert "and within three years from the time water becomes available,"; on page 12, line 21, after the word "the", to strike out "Farm Security Administration" and insert "Department of Agriculture"; on page 13, line 3, after the word "materials", to insert "easements,"; in line 13, after the word "as", to strike out "he deems" and insert "the President may deem"; on page 15, line 4, after the word "both" and the period, to strike out "Under said act, no project which involves the storage or utilization of water for the irrigation of more than 500 acres of land or which involves the surface storage of more than 500 acre-feet of water or which involves a total cost exceeding $5,000 shall be undertaken unless and until the Secretary of the Interior has found and certified to the President that the proposed project cannot feasibly or practicably be undertaken pursuant to the Federal reclamation laws or the Act of August 11, 1939 (53 Stat. 1418), as amended"; on page 16, line 2, after the word "be", to strike out "made"; in the same line, after the word "available", to strike out "for appropriation by Congress", and in line 4, after the word "project", to insert "in like manner as if said funds had been specifically appropriated for said purposes"; on page 17, line 4, after the name "United States", to strike out "Contracts for such municipal or miscellaneous water supplies or for such surplus power shall be for such periods, not to exceed 40 years, and at such rates as in the Secretary's judgment will produce revenues at least sufficient to cover the appropriate share of the annual operation and maintenance cost of the project and such fixed charges, including interest, as the Secretary deems proper," and insert "Contracts for such municipal or miscellaneous water supplies or for such surplus power shall be at such rates as, in the Secretary's judgment, will produce revenues at least sufficient to cover the appropriate share of the annual operation and maintenance cost of the project and such fixed charges, including interest, as the Secretary deems proper. Contracts for the sale of surplus power shall be for periods not to exceed 40 years and contracts for water supply for municipal or miscellaneous purposes shall be for such periods as the Secretary may determine and may include such renewal options as the Secretary deems desirable," on on page 18, line 6, after the name "United States", to insert a comma and "other than lands acquired under section 5"; in line 21, after the word "Secretary", to strike out "is" and insert "of the Interior and the Secretary of Agriculture are" and in line 24, after the word "carrying", to strike out "the"

and insert "out their respective functions under this Act and for the purpose of carrying", so as to make the bill read:

Be it enacted, etc., That the act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), is hereby amended to read as follows:

"SECTION 1. For the purpose of stabilizing water supply and thereby rehabilitating farmers on the land and providing opportunities for permanent settlement of farm families, the Secretary of the Interior (hereinafter referred to as 'the Secretary') is hereby authorized to investigate and, upon compliance with the provisions of this act, to construct water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States, and to operate and maintain each such project in accordance with the provisions of this act: *Provided*, That the United States shall retain title to the dams, reservoirs, irrigation, and other project works until Congres otherwise provides: *And provided further*, That expenditures, from appropriations made directly pursuant to the authority contained in section 12 (1), to meet reimbursable construction costs allocated to irrigation as defined in section 4 (b) shall not exceed $1,000,000 for dams and reservoirs in any one project.

"SEC. 2. In connection with the investigation, construction, or operation and maintenance of a project, pursuant to the authority of this act, the Secretary is authorized to utilize (1) in such manner as the President may direct, services, labor, materials, or other property, including money, supplied by the Work Projects Administration, the Civilian Conservation Corps, the Office of Indian Affairs, the Department of Agriculture, or any other Federal agency, for which the United States shall be reimbursed in such amounts as the President may fix for each project, within the limits of the water users' ability to repay costs as found by the Secretary under subsection 3 (a) (iv); and (2) such services, labor, materials, easements, or property, including money, as may be contributed by any State or political subdivision thereof, State agency, municipal corporation, or other organization, or individuals, if, in the judgment of the Secretary, the acceptance thereof will not impair the title of the United States to the project works and will not reduce the probability that the project water users can meet the obligations to the United States entered into pursuant to this act. Moneys received and accepted under (2) of this section shall be and remain available for expenditure for the purposes for which contributed in like manner as if said sums had been specifically appropriated for said purposes.

"SEC. 3. (a) No construction of a project may be undertaken pursuant to the authority of this act unless and until the Secretary has made an investigation thereof and has submitted to the President his report and findings on—

"(i) the engineering feasibility of the proposed construction;

"(ii) the estimated cost of the proposed construction;

"(iii) the part of the estimated cost which properly can be allocated to irrigation;

"(iv) the part of the estimated cost which probably can be repaid by the water users in accordance with the requirements of section 4;

"(v) the part of the estimated cost which can properly be allocated to municipal or miscellaneous water supplies or power and probably be returned to the United States in revenues therefrom;

"(vi) the part of the estimated cost which can properly be allocated to the irrigation of Indian trust and tribal lands, and be repayable in accordance with existing law relating to Indian lands; and

"(vii) the part of the estimated cost which can properly be allocated to flood control as recommended by the Chief of Engineers, War Department.

In connection with each such investigation, report, and finding, the Secretary shall consult with the Secretary of Agriculture regarding participation in the proposed project by the Department of Agriculture under the authority of sections 5 and 6; and the Secretary shall also transmit to the President a report by the Secretary of Agriculture to the President on the participation, if any, proposed by the Department of Agriculture. The project shall be deemed authorized and may be undertaken pursuant to this act of (1) the Secretary finds and certifies to the President that the project has engineering feasibility and that the water users probably can repay, in accordance with the requirements of section 4, an amount equal to or in excess of that part of the estimated cost allocated by him to irrigation to be met by expenditures of moneys appropriated pursuant to section 12 (1); and (2) the President has approved said report and findings and has found that services, labor, materials, easements, and other property, including money, for the construction of the project, should be made available to the Department of the Interior by the Work Projects Administration or other Federal agencies, to the extent found necessary by the Secretary to make up the differences between the estimated cost of the project construction and (i) the part thereof to be met by expenditure of moneys appropriated pursuant to section 12 (1), together with (ii) such services, materials, money, easements, and other property as non-Federal agencies or parties have agreed to contribute and the Secretary has found acceptable under section 2.

"(b) No actual construction of the physical features of a project which meets the requirements of subsection (a) shall be undertaken unless and until (1) rights-of-way and other interests in land deemed by the Secretary to be necessary for the construction and operation of the major features of the project works have been secured, with titles or easements and at prices satisfactory to the Secretary; and (2) the Secretary has found (i) that water rights adequate for the purposes of the project have been acquired with titles and at prices satisfactory to him, or have been initiated and can be perfected in conformity with State law and any applicable interstate agreements and in a manner satisfactory to him; and (ii) that such water rights can be utilized for the purposes of the project in conformity with State law and any applicable interstate agreements and in a manner satisfactory to him.

"SEC. 4. (a) No water for irrigation may be delivered from the works of any project constructed under the authority of this act until after the repayment contract or contracts required by this section have been executed. Where practicable in the judgment of the Secretary, the repayment contract shall be with a water users' organization or organizations satisfactory in form and powers to the Secretary; and otherwise the repayment contract shall be with the individual landowners. The contract or contracts shall contain such provisions as the Secretary deems necessary to carry out the purposes of this act and to protect the interests of the United States.

"(b) The term 'reimbursable construction costs' as used in this act means that part of the costs of investigating, constructing, and operating and maintaining the project, which are allocated by the Secretary to irrigation, and which are met by expenditures of moneys therefor appropriated under the authority of section 12 (1), plus such amounts as the President, under section 2 (1), may determine to be reimbursable: *Provided*, That administrative expenses incurred in the District of Columbia in connection with the investigation, construction, or operation and maintenance of a project shall not be included in the reimbursable construction costs nor shall they be charged to the water users in any way.

"(c) The repayment contract or contracts for a project shall, in their aggregate, provide for repayment to the United States of the total amount of the reimbursable construction costs of the project allocated to irrigation. Each such contract shall provide, among other things, that—

"(1) The Secretary shall fix a development period for each project of not to exceed 10 years from and including the first calendar year in which water is delivered for the lands in said project; and during the development period water shall be delivered to the lands in the project involved at a charge per acre-foot, or other charge, to be fixed by the Secretary each year and to be paid in advance of delivery of water. Such charges shall be fixed with a view of returning such amounts as in the Secretary's judgment are justified by the rate of project development, including as a minimum the return over the full development period of that part of the cost of operating and maintaining the project, during said period, allocated by the Secretary to irrigation; and collections of such charges in excess of the cost of the operation and maintenance during the development period, as thereafter determined by the Secretary, shall be credited to the reimbursable construction costs of the project in the manner determined by the Secretary.

"(2) The United States shall operate and maintain the project during the development period fixed for it. After the development period, the United States shall operate and maintain the project or any part thereof as long as is deemed necessary by the Secretary, and shall be paid in advance for each year that part of the estimated cost of operating and maintaining the project for such year allocated by the Secretary to irrigation. In the event charges due the United States are not paid when due, the United States may, at its election, suspend operations in whole or in part.

"(3) The repayment of the reimbursable construction costs, except as to Indian lands which shall be repayable in accordance with existing law relating to Indian lands, shall be spread in not to exceed 40 annual installments, of the number and amounts fixed by the Secretary; and the first annual installment under each contract shall become due and payable on the date fixed by the Secretary, in the year next following the last year of the development period fixed under subsection (c) (1).

"(4) The water users or their organization will take such measures as the Secretary deems proper to secure the adoption of proper accounting, to protect the condition of project works and to provide for the proper use thereof, and to protect project lands against deterioration due to improper use of water. Delinquencies in any payments due to the United States shall be penalized by a penalty of not less than one-half of 1 percent per month. No water shall be delivered to or for any land or party while either said land or the organization in which it is located or said party is in arrears in the advance payment of operation and maintenance charges or development period charges under subsection (c) (1), or in arrears for more than 12 months in the payment of an installment of the reimbursable construction costs.

"(5) The Secretary shall establish the size of farm units of irrigable lands on each project in accordance with his findings of the area sufficient in size for the support of a family on the lands to be irrigated, but the farm units of irrigable lands shall be of not more than 160 acres. No water may be delivered to or for more than the farm unit area of irrigable lands in the project owned by a single landowner; and after the third year in which water is made available from a project's works, no water may be delivered to or for any land of a landowner owning more than the farm-unit area of irrigable land in the project: *Provided*, That 3 years shall be allowed for the disposal of any excess holding acquired at any time in good faith by descent, will, foreclosure of any lien, or by

other judicial process: *Provided further,* That this subsection shall not apply to the United States or any agency or instrumentality thereof, corporate or otherwise. No water shall be delivered to or for any land, in a project area, transferred or disposed of subsequent to approval of the project by the President, and within 3 years from the time water becomes available, unless and until it has been shown to the satisfaction of the Secretary or his duly authorized representative that the land has been transferred or disposed of at a price not exceeding the appraised value as determined by the Secretary or his duly authorized representatives, and upon proof of fraudulent representation as to the true consideration involved the Secretary is authorized to cancel the water right attaching to the land involved: *Provided,* That nothing herein shall be construed to create authority to interfere with the delivery of water under prior rights.

"SEC. 5. (a) In connection with the construction or operation and maintenance of projects undertaken pursuant to the authority of this act, and in order to further in the Great Plains and arid and semiarid areas of the United States an effective rehabilitation program, stabilization of the agricultural economy and maximum utilization of funds spent for relief purposes, the Secretary of Agriculture is hereby authorized, pursuant to cooperative agreement with the Secretary of the Interior, (1) to arrange for the settlement of the projects on a sound agricultural basis, and, insofar as practicable, the location thereon of persons in need; (2) to extend guidance and advice to settlers thereon in matters of farm practice, soil conservation, and efficient land use; (3) to acquire agricultural lands within the boundaries of such projects, with titles and at prices satisfactory to him; and (4) to arrange for the improvement of lands within the project boundaries, including clearing, leveling, and preparing them for distribution of irrigation water. Contracts between the United States and water users or water users' organizations for the lease or purchase of, or the improvement of, lands within such projects shall provide for annual or semiannual payments to the United States, of the number and amounts fixed by the Secretary of Agriculture. The lease, purchase, or improvement contracts for each tract of land shall provide in the aggregate for the return, in not to exceed 50 years from the date the land is first settled upon, of the costs incurred by the United States in acquiring and improving such tract of land with funds appropriated under authority of section 12 (2), except administrative expenses incurred in the District of Columbia, together with interest on unpaid balances of said costs at not less than 3 percent per annum. Such lease, purchase, or improvement contracts shall also provide for the fulfillment of such obligations related to reimbursable construction costs and operation and maintenance charges as may be applicable to such lands in accordance with the repayment contract or contracts required by section 4.

"(b) For the purposes of this section, the Secretary of Agriculture may utilize (1) in such manner as the President may direct, services, labor, materials, or other property, including money, supplied by the Work Projects Administration, the Civilian Conservation Corps, the Office of Indian Affairs, the Department of Agriculture, or any other Federal agency to the extent that the President, upon the report and recommendations of the Secretary of Agriculture, finds that the same should be supplied in assistance of such improvement work, and for which the United States shall be reimbursed in such amounts as the President may fix for each project; and (2) such services, labor, materials, easements, or other property, including money, as may be contributed by any State or political subdivision thereof, State agency, municipal corporation, or other organization, or individuals. Moneys received and accepted under (2) of this subsection shall remain available for expenditure for the purposes for which contributed in like manner as if said sums had been specifically appropriated for said purposes.

"SEC. 6. The Secretary, by cooperative agreements, may arrange with the Department of Agriculture or with such other Federal or State agencies, as the President may deem desirable, for cooperation in the investigations and surveys of projects proposed under the authority of this Act; and in connection with any such project which is undertaken the Secretary by such cooperative agreements may arrange for such cooperation in the construction or operation and maintenance of the project as he deems desirable. Any such cooperative agreement with the Department of Agriculture may provide, among other things (1) that the Secretary of Agriculture shall enter into the repayment contracts, required by section 4, and shall handle the collections of repayments and shall take over the other administrative duties connected with the project after the Secretary of the Interior announces that the project is ready for operation; (2) if such agreement be entered into after construction of the project has been undertaken by the Secretary of the Interior and after he has entered into the repayment contracts required by section 4, that the Secretary of Agriculture shall take over the collection of repayments and other administrative duties connected with the project; (3) that no water shall be delivered to or for any land or party while the owner of said land or said party is in arrears for more than 12 months in the payment to the United States of money due and payable under a land contract entered into pursuant to section 5 (a); and (4) that any repayment contract with a water user or water users' organization entered into pursuant to section 4 and any land contract with the same water user or organization entered into pursuant to section 5 (a), if said contracts involve the same land, may be combined in a single instrument. The Secretary of Agriculture is hereby authorized to carry out the provision of any such cooperative agreements.

"SEC. 7. On any one project undertaken pursuant to the act of August 28, 1937, entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes" (50 Stat. 869), as amended and supplemented, expenditures for the construction, maintenance, operation, rehabilitation, or financial assistance of any one project, shall not exceed $50,000 of Federal funds, whether appropriated or allotted or both. All project facilities and appurtenances which depend for their utility in whole or in part upon each other or upon any common facility shall be deemed one project within the meaning of this section.

"SEC. 8. All payments made to the United States under repayment contracts on account of reimbursable construction costs, including penalties collected for delinquencies in such payments, and all other receipts from project operations pursuant to sections 4 and 9 shall be covered into the Treasury to the credit of miscellaneous receipts. Charges collected during the development period of a project under section 4 (c) (1), excepting such amounts thereof as may be credited to reimbursable construction costs, and charges collected for the operation and maintenance of a project under section 4 (c) (2) shall be available for operation and maintenance of said project in like manner as if said funds had been specifically appropriated for said purposes.

"SEC. 9. In connection with any project undertaken pursuant to this act, provisions, including contracts of sale, may be made for furnishing municipal or miscellaneous water supplies, or for developing and furnishing power in addition to the power requirements of irrigation: *Provided,* That expenditures, from appropriations made directly pursuant to the authority contained in section 12 (1), to meet costs allocated to municipal or miscellaneous water supplies or surplus power shall not exceed $500,000 for any one project: *Provided further,* That no contract relating to a water supply for municipal or miscellaneous purposes or to electric power shall be made unless, in the judgment of the Secretary, it will not impair the efficiency of the project for irrigation purposes. On any project where such provisions are made, the Secretary shall allocate to municipal or miscellaneous water purposes or to surplus power the part of the estimated construction costs of the project which he deems properly so allocable; and such allocations shall not be included in the reimbursable construction costs covered by the repayment contract or contracts required under section 4. All right, title, and interest in the facilities provided for such municipal or miscellaneous water supplies or surplus power and the revenues derived therefrom shall be and remain in the United States. Contracts for such municipal or miscellaneous water supplies or for such surplus power shall be at such rates as, in the Secretary's judgment, will produce revenues at least sufficient to cover the appropriate share of the annual operation and maintenance cost of the project and such fixed charges, including interest, as the Secretary deems proper. Contracts for the sale of surplus power shall be for periods not to exceed 40 years and contracts for water supply for municipal or miscellaneous purposes shall be for such periods as the Secretary may determine and may include such renewal options as the Secretary deems desirable: *And provided further,* That in sales or leases of such power, preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof.

"SEC. 10. (a) In connection with any project constructed pursuant to the provisions of this act, the Secretary shall have the same authority, with regard to the utilization of lands owned by the United States, other than lands acquired under section 5 as he has in connection with projects undertaken pursuant to the Federal reclamation laws, act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto.

"(b) In connection with the construction or operation and maintenance of a project undertaken pursuant to the authority of this act, the Secretary shall have with respect to construction and supply contracts, and with respect to the acquisition, exchange, and disposition of lands, interest in lands, water rights, and other property and the relocation thereof, the same authority, including authority to acquire lands and interests in land and water rights with titles and at prices satisfactory to him, which he has in connection with projects under the Federal reclamation laws.

"SEC. 11. The Secretary of the Interior and the Secretary of Agriculture are hereby authorized to perform any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying out their respective functions under this act and for the purpose of carrying provisions of this act into full force and effect.

"SEC. 12. To carry out the purposes of this act there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated (1) for the Department of the Interior such sums as may be necessary to carry out its functions under this act, and (2) for the Department of Agriculture such sums as may be necessary to carry out its functions under this act."

The amendments were agreed to.

Mr. O'MAHONEY. Mr. President, I offer an amendment on page 10, line 2, to strike out the phrase "but the farm units of irrigable lands shall be of not more than 160 acres."

Mr. WHEELER. Mr. President, I have no objection to the amendment. I understand a similar bill has just been passed

in the House containing that amendment. I have no objection to the amendment.

Mr. HATCH. Mr. President, let the amendment be reported.

Mr. O'MAHONEY. If I may interrupt, I will explain the purpose of the amendment.

Subparagraph (5) of section 4 begins on page 9, and reads:

The Secretary shall establish the size of farm units of irrigable lands on each project in accordance with his findings of the area sufficient in size for the support of a family on the lands to be irrigated—

Then comes the clause which I ask to have stricken out:

but the farm units of irrigable lands shall be of not more than 160 acres.

Mr. HATCH. The Senator removes the limitation?

Mr. O'MAHONEY. Exactly.

Mr. HATCH. I have no objection.

Mr. O'MAHONEY. Because in States such as New Mexico and Wyoming it is desirable to have the limitation removed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

The amendment was agreed to.

Mr. RUSSELL. Mr. President, I should like to inquire of the Senator from Montana, or some other Senator familiar with the bill, what changes, if any, the bill makes in the agreement for repayments to the Government under existing law?

Mr. WHEELER. Mr. President, under existing law there is no provision, in some instances, for repayment. This bill provides that the projects shall be placed under the regular reclamation law, and the moneys repaid. This is an amendment to the Wheeler-Case bill which passed at the last session of Congress, and the department found that there was an overlapping.

The Wheeler-Case bill originally provided, and the law does now provide, that small dams which are built shall be placed under the Reclamation Service, and that in their construction relief labor may be used in order to cut down the cost.

Mr. RUSSELL. That is, as to a project of a certain size. As I understand, provision is made as to larger projects under the pending bill.

Mr. WHEELER. I think it would extend to larger projects in particular cases in which the President found it to be necessary. He did make provision that such labor should be used on a project in eastern Montana, which could not have been built unless relief or W. P. A. labor had been used. It was found that instead of having many W. P. A. workers, and other workers like them doing work that was not of any benefit to anyone, they could be used on this reclamation project to the great benefit of the community. The bill provides that all these projects shall be under the Reclamation Bureau, and that the moneys shall be repaid in the same way in which moneys are repaid at the present time under the Reclamation Act.

Mr. RUSSELL. I should like to ask the Senator from Montana whether the bill provides that all projects which might be constructed under the provisions shall be self-liquidating.

Mr. WHEELER. That is provided.

Mr. HATCH. Mr. President, I was compelled to leave the committee room when the bill was being considered by the committee. I understood, and I judge by the amendments which have been offered today, that the recommendations made by the Secretary of Agriculture as to amendments to the bill have all been met.

Mr. WHEELER. That is my understanding. A young man came from the Department and made suggestions, and my understanding was that the suggestions made by the Department of Agriculture were adopted. I may say further that the Department of Agriculture and the Interior Department both have recommended the enactment of the bill.

Mr. HATCH. With the amendment the Senator has offered?

Mr. WHEELER. Yes.

Mr. KING. Mr. President, I was wondering to what extent the Department of Agriculture may interfere. I do not wish to be critical, but I have more confidence in the Department of the Interior than in the Department of Agriculture.

Mr. HATCH. I can explain to the Senator exactly why the Department of Agriculture went so far out of its way as to make an adverse report on the bill. As a matter of fact, it did not go out of its way at all. Under a law passed by the Congress, the Water Facilities Act was completely under the jurisdiction of the Department of Agriculture, and the Department of Agriculture was going ahead with that work; so it was not only very necessary but very proper to have the recommendations of the Secretary of Agriculture, and he did make his recommendations, coordinating some differences which did exist between the two Departments. As the Senator from Montana said, both Departments now fully agree upon the bill. That was the point I wanted to make.

Mr. KING. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. KING. It seems to me that the Department of the Interior has discharged with ability and efficiency the responsibilities resting upon it under the Reclamation Act, and under the administration of that act many arid and sterile lands have been brought under cultivation, and reservoirs have been built. I think it is a great mistake to divide the authority and let the Department of Agriculture intervene. I should rather have all the authority vested in the Department of the Interior than to have any part of the authority lodged in the Department of Agriculture.

Mr. WHEELER. That is what we are trying to do under this measure.

Mr. HATCH. Mr. President, I dislike to take up further time of the Senate, but I wish to say that whatever authority was exercised, was exercised pursuant to statutes and laws enacted by the Congress of the United States. I agree with the Senator from Utah as to the excellent work done for the Western States by the Department of the Interior, through the Bureau of Reclamation, but it would be unfair to the Department of Agriculture not to say that it has not also done very fine work under the Water Facilities Act, for it has. I think it is fair to the Department of Agriculture that that explanation be made.

Mr. KING. Under the bill which is now before the Senate, as I understand, the authority will be lodged in the Department of the Interior, not divided with the Department of Agriculture.

Mr. WHEELER. The purpose of the bill is to try to work it out so it will come under the Bureau of Reclamation.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SACO DIVIDE UNIT, MILK RIVER PROJECT, MONTANA

The bill (H. R. 9734) authorizing allocation of funds for the construction of Saco Divide unit, Milk River project, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

VESSELS FOR CERTAIN STATE NAUTICAL SCHOOLS

The Senate proceeded to consider the bill (S. 4299) to authorize the United States Maritime Commission to furnish suitable vessels for the benefit of certain State nautical schools, and for other purposes, which had been reported from the Committee on Commerce with amendments on page 2, line 3, after paragraph (b) to strike out "The Secretary of the Navy," and to insert "Any department or independent agency of the Government"; and in line 6, after the word "vessels" to strike out "of the Navy, and the Secretary of the Treasury is authorized to supply suitable vessels of the Coast Guard," so as to make the bill read:

Be it enacted, etc., That the United States Maritime Commission (hereinafter referred to as the Commission) is authorized and empowered, under such rules and regulations as it may prescribe, to furnish suitable vessels, together with all their apparel, charts, books, and instruments of navigation, one to each of the States of New York, Massachusetts, Pennsylvania, and California, for the benefit of their respective nautical schools.

(b) Any department or independent agency of the Government is hereby authorized, notwithstanding any other provision of law, to supply suitable vessels for such use by the Commission: *Provided*, That the same can be spared without detriment to the services to which such vessels have been assigned.

SEC. 2. (a) The Commission is authorized and directed to provide for the construction of four suitable vessels to replace vessels furnished under section 1 hereof of the act of March 4, 1911, as amended, entitled "An act for the establishment of marine schools, and for other purposes."

(b) The Commission is authorized to secure bids for the construction of such vessels in accordance with approved plans and specifications and to enter into a contract with the successful bidder for the construction, outfitting, and equipment of such vessels.

(c) Such vessels shall be (1) equipped with modern engines for propulsion and modern instruments of navigation, (2) of adequate size to enable them to be used for the purpose of giving instruction in nautical science, and (3) constructed in accordance with plans and specifications to be prepared by the Commission and approved by the Secretary of the Navy.

(d) There is hereby authorized to be appropriated the sum of $10,000,000, or so much thereof as may be necessary, for the purpose of carrying out the provisions of this section.

SEC. 3. All vessels furnished to States under this act shall be and remain the property of the United States and shall be maintained in good repair by the Commission.

SEC. 4. Section 2 of the act entitled "An act for the establishment of marine schools, and for other purposes," approved March 4, 1911, as amended, is amended to read as follows:

"SEC. 2. A sum not exceeding the amount annually appropriated by any State or municipality for the purpose of maintaining such a marine school or schools or the nautical branch thereof is hereby authorized to be appropriated for the purpose of aiding in the maintenance and support of such school or schools: *Provided, however*, That appropriations shall be made for one school in any port heretofore named in the preceding section and that the appropriation for any one year shall not exceed $50,000 for any one school."

SEC. 5. (a) Each marine school or nautical branch thereof, as a condition to receiving any portion of the monetary aid authorized by section 2 of the act of March 4, 1911, as amended, entitled "An act for the establishment of marine schools, and for other purposes," or the use of any vessel authorized under this act, shall, under appropriate authority, agree to conform to such standards in regard to students' entrance requirements, the staff of instructors, and courses of and facilities for training, as the Commission shall, by rules and regulations, prescribe.

(b) Each marine school or nautical branch thereof, as a condition to receiving any portion of such monetary aid, in excess of $25,000, shall, under appropriate authority, agree to admit to such school students resident in other States upon such terms and in such numbers as the Commission shall, by rules and regulations prescribe.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

USE OF TENNESSEE VALLEY AUTHORITY FUNDS FOR HIGHWAYS AND BRIDGES

The Senate proceeded to consider the bill (S. 3610) to authorize the use of Tennessee Valley Authority funds for alteration, reconstruction, or relocation of certain highway and railroad bridges, which had been reported from the Committee on Agriculture and Forestry, with amendments.

The first committee amendment was on page 1, after the enacting clause, to strike out lines 3 to 8, as follows:

That any funds heretofore or hereafter appropriated for the use of the Tennessee Valley Authority shall be available for the alteration, reconstruction, or relocation of any highway or railroad bridge, the alteration, reconstruction, or relocation of which is necessitated as a result of the construction of any dam by the Tennessee Valley Authority.

The amendment was agreed to.

Mr. McNARY. Mr. President, are we now considering Senate bill 3610?

The PRESIDING OFFICER. Yes.

Mr. McNARY. I did want at least a meager explanation of the bill. Does it in any way conflict with the highway acts?

Mr. McKELLAR. Not at all.

Mr. McNARY. Or with any of the bridge acts?

Mr. McKELLAR. I will say to the Senator that in building the dams, especially at Gilbertsville, Ky., it was necessary to change the grades of certain roads. In order to bring that about, before any legislation was introduced at all, conference after conference was held between the attorneys of the T. V. A. and the attorneys of the various railroad companies which were interested, as well as with the highway commission, and an agreement was worked out. The Senator will notice that the bill has been amended. After the matter had been worked out in such a manner as was thought to make the legislation satisfactory, it was then ascertained that there were some other amendments, and those amendments have been adopted by the committee, and the bill is here as the result of compromise and adjustment all along the line. I hope the Senator will be satisfied with that explanation, and consider the measure satisfactory.

Mr. McNARY. I am interested in the project, and have been since I have been in the Senate. I was simply curious to know how the measure fits in with general legislation. The Senator has made the explanation I desired.

Mr. BARKLEY. Mr. President, in connection with this measure, I ask unanimous consent to have inserted at this point, as part of my remarks, a telegram from J. Lyter Donaldson, of Carrolton, Ky., urging the passage of the bill.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CARROLTON, KY., *September 29, 1940.*

Senator ALBEN W. BARKLEY:

I am informed that Senate bill 3610 Tennessee Valley bridge bill will be up for passage tomorrow. As you know the passage of this bill is of vital interest to the highway department of Kentucky. I solicit your efforts in behalf of its passage.

J. LYTER DONALDSON.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next committee amendment was, on page 1, line 9, to strike out "Section 2. Whenever" and to insert "That whenever"; on page 2, line 4, after the word "tributaries", to insert "including approaches, fenders, and appurtenances thereto"; on the same page, line 8, after the word "reconstruction", to insert "relocation"; in line 12, after the words "compensated by the", to insert "Tennessee Valley"; in line 14, after the word "reconstruction", to insert "relocation"; in line 15 after *"Provided"*, to strike out "That there shall be deducted from such cost and compensation a sum which shall equal the value of any direct and special benefits accruing to the owner from any improvement or addition or betterment of the altered, reconstructed, or replaced bridge, trestle, or structure" and to insert, "That in arriving at the amount of such compensation the bridge owner shall be charged with a sum which shall equal the net value to the owner of any direct and special benefits accruing to the owner from any improvement or addition or betterment of the altered, reconstructed, relocated, or replaced bridge, trestle, or structure." On the same page, line 25, after "The", to insert "Tennessee Valley"; on page 3, line 2, after "reconstruction", to insert "relocation"; in line 6, after "Authority", to insert a colon and a proviso, so as to make the paragraph read:

That whenever, as the result of the construction of any dam, reservoir, or other improvement under the provisions of the Tennessee Valley Authority Act, or amendments thereto, any bridge, trestle, or other highway or railroad structure located over, upon, or across the Tennessee River or any of its navigable tributaries, including approaches, fenders, and appurtenances thereto, is endangered or otherwise adversely affected and damaged, including any interference with or impairment of its use, to the extent that protection, alteration, reconstruction, relocation, or replacement is necessary or proper to preserve its safety or utility or to meet the requirements of navigation or flood control, or both, the owner or owners of such bridge, trestle, or structure shall be compensated by the Tennessee Valley Authority in the sum of the reasonable actual cost of such protection, alteration, reconstruction, relocation, or replacement: *Provided*, That in arriving at the amount of such compensation the bridge owner shall be charged with a sum which shall equal the net value to the owner of any direct and special benefits accruing to the owner from any improvement or addition or betterment of the altered, reconstructed, relocated, or replaced bridge, trestle, or structure. The Tennessee Valley Authority is empowered to contract with such owner with respect to any such protection, alteration, reconstruction, relocation, or replacement, the payment of the cost thereof and its proper division, which contract may provide either for money compensation or for the performance of all or any part of the work by the Tennessee Valley Authority: *Provided, further*, That the payments herein provided for shall be made only out of appropriations available for the major project which requires the protection, alteration, reconstruction, relocation, or replacement.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, may I ask what reason there is for this bill? Why is it necessary by an act of Congress to

confer jurisdiction on the United States District Court for the Western District of Kentucky to hear and determine a claim of one person?

Mr. BARKLEY. The reason is that individuals cannot bring suits against the Government of the United States in the district courts without the consent of Congress. The bill was passed by the Senate and the House unanimously earlier in the session. The President vetoed it, and the present bill is a rewriting of the measure to comply with the President's objections. The claimant in this case is an old man. The claim has been pending for many years. It is a matter of convenience to allow him to bring his action, and to try it in the district court of western Kentucky rather than to have him come here and go before the Court of Claims.

Mr. AUSTIN. Does this claimant live in Kentucky?

Mr. BARKLEY. He does. He lives in that district.

Mr. AUSTIN. It amounts, then, in effect, to a consent to sue the United States?

Mr. BARKLEY. It amounts to the consent of the United States that he may bring suit to determine whether he is entitled to anything growing out of the contract to build a veterans' hospital at Dawson Springs, Ky.

The PRESIDING OFFICER. I think both the Senator from Kentucky and the Senator from Vermont are talking about a bill which is not now before the Senate. The Senate is now considering Calendar No. 2259, Senate bill 3610.

Mr. BARKLEY. I thought that bill had been passed.

Mr. AUSTIN. The Chair is correct. I was talking about Calendar No. 2261, Senate bill 4360.

Mr. BARKLEY. I thought Senate bill 3610 had already been passed.

The PRESIDING OFFICER. The amendments have not all been stated and agreed to.

Mr. AUSTIN. I think the Senator from Kentucky and I were both talking about the same thing.

Mr. BARKLEY. We both were what rarely ever happens—out of order.

Mr. WILEY. At the same time. [Laughter.]

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next committee amendment was, on page 3, line 14, before "Authority", to insert "Tennessee Valley"; in line 15, after the word "rights", to insert "or for a declaration of its rights"; in line 18, after "located.", to insert "In any such proceeding the court shall apportion the total cost of the work between the Tennessee Valley Authority and the owner in accord with the provisions contained in this section. Any judgment, award, or decree rendered against the Tennessee Valley Authority under this section may be satisfied out of appropriations available for the major project which requires the protection, alteration, reconstruction, relocation, or replacement," so as to read:

In the event of a failure to agree upon the terms and conditions of any such contract, or upon any default in the performance of any contract entered into pursuant to this act, the bridge owner or the Tennessee Valley Authority shall have the right to bring suit to enforce its rights or for a declaration of its rights under this act, or under any such contract, in the district court of the United States for the district in which the property in question is located. In any such proceeding the court shall apportion the total cost of the work between the Tennessee Valley Authority and the owner in accord with the provisions contained in this section. Any judgment, award, or decree rendered against the Tennessee Valley Authority under this section may be satisfied out of appropriations available for the major project which requires the protection, alteration, reconstruction, relocation, or replacement.

The amendment was agreed to.

The next amendment was, on page 4, to strike out all of section 3, as follows:

SEC. 3. In any case where Tennessee Valley Authority has heretofore contracted with any railroad company or companies for the relocation, reconstruction, or for other alteration or change of any railroad across the Tennessee River or any of its navigable tributaries, and, under the terms of such contract, the railroad company or companies have agreed to pay a portion of the cost of such relocation on account of the legal inability of Tennessee Valley Authority (by reason of the location of the railroad property on or across a navigable waterway) to relieve the railroad or railroads of such payment, and where the railroad or railroads have reserved the right under the terms of the contract, to be relieved of such payment by future legislation, the Tennessee Valley Authority is hereby empowered and directed to relieve such railroad or railroads of such payment, and, in case the owner or owners of such railroad shall have made payment to Tennessee Valley Authority of any sum provided in such contract to be so paid, on account of any such relocation, reconstruction, or change, it is hereby made the duty of Tennessee Valley Authority to refund to such owner or owners all sums so paid, with interest at 3 percent from the date of such payment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for the alteration, reconstruction, or relocation of certain highway and railroad bridges by the Tennessee Valley Authority."

THEODORE R. TROENDLE

The Senate proceeded to consider the bill (S. 4360) to confer jurisdiction upon the United States District Court for the Western District of Kentucky to hear, determine, and render judgment upon the claim of Theodore R. Troendle, sole stockholder of the Dawson Springs Construction Co.

Mr. BURKE. Mr. President, I should like to say a word or two about this bill. The Dawson Springs Construction Co. had a contract to erect certain buildings. Under the terms of the contract the United States Government was to supply the lumber that was to be used in the buildings. Old lumber was secured from old Army cantonments and buildings which were torn down. The contention of the claimant is that the number of feet required by the contract was actually provided, and within the proper time, and while it was supposed to be rough lumber, the lumber furnished was so very rough that it could not be used at all, and that he was obliged to spend approximately $7,000 in the purchase of additional lumber. So he has that claim; whether valid or not, we do not know. He wants to assert that claim.

There are two reasons why this proposed legislation is necessary. The statute of limitations was running against the claim to begin with, so we had to waive that. In addition, the Committee on Claims did not feel that it was in a position to pass on the merits of the case, and so, sometime ago, both Houses of Congress passed a measure conferring jurisdiction upon the United States district court. There was a veto of the bill, and the chief point of the veto was that the measure, as passed, provided that a writ of certiorari could be taken directly from the district court to the Supreme Court of the United States. The President objected to that. He did not see why, if an appeal was taken in this case, it should not go to the circuit court of appeals.

We made the necessary change in this bill. Some other objections with respect to procedure were made by the President, which were corrected. All the bill does now is to give the claimant the right to go into the United States district court, regardless of the fact that the statute of limitations may have run, and it also does the other necessary things to provide that a suit may be brought against the Government. No defenses which the Government may have against the claim are waived in the measure at all, other than the statute of limitations.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. BURKE. Yes.

Mr. AUSTIN. At the top of page 2 of the bill, the first line, the date "February 22, 1940," appears. Is that an error? The reason I ask is that the Senator from Nebraska has stated that the claim was about to be outlawed. Apparently the claim arose under a contract, and by virtue of a breach of a contract dated February 22, 1940.

Mr. BURKE. If that date is given, of course, it is in error.

Mr. AUSTIN. It seems to me it ought to be corrected.

Mr. BARKLEY. I think the date should be 1920.

Mr. BURKE. The date of the contract is 1920, instead of 1940.

Mr. AUSTIN. If the date given in the bill is correct, I think the proviso with which the bill ends ought to be changed in order that the claimant may have the benefit of at least the same tolerance with respect to the running of the statute as have other claimants. However, with the change now suggested from 1940 to 1920, I think the proviso is all right.

Mr. BURKE. I move that the date "1940", on page 2, line 1, be changed to "1920."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Theodore R. Troendle, the sole owner of the capital stock of the Dawson Springs Construction Co., a Delaware corporation, which heretofore forfeited its charter, is hereby authorized to bring suit or suits as he may respectfully desire to so do against the United States of America, to recover damages, if any, for loss or losses suffered or sustained by said Dawson Springs Construction Co. by reason of any breach on the part of the United States of a contract dated February 22, 1920, or any modification thereof, for the construction of eight buildings for the United States Public Health Service Sanatorium at Dawson Springs, Ky. Jurisdiction is hereby conferred upon the District Court of the United States for the Western District of Kentucky to hear, consider, determine, and render judgment for the respective amounts of such damages, if any, in favor of said Theodore R. Troendle, as may be found to have been sustained or suffered by the said Dawson Springs Construction Co., with the same right of appeal as in other cases and notwithstanding any lapse of time or statute of limitations and notwithstanding the provisions of section 3477 of the Revised Statutes: *Provided*, That such action will be brought within 1 year from the date this act shall become effective.

AMENDMENT OF CIVILIAN CONSERVATION CORPS ACT

The bill (S. 4338) to amend the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937, as amended, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to establish a Civilian Conservation Corps, and for other purposes," approved June 28, 1937 (50 Stat. 319), as amended by the act of May 12, 1938 (52 Stat. 349), is further amended by adding after the words "War veterans" in the second proviso of said section the following: "and Indians."

REVISION AND CODIFICATION OF NATIONALITY LAWS OF THE UNITED STATES

The Senate proceeded to consider the bill (H. R. 9980) to revise and codify the nationality laws of the United States into a comprehensive Nationality Code, which had been reported from the Committee on Immigration with amendments.

The first amendment of the Committee on Immigration was under the heading "Chapter II—Nationality at birth," in section 205, on page 8, line 6, after the word "child", to insert "whether born before or after the effective date of this act."

The amendment was agreed to.

The next amendment was, under the heading "Former citizens of the United States," in section 317, at the top of page 28, to insert:

SUBSECTION (c). A person who shall have been a citizen of the United States and also a national of a foreign state, and who shall have lost his citizenship of the United States under the provisions of section 401 (c) of this act, shall be entitled to the benefits of the provisions of subsection (a) of this section, except that contained in subdivision (2) thereof. Such person, if abroad, may enter the United States as a nonquota immigrant, for the purpose of recovering his citizenship, upon compliance with the provisions of the Immigration Acts of 1917 and 1924.

The amendment was agreed to.

The next amendment was, under the heading "Chapter IV—Loss of nationality", in section 401, page 86, line 13, after the name "United States", to strike out "or" and to insert "if he has or acquires the nationality of such foreign state; or", so as to read:

(c) Entering, or serving in, the armed forces of a foreign state unless expressly authorized by the laws of the United States; if he has or acquires the nationality of such foreign state; or

Mr. SCHWELLENBACH. Mr. President, there is an error in the printing. As the language is printed, there is a semicolon after the name "United States." Before the amendment is agreed to, I should like to offer an amendment to strike out the semicolon. It is present through a printing error.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The next amendment was, in section 401, on page 87, after line 3, to insert:

(h) Committing any act of treason against, or attempting by force to overthrow or bearing arms against the United States, provided he is convicted thereof by a court martial or by a court of competent jurisdiction.

The amendment was agreed to.

The next amendment was, in section 403, on page 88, line 3, after the words "as provided in", to strike out "subsection (g)" and insert "subsections (g) and (h)."

The amendment was agreed to.

The next amendment was, in section 406, on page 89, line 20, after the word "religious", to strike out "commercial or financial organization" and insert "commercial, financial, or business organization", and on page 90, after line 4, to strike out:

(e) Who is the wife, husband, or child under 21 years of age, and is residing abroad for the purpose of being with a naturalized spouse or parent who comes within the scope of section 405 or subsections (a), (b), (c), or (d) hereof.

And insert in lieu thereof:

(e) Who is the wife, husband, or child under 21 years of age of, and is residing abroad for the purpose of being with, an American citizen spouse or parent who is residing abroad for one of the objects or causes specified in section 405 or subsections (a), (b), (c), or (d) hereof.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. KING. Mr. President, I invite the attention of my friend from Washington [Mr. SCHWELLENBACH] to an amendment which I have suggested.

Mr. SCHWELLENBACH. Mr. President, if there be no objection, I shall be glad to accept the amendment, with the understanding that it will go to conference. The Senator, as the ranking member of the committee, will undoubtedly be one of the conferees. As I have examined the amendment which he suggests, it seems to me that he suggests inserting it in the wrong place. However, let it go in that place; and if we find that it is the wrong place, we can change it in conference.

Mr. KING. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Utah will be stated.

The CHIEF CLERK. On page 10, line 2, after the words "naturalization of", it is proposed to insert "Filipinos, with full civil-service ranking, who have been in the service for at least 3 years, nor of."

Mr. KING. The Senator from Washington [Mr. SCHWELLENBACH] has very kindly consented to accept the amendment and let it go to conference. I wish to explain the amendment briefly. A considerable number of Filipinos have been serving under civil service in the United States for a number of years, and there certainly can be no objection to considering the validity of their claims for nationality.

Mr. SCHWELLENBACH. I have no objection to the amendment, with the understanding previously stated.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. SCHWELLENBACH. Mr. President, on behalf of the committee, I offer three amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The first amendment offered by the Senator from Washington on behalf of the committee will be stated.

The CHIEF CLERK. On page 2, line 4, it is proposed to add the following: "It does not include an alien."

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment offered by the Senator from Washington on behalf of the committee will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

If any person who claims a right or privilege as a national of the United States is denied such right or privilege by an executive official or department upon the ground that he is not a national of the United States, such person, regardless of whether he is in United States territory or abroad, may petition a district court of the United States for a judgment declaring him to be a national of the United States: *Provided*, That if such person is beyond the jurisdiction of the United States and shall have filed such petition in court, he may upon submission of a sworn application, obtain from a diplomatic or consular officer of the United States in the foreign country in which he is residing, a certificate of identity, showing that his nationality status is pending before the court and may be admitted to the United States with such certificate upon the condition that he shall be subject to deportation in case it shall be decided by the court that he is not a national of the United States: *Provided further*, That such certificate of identity shall not be denied solely on the ground that such person is not a national of the United States.

The Secretary of State, with approval of the Attorney General, shall prescribe rules and regulations for the issuance of certificates of identity as above provided.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment offered by the Senator from Washington on behalf of the committee will be stated.

The CHIEF CLERK. On page 40, line 4, after the word "hair", it is proposed to insert a comma and strike out the words "and eyes" and insert the words "eyes and fingerprints."

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. SCHWELLENBACH. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SCHWELLENBACH, Mr. KING, and Mr. AUSTIN conferees on the part of the Senate.

RELIEF OF EASTERN CHEROKEES

The Senate proceeded to consider the bill (S. 4232) for the relief of the Eastern Cherokees, which had been reported from the Committee on Indian Affairs with an amendment, at the end of the bill, to insert: "The warrants representing this unpaid balance are hereby canceled upon the approval of this act", so as to make the bill read:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,997.85, with interest at 5 percent per annum from March 15, 1910, the same being the amount of the unpaid interest-bearing principal found due the Eastern Cherokees by the Supreme Court of the United States in 1906 (202 U. S. 101); and when appropriated shall be placed to the credit of the Eastern Cherokees and paid by the Secretary of the Treasury to their attorney of record. The warrants representing this unpaid balance are hereby canceled upon the approval of this act.

The amendment was agreed to.

Mr. KING. Mr. President, I should like to look into the bill. Let it go over.

The PRESIDING OFFICER. The bill will be passed over.

RELIEF OF EASTERN AND WESTERN CHEROKEES

The bill (S. 4233) for the relief of the Eastern and Western Cherokees was announced as next in order.

Mr. KING. Let the bill go over.

Mr. THOMAS of Oklahoma. Mr. President, the last two bills seek to clear up some odds and ends of funds credited to the Cherokees. Under the terms of the bill the money will go to the credit of the tribes and thereafter be paid out to attorneys of record. The attorneys claim that they have been to great expense in times past in protecting the interests of the Indians. So, if the bill should pass, the funds would go for that purpose.

Mr. KING. They would go to the attorneys?

Mr. THOMAS of Oklahoma. The funds would go to the attorneys of record as attorneys' fees, for services in behalf of the Indians. That is all the force and effect of the proposed legislation.

Mr. KING. I am always interested in attorneys, being one myself; but I am more interested in seeing justice done to the Indians. I shall look into these two measures, and if I find that the attorneys' fees are proper, at an early date I shall join my friend in asking consideration of the bills.

The PRESIDING OFFICER. The bill will be passed over.

LANDS FOR AIRPORT USE IN PALM SPRINGS RESERVATION, CALIF.

The Senate proceeded to consider the bill (H. R. 7738) to amend the act entitled "An act to authorize the Secretary of the Interior to lease or sell certain lands of the Agua Caliente or Palm Springs Reservation, Calif., for public airport use, and for other purposes," which had been reported from the Committee on Indian Affairs with an amendment, to strike out all after the enacting clause and to insert:

That a lease bearing date of December 8, 1939, between the Agua Caliente or Palm Springs Band of Mission Indians of California and the city of Palm Springs, Calif., in the following words, is hereby ratified and confirmed:

"This indenture of lease executed at Palm Springs, Calif., as of the 4th day of December, 1939, by and between the Agua Caliente or Palm Springs Band of Mission Indians of California, the party of the first part hereinafter referred to as lessor and the city of Palm Springs, a municipal corporation of the State of California, the party of the second part, hereinafter referred to as lessee, both of said parties being within the county of Riverside, State of California.

"Witnesseth, that the lessor hereby leases to the lessee the land and premises in the city of Palm Springs, county of Riverside, State of California, described as section 18, township 4 south, range 5 east of the San Bernardino base and meridian, for a term of 25 years beginning on the 1st day of January 1941, and ending on the 31st day of December 1965, for the rental for said premises for said term which the lessee agrees to pay to the lessor which shall be 10 percent of the gross receipts of the lessee for the use of said premises during said term, it being agreed, however, that the minimum rental which the lessee shall pay the lessor shall be the sum of $640 per annum, payable in advance on or before the 31st day of January of each year of the term of this lease, and that during the month of January 1942 and the month of January of each year thereafter of said term, the lessee shall furnish to the lessor a sworn statement of the gross receipts received by the lessee for the use of said premises for the preceding year, and on or before the 31st day of said month of January in each said year of the term of this lease the lessee shall pay to the lessor in addition to said sum of $640 an amount equal to 10 percent of the excess, if any, of said gross receipts over and above the sum of $6,400.

"The term 'gross receipts' as used herein for the purpose of calculating the amount of said rental is herein defined as being all sums of money received by the lessee for the use of said premises for the purposes herein specified during each annual period of the term of this lease.

"Said demised premises shall be used by the lessee and its sublessees for public airport and other uses and purposes.

"Upon the termination of this lease by surrender by the lessee or by dispossession of the lessee by the lessor or by any authority superior to the lessor, all rent and liabilities of the lessee accruing thereafter shall cease and the lessee may within a period of 60 days remove any and all improvements placed upon said premises during the term of said lease save and except buildings permanently affixed to the land, but, upon failure to remove same within that period, any improvements remaining thereon shall become the property of the Agua Caliente Band of Indians.

"It is expressly understood and agreed by and between the parties hereto that the lessor does not assume any responsibility for damage caused, either directly or indirectly, by any operations of the lessee under this contract, and the lessee hereby agrees to hold the lessor harmless for any damage which may result from the operations of the lessee, or of its employees or agents under this lease, whether the acts causing such damage be negligent or otherwise.

"The lessee must comply with all State sanitary, health, and housing regulations.

"The lessee agrees that it will not use, or permit to be used any part of the premises for the manufacture, sale, gift, storage, or drinking of intoxicating liquor or beverages, so long as these are prohibited by law upon the demised premises.

"This lease may be canceled by the lessor at the discretion of and with the approval of the Secretary of the Interior for failure of the lessee to comply with any of the terms thereof.

"The rental herein required to be paid by the lessee to the lessor for the use of said premises during said term shall be paid to the legally authorized agent of the lessor entitled by law to receive the same and receipt therefor, and such payment shall be a full discharge of the lessee therefor.

"It is agreed that the lessee may enter upon said premises immediately upon the lawful ratification and approval hereof, and prior to the beginning of said term for the purpose of improving and preparing said premises for use as an airport.

"In witness whereof the parties hereunto have subscribed their names and affixed their seals as of the day first hereinabove mentioned.

"AGUA CALIENTE OR PALM SPRINGS BAND OF MISSION INDIANS OF CALIFORNIA,

"By Willie Marcus Belardo, chairman; Lee Arenas, vice chairman; Lena C. Welmas, secretary; Juana S. Hatchitt, member of council; Clemente Segundo, member of council; Carrie Pierce Casero; Viola J. Hatchitt; John Joseph Andreas; John Anthony Andreas; Ramon Manuel; Eleteria Arenas Nicholson; Florida Patencio Roxey; Cecilia Patencio Roxey; Genevieve P. St. Marie; Ramalda Lugo Taylor; Matild Patencio Welmas; Francisco Patencio; Frank Morro; John Joseph Patencio; Moreno Patencio; Santos Albert Patencio; Marcus J. Pete; Anna J. Pierce; Baristo Sol Santiago; Virginia Patencio Siva; Augusta Patencio Torro; Frank Segundo.

"CITY OF PALM SPRINGS, CALIF.,

"By PHILLIP L. BOYD, *Mayor*.

"GUY PINNEY, *City Clerk*.

"I, Clemente Segundo, hereby certify that all the persons named as signers on the lease of the Agua Caliente or Palm Springs Band of Mission Indians for section 18, township 4 south, range 5 east, Riverside County, Calif., are all duly enrolled and qualified members of said band; that they have read or had read to them and interpreted to them said lease, made to the city of Palm Springs, Calif. That they have expressed their understanding of the same and desire to have the same approved and put into effect for the mutual benefit of all, both the Indians and white residents of the said city. That the terms were explained and approved by all signers.

"Witness my hand this 6th day of December 1939.

"CLEMENTE SEGUNDO.

"I, Lena Welmas, hereby certify that I am the acting secretary for the Agua Caliente or Palm Springs Band of Mission Indians of California, and secretary of the acting council. That I certify that all the persons named as signers of the foregoing described lease are Indians qualified to sign the same, and that the said lease has been thoroughly discussed and read and explained, particularly to those who could not read or understand the English language. Particular care has been exercised to give a thorough explanation to those not understanding the English language. That I have personally seen to giving full explanations as to the same.

"Witness my hand and seal this 6th day of December 1939, at Palm Springs, Calif.

"LENA C. WELMAS.

"Approved:

"WILLIE MARCUS BELARDO, *Chairman*."

Mr. THOMAS of Oklahoma. Mr. President, in explanation of the bill, let me say that the city of Palm Springs, Calif., is located in the midst of numerous tracts of land belonging to certain Mission Indians of California. Heretofore the city has leased a small corner of one section of land for an airport. The airport is entirely inadequate, and the Indians have no authority to lease more land than they have already leased. The bill authorizes or approves a lease already made between the Indians and the city of Palm Springs. It covers a section of land, and the annual rent is $1 an acre for 640 acres. The land in its present state is worthless, but it is close to Palm Springs, and may be converted into an airport, which would be of great value.

That is the whole force and effect of the legislation.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "A bill to ratify a lease entered into by certain Mission Indians of California."

BILL PASSED OVER

The bill (H. R. 9603), to amend the Canal Zone Code, was announced as next in order.

Mr. McNARY. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

ERNEST LYLE GREENWOOD AND PHYLLIS JOY GREENWOOD

The bill (H. R. 8744) for the relief of Ernest Lyle Greenwood and Phyllis Joy Greenwood was considered, ordered to a third reading, read the third time, and passed.

ANTONIO SABATINI

The bill (H. R. 8163) for the relief of Antonio Sabatini was considered, ordered to a third reading, read the third time, and passed.

JOSEFINA ALVARADO

The bill (H. R. 4066) for the relief of Josefina Alvarado was considered, ordered to a third reading, read the third time, and passed.

MRS. HAMA TORII EMERSON

The bill (H. R. 6820) for the relief of Mrs. Hama Torii Emerson was considered, ordered to a third reading, read the third time, and passed.

IDA VALERI

The bill (S. 4236) for the relief of Ida Valeri was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in order that Ida Valeri, an alien who has resided in the United States most of the time since 1911, may be permitted to remain in this country with her citizen husband and citizen children, the warrant of deportation against the said alien is hereby canceled and it is further directed that she shall not again be made the subject of deportation proceedings on the grounds contained in the existing warrant.

MAX VON DER PORTEN AND WIFE

The Senate proceeded to consider the bill (S. 4085) for the relief of Max von der Porten and his wife Charlotte von der Porten, which had been reported from the Committee on Immigration with an amendment to strike out all after the enacting clause and in lieu thereof insert the following:

That in the administration of the immigration and naturalization laws, the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Max von der Porten and his wife Charlotte von der Porten, as of February 5, 1940, the date on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the German quota for the first year the said German quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time and passed.

BELA KARLOVITZ

The bill (H. R. 9840) for the relief of Bela Karlovitz was considered, ordered to a third reading, read the third time, and passed.

Mr. AUSTIN. Mr. President, on behalf of the Senator from Pennsylvania [Mr. DAVIS] I ask unanimous consent to have inserted in the RECORD immediately following the passage of House bill 9840 a report submitted by the Senator from Florida [Mr. ANDREWS] for the Committee on Immigration, and a statement by the Senator from Pennsylvania.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

The Committee on Immigration, to whom was referred the bill (H. R. 9840) for the relief of Bela Karlovitz, having considered the same, report it back to the Senate without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The bill would authorize the recording of the alien as having been admitted for permanent residence. The amendment adopted by the House would deduct one number from the quota of Hungary.

GENERAL INFORMATION

The bill passed the House of Representatives on June 21, 1940, and there is made a part of this report copy of the Committee Report filed by the House Committee on Immigration and Naturalization which explains the bill in detail.

Your committee after carefully considering all the facts and evidence in this case recommended that the bill be favorably reported to the Senate.

"The Committee on Immigration and Naturalization, to whom was referred the bill (H. R. 9840) for the relief of Bela Karlovitz, having considered the same, report it back with an amendment and recommend that the bill as amended do pass.

"Committee amendment is as follows:

"After line 8 add a paragraph containing the following language:

" 'Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct one number from the Hungarian quota for the first year that the said Hungarian quota is available.'

"PURPOSE OF THE BILL

"The bill would authorize the recording of the alien as having been admitted for permanent residence. The amendment would deduct from the quota of Hungary.

"GENERAL INFORMATION

"There is no fraud in this case.

"This alien is a native and citizen of Hungary and he has a wife and three children residing in that country. He is an electrical engineer and is working on the development of an invention for the generation of power. A large electrical-manufacturing company, having received information with reference to his work, sent a representative to Budapest, Hungary, and purchased from this alien the rights to the patent when it is perfected. They persuaded this alien to come to the United States and to their plant for the purpose of completing his invention. This company has already expended in the neighborhood of $50,000 in experiments and there was testimony to the effect that they are quite certain that this invention will prove successful.

"The bill was introduced by Congressman McDOWELL, of Pennsylvania. The Congressman appeared and stated the facts in relation to the invention and urged the favorable report of his bill as it is felt that if this invention is completed under the supervision of this alien that the new method involved of generating electrical power from coal will attain efficiencies far in excess of those obtained by other methods. This is particularly adaptable to marine propulsion and will save approximately half the fuel customarily used. The weight of the equipment is also much less than that of the usual equipment.

"If successful it would permit a larger cruising range for vessels with the same fuel load. That is important for battleships because of the saving of weight and fuel. This weight can be translated into increased armor plate. The author of the bill introduced correspondence with the Navy Department which indicated their interest in this invention. It was urged by the Congressman that it would be an important factor in the national defense. A representative of the manufacturing company also appeared testifying as to the desire of the company to have this bill enacted into law.

"This is briefly some of the evidence produced and the committee felt that such an invention, if successfully completed, would be an important improvement in the present methods used in battleships. The committee recommend favorable action.

"There is attached a letter from the Department of Labor."

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, June 5, 1940.

Hon. SAMUEL DICKSTEIN,
Chairman, House Committee on Immigration, House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN DICKSTEIN: I refer to your letter of May 31, 1940 enclosing for my comment and recommendation H. R. 9840, for the relief of Bela Karlovitz, the bill providing as follows:

"That for the purposes of the immigration and naturalization laws Bela Karlovitz, of Wilkinsburg, Pa., a research engineer temporarily in the United States as a visitor, shall be considered to have been lawfully admitted, at New York, N. Y., on September 1, 1938, to the United States for permanent residence."

This is the case of a 35-year-old, married, native and citizen of Hungary, who was admitted at the port of New York on September 8, 1938, temporarily under waiver of the contract labor provisions of the act of February 5, 1917, upon petition of the Westinghouse Electric & Manufacturing Co.

It appears that the subject of this letter is employed by the firm above named as a consultant and was brought to this country primarily by reason of the fact that he had particular knowledge of an electronic invention which was important to his employer. In an application addressed to the Immigration Service by the Westinghouse Electric & Manufacturing Co. under date of February 14, 1940, it was set forth that Mr. Karlovitz was carrying on extended research and development of a new process which he had invented and patented in Hungary, his native country; and due to the extreme importance of his work, it was requested that he be granted a further extension of time within which to depart from this country. In pursuance of this request Karlovitz was granted an extension of his temporary admission to August 29, 1940. His wife and three minor children are now residing in Budapest.

The records disclose that Karlovitz has, throughout the time he has been in the United States, acted in good faith, and the primary reason for having him remain in this country for permanent residence appears to be due to his value to this Government.

The bill provides that he shall be considered to have been lawfully admitted to the United States on September 1, 1938, for permanent residence.

On the facts of record it is my recommendation tha tthe bill receive favorable consideration. However, I believe that the pending bill should be amended so as to provide "Upon enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the nonpreference category of the quota during the current year." The bill should be further amended to show admission for permanent residence on September 8, 1938, as this is the date the subject was admitted to this country.

Sincerely yours,

FRANCES PERKINS.

STATEMENT BY SENATOR DAVIS

There has been reported a bill (H. R. 9840) to lawfully admit Bela Karlovitz to permanent residence in this country.

In 1938 the Westinghouse Co. brought Mr. Karlovitz from Budapest to this country to work in their research laboratories to continue work on his very valuable invention.

It was thought when he was brought here on a visitor's visa that he would have time to complete his invention. The visa expired July 1940 and he has not yet completed his invention. He wishes to become a citizen. Under the normal procedure for coming into this country as an immigrant, Mr. Karlovitz would need to return to Budapest and make application on regular quota. The quota, however, is exhausted for many years to come so that if this procedure was followed his work would be interrupted for a good many years. Of course, there would also be the hazard that he might not be able to come to the United States at that time.

The invention upon which Mr. Karlovitz is working is of very great significance from the standpoint of national defense. It involves a new method of generating electrical power from fuel which will attain efficiencies far in excess of those obtained by other methods. The method seems particularly adaptable to marine propulsion and in that application would save approximately half the fuel customarily used. The weight of the equipment used in the Karlovitz invention is also considerably less than that of the usual equipment. This invention will permit a larger cruising range for vessels for the same fuel load. This is very important for battleships, because any saving in weight of fuel carried can at once be translated into an increased amount of armor plate. It is hoped that this will be completed in the next 6 months.

Not only for this particular invention but also for his great mechanical ability, I feel that Mr. Karlovitz would make a very fine contribution to us as a citizen of this country—especially in view of our many needs in connection with national defense.

ESTHER KLEIN

The bill (H. R. 4656) to record the lawful admission to the United States for permanent residence of Esther Klein was considered, ordered to a third reading, and read the third time.

PER CAPITA PAYMENT TO RED LAKE BAND, CHIPPEWA INDIANS

The bill (H. R. 8369) authorizing a per capita payment of $10 each to the members of the Red Lake Band of Chippewa Indians, from any funds on deposit in the Treasury of the United States to their credit, was considered, ordered to a third reading, read the third time, and passed.

BOUNDARIES OF SAGUARO NATIONAL MONUMENT

The bill (S. 7) to revise the boundaries of the Saguaro National Monument was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the exterior boundaries of the Saguaro National Monument, Ariz., established by proclamation of the President, dated March 1, 1933 (47 Stat., pt. 2, 2557), are hereby revised and amended so as to include within said monument all lands in section 8, the northwest quarter, the south half of the northeast quarter, and the south half of section 9, the southwest quarter of section 10, the west half of section 15, sections 11, 14, 16, 17, 20, 21, 22, 23, 26, 27, 28, 29, 32, 33, and the north half of section 34, township 14 south, range 16 east, Gila and Salt River base and meridian.

SEC. 2. The Secretary of the Interior is hereby authorized and empowered on behalf of the United States, to purchase at an appraised value of $25 per acre, all privately owned lands and rights thereto within section 8, the south half of the southeast quarter of section 9, the north half of section 17, and section 29, township 14 south, range 16 east, Gila and Salt River base and meridian. There is hereby authorized to be appropriated the sum of $42,000 for the purposes of this section.

SEC. 3. The Secretary of the Interior is hereby authorized and empowered, on behalf of the United States, to purchase, at the appraised value of $1,300, a certain well and pumping machinery in place, together with the following-described land surrounding and including said well:

Beginning at a point 1,007 feet south of the north boundary of section 31, township 14 south, range 16 east, Gila and Salt River base and meridian, and 30 feet east of the west boundary of said section 31, thence due east 468 feet, thence due south 186 feet, thence due west 468 feet, thence due north 186 feet to the point of beginning, a total of 2 acres more or less, all located within the northwest quarter of the northwest quarter of said section 31: *Provided,* That such purchase shall include easements of way for power lines and water lines to be forever vested in the United States through the north half of said section 31 between the above-described land and the dedicated county highway land on the north boundary of said section 31: *And provided further,* That said purchase shall vest in the United States absolute title to all water rights in the west half of the northwest quarter of said section 31. There is hereby authorized to be appropriated the sum of $1,300 for the purposes of this section.

SEC. 4. The Secretary of the Interior is hereby authorized and directed, on behalf of the United States, to acquire title from the University of Arizona to the southwest quarter of section 10, and the west half of section 15, and from the State of Arizona to all of sections 11, 14, 22, 28, and the east half of section 21, all in township 14 south, range 16 east, Gila and Salt River base and meridian, and there is hereby authorized to be appropriated to said university as partial reimbursement for the value of the southwest quarter of said section 10, the west half of said section 15, and in consideration of the expenditures of said university in protecting and acquiring for the benefit of the United States the cactus forest growth on all of the lands described in this section, the sum of $55,000.

SEC. 5. With the exception of the lands described in section 4 of this act, the State of Arizona may relinquish in favor of the United States such portions as it may see fit of all other State lands described in section 1 of this act, and shall have the right on such relinquishments to select in lieu thereof other unreserved and nonmineral public lands within the State of Arizona equal in value to those relinquished, said lieu selections to be made in the same manner as is provided for in the enabling act of June 20, 1910 (36 Stat. 558), or, in the discretion of the State of Arizona, under the provisions of section 8 of the act of June 28, 1934 (48 Stat. 1269), as amended and supplemented by the act of June 26, 1936 (49 Stat. 842). The payment of fees or commissions is hereby waived in all lieu selections made pursuant to this section.

SEC. 6. The provisions of the proclamation of the President dated March 1, 1933 (47 Stat., pt. 2, 2557), creating the Saguaro National Monument, are hereby repealed insofar as they affect the north half of the northeast quarter of section 9, the north half and the southeast quarter of section 10, and the east half of section 15, township 14 south, range 16 east, Gila and Salt River base and meridian, and section 5, township 15 south, range 16 east, Gila and Salt River base and meridian.

SEC. 7. Jurisdiction over all lands within the boundaries of the Saguaro National Monument as described in section 1 of this act is hereby vested in the Secretary of the Interior acting through the National Park Service. Except for the areas described in sections 1 and 6 of this act, all lands within the Saguaro National Monument as established by said proclamation of the President dated March 1, 1933, are hereby restored to the Coronado National Forest, to be administered in accordance with existing law by the Secretary of Agriculture acting through the United States Forest Service, subject to all valid existing rights which may have accrued in favor of private individuals.

PROTECTION WORKS, EAST HARTFORD, CONN.

The Senate proceeded to consider the bill (S. 4362) to provide for the completion of certain local protection works at East Hartford, Conn., which had been reported from the Committee on Commerce with an amendment, on page 1, line 11, after the word "hereby", to insert the words "authorized to be," so as to make the bill read:

Be it enacted, etc., That the comprehensive plan for flood control in the Connecticut River Basin provided for in the act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes," approved June 28, 1938, is hereby modified to include the local protection works at East Hartford, Conn., recommended by the Chief of Engineers in House Document No. 653, Seventy-sixth Congress, third session; and there is hereby authorized to be appropriated for the completion of the said works the sum of $1,640,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT TO MERCHANT MARINE ACT, 1936

The bill (H. R. 9581) to amend the Merchant Marine Act, 1936, as amended, was considered, ordered to a third reading, read the third time, and passed.

Mr. KING subsequently said: Mr. President, in view of the fact that there has been some little question concerning House bill 9581 and in order that the RECORD may make proper elucidation of the facts in connection with the bill, will the Senator from Louisiana [Mr. OVERTON], who reported the bill, explain the measure briefly? I ask permission to return to it for that purpose.

The PRESIDING OFFICER. Without objection, the Senate will return to the consideration of House bill 9581.

Mr. OVERTON. Mr. President, the bill referred to is entitled "To amend the Merchant Marine Act, 1936, as amended."

The Merchant Marine Act of 1936 exempts from Federal income tax of every nature and description all subsidized vessels. Unsubsidized vessels are subject to the tax. This bill, in order further to encourage the building up of the merchant marine, provides that a reserve fund may be created for the purpose of building new vessels in our merchant marine. The reserve fund is created through the proceeds of the sale of old vessels. When applied to the construction of new vessels the fund is exempt from immediate taxation, but the owner of the vessel is not relieved from taxation, but taxation is merely deferred because under the terms of the bill, the value of a vessel on the basis of its depreciated value will be increased by the amount actually realized from its sale.

I will give the Senator from Utah an illustration: If a vessel carried at a depreciated value of $100,000 is sold for $400,000, and the cost of the new vessel, we will say, is three times as much, then the value of the new vessel in determining the income-tax returns will be the cost less the proceeds derived from the sale of the vessel, or, in figures, $1,200,000 less $400,000 instead of minus $100,000. Therefore the owner will pay a larger tax on it, because depreciation will be calculated on the smaller instead of the larger value. The tax will be paid back over a period of years instead of being paid at once. I think that is about all that need be said in explanation of the bill.

Mr. KING. Mr. President, the bill seems rather formidable in its provisions, and I am not very well advised concerning it. A Senator who is absent asked to request that it go over. I was not in the Chamber when it was called. I shall not ask for a reconsideration of the vote by which the bill was passed, but I shall interpose a motion to reconsider, and if, upon consulting with the Senator tomorrow, there are no valid objections, I will withdraw the motion. That is only fair, it seems to me.

Mr. WHEELER. Mr. President, I inquire the number of the bill?

Mr. OVERTON. It is House bill 9581.

Mr. WHEELER. I may say to the Senator from Utah I have a letter written by persons in whom I have a good deal of confidence who tell me that this proposed legislation is very desirable.

Mr. OVERTON. The bill is approved by the Treasury Department. It has been gone into very thoroughly by the United States Maritime Commission. We are doing everything we can to encourage the building of the merchant marine, especially at this time. The immediate purpose of this bill is simply to defer the payment of income taxes and excess-profits taxes. It would not relieve the ship owner of the payment of them ultimately. The purpose is to encourage the building of the merchant marine.

Mr. KING. I sympathize entirely with that view, but when a Senator is absent, particularly when it is not his fault, and he asks that a measure go over, I have always been disposed to aid him in every way. The bill was passed during my absence; I will merely enter a motion to reconsider, and if, upon consulting with the Senator tomorrow, he has no objection, I shall withdraw the motion.

Mr. MINTON. Mr. President, I was going to say to the Senator from Utah that I have just had a telephone request from the senior Senator from New Jersey [Mr. SMATHERS], who could not be here today, that he would like to be heard on this matter.

Mr. KING. It was at his instance that I was interposing my objection.

The PRESIDING OFFICER. The motion of the Senator from Utah [Mr. KING] to reconsider will be entered.

SAFE CARRIAGE BY WATER OF EXPLOSIVES, ETC.

The bill (H. R. 7357) to amend section 4472 of the Revised Statutes to provide for the safe carriage of explosives or other dangerous or semidangerous articles or substances on board vessels was considered, ordered to a third reading, read the third time, and passed.

DISCHARGE OF SEAMEN

The Senate proceeded to consider the bill (H. R. 9982) to amend sec. 4551 of the Revised Statutes, as amended, and for other purposes, which had been reported from the

Committee on Commerce with an amendment on page 3, line 2, after the word "them", to insert:

This subsection shall not apply to any ferry or any tug used in connection with a ferry operation, if such ferry or tug is employed exclusively in trade on the Great Lakes, lakes (other than the Great Lakes), bays, sounds, bayous, canals, and harbors, and is not engaged on an international voyage.

So as to make the bill read:

Be it enacted, etc., That section 4551 of the Revised Statutes, as amended (U. S. C., 1934 ed., Supp. V, title 46, sec. 643), is amended by the addition of a new subsection lettered (l), reading as follows:

"(l) The master of every vessel subject to the provisions of this section shall submit, over his signature, reports to the Bureau of Marine Inspection and Navigation of the employment, discharge, or termination of services of every seaman not shipped or discharged before a shipping commissioner, which reports shall contain such of the following information as may be required by regulation of the Secretary of Commerce: (1) name of vessel, official number, voyage number, port, date, description of voyage, name in full of each seaman, number of continuous discharge book or certificate of identification and of license, certificate of registry, or service, and efficiency for rating in which employed, age, citizenship, capacity in which engaged, date and place of engagement, date and place of discharge or separation from service of vessel, the percentage of citizens of the United States in the crew, and name in full of the master and the serial number of his license; (2) a statement showing (a) that the master has entered into an agreement with each seaman on board such vessel as required by law; (b) that at least 65 percent of the deck crew (exclusive of licensed officers) are of a rating not less than able seamen; (c) that at least 75 percent of the crew in each department are able to understand orders given by the officers; (d) that the vessel has in her service the number of lifeboatmen required by her certificate of inspection; (e) that each member of the cress possesses a license, certificate of registry, or certificate of service for the rating in which he is engaged; and (f) that each lifeboatman possesses a certificate of efficiency. The Secretary of Commerce shall by regulation prescribe the form and content of such reports and time of submitting them. This subsection shall not apply to any ferry or any tug used in connection with a ferry operation if such ferry or tug is employed exclusively in trade on the Great Lakes, lakes (other than the Great Lakes), bays, sounds, bayous, canals, and harbors, and is not engaged on an international voyage. Any master who shall violate any provision of this subsection or regulations established hereunder shall be subject to a penalty of $500."

SEC. 2. The President is hereby authorized whenever, in his judgment, the national interest requires to extend the provisions of subsection (l) of section 4551, Revised Statutes, as amended, to such additional class or classes of vessels and to such waters as he may designate.

The amendment was agreed to.

Mr. MINTON. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

In order to secure the maximum efficiency of transportation agencies, it is hereby provided that the exemptions contained in section 13 (b) (2) of the Fair Labor Standards Act of 1938 applicable to railroads, express companies, and pipe lines subject to part I of the Interstate Commerce Act shall likewise be applicable to common and contract carriers subject to parts II and III of the Interstate Commerce Act, irrespective of differences in the manner in which employees and exemptions have been defined in the Fair Labor Standards Act of 1938.

Mr. MINTON. Mr. President, since we passed the last transportation act, known as Senate bill 2009, the water carriers have come under the jurisdiction of the Interstate Commerce Commission. So now the railroads, the motor carriers, and the water carriers are under the jurisdiction of the Interstate Commerce Commission. All the employees of the railroads as to the regulation of their hours are under the Interstate Commerce Commission. Under the Motor Carrier Act we provided that the employees of the motor carriers should likewise be under the Interstate Commerce Commission. The Supreme Court by a 5-to-4 decision confined employees to those connected only with the safety operations of the motor carriers. The definition of seamen has been so confined as to restrict it only to a limited number of seamen. So the only purpose of this amendment is to bring the employees of the water carriers and employees of the motor carriers as to their hours under the jurisdiction of the Interstate Commerce Commission just as the employees of the railroads now are.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. WHEELER. I have been told that the amendment offered by the Senator from Indiana would take out certain classes of employees from the Fair Labor Standards Act. Some of the labor people are very much opposed to it, I am told. I wonder if the Senator would not let the bill go over until I have an opportunity to look into the matter, because word came to me that they are very much opposed to it, and I would have to ask that the bill go over?

Mr. MINTON. Very well.

The PRESIDING OFFICER. On objection, the bill will be passed over.

NAUTICAL SCHOOL VESSEL FOR STATE OF PENNSYLVANIA

The joint resolution (S. J. Res. 299) to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. The Chair lays before the Senate a joint resolution from the House of Representatives which is identical in title with Senate Joint Resolution 299. Without objection, the House joint resolution will be substituted for the Senate joint resolution.

Mr. WHITE. Mr. President, I desire to call attention to the fact that we have already passed legislation today—Senate bill 4299—making provision for a ship for the State of Pennsylvania. It seems to me this joint resolution ought to be indefinitely postponed.

Mr. OVERTON. Mr. President, I will state that I made the same suggestion to the author of the joint resolution, the Senator from Pennsylvania [Mr. GUFFEY]; but he stated that there was a very immediate necessity for the enactment of this joint resolution. It is possible that the other measure may not be approved by the House. This measure has already been approved by the House. The vessel which is now assigned for use by the nautical school in Pennsylvania is so old and unseaworthy that it cannot even be used on the Delaware River. It is laid up; and while, in a sense, this measure is a duplication of one feature of the bill which has just been passed by the Senate, that bill may not receive the approval of the House.

Mr. WHITE. Mr. President, a parliamentary inquiry. What would be the situation if Senate bill 4299, which we have also passed today, should be passed by the House? Would the State of Pennsylvania get two of these ships?

Mr. OVERTON. No; in no event would Pennsylvania get two ships. Only one vessel is provided to be furnished. Whether it will be furnished under this particular joint resolution or whether it will be furnished under the general bill, there will be only one; but I assume that if both measures are passed this joint resolution probably will be vetoed by the President, because it is already covered by the bill that he will approve if the legislation commends itself to his judgment.

The PRESIDING OFFICER. Without objection, House Joint Resolution 603 will be substituted for Senate Joint Resolution 299.

The Senate proceeded to consider the joint resolution (H. J. Res. 603) to authorize the United States Maritime Commission to furnish to the State of Pennsylvania a vessel suitable for the use of the Pennsylvania State Nautical School, and for other purposes, which was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate Joint Resolution 299 will be indefinitely postponed.

SUSPENSION OF 8-HOUR-DAY LIMITATION ON CONTRACTS OF MARITIME COMMISSION

The Senate proceeded to consider the bill (S. 4341) to expedite national defense by suspending during the national emergency provisions of law that prohibit more than 8 hours' labor in any 1 day of persons engaged upon work covered by contracts of the United States Maritime Commission, and for other purposes, which was read, as follows:

Be it enacted, etc., That during the national emergency, declared by the President on September 8, 1939, to exist, provisions of law

prohibiting more than 8 hours' labor in any one day of persons engaged upon work covered by United States Maritime Commission contracts for the construction, alteration, or repair of vessels shall be suspended: *Provided*, That the wages of every laborer and mechanic employed by any contractor or subcontractor engaged in the performance of any such contract shall be computed on a basic rate of 8 hours per day and 40 hours per week and work in excess of 8 hours per day or 40 hours per week shall be permitted upon compensation for all hours worked in excess of 8 hours per day or 40 hours per week at not less than one and one-half times the basic rate of pay.

SEC. 2. The United States Maritime Commission is hereby authorized to modify its existing contracts for the construction, alteration, or repair of vessels as it may deem necessary to expedite national defense, and to otherwise effectuate the purposes of this act.

SEC. 3. Nothing in this act shall be construed to modify any contracts between management and labor in shipyards which provide for conditions more favorable to labor than the minimum provisions as to hours per day and hours per week and for overtime provided in this act.

SEC. 4. The provisions of this act shall terminate June 30, 1942, unless the Congress shall otherwise provide.

Mr. WHEELER. Mr. President, may we have an explanation of this bill?

Mr. OVERTON. Mr. President, the bill meets with departmental approval, and it is the understanding of the Commerce Committee that it meets with the approval of organized labor. There is no objection to it. Labor may be worked more than the regular 8 hours a day upon condition that for overtime work it be paid one and a half times the usual rate. With that stipulation in the bill, I understand it is not objectionable to organized labor, and it meets with the approval of the Department.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 4364) to provide for necessary facilities for the District of Columbia National Guard Air Corps Squadron was announced as next in order.

Mr. KING. Mr. President, I should like an explanation of the bill. I am not sure whether provision is made as to who is to meet these expenditures, whether the District of Columbia or the Federal Government. My attention has just been called to the bill. I am not familiar with its terms, and have not ascertained its sponsorship—whether it is a bill which emanates from the War Department, the Navy Department, or the District of Columbia, and whether the purpose is to impose upon the District of Columbia an obligation which ought to rest upon the Federal Government, or vice versa.

Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over under objection.

PAN AMERICAN AVIATION DAY

The joint resolution (S. J. Res. 295) authorizing the participation of the United States in the celebration of a Pan American Aviation Day, to be observed on December 17 of each year, the anniversary of the first successful flight of a heavier-than-air machine, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the President of the United States is authorized to designate December 17 of each year as Pan American Aviation Day and to issue a proclamation calling upon all officials of the Government, Governors of the 48 States, our possessions, and all citizens to participate in the observance of this day to further and stimulate interest in aviation in the American countries as an important stimulus to the further development of more rapid communications and a cultural development between the nations of the Western Hemisphere.

The preamble was stricken out.

INVESTIGATION OF CONDITIONS IN COMMERCE AFFECTING NATIONAL DEFENSE

The resolution (S. Res. 309) to investigate conditions of interstate and foreign commerce which may or do delay, interfere with, or obstruct the national defense was announced as next in order.

Mr. AUSTIN. Mr. President, I am about to object to the consideration of the resolution, and I desire to make a brief statement of the reasons why I desire to have it go over. I have just barely had an opportunity to read the resolution. On its face, it appears to be favorable to national defense, but it seems to me it has internal evidence of being of directly the opposite effect. It is my impression that the mere adoption of the resolution would very much damage the unity of this country and the spirit of national defense.

The recitation, on the first page, of one paragraph of the preamble, as follows—

Whereas information has come to hand that some large concerns important to national defense have deferred national interests to monetary considerations by giving preference to foreign munitions orders—

Sounds to me like an argument I heard when we were discussing the Neutrality Act of 1939, and afterward, when we were taking every step which, as a Congress of the United States, we have taken toward national defense. That recitation has a familiar ring, and it does not seem consistent with other matters stated in the preamble.

Ostensibly, it would look as if this were a resolution aimed against German nationals, and a resolution to ascertain whether American nationals, perhaps of German stock, had conspired with German nationals against the interests of national defense. This is a matter of such grave import that I think it ought not to be considered on the calendar under an agreement to take up unobjected-to measures.

Mr. WHEELER. Mr. President, will the Senator from Vermont withhold his objection?

Mr. AUSTIN. Yes.

Mr. WHEELER. I was the author of the resolution. We held hearings on the subject before the Interstate Commerce Committee, of which the Senator from Vermont is a member. A representative of the Department of Justice appeared before the committee urging the adoption of the resolution. The resolution was submitted to the Attorney General of the United States, and he said that some of the matters which were stated had been called to his attention, and that he thought the adoption of the resolution would be very helpful. In addition to that, let me say to the Senator that Raymond Clapper and many of the leading newspaper editors of the country have written articles and editorials favorable to the resolution, because they felt that it was in the interest of national defense.

I do not care to take up the time of the Senate to go into some of the things which have been called to my attention with reference to contracts which have been made, and which are pending at the present time, with reference to German concerns and Japanese concerns, because I feel that a great deal of injury might result if that were done; but the fact has been called to my attention that certain legislation was needed. I desire to say to the Senator that unless the resolution is agreed to I shall take up on the floor of the Senate and refer to some of the things which have been called to my attention in the way of contracts and patent-pooling arrangements between American concerns and German concerns. I shall call attention to the methods by which, by subterfuge and in one way or another, they are evading or trying to evade the law, and it is being done by some American concerns. The information which comes to me from governmental sources is that the things which are being done are detrimental to the national defense because they tip off to German concerns and also to Japanese concerns everything that is being done in this country by some of the American concerns engaged in work on matters pertaining to the national defense.

The only reason why I submitted the resolution was because I felt that it would be a constructive thing to do in the interest of national defense. If I had not felt that way I would not have submitted the resolution.

Mr. BARKLEY. Mr. President, I desire to reiterate what the Senator from Montana has stated. I happen to be a member of the Committee on Interstate Commerce, which considered this resolution. I heard the testimony given before the committee which resulted in the unanimous report of the resolution.

I do not feel it appropriate to go into it here, but certainly information was revealed to the committee which indicates that there are certain contracts and connections between some concerns in this country with foreign interests which may very vitally affect our national defense. The resolution is limited in its authority to matters which affect the national defense. The committee amended it so as to limit it to that. I hope the Senator from Vermont will not object to the resolution, because I believe it to be of considerable importance.

Mr. AUSTIN. Mr. President, the resolution does appear to be of importance, of so great importance that I think it should not be agreed to on a call of the calendar. If these matters of international import are too delicate to be discussed on the floor of the Senate, then let us know about them secretly and privately.

Mr. BARKLEY. Mr. President, nothing that I said indicated that I thought they were too delicate. I think the American people should know about any of these connections. What I meant was that I did not want to go into the matter now.

Mr. AUSTIN. Mr. President, I have not indicated by the position I take that I am opposed to the investigation. I am for it as strongly as anyone. I have not met anyone yet who felt a sense of danger for our country more than I feel it. I have never seen anyone yet who was more ready to do everything within his power, suitable to our own safety, to aid Britain to defeat Hitler, than I. So there is no doubt about my earnestness to do all that is necessary for national defense. But I do not desire to agree to this investigation until I know some of the reasons for it. I know of events which have occurred in Congress as the result of what I personally regard to have been a very unfortunate investigation. So I object, until I know more about it.

Mr. WHEELER. Mr. President, I call the attention of the Senator to the fact that he says certain things should not be brought out, perhaps are too delicate to be brought out, on the floor of the Senate. I do not think they are too delicate to be brought out on the floor of the Senate if they are true. But let me say to the Senator that very responsible manufacturers of this country have come to me recently and given me some information; have said that this was so or that was so. Some of the newspapers have carried stories and articles, and so forth. I do not wish to act upon gossip, and I think some of the contracts which were entered into, about which complaints are made, were contracts entered into in peacetimes, and which were perfectly proper and probably all right. But by reason of the condition in which we happen to find ourselves at the present time, they do very materially affect some of the industries essential to our national defense.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. WHEELER. Yes.

Mr. AUSTIN. Was any record made of the representations about which the Senator now speaks?

Mr. WHEELER. No; because the testimony came before us in executive session. I may say to the Senator that my sole desire in this connection is to see to it that some statement which may not go out to the press about this concern or that concern or some other concern before a committee goes into the matter very carefully, and analyzes it, so that some great injustice may not be done to some manufacturing concern or some industry. Rumors are floating around. We cannot go anywhere without someone coming to us and telling us there is a rumor about this, that, or something else. It is much better, it seems to me, to have some responsible committee of the Senate look into the matter, and either say that the concerns are reprehensible or are not, and if legislation is needed to correct the situation, then such legislation should be presented.

I may say that Great Britain has passed some legislation to correct some of the very evils which are complained about at this time. The Senator is a member of the Committee on Interstate Commerce, and while we have not asked for any money because we expect to cooperate with the departments themselves with reference to this matter, if the resolution shall be adopted, I know of no one, so far as I am concerned, I would sooner have as a member of the committee to investigate than the Senator from Vermont.

Mr. AUSTIN. I thank the Senator for his kind thought, but let me tell him that the Senator from Vermont is not an investigator, and he is the last man in the world to be put on a committee of this character.

The PRESIDING OFFICER. The time of the Senator has expired under the rule. Objection is heard, and the resolution goes over.

JUDICIAL REVIEW IN CASES INVOLVING DISPOSITION OF PUBLIC LANDS

The Senate proceeded to consider the bill (S. 3943) providing for judicial review in certain cases involving the disposition of public lands, which had been reported from the Committee on Public Lands and Surveys with an amendment, to strike out all after the enacting clause and to insert the following:

Be it enacted, etc., That notwithstanding any other provision of law any party aggrieved by any final determination, decision, or order of the Secretary of the Interior relating to the validity or existence of any placer-mining claim for deposits of phosphate, sodium, potassium, oil, oil shale, or gas on the public domain initiated prior to the enactment of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), and involving the proprietary rights or other direct and actual interests of the United States adverse to those of the party aggrieved, may, within 30 days after receiving notice of such determination, decision, or order, institute proceedings for the review thereof by filing a written petition in the Court of Appeals for the District of Columbia. A copy of such petition shall forthwith be served upon the Secretary of the Interior by the petitioner, and thereupon the Secretary shall certify and file in the court a transcript of the record and evidence upon which the determination, decision, or order complained of was made. Upon such review the court shall have exclusive jurisdiction of the proceedings and of the questions of law and fact determined therein; shall have power to affirm, modify, or reverse, in whole or in part, the determination, decision, or order complained of, as justice may require; may remand the same for further proceedings below; and shall have power to issue such ancillary or executory process as may be just and proper in the circumstances. No objection not urged in the proceedings below shall be considered by the court unless the failure to urge such objection is excused by the court for good cause shown. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceedings below, the court may order the taking of such additional evidence before the Secretary of the Interior, or some person designated by him, upon such terms and conditions as the court may deem proper. The Secretary of the Interior may make new or modified findings as to the facts by reason of the additional evidence so taken, and shall certify and file in the court a transcript of such evidence and findings, together with his recommendations, if any, for the affirmance, modification, or reversal of the determination, decision, or order formerly made by him. Whenever it is made to appear to the satisfaction of the court in any proceeding under this act that the determination, decision, or order complained of is contrary to law, beyond the jurisdiction of the Secretary of the Interior, or against the preponderance of the evidence, the court shall set aside such determination, decision, or order. Subject to any recommendations made by the Secretary of the Interior, as hereinabove provided for, the determination, decision, or order made in the proceedings below shall be affirmed unless found by the court to be contrary to law, beyond the jurisdiction of the Secretary, or against the preponderance of the evidence. The judgment of the court shall be final, except that it shall be subject to review by the Supreme Court of the United States on certification or certiorari as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, secs. 346 and 347). If any provision of this act, or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. O'MAHONEY. I ask unanimous consent that the report of the Committee on Public Lands and Surveys be printed at length in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the report (No. 2171) was ordered to be printed in the RECORD, as follows:

The Committee on Public Lands, to whom was referred the bill (S. 3943) providing for judicial review in certain cases involving the

disposition of the public lands, having considered the same, recommend that the bill be amended as hereinafter indicated, and that as amended it be passed.

Strike out all after the enacting clause and insert the following amendment:

"That notwithstanding any other provision of law, any party aggrieved by any final determination, decision, or order of the Secretary of the Interior relating to the validity or existence of any placer-mining claim for deposits of phosphate, sodium, potassium, oil, oil shale, or gas on the public domain initiated prior to the enactment of the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), and involving the proprietary rights or other direct and actual interest of the United States adverse to those of the party aggrieved, may, within 30 days after receiving notice of such determination, decision, or order, institute proceedings for the review thereof by filing a written petition in the Court of Appeals for the District of Columbia. A copy of such petition shall forthwith be served upon the Secretary of the Interior by the petitioner, and thereupon the Secretary shall certify and file in the court a transcript of the record and evidence upon which the determination, decision, or order complained of was made. Upon such review, the court shall have exclusive jurisdiction of the proceedings and of the questions of law and fact determined therein; shall have power to affirm, modify, or reverse, in whole or in part, the determination, decision, or order complained of, as justice may require; may remand the same for further proceedings below; and shall have power to issue such ancillary or executory process as may be just and proper in the circumstances. No objection not urged in the proceedings below shall be considered by the court unless the failure to urge such objection is excused by the court for good cause shown. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceedings below, the court may order the taking of such additional evidence before the Secretary of the Interior, or some person designated by him, upon such terms and conditions as the court may deem proper. The Secretary of the Interior may make new or modified findings as to the facts by reason of the additional evidence so taken, and shall certify and file in the court a transcript of such evidence and findings, together with his recommendations, if any, for the affirmance, modification, or reversal of the determination, decision, or order formerly made by him. Whenever it is made to appear to the satisfaction of the court in any proceeding under this act that the determination, decision, or order complained of is contrary to law, beyond the jurisdiction of the Secretary of the Interior, or against the preponderance of the evidence, the court shall set aside such determination, decision, or order. Subject to any recommendations made by the Secretary of the Interior, as hereinabove provided for, the determination, decision, or order made in the proceedings below shall be affirmed unless found by the court to be contrary to law, beyond the jurisdiction of the Secretary, or against the preponderance of the evidence. The judgment of the court shall be final, except that it shall be subject to review by the Supreme Court of the United States on certification or certiorari as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, secs. 346 and 347). If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

The historic policy of the Government with respect to the disposition of the public domain was to distribute it among the people. Congress by special enactment provided methods by which title could be obtained. The various homestead laws and the laws governing the acquisition of mineral rights all were designed to facilitate the transfer of title from the Government to the citizen.

Early in the present century, however, with the withdrawal of large areas for the creation of the national forests a new policy came into existence, and instead of facilitating the transfer of title Congress began to authorize the retention of title by the Government. The movement in this direction became more positive when, during the administration of President Taft, Executive orders were issued withdrawing oil lands from entry under the placer-mining law. Many years passed before a new policy with respect to such lands was agreed upon, but finally in 1920 the General Leasing Act was enacted. Under this law oil lands upon the public domain may no longer be alienated. They are operated under lease and the Government retains a royalty, a small part of which goes to the Treasury of the United States, while the remainder is divided between the reclamation fund and the States within the boundaries of which the leased deposits lie.

Under the old policy the Land Department acted in a judicial capacity in determining the validity of claims to the public lands and in the event of controversy between two claimants it adjudicated the dispute. In these circumstances when any claimant was dissatisfied and resorted to the courts for review of the administrative procedure the courts confined themselves to questions of law. The long line of precedents which were established uniformly held that the courts would not review the facts, but would confine themselves to a determination as to whether or not the administrative decision was contrary to law, beyond the jurisdiction of the Secretary, or without the support of substantial evidence.

These precedents still control although under the new procedure the Government is not now always in the position of the impartial arbitrator. Where, for example, a conflict arises as to whether a particular tract of public domain should be alienated under the placer-mining law or retained by the Government for disposition under the General Leasing Act, the citizen and the Government are in fact conflicting claimants and the land department in such a case occupies the dual capacity of advocate for one of the claimants and judge of the controversy.

The bill under consideration was introduced for the purpose of providing judicial review as to facts as well as to law in cases of this character. The Department of the Interior, to which it was referred for consideration, has submitted a report hereinafter set forth. This report recommends the adoption of the amendment which has been approved by the committee.

Although the Secretary of the Interior in his report has approved the principle of the bill, as will be later pointed out, he recommended a revision for the principal purpose of confining the right of review as to facts to controversies involving the operation of the placer-mining laws and the leasing act. In addition to the foregoing, he recommended a limitation of the review jurisdiction to the Court of Appeals for the District of Columbia, as well as clarification of the provisions dealing with procedure and the power of the court.

The Secretary's report clearly recognizes the desirability of a guaranty that in a controversy between the citizen and his government the right of the citizen to an impartial hearing should be preserved. In his report to the committee the Secretary of the Interior says:

"The peculiar dual capacity in which the Department is required to act when adjudicating placer-mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, and gas initiated prior to the Mineral Leasing Act may, with reason, be deemed to warrant the establishment of a special statutory procedure for the judicial review of these adjudications in a more direct and ample manner than is possible within the framework of the existing system."

Again the Secretary says:

"The fact that the United States has a substantial pecuniary interest in the outcome of the controversy adverse to the alleged rights of the claimant makes it desirable that the fullest possible opportunity be accorded the claimant to maintain the validity of his claim and to contest the correctness of the findings of the Department, in order that no ground may be left for the assertion of a charge of prejudice or bias in connection with the adjudication."

The full report of the Secretary is hereto attached.

DEPARTMENT OF THE INTERIOR,
Washington.

Hon. ALVA B. ADAMS,
Chairman, Committee on Public Lands and Surveys,
United States Senate.

MY DEAR SENATOR ADAMS: Your letter of May 14 requests a report on the bill, S. 3943, "providing for judicial review in certain cases involving the disposition of the public lands."

This proposed legislation authorizes direct appellate court review of decisions of the Secretary of the Interior relating to the disposition of the public domain in situations where the United States has an actual interest in the outcome of the controversy adverse to the alleged rights of the claimant. Under its terms review would be in the circuit court of appeals for the circuit in which the claimant resides, the testimony taken and record made in the administrative proceedings would be certified to the court by the Secretary, and the court would be empowered to redecide all issues of law and fact pertinent to the controversy and to render judgment accordingly.

At the present time no express statutory authority exists for judicial review of adjudications of the Secretary of the Interior relating to the disposition of the public domain. For many years, however, the courts have, in fact, exercised jurisdiction to review these determinations in instances where legally recognized property rights are alleged to have been invaded thereby. This jurisdiction has been exercised through the medium of, and subject to the limitations inherent in, the several common-law and equitable procedures available for the protection of property rights against illegal action by Government officials, and, in the absence of statutory authority for the initiation of review proceedings in the appellate courts, has necessarily involved the bringing of suit in a court of first instance. In the course of deciding the many and varied actions which have been instituted, the courts have developed a large body of precedent concerning the extent to which administrative determinations upon public-land matters may properly be revised by them. Subject to the requirements that a justiciable controversy based upon an alleged violation of a legally protected interest of the claimant must be presented, that the relief sought must conform to the limitations inherent in the form of action through which review is prosecuted, and that jurisdiction will not be entertained while the subject matter of the controversy remains within the legal control of the Department of the Interior as the agency established by law to administer the disposition of the public demain, the courts have consistently held that the administrative decisions should and would be set aside if found to be contrary to law, beyond the jurisdiction of the Secretary, or unsupported by substantial evidence, but not otherwise. The principles so established do not differ widely from those applied by the courts to others fields of administrative action.

The existing system of judicial review in public-land matters affords, on the whole, a high degree of protection to private rights,

which is testified to by the relatively small degree of criticism to which it has been subjected. The basic principles employed in determining the finality or nonfinality of particular adjudications have been formulated by the courts in the light of long years of practical experience, during which the disposition of the public domain has bulked far larger in the national life than at present, and have been the subject of more extended judicial consideration than perhaps any other aspect of Federal administrative law. These considerations strongly suggest that modifications of the present system of judicial review in public-land matters should be predicated upon a critical comparative study of their operation and effect, and should be restricted to those changes the merits of which have been clearly demonstrated.

So far as possible within the limits of the time available a careful study has been made of the provisions of S. 3943, with a view to determining the extent to which they embody desirable improvements in the law. This study indicates that the bill contains certain distinctly meritorious features. By authorizing the commencement of review proceedings in the appellate courts instead of in the courts of first instance, it would tend to shorten the reviewing process. By creating a statutory procedure for effecting review, it would make possible the elimination of purely technical qualifications derived from the procedural exigencies of common law and equitable forms of action. On the other hand, the study made has revealed that serious objections exist to the enactment of the bill in its present form. For the purpose of removing the latter, a suggested redraft of the entire measure has been prepared and is attached. This redraft contains the revisions which, in my opinion, should be made if S. 3943 is to receive favorable consideration.

The first major revision recommended is the limitation of the applicability of the bill so as to bring within its purview only those adjudications which relate to the validity or existence of placer-mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, and gas initiated prior to the enactment of the Mineral Leasing Act of February 25, 1920. That act represented a radical change in the policy of the United States with respect to the disposition of public lands containing deposits of the foregoing minerals. Prior to its enactment any citizen who complied with the placer-mining laws, the chief requirements of which were that a claim be physically located on the land, that its boundaries be distinctly marked, that a valuable deposit of minerals be discovered on the claim, that the location be recorded in the appropriate local recording office if required by State law or mining regulations, and that the sum of $100 be expended annually on the development or improvement of the claim, was granted by law the exclusive right to exploit the unreserved and unappropriated mineral deposits within all claims initiated and maintained by him in accordance with the requirements of these laws, free of any rental, royalty, or other payment to the United States. Upon the enactment of the Mineral Leasing Act the right to exploit deposits of the minerals in question was restricted to those persons who were granted permits or leases for this purpose by the Secretary of the Interior upon the basis of competitive bidding or other appropriate selective procedures, and was made subject to the payment of substantial rentals, royalties, and bonuses to the United States. In the case of oil and gas leases, for example, a minimum royalty of 12½ percent of the production, and a minimum annual rental of 25 cents per acre for lands not in production, is required by the law, plus such additional royalties, bonuses, or other charges as may be prescribed by the Secretary when opening the land to lease, or as may be offered and accepted in the course of the competitive bidding which is made a statutory prerequisite to the granting of all oil and gas leases, except those founded on preference applications for lands not within the known geologic structure of a producing field.

Under section 37 of the Mineral Leasing Act placer-mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, and gas are valid only if initiated prior to the enactment of that act and thereafter maintained in strict conformity with the placer-mining laws. Furthermore, if a placer-mining claim for such deposits is found to be invalid because of a failure to comply with these laws in the initiation or maintenance of the claim, the land will become subject to disposition only through the permit and leasing system provided for in the Mineral Leasing Act.

Because of the substantial revenues which may accrue to the United States if an outstanding placer-mining claim is determined to be invalid and the land within its boundaries thereby made subject to leasing on a royalty basis, the United States necessarily has a direct pecuniary interest in the outcome of every adjudication upon the validity of a placer-mining claim for deposits of the minerals covered by the Mineral Leasing Act adverse to the interest of the claimant. The Department of the Interior is charged by law with the duty of protecting this pecuniary interest of the United States at the same time that it also is charged with the duty of adjudicating the rights of the claimant under the placer-mining laws. The position which the Department occupies with respect to these claims is quite different from that which it occupies with respect to claims involving unreserved and unappropriated public lands open to free disposition for mining, homesteading, or other purposes, such as is the case, for example, with respect to placer-mining claims for deposits of the minerals not covered by the Mineral Leasing Act on lands subject to appropriation for mining purposes. In situations of this latter type the effect of a decision against the validity of the claim will merely be to open the land to location or entry by another claimant. The peculiar dual capacity in which the Department is required to act when adjudicating placer-mining claims for deposits of phosphate, sodium, potassium, oil, oil shale, and gas initiated prior to the Mineral Leasing Act may, with reason, be deemed to warrant the establishment of a special statutory procedure for the judicial review of these adjudications in a more direct and ample manner than is possible within the framework of the existing system. Application of the proposed statutory review procedure to other types of public-land adjudications, where the peculiar conditions resulting from the change in public policy effected by the Mineral Leasing Act do not exist, would, on the other hand, appear to be entirely unjustified, in view of the marked dissimilarity of circumstances and the general appropriateness of the present system of review.

The second major revision recommended is the substitution of the Court of Appeals for the District of Columbia as the reviewing tribunal, in lieu of the 10 circuit courts of appeals. By concentrating public-land litigation in one court, already expert in the minutiae of the public-land laws and Federal administrative procedures, the prompt and correct disposition of contested matters would be facilitated and the building up of uniform and well-considered rules of decision promoted. Substantial savings in legal expense to the Government would also accrue, since public-land suits can be more effectively and cheaply handled in Washington, where the presentation of the case may be made by the attorneys attached to the Department, than in the field, where the presentation must be by the United States attorney or by counsel specially retained or detailed for the purpose. It does not appear that claimants would be put to any material disadvantage by a requirement that the proposed review proceedings be brought in the District of Columbia. The facts of the matter are that the legal services which claimants might be obliged to procure would in any event be limited, for the most part, to the preparation and filing of briefs, together with oral argument in some instances, and that the present organization of the Federal judicial circuits makes it necessary for most litigants in the circuit courts of appeals to arrange for legal representation of this character at points remote from their places of residence. In addition, it may not be amiss to point out that the long-established administrative procedure employed in handling public-land cases within the Department, under which the major portion of the proceedings are had in Washington before the Commissioner of the General Land Office and the Secretary, has evoked no significant criticism.

The third major revision recommended is the clarification and amplification of certain features of the proposed review proceedings which have to do with purely procedural matters. In its present form the bill does not definitely exclude mere interlocutory or preliminary orders from being made the subject of petitions for review. To prevent the taking of appeals from rulings of this character prior to final administrative action on the merits of the case, the first sentence of the suggested redraft restricts the applicability of the bill to "final" decisions, determinations, or orders.

The present terms of the bill also fail to provide that objections not urged in the proceedings below shall not be considered by the reviewing court except for good cause shown; or that new evidence shall not be adduced in connection with the review proceedings unless the failure to introduce such evidence in the proceedings below is excused by the court for good cause shown; or that when new evidence is permitted to be adduced the case shall be remanded to the Department in order to allow it an opportunity to revise its former findings in the light of the additional testimony. All of these matters have been repeatedly recognized by the Congress and the courts as among the essentials of good procedure when judicial review of administrative proceedings is authorized. Unless claimants are required to present their entire case to the Department as a prerequisite to obtaining court review, the Department will not be in a position to render a decision based upon a complete knowledge of all the pertinent facts, the reviewing court will be obliged to pass upon evidence and arguments without the assistance of an initial sifting and determination by the Department, and the integrity of the administrative process will be threatened by the reversal of decisions that would not have been rendered in the first instance had all the facts been made known to the Department. The early history of the Interstate Commerce Commission prior to the time when requirements of the character of those just referred to were imposed upon litigants, as related in Sharfman, The Interstate Commerce Commission, volume I, pages 22–25, volume II, pages 385–387, amply illustrates the truth of these statements. The corollary requirement that new testimony, when determined to be admissible by the court, is to be taken before the administrative agency, in order that the latter may have an opportunity to pass upon the supplemental evidence and, if warranted thereby, to revise its original findings, is explicitly provided for in the Federal Trade Commission Act, the Bituminous Coal Act of 1937, and other statutes authorizing court review of administrative determinations. The provisions which have been inserted in the latter part of the suggested redraft in order to cover the foregoing matters are copied in large measure from existing legislation.

The fourth major revision recommended is the sharper definition of the scope of the functions of the reviewing court through the inclusion of provisions making it mandatory that the decision rendered in the course of the proceedings before the Department be set aside if found by the court to be contrary to law, beyond the jurisdiction of the Secretary, or against the preponderance of

the evidence, and, conversely, making it mandatory that the decision be affirmed by the court unless found to be contrary to law, beyond the jurisdiction of the Secretary, or against the preponderance of the evidence. While the basic principles of these rules are already implicit in the context of the bill, they are not now expressed in a way which eliminates all possibility of conflicting interpretations.

Both the affirmative and the negative aspects of the provisions suggested in the preceding paragraph are in accord with the great weight of legislative and judicial precedent upon the proper scope of court review over public land and other administrative adjudications except in one important particular, namely, that under these provisions the court is granted a wider range of authority to review decisions on matters of fact than is normally the case. Apart from certain situations involving jurisdictional limitations, judicial review of fact determinations made by administrative agencies is almost universally limited to the question whether the conclusions of the agency are supported by substantial evidence. The rule that administrative findings on issues of fact are not to be set aside when brought before a court for review unless found to have no substantial basis in the testimony adduced has been repeatedly held to be applicable to decisions of the Secretary of the Interior relating to the disposition of the public domain. Thus, the Supreme Court has stated that "the determination of the Land Department in a case within its jurisdiction of questions of fact depending upon conflicting testimony is conclusive," *Gardner* v. *Bonestell* (180 U. S. 362, 369), and that the determination of the Department upon a contested issue of fact "would, ordinarily, be conclusive on the courts, even if there were demonstrable error in the admission, or appreciation of evidence," *West* v. *Standard Oil* Co. (278 U. S. 200, 213). The substantial evidence rule has also been recognized and applied in numerous decisions of the Supreme Court dealing with the effect of administrative adjudications in other fields, e. g., *Interstate Commerce Commission* v. *Union Pacific Railroad Co.* (222 U. S. 541), *Tagg Bros. & Moorhead* v. *United States* (280 U. S. 420), and has been incorporated in most of the Federal statutes which provide specifically for judicial review of administrative determinations, e. g. the Federal Trade Commission Act, section 5 (38 Stat. 719, 15 U. S. C. 45), the Bituminous Coal Act of 1937, section 6 (50 Stat. 85, 15 U. S. C. 836).

On the other hand, certain of the circumstances which surround the adjudication of placer-mining claims for mineral deposits subject to the Mineral Leasing Act lend considerable support to the view that the making of an exception from the general rule, under which the reviewing court would be empowered to ascertain whether the administrative decision is or is not supported by the preponderance of the evidence and to render judgment accordingly, might be appropriate with respect to this particular class of claims. In the first place, many of the factual issues presented in the adjudication of placer-mining claims, such as, for example, the question of whether a claim has been abandoned through failure to prosecute mining operations or exploratory work thereon, do not turn upon matters which can be verified from the records of the Department, or which require the making of technical or scientific investigations for their correct solution, or which for some other reason are susceptible of more accurate determination by a specialized administrative agency than by a court of general jurisdiction. In the second place, the fact that the United States has a substantial pecuniary interest in the outcome of the controversy adverse to the alleged rights of the claimant makes it desirable that the fullest possible opportunity be accorded the claimant to maintain the validity of his claim and to contest the correctness of the findings of the Department, in order that no ground may be left for the assertion of a charge of prejudice or bias in connection with the adjudication. Taken as a whole the circumstances appear to afford a substantial basis for considering that, insofar as placer-mining claims for deposits of phosphate, sodium, potassium, oil, oil shale and gas initiated prior to the enactment of the Mineral Leasing Act are concerned, the scope of judicial review might, with propriety, be extended to the question of whether the administrative decision is supported by the preponderance of the evidence. The alteration in public policy brought about under the Mineral Leasing Act puts these claims in a class by themselves.

Upon the basis of the somewhat curtailed study which time has permitted, I see no objection to the enactment of S. 3943, provided the revisions covered by this letter and the accompanying redraft are incorporated therein.

I have been advised by the Director of the Bureau of the Budget that no objection exists to the submission of this report.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

REGISTRATION OF ORGANIZATIONS IN THE UNITED STATES

The Senate proceeded to consider the bill (H. R. 10094) to require the registration of certain organizations carrying on activities within the United States, and for other purposes, which had been reported from the Committee on the Judiciary, with amendments.

The first amendment of the Committee on the Judiciary was, on page 2, line 6, after the word "control", to insert "by force", so as to make the section read:

That for the purposes of this act—

(a) The term "Attorney General" means the Attorney General of the United States;

(b) The term "organization" means any group, club, league, society, committee, association, political party, or combination of individuals, whether incorporated or otherwise, but such term shall not include any church, corporation, community chest, fund, or foundation which the Attorney General determines is organized for, and engaged in good faith exclusively in, activities in furtherance of religious, charitable, scientific, scholastic, or academic pursuits, or in furtherance of the fine arts;

(c) The term "political activity" means any activity the purpose or aim of which, or one of the purposes or aims of which, is the establishment, control by force, conduct, seizure, or overthrow of a government or political subdivision thereof;

(d) An organization shall be deemed to be engaged in "civilian military activity" if (1) it gives instruction to, or prescribes instruction for, its members in the use of firearms or other weapons or any substitute therefor, or military or naval science, or (2) it receives from any other organization or from any individual instruction in military or naval science, or (3) it engages in any military or naval maneuvers or activities, or (4) it engages, either with or without arms, in drills or parades of a military or naval character, or (5) it engages in any other form of organized activity which in the opinion of the Attorney General constitutes preparation for military action; and

(e) An organization shall be deemed "subject to foreign control" if (1) it solicits or accepts financial contributions, loans, or support of any kind, directly or indirectly from, or is affiliated directly or indirectly with, a foreign government or a political subdivision thereof, or an agent, agency, or instrumentality of a foreign government or political subdivision thereof, or a political party in a foreign country, or an international political organization, or (2) its policies, or any of them, are determined by or at the suggestion of, or in collaboration with, a foreign government or political subdivision thereof, or an agent, agency, or instrumentality of a foreign government or a political subdivision thereof, or a political party in a foreign country, or an international political organization.

The amendment was agreed to.

The next amendment was, on page 5, line 2, after the word "State", to insert a comma and "or (5) any nationally recognized organization of persons who are veterans of the armed forces of the United States, or affiliates of such organizations"; in line 10, after the words "of all", to insert "known"; in line 14, after the word "each", to insert "known"; in line 22, after the word "each", to insert "known"; in line 23, after the word "organization" and the comma, to insert "and"; in line 24, after the word "meetings", to strike out the comma and insert "and a copy of the minutes or journal of every such meeting"; on page 6, line 3, after the word "any", to insert "known"; in line 6, after the word "each", to insert "known"; in line 9, after the word "each", to insert "known"; in line 12, after the word "each", to insert "known'; in line 21, after the word "any", to insert "known"; in line 24, after the word "knowledge", to insert a comma and "together with the name of its author or authors and the name and address of the publisher"; on page 7, line 2, after the word "any", to insert "known"; in line 11, after the word "organization", to strike out "and of each branch, chapter, and affiliate of the organization"; and in line 13, after the word "each", to insert "known", so as to make the section read:

SEC. 2. (a) The following organizations shall be required to register with the Attorney General as hereinafter provided:

(1) Every organization subject to foreign control which engages in political activity;

(2) Every organization which engages both in civilian military activity and in political activity;

(3) Every organization subject to foreign control which engages in civilian miltary activity; and

(4) Every organization the purpose or aim of which, or one of the purposes or aims of which, is the establishment, control, conduct, seizure, or overthrow of a government or subdivision thereof by the use of force, violence, military measures, or threats of any one or more of the foregoing.

Every such organization shall register by filing with the Attorney General, on such forms and in such detail as the Attorney General may by rules and regulations prescribe, a registration statement ccntaining the information and documents prescribed in subsection (c) and shall within 30 days after the expiration of each period of 6 months succeeding the filing of such registration statement, file with the Attorney General, on such forms and in such detail as the Attorney General may by rules and regulations prescribe, a supplemental statement containing such information and documents as may be necessary to make the information and documents previously filed under this section accurate and current with respect to such preceding 6 months' period. Every statement required to be

filed by this section shall be subscribed, under oath, by all of the officers of the organization.

(b) Nothing in subsection (a) shall be deemed to require registration or the filing of any statement with the Attorney General by (1) the armed forces of the United States, or (2) the organized militia or National Guard of any States, Territory, District, or possession of the United States, or (3) any law-enforcement agency of the United States or of any Territory, District, or possession thereof, or of any State or political subdivision of a State, or of any agency or instrumentality of one or more States, or (4) any duly established diplomatic mission or consular office of a foreign government which is so recognized by the Department of State, or (5) any nationally recognized organization of persons who are veterans of the armed forces of the United States, or affiliates of such organizations.

(c) Every registration statement required by subsection (a) to be filed by any organization shall contain the following information and documents:

(1) The name and post-office address of the organization in the United States, and the names and addresses of all known branches, chapters, and affiliates of such organization;

(2) The name, address, and nationality of each officer, and of each person who performs the functions of an officer, of the organization, and of each known branch, chapter, and affiliate of the organization;

(3) The qualifications for membership in the organization;

(4) The existing and proposed aims and purposes of the organization, and all the means by which these aims or purposes are being attained or are to be attained;

(5) The address or addresses of meeting places of the organization, and of each known branch, chapter, or affiliate of the organization, and the times of such meetings;

(6) The name and address of each person who has contributed any money, dues, property, or other thing of value to the organization or to any known branch, chapter, or affiliate of the organization;

(7) A detailed statement of the assets of the organization, and of each known branch, chapter, and affiliate of the organization, the manner in which such assets were acquired, and a detailed statement of the liabilities and income of the organization and of each known branch, chapter, and affiliate of the organization;

(8) A detailed description of the activities of the organization, and of each known chapter, branch, and affiliate of the organization;

(9) A description of the uniforms, badges, insignia, or other means of identification prescribed by the organization, and worn or carried by its officers or members, or any of such officers or members;

(10) A copy of each book, pamphlet, leaflet, or other publication or item of written, printed, or graphic matter issued or distributed directly or indirectly by the organization, or by any known chapter, branch, or affiliate of the organization, or by any of the members of the organization under its authority or within its knowledge, together with the name of its author or authors and the name and address of the publisher;

(11) A description of all firearms or other weapons owned by the organization, or by any known chapter, branch, or affiliate of the organization, identified by the manufacturer's number thereon;

(12) In case the organization is subject to foreign control, the manner in which it is so subject;

(13) A copy of the charter, articles of association, constitution, bylaws, rules, regulations, agreements, resolutions, and all other instruments relating to the organization, powers, and purposes of the organization and to the powers of the officers of the organization and of each known chapter, branch, and affiliate of the organization; and

(14) Such other information and documents pertinent to the purposes of this Act as the Attorney General may from time to time require.

All statements filed under this section shall be public records and open to public examination and inspection at all reasonable hours under such rules and regulations as the Attorney General may prescribe.

The amendment was agreed to.

Mr. DANAHER. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, line 6, it is proposed to strike out the words "establishment", "conduct", and "seizure"; and in line 7 to strike out before the word "Government" the article "a" and to insert the article "the", and after the word "Government", to insert the words "of the United States"; and after the word "or", to insert the article "a", and at the end of line 8 strike out the semicolon and to insert in lieu thereof a comma and the words, "or any State or political subdivision thereof", so that the paragraph will read:

The term "political activity" means any activity the purpose or aim of which, or one of the purposes or aims of which, is the control by force or overthrow of the Government of the United States or a political subdivision thereof, or any State or political subdivision thereof.

Mr. DANAHER. Mr. President, I was one of the subcommittee which gave active consideration to the bill, and when we as members of the subcommittee framed the bill in its final form, through a clerical inadvertence the particular amendment which has now been submitted was not included in the proposed legislation. I am certain there is no objection to the amendment, and the chairman of the subcommittee, the junior Senator from Texas [Mr. CONNALLY], I am certain can verify that.

After all, the point was that we were defining political activity, and since that is one of the keystones of the bill, it is necessary that it be particularized. That, in brief, is the purpose of the amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut [Mr. DANAHER].

The amendment was agreed to.

Mr. DANAHER. Mr. President, I suggest a further amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment proposed by the Senator from Connecticut.

The LEGISLATIVE CLERK. On page 1, line 9, it is proposed to strike out "any church, corporation, community chest, fund, or foundation which the Attorney General determines is organized for, and engaged in good faith exclusively in, activities in furtherance of religious, charitable, scientific, scholastic, or academic pursuits or in furtherance of the fine arts" and to insert "any corporation, association, community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes;".

Mr. DANAHER. Mr. President the language which has been substituted for the language of the draft is language which already has been enacted in our Federal legislation several times. For instance it appears in the social security legislation, and in the internal revenue law wherein the type of organization herein treated is expressly defined.

If we were to continue the language which appears on page 1, lines 9 and 10, as the bill now stands, it would leave the Attorney General determining whether any Government organization is or is not within the purview of the act, and obvicusly even without appeal, and consequently, in order that all organizations may be defined by law, I have submitted the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. DANAHER].

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. KING. Mr. President, in connection with this measure I ask unanimous consent to have inserted in the RECORD, following the brief remarks I am now making, a number of clippings from newspapers showing the activities of the Nazi organization in a number of South American republics and particularly in Uruguay.

Quite recently organizations were effected by the Nazis, through German agents who are living in Uruguay, calculated to bring about a revolution to overthrow the Government of Uruguay and to establish a Nazi organization. There are many authentic evidences, which have come to us from various sources, of activities, persistent, oftentimes open, more frequently secret, by Nazi agents in Latin American states for the purpose of destroying the governments there existing and paving the way for the establishment of Nazi regimes.

The PRESIDING OFFICER. Without objection, the clippings presented by the Senator from Utah will be printed in the RECORD.

Mr. MCKELLAR. Mr. President, I should like the RECORD to show that I am very heartily in favor of the bill which was just now passed. I think it is one of the best bills Congress has acted upon recently.

RELIEF OF CERTAIN NAVAJO INDIANS

The bill (S. 4212) for the relief of certain Navajo Indians, and for other purposes, was considered, ordered to be en-

grossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to the Secretary of the Interior the sum of $15,000, which amount shall be deposited as individual Indian money to the credit of the estates of the following-named deceased Navajo Indians, and in the respective amounts stated for distribution to the heirs of such deceased Indians as determined by the Secretary of the Interior in accordance with existing law: Wilson Platero, $2,500; Meguelius Sacatero, $2,500; Tom Wood, $2,500; John Apachite, $2,500; Roy Chavez, $2,500; and John Chavez, $2,500.

SEC. 2. The Secretary of the Treasury is also authorized and directed to pay to the Secretary of the Interior the sum of $2,000, which amount shall be deposited as individual Indian money to the credit of Dempsey Sacatero and Jose Mexicano, or their heirs, in the sum of $1,000 each.

SEC. 3. The amounts herein appropriated shall be in full compensation for claims for deaths or injuries sustained in an accident occurring near Gallup, N. Mex., on December 6, 1936: *Provided*, That the amounts herein appropriated shall be expended in accordance with the regulations governing the handling of individual Indian money: *Provided further*, That no part of the amount herein appropriated shall be paid to or received by any agent or attorney on account of services rendered in connection with these claims, and any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

AMENDMENT OF ACT INCLUDING POSTMASTERS IN CLASSIFIED CIVIL SERVICE

The bill (S. 4373) to amend the act of June 25, 1938, entitled "An act extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes" was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. McKELLAR. The bill, which was sent here by the Post Office Department, was introduced by me. The purpose of it is simply this: In the case of postmasters who are eligible for service in the Army, or in the draft, it will be necessary for the Department to appoint others in their places, and the bill merely provides for that and that the postmasters, upon their return from whatever military service may be imposed upon them, shall be restored to their old places. I think it is a bill which should immediately appeal to everyone.

Mr. KING. Mr. President, does that mean that the persons who have been appointed to fill the vacancies occasioned by the draftees or volunteers going into the military service, shall, when the draftees or volunteers return, be ousted from the positions which they occupy, or are they to be continued in those positions?

Mr. McKELLAR. They will be under civil service, but they will not be continued in the office of postmastership to which they are appointed. The man who is taken from the post-office service and put into the armed forces of the country is restored to his place upon the ending of the military situation.

Mr. KING. Suppose there is no place for the person appointed in his stead?

Mr. McKELLAR. The one who takes the place of the postmaster, and succeeds him by temporary appointment, must give up the place, of course, on the return of the postmaster from his service in the Army.

Mr. KING. Does this mean that the Government is bound to find a place for the temporary appointee?

Mr. McKELLAR. It does not provide for that at all. It provides that if a postmaster is of military age and goes into the Army and serves his country, when he returns he shall be restored to his position, and it provides that the Postmaster General may make an appointment to the position during the time the regular postmaster is in the service.

Mr. KING. I may say that I am entirely in accord with that view, but the point I am inquiring about is if the Federal Government is in duty bound, after the postmaster has performed his military service and returns from it, to find a position for the person who temporarily filled the postmaster's position.

Mr. McKELLAR. The bill does not so provide.

Mr. KING. I think there ought to be a provision in the bill to the effect that there is no obligation on the part of the Government to find a position for the temporary appointee.

Mr. McKELLAR. It is not necessary to have such a provision in the bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CONNALLY. As I understand, the temporary employee is selected from civil-service employees already in the service. Is that correct? Is the Department restricted to appointing those already in the civil service in the Post Office Department, or may the Department go outside and appoint temporarily, say, the wife of the postmaster, or his son, or daughter, or brother-in-law?

Mr. McKELLAR. The provision of the bill is:

Provided further, That at any post office the postmaster of which has been called for duty as a member of the National Guard or of the Reserve of the Army, Navy, or Marine Corps or pursuant to draft or voluntary enlistment, the Postmaster General is authorized to grant leave of absence without pay to such postmaster and to appoint an acting postmaster at such post office to serve for the period only of the absence of the regular postmaster on military service, requiring such acting postmaster to furnish suitable bond with surety for the faithful performance of the duties as acting postmaster and releasing the regular postmaster and his sureties of responsibility for the conduct of the office during such period: *Provided further*, That where a postmaster resigns for the purpose of military service as herein described and subsequently wishes to resume his previous position as postmaster he may be permitted, upon being released from military service, to withdraw his resignation and resume the office of postmaster, or be reappointed thereto, in the event the office is being conducted at the time by an acting postmaster: *Provided further*, That appointments of acting postmasters to serve during absences of regular postmasters on leave granted pursuant to the terms of this act shall be made in accordance with the civil-service laws, rules, and regulations, and such appointments may continue until the return to duty of the regular postmaster or until it has been determined that the regular postmaster will not return to duty.

Mr. CONNALLY. I may say to the Senator that I regret it is restricted to the civil service, because if a person in the civil service takes the place of a postmaster, and then the postmaster returns from military service, the one who substituted for the postmaster must be put back in service, and down the line somewhere someone is going to lose his job.

Mr. McKELLAR. That, of course, would happen, but the Senator knows that we have assistant postmasters at nearly all the first- and second-class post offices, and the assistant would simply be appointed in the place of the postmaster. The bill simply authorizes the Postmaster General to make such appointments.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 4373) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the act approved June 25, 1938 (ch. 678, 52 Stat. 1077; U. S. C., 1934 ed., Supp. V, title 39, sec. 39a) is amended by the addition of the following: "*Provided further*, That at any post office the postmaster of which has been called for duty as a member of the National Guard or of the Reserve of the Army, Navy, or Marine Corps, or pursuant to draft or voluntary enlistment, the Postmaster General is authorized to grant leave of absence without pay to such postmaster and to appoint an acting postmaster at such post office to serve for the period only of the absence of the regular postmaster on military service, requiring such acting postmaster to furnish suitable bond with surety for the faithful performance of the duties as acting postmaster, and releasing the regular postmaster and his sureties of responsibility for the conduct of the office during such period: *Provided further*, That where a postmaster resigns for the purpose of military service as herein described and subsequently wishes to resume his previous position as postmaster he may be permitted, upon being released from military service, to withdraw his resignation and resume the office of postmaster, or be reappointed thereto, in the event the office is being conducted at the time by an acting postmaster: *Provided further*, That appointments of acting postmasters to serve during absences of regular postmasters on leave granted pursuant to the terms of this act shall be made in accordance with the civil-service laws, rules, and regulations, and such appointments may continue until the return to duty of the regular postmaster or until it has been determined that the regular postmaster will not return to duty."

ESTHER JACOBS

The bill (H. R. 6888) for the relief of Esther Jacobs, was considered, ordered to a third reading, read the third time, and passed.

FRAME FOR PAINTING OF THE SIGNING OF THE CONSTITUTION

The joint resolution (S. J. Res. 301) to authorize the acquisition of a suitable frame for the painting of the signing of the Constitution to be used in mounting said painting in the Capitol Building, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Architect of the Capitol be, and he is hereby, authorized and directed to cause to be constructed or to purchase, at a price not exceeding $1,500, a suitable frame for the painting of the scene at the signing of the Constitution by Howard Chandler Christy now on view in the Capitol Building. Such frame shall be subject to the approval of the Joint Committee on the Library, and, when so approved, shall be used for mounting the said painting in the Capitol Building as required by Public Resolution No. 11, Seventy-sixth Congress, approved April 20, 1939.

Mr. DANAHER. Mr. President, will the Senator from Kentucky, as a matter of interest, tell us where it is intended to place that picture?

Mr. BARKLEY. The joint committee has not yet decided. There are only two places in the Capitol large enough for it, and it involves the relocation of one of them, so the committee has not yet decided where it will place the picture.

EASEMENT IN CERTAIN LANDS IN MEMPHIS, TENN.

The bill (H. R. 9989) authorizing the Administrator of Veterans' Affairs to grant an easement in certain land to the city of Memphis, Tenn., for street-widening purposes was considered, ordered to a third reading, read the third time, and passed.

LAMBORN & CO.

The Senate proceeded to consider the bill (H. R. 5937) to confer jurisdiction on the Court of Claims to hear and determine the claim of Lamborn & Co., which had been reported from the Committee on Claims with an amendment on page 2, line 5, to strike out section 2, as follows:

SEC. 2. Any record, report, testimony, or document made, given, or filed in connection with any proceeding or hearing of any committee or subcommittee of Congress relative to the claim of Lamborn & Co., or relative to the claims of others arising from similar purchases and importations of sugar during 1920, may be introduced before the Court of Claims with the full force of depositions, subject to objections as to materiality and relevancy.

And to insert a new section 2, as follows:

SEC. 2. In the proceedings upon such claim before the Court of Claims, the United States shall not avail itself of the defense that the Department of Justice of the United States acted without legal authority in making representations or requests or issuing directions or fixing restrictions with regard to the purchase, importation, or disposition of such sugar.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

AVIATION CADET IN THE AIR CORPS, REGULAR ARMY

The bill (S. 4365) to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances therefor, and for other purposes, was announced as next in order.

Mr. WALSH. Mr. President, may we have an explanation of that bill?

Mr. KING. Yes; and a statement as to its cost.

Mr. GURNEY. The purpose of Senate bill 4365 is to make the same provision for aviation cadets in the Army as is provided for aviation cadets of the Navy in House bill 10030, which was passed on August 27 of this year.

The provisions of Senate bill 4365, as nearly as possible, now compare with the attractive inducements offered aviation cadets in the Navy bill which I have just mentioned.

The bill, among other things, provides that during an aviation cadet's training, which is a period of 9 months, the cadet shall be covered by free Government insurance in the amount of $10,000. At the end of the training period, if the training period is satisfactorily completed and the cadet passes, he will be given a commission as second lieutenant in the Reserve Corps of the Army, and will be given extended active duty with the Air Corps. At the time he is given the commission, he will be allowed $150 to cover the cost of uniform and equipment.

I have said that he would have a $10,000 Government insurance policy free while he was a cadet. If he wants to continue that insurance after he becomes a Reserve officer, he will have to pay for it himself, the same as any other Reserve officer.

The Navy bill authorized the Navy aviation cadets to continue in the service, and they were to be enrolled on the regular promotion list of the Navy. The Army aviation cadets do not have that privilege for the reason that there will be so many of them, and they cannot be included in the regular promotion lists of the Army. In lieu of that, therefore, the bill gives them a bonus of $500 at the completion of each year of extended active duty with the Air Corps.

I believe that covers the main provisions of the bill.

Mr. KING. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. KING. Why is it important to give them commissions at the outset? Why not give them lesser rank? Why start with a high title and high standing when the cost is so great?

Mr. GURNEY. They start with the lowest commissioned grade in the Army, that of second lieutenant.

Mr. KING. A sergeant does not have a commission, does he?

Mr. GURNEY. That is correct.

Mr. KING. Why not start them as sergeants, or in some rank less than that of a cadet with a large salary?

Mr. GURNEY. I am sure that the responsibility of flying an airplane, the risks taken, and the intense training required justify the rank. The rank of sergeant is not commensurate with the duties. The rank of second lieutenant is low enough. They will hold that commission for 3 years, if the Army wants to keep them in the Air Corps that long. At the end of 3 years, if they are still on extended active duty, they will be advanced to the grade of first lieutenant, but will have the right to hold that commission for only 4 years, because Reserve officers are allowed only 7 years on extended active duty.

Mr. KING. I know, of course, that the duties are very important. If I may be pardoned a personal allusion, in the World War my only son, who at that time was 21 or 22 years of age, was a flyer. He started at the bottom of the ladder, so to speak, and became an instructor at the flying field in Texas. He went overseas and flew with the French Escadrille, but he did not need a high title when he started in the flying game. It was a game, and a very dangerous game at that time, particularly when we had the so-called "flying coffins" at the fields in Texas, instead of having the fine airplanes we have at the present time.

Mr. GURNEY. I am sure the Senator will agree with me that the grade of second lieutenant is a low enough rank to be given a cadet who has the responsibility of taking care of airplanes whose value ranges from $150,000 up to $1,000,000. Inasmuch as they do not have the opportunity to stay in the Army and make a lifetime career of the Army, I am sure that the rank of second lieutenant is no more than we ought to grant.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. AUSTIN. I wish to make the observation that this bill is distinctly a departure from the past. We do not want a repetition of the old days, which have been so eloquently referred to by the Senator from Utah. It is because we are formulating a system of education, to get away from boys flying in "flying coffins," as it were, that we have devised this plan for education, to give the men who take the special

training a rank which will enable them to have prestige in their office of teaching when they are called upon to teach men who have not had special schooling and training.

These men are not going into the Army permanently. They will not draw pay continuously. They will obtain an education and be in the reservoir of Reserve officers who, under the general law, may be ordered out for active duty from time to time when necessary. It was our theory, not that we wanted to treat the men as well as does the Navy, but that the Navy had adopted a wise course in setting up the school of flying cadets and holding out a goal at which the men could aim in order that they might strive for such proficiency as would make them good teachers of other flyers.

Mr. KING. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. KING. The Senator referred to the fact that the cadets would be students. Would they start as cadets?

Mr. GURNEY. They would start as cadets.

Mr. AUSTIN. They would become cadets immediately upon joining the school, just as a boy who goes to Annapolis or to West Point becomes a cadet.

Mr. KING. When would the boy emerge from the school to the position of an officer?

Mr. AUSTIN. After he had fulfilled the standards prescribed by the school.

Mr. GURNEY. The schooling period would be about 9 months. In time of peace, when we are not in a rush, the regular schooling period has been 1 year at Randolph Field, Tex. The period has been shortened to 9 months, under a more intensive training program.

Mr. KING. At the end of the year, what title would the boy have?

Mr. GURNEY. The same title. He would be commissioned as a second lieutenant in the Reserve Corps.

Mr. KING. Would he have the same rank and the same title on his first day as a cadet as he would have at the end of the year?

Mr. GURNEY. No. He would start as an aviation cadet, and during his schooling period he would receive $75 a month. After completing the training period he would be given a commission as second lieutenant in the Reserve Corps, at which time his salary would be $125 a month, with 50 percent additional for flying pay, to compensate for the extra hazard in flying.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 4365) to create the grade of aviation cadet in the Air Corps, Regular Army, and to prescribe the pay and allowances therefor, and for other purposes, which had been reported from the Committee on Military Affairs with amendments.

The first amendment of the Committee on Military Affairs was, on page 2, after line 5, to strike out:

SEC. 3. Aviation cadets shall be appointed to that enlisted grade by the Secretary of War from among enlisted men of the Army or from male citizens of the United States, effective upon their enlistment in the Army in that status, under such regulations as he may prescribe and, if qualified after completion of training, they shall, notwithstanding any provision of law which restricts the appointment of an officer in the Officers' Reserve Corps to a person who shall have attained the age of 21 years, be commissioned second lieutenants in the Air Corps Reserve: *Provided*, That each aviation cadet shall sign an agreement with the consent of his parent or guardian, if he be a minor, to accept a commission as second lieutenant, Air Corps Reserve, after successfully completing the prescribed course of instruction as an aviation cadet and to serve for a continuous period of 3 years on active duty as such, unless sooner relieved: *Provided further*, That the Secretary of War may discharge at any time any aviation cadet or relieve any Reserve officer at any time from active duty.

And to insert in lieu thereof:

SEC. 3. Under such regulations as the Secretary of War may prescribe, male citizens of the United States may enlist as aviation cadets, and enlisted men in the Regular Army may be appointed by the Secretary of War as aviation cadets. Each aviation cadet shall, at the time of his enlistment or appointment as such, be required to sign an agreement that upon his successful completion of the prescribed course of training and instruction as an aviation cadet he will accept a commission as second lieutenant, Air Corps Reserve, and will serve as such for a continuous period of 3 years on active duty, unless sooner released: *Provided*, That in the case of a minor, such agreement shall be signed with the consent of his parents or guardian. Upon the successful completion of such prescribed course of training and instruction, each aviation cadet shall be commissioned as a second lieutenant, Air Corps Reserve, and upon the completion of such period of 3 years on active duty each such second lieutenant shall be promoted to the grade of first lieutenant, Air Corps Reserve. The Secretary of War may at any time discharge any aviation cadet or release from active duty any such officer in the Air Corps Reserve.

The amendment was agreed to.

The next amendment was on page 4, after line 18, to strike out:

SEC. 6. Any Air Corps Reserve officer, except an officer who has been selected for commission in the Regular Army, shall, when relieved from active duty that has been continuous for 1 or more years, be paid a lump sum of $500 for each completed year of active service as a Reserve officer. Except when a Reserve officer is relieved from active duty upon his own request or as a result of inefficiency or unsatisfactory service as determined by the Secretary of War, this lump sum payment shall be prorated for fractional parts of each year of such service. The lump-sum payments authorized herein are in substitution for the payment authorized in section 11 of the act approved April 3, 1939, and shall be in addition to any pay, allowances, compensation, or benefits which an officer may otherwise be entitled to receive.

And to insert in lieu thereof:

SEC. 6. Section 2 of the act of June 16, 1936 (49 Stat. 1524), as amended, is hereby amended to read as follows:

"SEC. 2. Whenever any Air Corps Reserve officer who has not been selected for commission in the Regular Army is released from active duty that has been continuous for 1 or more years, he shall be paid a lump sum of $500 for each complete year of active service as such officer, and if released from active duty otherwise than upon his own request, or as a result of inefficient or unsatisfactory service as determined by the Secretary of War, such lump-sum payment shall be prorated for fractional parts of each year of such active service. The lump-sum payments herein authorized shall be in addition to any pay, allowances, compensation, or benefits which such officers may otherwise be entitled to receive."

The amendment was agreed to.

The next amendment was on page 5, in line 22, after the committee amendment last agreed to, to strike out:

SEC. 7. All acts and parts of acts, including the acts approved July 11, 1919 (41 Stat. 104), and April 3, 1939 (53 Stat. 555), which may be inconsistent or in conflict with this act, or any part thereof, are hereby repealed to the extent of the inconsistency or conflict.

And to insert in lieu thereof:

SEC. 7. All laws and parts of laws inconsistent with or in conflict with the provisions of this act are hereby repealed.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. O'MAHONEY. Mr. President, I should like to ask the Senator from South Dakota [Mr. GURNEY] whether or not the committee, in considering the bill, gave any thought to the problem which has been presented upon numerous occasions to the Committee on Appropriations? I refer to the problem of what may properly and effectively be done to take advantage of the desire of a large number of Negroes in this country to qualify as fliers. Recently I have been advised by the officials in the Civil Aeronautics Authority that some very successful training has been carried out for Negro pilots under the Civil Aeronautics Authority, and that many of the fliers have made exceptionally good records. However, there has been much difficulty in fitting them into the Army.

Mr. GURNEY. I will answer the Senator by saying that I do not believe it is necessary to have such a provision in this bill, for the reason that cadets will be appointed from the Regular Army. Some of the men who are sent into the Army under the Selective Training Act will apply to be aviation cadets; and inasmuch as the Selective Training Act provides that there shall be no differences so far as race and color are concerned, they would have an equal opportunity with anyone else under the training program.

Therefore I am sure it is not necessary to have such a provision in this bill.

Mr. O'MAHONEY. Is it the Senator's feeling that under the provisions of the bill all races and colors would have an equal opportunity?

Mr. GURNEY. I am sure that would be true under the provisions of the bill.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the grade of aviation cadet is hereby created as a special and separate enlisted grade in the Air Corps, Regular Army, in substitution for the grade of flying cadet, created by the act approved July 11, 1919, entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1920, and for other purposes." Wherever, in any act of Congress, the designation "flying cadet" shall appear, it shall be construed to mean aviation cadet.

SEC. 2. The Secretary of War is hereby authorized and directed to establish and maintain one or more schools for the training and instruction of aviation cadets.

SEC. 3. Under such regulations as the Secretary of War may prescribe, male citizens of the United States may enlist as aviation cadets, and enlisted men in the Regular Army may be appointed by the Secretary of War as aviation cadets. Each aviation cadet shall, at the time of his enlistment or appointment as such, be required to sign an agreement that upon his successful completion of the prescribed course of training and instruction as an aviation cadet he will accept a commission as second lieutenant, Air Corps Reserve, and will serve as such for a continuous period of 3 years on active duty, unless sooner released: *Provided*, That in the case of a minor, such agreement shall be signed with the consent of his parents or guardian. Upon the successful completion of such prescribed course of training and instruction, each aviation cadet shall be commissioned as a second lieutenant, Air Corps Reserve, and upon the completion of such period of 3 years on active duty each such second lieutenant shall be promoted to the grade of first lieutenant, Air Corps Reserve. The Secretary of War may at any time discharge any aviation cadet or release from active duty any such officer in the Air Corps Reserve.

SEC. 4. The base pay of any aviation cadet shall be $75 per month, which pay shall include extra pay for flying risk, as provided by law. Aviation cadets shall be paid, in addition, a money allowance for subsistence of $1 per day and shall, while undergoing training, be furnished quarters, medical care, and hospitalization and shall be issued uniforms, clothing, and equipment at Government expense. No aviation cadet shall be entitled to receive longevity pay. While traveling under orders, they shall, under such regulations as the Secretary of War may prescribe, receive transportation and reimbursement for necessary expenses incurred which are incident to such travel, or cash in lieu thereof. When traveling by air under competent orders, they shall receive the same allowances for traveling expenses as are now or may hereafter be authorized by law for officers of the Army. When commissioned as second lieutenants, Air Corps Reserve, pursuant to this act, they shall be paid a uniform allowance of $150.

SEC. 5. Aviation cadets shall be issued Government life insurance in the amount of $10,000, the premiums on which shall be paid by the Government. Upon being commissioned as second lieutenants, Air Corps Reserve, they shall have the option of continuing such policies at their own expense.

SEC. 6. Section 2 of the act of June 16, 1936 (49 Stat. 1524), as amended, is hereby amended to read as follows:

"SEC. 2. Whenever any Air Corps Reserve officer who has not been selected for commission in the Regular Army is released from active duty that has been continuous for 1 or more years, he shall be paid a lump sum of $500 for each complete year of active service as such officer, and if released from active duty otherwise than upon his own request, or as a result of inefficient or unsatisfactory service as determined by the Secretary of War, such lump-sum payment shall be prorated for fractional parts of each year of such active service. The lump-sum payments herein authorized shall be in addition to any pay, allowances, compensation, or benefits which such officers may otherwise be entitled to receive."

SEC. 7. All laws and parts of laws inconsistent with or in conflict with the provisions of this act are hereby repealed.

SEC. 8. This act may be cited as the "Army Aviation Cadet Act."

APPOINTMENT OF UNDER SECRETARY OF WAR

The Senate proceeded to consider the bill (S. 4370) authorizing the President to appoint an Under Secretary of War during national emergencies, fixing the compensation of the Under Secretary of War, and authorizing the Secretary of War to prescribe duties.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Texas [Mr. SHEPPARD] whether or not the bill has the same provisions and limitations with respect to the Under Secretary of War as are contained in the bill providing for the Under Secretary of the Navy?

Mr. SHEPPARD. It has the same provisions and limitations.

Mr. WALSH. Is there a limitation of the duration of the office to the period of the emergency?

Mr. SHEPPARD. It is limited to the period of the emergency.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized, in his discretion, to appoint from civil life, by and with the advice and consent of the Senate, an Under Secretary in the Department of War to serve during any national emergency declared by the President to exist, including the present limited emergency. The Under Secretary of War shall perform such duties as may be prescribed by the Secretary of War or required by law and shall be next in succession to the Secretary of War during his absence or disability or in the event of a temporary vacancy in that office. In prescribing the duties to be performed by the Under Secretary of War, the Secretary of War may prescribe any of the duties now prescribed by law to be performed by the Assistant Secretary of War. The compensation of the Under Secretary of War shall be at the rate of $10,000 per annum. The Assistant Secretary of War, next after the Under Secretary of War, shall hereafter succeed to the duties of the Secretary of War during his absence or disability, or in the event of a temporary vacancy in that office.

SEC. 2. That the first two paragraphs of section 5a of the National Defense Act, as amended by the act of June 4, 1920 (41 Stat. L. 764), be, and the same are hereby, amended to read as follows:

"SEC. 5a. Hereafter the Secretary of War, in addition to other duties imposed upon him by law, shall be charged with the supervision of the procurement of all military supplies and other business of the War Department pertaining thereto and the assurance of adequate provision for the mobilization of matériel and industrial organizations essential to wartime needs, and he may assign to the Under Secretary of War and the Assistant Secretary of War such duties in connection therewith as he may deem proper. There shall be detailed to the Offices of the Secretary of War, the Under Secretary of War, and the Assistant Secretary of War from the branches engaged in procurement such numbers of officers and civilian employees as may be authorized by regulations approved by the Secretary of War.

"Chiefs of branches of the Army shall report regarding all matters of procurement direct to the Secretary of War, the Under Secretary of War, or the Assistant Secretary of War, as the Secretary of War shall have prescribed. The Secretary of War shall cause to be manufactured or produced at the Government arsenals or Government-owned factories of the United States all such supplies or articles needed by the War Department as said arsenals or factories are capable of manufacturing or producing upon an economical basis. All appropriations for manufacture of matériel pertaining to approved projects which are placed with arsenals, Government-owned factories, or other ordnance establishments shall remain available for such purpose until the close of the next ensuing fiscal year."

TRIAL OF PETTY OFFENSES COMMITTEED ON FEDERAL RESERVATIONS

The Senate proceeded to consider the bill (H. R. 1999) to confer jurisdiction upon certain United States commissioners to try petty offenses committed on Federal reservations.

Mr. DANAHER. Mr. President, this bill marks such an interesting innovation that I should like to observe briefly that the serious question in my mind is whether or not, if an accused person has a right under the Constitution, he will be able to waive it, even though we purport to authorize him to do so. We propose to give a man the right to elect whether he shall be tried before a United States commissioner for a petty offense, or whether he shall agree to be bound over and tried in court. Under the latter circumstances, of course, he would still have his trial in the same form as is now prescribed by law. But if he should exercise his election to be tried before a United States commissioner, and should signify in writing his agreement so to be tried, I assume that we are undertaking to proceed on the theory that an accused may estop himself, so to speak, from later asserting his constitutional rights, whether or not he has such rights. It seems to me that the innovation is so definitely worth while that I am more than willing to see it tried. As to petty offenses, the bill would prove a very definite gain in the administration and facilitation of business of the United States courts.

If the Senator from Nevada [Mr. PITTMAN] has any idea beyond what I have intimated as to the rights of the accused

in this particular, I should be more than interested to have him state it for the RECORD, because I value his opinion very highly.

Mr. PITTMAN. Mr. President, the question which the Senator from Connecticut raises is a doubtful one. However, the difficulty is cured in the sense that the defendant is given the option either to be tried before a commissioner or before a United States court.

The bill also goes a little further than the present law. There is now a statute which permits the appointment of United States commissioners for national parks, other than the special act for the Smoky Mountain Park.

As to the commissioners, there is no law today for the appointment of a commissioner, say, of an air field such as we have over here at Gravelly Point, or a naval reserve. The statute was short, applying merely to national parks. It covers that point. The appointee, in the first place, is a fully authorized United States commissioner. He has a right to bind over to the district court. If it is not a case in which the individual may be bound over, if it is a petty case—that is, an offense which is not punishable by fine of over $500 or over 6 months in jail, without hard labor, particularly defined—if the accused person wishes to select that method of trial, he may do it.

Probably 99 cases out of a hundred which occur in the national parks today are minor offenses; and yet there is today no provision by which they may be disposed of, and the individuals committing the offenses may go away. At present they have to go to the nearest United States court.

Waiving the question of the constitutionality of that method of trial, which I do not care to go into, I think if accused persons see fit to accept that mode of trial rather than to go into the United States court it will never be questioned.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

AMENDMENT OF AGRICULTURAL ACT OF 1938 AS TO TOBACCO

The Senate proceeded to consider the bill (S. 4374) to amend the Agricultural Adjustment Act of 1938, which was read, as follows:

Be it enacted, etc., That paragraph (15) of subsection (b) of section 301 of subtitle A of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words—

"Fire-cured and dark air-cured tobacco, comprising types 21, 22, 23, 24, 35, 36, and 37;"

and inserting in lieu thereof the following:

"Fire-cured tobacco, comprising types 21, 22, 23, and 24;

"Dark air-cured tobacco, comprising types 35 and 36;

"Virginia sun-cured tobacco, comprising type 37;"

SEC. 2. That section 312 of subtitle B of title III of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out subsections (b), (d), (e), and (f) of such section, by striking out all of the second sentence in subsection (c) of such section, and by changing the subsection designation "(c)" therein to "(b)".

Mr. BARKLEY. Mr. President, this is a bill which was unanimously reported from the Committee on Agriculture and Forestry. The Senator from South Carolina [Mr. SMITH], chairman of the committee, asked me to look after the bill. I desire to offer an amendement to it.

I introduced a bill making a readjustment in the base period for burley and flue-cured tobacco, made necessary by certain changes in the market situation abroad. The bill which I introduced is recommended by all the tobacco organizations and the tobacco trade generally and by the Department of Agriculture.

I therefore offer the amendment which I send to the desk and ask that it be incorporated in Senate bill 4374 at the end of the bill.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The CHIEF CLERK. On page 2, after line 7, it is proposed to insert the following:

SEC. 3. The last sentence of section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, is hereby amended to read as follows: "The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919–July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."

SEC. 4. That section 301 (b) (15) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the period at the end of the last sentence thereof and adding a semicolon and the following: "provided that any one or more of the types comprising any such kind of tobacco shall be treated as a 'kind of tobacco' for the purposes of this act if the Secretary finds there is a difference in supply and demand conditions as among such types of tobacco which results in a difference in the adjustments needed in the marketings thereof in order to maintain supplies in line with demand."

SEC. 5. That section 312 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out subsection (b) thereof.

Mr. BARKLEY. Mr. President, I will state that this bill applies only to certain types of tobacco. The first part of it fixes the base period from 1934 to 1939, instead of from 1929 to 1934, because there has been a detrimental change in the market situation affecting burley tobacco and flue-cured tobacco, to which the first part of the amendment applies, and also because the marketing conditions growing out of the production of tobacco for the cigarette trade have undergone a change which results in the farmer producing and handling for cigarette purposes less tobacco per acre than formerly.

The latter part of the amendment applies only to dark-fired tobacco and air-cured dark tobacco. When the bill was passed, those two were regarded as somewhat similar in class. The latter part of the amendment I have offered simply permits the Secretary of Agriculture to divide air-cured from fire-cured dark tobacco, and to treat each one of them as a separate kind of tobacco. Those two amendments make necessary the elimination of subsection (b) of section 312.

Mr. NORRIS. Mr. President, when the Committee on Agriculture and Forestry had this bill up for consideration, they relied almost entirely upon the judgment of the Agricultural Department. It seemed, from what they communicated to us, that the amendment provided for in the bill was very important, and that it was necessary that the change be made.

Mr. BARKLEY. This amendment of mine does not affect that.

Mr. NORRIS. I understand that it does not.

Mr. BARKLEY. This amendment was sent over by the Department.

Mr. NORRIS. That is the question I was about to ask the Senator. This amendment likewise has the approval of the Department?

Mr. BARKLEY. It has the approval of the Department. I received it directly from Mr. Thigpen, who is in charge of the tobacco section.

Mr. NORRIS. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FIBER PROPERTIES, SPINNING TESTS, ETC., OF COTTON SAMPLES

The bill (S. 4152) to authorize the Secretary of Agriculture to make analyses of fiber properties, spinning tests, and other tests of the quality of cotton samples submitted to him was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An Act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton," approved March 3, 1927, as amended, is amended by inserting after section 3c thereof a new section to read as follows:

"SEC. 3d. The Secretary of Agriculture is authorized to make analyses of fiber properties, spinning tests, and other tests of the quality of cotton samples submitted to him by cotton breeders and other persons, subject to such terms and conditions and to the payment by such cotton breeders and other persons of such fees as he may prescribe by regulations under this act.

PAYMENT OF RESERVE OFFICERS EMPLOYED BY THE GOVERNMENT

The Senate proceeded to consider the bill (S. 4356) making provision for payment of Reserve officers employed by the Government when on active duty, which had been reported from the Committee on Military Affairs with an amendment, to strike out all after the enacting clause, and to insert:

That any person in the employ of the United States Government, its Territories or possessions, or the District of Columbia, ordered with or without his consent to active duty with the military or naval forces of the United States shall be entitled to receive compensation in his civilian position covering military leave of 15 days now allowed by law for such employees who are members of the Officers' Reserve Corps and who are ordered to such duty with troops or at field exercises, or for instruction, and any accumulated or current accrued leave to his credit, in addition to his military pay. In case any such employee is granted leave without pay from his civilian position he may elect to have any accumulated or current accrued leave remain to his credit until his return from active military service.

Mr. KING. Mr. President, I should like an explanation of the bill.

Mr. SHEPPARD. Mr. President, the purpose of this measure is to permit employees of the United States Government, its Territories or possessions, or the District of Columbia, ordered for active duty with the military or naval forces of the United States to be entitled to receive compensation in his civil position covering military leave of 15 days now allowed by law for such employees who are members of the Officers' Reserve Corps and who are ordered to such duty with troops or at field exercises or for instruction, and any accumulated or current accrued leave to his credit in addition to his military pay. It further provides that in case any employee is granted leave with pay from his civilian position he may elect to have any accumulated or current accrued leave remain to his credit until his return from active military service.

When ordered into the Federal service members of the National Guard lose their militia status and members of the Officers' Reserve Corps are not on duty for annual training as contemplated in the National Defense Act. Federal employees who are members of the National Guard or the Officers' Reserve Corps, therefore, will not be entitled to either military leave with pay from their civil duties or be exempt from the $2,000 dual-salary limitation with respect to accumulated or current accrued leave. No provision for military leave or exemption from the dual-salary limitation has been made for Federal employees ordered to duty under the Selective Training and Service Act.

The purpose of military leave is to enable Federal employees who are members of the Reserve forces to participate annually in limited military training without penalizing them financially, and there appears to be no good reason for depriving them of this privilege now merely because circumstances require that the duration of such service be prolonged.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to; and the bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill making provision for payment of employees of the United States Government, its Territories or possessions, or the District of Columbia, when ordered to active duty with the military or naval forces of the United States."

ALLOWANCE FOR QUARTERS TO ARMY OFFICERS

The bill (S. 4356) to provide for an extension of the conditions under which a money allowance for quarters may be paid to certain noncommissioned officers of the Army of the United States was announced as next in order.

Mr. McKELLAR. Mr. President, I am not satisfied with the bill. Will the Senator from Texas be willing to let it go over until we can look into it more carefully?

Mr. SHEPPARD. That will be satisfactory.

The PRESIDING OFFICER. The bill will be passed over.

TAXES ON SALES IN NATIONAL PARKS AND RESERVATIONS

The Senate proceeded to consider the bill (H. R. 6687) to authorize the levy of State, Territory, and District of Columbia taxes upon, with respect to, or measured by sales, purchases, or use of tangible personal property or upon sellers, purchasers, or users of such property measured by sales, purchases, or use thereof occurring in United States national parks, military and other reservations or sites over which the United States Government may have jurisdiction which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and to insert the following:

Be it enacted, etc., That (a) no person shall be relieved from liability for payment of, collection of, or accounting for any sales or use tax levied by any State, or by any duly constituted taxing authority therein, having jurisdiction to levy such a tax, on the ground that the sale or use, with respect to which such tax is levied, occurred in whole or in part within a Federal area; and such State or taxing authority shall have full jurisdiction and power to levy and collect any such tax in any Federal area within such State to the same extent and with the same effect as though such area was not a Federal area.

(b) The provisions of subsection (a) shall be applicable only with respect to sales or purchases made, receipts from sales received, or storage, or use, occurring after December 31, 1940.

SEC. 2. (a) No person shall be relieved from liability for any income tax levied by any State, or by any duly constituted taxing authority therein, having jurisdiction to levy such a tax, by reason of his residing within a Federal area or receiving income from transactions occurring or services performed in such area; and such State or taxing authority shall have full jurisdiction and power to levy and collect such tax in any Federal area within such State to the same extent and with the same effect as though such area was not a Federal area.

(b) The provisions of subsection (a) shall be applicable only with respect to income or receipts received after December 31, 1940.

SEC. 3. (a) The provisions of sections 1 and 2 of this act shall not be deemed to authorize the levy or collection of any tax on or from the United States or any instrumentality thereof, or the levy or collection of any tax with respect to sale, purchase, storage, or use of tangible personal property sold by the United States or any instrumentality thereof to any authorized purchaser.

(b) A person shall be deemed to be an authorized purchaser under this section only with respect to purchases which he is permitted to make from commissaries, ship's stores, or voluntary unincorporated organizations of Army or Navy personnel, under regulations promulgated by the Secretary of War or the Secretary of the Navy.

SEC. 4. The provisions of this act shall not for the purposes of any other provision of law be deemed to deprive the United States of exclusive jurisdiction over any Federal area over which it would otherwise have exclusive jurisdiction or to limit the jurisdiction of the United States over any Federal area.

SEC. 5. Nothing in sections 1 and 2 of this act shall be deemed to authorize the levy or collection of any tax on or from any Indian not otherwise taxed.

SEC. 6. As used in this act—

(a) The term "person" shall have the meaning assigned to it in section 3797 of the Internal Revenue Code.

(b) The term "sales or use tax" means any tax levied on, with respect to, or measured by, sales, receipts from sales, purchases, storage, or use of tangible personal property, except a tax with respect to which the provisions of section 10 of the Federal Highway Act, approved June 16, 1936, are applicable.

(c) The term "income tax" means any tax levied on, with respect to, or measured by, net income, gross income, or gross receipts.

(d) The term "State" includes any Territory or possession of the United States.

(e) The term "Federal area" means any lands or premises held or acquired by or for the use of the United States or any department, establishment, or agency of the United States; and any Federal area, or any part thereof, which is located within the exterior boundaries of any State shall be deemed to be a Federal area located within such State.

SEC. 7. (a) Subsection (a) of section 10 of the Federal Highway Act, approved June 16, 1936, is amended—

(1) By striking out the words "upon sales of gasoline and other motor vehicle fuels" and inserting in lieu thereof the words "upon, with respect to, or measured by, sales, purchases, storage, or use of gasoline or other motor vehicle fuels"; and

(2) By striking out the words "upon such fuels" and inserting in lieu thereof the words "with respect to such fuels."

(b) Subsection (b) of such section 10 is amended by striking out the words "not sold for the exclusive use of the United States during" and inserting in lieu thereof the words "with respect to which taxes are payable under subsection (a) for."

Mr. BROWN. Mr. President, this bill permits taxation by States on sales of goods within Federal areas. It also permits taxation of salaries by States of persons living on military reservations.

Mr. KING. Mr. President, is this the bill to which the Senator invited my attention?

Mr. BROWN. It is.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to permit the States to extend their sales, use, and income taxes to persons residing or carrying on business, or to transactions occurring, in Federal areas, and for other purposes."

Mr. BROWN subsequently said: I move that the Senate insist upon its amendments, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. GEORGE, Mr. BROWN, and Mr. LA FOLLETTE conferees on the part of the Senate.

SUSPENSION OF CIVIL LIABILITIES OF CERTAIN PERSONS

Mr. OVERTON. Mr. President, I ask unanimous consent to return to Calendar 2222, Senate bill 4270.

There being no objection, the Senate proceeded to consider the bill (S. 4270) to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishment, which had been reported from the Committee on Military Affairs, with amendments.

Mr. OVERTON. Mr. President, when this bill was up for consideration originally the Senator from Kansas [Mr. REED] objected. I have consulted with him, and he has kindly withdrawn his objection, after further consideration of the bill.

Mr. REED. Mr. President, I did object. The senior Senator from Louisiana, for whom the Senator from Kansas has very high respect, has explained certain circumstances which make the bill advisable. Therefore I withdraw the objection.

The PRESIDING OFFICER. The clerk will state the amendments of the committee.

The first amendment of the Committee on Military Affairs was, under the heading "Article I—General provisions", on page 2, after line 7, to strike out:

SEC. 101. (1) That the term "persons in military service" and the term "persons in the military service of the United States," as used in this act, shall include the following persons and no others: All members of reserve components of the Army of the United States, and retired personnel of the Regular Army, ordered into active military service under authority of the joint resolution entitled "Joint resolution to strengthen the common defense and to authorize the President to order members and units of Reserve components and retired personnel of the Regular Army into active military service" (S. J. Res. 286, 76th Cong.), and all persons inducted into the land or naval forces of the United States for training and service under the Selective Training and Service Act of 1940. The term "military service," as used in this act, shall signify Federal service by such persons on active duty with any branch of the Army, Navy, Marine Corps, or Coast Guard. The terms "active service" or "active duty" shall include the period during which a person in military service is absent from duty on account of sickness, wounds, leave, or other lawful cause.

And insert:

SEC. 101. (1) The term "persons in military service" and the term "persons in the military service of the United States," as used in this act, shall include the following persons and no others: All members of the Army of the United States, the United States Navy, the Marine Corps, the Coast Guard, and all officers of the Public Health Service detailed by proper authority for duty either with the Army or the Navy. The term "military service," as used in this act, shall signify Federal service on active duty with any branch of service heretofore referred to or mentioned as well as training or education under the supervision of the United States preliminary to induction into the military service. The terms "active service" or "active duty" shall include the period during which a person in military service is absent from duty on account of sickness, wounds, leave, or other lawful cause.

So as to make the section read:

SEC. 101. (1) The term "persons in military service" and the term "persons in the military service of the United States," as used in this act, shall include the following persons and no others: All members of the Army of the United States, the United States Navy, the Marine Corps, the Coast Guard, and all officers of the Public Health Service detailed by proper authority for duty either with the Army or the Navy. The term "military service," as used in this act, shall signify Federal service on active duty with any branch of service heretofore referred to or mentioned as well as training or education under the supervision of the United States preliminary to induction into the military service. The terms "active service" or "active duty" shall include the period during which a person in military service is absent from duty on account of sickness, wounds, leave, or other lawful cause.

(2) The term "period of military service," as used in this act, shall include the time between the following dates: For persons in active service at the date of the approval of this act it shall begin with the date of approval of this act; for persons entering active service after the date of this act, with the date of entering active service. It shall terminate with the date of discharge from active service or death while in active service, but in no case later than the date when this act ceases to be in force.

(3) The term "person," when used in this act with reference to the holder of any right alleged to exist against a person in military service or against a person secondarily liable under such right, shall include individuals, partnerships, corporations, and any other forms of business association.

(4) The term "court," as used in this act, shall include any court of competent jurisdiction of the United States or of any State, whether or not a court of record.

The next amendment was, in section 301, page 11, line 17, after the word "jurisdiction", to strike out the period and insert a colon and the following proviso: "*Provided*, That such contracts may be altered, modified, rescinded, or canceled, and possession of said property may be either rescued or retained (as the parties may agree) without court action, pursuant to mutual agreement by the parties, or their assignees, executed in writing", so as to make the paragraph read:

SEC. 301. (1) That no person who has received, or whose assignor has received, under a contract for the purchase of real or personal property, or of lease or bailment with a view to purchase of such property, a deposit or installment of the purchase price from a person or from the assignor of a person who, after the date of payment of such deposit or installment, has entered military service, shall exercise any right or option under such contract to rescind or terminate the contract or resume possession of the property for nonpayment of any installment falling due during the period of such military service, except by action in a court of competent jurisdiction: *Provided*, That such contracts may be altered, modified, rescinded, or canceled, and possession of said property may be either rescued or retained (as the parties may agree) without court action, pursuant to mutual agreement by the parties, or their assignees, executing in writing.

The next amendment was, in section 302, page 12, line 17, after "obligations", to strike out "originating prior to the date of approval of this act and", so as to make the paragraph read:

SEC. 302. (1) That the provisions of this section shall apply only to obligations secured by mortgage, trust deed, or other security in the nature of a mortgage upon real or personal property owned by a person in military service at the commencement of the period of the military service and still so owned by him.

The next committee amendment was, on page 18, line 20, after the word "hereof," to strike out "and shall bear interest at the rate of — per centum per annum, payable with the principal" and insert "and shall bear interest at a rate to be prescribed by the Secretary of the Treasury, payable with the principal"; so as to make the section read:

SEC. 407. The Administrator of Veterans' Affairs shall verify the computation of monthly difference reported by each insurer and shall, within 10 days thereafter, deliver each month to the proper officer of such insurer, a certificate in the amount of the monthly difference certified in respect of each insurer. Such certificate shall be signed by said Administrator in the name of the United States, shall be in such form as the Administrator shall determine, shall be payable to the insurer within 60 days after the approval of the statement of account, as provided in section 411 hereof, and shall bear interest at a rate to be prescribed by the Secretary of the Treasury, payable with the principal. Such certificate shall not be transferred except with the approval of said Administrator and shall remain with the insurer until settlement is made in accordance with this article.

On page 24, after line 9, to strike out:

SEC. 502. That section 1 of the act of July 28, 1917 (40 Stat. 248), is hereby amended to read as follows:

"If any person whose application for a homestead entry."

And insert:

SEC. 502. That if any person whose application for a homestead entry.

And on page 25, line 8, after the word "year", to strike out the quotation marks, so as to make the section read:

SEC. 502. If any person whose application for a homestead entry has been allowed or who has made application for homestead entry

which may thereafter be allowed, after such entry or application enters military service, the Department of the Interior shall construe his military service to be equivalent to residence and cultivation upon the tract entered for the period of such service. From the effective date of this act no contest shall be initiated on the ground of abandonment and no allegation of abandonment shall be sustained against any such person, unless it shall be alleged in the preliminary affidavit or affidavits of contest and proved at the hearing in cases initiated subsequent to the effective date of this act that the alleged absence from the land was not due to such military service. If such person is discharged on account of wounds received or disability incurred in the line of duty, the term of his enlistment and any period of hospitalization due to such wounds or disability shall be deducted from the required length of residence, without reference to the time of actual service. No patent shall issue to any homestead entryman who has not resided upon, improved, and cultivated his homestead for a period of at least 1 year.

On page 25, after line 8, to strike out:

SEC. 503. That section 2 of the act of July 28, 1917 (40 Stat. 248), is hereby amended to read as follows:
"If any person whose application for a homestead entry."

And insert:

SEC. 503. That any person whose application for a homestead entry.

In line 25, after the word "section", to strike out "(1)" and insert "502"; on page 26, line 1, before the word "If", to strike out the quotation marks; and in line 6, after the word "entered", to strike out the quotation marks and insert "The act of July 28, 1917 (40 Stat. 248), is hereby repealed", so as to make the section read:

SEC. 503. If any person whose application for a homestead entry has been allowed or who has made application for homestead entry which may thereafter be allowed dies while in military service or as a result of such service, his widow, if unmarried, or in the case of her death or marriage, his minor orphan children, or his or their legal representatives, may proceed forthwith to make final proof upon such entry or upon an application which is allowed after the applicant's death, and shall be entitled to receive a patent for such land. The death of such person while in military service or as a result of such service shall be construed to be equivalent to a performance of all requirements as to residence and cultivation upon such homestead, notwithstanding the provisions of section 502 of this act.

If such person is honorably discharged and because of physical incapacities due to such service is unable to return to the land, he may make final proof without further residence, improvement, or cultivation, at such time and place as the Secretary of the Interior may authorize, and receive a patent to the land entered. The act of July 28, 1917 (40 Stat. 248), is hereby repealed.

The next amendment was, on page 29, line 21, after the word "to", to strike out "508" and insert "512", so as to make the section read:

SEC. 507. Nothing in this article shall be construed to limit or affect the right of a person in military service to take any action during his period of service which may be authorized by law or the regulations of the Department of the Interior for the perfection, defense, or further assertion of rights initiated or acquired prior to the date of entering military service. It shall be lawful for any person while in such service to make any affidavit or submit any proof which may be required by law or the practice or regulations of the General Land Office in connection with the entry, perfection, defense, or further assertion of any rights initiated or acquired prior to entering such service, before the officer in immediate command and holding a commission in the branch of the service in which the person is engaged. Such affidavits shall be as binding in law and with like penalties as if taken before a register of a United States land office. The Secretary of the Interior may issue rules and regulations to effectuate the purposes of sections 501 to 512, inclusive.

The next amendment of the committee was, on page 34, after line 13, to insert a new section, as follows:

SEC. 603. That this act shall remain in force until June 30, 1942: *Provided, however,* That should the United States be then engaged in a war, this act shall remain in force until such war is terminated by a treaty of peace proclaimed by the President and for 6 months thereafter: *Provided further,* That wherever under any section or provision of this act a proceeding, remedy, privilege, stay, limitation, accounting, or other transaction has been authorized or provided, the due exercise or enjoyment of which may extend beyond the period herein fixed for the termination of this act, such section or provision shall be deemed to continue in full force and effect so long as may be necessary to the exercise or enjoyment of the proceeding, remedy, privilege, stay, limitation, accounting, or transaction foresaid.

The next amendment of the committee was, on page 35, after line 4, to insert a new section, as follows:

SEC. 605. That the provisions of section 4, Public Resolution No. 96, Seventy-sixth Congress, and the provisions of section — of the Selective Training and Service Act of 1940 are hereby repealed.

Mr. OVERTON. Mr. President, I have some perfecting amendments which I wish to offer in the nature of substitutes for some of the committee amendments. I have submitted them to the Senator from South Dakota [Mr. GURNEY].

The PRESIDING OFFICER. The amendments will be stated by the clerk.

The CHIEF CLERK. On page 11, lines 17 to 22, inclusive, in lieu of the proviso proposed to be inserted by the committee, it is proposed to insert the following:

Provided, That nothing contained in this section shall prevent the modification, termination, or cancelation of any such contract, or prevent the repossession or retention of property purchased or received under such contract, pursuant to a mutual agreement of the parties thereto, or their assignees, if such agreement is executed in writing subsequent to the making of such contract and during the period of military service of the person concerned.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, the general purpose of this amendment is the same as that of the committee amendment which it would replace. However, it would modify the language of the committee amendment to make it conform to the language which was finally agreed upon and included in the Selective Training and Service Act.

This section of the bill restricts the right of the seller to repossess property which has been sold on an installment purchase contract by reason of the failure of the purchaser to pay the installments falling due during the period of his military service. This amendment provides that nothing in the section shall prevent the modification, termination, or cancelation of any such contract by mutual agreement of the interested parties or prevent the repossession or retention of the property involved pursuant to such mutual agreement. The proposed amendment would require that such mutual agreement be executed in writing subsequent to the making of the contract and during the period of military service of the person concerned.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Louisiana to the committee amendment.

The CHIEF CLERK. On page 34, beginning with line 14 in the amendment of the committee, it is proposed to strike out through line 2 on page 35, and in lieu thereof insert the following:

SEC. 604. That this act shall remain in force until May 15, 1945: *Provided, however,* That should the United States be then engaged in a war, this act shall remain in force until such war is terminated by a treaty of peace proclaimed by the President and for 6 months thereafter: *Provided further,* That wherever under any section or provision of this act a proceeding, remedy, privilege, stay, limitation, accounting, or other transaction has been authorized or provided with respect to military service performed prior to the date herein fixed for the termination of this act, such section or provision shall be deemed to continue in full force and effect with respect to such military service.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 34, between lines 13 and 14, it is proposed to insert the following new section:

SEC. 603. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 35, beginning with line 5, it is proposed to strike out through line 8, and in lieu thereof to insert the following:

SEC. 606. The provisions of section 4, Public Resolution No. 96, Seventy-sixth Congress, and the provisions of section 13 of the Selective Training and Service Act of 1940, shall not be applicable with respect to any military service performed after the date of enactment of this act.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, I ask that all amendments in the bill for which substitutes have not been adopted be agreed to en bloc.

Mr. GURNEY. Mr. President, with reference to one committee amendment, on page 12, line 17, by which the committee struck out the words "originating prior to the date of the approval of this act and", I wish to say that the elimination of these words would cause a hardship to those persons in the military service or who are to be called, because it would freeze their credit. It is obvious that no lending agency would allow a possible draftee to borrow money on a chattel or other security which is likely to depreciate in value, unless he has the protection which the words which would be deleted from this section would give. Therefore I ask that the committee amendment which would strike out those words be rejected, and that the words remain in the bill.

Mr. OVERTON. I have no objection.

The PRESIDING OFFICER (Mr. McKELLAR in the chair). Without objection, the amendment on page 12, lines 17 and 18, is rejected. Without objection, all the other amendments for which substitutes have not been agreed to are agreed to en bloc.

Mr. OVERTON. I ask unanimous consent that the clerk be instructed to correct the section numbers; that he be instructed to strike out the word "That" at the beginning of each section, and to capitalize the following word; and that he be instructed to place at the beginning of each paragraph an appropriate letter or number in accordance with the ordinary practice for designating subsections and subparagraphs.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishments, including the Coast Guard."

Mr. GURNEY. Mr. President, I ask unanimous consent that some brief remarks on the bill which I have prepared be included in the RECORD as a part of my remarks. This is for the reason that I feel the bill may go to conference, and there is complete information in the statement, which would be helpful.

The PRESIDING OFFICER. Is there obection?

There being no obection, the statement was ordered to be printed in the RECORD, as follows:

In reference to S. 4270, section 301, division 1, on page 12, lines 17 and 18, it is suggested that clause "originating prior to the date of approval of this act and" be reinstated in this section for the following reasons:

The elimination of these words will cause a hardship to those persons who are in the military service or who are to be called in because it will freeze their credits.

The original Soldiers and Sailors Civil Relief Act of 1918 contained these words, and it was a matter of considerable discussion at that time. A part of the report of the Judiciary Committee proves this point, which is quoted as follows:

"The lesson of the stay laws of the Civil War teaches that an arbitrary and rigid protection against suits is as much a mistaken kindness to the soldiers as it is unnecessary. A total suspension for the period of the war of all rights against a soldier defeats its own purpose. In time of war credit is of even more importance than in time of peace, and if there were a total prohibition upon enforcing obligations against one in military service, the credit of a soldier and his family would be utterly cut off. No one could be found who would extend them credit."

It is obvious that no lending agency will allow a possible draftee to borrow money on a chattel or other security that is likely to depreciate in value unless he has a protection that the words that have been deleted from this section will give.

It is apparent that men between the ages of 21 and 35 when asking credit are now unable to assure the prospective creditors that they will be present when their debt will fall due. These prospective creditors, whether individuals or corporations, know that when the date falls due their borrower will be hundreds of miles away and therefore not amenable to court process will be wary in extending credit unless good marketable security is offered. The ability to offer such security will be more important than heretofore. Why should millions subject to be called be deprived of the opportunity to offer that type of security? Hundreds of millions of dollars are lent daily on low rates of interest on the security of shares of stock, trade fixtures, automobiles, and other property which rapidly fluctuates in price. This money could not be lent if the creditor had to subject himself to the expense and more especially the delays of court action before he could dispose of them. In most cases the element of time would destroy the value of the security.

Since the power of sale in a chattel mortgage, deed of trust, or pledge does not give the holder the opportunity to deprive the mortgagor of his rights and requires the mortgagee to get a fair price for such chattel, it is evident that no protection is found necessary along these lines. Of course, there is a type of lender who will lend at exorbitant rates of interest on securities of questionable value; but the prospective soldiers should not be deprived of the opportunity to offer reputable institutions good security at a reasonable rate of interest.

I am therefore recommending that the words "originating prior to the date of approval of this act and" be reinstated in S. 4270, division 1, on page 12, lines 17 and 18.

COMMENTS RELATIVE TO URGING ENACTMENT OF S. 4270 RATHER THAN DELAY UNTIL THE NEXT SESSION

Senator OVERTON introduced an amendment which was incorporated in both the National Guard bill and the selective-service bill. This amendment purported to revive in part the provisions of the Soldiers' and Sailors' Civil Relief Act of March 8, 1918. There was, and is, no objection to the purpose of this amendment, and Senator OVERTON's foresight in introducing it is very praiseworthy. However, Senator OVERTON's comments, at the time he introduced the amendment (p. 10052, CONGRESSIONAL RECORD, August 8, 1940), indicate that he realized it was in the nature of a stop-gap, pending submission of a more comprehensive bill, which was then in process of preparation by the War Department. From this it may be implied, with all due respect to Senator OVERTON, that the amendment was drafted somewhat hurriedly.

Although I am no lawyer, certain features of the wording have been called to my attention which might possibly nullify the purpose of the amendment due to legal uncertainty. For example, the Soldiers' and Sailors' Civil Relief Act of 1918 expired in 1919, or 6 months after the termination of the World War. There may be some question as to the legality of making its provisions again effective by merely so stating. Again, the amendment states that "The benefits of the * * * Act * * * are hereby extended to all persons inducted into the land or naval forces * * * and * * * the provisions of such act of March 8, 1918, shall be effective for such purposes." A legal question is immediately raised as to what are the "benefits" of the act. Further, having decided what the benefits are, the provisions of the act are effective "for such purposes," which implies that portions of the act, not related specifically to "benefits," are ineffective.

I cite these possibilities to show that, although the intent of Congress in this matter is very clear, the language used in expressing this intent is not clear from the legal viewpoint.

The Committee on Military Affairs has studied S. 4270 and the amendments which it proposes are in accord with the draft of the bill submitted by the War Department. The bill, in substance, is a modernized version of the 1918 act. The War Department devoted considerable thought and time to its preparation and consulted all other interested departments of the Government. Senator OVERTON was aware of this when he introduced his amendment, but considered it advisable to go ahead rather than delay, and in this I am inclined to agree. He stated, however, that when the War Department bill was introduced it could be used as a substitute for his amendment.

COMMENTS RELATING TO ARTICLE IV "INSURANCE" AND ARTICLE V "TAXES AND PUBLIC FUNDS" WHICH ARE OMITTED FROM SENATOR OVERTON'S AMENDMENT BUT INCLUDED IN S. 4270

The necessity for the enactment of these two articles can neither be expressly proven nor denied. We cannot foresee just how many persons will be affected. It seems certain that some may at once, since the volume of life insurance in force has tripled in the last 20 years; the number affected will increase later on. One thing is of outstanding importance relative to immediate enactment of S. 4270 which contains the articles IV and V. The efficient administration of these articles requires that advance notice be given of their provisions both to the persons who come into the military service and to the administrative agencies concerned. It would appear advisable to urge enactment of S. 4270 to anticipate the various needs rather than delay as in the case of the Soldiers' and Sailors' Civil Relief Act of 1918, which was enacted about 1 year after the United States had declared war.

COMMENTS RELATIVE TO CLASSES OF PERSONNEL INCLUDED WITHIN THE PROVISIONS OF S. 4270

The Overton amendment is limited in application to persons inducted or called into active Federal service under the National Guard resolution and the Selective Service Act. These include:

1. Officers, warrant officers, and enlisted men of the National Guard.

2. Officers, warrant officers, and enlisted men of the Organized Reserves.

3. Retired officers, warrant officers, and enlisted men of the Regular Army.

4. Persons inducted into the land or naval forces under the Selective Service Act.

The following classes, included in S. 4270 as amended, are excluded from the provisions of the Overton amendment:

1. All persons who may volunteer for the Army, Navy, or Marine Corps.
2. The Coast Guard.
3. The Regular Navy and Naval Reserve.
4. The Marine Corps and Marine Corps Reserve.
5. Officers of the Public Health Service detailed for duty with the armed forces.
6. Enlisted men of the Regular Army.
7. Officers and warrant officers on the active list of the Regular Army.

If any part of the Army is included there appears to be no objection to the inclusion of the Navy and Marine Corps, if for no other reason than to avoid discrimination between the armed services. By law, the Coast Guard is a part of the military forces and may, when directed by the President, operate as a part of the Navy, hence the Coast Guard should be included. It does not appear that any serious objection would be raised to the inclusion of any of the first five classes named above.

This brings us to a consideration of class 6, enlisted men of the Regular Army. At first glance there would appear to be no necessity for including them within the provisions of S. 4270. They have managed to get along without S. 4270 ever since 1919, so why include them now? During peacetime, many enlisted men, particularly those in the noncommissioned grades, marry. Their ability to maintain families, despite their small pay, is based largely on the relative infrequency with which they are required to change station. Their wives may contribute to the family income by obtaining employment on the military post or in nearby communities. They may live in modest rented houses in the community, may purchase furniture and second-hand cars on the installment plan, and for all practical purposes they are relatively permanent members of the civilian community. An emergency arises, troops are suddenly ordered into the field for extended training periods, to foreign service, or to other stations. The wife, if employed on the military post, may lose her job. The soldier is unable to send every cent of his pay home. The questions of rent and installment payments immediately arise, and you have justification for granting the protection afforded by S. 4270 to enlisted men of the Regular Army.

The assumed situation cited is by no means typical of the 375,000 men in the Regular Army, but it is distinctly a possibility and one which would merit the protection of S. 4270. In brief, a national emergency is in many ways just as complete a disruption of the civilian aspects of military life in the Regular Army as calling the National Guard and selective-service trainees into training for 1 year is to their normal way of living.

This brings us to a consideration of class 7, officers and warrant officers of the Regular Army. At first glance there appears to be no necessity for including them within the provisions of S. 4270. Considering their higher rate of pay, there appears even less need than for enlisted men. However, consider the impact of a national emergency upon officers of the Regular Army as contrasted with peacetime. Their rate of pay has been considered adequate in the past, but in no sense sufficient to permit accumulation of savings in the nature of a reserve for "rainy days."

A junior officer with a family of two or three is stationed on a military post. He is purchasing a car and some furniture on the installment plan. A national emergency arises. His organization is ordered to field duty, for example, in Alaska. His family cannot accompany him. Another organization is ordered to the post. His family cannot continue to occupy quarters on the post. They must rent a home in a civilian community. A large portion of the expense of such a move must be borne by the officer. The cost of medical and hospital care for his family may have to be borne by the officer. In brief, it is not difficult to build up an entirely possible, and not improbable, situation which would justify granting the protection of S. 4270 to officers. In such a situation should such an officer be denied protection which is extended to a Reserve officer serving in the same organization? If it were, the officer might have just cause for resentment and lowered morale.

It must be conceded that few, if any, officers of the Regular Army will find cause for seeking protection under any of the provisions of S. 4270. Generally such officers are meticulously careful in meeting financial obligations. However, the existence of a possibility of need for protection cannot be denied, and in such a case it should be granted.

There are adequate safeguards incorporated in S. 4270 to prevent abuse of any privilege granted thereunder. The findings of any court must be predicated upon a showing that the ability to meet obligations is impaired by reason of military service. Also, there is an express provision in section 600 aimed to prevent taking advantage of the act with intent to delay enforcement of a right. The conclusion must be that all persons in the military service should be included in the provisions of S. 4270.

EASTERN CHEROKEES

Mr. KING. Mr. President, during the consideration of the calendar I interposed objection to the consideration of two bills which were introduced by the Senator from Oklahoma [Mr. THOMAS], calendar No. 2264, Senate bill 4232, and calendar No. 2265, Senate bill 4233. They deal with small appropriations in the nature of fees and compensation for small areas of Indian lands. Since the bills were under consideration I have conferred with the Senator from Oklahoma, and I withdraw the objections which I offered, and ask that the bills be considered.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (S. 4232) for the relief of the Eastern Cherokees.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $1,997.85, with interest at 5 percent per annum from March 15, 1910, the same being the amount of the unpaid interest-bearing principal found due the Eastern Cherokees by the Supreme Court of the United States in 1906 (202 U. S. 101); and when appropriated shall be placed to the credit of the Eastern Cherokees and paid by the Secretary of the Treasury to their attorney of record. The warrants representing this unpaid balance are hereby canceled upon the approval of this act.

EASTERN AND WESTERN CHEROKEES

The bill [S. 4233] for the relief of the Eastern and Western Cherokees was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $432.28, with interest at 5 percent per annum from January 1, 1874, to the date of the passage of this act, the same being the balance arising from the sale of the Cherokee Strip, the title to which was vested by the treaty of 1846 (9 Stat. 871) in the whole Cherokee people, and said fund having been found due by the Slade-Bender award and appearing as item 3 in the judgment of the Supreme Court of the United States in 1906 (202 U. S. 101); and when appropriated shall be placed to the credit of the Eastern and Western Cherokees and paid to their attorney of record by the Secretary of the Treasury.

PROBLEMS OF AMERICAN SMALL-BUSINESS ENTERPRISES

Mr. MURRAY. Mr. President, I ask unanimous consent to return to Calendar 2171, Senate Resolution 298, to appoint a special committee to study and survey problems of American small-business enterprises.

Mr. KING. Mr. President, is that a resolution which was objected to a few days ago?

Mr. MURRAY. Yes. I spoke to the Senators who objected, and I understand they are willing to withdraw their objections.

Mr. KING. I do not agree that the resolution is necessary at all.

Mr. MURRAY. I have two perfecting amendments to offer.

The PRESIDING OFFICER. The Senator from Montana asks unanimous consent to return to Calendar No. 2171. Is there objection?

Mr. AUSTIN. I understand that the measure has not been considered.

The PRESIDING OFFICER. It was considered last Friday, not today.

Mr. AUSTIN. Very well. The problem then is, it seems to me, whether we are to proceed to the consideration of that bill or some other.

Mr MURRAY. I spoke to the Senator who objected to it yesterday, and I understand he wishes to withdraw his objection.

Mr. AUSTIN. My recollection is there were many objections, and I shall, under the circumstances, have to object.

The PRESIDING OFFICER. Objection is heard.

SUGARCANE HARVESTED IN THE MAINLAND AREA

Mr. ELLENDER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1585, Senate Joint Resolution 225.

The PRESIDING OFFICER. The Senator from Louisiana asks unanimous consent to proceed to the consideration of Calendar 1585. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 225) relating to the conditions for payment with respect to sugarcane harvested from certain plantings in the mainland cane-sugar area, which had

been reported from the Committee on Agriculture and Forestry with an amendment.

Mr. BARKLEY. Mr. President, may I ask the Senator from Louisiana whether the Senator from Mississippi [Mr. HARRISON], the chairman of the Finance Committee, who is interested in the legislation pertaining to sugar, is advised that the Senator from Louisiana intended to bring up this measure now.

Mr. ELLENDER. Yes; he knows all about it.

Mr. BARKLEY. And are other Senators interested in the sugar situation also advised?

Mr. ELLENDER. Yes; most Senators interested in sugar have been told that my resolution would be considered today.

Mr. President, the resolution that I am now proposing for the consideration of the Senate is the same one that I attempted to incorporate in an appropriation bill in the early part of the year. I am certain that all Senators are familiar with its provisions, because it was debated for quite some time. Unless Senators desire to ask me some questions pertaining to the resolution, it is my purpose not to discuss it at length.

The PRESIDING OFFICER. The amendment of the Committee on Agriculture and Forestry will be stated.

The amendment was to strike out all after the enacting clause and to insert in lieu thereof the following:

That no payment under the Sugar Act of 1937 with respect to the 1940 crop shall be withheld from any producer in the mainland cane-sugar area, because of the marketing (or processing) of sugarcane in excess of the proportionate share for the farm, if the acreage of sugarcane grown on the farm and marketed (or processed) for sugar in the crop year 1940 is not in excess of the acreage of sugarcane for sugar planted prior to January 1, 1940, but payments shall be made only with respect to the proportionate share acreage established for the farm under the provisions of such act, and the following deductions shall be made from such payments, on account of any acreage of sugarcane grown on the farm and marketed (or processed) for sugar in the crop year 1940 which is in excess of (1) 110 percent of the proportionate share for the farm, or (2) the proportionate share for the farm plus 25 acres whichever is the greater; for so much of such excess as does not exceed 500 acres, a deduction of $10 per acre; for so much of such excess as exceeds 500 acres, a deduction of $20 per acre.

Mr. ADAMS. Mr. President, on page 2, in lines 19, 20, and 21, provision is made for sugarcane "marketed (or processed) for sugar in the crop year 1940 is not in excess of the acreage of sugarcane for sugar planted prior to January 1, 1940." I assume the Senator means planted in 1939. The Senator does not mean to go back an indefinite period.

Mr. ELLENDER. No; I am interested only in cane that was planted as of January 1, 1940.

Mr. ADAMS. Would the Senator object to inserting the words "planted in 1939"?

Mr. ELLENDER. I would not agree to that change because the language in my amendment was worked out by the committee in order to include all cane actually growing and planted prior to January 1, 1940. That would cover plant cane, first-year stools, and second-year stools.

Mr. ADAMS. Mr. President, there should be a time limit. The Senator does not mean to include sugarcane planted in 1870 or 1880? There should be some limit on it. It merely says sugar planted prior to January 1, 1940, without any limitation. What I understand the Senator to mean is the acreage of sugarcane being grown in the year 1939, regardless of when it was planted.

Mr. ELLENDER. There are some farmers in Louisiana who may have third-year stools also. The amendment is intended simply to cover the growing cane and the planted cane as of January 1, 1940.

Mr. ADAMS. Yes; but the Senator means the cane that was actually in the process of growing during the year 1939. The Senator does not mean to include acreage of cane that was growing in 1935.

Mr. ELLENDER. No; of course not. I am interested only in cane that was planted or growing as of January 1, 1940.

Mr. ADAMS. Would the Senator object to changing the language so it would be limited to an acreage of cane growing during the year 1939? That is, we are trying to get a basis for computation.

Mr. ELLENDER. That change may complicate matters. I have worked on this matter with the Department on many occasions, and as a matter of fact the language that is the basis of this measure was prepared and drafted by the Department of Agriculture. It has been so worded, I believe, as to cover the very situation of which the Senator is apprehensive. There is nothing in the bill that would grant any cane grower an increase in his basic cane quota. Since the language in the bill was drafted by the Department of Agriculture, I am satisfied that it is intended to cover the sugarcane that the Senator has in mind, and no other.

Mr. ADAMS. Then, why not say so?

Mr. ELLENDER. I would prefer that the language remain as is, since the Department has passed upon it. I do not want to get into any further complications with respect to the bill.

Mr. ADAMS. The matter is now before the Senate, and we are trying to fix a basis for the computations whereby the sugarcane growers in Louisiana shall be permitted to receive certain payments, provided their plantings are not in excess of the acreage of sugarcane which was in process of growth during the year 1939. Is not that the fact?

Mr. ELLENDER. The bill as originally drafted was intended to cover sugarcane planted in 1937, 1938, and 1939, and all cane growing from the stools of the cane planted in said years.

Mr. ADAMS. The Senator does not mean to include sugarcane which was planted in 1937, and for one reason or another has been dug up or ruined, does he?

Mr. ELLENDER. Obviously, such sugarcane could not be included, if it is no more.

Mr. ADAMS. The language does not say "growing." It says "planted prior to January 1, 1940."

Mr. ELLENDER. How could it come into the picture if the cane has been destroyed? My people surely cannot harvest sugarcane from acreage that was plowed up years ago.

Mr. ADAMS. That is just what I am asking the Senator. Is he not willing to make his amendment comply with what he conceives to be the facts? As I understand, he is interested only in the sugarcane which was growing prior to January 1, 1940, during the year 1939, the previous crop year, regardless of whether it was planted in 1937, 1938, or 1939. As I understand, the question is as to the acreage which was actually growing in the crop year 1939.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to my colleague.

Mr. OVERTON. I do not think the suggestion made by the Senator from Colorado would cover the case, because sugarcane planted in other years than 1939 is still growing in Louisiana. To carry out the suggestion of the Senator from Colorado we might add "and subsequent to January 1, 1935." The Senator from Colorado is apprehensive that we might go back to an acreage which was planted in 1780. That is not the purpose. We might say "between the dates of January 1, 1935, and January 1, 1940."

Mr. ELLENDER. That would cover the situation; but I do not see any necessity for so amending the bill.

Mr. OVERTON. Neither do I.

Mr. ELLENDER. I believe the present language covers the situation.

Mr. ADAMS. I shall be compelled to offer an amendment to the Senator's amendment in order to make that clear. My amendment may not be accepted. However, it seems to me that we are including something as a basis of measurement which is not what the Senator has in mind. It is not the thing on which we are in agreement. Either I do not understand the Senator or he does not understand me.

Mr. ELLENDER. I must apologize to the Senator if I do not make myself clear to him.

Mr. ADAMS. I am willing to assume that I am the one who does not understand. What we are trying to say is that no payment shall be held back under the Sugar Act of 1937, with reference to the 1940 crop, because of an excess over the acrage planted prior to January 1, 1940. What is the acreage planted prior to that time? Does the Senator mean to

accumulate the acreages planted in 1935, 1936, 1937, 1938, and 1939? Or does the Senator really mean the acreage which was growing in 1939, as the basis upon which the computation is to be made?

Mr. ELLENDER. If the Senator will bear in mind that this bill affects only sugarcane which is harvested during the crop year 1940, I am sure his fears will be allayed. It certainly is not contemplated to make payments on lands or acreages which have been planted with cane which has not been ground into sugar. If the Senator desires to limit it along the lines of the limitation that I incorporated in the resolution when I introduced it—that is, to cane planted during specific years—I should have no objection; but I submitted the question to the Department of Agriculture, and the Department worked out the language that is now in the bill. The bill is not intended to cover any other acreage of sugarcane except that which was planted or growing as of January 1, 1940. If the Senator should offer an amendment to the effect that only such cane as was planted from January 1, 1935, up to January 1, 1940, shall be included, I am sure that would cover the situation, and I would agree to such amendment.

Mr. ADAMS. It was growing during the crop year 1939. That is what I assume is the basis of the computation. We are not interested in cane which was not growing in 1939. We are not interested in cane which ceased to grow in 1935, 1936, 1937, or 1938. We are interested in the actual acreage of sugarcane which was growing in the year preceding the first of January 1940.

Mr. ELLENDER. The cane which was planted up to January 1, 1940, and cane which was actually growing in 1939, ought to cover the situation; but as I have stated, I am sure that the language as it is drafted covers the situation.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. ELLENDER. I yield.

Mr. O'MAHONEY. It occurs to me that perhaps the difficulty is overcome by the amendment which I understand the Senator from Louisiana is about to offer.

Mr. ELLENDER. I was about to make the same suggestion, Mr. President.

Mr. O'MAHONEY. As I understand after certain discussions today, the Senator has agreed to make it clear that by this provision he does not intend to increase, and his joint resolution will not have the effect of increasing, the sugar quota of Louisiana?

Mr. ELLENDER. That is correct.

Mr. O'MAHONEY. It merely operates to prevent penalizing those who, in the circumstances, planted certain acres which they might not otherwise have planted, provided that the Secretary shall find the total to be not greater than 505,000 tons.

Mr. ELLENDER. That is correct. I suggest that if the amendment had been sent to the desk and read, I believe it would have removed any objection the Senator from Colorado had. The amendment which I propose to offer reads as follows:

Provided, That the foregoing provision shall be effective only if the Secretary determines that the actual production from the 1940 crop acreage shall not exceed the estimated production of the 1940 proportionate share acreage of 505,000 tons.

That, to my mind, would cover the situation as to which there is doubt in the mind of the able Senator from Colorado. I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield to the Senator from Florida.

Mr. PEPPER. I ask the Senator, Is the effect of the amendment simply to prohibit a number of pounds in excess of the number of pounds which might have been marketed under the quotas had it been produced and offered for marketing?

Mr. ELLENDER. No.

Mr. PEPPER. In other words, the Senator has increased the acreage, but has not increased the quota?

Mr. ELLENDER. The acreage is not increased at all. When the farmers were allotted a certain sugarcane acreage for 1940 by the Department of Agriculture it was based on an estimated production of 505,000 tons of sugar. They were allotted a certain acreage upon which to produce this amount of sugar. It so happens that, because of storms and bad weather, the amount produced will be far less than the amount contemplated by the department when the acreage allotments were established. In addition to the penalties which are inflicted on the farmer who planted in excess of his proportionate share under the terms of this bill, there is the further proviso that the entire amount of sugar which is produced this year from the proportionate share acreage plus that produced from the excess acreage shall not exceed the 505,000 tons fixed by the Department when the allocation of acreage was made for the 1940 crop.

Mr. PEPPER. Mr. President, I desire to extend my hearty approval to the amendment offered by the able Senator from Louisiana, and say that it meets a very great need on the part of the cane area, of which, of course, Florida is a part. I very sincerely hope the amendment will be adopted, because we shall very keenly react favorably to it.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. In the committee amendment, on page 3, line 8, after the words "per acre", it is proposed to insert a colon and the following proviso:

Provided, That the foregoing provision shall be effective only if the Secretary determines that the actual production from the 1940 crop acreage shall not exceed the estimated production of the 1940 proportionate share acreage of 505,000 tons.

The PRESIDING OFFICER (Mr. BURKE in the chair). The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I understand that only about 200 farmers are affected by this amendment. Is that correct?

Mr. ELLENDER. In Louisiana, between 200 and 250.

Mr. O'MAHONEY. And most of those are what we call small farmers; are they not?

Mr. ELLENDER. No; a few of them are large farmers.

Mr. O'MAHONEY. What would the Senator say would be the average acreage of each of the farmers affected by the amendment?

Mr. ELLENDER. Some of them have as little as 50 acres. Some, of course, have larger acreages. I think one of them would be classed among the largest producers in the State. But most of them, I should say, have from 50 to 200 acres—the larger portion of those affected are in that class.

Mr. O'MAHONEY. That was my understanding.

I offer the amendment which I send to the desk, to be added to the joint resolution as a new section.

The PRESIDING OFFICER. The amendment offered by the Senator from Wyoming to the amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 3, after the amendment heretofore agreed to, it is proposed to insert the following:

SEC. 2. The last clause of section 201 of the act appproved September 1, 1937, is amended to read as follows: "and in order that the regulation of commerce provided by this act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirements of consumers, so that the supply of sugar made available to consumers shall not result in average prices to consumers in excess of those necessary to maintain the domestic sugar industry as a whole. The amount of such additional allowances shall not be less than the amount required, after allowance for normal carry-over, to give consumers in the continental United States a per capita consumption equal to the average of the 2-year period, 1937–38."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was rejected.

SUSPENSION OF CIVIL LIABILITIES OF CERTAIN PERSONS

Mr. AUSTIN. Mr. President, I ask unanimous consent to recur to Senate bill 4270, Calendar No. 2222, for the purpose of making a transposition of some of the text of it to aid in indexing.

First, I suppose, the Senate should act upon my request to recur to the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Vermont?

There being no objection, the Senate resumed the consideration of the bill (S. 4270) to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of certain persons serving in the Military and Naval Establishments.

Mr. AUSTIN. I ask that the sentence contained in lines 3 and 4 on page 35 of the bill be transposed to become the first sentence and first section of the bill.

Mr. OVERTON. Mr. President, what is the purpose of the transposition?

Mr. AUSTIN. On page 35, lines 3 and 4 read as follows:

SECTION 604. That this act may be cited as the Soldiers' and Sailors' Civil Relief Act of 1940.

At the request of the clerk of the committee I have made this unanimous-consent request, in order to facilitate indexing the bill.

Mr. OVERTON. The Senator asks that the sentence be transposed?

Mr. AUSTIN. That it be transposed to the first page and the first line, making it lines 1 and 2 on page 1, instead of lines 3 and 4 on page 35.

Mr. OVERTON. I assume that that is correct. I do not exactly follow the Senator.

Mr. AUSTIN. I think the Senator from Louisiana knows as much about it as I do.

The PRESIDING OFFICER. Without objection, the clerks will be authorized to make the transposition.

LABELING OF WOOL PRODUCTS; TRUTH IN FABRIC—CONFERENCE REPORT

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated.

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 162) to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

EXECUTIVE SESSION

Mr. BARKLEY. Mr. President, inasmuch as there will be some discussion of the conference report, it is not possible to proceed with it today; and it will be the unfinished business when the Senate meets tomorrow.

I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BURKE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion in the Navy.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of sundry officers to be major and brigadier generals in the Army (temporary appointments under the provisions of law).

He also, from the same committee, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

He also, from the same committee, reported favorably the nominations of several officers to be assistants to the Chief of the Air Corps with the rank of brigadier general, Regular Army, for a period of 4 years.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

THE JUDICIARY

The legislative clerk read the nomination of Gerald A. Gleeson to be United States attorney for the eastern district of Pennsylvania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COAST GUARD OF THE UNITED STATES

The legislative clerk read the nomination of Albert M. Martinson to be a commander, to rank as such from September 1, 1940.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk read the nomination of Louis Albert Ledbetter to be brigadier general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 46 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, October 1, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 30 (legislative day of September 18), 1940

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons, now Foreign Service officers of class 8 and secretaries in the Diplomatic Service, to be also consuls of the United States of America:

T. Muldrup Forsyth, of Virginia.
Walter J. Linthicum, of Maryland.
Patrick Mallon, of Ohio.
Maurice Pasquet, of New York.
Edward E. Rice, of Wisconsin.
Wales W. Signor, of Michigan.
Jay Walker, of the District of Columbia.
Clare H. Timberlake, of Michigan.

COLLECTOR OF CUSTOMS

Victor Russell, of Beaumont, Tex., to be collector of customs for customs collection district No. 21, with headquarters at Port Arthur, Tex., in place of William H. Gilliland, deceased.

COLLECTOR OF INTERNAL REVENUE

Roy G. Paschal, of Little Rock, Ark., to be collector of internal revenue for the district of Arkansas to fill an existing vacancy.

UNITED STATES PUBLIC HEALTH SERVICE

The following-named senior surgeons to be medical directors in the United States Public Health Service, to rank as such from the dates set opposite their names:

James F. Worley, September 25, 1940.
Marion S. Lombard, September 21, 1940.
Carl Michel, September 22, 1940.
Robert L. Allen, September 22, 1940.

The following-named surgeons to be senior surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Floyd C. Turner, September 30, 1940.
Calvin C. Applewhite, October 1, 1940.
Frank V. Meriwether, October 1, 1940.
Roy E. Bodet, October 1, 1940.
Walter G. Nelson, October 1, 1940.
Albert E. Russell, October 22, 1940.
Ralph D. Lillie, October 25, 1940.

The following-named assistant surgeons to be passed assistant surgeans in the United States Public Health Service, to rank as such from the dates set opposite their names:

Robert C. Dunn, October 1, 1940.
Russell K. Taubert, October 8, 1940.
Randall B. Haas, November 27, 1940.
Robert D. Duncan, December 1, 1940.

The following-named passed assistant surgeons to be surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Eddie M. Gordon, November 2, 1940.
Ralph Gregg, December 28, 1940.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 30 (legislative day of September 18), 1940

UNITED STATES ATTORNEY

Gerald A. Gleeson to be United States attorney, eastern district of Pennsylvania.

COAST GUARD OF THE UNITED STATES

Albert M. Martinson to be a commander in the Coast Guard, to rank as such from September 1, 1940.

APPOINTMENT IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICER

Louis Albert Ledbetter to be a brigadier general in the National Guard.

POSTMASTERS

CALIFORNIA

Sidney L. Wingert, Bloomington.
Jackson C. Roether, El Cajon.
Alexander Main, Lompoc.
Allie C. Cook, Montebello.
William L. Carter, Needles.
Charles W. Ray, Saugus.
Grace P. Johnson, Windsor.

CONNECTICUT

Mary D. Lawlor, Middlebury.
Florence F. Slattery, Pomfret.

MASSACHUSETTS

Charles F. Gibson, Canton.
Fred E. Hackett, Templeton.
C. Adelbert Bell, Tyngsboro.

MINNESOTA

John W. Hubin, Buffalo Lake.
John M. Gunter, Clara City.
John L. Townley, Jr., Fergus Falls.
Zelphia Taylor, Hill City.
John R. Kavanagh, Murdock.
Judith M. Nilson, Upsala.

OKLAHOMA

Bentley R. Jones, Stilwell.

TEXAS

Ernest A. White, Belton.
James R. Pipes, Crystal City.
W. Henry Taylor, Florence.
Fred W. Scott, Tatum.

HOUSE OF REPRESENTATIVES

MONDAY, SEPTEMBER 30, 1940

The House met at 12 o'clock noon.

Rev. Bernard Braskamp, D. D., pastor of Gunton Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou God of light and of love, during this day we would yield ourselves to the guiding power of Thy spirit and the warming assurance of Thy presence. In all our duties, grant us Thy help; in our perplexities, Thy counsel; in our burdens and trials, Thy sustaining grace.

We thank Thee for the heritage which we have received from those whose quest for truth has illumined the path in which we walk, whose search for beauty has enriched the world in which we live, whose devotion to goodness has ennobled the soul of humanity, and whose obedience to Thy will has made life forever significant.

Enlist us in a crusade to free the world from the curse of hatred and the tyranny of war. Widen the horizon of our sympathies and understanding. Enlighten our minds and hearts with a vision of that blessed day when righteousness and peace shall be gloriously triumphant.

In the name of the Christ, we pray. Amen.

The Journal of the proceedings of Thursday, September 26, 1940, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 428. An act for the relief of Edward Workman;
H. R. 532. An act for the relief of W. J. Hance;
H. R. 554. An act for the relief of Meta De Rene McLoskey;
H. R. 775. An act for the relief of W. M. Hurley and Joe Whitson;
H. R. 1174. An act for the relief of Euel Caldwell;
H. R. 1183. An act for the relief of Ben L. Kessinger and M. Carlisle Minor;
H. R. 1857. An act for the relief of Nell Mullen;
H. R. 1912. An act for the relief of the estate of Alfred Batrack;
H. R. 2036. An act for the relief of Umberto Tedeschi;
H. R. 2214. An act for the relief of M. Grace Murphy, administratrix of the estate of John H. Murphy, deceased;
H. R. 2286. An act for the relief of Wasyl Kulmatycki;
H. R. 2684. An act for the relief of Emma Knutson;
H. R. 4441. An act for the relief of Alex Silberstein, Magdalene Silbertstein, Eleanor Goldfarb, Lillian Goldfarb, Jackie Goldfarb, and Florence Karp, minors;
H. R. 4571. An act for the relief of LaVera Hampton;
H. R. 4954. An act for the relief of Rosa Paone;
H. R. 5264. An act for the relief of Maj. Clarence H. Greene, United States Army, retired;
H. R. 5365. An act for the relief of John J. Murphy;
H. R. 5400. An act for the relief of those rendering medical and hospital services to Evyline Vaughn;
H. R. 5417. An act for the relief of Isaac Surmany;
H. R. 5771. An act for the relief of Louis St. Jacques;
H. R. 5776. An act for the relief of Albert DePonti;
H. R. 5863. An act for the relief of the estate of James A. Rivera;
H. R. 6060. An act for the relief of John P. Hart;
H. R. 6108. An act for the relief of Regina Howell;
H. R. 6210. An act for the relief of George R. Stringer;
H. R. 6230. An act for the relief of James Murphy, Sr.;
H. R. 6409. An act to record the lawful admission to the United States for permanent residence of Motiejus Buzas and Bernice Buzas, his wife;
H. R. 6456. An act for the relief of John Toepel, Robert Scott, Widmer Smith, and Louis Knowlton;
H. R. 6457. An act for the relief of the Wallie Motor Co.;
H. R. 6480. An act to amend the Agricultural Adjustment Act of 1933;

H. R. 6605. An act for the relief of Louis A. Charland;
H. R. 6639. An act for the relief of George F. Kermath;
H. R. 6782. An act for the relief of James Robert Harman;
H. R. 6842. An act for the relief of Rufus E. Farmer;
H. R. 6946. An act for the relief of Salvatore Taras;
H. R. 7179. An act authorizing the naturalization of Louis D. Friedman;
H. R. 7425. An act for the relief of the parents of Charldean Finch;
H. R. 7515. An act for the relief of Joseph B. Rupinski and Maria Zofia Rupinski;
H. R. 7681. An act for the relief of Emelie Witzenbacher;
H. R. 7747. An act for the relief of Estelle M. Corbett;
H. R. 8124. An act to provide funds for cooperation with public-school districts (organized and unorganized) in Mahnomen, Itasca, Pine, St. Louis, Clearwater, Koochiching, and Becker Counties, Minn., in the construction, improvement, and extension of school facilities to be available to both Indian and white children;
H. R. 8295. An act for the relief of Leo Neumann and his wife, Alice Neumann;
H. R. 8474. An act to further amend the Alaska game law;
H. R. 8743. An act for the relief of Luther Haden;
H. R. 8830. An act to amend the records at the port of New York to show the admission of Steve Zegura, Jr., and B. Dragomir Zegura as aliens admitted for permanent residence;
H. R. 8906. An act to record the lawful admission to the United States for permanent residence to Nicholas G. Karas;
H. R. 9024. An act relating to the status of retired officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, and to amend section 113 of the Criminal Code;
H. R. 9123. An act to approve Act No. 65 of the Session Laws of 1939 of the Territory of Hawaii, entitled "An act to amend Act 29 of the Session Laws of Hawaii, 1929, granting to J. K. Lota and associates a franchise for electric light, current, and power in Hanalei, Kauai, by including Moloaa within such franchise";
H. R. 9124. An act to approve Act No. 214 of the Session Laws of 1939 of the Territory of Hawaii, entitled "An act to amend Act 105 of the Session Laws of Hawaii, 1921, granting franchise for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kapaa and Waipouli in the district of Kawaihau on the island and county of Kauai, by including within said franchise the entire district of Kawaihau, island of Kauai";
H. R. 9264. An act to provide for uniformity of allowances for the transportation of household goods of civilian officers and employees when transferred from one official station to another for permanent duty;
H. R. 9636. An act authorizing the conveyance to the Commonwealth of Virginia of a portion of the naval reservation known as Naval Proving Ground, Dahlgren, Va.;
H. R. 9688. An act to provide for the advancement on the retired list of any officer of the Navy or Marine Corps retired pursuant to the provisions of section 13 or 15 (e) of the act of June 23, 1938;
H. R. 9898. An act to further amend section 13a of the National Defense Act so as to authorize officers detailed for training and duty as aircraft observers to be so rated, and for other purposes;
H. R. 10036. An act for the relief of John A. Kames;
H. R. 10080. An act to amend section 3493 of the Internal Revenue Code, formerly section 404 of the Sugar Act of 1937; and
H. R. 10191. An act for the relief of Anthony Borsellino.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 3907. An act for the relief of William A. Reithel;
H. R. 4097. An act to authorize the use of certain facilities of national parks and national monuments for school purposes;
H. R. 6083. An act for the relief of Morris Burstein, Jennie Burstein, and Adolph Burstein;
H. R. 7283. An act for the relief of Frank Hall;
H. R. 8621. An act to amend the Civil Service Retirement Act and other retirement acts;
H. R. 8868. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Bolinross Chemical Co., Inc.; and
H. R. 9736. An act to amend section 355 of the Revised Statutes, as amended, to authorize the Attorney General to approve the title to low-value lands and interests in lands acquired by or on behalf of the United States subject to infirmities, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 1432. An act authorizing the Snake or Piute Indians of the former Malheur Indian Reservation of Oregon to sue in the Court of Claims, and for other purposes;
S. 2148. An act for the admission of Ruth Molimau Kenison to American citizenship;
S. 2576. An act to authorize the expenditure of the receipts from migratory-bird and wildlife refuges or other areas or projects operated or controlled by the Fish and Wildlife Service, United States Department of the Interior, for the protection of such refuges, areas, or projects, and the wildlife thereon, and for other purposes;
S. 2705. An act creating the Great Falls Bridge Commission and authorizing the construction, maintenance, and operation of a bridge across the Potomac River near the Great Falls of the Potomac;
S. 3087. An act to record the lawful admission to the United States for permanent residence of Chaim Wakerman, known as Hyman Wakerman;
S. 3185. An act for the relief of Noland Blass;
S. 3204. An act for the relief of Louise Hsien Djen Lee Lum;
S. 3442. An act to authorize the cancelation of deportation proceedings in the case of Minas Kirillidis;
S. 3653. An act for the relief of Algy Fred Giles;
S. 3657. An act authorizing the appointment and retirement of John Tomlingson as second lieutenant, United States Army;
S. 3729. An act for the relief of Hjalmar M. Seby;
S. 3765. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at Astoria, Clatsop County, Oreg., and for other purposes;
S. 3778. An act to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930;
S. 3864. An act to apply laws covering steam vessels to certain passenger-carrying vessels;
S. 3869. An act to authorize the participation of States in certain revenues from national parks, national monuments, and other areas under the administrative jurisdiction of the National Park Service, and for other purposes;
S. 3991. An act to authorize the disposal of tools and equipment on the New England hurricane damage project;
S. 4073. An act for the relief of Fred McGarrahan;
S. 4116. An act amending the act of June 25, 1938, extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes;
S. 4120. An act authorizing the Secretary of War to accept a gift of lands from the city of Tucson, Ariz.;
S. 4196. An act establishing overtime rates for compensation for employees of the field services of the Navy Department and the Coast Guard, and for other purposes;
S. 4224. An act to authorize the discontinuance of professional examinations for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps during time of war or emergency declared by Congress;
S. 4246. An act to provide for the appointment of certain persons as commissioned or warrant officers in the Naval Reserve, and for other purposes.
S. 4250. An act conferring jurisdiction upon the United States District Court for the Western District of North Carolina to hear, determine, and render judgments upon the claims

against the United States of I. M. Cook, J. J. Allen, and the Radiator Speciality Co.;

S. 4258. An act to remove the restriction placed upon the use of certain lands acquired in connection with the expansion of Mitchel Field, N. Y.;

S. 4275. An act to increase the authorized numbers of warrant officers and enlisted men in the Army Mine Planter Service, and for other purposes;

S. 4353. An act to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories, and possessions, and for other purposes;

S. J. Res. 212. Joint resolution making applicable to certain coal deliveries the prices established by the National Bituminous Coal Commission; and

S. J. Res. 253. Joint resolution providing for the celebration in 1945 of the one-hundredth anniversary of the founding of the United States Naval Academy, Annapolis, Md.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 960. An act extending the classified civil service of the United States.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MEAD, Mr. BULOW, Mr. GEORGE O. WHITE, and Mr. FRAZIER to be the conferees on the part of the Senate.

AMENDMENT OF NATIONAL STOLEN PROPERTY ACT

Mr. SABATH (on behalf of Mr. LEWIS of Colorado) from the Committee on Rules, submitted the following privileged resolution (H. Res. 617), which was referred to the House Calendar and ordered to be printed.

House Resolution 617

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3936), an act to extend the provisions of the act of May 22, 1934, known as the National Stolen Property Act, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on the Judiciary now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a short editorial.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include certain brief excerpts pertaining to what I am discussing.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include some choice selections from Thomas Jefferson.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. ARENDS and Mr. CLASON asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I also ask unanimous consent that the gentleman from New York [Mr. COLE] may have permission to revise and extend his own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JONKMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a few short quotations by distinguished Americans and also to extend my own remarks in the RECORD and include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a brief extract from an address to newly naturalized American citizens.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

CONSENT CALENDAR

The SPEAKER. The Clerk will call the first bill on the Consent Calendar.

PASSAMAQUODDY BAY TIDAL POWER

The Clerk called the first business on the Consent Calendar, Senate Joint Resolution 57, authorizing the Secretary of War to cause a completion of surveys, test borings, and foundation investigations to be made to determine the advisability and cost of putting in a small experimental plant for development of tidal power in the waters in and about Passamaquoddy Bay, the cost thereof to be paid from appropriations heretofore or hereafter made for such examinations.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the joint resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

BRIDGE ACROSS MISSOURI RIVER IN THE CITY OF OMAHA, NEBR.

The Clerk called the next bill, H. R. 7069, authorizing Douglas County, Nebr., to construct, maintain, and operate a toll bridge across the Missouri River at or near Florence Station in the city of Omaha, Nebr.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OF CROP-LOAN LAW

The Clerk called the next bill, H. R. 7878, to amend the crop-loan law relating to the lien imposed thereunder, and for other purposes.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMPENSATION OF SPECIAL COUNSEL FOR THE UNITED STATES

The Clerk called the next bill, H. R. 4366, to authorize the payment of additional compensation to special assistants to the Attorney General in the case of United States against Doheny executors.

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CHANGING TIME OF APPOINTMENT PRESIDENTIAL ELECTORS AND THE ELECTION OF SENATORS AND REPRESENTATIVES IN CONGRESS

The Clerk called the next bill, H. R. 8700, to change the time of the appointment of Presidential electors, and the election of Senators and Representatives in Congress.

Mr. CHURCH. Mr. Speaker, in view of the importance of this measure I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SPEECHES AND WRITINGS OF EDMUND BURKE

The Clerk called the next business, House Joint Resolution 307, to provide for the printing of the speeches and writings of Edmund Burke as a House document.

The SPEAKER. Is there objection?

Mr. CHURCH. Mr. Speaker, in view of the previous objection of my colleague the gentleman from New Jersey [Mr. KEAN] I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

BIOGRAPHICAL DIRECTORY OF THE AMERICAN CONGRESS

The Clerk called the next business, House Concurrent Resolution 54, authorizing the printing of a revised edition of the Biographical Directory of the American Congress.

The SPEAKER. Is there objection?

Mr. CHURCH. Mr. Speaker, for the same reason, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DESIGNATING THE PERSON WHO SHALL ACT AS PRESIDENT

The Clerk called the next bill, H. R. 9462, designating the person who shall act as President if a President shall not have been chosen before the time fixed for the beginning of his term, or when neither a President-elect nor a Vice-President-elect shall have qualified.

The SPEAKER. Is there objection?

Mr. CHURCH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

OBLIGATIONS TO CERTAIN ENROLLED INDIANS UNDER TRIBAL AGREEMENT

The Clerk called the next bill, H. R. 5944, to carry out certain obligations to certain enrolled Indians under tribal agreement.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

JURISDICTION OVER LANDS EMBRACED WITHIN THE OLYMPIC NATIONAL PARK

The Clerk called the next bill, H. R. 6559, to accept the cession by the State of Washington of exclusive jurisdiction over the lands embraced within the Olympic National Park, and for other purposes.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

FRED B. WOODARD

The Clerk called the next bill, H. R. 9432, to limit the operation of sections 109 and 113 of the Criminal Code, and section 190 of the Revised Statutes of the United States with respect to certain counsel.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

RELIEF OF CERTAIN FORMER DISBURSING OFFICERS FOR CIVIL WORKS ADMINISTRATION AND FEDERAL EMERGENCY RELIEF ADMINISTRATION

The Clerk called the next bill, H. R. 9514, for the relief of certain former disbursing officers for the Civil Works Administration and the Federal Emergency Relief Administration.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I object.

PLACES OF CONFINEMENT OF PERSONS CONVICTED OF A FEDERAL OFFENSE

The Clerk called the next bill, H. R. 9954, to amend section 7 of the act of May 14, 1930 (46 Stat. 326; U. S. C., title 18, sec. 753 f), relating to places of confinement and transfers of persons convicted of an offense against the United States.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MONUMENT TO GEN. ANDREW PICKENS

The Clerk called the next business, House Joint Resolution 369, to provide for the erection of a shrine or monument to the memory of Gen. Andrew Pickens.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEASE, DEVELOPMENT, AND MAINTENANCE OF KELLEY HOMESTEAD NEAR ELK RIVER, MINN.

The Clerk called the next business, House Joint Resolution 376, authorizing the Secretary of Agriculture to accept from the National Grange a lease of the Kelley homestead near Elk River, Minn., and providing for its development and maintenance.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

USE AND DISPOSITION OF THE BEQUEST OF THE LATE JUSTICE OLIVER WENDELL HOLMES

The Clerk called the next business, House Joint Resolution 550, to provide for the use and disposition of the bequest of the late Justice Oliver Wendell Holmes to the United States, and for other purposes.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. McCORMACK. Reserving the right to object, Mr. Speaker, may I ask my distinguished friend from Michigan the reason for putting this bill over?

Mr. WOLCOTT. I may say to the distinguished majority leader that I explained my objections in full when this calendar was called 3 or 4 weeks ago. I should dislike to encumber the RECORD again with all the objections I had to the bill.

Mr. McCORMACK. I was present at the time, and I am aware of what the gentleman stated then. Are the same objections expressed then the reason for the gentleman's action today?

Mr. WOLCOTT. Yes; they have not changed any. The bill has not been changed any.

Mr. McCORMACK. May I call the gentleman's attention to the fact that the report of the special committee, of which I was a member, was unanimous?

On the special commission were the distinguished gentleman from Massachusetts [Mr. WIGGLESWORTH] and the distinguished gentleman from Illinois [Mr. KELLER]. On the part of the Senate there were the junior Senator from

Massachusetts [Mr. LODGE], also the senior Senator from Massachusetts [Mr. WALSH]. I was a member of the commission, and there were three members of the Supreme Court on it also. The report of the special committee is unanimous. I hope the gentleman from Michigan will not press his unanimous-consent request but will permit the bill to pass.

Mr. WOLCOTT. Before the gentleman asks me to do this, I wish he would review the reasons I gave for it at that time.

Mr. McCORMACK. If the gentleman's mind is made up—and I thoroughly respect the gentleman—I would much prefer that the gentleman would object to the passage of the bill without prolonging the discussion further.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. McCORMACK. I object. I prefer to see consideration of the bill objected to rather than have it go over again.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I wish to make a brief statement.

Mr. Speaker, I know of no man whose memory I revere more than that of the late Justice Oliver Wendell Holmes. I had a deep admiration for his father from the time I could sit up and read the English language. I have equally respected Justice Holmes. In my opinion, if there is any man in this country who should be honored it is the late Justice Oliver Wendell Holmes. He was a great jurist, he was a great man, he was my mentor, he was my champion, in fact he was a little god whom I worshiped for several years when I was studying law. So I hope the gentleman will appreciate that when I object to the consideration of this bill it is with the hope that the Committee on the Library and the special commission the gentleman mentions will get together on a bill which the House can pass with full realization that it would meet with the ideals and principles of the late Justice Holmes himself were he alive to supervise this proposal. That is the reason I object.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT, Mr. CHURCH, and Mr. KEAN objected.

ARLINGTON FARM, VA.

The Clerk called the next bill, S. 4107, to transfer the jurisdiction of the Arlington Farm, Va., to the jurisdictions of the War Department and the Department of the Interior, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

UNITED STATES MARITIME COMMISSION VESSELS

The Clerk called the next bill, H. R. 10315, to authorize the United States Maritime Commission to furnish suitable vessels for the benefit of certain State nautical schools, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KEAN. Mr. Speaker, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

MOUNT VERNON MEMORIAL HIGHWAY

The Clerk called the next bill, H. R. 10221, to provide for the acquisition of additional land along the Mount Vernon Memorial Highway in exchange for certain dredging privileges, and for other purposes.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

Mr. LANHAM. Mr. Speaker, will the gentleman withhold his objection for the moment?

Mr. SCHAFER of Wisconsin. Yes; I will withhold my objection to permit the gentleman to make a statement.

Mr. LANHAM. The gentleman served on the committee from which this bill was reported. I have no personal interest, of course, in the bill, but I do have an interest in it as a citizen interested in the preservation of the Washington Memorial Highway.

This bill will cost the Government not 1 penny, but the Government will get some very useful rights for its own purposes. I cannot see how there could possibly be any objection to the enactment of this measure, and I hope the gentleman, in view of the fact that we are now getting pretty well along in the session, will not interpose an objection to the consideration of this bill at this time.

Mr. SCHAFER of Wisconsin. Why is this corporation going to be so liberal as to give title to expensive property to the United States Government for nothing?

Mr. LANHAM. If the gentleman has read the report and the hearings, the gentleman will see that the Government will acquire title to quite a bit of land along the Washington Memorial Highway which it does not now own and which will obviate the probability of the establishment on this route of many unsightly things. It will acquire these rights and this title simply by giving temporary dredging privileges in a much smaller tract of land owned by the Government. These dredging operations, the Army engineers report, will enable seaplanes to take off from the proximity of our National airport and will also improve the navigation of the Potomac River.

Mr. SCHAFER of Wisconsin. But this bill does not provide that the Federal Government shall obtain this valuable property without giving something in return. The Federal Government is apparently going to give the owners of this land something of great value.

Mr. LANHAM. The Federal Government will acquire very much land and title to that land. It will give title to no land, but for a limited period of time it will grant dredging privileges in a very much smaller tract of land, and this dredging will result in an improvement of navigation of the river and also facilitate the operation of seaplanes near the National Airport.

Mr. SCHAFER of Wisconsin. In view of the gentleman's statement I will support this bill with a sincere hope that this expensive and expansive airport which has thus far cost the taxpayers of the country more than $14,000,000 might be improved so that it can be an integral part of our national-defense system. Right now there is not one underground, hidden, or camouflaged runway or hangar, and any enemy bombing squadron could wipe out that Gravelly Point Airport which is adjacent to our Nation's Capital in a few moments.

In view of the fact they are going to do some dredging at this airport, if the pending bill is enacted, and in order that they might then have some facilities and place to install some underground, hidden, or camouflaged runways and hangars and really provide for national defense at this airport which is adjacent to the National Capital, I shall withdraw my objection to the consideration of the pending bill.

Mr. RICH. Mr. Speaker, reserving the right to object, the gentleman from Wisconsin stated that the Gravelly Point Airport is going to cost $14,000,000. I have been informed that the Gravelly Point Airport will cost over $25,000,000, but I have not been able to find anybody in the Congress who can give me an estimate on what the Gravelly Point Airport will cost. Can the gentleman tell us?

Mr. LANHAM. In the first place this bill has no connection with the Gravelly Point Airport further than that the dredging contemplated will make it possible for seaplanes to operate from near that port. I may say further that the legislation with reference to the Gravelly Point Airport did not emanate from our committee; consequently I cannot give the gentleman detailed information in that regard.

Mr. RICH. The gentleman is another Member of Congress who does not know anything about what the cost of the Gravelly Point Airport will be. I have been trying to find out what the cost of that operation will ultimately be. Probably the gentleman from Missouri, who looks as if he had the knowledge, might tell us what that airport will cost.

Mr. COCHRAN. The gentleman from Missouri will tell the gentleman that it is going to be the finest airport in the world. Furthermore, in building airports the gentleman from Missouri is in favor of building airports to take care of our needs 25 years from now as well as today.

Mr. RICH. So am I; but when we build airports we ought to do it with the idea in mind that we are going to do it in an economical, businesslike way. When we start digging out rivers, and indulging in building a very expensive airport, I do not think that is good business.

Mr. CHURCH. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to protect more adequately the Mount Vernon Memorial Highway, and to add further to its memorial character, the Secretary of the Interior is hereby authorized to carry out the following transactions with the Smoot Sand & Gravel Corporation:

(a) The Secretary of the Interior is authorized to accept on behalf of the United States of America a good and sufficient title in fee simple, free of all encumbrances, to that piece of land lying along the Mount Vernon Memorial Highway beginning approximately opposite highway station 242 and extending to station 247, as surveyed by the Public Roads Administration, and as shown on sheet 154 of the Alexandria, Va., assessment maps as block 1, lot 1, containing twenty-three and five-tenths acres, more or less, in consideration for the Secretary of the Interior and the Secretary of War permitting the Smoot Sand & Gravel Corporation, its successors and assigns, to remove the sand and gravel from the same number of acres situated in the Potomac River adjacent thereto as shown on plan No. 105.22–414 in the files of the National Capital Park and Planning Commission for a period of 20 years.

(b) The Secretary of the Interior is authorized to acquire certain lands in exchange for certain dredging and other rights on land already owned by the United States on the east side of the Mount Vernon Memorial Highway in Fairfax County, Va., extending from approximately station 426 to station 516+50, shown as areas "A," "B," "C," and "D" on plan No. 105.22–415 in the files of the National Capital Park and Planning Commission and more particularly set forth as follows:

(1) To accept on behalf of the United States of America a good and sufficient title in fee simple, free of all encumbrances, to that piece of land lying on the east side of the Mount Vernon Memorial Highway and extending from approximately opposite station 459 to station 516+50, approximately five thousand seven hundred and fifty feet in length and averaging approximately eight hundred feet in width, and containing one hundred and ten acres, more or less, and as further shown as area "A" on said plan.

(2) To accept on behalf of the United States of America a good and sufficient title in fee simple, free of all encumbrances, to area "D" lying between area "A" and the Potomac River, and containing one hundred and fifty acres, more or less; the Smoot Sand & Gravel Corporation reserving unto itself, its successors and assigns, the right to remove sand and gravel therefrom for a period of 30 years, and for the same period reserving such riparian rights as may exist in area "D."

(3) To permit the Smoot Sand & Gravel Corporation, its successors and assigns, to remove sand and gravel from that part of United States property lying east of area "B" and opposite station 426 to 459, to the extent of eighty-five acres, more or less, of the total one hundred and ten acres in area "C," as shown on said plan, for a period of 20 years, and for the same period granting such riparian rights as may exist in this area.

(4) To require that the scope of dredging operations necessary to remove the sand and gravel in areas "C" and "D" be so limited and conducted as not to undermine the adjacent shores of areas "A" and to provide that the Government shall have the right of ingress and egress from the Potomac River to the lands marked on the plan as areas "A" and "B" for the purpose of depositing dredged material in those areas; and to allow the workmen employed in the dredging operations at the locations described above, to have access to the Mount Vernon Memorial Highway for the purpose of going to and from work, and to park their cars at designated places.

(5) The Secretary of the Interior is hereby further authorized to prescribe any other terms and conditions deemed necessary to protect the interests of the United States in the above transactions.

(c) All lands acquired by the United States pursuant to this act shall be administered by the Secretary of the Interior through the National Park Service as a part of the Mount Vernon Memorial Highway and shall be subject to all laws and rules and regulations applicable thereto.

With the following committee amendments:

Page 2, line 11, after the word "from", insert "an area containing."

Page 4, strike out lines 13 to 21, inclusive, and insert the following:

"(c) The Secretary of the Interior and the Secretary of War are hereby further authorized to prescribe in any contract or contracts entered into pursuant hereto any other terms and conditions deemed necessary to protect the interests of the United States in the above transactions, and to delineate the exact area to be dredged as provided for in section (a).

"(d) All lands acquired by the United States pursuant to this act shall be administered by the Secretary of the Interior through the National Park Service as a part of the Mount Vernon Memorial Highway and shall be subject to all laws and rules and regulations applicable thereto.

"(e) All dredging shall be performed in accordance with plans recommended by the Chief of Engineers and authorized by the Secretary of War as provided in section 10 of River and Harbor Act approved March 3, 1899 (30 Stat. 1151; 33 U. S. C. 403), as amended."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNUAL LABOR ON MINERAL CLAIMS, ALASKA

The Clerk called the next bill, H. R. 2747, relative to annual labor on mineral claims in the Territory of Alaska.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the Territory of Alaska a survey for patent purposes made by a United States mineral surveyor under order of the United States Cadastral Engineer may be credited upon annual labor required by law to be performed upon or for the benefit of the claim or claims for the year in which such survey is made, but in no case shall the credit for the cost of such survey and its attendant expense exceed the amount of the annual labor required for 1 year as to the claim or claims so surveyed.

With the following committee amendment:

Page 2, line 1, after the word "surveyed", insert a colon and the following: "*Provided*, That the cost of such survey shall not be credited in determining the value of the labor or improvements required under section 2325, Revised Statutes (U. S. C., title 30, ch. 2, sec. 29)."

The committee amendment was agreed to.

Mr. MURDOCK of Arizona. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK of Arizona: Page 1, line 3, after the word "the" and before the word "Territory", insert "continental United States and the."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEASING LANDS ON PORT MADISON AND SNOHOMISH OR TALALIP INDIAN RESERVATION, WASH.

The Clerk called the next bill, S. 253, to authorize the leasing of certain Indian lands subject to the approval of the Secretary of the Interior.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. When Calendar 916 was called, did the amendment offered make this bill applicable to the whole of the continental United States? There was so much confusion that I do not know what was going on. I ask the Speaker whether the amendment offered to H. R. 2747, Calendar No. 916, made the bill applicable to the entire continental United States?

The SPEAKER. The Clerk will report the amendment offered by the gentleman from Arizona [Mr. MURDOCK] to that bill.

The Clerk read as follows:

Amendment offered by Mr. MURDOCK of Arizona: Page 1, line 3, after the word "the" and before the word "Territory", insert "continental United States and the."

Mr. WOLCOTT. Do I understand that amendment was agreed to by unanimous consent?

The SPEAKER. It was.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object to the consideration of the present bill, I may say that in connection with the amendment offered to H. R. 2747, had the official objectors, or the unofficial objectors, or whatever we are classified, knew that the import of that amendment was to bring the entire mining industry of the United States under

this act, we surely would have objected to the original consideration of the bill. I do not think it is fair to this House to legislate in that particular manner, and I wish that hereafter when there are amendments to bills known by the sponsors of the bill they would let us know so we can object, because otherwise we will object to every bill on this calendar.

The SPEAKER. Is there objection to the consideration of the bill S. 253?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding any other provision of law, any Indian lands on the Port Madison and Snohomish or Tulalip Indian Reservations in the State of Washington, may be leased by the Indians with the approval of the Secretary of the Interior, and upon such terms and conditions as he may prescribe, for a term not exceeding 25 years: *Provided, however*, That such leases may provide for renewal for an additional term not exceeding 25 years, and the Secretary of the Interior is hereby authorized to prescribe such rules and regulations as may be necessary to carry out the provisions of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHOCTAW AND CHICKASAW NATIONS IN OKLAHOMA

The Clerk called the next bill, S. 2617, to authorize the leasing of the undeveloped coal and asphalt deposits of the Chocktaw and Chickasaw Nations in Oklahoma.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. RICH. Reserving the right to object, Mr. Speaker, I should like to have an explanation of this bill. If nobody here can explain the bill, Mr. Speaker, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MIAMI NATION OF INDIANS OF INDIANA

The Clerk called the next bill, H. R. 2306, conferring jurisdiction upon the Court of Claims, with right of appeal to the Supreme Court of the United States to hear, examine, adjudicate, and enter judgment in all claims which the Miami Indians of Indiana who are organized and incorporated as the Miami Nation of Indians of Indiana may have against the United States, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. COCHRAN. Mr. Speaker, reserving the right to object, this bill was reported on August 20, 1940. I have in my hand the report filed by the committee with the bill. The report contains a letter from the General Accounting Office and from the Department of the Interior, but it does not contain the letter from the Attorney General, who objects to many features of this bill. The Attorney General's letter is dated July 13, 1939, written to the chairman of the committee. Why is that letter not included in the report? Surely the House is entitled to the views of the Department of Justice. The Attorney General points out the disadvantages to the Government in his communication. Therefore, Mr. Speaker, I object to the present consideration of the bill.

AMENDING THE WHEELER-HOWARD ACT

The Clerk called the next bill, S. 2103, to exempt certain Indians and Indian tribes from the provisions of the act of June 18, 1934 (48 Stat. 984), as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 13 of the act entitled "An act to conserve and develop Indian lands and resources; to extend to Indians the right to form business and other organizations; to establish a credit system for Indians; to grant certain rights of home rule to Indians; to provide for vocational education for Indians; and for other purposes," approved June 18, 1934, as amended, is amended by adding at the end thereof the following new paragraph:

"None of the provisions of this act shall apply to (1) any Indian tribe on the Standing Rock Reservation located in the States of North and South Dakota; (2) the Pine Ridge Sioux Tribe of Indians of the State of South Dakota; (3) the Cheyenne River Sioux Tribe of Indians of the State of South Dakota; (4) the Yankton Sioux Tribe of Indians, of the Rosebud Agency of the State of South Dakota; (5) any Indian on any reservation or any Indian tribe or group, located in the State of Nevada; (6) the Eastern Band of Cherokee Indians located in the State of North Carolina; (7) any Indian tribe, band, or group, located in the State of California; (8) any Indian or Indian tribe on the Colorado River Indian Reservation of the State of Arizona; or (9) the Navajo tribe located in the State of New Mexico."

With the following committee amendment:

Page 1, line 3, strike out all after the enacting clause and insert the following:

"That section 2 of the act of June 15, 1935 (49 Stat. 378), entitled "An act to define the election procedure under the act of June 18, 1934, and for other purposes," is hereby amended to read as follows:

"(a) It shall be the duty of the Secretary of the Interior to hold an election on the question of whether any Indian reservation shall be excluded from, or included within, the application of the act of June 18, 1934 (48 Stat. 984), upon receipt of a petition for such an election signed by one-third of the adult Indians of the reservation.

"(b) The result of such election shall determine whether the said act of June 18, 1934, shall apply, continue to apply, or cease to apply, to such reservation.

"(c) When any such election has been held, no similar election shall be held on the same reservation for a period of 2 years.

"(d) In the event that the Indians of any reservation, having voted that the act of June 18, 1934, shall apply to the said reservation, have secured a charter of incorporation or adopted a tribal constitution under the said act, such Indians may take such action as is required by law to annul such charter, to rescind such constitution, and to discharge or liquidate all corporate or tribal obligations entered into pursuant to such charter or constitution, including, without limiting the generality of the foregoing, all obligations embodied in corporate or tribal loan agreements, trust agreements, leases of tribal land, permits, timber contracts, attorney contracts, land assignments, contracts for the acquisition of land, and contracts for personal services; and no election requiring the exclusion of any such reservation from the said act shall be effective until the prescribed action has been taken and all obligations of the character specified have been discharged or liquidated and a proclamation by the Secretary of the Interior so declares.

"(e) There is hereby authorized to be appropriated out of any moneys in the Treasury, not otherwise appropriated, a sum not to exceed $20,000 in any fiscal year to defray the expenses of elections held under this act.

"(f) This act shall not apply to any reservation in the State of Oklahoma or in the Territory of Alaska."

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota to the committee amendment: At the end of line 24 on page 2 insert "or any certain sections thereof," and on page 3 in line 4, after "said act of June 18, 1934" insert "or any certain sections thereof."

TO PERMIT THE INDIANS TO CHOOSE

Mr. CASE of South Dakota. Mr. Speaker, this amendment has been submitted to the chairman of the Committee on Indian Affairs, and to the gentleman from Wisconsin [Mr. SCHAFER] who, I understand, is the author of the committee amendment to the Senate bill, which now comes before us as a substitute. The amendment which I have offered is agreeable to them. It is needed to preserve equity and justice for the Indians.

My amendment has two purposes. The first purpose is to make it possible for an Indian tribe to preserve for itself those portions of the act of June 18, 1934, which it may have found workable and helpful while discarding those portions which have been found unsuited to its particular situation. The second purpose is to make it possible for an Indian tribe that has not accepted the act to come under those portions of the act which it believes will be beneficial even though it may not believe the entire act to be suitable.

Under the first purpose, it is my intention to preserve, for example, certain rights of the Sioux Tribes, known as Sioux benefits, and originally established by law in 1889, to carry out certain treaty provisions, and subsequently confirmed and extended by other legislation, including the act of May 22, 1928 as well as the act of June 18, 1934. Obviously, it would be unfair to the Sioux to impair their Sioux benefits in any way as the price of their voting to remove themselves from the act. Under my amendment, the Sioux should be able to vote to exclude themselves from or to include themselves within, portions of the act without affecting the sections which apply to Sioux benefits.

Under the second purpose, it is my thought that the educational loans and the revolving-fund loans, to mention two examples, are portions of the act of June 18, 1934, which many tribes desire who object to the form of Indian organization required under other sections. Surely the Congress has no desire to make these loan funds a bribe to get Indians to go into a form of social organization that is distasteful to some of them. The ability to use a loan wisely is largely a matter of the individual's ability. The purpose of the loans is to give the Indian a chance to stand on his own feet and to improve his ability to do so. Should the Indians who can use such a loan to advantage be denied the opportunity because his reservation does not want to accept a community form of social or political organization? I am sure that Congress has no intention of maintaining a discrimination among the several reservations on this point. My amendment is intended to make it possible for the loan provisions to be applied to a reservation without requiring the acceptance of the organization and charter features.

Mr. Speaker, some of the trouble under the Indian Reorganization Act has been the attempt to make one coat fit all Indians. But the Indian people on different reservations vary greatly in habits, customs, lands, climate, training, and inheritance. They need coats of different sizes, weights, and colors. I realize that a small amendment of a few words cannot accomplish everything, but I believe this will help. It is designed to let the Indians select for themselves those parts of the act of June 18, 1934, which seem suited and helpful to them and to permit themselves to shake off or leave off those parts of the act which they feel produce quarrels, confusion, and discord. The basic act is not a balanced, unified act. Those who have studied its history know and understand why it is not.

The bill as reported by the committee would only permit reservations to vote on applying or withdrawing from the act as a whole. My amendment extends that principle of choice and decision by the Indians to the sections of the act. I think it will reduce the trouble that has developed on the one hand while extending the good on the other. I realize that very few Members have Indian reservations in their districts and this legislation and discussion of it means little to them. I have five reservations in my district, two of them among the largest in the country. I assure you that the Indians are a loyal, earnest body of American citizens. I earnestly hope that the Congress will give them the opportunity for self-determination which this bill and my amendment seek to provide.

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider was laid on the table.

The title was amended so as to read "An act to amend an act entitled 'An act to define the election procedure under the act of June 18, 1934, and for other purposes.' "

AMENDING SECTION 204 OF THE TRANSPORTATION ACT OF 1920

The Clerk called the next bill, H. R. 10098, to amend section 204 of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920.

The SPEAKER pro tempore (Mr. COOPER). Is there objection to the present consideration of the bill?

Mr. KEAN. Reserving the right to object, Mr. Speaker, whatever the merits of this bill may be it is going to cost the Government $1,800,000, and for that reason, it being on the Consent Calendar, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

SEAMEN'S PROTECTION CERTIFICATES

The Clerk called the next bill, H. R. 10381, to repeal sections 4588 and 4591 of the Revised Statutes of the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I wonder if the chairman of the committee will explain what this bill does?

Mr. BLAND. The sole purpose of this bill is to get rid of some old statutes that are merely confusing now, and that require the collector of customs to give certain certification as to seamen. We have on the statutes now authority whereby they must proceed in a regular way to be identified and licensed. This creates a confusion in the law.

Mr. WOLCOTT. One of the sections to be repealed provides for the issuance of seamen's protection certificates, and the other provides for the continuous-discharge book. Is the information which is contained in the seamen's protection certificates and the continuous-discharge book provided for at the present time?

Mr. BLAND. It is provided for now under penalties and regulation. The provisions in the statutes sought to be repealed confuse the situation inasmuch as they call for a protection certificate that does not comply with the regulations we have later put upon the books.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That sections 4588 and 4591 of the Revised Statutes of the United States (U. S. C., title 46, secs. 686 and 687), be and they are hereby repealed.

SEC. 2. All certificates heretofore issued to seamen under the authority of section 4588 of the Revised Statutes of the United States are hereby declared void.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RAILROAD RETIREMENT BOARD

The Clerk called the joint resolution (S. J. Res. 267) providing for acquisition by the Railroad Retirement Board of data needed in carrying out the provisions of the Railroad Retirement Acts.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. KEAN. Reserving the right to object, Mr. Speaker, may I ask the gentleman about the $9,000,000 that is involved? Where is it coming from, and will it ultimately result in further appropriations by the United States Government?

Mr. LEA. The expense of the Retirement Board is maintained by direct appropriations by the Federal Government, but the employees contribute half of that fund and the railroads contribute the other half. Under the law, the direct contribution is made from the Federal Treasury on the theory that it is necessary to do so to make the act constitutional, but the fund is reimbursed by the men and by the railroads.

Mr. KEAN. As this would result in a large annual contribution by the United States Government, a contribution of more than the $1,000,000 which we figure is the right amount to allow to pass on the Consent Calendar, I must ask unanimous consent that the bill be passed over without prejudice.

Mr. VAN ZANDT. Reserving the right to object, Mr. Speaker, may I say to the gentleman from New Jersey [Mr. KEAN] that this is not intended as an annual appropriation, it is an appropriation which will make possible the compilation of information in order to bring the railroadman's record up to date. When that feat is accomplished it is then incumbent upon the railroad management to keep every employee's record up to date. Under present conditions sometimes a period of 6 to 9 months is consumed by the railroads and the Railroad Retirement Board in assembling information so as to perfect a retirement application. When this money is expended, a period of 2 years will have elapsed and the record of every railroad employee in the United States

will be up to date enabling the Railroad Retirement Board to adjudicate a retirement claim within 15 days. Incidentally the work of compiling these records will employ many furloughed employees and will be of twofold value in benefiting all railroad employees and aiding those unemployed.

Mr. KEAN. In answer to the gentleman may I say that I agree with him that it is a good bill, but it is on the Consent Calendar and we have made a rule that large items shall not be passed on the Consent Calendar. I must insist on my request.

Mr. VAN ZANDT. Surely the gentleman recalls that a moment ago the chairman of the Committee on Interstate and Foreign Commerce [Mr. LEA] informed the House that the Government is not paying the bill. While it is true an appropriation is being asked for, the Federal Treasury will be reimbursed by a form of tax paid jointly by the railroads and their employees.

Mr. KEAN. He says that it is.

Mr. LEA. The Government pays it in the first instance, and the money is supposed to be recouped by the contributions made by the men and by the railroads.

Mr. VAN ZANDT. In other words, the employees and the railroad management pay the bill.

Mr. CROSSER. If the gentleman will yield, may I say that both the men and the management are for this bill.

Mr. KEAN. I now understand from the gentleman that the $9,000,000 would entirely be returned to the United States Government by the railroads and the men, so this will not result in any ultimate payment by the United States Government.

Mr. LEA. That is the theory of the law at the present time.

Mr. KEAN. I withdraw my request, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the joint resolution, as follows:

Whereas complete records of all service and compensation which may be creditable toward benefits under the provisions of the Railroad Retirement Act of 1937 and the Railroad Retirement Act of 1935 are required for the administration of said acts; and

Whereas such records with respect to service prior to January 1, 1937, are largely in the possession of employers subject to said acts and are constantly subject to the danger of loss or destruction; and

Whereas the loss or destruction of such records would jeopardize the establishment of the rights of individuals to annuities based in whole or in part on such prior service and would otherwise severely and permanently impede and impair the administration of said acts, and the danger of loss or destruction presents a serious emergency; and

Whereas the prompt transcription, compilation, and filing with the Railroad Retirement Board of such records will remove the data contained therein from the danger of their loss or destruction and will make them expeditiously and permanently available for necessary operations of the Railroad Retirement Board and will result in a more efficient and economical administration of the said acts: Therefore be it

Resolved, etc., That each employer subject to the Railroad Retirement Act of 1937, and each other company, association, or person (hereinafter referred to as the "other company") who is in possession of such data as are hereinafter described, shall immediately begin collecting and shall furnish currently as completed and not later than June 30, 1943, shall have completed furnishing to the Railroad Retirement Board (hereinafter called "the Board") in such form as the Board may prescribe, certified reports of all data with respect to service and compensation prior to January 1, 1937, corresponding in substance with that which has heretofore been required by the Board for the adjudication of claims for annuities under the Railroad Retirement Act of 1937 and the Railroad Retirement Act of 1935, and which can be obtained from the records in the possession of such employer or other company.

SEC. 2. The Board is hereby authorized and directed to establish a uniform reasonable rate of payment to which employers or other companies are entitled for the furnishing of the reports required by section 1 of this joint resolution to be furnished which rate shall not result in payment to any employer or other company of any amount in excess of 50 cents multiplied by the aggregate number of man-years of service established and verified by such employer or other company and reported to the Board in accordance with section 1 of this joint resolution. The Board shall, from time to time, determine, and certify on proper voucher to the Secretary of the Treasury, the amount of payment due to each employer or other company pursuant to this section: *Provided, however,* That no payment shall be certified or made with respect to any item in such reports as concerns the record of employees 65 years of age or over who have filed application for annuity, or with respect to any report not furnished on or before June 30, 1943. Upon such certification, the Secretary of the Treasury shall pay such amount to such employer or other company from the special fund hereinafter established. Whenever any employer or other company furnishes through any other employer or other company any report required by the first section of this joint resolution to be furnished, the Board may certify the payment to be made to the employer or other company through whom such report is furnished, and payment in accordance with such certification shall discharge all obligations arising hereunder with respect to such report.

SEC. 3. If any employer or other company fails to exercise due care and diligence in carrying out its duties under this joint resolution, the Board, by its employees, may transcribe the necessary data from records in the possession of such employer or other company, which records shall be made available as the Board may require, and no payment shall be due to any employer or other company for or on account of any records transcribed by employees of the Board.

SEC. 4. Reports, records, and data acquired by the Board pursuant to this joint resolution shall be so assembled and processed by the Board as to provide as nearly as practicable a complete record, by individuals, of all service and compensation prior to January 1, 1937, creditable under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935. The Board shall take steps reasonably calculated to give notice of such record to each individual with respect to whom such record is established. Direct communication, transmission to employers for delivery, public advertisement, or such other means as the Board may determine, shall constitute due notice to all such individuals: *Provided, however,* That unless the Board's records show that actual notice was received through other means by an individual for whom the Board has an address on file and such notice is evidenced by a receipt signed by such individual, notice to such individual shall include the mailing of notice to the last address on file with the Board. Whenever the Board shall determine that reasonable notice has been given it shall so find and shall enter such finding upon its records. Such finding may be made with respect to all individuals or, from time to time, with respect to described classes of individuals. Any record established as hereinabove provided, which is not contested within 2 years after the finding of reasonable notice hereinabove provided for has been entered upon the records of the Board, shall be presumed to include all service rendered and compensation earned prior to January 1, 1937, by the individual to whom such record relates, and, unless shown by new and manifestly convincing evidence to be clearly erroneous, shall be conclusive: *Provided, however,* That such record shall in no wise restrict the authority of the Board to determine, upon the filing of an application for an annuity, that some or all of the service or compensation so recorded is not service or compensation as said terms are defined in the Railroad Retirement Acts or that under the provisions of the applicable Railroad Retirement Act some or all of the service or compensation so recorded is not to be used in the computation of an annuity. The Board may also take steps, through publication or otherwise, reasonably calculated to give notice of the carrying out of this joint resolution to individuals with respect to whom no record of service or compensation is established. Whenever the Board shall determine that such steps have been taken it shall so find and shall enter such findings upon its records. With respect to each individual who does not, within 2 years after such finding has been entered upon the records of the Board, request the establishment of a record of his service and compensation, the fact that no such record is established shall be presumed to show that such individual, prior to January 1, 1937, rendered no service and earned no compensation as said terms are defined in the applicable Railroad Retirement Act, and such presumption shall be rebuttable only by new and manifestly convincing evidence showing it to be clearly erroneous.

SEC. 5. The Board is hereby authorized to promulgate such orders, rules, and regulations as in its judgment are necessary or proper to carry out the purposes of this joint resolution. All powers and remedies including legal processes available to the Board under the Railroad Retirement Act of 1937 for the administration of said act shall be similarly available to the Board for the carrying out of this joint resolution.

SEC. 6. In order to carry out the purposes of this joint resolution, there shall be set aside on July 1, 1940, in a special fund $9,000,000 of the amount appropriated to the Railroad Retirement Account by the Railroad Retirement Board Appropriation Act, 1941, such fund to remain available until June 30, 1943, for expenditure in accordance with the provisions of section 2 of this joint resolution. Any unobligated balance on June 30, 1943, in the special fund hereby established shall revert to the railroad retirement account.

SEC. 7. No provision of this joint resolution shall be construed in any manner to limit or impair any authority, power, or discretion conferred upon or vested in the Board by the Railroad Retirement Act of 1935, the Railroad Retirement Act of 1937, or the Railroad Unemployment Insurance Act.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RESIDENCE REQUIREMENTS FOR CERTAIN POSTMASTERS

The Clerk called the next bill, H. R. 10012, to amend the act of June 25, 1938, extending the classified civil service to include postmasters of the first, second, and third classes, and for other purposes.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I reserve the right to object, and under that reservation I ask unanimous consent to address the House for 5 minutes on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, this is a bad bill. The bill is an antimerit system, political-spoils system bill, and it was no doubt originally introduced in order to O. K. and approve of positive willful violations of the law by the United States Civil Service Commission and the Post Office Department.

In the district which I have the honor to represent there is located a Veterans' Administration hospital and home at Wood, Wis. Wood, Wis., has a separate post office and its own postmaster, and the city of Milwaukee post office has nothing to do with its operation. A civil-service examination was held in order to establish an eligible list from which to appoint a postmaster at Wood, Wis. An eligible list was established by the United States Civil Service Commission. Three World War veterans with disability preference qualified in the examination, and their names appeared on the eligible list which was established by the United States Civil Service Commission. Two of those on the eligible list which was certified to the Post Office Department by the United States Civil Service Commission were war veterans with a veteran's disability preference, who were bona fide residents at Wood, Wis., within the territory served by the Wood post office and patrons of the Wood, Wis., post office. The third veteran on said eligible list who was appointed postmaster at Wood, Wis., was a resident of West Allis, Wis., and a patron of the West Allis, Wis., post office.

Mr. Speaker, section 2 of the act of June 25, 1938, under which the postmaster at Wood, Wis., is appointed, provides that—

> No person shall be eligible for appointment under this section unless such person has actually resided within the delivery of the office to which he is appointed, or within the city or town where the same is situated for 1 year next preceding the date of such appointment, if the appointment is made without competitive examination; or for 1 year preceding the date fixed for the close of receipt of applications for examination, if the appointment is made after competitive examination.

Mr. Speaker, this mandatory requirement of the act of June 1938 is clear and unmistakable. Mr. Earl Judkins, of West Allis, Wis., was appointed postmaster at Wood, Wis., in clear violation of the specific provisions of law. He had not resided within the delivery of the Wood, Wis., post office or within the city or the town where such post office is situated for 1 year preceding the date fixed for the close of receipt of applications for the civil-service examination. The Wood, Wis., post office and the territory which it serves is within the corporate limits of the city of Milwaukee, Wis. West Allis, Wis., is an independent municipality, and the Wood, Wis., post office is not situated within its corporate limits.

Mr. Speaker, I understand that the pending bill was introduced in order to legalize the illegal appointment of a carpetbagger postmaster for the Wood, Wis., post office. This political-spoils system of appointing carpetbagger postmasters in clear violation of clear and unmistakable provisions of law is indefensible and reprehensible, and I do not want to put my approval on it by consenting to the consideration and passage of this bill.

I, for one, intend to oppose this bill and object to its consideration today. Should it come before us in the future, I sincerely hope that all of those who talk much in favor of the selective civil-service merit system in the Halls of Congress and outside of the Halls of Congress will help me give this bill the kiss of death.

Mr. Speaker, the Congress should not legalize an illegal act in the appointment of a carpetbagger postmaster in a Veterans' Administration facility when we have two qualified war veterans with service-incurred disabilities on the eligible list who meet the residence requirements of the law applicable to postmaster appointments.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. SCHAFER of Wisconsin. I yield.

Mr. RAMSPECK. If the gentleman is correct in his facts and if the gentleman will report the matter to the Comptroller General the postmaster will not be paid. I am just as much in favor of carrying out the law as is the gentleman from Wisconsin.

Mr. SCHAFER of Wisconsin. I am correct in my facts, and when I return to Wisconsin I intend to have a court action taken to prevent the expenditure of public funds for a postmaster's salary who is specifically prohibited by law from being appointed postmaster.

Mr. RAMSPECK. The gentleman does not have to bring any court action.

Mr. SCHAFER of Wisconsin. I shall take this matter up with the Comptroller General, and if it is necessary take it to court in order that the clear and specific law of the land is not violated in importing a carpetbagger, political-spoils-system, political-henchman postmaster into a Veterans' Administration facility when two veterans who have service disabilities reside within the limits of the post office and their names appear on the eligible list established by the United States Civil Service Commission.

I am fearful that this bill might legalize that illegal appointment at Wood, Wis.

Mr. RAMSPECK. This bill has nothing to do with that.

Mr. SCHAFER of Wisconsin. I will object to the bill's consideration today, and I will then take it up with the gentleman, and if he can show me that it will not legalize this illegal appointment of a carpetbagger postmaster at Wood, Wis., I shall withdraw my objection to its consideration.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. SCHAFER of Wisconsin. I object to the present consideration of the bill, Mr. Speaker.

AMENDMENT OF MOTOR CARRIER ACT

The Clerk called the next bill, H. R. 10398, to amend part II of the Interstate Commerce Act (the Motor Carrier Act, 1935), as amended, so as to make certain provisions thereof applicable to freight forwarders.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PROHIBITION FROM OFFICIAL BALLOT OF POLITICAL PARTIES ADVOCATING OVERTHROW OF THE GOVERNMENT OF THE UNITED STATES

The Clerk called the next business, House Concurrent Resolution 55, recommending to the States the prohibition from official ballot of political parties advocating overthrow of the Government of the United States by force.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the concurrent resolution, as follows:

> *Resolved, etc.,* That it is the sense of the Congress of the United States that any political party or organization which advocates the overthrow by force of the form of government of the United States established by the Constitution should not be recognized as a political entity, and the Congress recommends to the several State legislatures the enactment of legislation prohibiting the recognition of any such political party or organization on the official ballot of such States for the election to any office within such States, and for the choice of electors of the President and Vice President of the United States and for the election of Senators and Representatives in Congress.

The concurrent resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RENTALS IN CERTAIN OIL AND GAS LEASES

The Clerk called the next bill, H. R. 10402, to amend the act relating to rentals in certain oil and gas leases.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. COSTELLO. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. HORTON. Reserving the right to object, Mr. Speaker, the gentleman is aware of the fact that if this is allowed to go over without prejudice, there will never be another time during this session when this bill can be brought up?

Mr. COSTELLO. Personally, I am opposed to the enactment of the legislation. As a matter of fact, this proposition was brought before the House scarcely more than a month or so ago. The House had reported out a bill with the approval of the Department of the Interior. The House committee then offered an amendment to do the very thing that this bill which is now on the calendar attempts to do. That amendment was turned down by the House, and the bill in the unamended form was passed and approved by the President. Now the gentleman is bringing in another bill to try to force upon the House the adoption of an amendment that the House has already rejected.

At the time that bill was on the calendar I raised objection to the amendment. Under the terms of the original bill it was provided that those who went out and obtained mining leases would have to make the first year's rental payment on that lease and the requirement to make payment in the second and third years would be waived. Under the terms of the present bill a person who would make his lease would not have to pay anything during the first and second years and then would only be called up to make payment to the Government in the third year. In other words, if he did not find oil or gas or some other mineral upon the ground during the first 2 years he could vacate the property and abandon it and he would have to pay out nothing for the use thereof. There is no benefit to the Government in that sort of proposal. It is putting the cart before the horse. If the Government is going to receive anything out of these leases it should require that the person should make rental payments the first year and not wait until the third year.

Mr. HORTON. Will the gentleman yield?

Mr. COSTELLO. I yield.

Mr. HORTON. The gentleman is quite right in the purpose of the bill. I call the gentleman's attention to the fact that the amendment was a committee amendment and passed unanimously by the Committee on Public Lands. I do not know of anyone excepting the gentleman from California and the Department of the Interior who is opposed to this bill. This is an opportunity and this is an effort to give the little fellow a chance to develop for himself something on the public domain. If he is not relieved of the necessity of paying these rentals for the first year, it does not give him, the little fellow, a chance. Otherwise you give the big fellow all the opportunities and the little fellow who does the wildcatting loses everything he has. Do you not honestly think that now, when we are engaged in national defense, when we are trying to find out where these strategic materials are, that the little wildcatter ought to be given an even break, especially since he is the fellow who spends his own money and really makes these discoveries? That is the purpose of this bill.

Mr. COSTELLO. As a matter of fact, you would not be benefiting the small man at all any more than you would the big company, because the big oil companies who want to go out and prospect this land for new development would be able to get persons to go out and make these leases and make the preliminary investigations, and the oil companies would not have to put up a single penny. Now, if in this country we were suffering from a shortage of gas and oil, then we might be anxious to offer every inducement to people to go out and discover new oil fields. But we are not suffering from that sort of situation. As a matter of fact, we are suffering from overproduction of oil and gas.

Mr. HORTON. The gentleman will admit that it is a good thing to find out where this oil is? He knows that 90 percent of the oil discoveries have been done by wildcatters?

Mr. COSTELLO. I think the legislation we have already enacted was a very liberal grant on the part of the Government, whereby we waived the second and third year's rental requirements. Frankly I cannot see any justification for any person taking a lease for 3 years and not being obligated to pay for the first 2 years. Only in the third year, if he discovers anything, is he going to pay anything. I do not think the legislation is necessary, and for that reason I am going to insist on the bill being passed over.

Mr. O'CONNOR. Will the gentleman yield?

Mr. COSTELLO. I yield.

Mr. O'CONNOR. I wish to call the gentleman's attention to the fact that the Committee on Public Lands, which consists of a membership which is supposed to know a great deal about public lands and the development of oil and which knows the handicaps that the oil prospector is up against, considered this amendment on two different occasions. They unanimously reported this bill out. I think it has a great deal of merit because, in the first place, unless oil is struck he loses his money. It has cost the prospector not only his time, but in addition to that whatever revenue or money he could pick up in the meantime. So it seems to me it would simply go a little way in helping the little fellow. The big fellow is able to take care of himself, he does not need any assistance from the Government. As suggested by the gentleman from Wyoming it is the small prospector for whose benefit this bill is designed.

Mr. COSTELLO. I think the gentleman would find that the large companies would benefit as much as the little fellows, frequently more so, because they would engage more people to go out and prospect the leases for them.

The SPEAKER pro tempore. Is there objection to the request that the bill be passed over without prejudice?

There was no objection.

CITIZENSHIP OWNERSHIP OF VESSELS

The Clerk called the next bill, H. R. 7694, to require vessels engaged in the coastwise trade and in the whaling or other fisheries to be wholly owned by citizens of the United States, and for other purposes.

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I have talked with the chairman of the committee in connection with this bill. The bill is drafted, I am informed, in such way that the situation in respect to the so-called railroad-car ferries operating in the Great Lakes connecting their own lines is not protected definitely. The Grand Trunk Western Railway, for example, have connecting ferries which have been running from time immemorial. I do not believe it is the intention of the committee to stop the operation of these car ferries. The Grand Trunk Western Railway stock is owned largely by the Canadian National Railways. Has the gentleman an amendment to correct this situation?

Mr. BLAND. The gentleman is right. There is nothing in the present bill except section 27 of the Merchant Marine Act of 1920. It was thought we had entirely covered the situation, but it was brought to our attention afterward that we had not. This morning we adopted an amendment which was acceptable to the Great Lakes interests as entirely taking care of that situation.

We also adopted one or two other amendments this morning.

The general purpose of this act is one that has been sought for a number of years involving a situation regarding ownership of coastwise vessels requiring them to be American-owned, yet we have not covered it as we did in 1916. Under that act the vessels could operate provided they were manned by American officers. We have taken care of that situation so as to require American ownership.

Mr. WOLCOTT. Then do I understand the gentleman intends to offer an amendment covering the Great Lakes car ferries situation?

Mr. BLAND. I shall offer one for that very purpose. There are three amendments to be offered to this bill. I ask unanimous consent, Mr. Speaker, that at this time these three

amendments may be reported for the information of the House before the objecting stage is passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia that the proposed amendments be reported for information?

There was no objection.

The Clerk read as follows:

Amendment No. 1: Page 13, strike out lines 16 to 19, inclusive, and insert in lieu thereof the following:

"(2) a resident of the United States who is not a citizen of the United States but who is a citizen of any insular possession of the United States whose citizens owe allegiance to the United States."

Amendment No. 2: Page 16, between lines 14 and 15, insert the following:

"(e) Seagoing vessels of foreign build hereafter certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo which are to engage only in trade with foreign countries, with the Philippine Islands, the islands of Guam, Tutuila, Wake, Midway, and Kingman Reef; and if found otherwise engaged, such vessels shall be forfeited: *Provided, however,* That no such vessel shall hereafter be admitted to registry as a 'vessel of the United States' unless the admission to registry thereof shall be approved jointly by the United States Maritime Commission, the Navy Department, and the Department of Commerce after consultation by the Maritime Commission with the State Department and such other agencies as the Maritime Commission may deem advisable and, with the approval of the President of the United States, shall be found to be in the interest of the foreign trade or the national defense of the United States."

Amendment No. 3: Page 18, line 21, after "SEC. 11", insert "(a)."

Page 19, beginning in line 1, strike out all after the semicolon down to and including the semicolon in line 3.

Page 19, after line 19, insert the following:

"(b) The right of any vessel to engage in transportation which prior to the enactment of this act would be permitted only by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended, and to be documented under the laws of the United States for the purpose of engaging only in such transportation, or the right of any foreign vessel to engage in such transportation, shall, notwithstanding any provision of this act or of any amendment made by this act, be determined as if this act had not been enacted: *Provided, however,* That such vessel, if so documented under the laws of the United States, shall be forfeited if used in transportation not permitted by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended: *Provided further,* That such vessel, if not a vessel of the United States, shall be subject to all of the applicable provisions of this act, and amendments made by this act, if used in any other transportation than that permitted by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended.

"(c) In the case of a car ferry complying with all of the conditions and requirements of the last proviso of section 27 of the Merchant Marine Act, 1920, as amended, except the requirement relating to documentation, notwithstanding any other provision of this act, or of any amendment made by this act, the right of such car ferry to be documented under the laws of the United States for the purpose of engaging only in transportation permitted by that proviso, and only as a part of rail routes permitted by that proviso, and to engage in such transportation, shall be determined as if this act had not been enacted: *Provided, however,* That such car ferry, if so documented and used in transportation not permitted by such proviso, or if so documented and operated over any route not permitted by such proviso, shall be forfeited."

Mr. BLAND (interrupting the reading of the third amendment). I may say that this is the amendment that takes care of the Grand Trunk situation and provides that they may continue just as they are now without interference.

Mr. WOLCOTT. Can the gentleman inform us whether this will allow the reequipping of these ferry facilities?

Mr. BLAND. The next section relates to the ferry facilities and this operation of the railroads which are under the Interstate Commerce Commission. They were permitted, as to certain operations, to retain the status just as it is now.

It retains the status quo just as it is now, both as to those and as to the next amendment, the car-ferry amendment.

Mr. WOLCOTT. And the putting on of new ferries and the junking of old?

Mr. BLAND. Just so long as they do not extend the service. Present operations are all right.

Mr. CRAWFORD. Will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Michigan.

Mr. CRAWFORD. On two different times the Grand Trunk ferries have been referred to. There is not anything in this proposal to interfere in any way with the Ann Arbor proposition?

Mr. BLAND. We are protecting them.

Mr. CRAWFORD. And all the other lines that operate across the Great Lakes?

Mr. BLAND. We are protecting them with these amendments. Mr. Speaker, I will ask that on page 16 "e" and "f" be made "f" and "g." This is a renumbering of the section.

The SPEAKER pro tempore. What is the request of the gentleman from Virginia?

Mr. BLAND. That in addition to the amendments which have already been submitted, the following amendment be permitted: On line 16, page 15, "e" be changed to "f", and on page 19, "f" be changed to "g." We have inserted a new section "e" and a renumbering is necessary.

The SPEAKER pro tempore. The Chair is advised that is on page 16, line 15.

Mr. BLAND. Yes. That should be changed to "f." On page 16, line 19, "f" should be changed to "g."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There was no objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4311 of the Revised Statutes of the United States is amended to read as follows:

"SEC. 4311. (a) Vessels of 20 net tons and upward, enrolled in pursuance of this title (R. S. 4311–4390; U. S. C., title 46, secs. 251–356) and having a license in force, or vessels of less than 20 tons but not less than 5 net tons, which, although not enrolled, have a license in force, as required by this title, and no others, shall be deemed vessels of the United States entitled to engage in the coasting trade or fisheries. Any vessel other than as defined above found engaged in the coasting trade or fisheries shall, together with her tackle, apparel, furniture, and equipment, be forfeited: *Provided,* That the penalty prescribed by this section shall not apply to undocumented vessels of less than 5 net tons, built in and wholly owned by citizens of the United States and operated by crews at least 50 percent of which, excluding the person in charge, shall be citizens of the United States: *Provided further,* That such penalty shall not apply to vessels built in the United States and which, on the effective date of this act, are owned by aliens lawfully admitted as residents therein, which vessels are engaged solely in the fisheries until on and after 6 years from the date of the approval of this act: *And provided further,* That nothing in this act shall be construed to affect any existing laws relating to the kind of documents necessary for vessels engaged in the coasting trade or whale fisheries.

"(b) Within the meaning and for the purposes of this section, and of the navigation laws of the United States regulating the registry, enrollment and licensing, and licensing of vessels as contained in titles XLVIII and L of the Revised Statutes of the United States and amendments thereto (chs. 1 and 12, U. S. C., title 46), and the numbering of undocumented vessels propelled in whole or in part by machinery as provided by the act of June 7, 1918 (40 Stat. 602), as amended by the act of August 5, 1935 (49 Stat. 526) (U. S. C. 288, title 46), the term 'citizen (or citizens) of the United States' shall, whenever used therein, be defined as follows:

"(1) As applied to individuals it shall be held to include only those persons whose citizenship has been legally acquired by virtue of birth or who have been completely naturalized in accordance with the laws of the United States.

"(2) Firms, partnerships, companies, organizations, and associations (other than corporations) shall be deemed citizens of the United States only if the entire ownership, interest, control, and management of such is vested solely in persons who are citizens of the United States as defined in paragraph (1) of this subsection.

"(3) A corporation shall be deemed a cititzen of the United States only if it is organized and chartered under the laws of the United States, or of any State, Territory, or District thereof, the corporate officers and directors are citizens of the United States as hereinbefore defined, and not less than 51 percent of the voting stock of such corporation is owned by persons who are citizens of the United States and is free from any trust or obligation of any kind whatsoever in favor of any person not a citizen of the United States; but in case of a corporation operating a vessel in the coasting trade or in the whaling or other fisheries not less than 75 percent of the voting stock must be owned by persons who are citizens of the United States and is free from any trust or obligation of any kind whatsoever in favor of any person not a citizen of the United States: *Provided,* That after the effective date of this act no certificate of registry, certificate of enrollment and license, license, or certificate of award of number to an undocumented vessel shall be issued to any vessel not wholly owned by a citizen or citizens of the United States: *And provided further,* That 6 years from the effective date of this act all such documents, including certificates of award of numbers to undocumented vessels, which have been issued prior to the passage and approval of this act to vessels the ownership of which is not in accordance with the provisions of this act, and which are outstanding at the end of the 6-year period above fixed, shall become null and void and shall be

taken up and canceled, and any such vessel thereafter operated in violation of the ownership requirements of this act, unless the same shall have been lawfully transferred to foreign registry, shall be seized and forfeited."

SEC. 2. That section 4131 of the Revised Statutes, as amended (46 U. S. C. 221), is hereby amended to read as follows:

"SEC. 4131. Vessels registered pursuant to law and no others, except such as shall be duly qualified according to law for carrying on the coasting or fishing trade, and except yachts licensed under the provisions of section 4214 of the Revised Statutes of the United States, as amended (U. S. C., 1934 ed., title 46, sec. 103), shall be deemed 'vessels of the United States', and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by persons who are citizens of the United States, either native born or completely naturalized, or by corporations organized and chartered under the laws of the United States or of any State, Territory, or district thereof, the corporate officers and directors of which are citizens of the United States as hereinbefore defined, and not less than 51 percent of the voting stock of such corporation is owned by persons who are citizens of the United States and is free from any trust or obligation of any kind whatsoever in favor of any person who is not a citizen of the United States; but in case of a corporation operating a vessel in the coasting trade or in the whaling or other fisheries not less than 75 percent of the voting stock shall be so owned; and all 'vessels of the United States,' as herein defined, shall be commanded by persons who are citizens of the United States. All the officers of 'vessels of the United States' who shall have charge of a watch, including pilots, shall in all cases except as otherwise expressly provided by law be citizens of the United States. The word 'officers' shall include all engineers in charge of a watch; and, except as otherwise expressly provided for by law, no person shall be qualified to hold a license as a commander or watch officer of a 'vessel of the United States' who is not a native-born citizen or whose naturalization as a citizen shall not have been fully completed. In cases where, on a foreign voyage, any such vessel is for any reason deprived of the services of an officer below the grade of master, his place, or a vacancy caused by the promotion of another officer to such place, may be supplied by a person not a citizen of the United States until the arrival of the vessel at the first port in the United States; and such vessel shall not be liable to any penalty or penal tax for such employment of an alien officer."

SEC. 3. That section 4132 of the Revised Statutes, as amended (46 U. S. C. 11), is hereby amended to read as follows:

"SEC. 4132. The following-described vessels shall, unless otherwise disqualified by law, be entitled to be registered as 'vessels of the United States':

"(a) Vessels built within the United States.

"(b) Vessels which may be captured in war by citizens of the United States and lawfully condemned as prize.

"(c) Vessels which may be adjudged to be forfeited for a breach of the laws of the United States.

"(d) Seagoing vessels of foreign build which have been certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo may be admitted to registry as 'vessels of the United States' for trade only with foreign countries, the Philippine Islands, and the islands of Guam and Tutuila, and if found otherwise engaged such vessels shall be forfeited: *Provided*, That no vessel described in this section shall be admitted to registry as a 'vessel of the United States' unless wholly owned by persons who are citizens of the United States, either native-born or whose naturalization shall have been fully completed, or by corporations organized and chartered under the laws of the United States or of any State, Territory, or district thereof, the corporate officers and directors of which corporation are citizens of the United States as above defined, and not less than 51 percent of the voting stock of such corporation is owned by citizens of the United States and is free from any trust or obligation of any kind whatsoever in favor of any person not a citizen of the United States; but in case of a corporation operating any vessel in the coasting trade or in the whaling or other fisheries not less than 75 percent of the voting stock shall be so owned."

SEC. 4. That section 4137 of the Revised Statutes (46 U. S. C. 15) is hereby amended to read as follows:

"SEC. 4137. Registers for vessels owned by any incorporated company may be issued in the name of the president or secretary of such company, and such register shall not be vacated or affected by sales of any shares of stock in such company if such sales do not result in alien ownership or control, directly or indirectly, of a percentage of such stock in excess of the amount permitted by any law relating to the ownership of vessels registered pursuant to the laws of the United States."

SEC. 5. That section 4313 of the Revised Statutes (46 U. S. C. 253) is hereby amended to read as follows:

"SEC. 4313. Enrollments and licenses for vessels owned by any incorporated company may be issued in the name of the president or secretary of such company, and such enrollments or licenses shall not be vacated or affected by any sale of shares of stock of such company if such sales do not result in alien ownership or control, either directly or indirectly, of a percentage of such stock in excess of the amount permitted by any law relating to the ownership of vessels enrolled and licensed or licensed for the coasting trade or for the whaling or other fisheries."

SEC. 6. That section 1 of the act of June 7, 1918, as amended by the act of August 5, 1935 (49 Stat. 526; 46 U. S. C. 288), is hereby amended by substituting a colon for the period at the end of the section and adding thereto the following proviso: "*Provided*, That no numbers shall be awarded to vessels under the provisions of this act which are not wholly owned by persons who are citizens of the United States, either native-born or whose naturalization shall have been fully completed, or by corporations organized and chartered under the laws of the United States or of any State, Territory, or district thereof, the corporate officers and directors of which corporation are citizens of the United States, and not less than 75 percent of the voting stock of such corporation is owned by persons who are citizens of the United States and is free from any trust or obligation of any kind whatsoever in favor of any person who is not a citizen of the United States."

SEC. 7. That wherever in this act and in the sections of law herein amended the words "person" or "persons" are used in connection with the ownership of vessels they shall be held to include individuals, firms, partnerships, companies, organizations, and associations (other than corporations).

SEC. 8. The Secretary of Commerce shall promulgate appropriate regulations for effectuating the provisions of this act.

SEC. 9. Except as herein otherwise provided this act shall become effective on the date of approval thereof.

With the following committee amendment:

Page 1, strike out all after the enacting clause and insert the following:

"That within the meaning and for the purposes of this act, and of the laws of the United States regulating the registry, enrollment and licensing, and licensing of vessels as contained in titles XLVIII and L of the Revised Statutes, as amended, and in acts supplementary thereto, the term 'citizen (or citizens) of the United States' shall, wherever used therein, be defined as follows:

"(a) As applied to individuals it shall be held to include only those persons whose citizenship has been legally acquired by virtue of birth or who have been completely naturalized in accordance with the laws of the United States.

"(b) Firms, partnerships, companies, organizations, and associations (other than corporations) shall be deemed citizens of the United States only if the entire ownership, interest, control, and management of such is vested solely in persons who are citizens of the United States as defined in subsection (a) of this section.

"(c) No corporation shall be deemed a citizen of the United States unless the controlling interest therein is owned by citizens of the United States and unless its president and managing directors are citizens of the United States and the corporation itself is organized under the laws of the United States or of a State, Territory, district, or possession thereof, but in the case of a corporation operating any vessel in the coastwise trade or in the whaling or other fisheries the amount of interest required to be owned by citizens of the United States shall be 75 percent.

"(d) The controlling interest in a corporation shall not be deemed to be owned by citizens of the United States (1) if the title to a majority of the stock thereof is not vested in such citizens free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; or (2) if the majority of the voting power in such corporation is not vested in citizens of the United States; or (3) if through any contract or understanding it is so arranged that the majority of the voting power may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; or (4) if by any other means whatsoever control of the corporation is conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

"(e) Seventy-five percent of the interest in a corporation shall not be deemed to be owned by citizens of the United States (1) if the title to the 75 percent of its stock is not vested in such citizens free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; or (2) if 75 percent of the voting power in such corporation is not vested in citizens of the United States; or (3) if, through any contract or understanding it is so arranged that more than 25 percent of the voting power in such corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; or (4) if by any other means whatsoever control of any interest in the corporation in excess of 25 percent is conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

"SEC. 2. Section 4311 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 251) is hereby amended to read as follows:

"'SEC. 4311. (a) Vessels of 20 net tons and upward, enrolled and having a license in force, or vessels of less than 20 net tons but not less than 5 net tons, which, although not enrolled, have a license in force, registered vessels which are not prohibited by law from engaging in the coastwise trade or fisheries, undocumented vessels of less than 5 net tons built in and wholly owned by citizens of the United States, and no others, shall engage in the coastwise trade or in the whaling or other fisheries. Any vessel which engages in the coastwise trade or in the whaling or other fisheries in violation of this section shall, together with her tackle, apparel, furniture, and equipment, be forfeited. But, if the license of any vessel shall have expired while the vessel was at sea, and there shall have been no opportunity to renew such license, then the said forfeiture shall not be incurred.

"'(b) The provisions of subsection (a) shall not apply to any vessel of less than 5 net tons built in the United States which is engaged solely in the fisheries, while owned by a person of any of

the following classes, if, on the date of the enactment of this subsection, that person owned the same or any other such vessel which was then engaged solely in the fisheries:

"'(1) a corporation organized under the laws of the United States or of a State, Territory, District, or possession thereof, which is not a citizen of the United States, until on and after 2 years from such date of enactment;

"'(2) a person not a citizen of the United States who is a citizen of any insular possession of the United States whose citizens owe allegiance to the United States;

"'(3) an alien lawfully admitted for permanent residence in the United States; or

"'(4) any alien (whether or not eligible to become a citizen of the United States) who has been a resident of the United States continuously since July 1, 1925, and who shows to the satisfaction of the Secretary of Commerce that he is a law-abiding resident of the United States of good repute:

Provided, That during any national emergency proclaimed by the President, or whenever the President determines that the interests of the national defense make it advisable, he may, in his discretion, at any time make the provisions of subsection (a) applicable to any vessel exempted therefrom by the foregoing provisions of this subsection. For the purposes of this subsection, the Secretary of Commerce may accept such evidence of lawful admission of an alien to the United States as he may deem satisfactory in lieu of official records of admission.'

"SEC. 3. Nothing in this act or in the amendments made by this act shall, for a period of 2 years, invalidate any register, enrollment and license, or license, heretofore lawfully issued to any vessel.

"SEC. 4. Section 4131 of the Revised Statutes as amended (U. S. C., 1934 ed., title 46, sec. 221), is hereby amended to read as follows:

"'SEC. 4131. Vessels registered pursuant to law, vessels enrolled and licensed or licensed for carrying on the coastwise trade or fisheries, yachts enrolled and licensed or licensed, and no others, shall be deemed "vessels of the United States" and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States and commanded by a citizen of the United States. All the officers of "vessels of the United States" who shall have charge of a watch, including mates, pilots, and engineers, shall, in all cases, except as otherwise expressly provided by law, be citizens of the United States. No person shall be qualified to hold a license as a commander or officer of a merchant vessel of the United States who is not a native-born citizen, or whose naturalization as a citizen shall not have been fully completed. In cases where on a foreign voyage any such vessel is for any reason deprived of the services of an officer below the grade of master, his place, or a vacancy caused by the promotion of another officer to such place, may be supplied by a person not a citizen of the United States until the arrival of the vessel at the first port in the United States; and such vessel shall not be liable to any penalty or penal tax for such employment of an alien officer.'

"SEC. 5. Section 4132 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, Supp. V, sec. 11), is hereby amended to read as follows:

"'SEC. 4132. The following-described vessels shall, when wholly owned by a citizen or citizens of the United States, and otherwise qualified by law, be entitled to be registered as "vessels of the United States":

"'(a) Vessels built in the United States.

"'(b) Vessels which may be captured in war by citizens of the United States and lawfully condemned as prize.

"'(c) Vessels which may be adjudged to be forfeited for a breach of the laws of the United States.

"'(d) Seagoing vessels of foreign build which have been certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo heretofore admitted to registry as "vessels of the United States" for trade only with foreign countries, with the Philippine Islands, the islands of Guam, Tutuila, Wake, Midway, and Kingman Reef; and if found otherwise engaged, such vessels shall be forfeited.

"'(e) Foreign-built vessels used exclusively for pleasure which have been heretofore documented as "vessels of the United States." Such vessels, if used for any other purpose shall be forfeited.

"'(f) Vessels entitled to be registered under other statutes of the United States.'

"SEC. 6. Section 4137 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 15) is hereby amended to read as follows:

"'SEC. 4137. Registers for vessels owned by any incorporated company may be issued in the name of the president or secretary of such company; and such register shall be voided and the vessel forfeited in case of sale or transfer of any share or shares of stock in such company which results in alien ownership or control, directly or indirectly, of a percentage of such stock in excess of the amount permitted by any law relating to the ownership of vessels registered pursuant to the laws of the United States.'

"SEC. 7. Section 4313 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 253) is hereby amended to read as follows:

"'SEC. 4313. Enrollments and licenses or licenses for vessels owned by any incorporated company may be issued in the name of the president or secretary of such company; and such enrollments and licenses or licenses shall be voided and the vessel forfeited in case of sale or transfer of any share or shares of stock in such company which results in alien ownership or control, directly or indirectly, of a percentage of such stock in excess of the amount permitted by any law relating to the ownership of vessels engaged in the coastwise trade or in the whaling or other fisheries.'

"SEC. 8. Section 4885 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 335) is hereby repealed.

"SEC. 9. The act of April 18, 1874 (U. S. C., 1934 ed., title 46, sec. 336), is amended to read as follows:

"'Sections 4361, 4362, 4363, and 4366 of the Revised Statutes, as amended, shall not be so construed as to apply to canal boats or boats employed on the internal waters or canals of any State; and all such boats, excepting only such as are provided with sails or propelling machinery of their own adapted to lake or coastwise navigation, and excepting such as are employed in trade with the Canadas, shall be exempt from such provisions and from the payment of all customs and other fees under any act of Congress.'

"SEC. 10. The act of June 30, 1879 (U. S. C., 1934 ed., title 46, sec. 332), is hereby amended to read as follows:

"'The provisions of title 50 of the Revised Statutes of the United States shall not be so construed as to require the payment of any fee or charge for the enrolling or licensing of vessels built in the United States and owned by citizens thereof, not propelled by sail or internal motive power of their own, and not in any case carrying passengers, whether navigating the internal waters of a State or the navigable waters of the United States, and not engaged in trade with contiguous foreign territory.'

"SEC. 11. Nothing contained in this act or in the amendments made by this act shall be deemed to alter, amend, or repeal section 4367, 4368, 4369, or 4370 of the Revised Statutes (U. S. C., 1934 ed., title 46, sec. 313, 314, 315, or 316); section 27 of the Merchant Marine Act, 1920, as amended (U. S. C., 1934 edition, Supp. V, title 46, sec. 883); section 442, 443, 444, 445, or 446 of the Tariff Act, 1930 (U. S. C., 1934 ed., title 19, sec. 1442, 1443, 1444, 1445, or 1446); any other statute of the United States permitting the transportation of passengers or merchandise between points in the United States including districts, territories, or possessions thereof, embraced within the coastwise laws, in a foreign vessel; section 4214 of the Revised Statutes, as amended (U. S. C., 1934 ed., title 46, sec. 103); section 9 of the Shipping Act, 1916, as amended (U. S. C., 1934 ed., title 46, sec. 808); section 22 of the Merchant Marine Act, 1920, as amended (U. S. C., 1934 ed., title 46, sec. 13); the Ship Mortgage Act of 1920 (U. S. C., 1934 ed., title 46, ch. 25); section 5 of the act of June 25, 1936 (U. S. C., 1934 ed., Supp. V, title 46, sec. 672a); or section 302 of the Merchant Marine Act, 1936, as amended (U. S. C., 1934 ed., Supp. V, title 46, sec. 1132).

"SEC. 12. The Secretary of Commerce shall promulgate appropriate regulations for effectuating the provisions of this act and of the amendments made by this act.

"SEC. 13. If any provision of this act, or the application thereof to any person or circumstance is held invalid, the remainder of the act, and the application of the provisions thereof, shall not be affected thereby."

Mr. BLAND. Mr. Speaker, I offer the amendments which have been sent to the Clerk's desk.

The Clerk read as follows:

Amendments to the committee amendment offered by Mr. BLAND: Page 13, strike out lines 16 to 19, inclusive, and insert in lieu thereof the following:

"(2) A resident of the United States who is not a citizen of the United States but who is a citizen of any insular possession of the United States whose citizens owe allegiance to the United States."

Page 16, between lines 1 and 15, insert the following:

"(e) Seagoing vessels of foreign build hereafter certified by the Bureau of Marine Inspection and Navigation as safe to carry dry and perishable cargo which are to engage only in trade with foreign countries, with the Philippine Islands, the islands of Guam, Tutuila, Wake, Midway, and Kingman Reef, and if found otherwise engaged such vessels shall be forfeited: *Provided, however,* That no such vessel shall hereafter be admitted to registry as a "vessel of the United States" unless the admission to registry thereof shall be approved jointly by the United States Maritime Commission, the Navy Department, and the Department of Commerce after consultation by the Maritime Commission with the State Department and such other agencies as the Maritime Commission may deem advisable and, with the approval of the President of the United States, shall be found to be in the interest of the foreign trade or the national defense of the United States."

Page 18, line 21, after "Sec. 11", insert "(a)."

Page 19, beginning in line 1, strike out all after the semicolon down to and including the semicolon in line 3.

Page 19, after line 19, insert the following:

"(b) The right of any vessel to engage in transportation which prior to the enactment of this act would be permitted only by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended, and to be documented under the laws of the United States for the purpose of engaging only in such transportation, or the right of any foreign vessel to engage in such transportation, shall, notwithstanding any provision of this act or of any amendment made by this act, be determined as if this act had not been enacted: *Provided, however,* That such vessel, if so documented under the laws of the United States, shall be forfeited if used in transportation not permitted by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended: *Provided further,* That such vessel, if not a vessel of the United States, shall be subject to all of

the applicable provisions of this act, and amendments made by this act, if used in any other transportation than that permitted by the second proviso of section 27 of the Merchant Marine Act, 1920, as amended.

"(c) In the case of car ferry complying with all of the conditions and requirements of the last proviso of section 27 of the Merchant Marine Act, 1920, as amended, except the requirement relating to documentation, notwithstanding any other provision of this act, or of any amendment made by this act, the right of such car ferry to be documented under the laws of the United States for the purpose of engaging only in transportation permitted by that proviso, and only as a part of rail routes permitted by that proviso, and to engage in such transportation, shall be determined as if this act had not been enacted: *Provided, however,* That such car ferry, if so documented and used in transportation not permitted by such proviso, or if so documented and operated over any route not permitted by such proviso, shall be forfeited."

The amendments to the committee amendment were agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read:. "A bill to require vessels engaging in the coastwise trade or in the whaling or other fisheries to be wholly owned by citizens of the United States, and for other purposes."

CONFERENCE REPORT ON TAX BILL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the tax bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

CONSENT CALENDAR

CITIZEN REQUIREMENT FOR MANNING OF VESSELS

The Clerk called the next bill, H. R. 9918, relating to citizenship requirement for manning of vessels, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. RICH. Mr. Speaker, reserving the right to object, will the gentleman explain this bill in reference to citizenship?

Mr. BLAND. Mr. Speaker, the purpose of this bill with reference to citizenship is to provide that at least 75 percent of the men engaged shall be citizens of the United States. Then there is the 25 percent that may be taken from special classes that are mentioned in the bill in order to protect against any injustice. It is to increase the percentage of Americans that are employed on these ships.

Mr. RICH. I congratulate the gentleman on that; but I would like to know what the gentleman and his committee is doing to get rid of the "fifth column" element—men who are against our form of government and who are being employed on vessels in coastwise trade? What are you doing to get them out of the service?

Mr. BLAND. We are still facing a very difficult problem. First, there is the Dies committee that is examining those things. I have talked with the gentleman from Alabama [Mr. STARNES] and representatives of the Dies committee to follow up their investigation. Under authority that has been granted by this House, I am having a clerk go over the hearings of the Dies committee to get leads there. Authority has been given the Bureau of Marine Inspection for checking up on the men to whom licenses have been granted, and with these various agencies we have been given authority to hold hearings on this matter. Of course, I have opposed the adjournment of Congress, and that has interfered with our hearings, but we expect there will be time to go more fully into that. With the delicate situation such as we have, I feel I may safely say that everything is being done that can be done without too much hullaballoo, which is very undesirable in matters of that kind, and especially if we wish to ferret out those people.

Mr. RICH. I feel the gentleman will give every attention to that which he possibly can, because if we have any "reds" or "fifth columnists" in our seagoing forces we ought to clean them out, and the quicker we do it the better.

Mr. BLAND. I am heartily in accord with that, and I do think that if many of the American seamen could ever be made to realize this problem—and they are patriotic, loyal, law-abiding men—they would help to clean it out themselves.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I ask the gentleman, what is the relationship of this bill to the requirements which were carried in the Merchant Marine Act of some 3 or 4 years ago?

Mr. BLAND. Nothing with reference to the subsidy.

Mr. CRAWFORD. What requirements were there in the Merchant Marine Act governing the percentage of American citizenship we should have in our merchant-marine crews?

Mr. BLAND. We do not interfere with that. We leave it as it is.

Mr. CRAWFORD. What was the percentage?

Mr. BLAND. We are requiring 100 percent on cargo vessels—I am speaking now of subsidized vessels—and 90 percent on passenger vessels; the 10 percent is to be made up in the steward's department, where we find it is not practicable now to get 100-percent American citizens. This is intended to bring the other ships up more nearly to the provisions that we have in the merchant marine.

Mr. CRAWFORD. But it is being limited to 75 percent?

Mr. BLAND. Yes. It is very questionable whether we could go further than that at this time.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. May I inquire of the chairman of the committee why there is no saving clause in the case of fishing vessels where they are unable to get native citizens to man the boats?

Mr. BLAND. If the gentleman will permit, I have an amendment that I am sending to the Clerk's desk which will make the saving clause applicable as to fishing vessels and vessels other than foreign vessels, because I realize that the situation is doubtful in that respect.

Mr. BATES of Massachusetts. I thank the gentleman.

Mr. MASSINGALE. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. I am entirely ignorant of shipping matters, but I should like to know why it is that we have to make the limit for these employees 75 percent of American citizenship. Why cannot we make it 100 percent?

Mr. BLAND. I introduced a bill to that effect and I hope we will ultimately come to that, but there is a serious question with respect to the fishing vessels and these other vessels. There are a number of people who are law abiding and yet are not citizens. I refer to the men in the steam schooners on the Pacific coast who have been here before 1930. There are also some men up along the Massachusetts coast similarly situated. They have not so complied with the law that they can now become naturalized, but they have been here 25 or 30 years and have raised children. We are permitting them to show that. They are good, law-abiding residents, and it would be an injustice to them to cut them out. We have tried without doing an injustice to anybody or to the industry to pave the way so that we may ultimately have 100-percent American citizenship on these vessels, and I hope we may.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BLAND. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. In regard to the fishing vessels, may I say that the native-born men will not in many cases go out with the crew? We must have some latitude.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all officers, pilots, and crew (crew including all employees of the vessel) of vessels documented under the laws of the United States, and of undocumented vessels owned in

the United States, shall be citizens of the United States, either native-born or completely naturalized: *Provided*, That the provisions of this act shall not apply to—

(1) Public vessels other than those engaged in commercial service;

(2) Vessels not exceeding 16 feet in length measured from end to end over the deck excluding sheer, temporarily equipped with detachable motors;

(3) Sailboats not more than 16 feet in length measured from end to end over the deck excluding sheer;

(4) Rowboats, canoes, and other like non-self-propelled small craft.

SEC. 2. If, with respect to the crew of any vessel subject to the provisions of this act (except a cargo vessel in respect of which a construction or operating subsidy has been granted in accordance with the provisions of the Merchant Marine Act of 1936, as amended) the Secretary of Commerce shall, upon investigation, ascertain that qualified citizens are not available, he may, if he deems such action proper and in keeping with the purpose of this act, reduce the percentage of citizens required by section 1 hereof to not less than 90 percent of such crew, or lower in the case of the crew of a fishing vessel, and any person not required to be a citizen must, as a prerequisite to employment on board any such vessel, be in possession of a valid certificate of declaration of intention to become a citizen of the United States, or other evidence of legal admission into the United States for permanent residence, or a certificate, issued by the Attorney General of the United States under such rules and regulations as he may require, certifying that said person has been admitted into the United States for permanent residence. In the case of passenger vessels in respect of which a construction or operation subsidy has been granted in accordance with the provisions of the Merchant Marine Act of 1936, as amended, such members of the crew who are not citizens of the United States may be employed only in the steward's department.

SEC. 3. If any vessel while on a foreign voyage, or in the Panama Canal Zone, is for any reason deprived of the services of any member of the crew below the grade of master, such position or vacancy caused by the promotion of another to such position may be supplied by a person other than as defined in sections 1 and 2 hereof until the first call of such vessel at a port in the United States where such replacements as will comply with the provision of this act can be obtained.

SEC. 4. The owner, agent, or officer of any such vessel who shall employ or permit any person to serve in violation of the provisions of this act shall be liable for each offense to a penalty of $500, or imprisonment for 1 year, or both.

SEC. 5. Any person employed or serving on any such vessel in violation of the provisions of this act shall be punished by a fine not exceeding $100 or imprisonment not exceeding 1 year, or both.

SEC. 6. The Secretary of Commerce shall make such regulations as may be necessary to carry out in the most effective manner the provisions of this act and to secure its proper enforcement by collectors of customs and other officers and employees of the United States designated by the Secretary of Commerce for such purpose.

SEC. 7. During any national emergency, as proclaimed by the President, he may, in his discretion, suspend any or all of the provisions of this act.

With the following committee amendment:

Page 1, beginning in line 3, strike out all after the enacting clause, and insert the following:

"That this act may be cited as the 'Citizen Manning of Vessels Act of 1940.'

"CITIZENSHIP OF MASTERS, OFFICERS, AND SO FORTH

"SEC. 2. The master or person in charge of every vessel documented under the laws of the United States and of every undocumented vessel owned in the United States, and each licensed officer, each pilot, each officer in charge of a watch (including mates and engineers) on any such vessel, and each licensed motorboat operator of any such vessel, shall be a citizen of the United States, native-born or completely naturalized.

"CITIZENSHIP OF CREW—UNSUBSIDIZED VESSELS

"SEC. 3. (a) This section shall apply to all vessels documented under the laws of the United States and all undocumented vessels owned in the United States in respect of which neither a construction nor operating subsidy has been granted under the Merchant Marine Act of 1936, as amended.

"(b) At least 75 percent of the crew of each vessel to which this section applies shall be citizens of the United States, native-born or completely naturalized.

"(c) Any member of the crew of any vessel to which this section applies who is not a citizen of the United States shall be either—

"(1) An individual who is a citizen of an insular possession of the United States whose citizens owe allegiance to the United States; or

"(2) An alien lawfully admitted prior to July 1, 1930, for permanent residence in the United States who has been a resident of the United States continuously since such date; or

"(3) An alien (whether or not eligible to become a citizen of the United States) who has been a resident of the United States continuously since July 1, 1925, and who shows to the satisfaction of the Secretary of Commerce that he is a law-abiding resident of the United States of good repute.

"(d) As used in this section, 'crew' in the case of any vessel means all employees (including all persons sharing in the lay on fishing vessels) of the vessel exclusive of the master or person in charge thereof, and exclusive of pilots, licensed officers, and officers in charge of a watch thereon.

"(e) Whenever the Secretary of Commerce, upon investigation, is of the opinion, in the case of any vessel to which this section applies, that qualified citizens are not available in sufficient numbers, he may, in his discretion, reduce the percentage of citizens required by subsection (b) to such percentage lower than 75 percent as he deems necessary for such periods as he may by regulations or order prescribe. Whenever the Secretary of Commerce, upon investigation, is of the opinion, in the case of any such vessel engaged in the foreign trade, that qualified individuals of the classes described in subsection (c) are not available in sufficient numbers, he may, in his discretion, permit the employment of such other classes of individuals not citizens of the United States, for such periods, as he may by regulations or order prescribe.

"FILLING VACANCIES ON FOREIGN VOYAGES

"SEC. 4. If any vessel, to which section 2 or section 3 is applicable, while on a foreign voyage or in the Panama Canal Zone is for any reason deprived of the services of any employee below the grade of master, his place or a vacancy caused by the promotion of another to his place may be supplied by a person not a citizen of the United States until the first call of such vessel to a port in the United States where such replacements as will comply with the provisions of those sections can be obtained.

"EXEMPTIONS OF CERTAIN VESSELS

"SEC. 5. The provisions of section 2 and section 3 shall not apply to—

"(a) Public vessels other than those engaged in commercial service;

"(b) Vessels not exceeding 16 feet in length measured from end to end over the deck, excluding sheer, temporarily equipped with detachable motors;

"(c) Sailboats not more than 16 feet in length measured from end to end over the deck, excluding sheer;

"(d) Rowboats, canoes, and other like non-self-propelled small craft.

"CITIZENSHIP OF CREW—SUBSIDIZED VESSELS

"SEC. 6. For citizenship requirements in the case of the crews of vessels in respect of which a construction or operating subsidy has been granted, see section 302 of the Merchant Marine Act of 1936, as amended.

"CITIZENSHIP OF STAFF OFFICERS

"SEC. 7. For citizenship requirements with respect to staff officers of certain vessels, see the act entitled 'An act to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes,' approved August 1, 1939.

"EMERGENCY POWER OF PRESIDENT

"SEC. 8. During any national emergency proclaimed by the President, or whenever the President determines that the interest of the national defense makes it advisable, the President may, in his discretion, suspend any or all of the provisions of sections 2, 3, 4, and 5 of this act.

"AMENDMENTS AND REPEALS

"SEC. 9. (a) Section 5 of the act entitled 'An act to amend section 13 of the act of March 4, 1915, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea"; to maintain discipline on shipboard; and for other purposes,' approved June 25, 1936 (U. S. C., 1934 ed., supp. V, title 46, sec. 672a), is hereby repealed.

"(b) The second sentence of section 3 of the act entitled 'An act to amend section 4100 and 3100 of the Revised Statutes of the United States, to improve the merchant-marine engineer service and thereby also to increase the efficiency of the Naval Reserve, and for other purposes,' approved May 28, 1896 (29 Stat. 189), is hereby repealed.

"(c) The provisions of section 2 of this act shall apply in respect of a vessel to which section 302 of the Merchant Marine Act of 1936, as amended, applies, only to the extent that requirements contained in section 2 of this act are not contained in section 302 of the Merchant Marine Act of 1936, as amended.

"ENFORCEMENT

"SEC. 10. The Secretary of Commerce shall enforce sections 2, 3, and 4 of this act through collectors of customs and other Government officers acting under the direction of the Bureau of Marine Inspection and Navigation, and shall make such rules and regulations as he may deem necessary to carry out the provisions of this act.

"PENALTIES

"SEC. 11. (a) The owner, agent, or officer of any vessel to which section 2 or section 3 is applicable who knowingly employs or permits any person to serve in violation of the provisions thereof shall, upon conviction thereof, be subject to a fine of not more than $500 for each offense, for the payment of which the vessel shall be liable, or to imprisonment for not more than 1 year, or to both such fine and imprisonment.

"(b) Any person knowingly serving on any vessel to which section 2 or section 3 is applicable in violation of the provisions thereof shall, upon conviction thereof, be subject to a fine of not more than $100, or to imprisonment for not more than 1 year, or to both such fine and imprisonment.

"SEPARABILITY

"SEC. 12. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the

act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

"EFFECTIVE DATE

"SEC. 13. This act shall take effect 90 days after the date of its enactment, except sections 3 (e) and 10, which shall take effect immediately."

Mr. BLAND. Mr. Speaker, I offer certain amendments to the committee amendment.

The Clerk read as follows:

Amendments offered by Mr. BLAND to the committee amendment: Page 4, following the period in line 18, insert the following new sentence: "Whenever the Secretary of Commerce, upon investigation, is of the opinion, in the case of any fishing vessel which is of less than 200 gross tons and which is not required by law to be inspected, or any group of such vessels, or any industry, that qualified engineer-watch officers are not available in sufficient numbers, he may, in his discretion, permit the employment of such classes of individuals not citizens of the United States, and not disqualified by law for such employment, for such periods, as he may by regulations or order prescribe."

Page 5, following the period in line 23, add the following: "The bargee on an unrigged vessel which is not subject to the inspection laws shall be considered a member of the crew."

Page 6, line 1, following the word "vessel", insert a comma and the following: "or any group of vessels, or any industry."

Page 6, line 8, following the word "vessels", insert a comma and the following: "or any group of vessels, or any industry."

Page 6, line 9, strike out the following: "engaged in the foreign trade."

Page 6, line 13, following the comma after the words "United States", insert "and not disqualified by any other law for such employment."

The amendments to the committee amendment were agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXPEDITING MARITIME COMMISSION SHIPBUILDING

The Clerk called the next bill, H. R. 10380, to expedite national defense, by suspending, during the national emergency, provisions of law that prohibit more than 8 hours' labor in any 1 day of persons engaged upon work covered by contracts of the United States Maritime Commission, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. RICH. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question. We have been trying for the past several years to create the 8-hour day so we can give jobs to all men who want them and get them off of relief. Why would it not be a good thing to continue that policy that we have been working on and try to get these men jobs in industry and thus take them off of the W. P. A. and P. W. A. and other Government agencies?

Mr. BLAND. If the gentleman will pardon just there, there was passed by this House in June and approved on June 28, 1940, a bill which contained the following language:

During the national emergency, declared by the President on September 8, 1939, to exist, provisions of law prohibiting more than 8 hours' labor in any 1 day of persons engaged upon work covered by the Army, Navy, and Coast Guard contracts shall be suspended—

And then there was another provision that—

the provisions of all preceding sections of this act shall terminate June 30, 1942, unless the Congress shall otherwise provide.

Now, as the gentleman will notice, that relates to the work of the Army, Navy, and Coast Guard. The result is that now you have this situation in your shipbuilding plants. You will have a shipbuilding plant that is engaged on Army, Navy, and Coast Guard work and merchant marine work for the Maritime Commission, and you have a law requiring the men on the merchant ships, and probably ships that are essential to national defense or for other purposes, limited to an 8-hour day, while in the same yard and in other yards, you permit men engaged in Army, Coast Guard, or Navy work to work longer than 8 hours. The result is, of course, that men will be going to those places where they can get their overtime. This measure simply makes the work for the Maritime Commission conform with the work for the Army, Navy, and the Coast Guard.

The American Federation of Labor and some other gentlemen were concerned about the bill as it was first prepared and they said, "You are going to wipe out overtime; you are going to change it as to hours and wages in a very little while." We saw what was their difficulty and we said, "Sit down around the table; we do not intend that. We intend that they shall get their overtime; we intend that the only thing that shall be removed is the discrepancy between Maritime Commission work and Army and Navy work." In this way we worked out this amended bill which was satisfactory to them.

Mr. RICH. If the gentleman and the Congress and the American Federation of Labor and all the organizations are desirous of having an 8-hour day, why are we so much more interested in overtime? What I am trying to do is to get the 8-hour day so we can put all men to work in industry and take them off the Government pay roll. That is one way you are going to get the money. If we are going to think only in terms of overtime, I think we will defeat the purpose of trying to keep everybody in this country busy.

Mr. BLAND. But do not let us discriminate against one class of work in favor of another, and what we are doing here is to put it all on a parity in this respect until 1942. The gentleman from Pennsylvania is too good a businessman to fail to recognize what the trouble would be otherwise.

Mr. RICH. I think it is a wise provision to try to make everything uniform, but let us not overlook the fact that we want to get these men jobs, and whenever we say that because they are engaged now in some essential for war we will not let down the bars, then we are defeating our purpose in trying to make more jobs.

Mr. BLAND. This applies to skilled labor and they are not eligible under the W. P. A. to do the work required here.

Mr. CRAWFORD. Mr. Speaker, reserving the right to object, I wish to ask the chairman of the committee one or two questions. Do I understand that as the law now stands it is absolutely illegal for more than 8 hours' work to be required of a worker in 1 day on work of the United States Maritime Commission?

Mr. BLAND. That is provided in the contract and it is illegal.

Mr. CRAWFORD. It is illegal even if you pay overtime?

Mr. BLAND. It is illegal if you pay overtime, while this measure permits overtime to be paid.

Mr. CRAWFORD. Then this bill removes that restriction?

Mr. BLAND. That is all.

Mr. CRAWFORD. They can work 12 or 14 hours a day, conditioned on paying the time-and-a-half for overtime?

Mr. BLAND. But limited to the contract of the organization with the ship company as provided in the language—

Nothing in this act shall be construed to modify any contracts between management and labor in shipyards which provide for conditions more favorable to labor than the minimum provisions as to hours per day and hours per week, and for overtime provided in this act.

Mr. CRAWFORD. Let me ask the gentleman this question. Suppose that same shipyard was building a bottom for a private operator, that is in no way connected with the Government itself or the Maritime Commission, and that shipbuilding concern proceeded to work the men on that private bottom that is being built more than 8 hours a day, would they be paid for overtime?

Mr. BLAND. That is a matter between the organization and the shipyard, a private matter, not regulated by law. We are here trying to make the law uniform.

Mr. CRAWFORD. And there is no Federal law that enters into that at all?

Mr. BLAND. I think not, unless there is general legislation.

Mr. VOORHIS of California. Mr. Speaker, reserving the right to object, there is one matter I want to clear up in

my own mind. Do I understand that this bill lifts a prohibition against working more than 8 hours, but does not change the provision for the payment of overtime?

Mr. BLAND. The language is:

Provided, That the wages of every laborer and mechanic employed by any contractor or subcontractor engaged in the performance of any such contract, shall be computed on a basic rate of 8 hours per day and 40 hours per week, and work in excess of 8 hours per day or 40 hours per week shall be permitted upon compensation for all hours worked in excess of 8 hours per day or 40 hours per week at not less than one and one-half times the basic rate of pay.

They wanted that provision in. We thought that was implied in the bill, and we said that we would put it affirmatively in this measure so that there could be no question about it.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, I wonder if the gentleman will not accept an amendment? I am in sympathy with the purpose of the bill, but I am not in sympathy with the first two lines, which provided "During the national emergency declared by the President on September 8, 1939, to exist." In lieu of that language, I would suggest this, "That until otherwise provided by law, the provisions of law prohibiting," and so forth, "shall be suspended."

Mr. BLAND. I am perfectly willing, if that does not conflict with section 4, which provides that the provisions of this act shall terminate on June 30, 1942.

Mr. MICHENER. I am sure that it should not.

Mr. BLAND. I am willing to accept the gentleman's amendment.

Mr. MICHENER. But I want to state my reasons for making the request to which the gentleman has acceded.

The gentleman well knows what I am aiming at, but it is well that the RECORD show it, I have made a fight two or three times against clauses of this sort in bills, the purpose of which was to validate and make legal the President's declaration of September 8, 1939 that a "limited emergency" existed. I repeat, that the President has not authority to declare a limited emergency. The President of the United States can only declare an emergency when authorized so to do by the Constitution or the Congress. Neither the Constitution nor the Congress authorized the President to make that declaration of "limited emergency," but ever since that declaration was made there has been an insistent effort, every time a bill comes up here dealing with national defense, to include a provision that that limited emergency declared on the 8th day of September 1939 be validated. One of the legal representatives from one of the departments, was before the Judiciary Committee the other day who indicated that if this provision were in the bill, then, when the President wanted to use emergency powers he would have authority, without compelling the Attorney General to look through the World War statutes to see if he could not find some emergency power on which the President might predicate the contemplated action.

Mr. BLAND. I will accept the amendment if the gentleman will offer it.

Mr. MICHENER. Then I will quit talking.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. CHURCH. Mr. Speaker, reserving the right to object, may we have the form of the amendment, if we are going to accept the bill? It may be that the amendment to be offered is in effect contrary to section 4 of the bill. I reserve the right to object until I know the form of the amendment.

Mr. BLAND. I will offer this amendment: Page 2, line 8, in the amendment, which has been proposed, strike out "during the national emergency declared by the President on September 8, 1939," and insert "until June 30, 1942."

Mr. MICHENER. That would cover the matter perfectly.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER of Wisconsin. Reserving the right to object, in order to ask a brief question. We now have about 11,000,000 unemployed people in the United States. Under the language of this bill, is it possible to work the workers in the navy yards and shipyards 16 hours a day with time and a half for overtime at an additional cost to our almost bankrupt Federal Treasury and at the same time have that Treasury called upon to provide additional funds to keep additional unemployed people on the W. P. A. or on relief?

Mr. BLAND. If that is so, it is already passed and in the law. We are only dealing with the Maritime Commission contracts.

Mr. SCHAFER of Wisconsin. Well, is it proposed to limit this time and a half only to cases where they cannot get sufficient people to employ a double or a triple shift on these jobs?

Mr. BLAND. There is no question about that. The question now is to get skilled labor. W. P. A. men cannot work on these jobs.

Mr. SCHAFER of Wisconsin. In every recent Labor Board civil-service examination they have thousands of applicants for skilled and unskilled work in the navy yards.

Mr. BLAND. We have no trouble about that.

Mr. SCHAFER of Wisconsin. Is the gentleman certain that this is not going to be a general policy, and does the gentleman believe that those in charge of this work will generally employ skilled labor at 8-hour shifts and that they will only resort to 16-hour shifts with time and a half for overtime when they cannot get sufficient skilled labor?

Mr. BLAND. I think the provisions of this law permit the organizations to decide that. I do not think a condition of that kind will ever arise.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That during the national emergency, declared by the President on September 8, 1939, to exist, provisions of law prohibiting more than 8 hours' labor in any one day of persons engaged upon work covered by United States Maritime Commission contracts for the construction, alteration, or repair of vessels shall be suspended: *Provided,* That the provisions of this act shall terminate June 30, 1942, unless the Congress shall otherwise provide.

SEC. 2. The United States Maritime Commission is hereby authorized to modify existing contracts for the construction, alteration, or repair of vessels as it may deem necessary to expedite military and naval defense, and to otherwise effectuate the purposes of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert:

"That during the national emergency, declared by the President on September 8, 1939, to exist, provisions of law prohibiting more than 8 hours' labor in any one day of persons engaged upon work covered by United States Maritime Commission contracts for the construction, alteration, or repair of vessels shall be suspended: *Provided,* That the wages of every laborer and mechanic employed by any contractor or subcontractor engaged in the performance of any such contract shall be computed on a basic rate of 8 hours per day and 40 hours per week and work in excess of 8 hours per day or 40 hours per week shall be permitted upon compensation for all hours worked in excess of 8 hours per day or 40 hours per week at not less than one and one-half times the basic rate of pay.

"SEC. 2. The United States Maritime Commission is hereby authorized to modify its existing contracts for the construction, alteration, or repair of vessels as it may deem necessary to expedite national defense, and to otherwise effectuate the purposes of this act.

"SEC. 3. Nothing in this act shall be construed to modify any contracts between management and labor in shipyards which provide for conditions more favorable to labor than the minimum provisions as to hours per day and hours per week and for overtime provided in this act.

"SEC. 4. The provisions of this act shall terminate June 30, 1942, unless the Congress shall otherwise provide."

The Clerk read as follows:

Amendment offered by Mr. BLAND to the committee amendment: On page 2, beginning in line 8, strike out all of line 8 down through the word "exist" in line 9 and insert "until June 30, 1942."

The amendment to the amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WATER CONSERVATION AND UTILIZATION

The Clerk called the next bill, H. R. 10122, to amend an act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), and an act entitled "An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes," approved August 28, 1937 (50 Stat. 869).

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I understand the gentleman from Montana has an amendment.

Mr. O'CONNOR. Yes; I have, Mr. Speaker, to page 9, section 5.

Mr. COCHRAN. Mr. Speaker, reserving the right to object, does the gentleman's proposed amendment have the approval of the Department of the Interior?

Mr. O'CONNOR. They approved the bill as passed by the committee.

Mr. COCHRAN. I understand that, but does the gentleman know whether they would approve the bill as modified by the amendment he now proposes?

Mr. O'CONNOR. I may say to the gentleman that this is a clarifying or a minor amendment. The bill provides that the units of the irrigable lands shall be of not more than 160 acres and that no water may be delivered to or for more than the farm unit area of irrigable lands in the project owned by a single landowner and that the landowner would have 3 years in which to dispose of any excess land.

This amendment is designed to clarify the operation of the act in respect to lands in excess of 160 acres, so as to permit the landowner to retain the land holdings, but limit the water to be received to the amount necessary for 160 acres. In other words, water is made the yardstick instead of acres.

The act will work out more practically with this clarification, as in many instances in rough country it is necessary to take pieces or parcels out of a whole section of land to make a total of 160 acres of irrigable land.

Mr. COCHRAN. Is it necessary?

Mr. O'CONNOR. I hardly think it is, but others do.

Mr. COCHRAN. Then why put it in?

Mr. O'CONNOR. If the gentleman will pardon me, this amendment is offered at the request of the gentleman from Colorado [Mr. LEWIS] and the gentleman from Colorado [Mr. TAYLOR]. They thought it would be better to have the purpose expressed in clearer language so there could be no misunderstanding about it.

Mr. COCHRAN. In view of the fact that the gentlemen from Colorado [Mr. TAYLOR and Mr. LEWIS], as well as yourself, approve it, I shall not press my objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," approved August 11, 1939 (53 Stat. 1418), is hereby amended to read as follows:

"SECTION 1. For the purpose of stabilizing water supply and thereby rehabilitating farmers on the land and providing opportunities for permanent settlement of farm families the Secretary of the Interior (hereinafter referred to as "the Secretary") is hereby authorized to investigate and, upon compliance with the provisions of this act, to construct water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States, and to operate and maintain each such project in accordance with the provisions of this act: *Provided*, That the United States shall retain title to the dams, reservoirs, irrigation, and other project works until Congress otherwise provides: *And provided further*, That expenditures from appropriations made directly pursuant to the authority contained in section 12 (1) to meet reimbursable construction costs allocated to irrigation as defined in section 4 (b) shall not exceed $1,000,000 for dams and reservoirs in any one project.

"SEC. 2. In connection with the investigation, construction, or operation and maintenance of a project, pursuant to the authority of this act, the Secretary is authorized to utilize (1) in such manner as the President may direct, services, labor, materials, or other property, including money, supplied by the Work Projects Administration, the Civilian Conservation Corps, the Office of Indian Affairs, the Farm Security Administration, or any other Federal agency, for which the United States shall be reimbursed in such amounts as the President may fix for each project, within the limits of the water users' ability to repay costs as found by the Secretary under subsection 3 (a) (iv); and (2) such services, labor, materials, easements, or property, including money, as may be contributed by any State or political subdivision thereof, State agency, municipal corporation, or other organization, or individuals, if, in the judgment of the Secretary, the acceptance thereof will not impair the title of the United States to the project works and will not reduce the probability that the project water users can meet the obligations to the United States entered into pursuant to this act. Moneys received and accepted under (2) of this section shall be and remain available for expenditure for the purposes for which contributed in like manner as if said sums had been specifically appropriated for said purposes.

"SEC. 3. (a) No construction of a project may be undertaken pursuant to the authority of this act unless and until the Secretary has made an investigation thereof and has submitted to the President his report and findings on—

"(i) the engineering feasibility of the proposed construction;

"(ii) the estimated cost of the proposed construction;

"(iii) the part of the estimated cost which properly can be allocated to irrigation;

"(iv) the part of the estimated cost which probably can be repaid by the water users in accordance with the requirements of section 4;

"(v) the part of the estimated cost which can properly be allocated to municipal or miscellaneous water supplies or power and probably be returned to the United States in revenues therefrom;

"(vi) the part of the estimated cost which can properly be allocated to the irrigation of Indian trust and tribal lands, and which can probably be returned by the Office of Indian Affairs;

"(vii) the part of the estimated cost which can properly be allocated to flood control as recommended by the Chief of Engineers, War Department."

In connection with each such investigation, report, and finding, the Secretary shall consult with the Secretary of Agriculture regarding participation in the proposed project by the Department of Agriculture under the authority of sections 5 and 6; and the Secretary shall also transmit to the President a report on the participation, if any, which the Secretary of Agriculture may wish to provide. The project shall be deemed authorized and may be undertaken pursuant to this act if (1) the Secretary finds and certifies to the President that the project has engineering feasibility and that the water users probably can repay, in accordance with the requirements of section 4, an amount equal to or in excess of that part of the estimated cost allocated by him to irrigation to be met by expenditure of moneys appropriated pursuant to section 12 (1); and (2) the President has approved said report and findings and has found that services, labor, materials, easements, and other property, including money, for the construction of the project, should be made available to the Department of the Interior by the Work Projects Administration or other Federal agencies, to the extent found necessary by the Secretary to make up the difference between the estimated cost of project construction and (i) the part thereof to be met by expenditure of moneys appropriated pursuant to section 12 (1), together with (ii) such services, materials, money, easements, and other property as non-Federal agencies or parties have agreed to contribute and the Secretary has found acceptable under section 2.

"(b) No actual construction of the physical features of a project, which meets the requirements of subsection (a) shall be undertaken unless and until (1) rights-of-way and other interests in land deemed by the Secretary to be necessary for the construction and operation of the major features of the project works have been secured, with titles or easements and at prices satisfactory to the Secretary; and (2) the Secretary has found (i) that water rights adequate for the purposes of the project have been acquired with titles and at prices satisfactory to him, or have been initiated and can be perfected in conformity with State law and in a manner satisfactory to him; and (ii) that such water rights can be utilized for the purposes of the project in conformity with State law and in a manner satisfactory to him.

"SEC. 4. (a) No water for irrigation may be delivered from the works of any project constructed under the authority of this act until after the repayment contract or contracts required by this section have been executed. Where practicable in the judgment of the Secretary, the repayment contract shall be with a water users' organization or organizations satisfactory in form and powers to the Secretary; and otherwise the repayment contract shall be with the individual landowners. The contract or contracts shall contain such provisions as the Secretary deems necessary to carry out the purposes of this act and to protect the interests of the United States.

"(b) The term 'reimbursable construction costs' as used in this act means that part of the costs of investigating, constructing, and operating and maintaining the project, which are allocated by the Secretary to irrigation, and which are met by expenditures of moneys therefor appropriated under the authority of section 12 (1), plus such amounts as the President, under section 2 (1), may determine to be reimbursable: *Provided*, That administrative expenses incurred in the District of Columbia in connection with the investigation, construction, or operation and maintenance of a project shall not be included in the reimbursable construction costs nor shall they be charged to the water users in any way.

"(c) The repayment contract or contracts for a project shall, in their aggregate, provide for repayment to the United States of the total amount of the reimbursable construction costs of the project allocated to irrigation. Each such contract shall provide, among other things, that—

"(1) The Secretary shall fix a development period for each project of not to exceed 10 years from and including the first calendar year in which water is delivered for the lands in said project; and during the development period water shall be delivered to the lands in the project involved at a charge per acre-foot, or other charge, to be fixed by the Secretary each year and to be paid in advance of delivery of water. Such charges shall be fixed with a view of returning such amounts as in the Secretary's judgment are justified by the rate of project development, including as a minimum the return over the full development period of that part of the cost of operating and maintaining the project, during said period, allocated by the Secretary to irrigation; and collections of such charges in excess of the cost of the operation and maintenance during the development period, as thereafter determined by the Secretary, shall be credited to the reimbursable construction costs of the project in the manner determined by the Secretary.

"(2) The United States shall operate and maintain the project during the development period fixed for it. After the development period, the United States shall operate and maintain the project or any part thereof as long as is deemed necessary by the Secretary, and shall be paid in advance for each year that part of the estimated cost of operating and maintaining the project for such year allocated by the Secretary to irrigation. In the event charges due the United States are not paid when due the United States may, at its election, suspend operations in whole or in part.

"(3) The repayment of the reimbursable construction costs shall be spread in not to exceed 40 annual installments, of the number and amounts fixed by the Secretary; and the first annual installment under each contract shall become due and payable on the date fixed by the Secretary, in the year next following the last year of the development period fixed under subsection (c) (1).

"(4) The water users or their organization will take such measures as the Secretary deems proper to secure the adoption of proper accounting, to protect the condition of project works, and to provide for the proper use thereof, and to protect project lands against deterioration due to improper use of water. Delinquencies in any payments due to the United States shall be penalized by a penalty of not less than one-half of 1 percent per month. No water shall be delivered to or for any land or party while either said land or the organization in which it is located or said party is in arrears in the advance payment of operation and maintenance charges or development period charges under subsection (c) (1), or in arrears for more than 12 months in the payment of an installment of the reimbursable construction costs.

"(5) The Secretary shall establish the size of farm units of irrigable lands on each project in accordance with his findings of the area sufficient in size for the support of a family on the lands to be irrigated, but the farm units of irrigable lands shall be of not more than 160 acres. No water may be delivered to or for more than the farm unit area of irrigable lands in the project owned by a single landowner; and after the third year in which water is made available from a project's works, no water may be delivered to or for any land of a landowner owning more than the farm unit area of irrigable land in the project: *Provided*, That 3 years shall be allowed for the disposal of any excess holding acquired at any time in good faith by descent, will, foreclosure of any lien, or by other judicial process: *Provided further*, That this section shall not apply to the United States or any agency or instrumentality thereof, corporate or otherwise. No water shall be delivered to or for any land, in a project area, transferred or disposed of subsequent to approval of the project by the President, unless and until it has been shown to the satisfaction of the Secretary or his duly authorized representative that the land has been transferred or disposed of at a price not exceeding the appraised value as determined by the Secretary or his duly authorized representatives, and upon proof of fraudulent representation as to the true consideration involved the Secretary is authorized to cancel the water right attaching to the land involved: *Provided further*, That nothing herein shall be construed to create authority to interfere with the delivery of water under prior rights.

"SEC. 5. (a) In connection with the construction or operation and maintenance of projects undertaken pursuant to the authority of this act, and in order to further in the Great Plains and arid and semiarid areas of the United States an effective rehabilitation program, stabilization of the agricultural economy and maximum utilization of funds spent for relief purposes, the Secretary of Agriculture is hereby authorized, pursuant to cooperative agreement with the Secretary of the Interior, (1) to arrange for the settlement of the projects on a sound agricultural basis, and insofar as practicable, the location thereon of persons in need; (2) to extend guidance and advice to settlers thereon in matters of farm practice, soil conservation, and efficient land use; (3) to acquire agricultural lands within the boundaries of such projects, with titles and at prices satisfactory to him; and (4) to arrange for the improvement of lands within the project boundaries, including clearing, leveling, and preparing them for distribution of irrigation water. Contracts between the United States and water users or water users' organizations for the lease or purchase of, or the improvement of, lands within such projects shall provide for annual or semiannual payments to the United States, of the number and amounts fixed by the Secretary of Agriculture. The lease, purchase, or improvement contracts for each tract of land shall provide in the aggregate for the return, in not to exceed 50 years from the date the land is first settled upon, of the costs incurred by the United States in acquiring and improving such tract of land with funds appropriated under authority of section 12 (2), except administrative expenses incurred in the District of Columbia, together with interest on unpaid balances of said costs at not less than 3 percent per annum. Such lease, purchase, or improvement contracts shall also provide for the fulfillment of such obligations related to reimbursable construction costs and operation and maintenance charges as may be applicable to such lands in accordance with the repayment contract or contracts required by section 4.

"(b) For the purposes of this section, the Secretary of Agriculture may utilize (1) in such manner as the President may direct, services, labor, materials, or other property, including money, supplied by the Work Projects Administration, the Civilian Conservation Corps, the Office of Indian Affairs, the Farm Security Administration, or any other Federal agency to the extent that the President, upon the report and recommendations of the Secretary of Agriculture, finds that the same should be supplied in assistance of such improvement work, and for which the United States shall be reimbursed in such amounts as the President may fix for each project; and (2) such services, labor, materials, or other property, including money, as may be contributed by any State or political subdivision thereof, State agency, municipal corporation, or other organization, or individuals. Moneys received and accepted under (2) of this subsection shall remain available for expenditure for the purposes for which contributed in like manner as if said sums had been specifically appropriated for said purposes.

"SEC. 6. The Secretary, by cooperative agreements, may arrange with the Department of Agriculture or with such other Federal or State agencies, as he deems desirable, for cooperation in the investigations and surveys of projects proposed under the authority of this act; and in connection with any such project which is undertaken the Secretary by such cooperative agreements may arrange for such cooperation in the construction or operation and maintenance of the project as he deems desirable. Any such cooperative agreement with the Department of Agriculture may provide, among other things, (1) that the Secretary of Agriculture shall enter into the repayment contracts required by section 4 and shall handle the collections of repayments and shall take over the other administrative duties connected with the project, after the Secretary of the Interior announces that the project is ready for operation; (2) if such agreement be entered into after construction of the project has been undertaken by the Secretary of the Interior and after he has entered into the repayment contracts required by section 4, that the Secretary of Agriculture shall take over the collection of repayments and other administrative duties connected with the project; (3) that no water shall be delivered to or for any land or party while the owner of said land or said party is in arrears for more than 12 months in the payment to the United States of money due and payable under a land contract entered into pursuant to section 5 (a); and (4) that any repayment contract with a water user or water users' organization entered into pursuant to section 4 and any land contract with the same water user or organization entered into pursuant to section 5 (a), if said contracts involve the same land, may be combined in a single instrument. The Secretary of Agriculture is hereby authorized to carry out the provision of any such cooperative agreements.

"SEC. 7. On any one project undertaken pursuant to the act of August 28, 1937, entitled 'An act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes' (50 Stat. 869), as amended and supplemented, expenditures for the construction, maintenance, operation, rehabilitation, or financial assistance of any one project shall not exceed $50,000 of Federal funds, whether appropriated or allotted or both. Under said act no project which involves the storage or utilization of water for the irrigation of more than 500 acres of land or which involves the surface storage of more than 500 acre-feet of water or which involves a total cost exceeding $5,000 shall be undertaken unless and until the Secretary of the Interior has found and certified to the President that the proposed project cannot feasibly or practicably be undertaken pursuant to the Federal reclamation laws or the act of August 11, 1939 (53 Stat. 1418), as amended. All project facilities and appurtenances which depend for their utility in whole or in part upon each other or upon any common facility shall be deemed one project within the meaning of this section.

"SEC. 8. All payments made to the United States under repayment contracts on account of reimbursable contruction costs, including penalties collected for delinquencies in such payments, and all other receipts from project operations pursuant to sections 4 and 9 shall be covered into the Treasury to the credit of miscellaneous receipts. Charges collected during the development period of a project under section 4 (c) (1), excepting such amounts thereof as may be credited to reimbursable construction costs, and charges collected for the operation and maintenance of a project under section 4 (c) (2) shall be made available for expenditure for appropriation by Congress for operation and maintenance of said project.

"SEC. 9. In connection with any project undertaken pursuant to this act, provisions, including contracts of sale, may be made for furnishing municipal or miscellaneous water supplies, or for developing and furnishing power in addition to the power requirements of irrigation: *Provided*, That expenditures from appropriations made directly pursuant to the authority contained in section 12 (1) to meet costs allocated to municipal or miscellaneous water supplies

or surplus power shall not exceed $500,000 for any one project: *Provided further,* That no contract relating to a water supply for municipal or miscellaneous purposes or to electric power shall be made unless, in the judgment of the Secretary, it will not impair the efficiency of the project for irrigation purposes. On any project where such provisions are made, the Secretary shall allocate to municipal or miscellaneous water purposes or to surplus power the part of the estimated construction costs of the project which he deems properly so allocable; and such allocations shall not be included in the reimbursable construction costs covered by the repayment contract or contracts required under section 4. All right, title, and interest in the facilities provided for such municipal or miscellaneous water supplies or surplus power and the revenues derived therefrom shall be and remain in the United States. Contracts for such municipal or miscellaneous water supplies or for such surplus power shall be for such periods, not to exceed 40 years, and at such rates as in the Secretary's judgment will produce revenues at least sufficient to cover the appropriate share of the annual operation and maintenance cost of the project and such fixed charges, including interest, as the Secretary deems proper: *And provided further,* That in sales or leases of such power, preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof.

"SEC. 10. (a) In connection with any project constructed pursuant to the provisions of this act, the Secretary shall have the the same authority, with regard to the utilization of lands owned by the United States, as he has in connection with projects undertaken pursuant to the Federal reclamation laws, act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto.

"(b) In connection with the construction or operation and maintenance of a project undertaken pursuant to the authority of this act, the Secretary shall have with respect to construction and supply contracts, and with respect to the acquisition, exchange, and disposition of lands, interest in lands, water rights, and other property and the relocation thereof, the same authority, including authority to acquire lands and interests in land and water rights with titles and at prices satisfactory to him, which he has in connection with projects under the Federal reclamation laws.

"SEC. 11. The Secretary is hereby authorized to perform any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect.

"SEC. 12. To carry out the purposes of this act there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated (1) for the Department of the Interior such sums as may be necessary to carry out its functions under this act, and (2) for the Department of Agriculture such sums as may be necessary to carry out its functions under this act."

With the following committee amendments:

Page 3, lines 1 and 2, strike out the words "Farm Security Administration" and insert in lieu thereof "Department of Agriculture."

Page 4, lines 14 and 15, strike out "which can probably be returned by the Office of Indian Affairs" and insert in lieu thereof "be repayable in accordance with existing law relating to Indian lands."

Page 4, line 24, after the word "report", insert "by the Secretary of Agriculture to the President", and strike out the words "which the" and insert "proposed by the Department."

Page 4, line 25, strike out "Secretary" and "may wish to provide."

Page 6, line 6, after the word "law", insert "and any applicable interstate agreement."

Page 6, line 9, after the word "law", insert "and any applicable interstate agreements."

Page 8, line 18, after the words "costs", insert a comma and "except as to Indian lands which shall be repayable in accordance with existing law relating to Indian lands."

Page 10, line 3, after the word "this", insert "sub-."

Page 10, line 5, strike out the extra "e" in the word "delivered."

Page 10, line 7, after the comma insert "and within 3 years from the time water becomes available."

Page 12, line 10, strike "Farm Security Administration" and insert in lieu thereof "Department of Agriculture."

Page 12, line 17, after the first comma following the word "materials" insert the word "easements."

Page 13, line 1, strike out "he deems" and insert in lieu thereof "the President may deem."

Page 14, lines 16 to 25, beginning with the word "Under" on line 16, strike out the remainder of the lines through line 25.

Page 15, line 1, strike out the word "amended."

Page 15, line 15, strike out the word "made."

Page 15, line 16, strike out "for appropriation by Congress."

Page 15, line 17, strike out the period and add "in like manner as if said funds had been specifically appropriated for said purposes."

Page 16, lines 16 to 22, beginning with the word "Contracts", strike out everything to and including the colon in line 22, and insert the following: "Contracts for such municipal or miscellaneous water supplies or for such surplus power shall be at such rates as, in the Secretary's judgment, will produce revenues at least sufficient to cover the appropriate share of the annual operation and maintenance cost of the project and such fixed charges, including interest, as the Secretary deems proper. Contracts for the sale of surplus power shall be for periods not to exceed 40 years and contracts for water supply for municipal or miscellaneous purposes shall be for such periods as the Secretary may determine and may include such renewal options as the Secretary deems desirable."

Page 17, line 7, after the comma, insert "other than lands acquired under section 5,."

Page 17, line 21, after the word "Secretary", strike out "is" and insert in lieu thereof "of the Interior and the Secretary of Agriculture are."

Page 17, line 24, before the word "the", insert "out their respective functions under this act and for the purpose of carrying."

The committee amendments were agreed to.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Strike out all of subsection (5) on pages 9 and 10 and insert in lieu thereof the following:

"(5) The Secretary shall establish, with respect to land not already under cultivation, the size of farm units of irrigable lands on each project in accordance with his findings of the area sufficient in size for the support of a family on the lands to be irrigated, but such farm units shall be of not more than 160 acres.

"In the case of such lands not already under cultivation, no water in excess of the amount determined by the Secretary to be reasonably necessary for the successful irrigation of 160 acres of land shall be allowed to any one landowner regardless of the amount of land which such owner may own.

"In the case of land already under irrigation but for which the amount of water is insufficient, the owner thereof shall be entitled to have delivered to him for a supplemental supply not more than the additional amount determined by the Secretary of the Interior to be reasonably necessary for the successful irrigation of 160 acres: *Provided,* That this section shall not apply to the United States or any agency or instrumentality thereof, corporate or otherwise: *Provided further,* That nothing in this act shall be construed to create authority to interfere with the delivery of water under prior rights."

The amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 9, in line 4, following the period, insert the following: "*Provided,* That the provisions of this subsection shall not be construed to modify the provisions of special legislation pertaining to any particular object."

Mr. O'CONNOR. This is for the purpose of insuring against any controversy. The rule already is that a general law does not modify a special act.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CALIFORNIA INDIANS

The Clerk called the next bill, H. R. 3765, to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California," approved May 18, 1928 (45 Stat. 602).

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, as a member of the Committee on Indian Affairs, which reported this bill, I want to state that this bill as reported by the committee is indefensible. It provides for a potential raid on our almost bankrupt Treasury amounting to about $100,000,000. I am pleased, as a member of the committee which reported the bill, to object to its consideration at this time.

The SPEAKER pro tempore. Objection is heard.

REPLACEMENT OF FISHING VESSELS

The Clerk called the next bill, H. R. 10501, to amend section 509, as amended, of the Merchant Marine Act, 1936.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That so much of the fourth sentence of section 509, as amended (U. S. C., 1934 ed., Supp. V, title 46, sec. 1159), of the Merchant Marine Act, 1936, as precedes the first semicolon therein is amended to read as follows: "In case the vessel is designed to be of not less than 3,500 gross tons and to be capable of a sustained speed of not less than 14 knots, or, without regard to tonnage or speed, is designed to be a fishing vessel, the applicant shall be required to pay the Commission not less than 12½ percent of the cost of such vessel, and in the case of any other vessel the applicant shall be required to pay the Commission not

less than 25 percent of the cost of such vessel (excluding from such cost, in either case, the cost of national defense features)."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 509 of the Merchant Marine Act, 1936, as amended, is amended by inserting, after "Sec. 509", the letter "a" in parentheses, and by adding at the end of such section the following new subsections:

"'(b) Any citizen of the United States may make application to the Commission for aid in the construction of a new vessel to be engaged in the fisheries of the United States. If such application is approved by the Commission, the vessel may be constructed under the terms and conditions of this title, but no construction-differential subsidy shall be allowed. The Commission shall pay for the cost of national-defense features incorporated in such vessel. The applicant shall be required to pay the Commission not less than 12½ percent of the cost of such vessel (excluding from such cost the cost of national-defense features); the balance of such purchase price shall be paid by the applicant within 20 years and in not less than 20 equal installments, with interest as prescribed in subsection (a) of this section, and with payment secured by a preferred mortgage on the vessel and otherwise secured as the Commission may determine. In case of any such vessel, the cost of which, as determined by the Commission, does not exceed $100,000, the Commission may waive, to the extent that it deems necessary or desirable in view of the size and type of the vessel and any national-defense features involved, and other facts deemed pertinent by the Commission, any or all provisions of this title otherwise applicable except the provisions of section 503 and section 505 (a) other than the requirements as to competitive bidding which may be waived if the Commission deems the construction price to be fair and reasonable. The Commission is authorized to sell, at not less than the amount of the unpaid principal and the accrued interest, any mortgage acquired under this subsection to a mortgagee eligible under section 1104 of title XI of this act, and to insure any such mortgage so sold subject to the following sections of title XI: 1104 (c), 1105, 1106, and 1107. The Commission is authorized and directed to prescribe such rules and regulations as it may deem necessary or appropriate to carry out the provisions of this subsection.

"'(c) The provisions of section 505 (b) of this title with respect to the payment to the Commission of profit of the shipbuilder shall not be applicable to any contract made pursuant to the provisions of this section where by the terms of such contract the total compensation payable to the shipbuilder thereunder may in no event exceed the total cost of performing the contract as determined by the Commission plus an amount not in excess of 11½ percent of such cost.'"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REMOVING RESTRICTION PLACED UPON CERTAIN LANDS AT MITCHEL FIELD, N. Y.

The Clerk called the next bill, H. R. 10335, to remove the restriction placed upon the use of certain lands acquired in connection with the expansion of Mitchel Field, N. Y.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. HARTER of Ohio. Mr. Speaker, I ask unanimous consent that the bill (S. 4258) to remove the restriction placed upon the use of certain lands acquired in connection with the expansion of Mitchel Field, N. Y., be substituted for the House bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. HARTER]?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the item contained in the act of Congress approved July 1, 1937 (50 Stat. 452), entitled "An act making appropriations for the Military Establishment for the fiscal year ending June 30, 1938, and for other purposes," providing for the acquisition of land in the vicinity of Mitchel Field, N. Y., 342 acres, more or less, to be used exclusively for runways, $500,000, is hereby amended so as to remove the restriction thereby placed on the use of the land so authorized to be acquired: *Provided*, That the use of said land for any other purpose shall in no way interfere with the effective use of the runways placed thereon.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 10335) was laid on the table.

RETIREMENT OF ASSISTANT CHIEFS OF BRANCHES AND OF WING COMMANDERS IN THE AIR CORPS

The Clerk called the next bill, S. 3636, to amend the National Defense Act, as amended, so as to provide for retirement of assistant chiefs of branches and of wing commanders of the Air Corps with the rank and pay of the highest grade held by such officers as assistant chiefs and wing commanders, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the fourth sentence of section 4c of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended by the act of June 4, 1920 (41 Stat. 762), and as amended by the act of May 12, 1939 (Public, No. 72, 76th Cong.), be, and the same is hereby, further amended to read as follows:

"Any officer who shall have served 4 years as chief or assistant chief of a branch or as commanding general of the General Headquarters Air Force or who shall have served 2 years as wing commander of the Air Corps and who may subsequently be retired, shall be retired with the rank, pay, and allowances authorized by law for the highest grade held by him as such chief, assistant chief, commanding general, or wing commander."

SEC. 2. Any officer who has heretofore served 4 years as assistant chief of branch of the Army or who has heretofore served 2 years as wing commander of the Air Corps and who has been retired in a grade below that of brigadier general, shall, on the date of approval of this act, be advanced in rank upon the retired list to the highest grade held by him as such assistant chief or wing commander and shall receive the pay and allowances provided by law for such advanced rank.

SEC. 3. No back pay or allowances shall accrue by reason of this act.

The bill was ordered to be read a third time, and was read the third time, and passed, and a motion to reconsider was laid on the table.

REPEALING OBSOLETE STATUTES AND IMPROVING THE UNITED STATES CODE

The Clerk called the next bill, H. R. 9947, to repeal obsolete statutes and to improve the United States Code.

Mr. WOLCOTT. Mr. Speaker, I desire to make a point of order against the bill, and if it is in order I will also include in my point of order in addition to this bill Nos. 948, 949, 950, and 951 on the calendar.

The point of order is that the report does not comply with section 2 (a) of rule XXIII of the Ramseyer Rule, which provides that—

Whenever a committee reports a bill or joint resolution repealing or amending any statute or part thereof, it shall include in its report or in the accompanying document the text of the statute or part thereof which it is proposed to repeal.

The SPEAKER pro tempore. Does the gentleman from New York [Mr. KEOGH] desire to be heard on the point of order?

Mr. KEOGH. Mr. Speaker, I should like to be heard on the point of order. As the gentleman from Michigan [Mr. WOLCOTT] has pointed out, the Committee on Revision of the Laws has complied with the so-called Ramseyer rule only with reference to item 947 on the calendar. The delay in putting these bills on the calendar was occasioned by the fact that we sought in connection with that bill, which was the first one we considered, to comply with the Ramseyer rule by setting forth in the report all the laws affected by that bill. In view of the fact that we were seeking by these bills to repeal existing law, in some cases going back many years and the Revised Statutes and the Statutes at Large are available only in the Library, we were faced with the necessity of typing the text of the laws so repealed. We felt, in view of the fact, that the sections affected by the bill are clearly set forth in the bills themselves and in the report, and the reasons for the bill are also clearly set forth in the report, that no Member of this House, having access, as we all have, to the Revised Statutes, to the Statutes at Large, and to the United States Code, to all of which sections sought to be repealed by this series of bills, specific reference is made, would raise a point of order.

I hope the gentleman from Michigan will cooperate with our committee and will not press the point of order, because it will simply delay the consideration of these bills, which represent an effort—and, I hope, a noble effort—on the part of the Committee on Revision of the Laws to obtain authority to omit from the United States Code those sections of existing law which are duplicated, which are redundant, which are temporary in nature, which are obviously obsolete, and which have been repealed by inference. When I say "repealed by inference" I refer to the increased practice on the part of the standing committees of this House, when rewriting legislation, to include in the bill reported a section repealing laws that might be inconsistent with the laws or with the sections contained in the bill. I do not believe you should place upon this committee the responsibility of attempting to determine what are the inconsistent laws thereby repealed. I hope the gentleman will withdraw his point of order.

The SPEAKER pro tempore. Does the gentleman from Michigan insist on his point of order?

Mr. WOLCOTT. Yes. I think some time should be given for the consideration of this bill. Granting all that the gentleman has said to be true, it seems to me that we should not establish the precedent of repealing dozens of laws by unanimous consent in an omnibus bill. I think we would be subject to criticism if we did not provide for some consideration of these bills. All the Committee on Revision has to do is to go to the Rules Committee, get a rule waiving all points of order and providing for a limited amount of time to discuss the matter. That will give the gentleman sufficient time to explain each of these bills, and compare them with existing law, so that we will be able to determine whether they have been repealed by implication.

The SPEAKER pro tempore. Will the gentleman permit an observation from the Chair as to whether the gentleman would consider it advisable to ask unanimous consent that the bills go over without prejudice, for the reason that if he insists on his point of order it means the bills will have to be recommitted to the Committee on Revision of the Laws?

Mr. WOLCOTT. I was aware of that, and made the point of order to stress the fact that there would be objection to the bill on the Consent Calendar. In order that the bills may not lose their status on the Union Calendar and may be considered if a rule is granted, I ask unanimous consent, Mr. Speaker, if it is in order to do so, that the bills appearing on the Consent Calendar as Nos. 946, 948, 949, 950, and 951 may be passed over without prejudice, and I withdraw the point of order, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

Mr. CASE of South Dakota. Reserving the right to object, Mr. Speaker, may I ask the gentleman from New York if sometime between now and the time these bills will come up again the clerk of his committee can prepare some statement for the record so that we may be advised what these repealers really repeal?

Mr. KEOGH. I may say to the gentleman from South Dakota that we have sought in the reports accompanying these bills to set forth very clearly the purposes of each bill and the reasons for including in the bill the sections we have, but if the gentleman from South Dakota feels that any other information may be necessary or advisable, we, of course, shall be delighted to comply with his request.

Mr. CASE of South Dakota. I have a feeling that, as the gentleman from Michigan has pointed out, the Congress would be subject to a great deal of criticism if it would be apparent from the bill, as it is from the one I have examined, that there is a general repealer here of certain sections and the Congress would not know what it might be repealing.

Mr. KEOGH. I should like very much to make this statement with reference to that. We are not in effect repealing any laws by these bills but are seeking to obtain Congressional authority to eliminate these sections from the United States Code. The laws that are covered by these bills have already been repealed by bills which this Congress has passed, but in the passing of those subsequent bills the committees handling them have not expressly repealed the prior sections of law which the subsequent bills superseded or replaced or amended. We are simply trying to do here the work that should have been done in some of those committees. Our bills would not be necessary if those new bills contained express rather than blanket repealers.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Michigan.

Mr. WOLCOTT. In that respect, we should not assume the responsibility of saying by unanimous consent that a certain act has been repealed by implication. Courts sometimes spend days on that question. If it is just a matter of saving a little time, I believe we had better not take any chance on repealing these en bloc without at least giving them some consideration.

Mr. KEOGH. I may say to the gentleman from Michigan that these bills have been the subject of study for months, not for days. The delay in putting them on the calendar was due to the fact that we sought in connection with calendar No. 947 to comply with the technical Ramseyer rule. Further, these bills have been studied by editors and by publishing companies for years, not for months. If we do not start somewhere we are going to find ourselves with a United States Code that is simply too cumbersome and too complicated for even the most learned legislators to know anything about.

Mr. WOLCOTT. The code should include all of the law, and where there is any question as to whether a discrepancy exists between two statutes the two statutes should be in the code for the enlightenment of the lawyers and the courts interpreting the section. I do not believe we should be asked to do a job here which is properly referred to the courts; at least, we should not be asked to do it by unanimous consent. That is why I brought the matter up.

Mr. KEOGH. I should like to point out that the first three bills on this calendar refer to sections of law affecting Internal Revenue Bureau taxation. In January of 1939 this Congress took what I have previously said was a most progressive step in legislating when we enacted the Internal Revenue Code. Section 4 (a) of the Internal Revenue Code reads as follows:

> The internal revenue title, as hereinafter set forth, is intended to include all general laws of the United States and parts of such laws, relating exclusively to internal revenue.

We have sought in these first three bills on the calendar to go through every title in the United States Code, including title XXVI as superseded by the Internal Revenue Code and repeal those sections that deal with internal revenue, because this Congress then, January 1939, said, in effect, "From this point on all our internal revenue laws shall be found in title XXVI and nowhere else." However, our committee lacks the authority to eliminate them from the United States Code unless the Congress gives it to us. We are seeking in these bills to obtain that authority.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I demand the regular order.

Mr. CASE of South Dakota. Mr. Speaker, my reservation of objection, as I understood, was to the unanimous-consent request that the bills enumerated by the gentleman from Michigan be permitted to pass over without prejudice. I have no objection to that request.

Mr. KEOGH. Further reserving the right to object, may I ask if the gentleman from Michigan will not amend his request to include Calendar No. 947?

Mr. WOLCOTT. I was going to do that.

Mr. KEOGH. I should like to have all these bills considered together rather than piecemeal, because I do not want our committee to fall into piecemeal amending or repealing.

Mr. WOLCOTT. I will say to the gentleman I was going to do that, and I shall do it later, because Calendar No. 947 comes in a different category and I prefer to take action on it separately.

Mr. ROBSION of Kentucky. Reserving the right to object, Mr. Speaker, I do not believe objection should be made to these bills or that the gentleman should insist upon his

request to pass the bills over without prejudice. There is tremendous confusion among lawyers and litigants when they look into the books as to what the law it. You have a great lot of deadwood there piled up, and it brings about endless confusion.

Not only has our committee made a careful study of these matters but all the departments involved have made a very careful check and there is nothing in any of these bills except various obsolete acts that ought to go out, and there is no greater service that could be rendered to the American bar and the lawyers generally than to have these bills passed.

Mr. KEOGH. Mr. Speaker, if the gentleman will yield, I may say to the gentleman from Michigan, with respect to the first three bills referred to on the calendar, they have been submitted to the Joint Committee on Internal Revenue Taxation and they have interposed no objection and we would have received from that committee a letter of approval to be included in the report except for the fact that they have been engrossed with the excess-profits-tax bill.

Mr. ROBSION of Kentucky. These measures should be acted on by this Congress.

Mr. WOLCOTT. I have no objection to action being taken, but I want the action taken to be commensurate with the dignity of the House.

Mr. KEOGH. Mr. Speaker, if the gentleman will yield there, this is the Unanimous Consent Calendar.

Mr. WOLCOTT. But there should be a certain amount of consideration when we are asked to repeal en bloc literally hundreds of laws by unanimous consent, and I have suggested to the chairman of the committee that he go to the Rules Committee and get a rule waiving points of order. This will save the committee clerk the necessity of printing all of these acts, in accordance with the Ramseyer rule, and we will at least have an hour or so to discuss them, so we can ask some questions and we will give the people to understand that we know what we are doing. We have had some very lamentable instances in the last 4 or 5 months when we legislated without knowing just what we were doing. I do not have the time, and I do not believe any gentleman on this floor has the time to go through all these statutes and look them all up and read them and compare them with existing law and, personally, I do not like to take the report of any joint committee or any committee clerk without at least asking some questions on it, because they are susceptible to mistakes and, after all, it is our responsibility.

Mr. CASE of South Dakota. Regular order, Mr. Speaker.

The SPEAKER. The regular order has been demanded. Is there objection?

Mr. ROUTZOHN. I reserve the right to object, Mr. Speaker——

The SPEAKER. The regular order has been demanded. Is there objection. [After a pause.] The Chair hears none.

REPEALING OBSOLETE STATUTES AND IMPROVING THE UNITED STATES CODE

The Clerk called the next bill, H. R. 9773, to repeal obsolete statutes and to improve the United States Code.

Mr. WOLCOTT. Mr. Speaker, in order that this bill may have the same status as those which we have just discussed, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TRANSFERRING CERTAIN PROVISIONS OF THE TARIFF ACT OF 1930 INTO THE UNITED STATES JUDICIAL CODE

The Clerk called the next bill, S. 3990, to transfer the essential language of section 518, title IV, of the Tariff Act of 1930, approved June 17, 1930, into the Judicial Code of the United States and to provide for its reenactment as part of said Judicial Code, to take effect from the date of its passage, including the allowance to the judges of the United States Customs Court, Government counsel, and stenographic clerks as set forth therein for traveling expenses incurred for maintenance while absent from New York on official business and to repeal all acts inconsistent therewith to the extent of such inconsistency, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That a new section be, and the same is hereby, added to the Judicial Code of the United States relating to the United States Customs Court, to be known as section 187 (a), to follow immediately after section 187, to read in the exact language of section 518, title IV, of the Tariff Act of 1930, as follows:

"SEC. 187. (a) United States Customs Court.

"The United States Customs Court shall continue as now constituted, except that the chief justice and the associate justices of such court now in office and their successors shall hereafter be known as the judges of such court. All vacancies in such court shall be filled by appointment by the President, by and with the advice and consent of the Senate. Not more than five of the judges of such court shall be appointed from the same political party, and each of such judges shall receive a salary of $10,000 a year. They shall not engage in any other business, vocation, or employment, and shall hold their office during good behavior. The offices of such court shall be at the port of New York. The court and each judge thereof shall have and possess all the powers of a district court of the United States for preserving order, compelling the attendance of witnesses and the production of evidence, and in punishing for contempt. The court shall have power to establish from time to time such rules of evidence, practice, and procedure, not inconsistent with law, as may be deemed necessary for the conduct of its proceedings, in securing uniformity in its decisions and in the proceedings and decisions of the judges thereof, and for the production, care, and custody of samples and of the records of such court. Under such rules as the United States Customs Court may prescribe, and in its discretion, the court may permit the amendment of a protest, appeal, or application for review. One of the judges of such court, designated for that purpose by the President of the United States, shall act as presiding judge, and in his absence the judge then present who is senior as to the date of his commission shall act as presiding judge; and until any such designation is made the chief justice of the United States Customs Court now in office shall act as presiding judge. The presiding judge, or the acting presiding judge in his absence, shall have control of the fiscal affairs and of the clerical force of the court, making all recommendations for appointment, promotions, or otherwise affecting such clerical force; he may at any time before trial, under the rules of the court, assign or reassign any case for hearing or determination, or both, and shall designate a judge or division of three judges and such clerical assistants as may be necessary to proceed to any port within the jurisdiction of the United States for the purpose of hearing or of hearing and determining cases assigned for hearing at such port, and shall cause to be prepared and promulgated dockets therefor. Judges of the court, stenographic clerks, and Government counsel shall each be allowed and paid his necessary expenses of travel and his reasonable expenses, not to exceed $10 per day in the case of the judges of the court and Government counsel, and $8 per day in the case of stenographic clerks actually incurred for maintenance while absent from New York on official business. The judges of said court shall be divided into three divisions of three judges each for the purpose of hearing and deciding appeals for the review of reappraisements of merchandise, and of hearing and deciding protests against decisions of collectors. A division of three judges or a single judge shall have power to order an analysis of imported merchandise and reports thereon by laboratories or bureaus of the United States. The presiding judge shall assign three judges to each of said divisions and shall designate one of such three judges to preside. The presiding judge of the court shall be competent to sit as a judge of any division or to assign one or two other judges to any of such divisions in the absence or disability of any one or two judges of such division. A majority of the judges of any division shall have full power to hear and decide all cases and questions arising therein or assigned thereto. A division of the court deciding a case or a single judge deciding an appeal for a reappraisement may, upon the motion of either party made within 30 days next after such decision, grant a rehearing or retrial of such case when in the opinion of such division or single judge the ends of justice so require.

"The judges of the United States Customs Court are hereby exempted from so much of section 1790 of the Revised Statutes as relates to their salaries.

"When any judge of the United States Customs Court resigns his office after having held a commission as judge or justice of such court or member of the Board of General Appraisers at least 10 years continuously, or otherwise, and having attained the age of 70 years, he shall, during the residue of his natural life, receive the salary which is payable to a judge of such court at the time of his resignation. Any such judge who is qualified to resign under the foregoing provisions may retire, upon the salary of which he is then in receipt, from regular active service as a judge of such court, and upon such retirement the President may appoint a successor; but such retired judge may, with his consent, be assigned by the presiding judge of such court to serve upon such court and while so serving shall have all the powers of a judge of such court."

SEC. 2. That all acts or parts of acts inconsistent with the provision of this act be, and the same are hereby, repealed to the extent of such inconsistency.

SEC. 3. That this act, including the provision for payment of the expenses of the judges of the Customs Court, Government attorneys, and stenographic clerks incurred while absent from New York on official business, shall take effect from the date of its passage.

With the following committee amendments:

On page 3, in line 25, after the word "court", strike out the words "stenographic clerks, and Government counsel."

On page 4, in line 2, after the word "day", strike out the word "in" and all of line 3 and the words in line 4 as follows: "and $8 per day in the case of stenographic clerks."

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

Mr. KEOGH. Mr. Speaker, I offer an amendment to the title of the bill.

The Clerk read as follows:

Amend the title by striking out after the words "United States Customs Court" the following: "Government counsel, and stenographic clerks as set forth therein."

The amendment was agreed to.

Mr. ROBSION of Kentucky. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ROBSION of Kentucky. I did not understand whether the gentleman's amendment to the committee amendment was agreed to.

Mr. KEOGH. Yes. It was simply an amendment to correct the title of the bill.

The SPEAKER. And the committee amendments were agreed to.

The Clerk will report the next bill.

TO REPEAL AN OBSOLETE SECTION OF THE DISTRICT OF COLUMBIA CODE

The Clerk called the next bill, H. R. 7405, to repeal an obsolete section of the District of Columbia Code.

There being no objection, the Clerk read the bill, as follows:

To repeal an obsolete section of the District of Columbia Code.

Be it enacted, etc., That section 76 of title 18 of the District of Columbia Code (13 Edw. 1, ch. 31 (1285); Alex. Br. Stat. 126; Comp. Stat. D. C., par. 442, sec. 5) is hereby repealed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RAILROAD UNEMPLOYMENT INSURANCE ACT AMENDMENTS

The Clerk called the next bill, S. 3920, to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, as amended June 20, 1939, and for other purposes.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, I have been informed that it is the purpose of the Chair to recognize the gentleman from Ohio [Mr. CROSSER] to suspend the rules in connection with this bill.

The SPEAKER. That is correct.

Mr. WOLCOTT. For that reason I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. That concludes the call of the Consent Calendar.

TRANSFER OF JURISDICTION OVER ARLINGTON FARM, VIRGINIA

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 896 for the purpose of considering the bill (S 4107) to transfer the jurisdiction of the Arlington Farm, Virginia, to the jurisdictions of the War Department and the Department of the Interior, and for other purposes, since I am advised the gentleman from Michigan [Mr. WOLCOTT] will not insist on its going over.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the control and jurisdiction of the lands, buildings, and improvements constituting the Arlington Farm, as created by the act of Congress approved April 18, 1900 (31 Stat. 135), west of the Rosslyn connecting railroad, are hereby transferred from the Secretary of Agriculture to the Secretary of War, to take effect progressively as each area of said farm is turned over by the Secretary of Agriculture to the Secretary of War: *Provided*, That the authority to remove such buildings, improvements, trees, and plants as shall be deemed necessary in order to promote the work of the Department of Agriculture shall remain in the Secretary of Agriculture until the transfer of the area involved is effected.

SEC. 2. There is hereby authorized to be appropriated a sum not to exceed $3,200,000 to be expended by the Secretary of Agriculture for the acquisition by purchase, condemnation, or donation, of lands to provide a suitable site for the development and reestablishment thereon of the functions and activities of the Arlington Farm, and the construction and installation of such buildings, equipment, and utilities and appurtenances thereto, including the employment of persons and means in the city of Washington and elsewhere, as in the judgment of the Secretary of Agriculture may be necessary.

SEC. 3. There is also further authorized to be appropriated not to exceed $4,000,000 for the acquisition of adjacent lands and the construction and installation of such buildings and utilities and appurtenances as in the judgment of the Secretary of War may be necessary for military purposes on the above-mentioned lands, including alterations, additions, and betterments to such existing improvements thereon as may be transferred by the Secretary of Agriculture to the Secretary of War.

SEC. 4. The control and jurisdiction of that portion of the Arlington Experimental Farm lying east of the Rosslyn connecting railroad is hereby transferred from the Secretary of Agriculture to the Secretary of the Interior, and there is hereby authorized to be appropriated not to exceed $1,000,000 for the acquisition of adjacent lands in order that the Secretary of the Interior may transfer to this enlarged area the propagating gardens, shops, heating plant, tourist camp, and other facilities that are now located between the Washington Monument grounds, the Thomas Jefferson Memorial, and the Potomac River. The Secretary of War is hereby authorized and directed to transfer to the Secretary of the Interior a right-of-way 200 feet wide extending from a point near the southeast corner of the Arlington Cemetery in a northeasterly direction to the Boundary Channel, in order to provide a scuth approach to the Arlington Memorial Bridge and the construction of an adequate road within this right-of-way is hereby authorized. The plans for location and development of this approach road as well as the development plans for the enlarged areas east and west of the railroad for the uses herein authorized shall be subject to the approval of the National Capital Park and Planning Commission. The development plan for the area under jurisdiction of the Secretary of War shall provide for a connecting road adjacent to the Rosslyn connecting railroad between the highways north of the Arlington reservation and those south of said reservation, and upon the construction and opening of such road the Secretary of War is hereby authorized and empowered to close and abandon the present Military Road along the east boundary of the Arlington Cemetery.

With the following committee amendments:

Page 1, line 6, strike out the words "west of the Rosslyn connecting railroad";

Page 2, line 17, strike out "$4,000,000" and insert "$5,000,000";

Page 2, line 24, after the word "War" insert: "If the purchase of additional lands authorized by this section meets the requirements of the War Department, the Secretary of War may allow the Secretary of Agriculture to continue the operation of Arlington Experiment Station at its present site."

Page 3, line 4, strike out all of section 4.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "An act to transfer the jurisdiction of the Arlington Farm, Va., to the jurisdiction of the War Department, and for other purposes."

ANNUAL LABOR ON MINERAL CLAIMS IN THE TERRITORY OF ALASKA

Mr. DIMOND. Mr. Speaker, I ask unanimous consent to return to Calendar No. 916, H. R. 2747, relative to annual labor on mineral claims in the Territory of Alaska, and that the proceedings by which the bill was passed be vacated and the bill be restored to the calendar.

I am the sponsor of the bill, and the only amendment, not a committee amendment, was offered by the gentleman from Arizona, who has agreed that this procedure may be taken, if there is no objection.

The SPEAKER. Is there objection to the Delegate from Alaska?

There was no objection.

Mr. DIMOND. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

RELIEF OF CERTAIN DISBURSING OFFICERS FOR THE CIVIL WORKS ADMINISTRATION AND THE FEDERAL EMERGENCY RELIEF ADMINISTRATION

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to return to Calendar No. 848, for the present consideration of the bill (H. R. 9514), for the relief of certain former disbursing officers of the Civil Works Administration and the Federal Emergency Relief Administration.

Mr. Speaker, this bill was objected to by the gentleman from Pennsylvania [Mr. RICH]. I have had a conference with him and this procedure is agreeable to him.

Mr. RICH. Mr. Speaker, reserving the right to object, I want to ask the gentleman from Maryland [Mr. KENNEDY] a question or two regarding H. R. 9514. Several years ago we relieved the paymasters of P. W. A. funds, who were bonded, from overpaying funds amounting to almost $100,000,000 on the assumption that the money should not, or could not, be collected. The point I make is this: We should have more authority and ask better business methods be used in distribution of the taxpayers' funds.

I want to ask the gentleman from Maryland the following questions:

First. How much money does this charge off the books which was illegally paid out?

Mr. KENNEDY of Maryland. About $40,000.

Mr. RICH. Second: Will the Civil Works Administration and the Federal Emergency Relief Administration see to it that this does not happen again?

Mr. KENNEDY of Maryland. I sincerely hope they will.

Mr. RICH. Third: Will we permit any more funds to be paid out by any New Deal agency or any department of the Government that is not in accordance to the law? This is very important.

Mr. KENNEDY of Maryland. I trust not.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent that the bill S. 3868, a similar Senate bill, be substituted for the bill H. R. 9514.

The SPEAKER. Is there objection?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of disbursing officers for payments made in good faith on public account from appropriations made available to the Civil Works Administration and the Federal Emergency Relief Administration for expenditure, notwithstanding the failure to comply with requirements of existing law or regulations: *Provided*, That the Commissioner of Work Projects or his duly authorized representative shall certify that the payments appear to be free from fraud or collusion on the part of the disbursing officer making the payment.

SEC. 2. No charge shall be made against the certifying officer for the amount of any payment for which credit shall be allowed under the preceding section where the Commissioner of Work Projects or his duly authorized representative certifies that the payment appears to have been made without fraud or collusion on the part of the certifying officer.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A House bill, H. R. 9514, was laid on the table.

PURCHASE OF WINNING DESIGN FOR PROPOSED SMITHSONIAN GALLERY OF ART

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill H. R. 9806, to permit the Smithsonian Gallery of Art Commission to purchase a model of the winning design for the proposed Smithsonian Gallery of Art, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, that bill sounds a little familiar. It seems to me that bill was on the Consent Calendar and was stricken.

The SPEAKER. It was stricken from the calendar.

Mr. WOLCOTT. I object to the consideration of the bill, Mr. Speaker.

Mr. KELLER. Will the gentleman withhold his objection?

Mr. WOLCOTT. I will reserve the objection temporarily.

Mr. KELLER. I want to call attention to the fact that the other day when I brought this matter up I was assured that it would be considered whenever I called it up provided the minority Member on the Library was agreeable to that.

The minority Member, the gentleman from Massachusetts [Mr. TREADWAY], is agreeable.

Mr. WOLCOTT. I think the objection of the acting leadership at that time to the consideration of the bill was that no Member of the minority on the committee was present.

Mr. KELLER. Ask the gentleman from Michigan [Mr. MICHENER]. There he is.

Mr. WOLCOTT. I understand. Objection to consideration at that time was based on the ground that no Member of the minority was here. On my own responsibility, I am objecting to the consideration of the bill.

Mr. MICHENER. Mr. Speaker, reserving the right to object, I did not intend to bind anybody. My effort was to ascertain if it was satisfactory to minority Members on the committee, that if it was I would not object. If the gentleman from Michigan [Mr. WOLCOTT], one of the official objectors whose duty it is to understand these bills objects, I would not in any way attempt to bind him or anyone who does know.

Mr. KELLER. If the gentleman really knows the measure he would not object.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SCHAFER of Wisconsin. How much will this bill cost?

Mr. KELLER. It will not cost anything at all. The money is already appropriated. All we are asking is the right to pay it out.

Mr. SCHAFER of Wisconsin. How much are you going to pay out?

Mr. KELLER. Four thousand dollars. One man gets $800, another gets $700, and a third gets $2,500.

Mr. SCHAFER of Wisconsin. That is not much. I congratulate the gentleman. He ought to get his bill through.

Mr. KELLER. I thank the gentleman from Wisconsin and hope he will intervene with the gentleman from Michigan.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, I object.

EXCESS-PROFITS TAX BILL

Mr. McCORMACK. Mr. Speaker, in view of the fact that the conference report on the excess-profits tax bill will come up for consideration tomorrow, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. MICHENER. Mr. Speaker, reserving the right to object, has the gentleman set any time for the consideration of the tax bill? Ordinarily we would have but an hour on the report under the rules of the House.

Mr. McCORMACK. That is something I have no control over.

Mr. MICHENER. May I ask the gentleman the necessity of convening at 11 o'clock if he does not intend to extend time for debate on the report?

Mr. McCORMACK. The reason for the request is that the gentleman from Massachusetts [Mr. TREADWAY], a very honorable Member of the House and a very hard-working Member of the House, has a very important engagement that requires him to take a train at 1 o'clock. I understand, too, that the distinguished chairman of the committee is very anxious to leave tomorrow afternoon.

Mr. WOLCOTT. I may say that I, too, have a very important engagement that I have been putting off for the last 3 days in order to be here when the tax bill came up. Unless we have more than an hour on the report, I doubt very much if I shall be able intelligently to discuss the measure with my people. There are several things in the bill which I do

not understand. I should like the gentleman's opinion on several phases of the bill.

Mr. McCORMACK. That opinion I shall be very glad to undertake to give to the gentleman tomorrow if I speak on the report.

Mr. SCHAFER of Wisconsin. Mr. Speaker, there are 435 Members of this Congress who have important engagements in the morning, too. I do not think we should inconvenience 434 Members for the convenience of 1. I object.

The SPEAKER. Objection is heard.

BRIDGE ACROSS WHETSTONE DIVERSION CHANNEL, ORTONVILLE, MINN.

Mr. YOUNGDAHL. By direction of the chairman of the Committee on Interstate and Foreign Commerce, I ask unanimous consent for the present consideration of the bill (H. R. 10518) granting the consent of Congress to the Department of Highways and the county of Big Stone, State of Minnesota, to construct, maintain, and operate a free highway bridge across the Whetstone Diversion Channel at or near Ortonville, Minn.

Mr. KELLER. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. KELLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. KELLER (interrupting the count). Mr. Speaker, I withdraw my point of order.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Department of Highways and the county of Big Stone, State of Minnesota, to construct, maintain, and operate a free highway bridge and approaches thereto across the Whetstone Diversion Channel, at a point suitable to the interests of navigation, at or near Ortonville, Minn., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL DEFENSE

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point on the subject of national defense.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SCRUGHAM. Mr. Speaker, the spectacular performance and maneuvers of more than 400 planes flying over Washington on the past Saturday were a striking demonstration of what might happen at the Capital of the Nation during the years to come. If each of the planes had represented a hostile bomber dropping 1,000-pound projectiles, and our defenses had been obliterated as recently happened in Poland, Holland, Belgium, and France, then the city of Washington would be a bloody shambles today instead of a thriving center of government.

The unbelievable has happened during the past 6 months, and the same could well happen again during the next 6 months. It is becoming increasingly evident that this is a vital time for clear thinking on part of both the Congress and the electorate. Promises of a new world, free from doles and debts, as made by Mr. Willkie in his Yonkers speech on Saturday, are mere idle vaporings unless accompanied by something more concrete than an appeal to spiritually hungry people to follow him.

To be more specific, for decades this Nation has been inclined to follow implicitly the financial and social economics of the British Empire, which in turn has dominated their military concepts and their defense program.

The totalitarian forces now sweeping over Europe have utterly subordinated the financial phase of defense in their struggle with Britain. All else has been sacrificed by the dictatorships to the industrial and engineering economics involved in the warfare. In other words, while democracies have been materially retarded in their defense preparations by lengthy financial negotiations having to do with the award and execution of contracts, Germany, Italy, and Japan have no such delays. Here the contractor or his labor may at any time indulge in a sit-down strike if the financial remuneration is uncertain or unsatisfactory. In the totalitarian regime both the plants and their manpower are commandeered and money payments become a secondary consideration. This fact, added to the new mechanized technique in fighting, has completely overthrown or changed practically all of the military precedents to which we are accustomed. Vast financial resources are no longer essential for the successful conduct of war, as has been proven by recent events. Much of our advantage is thus lost.

The efficiency of the totalitarian system is illustrated by the rapid conquest of Norway, Denmark, Belgium, the Netherlands, and France. The dictatorships have already planned a similar program for South America, Asia, and Africa. Britain is to be stripped to the bone and further sudden strokes are contemplated looking to more world domination.

There is no denying that the situation daily becomes increasingly critical.

In the light of recent experience it is evident that the future safety of the United States will primarily be based upon its acquiring numerous long-range heavy bombing planes and control of bases for air attack.

The second great necessity is an ample supply of nitrates for the manufacture of high explosives. In both of these items there now appears a marked deficiency. The present airplane manufacturing capacity of the country is largely devoted to the production of training and light pursuit planes, but the time is here when the need for heavy bombers should be most urgently stressed. I have flown many thousand miles in great multimotored ships of this type and know of their merits from personal observation. Fortunately the heavy transport type of airplanes of our commercial air lines, with little modification, can be adapted to serve as long-range bombers, so that the situation is not as bad as would appear from a superficial survey.

Coincident with the construction of bombing planes must come an increased facility for manufacturing high explosives. If my information is correct, the present installed nitrate capacity, after taking care of other demands for national defense, will furnish only twenty-five 1,000-pound bombs per year to each of a contemplated bombing fleet of 10,000 planes. It would appear that additional nitrate manufacturing facilities should be provided at an early date.

As the Tennessee Valley power is mostly allocated to other activities I strongly recommend to the Defense Council that the Boulder Dam area, as well as the facilities in the Northwest, be investigated, looking to the establishment of more nitrate plants. Heavy bombs are a far more effective defense than rifle or machine-gun bullets.

The grave menace to the preparedness program in 1917 and 1918 was that too many agencies were trying to do the same thing, causing numerous changes of production and design, and likewise a conflict of authority. Delays from red tape would then have precipitated a tragedy had we not had military supplies available from the Allies. There are indications that the difficulties of the past emergency are being duplicated today. For this reason the House has added provisions to the last defense appropriation bill requiring reports at stated intervals from the Secretaries of War and Navy, which will at least tend to reveal the bottle-necks in production and possibly prevent a repetition of the experiences of the last war.

EXTENSION OF REMARKS

Mr. HARRINGTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article by Wilfred Parsons.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD a radio speech I delivered Friday evening.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT, Mr. MARTIN of Iowa, and Mr. ROBSION of Kentucky were given permission to extend their own remarks in the RECORD.

Mr. SCHAFER of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. SCHAFER]?

There was no objection.

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. MURRAY]?

There was no objection.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at the point of consideration by the House of House Concurrent Resolution No. 55.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. McLEOD]?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement by the Steuben Society of America.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. The Clerk will report the first bill on the Private Calendar.

MARY PRUETT TOWNSEND

The Clerk called the first bill on the Private Calendar (H. R. 6711), for the relief of Mary Pruett Townsend.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Mary Pruett Townsend, mother of Charles Loyd Pruett, United States Navy, who died on December 17, 1934, is hereby allowed an amount equal to 6 months' pay at the rate Charles Loyd Pruett was receiving at the time of his death: *Provided*, That the said Mary Pruett Townsend shall establish to the satisfaction of the Secretary of the Navy her dependency upon her son, the late Charles Loyd Pruett.

With the following committee amendment:

Strike out all after the enacting clause, and insert the following: "That the Secretary of the Navy is hereby authorized and directed to pay, out of the current appropriation for "Pay, subsistence, and transportation, Navy", to Mary Pruett Townsend, of Asheville, N. C., mother of Charles Loyd Pruett, late seaman, first class, United States Navy, who died on December 17, 1934, at Anacostia, D. C., a sum equal to 6 months' pay at the rate received by Charles Loyd Pruett at the time of his death: *Provided*, That Mary Pruett Townsend shall first establish to the satisfaction of the Secretary of the Navy that she was actually dependent upon her son, Charles Loyd Pruett, at the time of his death, and the determination of such fact by the Secretary of the Navy shall be final and conclusive upon the accounting officers of the Government."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time; was read the third time, and passed, and a motion to reconsider was laid on the table.

MOSES LIMON AND IDA JULIA LIMON

The Clerk called the next bill, H. R. 9625, for the relief of Moses Limon and Ida Julia Limon.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Secretary of Labor be, and is hereby, authorized and directed to record the lawful admittance for permanent residence of Moses Limon and Ida Julia Limon, natives and citizens of Poland, upon the date of the enactment of this act, and that they shall, for all purposes under the immigration and naturalization laws, be deemed to have been lawfully admitted to the United States as immigrants for permanent residence. Upon the enactment of this act the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the Polish quota of the first year that the Polish quota is available.

With the following committee amendment:

Page 1, line 4, strike out "Secretary of Labor" and insert "Attorney General."

Page 1, line 11, after the word "residence", insert "as of December 13, 1930."

The committee amendments were agreed to.

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: Page 1, lines 8 and 9, strike out "for all purposes under the immigration and naturalization laws" and insert in lieu thereof "if they are found to be otherwise admissible under the provisions of the immigration laws other than those relating to quotas."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. MICHEL KONNE AND PAULINE LUCIA KONNE

The Clerk called the next bill, H. R. 10244, for the relief of Dr. Michel Konne and Pauline Lucia Konne.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Dr. Michel Konne and Pauline Lucia Konne, as of February 2, 1940, the date on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the Polish quota of the first year that the Polish quota is available.

Mr. HANCOCK. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK: Page 1, line 8, after the words "United States", strike out the period and insert "if they are found to be otherwise admissible under the provisions of the immigration laws other than those relating to quotas."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LILLIAN M. REYMONDA

The Clerk called the next bill, H. R. 7916, granting 6 months' pay to Lillian M. Reymonda.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to pay, out of the current appropriation "Pay of the Navy," to Lillian M. Reymonda, mother of the late Earl Morris Reymonda, seaman, United States Navy, an amount equal to 6 months' pay at the rate the late Earl Morris Reymonda was receiving at the date of his death: *Provided*, That Lillian M. Reymonda shall establish to the satisfaction of the Secretary of the Navy that she was actually dependent upon her late son at the time of his death, and the determination of the fact of such dependency by the Secretary of the Navy shall be final and conclusive upon the accounting officers of the Government.

With the following committee amendment:

Page 1, line 3, strike out all after the enacting clause and insert the following:

"That the Secretary of the Navy is hereby authorized and directed to pay, out of the current appropriation for 'Pay, Subsistence and Transportation, Navy,' to Lillian M. Reymonda, mother of Earl Morris Reymonda, late seaman, first class, United States Navy, who died on September 6, 1923, at Annapolis, Md., a sum equal to 6 months' pay at the rate received by Earl Morris Reymonda at the time of his death: *Provided*, That Lillian M. Reymonda shall first establish to the satisfaction of the Secretary of the Navy that she was actually dependent upon her son, Earl Morris Reymonda, at the time of his death, and the determination of such fact by the Secretary of the Navy shall be final and conclusive upon the accounting officers of the Government."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EUGENE GRUEN AND HIS WIFE KATE

The Clerk called the next bill, H. R. 10253, for the relief of Eugene Gruen and his wife Kate.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Eugene Gruen and his wife Kate as of February 8, 1938, the date on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the quota for Rumania and one number from the quota for Hungary of the first year that the Rumanian and Hungarian quotas are available.

With the following committee amendment:

Page 1, line 8, after "States", insert "if they are found to be otherwise admissible under the provisions of the immigration laws, other than those relating to quotas."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES T. DULIN

The Clerk called the next bill, H. R. 10190, for the relief of Charles T. Dulin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credits in the accounts of the proper disbursing officers of the War Department and Post Office Department in the sums of $186 and $96.44, respectively, being amounts paid to Charles T. Dulin, for clerical services rendered by Charles T. Dulin in the War Department from July 18, 1918, to September 30, 1918, and in the Post Office Department from April 8, 1919, to May 8, 1919, inclusive, notwithstanding the provisions of section 6 of the act of May 10, 1916, as amended by the act of August 29, 1916, relating to dual compensation, said Charles T. Dulin having been carried during said employments on the pay roll of the House of Representatives as a transcriber in the office of the official reporters of debates, at the basic rate of compensation of $1,200 per annum plus an additional so-called wartime bonus of $120.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOWARD R. M. BROWNE

The Clerk called the next bill, H. R. 7784, for the relief of Howard R. M. Browne.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Howard R. M. Browne, of Kansas City, Kans., the sum of $137 in full settlement for baggage and property lost at La Nue, France, on or about June 14, 1918, while serving as a first lieutenant, Three Hundred and Seventieth Infantry, American Expeditionary Forces.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VELIE MOTORS CORPORATION

The Clerk called the next bill, H. R. 6489, to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation.

Mr. COSTELLO and Mr. CASE of South Dakota objected, and, under the rule, the bill was recommitted to the Committee on War Claims.

BARTHOLOMEW LAWLER

The Clerk called the next bill, H. R. 4257, for the relief of the estate of Bartholomew Lawler.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to issue and register 12 adjusted-service bonds of 1945 in the name of Bartholomew Lawler, A-3255216, and deliver and pay them and the sum of $18.24 to the persons entitled to the estate of Bartholomew Lawler in accordance with the terms of the Adjusted Compensation Payment Act, 1936, as amended (U. S. C., 1934 ed., Supp. IV, title 38, ch. 11A), and the regulations prescribed thereunder. The Adjusted Service Certificate Fund is hereby made available for the expenditures authorized by this act, and there is hereby appropriated to such fund out of any money in the Treasury not otherwise appropriated, the sum of $618.24, such sum to be in addition to all other appropriations heretofore made to such fund.

With the following committee amendment:

On page 2, beginning in line 2, after the word "thereunder", strike out all down to and including all of line 7, and insert in lieu thereof the following: "There is hereby appropriated for the purpose of this act, out of any money in the Treasury not otherwise appropriated, the sum of $618.24."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. WILHELM WOLFGANG KRAUSS

The Clerk called the next bill, H. R. 10219, for the relief of Dr. Wilhelm Wolfgang Krauss.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That from and after date of the approval of this act Dr. Wilhelm Wolfgang Krauss, who was admitted into the United States for a temporary stay on September 1, 1934, and who is a Swedish citizen, shall be deemed to have been lawfully admitted as an immigrant for permanent residence.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEIER LANGERMANN, HIS WIFE FRIEDERIKE, AND SON JOSEPH

The Clerk called the next bill, H. R. 10245, for the relief of Meier Langermann, his wife Friederike, and son Joseph.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Meier Langermann, his wife Friederike, and son Joseph, as of April 12, 1939, the date on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct three numbers from the Polish quota of the first year that the said Polish quota is available.

Mr. CASE of South Dakota. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 1, line 9, after "States", strike out the period and insert a comma and the following, "if they are found to be otherwise admissible under the provisions of the immigration laws, other than those relating to quotas."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOWARD MONDT

The Clerk called the next bill, H. R. 8705, for the relief of Howard Mondt.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 1118, Revised Statutes, the Secretary of War be, and he is hereby, authorized to reenlist in the United States Army Howard Mondt, Air Corps, Hamilton Field, Calif., at the expiration of the said Howard Mondt's present period of enlistment on November 9, 1940, and on such future dates as the said Howard Mondt may make application for reenlistment.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: On page 1, line 10, strike out the period and insert a colon and the following: "*Provided*, That he meets the other requirements for enlistment in the Army."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NELLIE MERRIMAN

The Clerk called the next bill, H. R. 9756, granting an increase of pension to Nellie Merriman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Nellie Merriman, widow of Truman A. Merriman, late of Company B, Ninety-second Regiment New York Volunteer Infantry, and pay her a pension at the rate of $75 per month in lieu of that she is now receiving.

With the following committee amendments:

Page 1, line 6, after the word "Nellie", insert "J", and strike out in line 7, "of Company B" and insert "lieutenant colonel."

Amend the title.

The committee amendments were agreed to.

Mr. COSTELLO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COSTELLO: On page 1, line 9, after the word "of", strike out "$75" and insert "$50."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider was laid on the table.

PENSIONS AND INCREASE OF PENSIONS TO CERTAIN DEPENDENTS OF VETERANS OF THE CIVIL WAR

The Clerk called the next bill, H. R. 10541, granting pensions and increase of pensions to certain dependents of veterans of the Civil War.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Mary E. Fox, former widow of George A. Ringer, late of Company C, Sixty-first Regiment New York Infantry, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Harriet C. Thoroman, widow of William T. Thoroman, late of Company G, One Hundred and Eighty-second Regiment Ohio Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Louise Phillips, widow of Charles H. Phillips, late of Company H, Third Regiment Rhode Island Heavy Artillery, and Company D, Tenth Regiment Connecticut Infantry, and the United States Navy under the name of Charles Williams, and pay her a pension at the rate of $20 per month and increase the rate to $30 per month from and after the date she shall have attained the age of 60 years, which fact shall be determined by the submission of satisfactory evidence by the beneficiary to the Veterans' Administration.

The name of Maggie Crist, widow of Abraham Crist, late of Company I, One hundred and Forty-fourth Regiment Indiana Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary J. Tallmadge, widow of Byron Tallmadge, late of Company F, Third Regiment New York Light Artillery, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maryette E. Wanamaker, widow of Benjamin F. Wanamaker, late of Company H, Twentieth Regiment Ohio Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Amee Turner, helpless and dependent daughter of John J. Turner, late of Company B, One Hundred and Fifty-first Regiment Illinois Infantry, and pay her a pension at the rate of $20 per month.

The name of Laura M. Dellinger, widow of John W. Dellinger, late of Company G, Eleventh Regiment Ohio Cavalry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Maggie Custard, widow of Jesse Custard, late of Company K, One Hundred and Seventeenth Regiment United States Colored Infantry, and pay her a pension at the rate of $50 per month in lieu of that she is now receiving.

The name of Mary A. Ruble, widow of L. C. Ruble, late of Capt. William F. Pell's company of independent scouts of Wirt County, W. Va., State troops, and pay her a pension at the rate of $30 per month.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ERNST GOTTLIEB, WIFE MARGOT, AND DAUGHTER MARY

The Clerk called the next bill, H. R. 10311, for the relief of Ernst Gottlieb, his wife, Margot, and daughter, Mary.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Ernst Gottlieb, his wife, Margot, and daughter, Mary, as of September 1, 1939, September 1, 1939, and October 31, 1939, respectively, the dates on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the Czechoslovakian quota, one number from the German quota, and one number from the quota for Great Britain and Northern Ireland of the first year that the said Czechoslovakian, German, and Great Britain and Northern Ireland quotas are available.

Mr. HANCOCK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hancock: Page 1, line 9, after the words "United States", strike out the period and insert "if found to be otherwise admissible under the provisions of the immigration laws other than those relating to quotas."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. FRANTISEK BLONEK AND ERNA BLONEK

The Clerk called the next bill, H. R. 10326, for the relief of Dr. Frantisek Blonek and Erna Blonek.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, the Attorney General be, and he is hereby, authorized and directed to record the lawful admission for permanent residence of Dr. Frantisek Blonek and Erna Blonek, as of April 28, 1939, the date on which they were admitted temporarily to the United States. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the Czechoslovakian quota of the first year that the Czechoslovakian quota is available.

Mr. HANCOCK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hancock: On page 1, line 8, after the words "United States", strike out the period and insert "if found to be admissible under the provisions of the immigration laws other than those relating to quotas."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANCO-AMERICAN CONSTRUCTION CO.

The Clerk called the next bill, S. 3437, for the relief of the Franco-American Construction Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Franco-American Construction Co. the sum of $4,258.60 in full settlement of its claims against the United States growing out of a certain contract it had with the Government of the United States for the construction of an extension to the power plant building No. 41, at the Navy Yard, New York, N. Y., together with certain incidental work in connection therewith: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 6, strike out "$4,258.60" and insert "$9,323.75."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN L. SUMMERS

The Clerk called the next bill, H. R. 10194, for the relief of the late John L. Summers, former disbursing clerk, Treasury Department.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow credit in the accounts of the late John L. Summers, former disbursing clerk, Treasury Department, for all payments allowed in his accounts by certificate of settlement No. G–98954–T, dated January 19, 1940, in the amount of $12,023.75, together with the amounts of any additional payments which may be or may have been suspended or disallowed in his accounts more than 3 years after such payments were made: *Provided*, That the Secretary of the Treasury shall certify that in his opinion there is no evidence of fraud on the part of such former disbursing clerk in connection with such payments.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GUY F. ALLEN

The Clerk called the next bill (H. R. 10354) for the relief of Guy F. Allen, Chief Disbursing Officer, Treasury Department, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to allow in the accounts of Guy F. Allen, chief disbursing officer, Treasury Department, sums aggregating not to exceed $7,193.35, disallowed in his accounts, without raising charges against the officers who certified the vouchers for payment, covering payments made by him in the period from April 1, 1935, to September 30, 1936.

SEC. 2. The Comptroller General of the United States is authorized and directed to allow in the accounts of Frank White, deceased, H. T. Tate, W. O. Woods, and W. A. Julian, sums of not to exceed $34,867.48, $4,146.72, $44,316.76, and $77,727.83, respectively, representing unavailable items in their accounts as former Treasurers and Treasurer of the United States: *Provided*, That any recoveries heretofore or hereafter made in respect of any of the foregoing items may, in the discretion of the Comptroller General of the United States, be applied to offset unavailable items of a similar character hereafter arising in the accounts of the former Treasurers and Treasurer to whose account the recovery pertains, upon a showing that such unavailable items have occurred without fault or negligence on the part of said former Treasurers and Treasurer.

SEC. 3. The sum of $1,345.30 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to cover losses in the Office of the Treasurer of the United States due to cashing of checks of a remarried widow, and issuance of checks for excessive amounts to veterans in redemption of bonds by postmasters.

SEC. 4. For the purpose of adjusting the accounts relating to the public debt of the United States, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,437.46 which shall be deposited by the Secretary of the Treasury in the accounts of the Treasurer of the United States as public debt receipts: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROLAND HANSON AND DR. E. A. JULIEN

Mr. KENNEDY of Maryland submitted the following conference report and statement on the bill (S. 1160) for the relief of Roland Hanson, a minor, and Dr. E. A. Julien:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1160) entitled "An Act for the relief of Roland Hanson, a minor, and Doctor E. A. Julien," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: In lieu of the figures "$2,000" insert "$1,250"; and the House agree to the same.

That the Senate recede from its disagreement to the amendments of the House numbered 2, 3 and 4, and agree to the same.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

ALLEN J. ELLENDER,
H. H. SCHWARTZ,
ALEXANDER WILEY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1160), for the relief of Roland Hanson, a minor, and Dr. E. A. Julien, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

In consideration of this Senate bill, your Committee believed that the amounts recommended in the bill were insufficient, and therefore increased the amount to be paid to the legal guardian of Roland Hanson from $500 to $2,000. Roland Hanson is a minor who suffered certain injuries as a result of being struck by a United States Army truck. The Committee also increased the amount to be paid to Dr. E. A. Julien from $200 to $500. Dr. Julien rendered certain professional services to the said Roland Hanson.

At the conference an agreement was reached on a compromise in the amount of $1,250 for Roland Hanson, and the House conferees receded from their amendment on the amount to be paid to Dr. Julien.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent for the present consideration of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the statement.

The conference report was agreed to.

A motion to reconsider was laid on the table.

C. Z. BUSH AND W. D. KENNEDY

Mr. KENNEDY of Maryland submitted the following conference report and statement on the bill (H. R. 3481), for the relief of C. Z. Bush and W. D. Kennedy, which was referred to the Union Calendar and ordered printed:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3481) entitled "An Act for the relief of C. Z. Bush and W. D. Kennedy", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the figures "$1,204.50" insert "$1,704.50"; and the House agree to the same.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

PRENTISS M. BROWN,
H. H. SCHWARTZ,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3481), for the relief of C. Z. Bush and W. D. Kennedy, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The bill as it passed the House provided for the payment of the sum of $2,500 to C. Z. Bush for personal injuries and $72.80 to W. D. Kennedy for property damage growing out of a collision involving the car in which they were riding and a truck of the Civilian Conservation Corps. The Senate reduced the amount to be paid to Mr. Bush from $2,500 to $1,204.50.

At the conference a compromise of $1,704.50 was agreed upon.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill H. R. 3481, and I ask unanimous consent that the Clerk may read the statement in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement as above set out.

The conference report was agreed to.

A motion to reconsider was laid on the table.

WARREN ZIMMERMAN

Mr. KENNEDY of Maryland submitted the following conference report and statement on the bill (H. R. 4126) for the relief of Warren Zimmerman, which was referred to the Union Calendar and ordered printed:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4126) entitled "An Act for the relief of Warren Zimmerman", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the figures "$304.08" insert "$580.26"; and the House agree to the same.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

ALLEN J. ELLENDER,
H. H. SCHWARTZ,
ARTHUR CAPPER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4126), for the relief of Warren Zimmerman, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

This bill as it passed the House provided for the payment of $877.09 for losses sustained because of the failure of the postmaster and postal employees at Lawrence, Kansas, to handle mail deposited in that post office in accordance with the understanding and agreement made with this patron.

Several items made up this total amount, and the Senate when passing the bill reduced the amount to $304.08, reporting one item alone, namely, postage.

At the conference the Senate conferees agreed to also allow an item of $276.18, representing stock used in the transaction. The compromise, therefore, was in the amount of $580.26.

AMBROSE J. KENNEDY,
ROBERT RAMSPECK,
J. PARNELL THOMAS,
Managers on the part of the House.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 4126) for the relief of Warren Zimmerman, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement as above set out.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ORGANIZING STATE MILITARY UNITS

Mr. THOMASON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 10495), to amend section 61 of the National Defense Act of June 3, 1916, by adding a proviso which will permit States to organize military units not a part of the National Guard, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MICHENER. Mr. Speaker, reserving the right to object, will the gentleman state what the bill is?

Mr. THOMASON. Mr. Speaker, this is what is commonly known as the home guard bill, which comes to us upon the recommendation of the War Department. It has the approval of the Bureau of the Budget and the unanimous recommendation of the House Committee on Military Affairs. It is to provide for the organization of military units in local communities not a part of the National Guard. It is a very important and necessary bill in the present emergency.

Mr. MICHENER. Of course, it is a very important bill and while I am sure it has plenty of parentage and recommendation back of it, I think the gentleman ought to explain in a general way what the bill does.

Mr. THOMASON. With the consent of the gentleman from Michigan, I yield to the gentleman from New York [Mr. ANDREWS], the author of the bill, who is more familiar with the details of it than I am.

Mr. ANDREWS. This merely authorizes the various States to have troops for local defense in lieu of their own National Guard units, once they are ordered into Federal service. Without the passage of this legislation and the section permitting the loan of equipment by the War Department, we would have men in the State armories without rifles.

Mr. FISH. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. FISH. All this bill does, as I understand it, is to make rifles available for the home guard. Otherwise they would be using broomsticks to train with?

Mr. ANDREWS. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. AUGUST H. ANDRESEN. Is it my understanding that the men who enlist in the home guard will enlist voluntarily and serve without pay?

Mr. ANDREWS. That is correct, under their own State statutes. Of course, they are paid by their own State.

Mr. AUGUST H. ANDRESEN. But it is no draft or conscription; it is simply a voluntary service?

Mr. ANDREWS. That is correct.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. MICHENER. I yield.

Mr. VAN ZANDT. This bill will simply reenact the World War statute, under which home-defense groups functioned during the World War period, and, of course, as the gentleman knows, such statute permitted the Government to loan these defense groups the necessary equipment.

Mr. THOMASON. And it is entirely voluntary.

Mr. MICHENER. Mr. Speaker, further reserving the right tc object, and I shall not object, I however want to call the attention of the committee to this fact: National defense is vital and it is important, and we must pass the necessary measures with due expedition. At the same time, we must not get into the habit of having a committee bring in a bill which, in substance, may set up an entirely new branch of our national defense—so far as State defense is concerned—and pass it unanimously without the House knowing anything about it, and then waking up the next morning to find we have granted a lot of powers and done a lot of things, even though in the best of spirits, that should not have been done.

Mr. THOMASON. I agree with all the gentleman has said, but may I add this bill meets with the approval of the adjutant generals of the various States; it has the enthusiastic support and endorsement of the War Department. In fact, it was initiated by them, but the committee gave very careful

consideration and deliberate study to the suggestions made by the gentleman from Michigan and the committee has no desire to go contrary to the views expressed by him.

Mr. MICHENER. Of course, there are Members here who do not always agree with everything that the War Department or an adjutant general of some State or even a constable of a State may say.

Mr. THOMASON. I have discovered that.

The SPEAKER. Is there objection to the present consideration of the bill:

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 61 of the National Defense Act of June 3, 1916, be amended to read as follows:

"No State shall maintain troops in time of peace other than as authorized in accordance with the organization prescribed under this act: *Provided*, That nothing contained in this act shall be construed as limiting the rights of the States and Territories in the use of the National Guard within their respective borders in time of peace: *Provided further*, That nothing contained in this act shall prevent the organization and maintenance of State police or constabulary: *Provided further*, That the organization by and maintenance within any State of military forces other than National Guard is hereby authorized while any part of the National Guard of the State concerned is in active Federal service or during any national emergency declared by Congress or the President; however, no person shall, by reason of his membership in any such unit, be exempted from military service under any Federal law: *And provided further*, That the Secretary of War in his discretion and under regulations determined by him is authorized to issue from time to time for the use of such military units to any State, upon requisition of the Governor thereof, such arms and equipment as may be in possession of and can be spared by the War Department."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOUR OF MEETING

Mr. McCORMACK. Mr. Speaker, I renew the request I made a few moments ago that when the House adjourns today it adjourn to meet tomorrow at 11 o'clock.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Ohio [Mr. CROSSER].

RAILROAD UNEMPLOYMENT INSURANCE ACT

Mr. CROSSER. Mr. Speaker, I move to suspend the rules and pass the bill (S. 3920) to amend the Railroad Unemployment Insurance Act, approved June 25, 1938, as amended June 20, 1939, and for other purposes, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is a second demanded?

Mr. WOLVERTON of New Jersey. Mr. Speaker, I demand a second.

Mr. CROSSER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the provisions of this act shall take effect on November 1, 1940, except that sections 2, 11, 25, 26, and 27 shall be effective as of July 1, 1940, and sections 19 and 20 shall become effective upon the approval of this act: *Provided, however*, That—

(a) A half-month which has begun prior to November 1, 1940, in accordance with the Railroad Unemployment Insurance Act and regulations thereunder, and which includes such date, shall continue, and benefits with respect thereto shall be computed and paid as if this act had not been enacted;

(b) All benefit years current on October 31, 1940, shall terminate (1) on October 31, 1940, or (2) on the last day of a half-month which includes October 31, 1940, and November 1, 1940, whichever is later, and, for the purposes of section 2 (c) of the Railroad Unemployment Insurance Act, as amended by this act, all benefits paid for unemployment in half-months begun subsequent to June 30, 1940, and prior to November 1, 1940, shall be deemed to have been paid for unemployment within the benefit year ending June 30, 1941;

(c) Benefits for unemployment in the first registration period, beginning after October 31, 1940, of an employee who has, subsequent to June 30, 1940, completed a waiting period under section 3 (b) of the Railroad Unemployment Insurance Act, shall be determined and computed as though such registration period were a subsequent registration period in the same benefit year.

SEC. 2. Subsection (g) of section 1 of the Railroad Unemployment Insurance Act, approved June 25, 1938 (52 Stat. 1094), as amended June 20, 1939 (53 Stat. 845), is hereby amended by adding thereto the following sentence: "For the purposes of determining eligibility for and the amount of benefits and the amount of contributions due pursuant to this act, employment after June 30, 1940, in the service of a local lodge or division of a railway-labor-organization employer or as an employee representative shall be disregarded."

SEC. 3. Subsection (h) of section 1 of said act is hereby amended to read as follows:

(h) The term "registration period" means, with respect to any employee, the period which begins with the first day for which such employee registers at an employment office in accordance with such regulations as the Board may prescribe, and ends with whichever is the earlier of (i) the thirteenth day thereafter, or (ii) the day immediately preceding the day for which he next registers at a different employment office; and thereafter each period which begins with the first day for which he next registers at an employment office after the end of his last preceding registration period and ends with whichever is the earlier of (i) the thirteenth day thereafter, or (ii) the day immediately preceding the day for which he next registers at a different employment office.

SEC. 4. Subsection (j) of section 1 of said act is hereby amended by inserting between the first and second sentences thereof the following: "The term 'remuneration' includes also earned income other than for services for hire if the accrual thereof in whole or in part is ascertainable with respect to a particular day or particular days."

SEC. 5. Subsection (k) of section 1 of said act is hereby amended to read as follows:

"(k) Subject to the provisions of section 4 of this act, a day of unemployment, with respect to any employee, means a calendar day on which he is able to work and is available for work and with respect to which (i) no remuneration is payable or accrues to him, and (ii) he has, in accordance with such regulations as the Board may prescribe, registered at an employment office: *Provided, however*, That 'subsidiary remuneration,' as hereinafter defined in this subsection, shall not be considered remuneration for the purpose of this subsection except with respect to an employee whose base-year compensation, exclusive of earnings from the position or occupation in which he earned such subsidiary remuneration, is less than $150: *Provided further*, That remuneration for a working day which includes a part of each of 2 consecutive calendar days shall be deemed to have been earned on the second of such 2 days, and any individual who takes work for such working day shall not by reason thereof be deemed not available for work on the first of such calendar days.

"For the purpose of this subsection, the term 'subsidiary remuneration' means, with respect to any employee, remuneration not in excess of an average of $1 a day for the period with respect to which such remuneration is payable or accrues, if the work from which the remuneration is derived (i) requires substantially less than full time as determined by generally prevailing standards, and (ii) is susceptible of performance at such times and under such circumstances as not to be inconsistent with the holding of normal full-time employment in another occupation."

SEC. 6. Subsection (m) of section 1 of said act is hereby amended by striking out the designation "(m)" and substituting "(l)" therefor.

SEC. 7. Subsection (n) of section 1 of said act is hereby amended to read as follows:

"(m) The term 'benefit year' means the 12-month period beginning July 1 of any year and ending June 30 of the next year, except that a registration period beginning in June and ending in July shall be deemed to be in the benefit year ending in such month of June."

SEC. 8. Subsection (l) of section 1 of said act is hereby transferred to follow the subsection relettered as "(m)," and is amended to read as follows:

"(n) The term 'base year' means the completed calendar year immediately preceding the beginning of the benefit year."

SEC. 9. Subsection (a) of section 2 of said act is hereby amended to read as follows:

"(a) Benefits shall be payable to any qualified employee (as defined in sec. 3 of this act) (i) for each day of unemployment in excess of 7 during the first registration period, within a benefit year, in which he has 7 or more days of unemployment, and (ii) for each day of unemployment in excess of 4 during any subsequent registration period beginning in the same benefit year.

"The benefits payable to any such employee for each such day of unemployment shall be the amount appearing in the following table in column II on the line on which, in column I, appears the compensation range containing the total amount of compensation payable to him with respect to employment in his base year:

"Column I Total compensation	Column II Daily benefit rate
$150 to $199.99	$1.75
$200 to $474.99	2.00
$475 to $749.99	2.25
$750 to $999.99	2.50
$1,000 to $1,299.99	3.00
$1,300 to $1,599.99	3.50
$1,600 and over	4.00"

SEC. 10. Subsection (c) of section 2 of said act is hereby amended to read as follows:

"(c) The maximum number of days of unemployment within a benefit year for which benefits may be paid to an employee shall be 100."

SEC. 11. Subsection (d) of section 2 of said act is hereby amended to read as follows:

"(d) If the Board finds that at any time more than the correct amount of benefits has been paid to any individual under this act or a payment has been made to an individual not entitled thereto (including payments made prior to July 1, 1940), recovery by adjustments in subsequent payments to which such individual is entitled under this act or any other act administered by the Board may, except as otherwise provided in this subsection, be made under regulations prescribed by the Board. If such individual dies before recovery is completed, recovery may be made by set-off or adjustments, under regulations prescribed by the Board, in subsequent payments due, under this act or any other act administered by the Board, to the estate, designee, next of kin, legal representative, or surviving spouse of such individual, with respect to the employment of such individual.

"Adjustments under this subsection may be made either by deductions from subsequent payments or, with respect to payments which are to be made during a lifetime or lifetimes, by subtracting the total amount of benefits paid in excess of the proper amount from the actuarial value, as determined by the Board, of such payments to be made during a lifetime or lifetimes and recertifying such payments on the basis of the reduced actuarial value. In the latter case, recovery shall be deemed to have been completed upon such recertification.

"There shall be no recovery in any case in which more than the correct amount of benefits has been paid to an individual or payment has been made to an individual not entitled thereto (including payments made prior to July 1, 1940) who, in the judgment of the Board, is without fault when, in the judgment of the Board, recovery would be contrary to the purpose of this act or would be against equity or good conscience.

"No certifying or disbursing officer shall be held liable for any amount certified or paid by him in good faith to any person where the recovery of such amount is waived under the third paragraph of this subsection or has been begun but cannot be completed under the first paragraph of this subsection."

SEC. 12. Subsection (f) of section 2 of said act is hereby amended to read as follows:

"(f) If (i) benefits are paid to any employee with respect to unemployment in any registration period, and it is later determined that remuneration is payable to such employee with respect to any period which includes days in such registration period which had been determined to be days of unemployment, and (ii) the person or company from which such remuneration is payable has, before payment thereof, notice of the payment of benefits upon the basis of days of unemployment included in such period, the remuneration so payable shall not be reduced by reason of such benefits but the remuneration so payable, to the extent to which benefits were paid upon the basis of days which had been determined to be days of unemployment and which are included in the period for which such remuneration is payable, shall be held to be a special fund in trust for the Board. The amount of such special fund shall be paid to the Board, and in the collection thereof the Board shall have the same authority, and the same penalties shall apply, as are provided in section 8 of this act with respect to contributions. The proceeds of such special fund shall be credited to the account. Such benefits, to the extent that they are represented in such a special fund which has been collected by the Board, shall be disregarded for the purposes of subsection (c) of this section."

SEC. 13. Section 3 of said act is hereby amended to read as follows:

"QUALIFYING CONDITION

"SEC. 3. An employee shall be a 'qualified employee' if the Board finds that there was payable to him compensation of not less than $150 with respect to the base year."

SEC. 14. Paragraph (ii) of subsection (a) of section 4 of said act is hereby amended to read as follows:

"(ii) any of the 30 days beginning with the day with respect to which the Board finds that he failed, without good cause, to accept suitable work available on such day and offered to him, or to comply with instructions from the Board requiring him to apply for suitable work or to report, in person or by mail, as the Board may require, to an employment office;"

SEC. 15. Paragraph (iv) of subsection (a) of section 4 of said act is hereby amended to read as follows:

"(iv) any of the 75 days beginning with the first day of any registration period with respect to which the Board finds that he knowingly made or aided in making or caused to be made any false or fraudulent statement or claim for the purpose of causing benefits to be paid."

SEC. 16. Paragraph (v) of subsection (a) of section 4 of said act is hereby amended to read as follows:

"(v) any day in any period with respect to which the Board finds that he is receiving or has received annuity payments or pensions under the Railroad Retirement Act of 1935 or the Railroad Retirement Act of 1937, or insurance benefits under title II of the Social Security Act, or payments for similar purposes under any other act of Congress, or unemployment benefits under an unemployment-compensation law of any State or of the United States other than this act: *Provided*, That if an employee receives or is held entitled to receive any such payment, other than unemployment benefits, with respect to any period which includes days of unemployment in a registration period, after benefits under this act for such registration period have been paid, the amount by which such benefits under this act were increased by including such days as days of unemployment shall be recoverable by the Board: *And provided further*, That if any part of any such payment or payments, other than unemployment benefits, which is apportionable to such days of unemployment is less in amount than the benefits under this act which, but for this paragraph, would be payable and not recoverable with respect to such days of unemployment, the preceding provisions of this paragraph shall not apply but such benefits under this act for such days of unemployment shall be diminished or recoverable in the amount of such part of such other payment or payments."

SEC. 17. Paragraph (vi) of subsection (a) of section 4 of said act is hereby amended to read as follows:

"(vi) any day in any registration period with respect to which period the Board finds that he earned, in train and engine service, yard service, dining-car service, sleeping-car service, parlor-car service, or other Pullman-car or similar service, or express service on trains, at least the equivalent of 20 times his daily benefit rate."

SEC. 18. Subsection (a) of section 4 of said act is hereby further amended by adding thereto the following paragraphs:

"(vii) any day in any registration period comprising the last 14 days of a period of 28 days with respect to which period of 28 days the Board finds that he earned, in train and engine service, yard service, dining-car service, sleeping-car service, parlor-car service, or other Pullman-car or similar service, or express service on trains, at least the equivalent of 40 times his daily benefit rate;

"(viii) any day which is a Sunday or which the Board finds is generally observed as a holiday in the locality in which he registered for such day, unless such day was immediately preceded by a day of unemployment and immediately followed by a day of unemployment or was the last day in a registration period and was immediately preceded by a day of unemployment: *Provided*, That if two or more consecutive days are a Sunday and one or more holidays, then with respect to any employee such consecutive days shall not be considered as days of unemployment unless they were immediately preceded by a day of unemployment and immediately followed by a day of unemployment or the last of such days was the last day of a registration period and such days were immediately preceded by a day of unemployment."

SEC. 19. The first sentence of subsection (c) of section 5 of said act is hereby amended to read as follows: "Each qualified employee whose claim for benefits has been denied in whole or in part upon an initial determination with respect thereto upon a basis other than one which is reviewable pursuant to one of the succeeding paragraphs of this subsection, shall be granted an opportunity for a fair hearing thereon before a district board."

SEC. 20. Subsection (c) of section 5 of said act is hereby further amended by adding thereto the following paragraphs:

"Any claimant whose claim for benefits has been denied in an initial determination with respect thereto upon the basis of his not being a qualified employee, and any claimant who contends that under an initial determination of his claim he has been awarded benefits at less than the proper rate, may appeal to the Board for the review of such determination. Thereupon the Board shall review the determination and for such review may designate one of its officers or employees to receive evidence and to report to the Board thereon together with recommendations. In any such case the Board or the person so designated shall, by publication or otherwise, notify all parties properly interested of their right to participate in the proceeding and, if a hearing is to be held, of the time and place of the hearing. At the request of any party properly interested the Board shall provide for a hearing, and may provide for a hearing on its own motion. The Board shall prescribe regulations governing the appeals provided for in this paragraph and for decisions upon such appeal.

"In any case in which benefits are awarded to a claimant in whole or in part upon the basis of pay earned in the service of a person or company found by the Board to be an employer as defined in this act but which does not comply with the provisions of this act and denies that it is such an employer, such benefits awarded on such basis shall be paid to such claimant subject to a right of recovery of such benefits. The Board shall thereupon designate one of its officers or employees to receive evidence and to report to the Board on whether such benefits should be repaid. In any such case the Board or the person so designated shall, by publication or otherwise, notify all parties properly interested of their

right to participate in the proceeding and, if a hearing is to be held, of the time and place of the hearing. At the request of any party properly interested the Board shall provide for a hearing, and may provide for a hearing on its own motion. The Board shall prescribe regulations governing the proceedings provided for in this paragraph and for decisions upon such proceedings.

"Final decision of the Board in the cases provided for in the preceding two paragraphs shall be communicated to the claimant and to the other interested parties within 15 days after it is made. Any properly interested party notified, as hereinabove provided, of his right to participate in the proceedings may obtain a review of any such decision by which he claims to be aggrieved or the determination of any issue therein in the manner provided in subsection (f) of this section with respect to the review of the Board's decisions upon claims for benefits and subject to all provisions of law applicable to the review of such decisions. Subject only to such review, the decision of the Board upon all issues determined in such decision shall be final and conclusive for all purposes and shall conclusively establish all rights and obligations, arising under this act, of every party notified as hereinabove provided of his right to participate in the proceedings."

SEC. 21. Section 6 of said act is hereby amended to read as follows:

"SEC. 6. Employers shall file with the Board, in such manner and at such times as the Board by regulations may prescribe, returns under oath of compensation of employees, and, if the Board shall so require, shall distribute to employees annual statements of compensation: *Provided*, That no returns shall be required of employers which would duplicate information contained in similar returns required under any other act of Congress administered by the Board. The Board's record of the compensation so returned shall, for the purpose of determining eligibility for and the amount of benefits, be conclusive as to the amount of compensation earned by an employee during the period covered by the return, and the fact that the Board's records show that no return was made of the compensation claimed to be earned by an employee during a particular period shall, for the purposes of determining eligibility for and the amount of benefits, be taken as conclusive that no compensation was earned by such employee during that period, unless the error in the amount of compensation in the one case, or failure to make or record return of the compensation in the other case, is called to the attention of the Board within 18 months after the date on which the last return covering any portion of the calendar year which includes such period is required to have been made."

SEC. 22. Subsection (d) of section 11 of said act is hereby amended to read as follows:

"(d) So much of the balance in the fund as of June 30 of each year as is in excess of $6,000,000 shall as of such date be transferred from the fund and credited to the account."

SEC. 23. The first paragraph of subsection (l) of section 12 of said act is hereby amended by adding thereto the following sentence: "A person in the employ of the Board on June 30, 1939, and on June 30, 1940, and who has had experience in railroad service, shall acquire a competitive classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness for the position for which the Board recommends him as the Civil Service Commission may prescribe."

SEC. 24. Subsection (l) of section 12 of said act is hereby further amended by changing the period at the end thereof to a colon and adding the following: "*And provided further*, That, for the purpose of registering unemployed employees who reside in areas in which no employer facilities are located, or in which no employer will make facilities available for the registration of such employees, the Board may, without regard to civil-service laws and the Classification Act of 1923, appoint persons to accept, in such areas, registration of such employees and perform services incidental thereto and may compensate such persons on a piece-rate basis to be determined by the Board. Notwithstanding the provisions of the act of June 22, 1906 (34 Stat. 449), or any other provision of law, the Board may detail employees from stations outside the District of Columbia to other stations outside the District of Columbia or to service in the District of Columbia, and may detail employees in the District of Columbia to service outside the District of Columbia: *Provided*, That all details hereunder shall be made by specific order and in no case for a period of time exceeding 120 days. Details so made may, on expiration, be renewed from time to time by order of the Board, in each particular case, for periods not exceeding 120 days."

SEC. 25. Subsection (h) of section 1 of the Railroad Retirement Act of 1937 (50 Stat. 307) is hereby amended by adding thereto the following sentence: "For the purposes of determining monthly compensation and years of service and for the purposes of subsections (a), (c), and (d) of section 2 and subsection (a) of section 5 of this act, compensation earned in the service of a local lodge or division of a railway labor organization employer shall be disregarded with respect to any calendar month if the amount thereof is less than $3 and (1) such compensation is earned between December 31, 1936, and April 1, 1940, and taxes thereon pursuant to sections 2 (a) and 3 (a) of the Carriers Taxing Act of 1937 or sections 1500 and 1520 of the Internal Revenue Code are not paid prior to July 1, 1940; or (2) such compensation is earned after March 31, 1940.

SEC. 26. Section 9 of the Railroad Retirement Act of 1937 is hereby amended to read as follows:

"SEC. 9. (a) If the Board finds that at any time more than the correct amount of annuities, pensions, or death benefits has been paid to any individual under this act or the Railroad Retirement Act of 1935 or a payment has been made to an individual not entitled thereto (including payments made prior to July 1, 1940), recovery by adjustments in subsequent payments to which such individual is entitled under this act or any other act administered by the Board may, except as otherwise provided in this section, be made under regulations prescribed by the Board. If such individual dies before recovery is completed, recovery may be made by set-off or adjustments, under regulations prescribed by the Board, in subsequent payments due, under this act or any other act administered by the Board, to the estate, designee, next of kin, legal representative, or surviving spouse of such individual, with respect to the employment of such individual.

"(b) Adjustments under this section may be made either by deductions from subsequent payments or, with respect to payments which are to be made during a lifetime or lifetimes, by subtracting the total amount of annuities, pensions, or death benefits paid in excess of the proper amount from the actuarial value, as determined by the Board, of such payments to be made during a lifetime or lifetimes and recertifying such payments on the basis of the reduced actuarial value. In the latter case, recovery shall be deemed to have been completed upon such recertification.

"(c) There shall be no recovery in any case in which more than the correct amount of annuities, pensions, or death benefits under this act or the Railroad Retirement Act of 1935 has been paid to an individual or payment has been made to an individual not entitled thereto (including payments made prior to July 1, 1940) who, in the judgment of the Board, is without fault when, in the judgment of the Board, recovery would be contrary to the purpose of the acts or would be against equity or good conscience.

"(d) No certifying or disbursing officer shall be held liable for any amount certified or paid by him in good faith to any person where the recovery of such amount is waived under subsection (c) of this section or has been begun but cannot be completed under subsection (a) of this section."

SEC. 27. (a) Subsection (e) of section 1532 of the Internal Revenue Code is amended by adding thereto the following sentence: "For the purpose of determining the amount of taxes under sections 1500 and 1520, compensation earned in the service of a local lodge or division of a railway-labor-organization employer shall be disregarded with respect to any calendar month if the amount there of is less than $3 and (1) such compensation is earned before April 1, 1940, and the taxes thereon under such sections are not paid before July 1, 1940, or (2) such compensation is earned after March 31, 1940."

(b) For the purpose of determining the amount of taxes under sections 2 (a) and 3 (a) of the Carriers Taxing Act of 1937, compensation earned in the service of a local lodge or division of a railway-labor-organization employer shall be disregarded with respect to any calendar month if the amount thereof is less than $3 and the taxes thereon under such sections are not paid before July 1, 1940.

Mr. CROSSER. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this bill merely provides for the liberalization of a measure which we felt would require liberalizing when we passed it in 1938. You will recall that the unemployment-insurance law, passed in 1938, provided a tax of 3 percent. In order to make absolutely certain that the claims which might be filed would be paid without fail, we provided for benefits very much lower than would have been justified in the light of experience with the operation of the law as then enacted. Now, with the experience of 15 months behind us we find that there will be no trouble at all about paying benefits which are more reasonable. We have, therefore, provided for the increase in the number of benefit days from 80 to 100 in each year. We have liberalized the waiting period so as to require only 7 days instead of the time now required. We have also inserted a new section which is in the nature of a restriction rather than a liberalization. It will be section 22 of the bill because the committee has stricken out a section which preceded the new section to which I have referred.

This new section, 22, is intended to require the transfer as of the close of the last fiscal year and as of the close of each fiscal year thereafter of the assets of the administration fund in excess of $6,000,000. The purpose of this new section is to provide by statute instead of by administrative action for the transfer just mentioned. In all fairness, however, it must be said that the action of the Board in this respect has been wholly satisfactory. We are now providing by statute for the transfer as already explained.

A great deal of the present law is restated in this measure, and the main changes are few and simple.

Mr. ROUTZOHN. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. ROUTZOHN. To what extent will this change affect the railroads themselves?

Mr. CROSSER. The railroads will not pay a penny more than they are paying now.

Mr. ROUTZOHN. This is merely an allowance out of what the railroads are paying. The same percentage of contribution will prevail?

Mr. CROSSER. If my colleague will permit, at the present time instead of there being a deficit in the fund as some originally feared when we did not know so much about railroad unemployment insurance, there is a surplus of $125,000,000, and it is stated that accurately calculated it will be a surplus of $160,000,000. In other words, we have that much of a reserve fund on the basis of the present tax.

Mr. ROUTZOHN. In the opinion of my colleague, then, the railroads would have no objection?

Mr. CROSSER. I should say that the railroads will offer little, if any, objection to the bill as it is now presented after certain elisions from the bill made in committee.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. TARVER. I did not quite clearly understand the gentleman's motion to suspend. The bill as reported by the committee has sections 22, 25, and 27 stricken out of it.

Mr. CROSSER. Sections 22 and 24 are stricken from the bill. Section 27 is a new section, a rewrite of section 30.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. ROBSION of Kentucky. Some representatives of the railroad brotherhoods, and of the railroads themselves, talked about the weekly amount received by beneficiaries of this unemployment act, and the statement has been made that railroad workers receive less per week of unemployment insurance than people employed in some other industries.

Mr. CROSSER. That is correct.

Mr. ROBSION of Kentucky. I see nothing in the bill about the number of weeks or the number of days per year during which benefits will be paid. Will the gentleman explain that?

Mr. CROSSER. I can tell the gentleman in a moment, the per diem benefit payment.

Mr. ROBSION of Kentucky. I have seen those tables. As the change works out what will be the increase for each railroad worker, say?

Mr. CROSSER. The main increase is in the number of days for which insurance will be paid. This has been increased from 80 to 100 days per year, which is a very important gain. Also by virtue of the fact that the waiting period has been reduced substantially—the benefits have been increased.

Mr. ROBSION of Kentucky. The point I am trying to get at is that over the period of the past 15 months they have been able to determine the average benefit received by the unemployed railroad worker. What will it be under the amendments we are now considering?

Mr. CROSSER. We cannot tell because the percentage of unemployment varies greatly in different years.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. BROWN of Ohio. I think what the gentleman from Kentucky means is the amount of money per day.

Mr. ROBSION of Kentucky. I know what that is; I see that. Some of the railroad workers have talked to me about it. The average is not very much.

Mr. BROWN of Ohio. The average is $7.

Mr. ROBSION of Kentucky. Seven dollars a week.

Mr. WOLVERTON of New Jersey. Under this they will receive about $12.

Mr. BROWN of Ohio. An average of about $12.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. CROSSER. I yield.

Mr. VAN ZANDT. I might say for the benefit of the gentleman from Kentucky that at the present time the unemployed railroad man gets an average of about $7 a week; while on the other hand those under State unemployment insurance average $10 a week.

Mr. CROSSER. His average will be $11.48 per week.

Mr. ROBSION of Kentucky. So the increase is from an average of $7 per week up to $11 plus per week?

Mr. CROSSER. Yes.

Mr. BROWN of Ohio. There is one other point I would like to ask the gentleman to bring out. This bill has been changed from the original bill so that it no longer carries the provision relative to railroad retirement pay, which was objected to by some of the railroads and employers over the country.

Mr. CROSSER. If I correctly understand what the gentleman means, that is true. Of course, the gentleman will remember that there is a provision in section 16 which reads as follows:

And provided further, That if that part of any such payment or payments, other than unemployment benefits, which is apportionable to such days of unemployment is less in amount than the benefits under this act which, but for this paragraph, would be payable and not recoverable with respect to such days of unemployment, the preceding provisions of this paragraph shall not apply but such benefits under this act for such days of unemployment shall be diminished or recoverable in the amount of such part of such other payment or payments.

Mr. BROWN of Ohio. That is true.

Mr. CROSSER. But that is a different thing.

Mr. BROWN of Ohio. It strikes out the objectionable thing as to the railroad-retirement pay itself.

Mr. CROSSER. I do not say that it was objectionable, but it does strike out that to which the gentleman refers.

Mr. ROBSION of Kentucky. Have the railroad workers agreed on this bill?

Mr. CROSSER. I think I can say without any reservation that the railroad workers are all satisfied with this bill. Of course, they would have preferred not to have had the carry-over provision stricken out, but they are all in favor of the passage of the bill as it stands.

Mr. ROBSION of Kentucky. Is there any objection by the railroads to the bill? What I am trying to get at, is there a general agreement?

Mr. CROSSER. I think I may say that while the railroads would probably have liked to have had the tax reduced, their opposition to the bill has been practically removed as a result of eliminating the carry-over clause and certain other features of the original bill.

Mr. BROWN of Ohio. And are glad it was not raised?

Mr. CROSSER. Yes.

Mr. KUNKEL. What this actually does is to bring the original legislation up to date in light of the experience of the past 15 months?

Mr. CROSSER. That is correct. Now, I think I have covered the main features of the bill.

Mr. PATRICK. Will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from Alabama.

Mr. PATRICK. May I ask the gentleman if we were not in constant communication with the railroad employees and the railroads during the hearings and if this was not carefully and painstakingly gone over with both groups before being reported?

Mr. CROSSER. That is correct.

Mr. PATRICK. And this bill has been unanimously reported by the committee?

Mr. CROSSER. Yes. The committee was unanimous in its report.

Mr. ROBSION of Kentucky. This will stabilize the rate so there will not be changes in the near future?

Mr. CROSSER. I do not think there will be changes in the immediate future. You cannot tell what the experience of a few years may be. It is not the same thing as the retirement system, which has less variation in percentage of claims filed. You have sudden increases and decreases in unemployment. I do not think there will be any change in the immediate future.

Mr. BROWN of Ohio. May I point out to the gentleman from Ohio that this particular piece of legislation is an adjustment of this act in the light of the experience that has been had with the original bill?

Mr. CROSSER. That is correct.

Mr. BROWN of Ohio. At the time the original unemployment and retirement law was passed for railroad workers it was not known how it would work out.

Mr. CROSSER. We had to experiment, and we had therefore to be very careful not to provide for too great benefits at first.

Mr. BROWN of Ohio. This legislation has been introduced in light of the experience had in the past 2 or 3 years?

Mr. CROSSER. That is correct.

Mr. VAN ZANDT. The principal benefits enjoyed by the railroad men will be simply these: The waiting period will be cut down from 14 to 7 days, and the benefit will be liberalized to the extent of about 115 percent?

Mr. CROSSER. It increases the benefit days per year from 80 to 100 days. The percentage of liberalization is less than stated by the gentleman.

Mr. LEA. Will the gentleman yield?

Mr. CROSSER. I yield to the gentleman from California.

Mr. LEA. The increase is not that great under the bill as it is before the House. The House committee struck out an increase that amounted to 25 percent in the carry-over of creditable days, which was 50 days as proposed, and this was carried over for certain senior employees.

Mr. CROSSER. Yes.

Mr. LEA. The House committee cut that out.

Mr. CROSSER. That is true.

Mr. WOLVERTON of New Jersey. Mr. Speaker, the Railroad Unemployment Insurance Act was enacted in 1938. The provisions contained in the original bill were more or less speculative with respect to the total amount of income that would be received, under its provisions, from the railroads for support of the fund, and, likewise, uncertain was the amount that would be required to be paid out to employees as benefits under the terms of the act. In other words, the whole plan was experimental in character. It was necessarily so, because there was no definite factual information available upon which reliance could be placed that would enable anyone to assume that changes would not be possible or necessary in the future based upon the experience to be gained in the operation of the plan.

Fifteen months have now elapsed since the enactment of the legislation. During this time certain trends and conditions have been observed that seemed to require consideration and change to the end that the act might be improved from the standpoint of administration, and likewise to make available more adequate benefits to the employees.

The operation of the fund has demonstrated that the 3-percent tax paid by the railroads produces an income in excess of the amount that is necessary to pay the benefits that accrued to unemployed railroad employees under the rates and conditions contained in the bill. The amount of the surplus now in the fund is variously estimated up to as high as $150,000,000. While there may be some dispute as to what can properly be considered as the amount of the surplus, yet, in any case, it is a sizable sum. There is no dispute, however, that the present tax rate of 3 percent will in all probability at all times produce an amount greatly in excess of what will be necessary to make the necessary benefit payments to the employees under the rates now in effect. Thus, a question of policy now presents itself, namely, whether the tax should be reduced and thereby the income decreased to a point that more nearly approximates the amount necessary to pay the benefits now provided for by the act, or should the tax remain at the present level and the benefits to employees be increased to a point that would be justified on the basis of present income; or should there be an intermediate point agreed upon that would enable a reduction of the rate to be paid by the railroads which at the same time would not prevent an increase of benefits to the employees.

All of the possible solutions, as above enumerated, were considered by the Committee on Interstate and Foreign Commerce. After hearing witnesses produced by both management and men and giving the matter careful and serious consideration the committee has reported the bill now under consideration. The bill, as reported, adopts the premise that the tax as originally fixed should remain, for at least the present, and that the provisions of the original act should be amended to provide more adequate benefits to the employees.

In support of the action taken by the committee, the testimony shows that a 3-percent tax is the universal rate fixed by the legislation of the several States for the maintenance of industrial unemployment insurance funds. The tax of 3 percent fixed by the Railroad Unemployment Insurance Act is therefore in accord with that paid by industry for similar purposes. It may be that future experience might reveal that a decreased or graduated tax would be possible without destroying the benefits this bill now before the House seeks to give employees. In such event, of course, further consideration can be given to the matter. The basic theory of all such legislation is, as it should be, that the tax income should not exceed the amount necessary to provide adequate benefits to the employees, and to provide solvency and stability for the fund under all the varying economic changes that come in the course of years.

With respect to the adequacy of benefits now being received by railroad employees under the provisions of the law as now in effect, it would seem, from the testimony presented to the committee, that in some respects the provisions of State laws provided a better rate of compensation for unemployed industrial workers than the Federal act provided for railroad workers. To adjust what seemed to be inequities in this respect, the committee has provided by this bill, first, an increase in daily rate of benefits; second, increase in the number of days of compensable unemployment in each registration period; third, increase in the number of days of benefit to be paid in the benefit year; and, fourth, reduction in the waiting period requirements. The time at my disposal in the limited debate that is possible under the rules of the House precludes my giving in detail the respective changes. Suffice it to say, however, they do provide a substantial increase of benefits to unemployed railroad workers and at the same time the solvency and adequacy of the fund are preserved.

The committee has also recommended administrative changes that it is believed will prove beneficial to all parties in interest. It is unnecessary to give any further explanation of such than has already been given and as appears in the committee report.

Whatever additional changes may be necessary or advisable with respect to the tax to be paid by the railroad, benefits to be received by the employees or in the administrative features of the act will depend upon the experience gained in the operation of the fund upon the basis of the changes now made. It can be certainly said that the original Railroad Unemployment Insurance Act is greatly improved by the changes provided for in this bill and the purpose and interest of that act, to provide compensation to unemployed railroad workers, is greatly strengthened. [Applause.]

Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. VAN ZANDT] such time as he may desire.

Mr. VAN ZANDT. Mr. Speaker, as the Representative in Congress of approximately 25,000 railroad employees in the Twenty-third Congressional District of Pennsylvania, I desire to heartily approve S. 3920 which amends the existing Railroad Unemployment Insurance Act of 1938. These amendments will increase present benefits and at the same time reduce the waiting period from 15 days to 7 days in establishing eligibility.

At the same time, I want to briefly explain the amendment which I hope to offer to this bill. This amendment is very simple and is designed to correct an injustice to the unemployed railroad men of this Nation resulting from an administrative regulation prescribed by the Railroad Retirement Board and not by the Congress of the United States.

At the present time an unemployed railroad man must report to a designated agency of the Railroad Retirement Board every other day in order to be eligible for unemployment-insurance benefits. My amendment simply lengthens the time of reporting to a minimum of once in every 3 days. However, if the Railroad Retirement Board should find it feasible to restrict the reporting to once in 4 days or weekly, it is permissible. But in no case can they require an unemployed railroad man to report more often than once in every 3 days.

To cite the injustice under the present regulations of the Railroad Retirement Board that require an unemployed railroad man to report every other day, let me give you an illustration. For the sake of comparison, let us change places for a moment with the average unemployed railroad man. You reside in a railroad town which invariably is the only industry in that community. You are employed in the railroad shop as a machinist or boilermaker, and have spent the best years of your life in learning your trade. You know little of any other type of industry.

At the end of your day's work you receive notice that due to a lull in business it will be necessary to reduce the force until such time as business resumes a normal stride. You are an average individual with a wife and two or more children and either renting or buying a home. You are faced with providing a livelihood for your family every day in the week and absorbed in plans to properly educate your children if at all possible.

But—you have no work tomorrow. In order to meet your obligation to your family you apply for railroad unemployment-insurance benefits by filing an application with your foreman or supervisor. After waiting 15 consecutive days you receive your first weekly compensation check which, according to statistics for the year 1939, averaged $7 weekly. Let me remind you at this moment that if you were eligible to State unemployment-insurance benefits under the Social Security Act you would receive an average of $10 weekly.

To comply with the present regulations of the Railroad Retirement Board you have reported seven times which means you have made a total of seven trips from your home to a designated agency of the Railroad Retirement Board during the 15-day waiting period. Possibly you own a car, or use a streetcar, or you may by lack of choice be compelled to walk. Nevertheless, as an average railroad man you either drive or use the streetcar and as a result have an expenditure of at least 75 cents weekly. When you are only receiving $7 weekly you are in no position to have your unemployment compensation benefits reduced by approximatcly 10 percent.

Turning our attention from the cost of these frequent reporting trips, let us for a moment consider the hardship in being compelled to remain at home to comply with the regulation of reporting every other day.

You cannot visit your relatives or friends, should they live in an area where there is no reporting agency. You cannot rest for a few days, visit the mountains, or go fishing. You are not permitted to forget the shop because of this frequent reporting regulation. Gentlemen, I worked in a railroad shop and no doubt many of you too have worked behind a shop fence day in and day out.

This bureaucratic regulation of reporting every other day is the brain-child of the Railroad Retirement Board, and not the decree of Congress.

Remember, I asked you to consider yourself as a machinist or boilermaker in a railroad shop. Your next door neighbor is a coal miner, and under a recent amendment adopted by this Congress coal miners employed in railroad-owned coal mines were transferred from the provisions of the Railroad Unemployment Insurance Act to the provisions of the Social Security Act, and likewise under the State Unemployment Insurance Act, a part of Social Security.

Your neighbor, like yourself, finds himself unemployed due to a lull in business. He makes application for State Unemployment Insurance Benefits but instead of reporting every other day he is required to report weekly as are all other workers in the nation who come under the provisions of the Social Security Act.

Is there any sane reason for requiring the railroad man to report every other day while his neighbors report once a week?

The Railroad Retirement Board insists that this regulation is necessary to avoid chiseling and to protect the Railroad retirement fund. When the Retirement Board uses the term "chiseling" they have in mind the unemployed railroad man being tempted to take another position during his lay-off period.

Gentlemen, in the average railroad community there is no other job for the railroad man. If chiseling is such an evil to be feared that it requires reporting every other day, why does not the State unemployment insurance departments of the various States require all workers under social security to report every other day?

Gentlemen, this reporting regulation of the Railroad Retirement Board is rank discrimination against a class of workers of whom I am proud to be a member.

May I respectfully remind you that my amendment establishes a minimum of reporting once in every 3 days. It does not ask that the reporting be confined to once weekly. In short, it simply places a check-rein on the regulations for reporting as prescribed by the Railroad Retirement Board by limiting the period to once every 3 days.

Gentlemen, I speak for the 25,000 railroad men in my district. We have appealed to the regional office of the Retirement Board without success, and as a last resort carried our case to the Railroad Retirement Board in Washington. Our pleas fell on deaf ears, and our only recourse now is to the Congress of the United States.

Gentlemen, I beseech you in simple justice to the railroad men of America to correct this bureaucratic exhibition of rank discrimination.

Mr. WOLVERTON. Mr. Speaker, I yield to the gentleman from New York [Mr. FISH] such time as he may desire.

Mr. FISH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a letter signed by the national legislative representatives of four railroad brotherhoods.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, the railroad employees are industrious, loyal, and patriotic American wage earners. There are no Communists or Nazis or alien agitators among them. I am glad of this opportunity to vote for legislation that will provide better and more substantial unemployment insurance for scores of thousands of railroad employees and to safeguard their economic status in periods of depression. The American people are entitled to efficient and safe service, and modern equipment on the railroads.

I am convinced that the best way to promote employment on the railroads is to give them a chance to make reasonable profits and to employ labor at American standards of wages. I understand that this proposed legislation does not call for any further tax from the railroads as they are already taxed almost to death, and many of them are in the red. The Congress should protect the railroads against unfair competition from motortrucks and busses and other unregulated competition that diverts traffic from them and assures them of a fair opportunity to survive under private ownership. Representing a district in which there are thousands of railroad employees, I am naturally glad to support this measure or any proper legislation that is beneficial to them. [Applause.]

I am appreciative and am grateful for the endorsement of the undersigned brotherhoods after my long service in Congress and their members can always depend on a square deal from me. My slogan is better and bigger railroads, more railroad employees, and passing prosperity around. The railroads are the truest barometer of prosperity, and employment and prosperity are always one and inseparable.

[National legislative offices of the Brotherhood of Locomotive Engineers, Order of Railway Conductors, Brotherhood of Maintenance of Way Employees, Brotherhood of Railroad Signalmen of America]

WASHINGTON, D. C., *September 25, 1940.*

To the Officers and Members of the B. of L. E., O. R. C., B. of M. W. E. and B. of R. S. of A., Twenty-sixth District of New York.

DEAR SIRS AND BROTHERS: In this time of national stress our present political campaign assumes unusual importance. It is clear to all that in protecting the vital rights and interests of the American people decisions of profound importance must be made by the Members of Congress who will be elected next November. In this connection may we again commend to your favorable consideration Hon. HAMILTON FISH, who has represented the Twenty-sixth District of New York since 1919. His whole career in Congress during 10 terms

of loyal service has been characterized by complete devotion to the public interest. While he is a powerful friend of all who toil, in whatever field, he is equally fair to all legitimate interests. Invariably we have found him ready to speak and vote in support of worth-while legislation, and just as ready to vigorously oppose dubious measures framed for the benefit of special interests in conflict with the welfare of the common people. In short, on his exceptionally fine record he richly merits the strong support of every voter in the Twenty-sixth District, regardless of party or other affiliations.

We feel in duty bound to urge that all take an active and personal interest in the reelection of Representative FISH to the position he so ably and impartially fills. He now has the outstanding advantage to his constituents and the Nation of 20 years of active experience and intensive training in the complex work of national legislation, which, in conjunction with the high esteem in which he is held by his colleagues, have placed him as ranking minority member of the powerful Committee on Rules and the equally important Committee on Foreign Relations. He has never failed the brotherhoods in time of need, or whenever we have called upon him, and now is our one opportunity in 2 years to demonstrate our appreciation for his unfailing friendship. We trust that you will handle this matter with all expedition and efficiency to the end that all our members, their families, and friends, as well as other working men and women in the Twenty-sixth District, go to the polls and vote on election day, and return our good friend to Congress.

Fraternally yours,

J. CORBETT,
National Legislative Representative, B. of L. E.
W. D. JOHNSON,
National Legislative Representative, O. R. C.
A. F. STOUT,
National Legislative Representative, B. of M. W. E.
D. C. CONE,
National Legislative Representative, B. of R. S. of A.

Mr. WOLVERTON of New Jersey. Mr. Speaker, I yield such time as he may desire to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at the point where I offered an amendment to the bill S. 2103 during its consideration this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. WOLVERTON of New Jersey. Mr. Speaker, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

Mr. ANGELL. Mr. Speaker, the bill before us (S. 3920) has for its purpose the amendment of the Railroad Unemployment Insurance Act, approved June 25, 1938, as amended June 20, 1939. This is a very meritorious bill and should receive the unanimous approval of this House. It was understood at the time the original act was passed in 1938 that the bill would need amendment after a sufficient time had passed to enable its sponsors to ascertain its weaknesses, the purpose being to provide adequate protection for those railway employees unfortunate enough to become unemployed. It is now known through experience under the act that the 3-percent contribution levied under it is amply sufficient to increase the benefits under the existing act. Two courses were open to the committee—one to lower the contribution levied upon the railroad; the other, to keep the contribution as it is and increase the benefits. The latter course was adopted. Under the bill before us, as explained by members of the committee, the waiting period is lessened and the period of payment is lengthened, which results in very material benefit to the unemployed coming under the provisions of the act. I urge all Members of the House who are interested in giving adequate relief to railroad employees to support this bill.

Mr. CROSSER. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. LEA].

Mr. LEA. Mr. Speaker, I believe the provisions of this bill have been satisfactorily presented to the House. Perhaps no further outline of the bill is required. However, I do want to comment on the fact that our colleague, the gentleman from Maryland [Mr. COLE], is with the President in making a visit to certain defense activities in the gentleman's State, including the Glenn Martin Aircraft plant, and is unable to be with us. The gentleman from Maryland [Mr. COLE] is interested in this bill and if present would support it.

Mr. CROSSER. Mr. Speaker, I may say also that the gentleman from Maryland would support this legislation as reported without any hesitation. I am sorry he is not able to be here.

The SPEAKER. The question is on the suspension of the rules and the passage of the bill as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

DISABLED VETERANS

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the bill H. R. 6450, as amended.

The Clerk read as follows:

H. R. 6450

A bill to provide for the issuance, by the Administrator of Veterans' Affairs, of regulations providing for more liberal policies in determining the service connection of disabilities, and for other purposes

Be it enacted, etc., That the Administrator of Veterans' Affairs is hereby authorized and directed to include, in the regulations governing proofs and evidence pertaining to service connection of disabilities, additional provisions requiring: That, in each case where a veteran is seeking service connection for any disability, consideration shall be given to the places, types, and circumstances of his service as shown by his service record, the official history of each organization in which he served, his medical records, and all medical and lay evidence; that, where the veteran is shown to have been engaged in combat with an enemy of the United States, or during service in some war, campaign, or expedition, to have been subjected to other arduous conditions of military or naval service, such disability as can reasonably be considered to have been due to or aggravated by the conditions of all of his active military or naval service, shall be determined to be directly due to or aggravated by such service in line of duty, under all laws administered by the Veterans' Administration, unless it shall have been clearly established by clear and unmistakable evidence that any such disability was not originated in or aggravated by his military or naval service; and that the reasons for granting or denying service connection in any case considered under this law shall be recorded in full in each such case.

The SPEAKER. Is a second demanded?

Mr. FISH. Mr. Speaker, what is this bill?

Mr. RANKIN. It is a veterans' bill and all the Members on the gentleman's side of the House who are members of the Veterans' Committee favor it.

Mr. FISH. It is a unanimous report, and under the rules has not the gentleman an opportunity to explain the bill?

Mr. RANKIN. Yes; I will explain the bill.

The SPEAKER. The Chair would suggest that some gentleman demand a second.

Mr. FISH. I demand a second, Mr. Speaker.

The SPEAKER. Without objection, a second is considered as ordered.

There was no objection.

Mr. RANKIN. Mr. Speaker, this measure really explains itself. The object of it is to give the veteran more the benefit of the doubt in those cases where the records are not entirely clear or where the records are not available. We have had a great deal of difficulty about the records of disabled World War veterans who were suffering from service-connected disabilities, and especially is that true with reference to veterans who served overseas.

As a result, we attempted in 1924 to take care of the situation by establishing what we call a presumption of service-connected disability for all veterans who broke down prior, I believe, to January 1, 1925. Unfortunately, there were large numbers of them, and especially among the overseas men, who had not made any claim up to that time. Many of them did not know of their disabilities, many of them thought they could overcome their disabilities as time went on, but in that many of them have been disappointed.

There were literally thousands who were not familiar with the veterans' laws at that time, and did not know they had a right to make their claims and did not find it out until the

time limit had expired. As a result there are many thousands of these veterans who are entitled to have their disabilities declared service-connected, but who have not been able to do so for the reason that the burden of proof has been placed upon them, and in many instances the records were lost, destroyed, or incomplete.

Many overseas veterans had their records lost. Many times in line of duty they did not have an opportunity to have these records kept, and when they came home and applied for compensation on the ground that they were entitled to have their disabilities declared service-connected, the burden of proof was on them and they did not have the records to substantiate their claims.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Let me first finish my statement.

We not only have large numbers of these men who are entitled to compensation as service-connected victims of the World War, but many of them have passed away and their widows and orphans have been denied a single penny because they were unable to substantiate their claims. I am going to refer to one if I may have the attention of the gentleman from New York [Mr. FISH]. I am going to refer to one statement made in the report with reference to the situation in my own State of Mississippi, and I will say to the gentleman from New York that if he will make the same investigation he will find the same conditions prevailed in other States. The report shows that on an investigation it was found that there were 2.93 percent of the 15,904 white overseas veterans who were found at the time of discharge to be suffering from service-connected disabilities, whereas there were found to be 11.26 percent of the veterans who did not go overseas suffering from service-connected disabilities. Now, why was that? That was because the overseas veteran did not have an opportunity, he did not have access to the records, and in many instances those records were lost or in the haste of the conflict of movement to the front they were unable to keep those records, whereas in the home camps they were able to keep the records and the veterans had access to them, and they were not in such a rush to get through and get away as were the men returning from overseas.

If you will investigate the records of other States, as I have said, you will find the same condition prevailed, and this bill, I may say to the gentleman from New York, is for the purpose of correcting those injustices to enable these men to make their applications, and after they have made out what we call a prima facie case, to place the burden of proof on the Veterans' Administration.

I hope the gentleman will withdraw his demand for a second.

Mr. FISH. I think it was very wholesome that the gentleman should give such an able presentation to the House, but there are some Members here who would like to speak.

Mr. RANKIN. Then, Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

Mr. FISH. That has already been ordered, as I understand it.

The SPEAKER. A second has been ordered. Does the gentleman from Mississippi reserve the balance of his time?

Mr. RANKIN. Yes; Mr. Speaker.

The SPEAKER. The gentleman from New York [Mr. FISH] is recognized.

Mr. FISH. Mr. Speaker, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS], a member of the committee.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I earnestly hope that this legislation will pass. In my opinion, it does not go far enough, but I believe it will be helpful in indicating to those of the Veterans' Administration, and to General Hines in particular, because he makes the regulations, that cases should be rated where there is indication that the disability of a man who served overseas and who was in combat came from war service. We all know that many records made overseas were destroyed. We all know that very many were lost. We all know that many men served in engagement after engagement where there was gas, and yet on their A. G. O. reports there were no records of those gas attacks, and there was no record that the veteran was gassed. And many veterans have died who could have made affidavits to prove that their comrades were gassed.

I remember in one instance a man came out of a hospital with no disability marked on his discharge from service. That man had given both his legs in the service. Of course, in that case the record could easily be corrected, because there was visible evidence that he had lost both his legs in the service.

Clearly, this bill should pass. There is too much left to the discretion of the Veterans' Administration personnel in connection with the decision of service connection in combat injuries and disabilities.

Mr. VAN ZANDT. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. VAN ZANDT. Is it not true that the type of service rendered by men overseas is today having its effect upon the physical structure of such men, and still there is no notation in the service record of these men showing that type of service?

Mrs. ROGERS of Massachusetts. That is absolutely true. We all know men who served overseas, who were undoubtedly badly shell shocked, but the men went back to their organizations and to their outfits before they were able to go back, and no record was kept of their having been shell shocked. Today many of those men are able to carry on a gainful occupation, and most of them have been unable to prove service connection for their disability, although there were many engagements where terrific explosions took place, and they had every reason to become shell shocked.

Mr. KUNKEL. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. KUNKEL. Would not this cover a situation where a veteran's compensation depended on securing evidence from a hospital abroad, say, in England? I mean, there would be the supposition that he had received injury abroad, without direct evidence from the hospital?

Mrs. ROGERS of Massachusetts. Oh, yes; that is absolutely true. His service, the type of service, would be considered and he would be given service connections unless there was testimony to prove afterward he did not receive it overseas.

Mr. KUNKEL. The reason I make that point is because it is increasingly difficult to obtain evidence from hospitals in England, due to conditions over there, to prove this fact.

Mrs. ROGERS of Massachusetts. That is true.

Mr. KUNKEL. And therefore we should transfer the burden of proof, as is done by this bill?

Mrs. ROGERS of Massachusetts. Yes; and it is impossible to receive evidence from our own American hospitals in France, and also of course from the French hospitals.

Mr. CASE of South Dakota. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. CASE of South Dakota. I would like to ask if the language of this bill under the gentlewoman's understanding is such that this will help in establishing entitlement to insurance payments as well as compensation, provided the required degree of disability is shown?

Mrs. ROGERS of Massachusetts. It certainly ought to.

Mr. RANKIN. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. RANKIN. Let me say to the gentleman from South Dakota [Mr. CASE] that if a veteran is totally and permanently disabled he would be entitled to his insurance, whether that disability is service-connected or not?

Mrs. ROGERS of Massachusetts. I think the gentleman will find that in certain cases this would be very helpful also in an insurance case.

Mr. RANKIN. It would be helpful where a veteran's insurance had lapsed for lack of payment of premium, and it would be found that he was entitled to compensation.

Mrs. ROGERS of Massachusetts. And he had been nervous all during that time.

Mr. CASE of South Dakota. That is the type of case I had in mind—the case where a veteran's insurance had lapsed, but where you believe that he was totally disabled before it lapsed. I have worked on some of these cases where the insurance had finally lapsed, but prior to the time of that lapsing the veteran had seemed to me to be entitled to payment. The rule, however, that threw the burden of proof onto the veteran, and the rules as to the kind of evidence that would be considered, have made it very difficult to establish entitlement prior to the lapse of the insurance. I note that the language of the bill provides that the Veterans' Administration shall consider the circumstances attending the veteran's service in its demands for evidence and that this applies to "all laws administered by the Veterans' Administration." I feel sure that this could be of material assistance in establishing the sufficiency of evidence in some technically difficult but obviously meritorious cases.

Mrs. ROGERS of Massachusetts. There are various cases of that kind.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, may I inquire how the time stands?

The SPEAKER. The gentleman from Mississippi has 12 minutes remaining.

Mr. RANKIN. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Speaker, in the report on this bill the following brief statement is made:

> The general purpose of the bill is to place the combat veteran more nearly on a par with the home-service veteran insofar as the opportunity for establishing service connection of disabilities is concerned.

In a nutshell this is what the bill is for. I do not know how many Members of the House caught the full purport of what the gentleman from Mississippi said when he submitted the figures from his own State. So as to be sure everybody will get it I wish to repeat them. The figures of the Veterans' Administration show the following to be true: That of all veterans of the World War from the State of Mississippi 2.24 percent of those who served overseas were noted on the date of discharge to have disabilities resulting from service, but 14.007 percent of those who did not go overseas were shown to have disabilities resulting from service. Is it not perfectly obvious to any Member of the House that the reason for this is not because the men who served overseas had an easier time of it, but because the records of those men were not as nearly complete as the records of those who served in this country.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. VAN ZANDT. Will the gentleman complete his comparison by telling the House that 50 percent of the men who served in our armed forces during the World War served in the United States and the remaining 50 percent overseas?

Mr. VOORHIS of California. I thank the gentleman for his contribution.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. RANKIN. The same situation that prevails with reference to the veterans of Mississippi prevails likewise with respect to the veterans of all the States of the Union.

Mr. VOORHIS of California. Of course, it does. I intended to make that very plain. I just used Mississippi for purposes of illustration.

Now, to sum up what the bill does. The bill in the first place directs that in considering the determination of service connection consideration must be given to the places, types, and circumstances of a man's service as shown by his service record, the official history of each organization in which he served, his medical records, and all medical and lay evidence. That is the first thing it does. It says that you have got to consider not only the proof that a man can bring in in the form of affidavits and things of that sort but you have got to consider the history of his outfit and his experience in the service.

The second thing is that where the veteran is shown to have been engaged in combat with an enemy of the United States, or during service in some war, campaign, or expedition to have been subjected to other arduous conditions of military or naval service, such disability as can reasonably be construed to have been due to or aggravated by the conditions of all of his active military or naval service shall be determined to be directly due to or aggravated by such service in line of duty. In other words, if the history of this man's service indicates that his disability can be reasonably expected to have resulted from that history then it will be presumed to be service connected.

The third thing it does is to make that point very clear by saying:

> Unless it shall have been clearly established by clear and unmistakable evidence that any such disability was not originated in or aggravated by his military or naval service.

In other words, it places the burden of proof to show that a man whose service record would indicate that his disability could reasonably have been expected to have resulted from that experience upon the Government and not upon the veteran; and it is among the veterans who served overseas whose records are lost or may not even have been kept that we find the greatest difficulty in establishing service connection, not among the men whose records of service in this country are available. I am sure the passage of this bill is no more than a matter of justice to the combat veteran.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. ROUTZOHN], a member of the committee.

Mr. ROUTZOHN. Mr. Speaker, out in my district, near Dayton, Ohio, is located what is familiarly known as the central branch of the National Military Home. It is now officially called the Veterans' Administration facility. It has a population of somewhere between 5,000 and 6,000 veterans. I mention this fact because, while I realize that nearly all of us are in contact with veterans of the World War who will be affected by this legislation, I have a fairly good share by reason of the veterans' facility being located in my home county.

In addition to that, for some 3 or 4 years I served the Government in war-risk insurance legislation, and in connection with that work I came in contact with hundreds, perhaps I could say truthfully thousands, of files of the veterans who had served overseas, as well as those who had served in this country in encampments. Let me mention two things. I should like to have the Members understand in connection with my previous statements that my observation has been that a great many of the veterans who are now suffering from total or permanent disability or are deserving of increased compensation or pensions are men who do not have sufficient record evidence, men who served overseas. They are the ones who are the worst off so far as records are concerned.

The reason is that as they went toward or served at the front there was greater chance of the record being incorrect or of the record being lost or of they themselves not reporting sick because they were too patriotic, and they stayed on the job because they wanted to go over the top the next day regardless of injury or illness from which they were at the time suffering.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. ROUTZOHN. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not also true that many of the doctors who went overseas lost their lives, many of their comrades lost their lives, so they could not secure affidavits as to their injuries?

Mr. ROUTZOHN. That is true. There is in many instances an entire lack of supporting evidence for those veterans who were in actual combat overseas. They are the ones who have suffered the most injustice, merely by reason of the lack of record evidence.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. ROUTZOHN. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Looking into the handling of these veterans' cases I found that in the courts in trying these insurance cases the veteran really had no real examination when he left over there. He was anxious to get home and they passed him through the line, turned him out, and gave him a discharge saying, "Your physical condition is good." There were thousands of those cases and, of course, when it gets to the Veterans' Bureau, they say, "Your discharge states your physical condition was good." This bill will help that condition?

Mr. ROUTZOHN. It will. I am glad the gentleman from Kentucky has brought out that point. It is very true that the veterans were anxious to get out of Germany, France, or wherever they were at the time of the evacuation, and they did not have the same opportunity at the time and place of discharge that those who served in this country had to obtain a thorough physical examination, with the result that the records of their discharge militate against them.

Mr. VAN ZANDT. Will the gentleman yield?

Mr. ROUTZOHN. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. With the average age of the veteran today at 47 years and 6 months, it becomes more difficult day by day for the veteran to search the country for his soldier friends to secure affidavits in order to prove he was disabled in the front lines.

Mr. ROUTZOHN. That is true. I would like to add this one further observation: I know what these combat veterans have experienced. While they were serving their country over there in the mud of Flanders or on some other front, wherever it may have been, they incurred disabilities from which they are suffering today. It is only just and fair, therefore, that their actual service, their hardships, exposures, and dread experience should be given consideration as evidence of probative value and worth.

[Here the gavel fell.]

Mr. FISH. Mr. Speaker, I yield 1½ minutes to the gentleman from Oregon [Mr. ANGELL],

Mr. ANGELL. Mr. Speaker, in my district, in Portland, Oreg., we have a veterans' hospital. We have a great many cases similar to those that have been discussed here today, particularly by my colleague who just left the floor. During my service here in the House a great many cases have come to my attention, where veterans with service-connected disabilities have been unable to prove their claims, which have convinced me, as a lawyer, that this bill is exceptionally meritorious. I believe one thing we should do is to deal fairly with the men who were injured during the World War. This bill will permit that to be done. We now have before us legislation under our preparedness program, where we will have many more cases, new ones coming up, under the program we are initiating. Our first duty is to take care of those who were injured during the last World War. I am very happy indeed to support this legislation.

Mr. FISH. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, I believe that everyone in Congress and outside Congress wants to do justice to those veterans disabled particularly by gunshot wounds in the American Expeditionary Force. All this bill does is to liberalize the law, maybe to lean over backwards a little bit and to give some advantage to those who were wounded overseas by enabling them to prove their records where papers have been lost or destroyed in the war, or eyewitnesses killed.

The very fact that we still have unknown soldiers of the World War proves there are many cases where these records are lacking. I know in my own outfit, for example, on the 15th day of July, when we were moving out of our front-line positions, I ordered my own orderly, who had been gassed, to be taken out by the stretcher bearers. They had proceeded about 25 yards when a big shell landed in the middle of the stretcher, killed my orderly and three of the stretcher bearers immediately, actually blowing them to bits. We moved out immediately, and I have not the faintest idea what became of them or where their remains were buried. There were many cases like that throughout the Army, and there are also many cases where records were lost or destroyed on account of gunfire or changing positions without warning.

This is a perfectly fair proposition, and I hope the bill will pass unanimously. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield to the gentleman from Arizona [Mr. MURDOCK] such time as he may desire.

Mr. MURDOCK of Arizona. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. MURDOCK of Arizona. Mr. Speaker, I am wholeheartedly in support of this measure. It pleases me greatly that the other day this House passed a bill granting a charter for the organization of the Purple Heart, which has its headquarters at Tucson, Ariz.

Two or three gentlemen have spoken of having veteran facilities within their districts or counties. The State of Arizona has two such facilities, and I know from the thousands of letters in my office that this bill will be helpful to worthy veterans in distress, and I am for it.

In view of the fact that Arizona now has so many more ex-service men living within her borders than Arizona ever furnished to the wars, due to our remarkable sunshine and climate—and the thousands of communications in my office indicate that ex-service men are having greater difficulty in showing service connection of their disabilities, more than any one other problem—all convinces me of the need and justice of this legislation. I know of many pathetic cases where it is absolutely impossible to show service-connected disability when there is not the shadow of a doubt but that the veteran's disability was really service-connected and had its origin in the war. Of course, we cannot assume that all disabilities of ex-service men came about through their Army service, but surely if a veteran was actually in combat, the presumption is great, and ought to be resolved in his favor, that what he thinks to be service-connected is actually service-connected and so dealt with.

In our desire to legislate for the country's defenders, we must fairly take middle ground between opposite extremes. One extreme would be to be willing to vote no further financial benefits for veterans and their widows and orphans. The opposite extreme would be to open up the Treasury and vote anything and everything on the assumption that nothing is too good for those who have given military service for their country. Obviously, justice lies some place between these extreme attitudes. I recall that on May 13 we passed a bill benefiting widows and orphans as a matter of belated justice, but it must have gone through the minds of many Members of this House at that time that the poor fellow who actually was disabled from wounds or gas or some other bitter experience which he had gone through in actual combat was more in need of our sympathetic consideration than anyone else. This bill supplements the one we passed on May 13, and I feel that it also is an act of belated justice to those men who have been ruled outside by our present legislation. Accordingly, I ask the support of every Member for this measure. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Speaker, I feel that this is a very meritorious bill because it places the burden of proof upon the Government or on the Veterans' Administration officials. It takes it off the poor fellow who has lost his records and who cannot put his finger upon the evidence he needs to prove up his claim, and this is exactly what we should do. Why should we force these fellows who went out and offered their lives and served their Nation with all they had within them to prove that they received wounds when we

know that they received them, and to prove that they are entitled to what the Government says they should have if certain conditions were fulfilled by them? In many cases they are not only disabled, and so unable to hold a job, but they cannot find employment in competition with younger, more physically fit men.

If we pass this bill it puts the burden of proof on the Government where it should be. They can afford to hire attorneys; the starving ex-service man cannot. I think the bill should go through the House and through the Senate without opposition, because it is badly needed.

I made a radio broadcast a few days ago regarding this very situation and I received hundreds of letters from all over the Nation from men who are unable to prove service connection although they have every proof in their own minds, but they cannot get together the evidence required by the Veterans' Administration. They begged me on every hand to aid them in getting the benefits to which they are entitled under the laws we have passed for them. This bill, if it is passed, will help cure that situation, and will change the thing around so that the presumption will be that their disability is service connected, and the Government will have to prove that it is not. I can think of nothing fairer than that and I think this bill should go through unanimously. If we are sincere and really in earnest about helping the veteran to get some of the justice due him, here is our opportunity to do it. Let us grasp it now and at once. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield myself the balance of the time.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield to me?

Mr. RANKIN. I yield to the gentleman.

Mr. VOORHIS of California. I want to thank the gentleman, who is the chairman of our committee, for what he has done about this bill, and I think I should say publicly that but for his efforts the bill would not be here today, and I want personally to tell how much it has meant to me to serve on his committee and how much I appreciate what he has done with respect to this measure.

Mr. RANKIN. I thank the gentleman from California.

Mr. ROBSION of Kentucky. Mr. Speaker, will the gentleman yield to me?

Mr. RANKIN. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I want to thank the gentleman for his work and to thank the committee for bringing this bill up. I would like also to inquire if there is any estimate as to the number of soldiers this bill will affect and what it will cost?

Mr. RANKIN. No; we have no such estimate, but I am sure the cost will not be great.

I thank the gentleman from Kentucky for his kind words. I also wis hto express my gratitude to the distinguished gentleman from Michigan [Mr. ENGEL] for his kind expressions and also for the splendid service he has rendered on the Veterans' Committee. It has not been a political committee. The members on that committee have worked diligently trying to arrive at just conclusions and bring out legislation that was justified and that would benefit the disabled veterans and their dependents. It has been a harmonious committee, and I am delighted to return not only to the gentleman from Michigan [Mr. ENGEL] but to all the members of the Veterans' Committee my sincere thanks for their patience, their kindness, and their untiring efforts in behalf of the disabled veterans and their widows and orphans.

The SPEAKER. The question is on the suspension of the rules and the passage of the bill, as amended.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

A motion to reconsider was laid on the table.

FIRE, MARINE, AND CASUALTY INSURANCE IN THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9722) to provide for the regulation of the business of fire, marine, and casualty insurance, and for other purposes, with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, in the Table of Contents, after "Sec. 20. Foreign or alien companies", insert:

"Sec. 20A. Lloyds organizations."

Page 2, in the Table of Contents, strike out:

"Sec. 40. Taxes paid by policyholder on premiums charged by unauthorized companies."

Page 2, in the Table of Contents, strike out "Sec. 41." and insert "Sec. 40."

Page 2, in the Table of Contents, strike out "Sec. 42." and insert "Sec. 41."

Page 2, in the Table of Contents, strike out "Sec. 43." and insert "Sec. 42."

Page 2, in the Table of Contents, strike out "Sec. 44." and insert "Sec. 43."

Page 2, in the Table of Contents, strike out "Sec. 45." and insert "Sec. 44."

Page 2, in the Table of Contents, strike out "Sec. 46." and insert "Sec. 45."

Page 2, in the Table of Contents, strike out "Sec. 47." and insert "Sec. 46."

Page 2, in the Table of Contents, strike out "Sec. 48." and insert "Sec. 47."

Page 2, in the Table of Contents, strike out "Sec. 49." and insert "Sec. 48."

Page 3, line 3, after "surety", insert "and shall not affect a plan under which any person provides pension benefits to his employees."

Page 18, strike out lines 15 to 25, inclusive, and lines 1 to 8, inclusive, on page 19, and insert:

"(2) Casualty: (a) Upon the health of persons, or against injury, disablement, or death of persons resulting from traveling or general accidents by land or water, and against liability of the assured for injuries to employees or other persons; (b) against liability of the assured for loss or destruction of or damage to property; (c) upon the lives of domestic animals; (d) against loss of or damage to glass and its appurtenances; (e) against loss of or damage to any property resulting from the explosion of or injury to any boiler, heater, unfired pressure vessel, pipes or containers connected therewith, any engine, turbine, compressor, pump or wheel or any apparatus generating, transmitting, or using electricity, or any other machine or apparatus connected with or operated by any of the previously named boilers, vessels, or machines; and including the incidental power to make inspections of and to issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise; (f) against loss by burglary or theft, or both, and against loss of or damage to moneys and securities; (g) to guarantee and indemnify merchants, traders, and those engaged in business and giving credit, from loss and damage by reason of giving and extending credit to their customers and those dealing with them; (h) against loss or damage by water or other fluid or substance to any property resulting from the breakage or leakage of sprinklers or water pipes; (i) to insure against any other casualty risk which may lawfully be the subject of insurance, and which it is not contrary to public policy to insure: *Provided*, That this section shall not be construed as having any effect whatever upon the right or authority of any solvent company to make contracts of fidelity or surety."

Page 20, line 17, after "company", insert "or of a Lloyd's organization."

Page 24, line 17, after "Administrator", insert "and in debentures issued by the Federal Housing Administrator."

Page 27, line 9, after "company", insert "or as a Lloyd's organization."

Page 27, line 15, after "act", insert "The issuance of a certificate of authority to a Lloyd's organization shall be subject to the provisions of section 20A of this act."

Page 27, after line 15, insert:

"SEC. 20A. Individuals and aggregations of individuals transacting an insurance business upon the plan known as Lloyd's, whereby the individual underwriters become liable severally for specified proportions of the whole amount insured by a policy, heretofore organized under the laws of a State of the United States, or of a foreign government, may be authorized to transact business in the District upon the following conditions:

"1. They shall comply with and be subject to the same terms, conditions, and provisions as are imposed by this act upon foreign stock insurance companies, except as provided in the next succeeding paragraph and except that the maximum amount of insurance to be assumed by an individual underwriter upon any single risk for each kind of insurance shall not exceed 10 percent of the value of the cash and securities deposited in trust by such underwriter, plus the share of admitted assets other than underwriter's deposits of such Lloyd's belonging to such underwriter, less the share of liabilities and reserves of such Lloyd's allocable to such underwriter, but in no event shall it exceed 10 percent of the value of cash or securities deposited in trust by such underwriter;

"2. They shall have and shall at all times maintain surpluses of not less than $300,000 in the aggregate and shall at all times have on deposit with an insurance department of a State of the United States, or with a bank or trust company designated by such insurance department, for the benefit of all policyholders within

the United States the sum of at least $350,000 in cash or in securities such as are required for the investment of the assets of insurance companies authorized to do business in the District: *Provided*, That they shall not be required to establish or maintain such a deposit if they have on deposit in the hands of a bank or trust company in the United States as trustee cash deposits or securities issued by the United States worth not less than $2,000,000 in the aggregate and held in trust for the benefit of all policyholders in the United States;

"3. They shall file with the superintendent an authenticated copy of their powers of attorney and an authenticated copy of the trust agreement, or other agreement under which deposits made by underwriters are held;

"4. They shall notify the superintendent forthwith of any amendments to their powers of attorney, deposit agreement, or other documents underlying their organization, by filing with the superintendent an authenticated copy of such documents as amended;

"5. They shall notify the superintendent forthwith of any change in their names or change of attorney-in-fact, or change of address of their attorney-in-fact;

"6. In the case of an alien Lloyd's, their annual statement shall embrace only their condition and transactions in the United States, and may be verified by the oath of their resident manager or other person or persons having proper authority;

"7. There shall be filed with the superintendent by the attorney-in-fact at the time of filing the annual statement, or more often if the sueprintendent requires, a statement verified by the appropriate official of such Lloyd's, setting forth—

"(a) the names and addresses of all the underwriters of such Lloyd's;

"(b) a description of the cash and securities deposited in trust by each underwriter;

"(c) the maximum amount of insurance assumed by each underwriter upon any single risk or each kind of insurance;

"(d) that the maximum amount of insurance assumed upon any single risk for each kind of insurance by any individual underwriter does not exceed the limitation provided for in paragraph 1 of this section."

Page 33, lines 22 and 23, strike out "in his opinion is illegal, inequitable, or contrary to public interests" and insert "is inequitable, or does not comply with the requirements of the law of the District."

Page 41, line 17, strike out "42" and insert "41."

Page 43, line 23, strike out "41" and insert "40."

Page 45, strike out lines 8 to 25, inclusive, and lines 1 to 16, inclusive, on page 46.

Page 46, line 17, strike out "41" and insert "40."

Page 46, line 20, strike out "42" and insert "41."

Page 48, line 10, strike out "42" and insert "41."

Page 50, line 12, strike out "43" and insert "42."

Page 51, line 5, strike out "44" and insert "43."

Page 51, line 16, strike out "45" and insert "44."

Page 52, line 3, strike out "46" and insert "45."

Page 52, line 4, strike out "46" and insert "45."

Page 52, line 8, strike out "through any" and insert "by appeal or through any other."

Page 52, line 19, strike out "47" and insert "46."

Page 52, line 22, strike out "48" and insert "47."

Page 53, line 1, strike out "49" and insert "48."

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, will the gentleman tell the House whether or not the minority Members are agreeable to bringing this up at this time and concurring in the Senate amendments?

Mr. RANDOLPH. Yes. I may say that I have discussed it with the ranking minority Member the gentleman from Illinois [Mr. DIRKSEN] and other Members on the minority side. The gentleman from Illinois conferred with them, and we are all agreeable to the Senate amendments and believe that the bill should be passed in this form.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXPLANATION

Mr. RUTHERFORD. Mr. Speaker, my colleagues from Pennsylvania, Mr. MCDOWELL and Mr. CORBETT, were unavoidably detained today. They asked me to announce that had they been present they would have voted for the Railroad Unemployment Insurance Act and its amendments.

EXTENSION OF REMARKS

Mr. ROUTZOHN, by unanimous consent, was granted permission to revise and extend his own remarks.

PAN-AMERICAN OLYMPIC GAMES

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. NICHOLS. Mr. Speaker, I have asked for this time that I might call the attention of the House to the inspired efforts of the newly organized Pan American Olympic Games Committee to arrange for a great Olympic sport carnival to illustrate the solidarity and unity of the 21 American republics. The pan-American games, as a means of creating good will and friendlier relations, is not a new idea. It has been floating around for years, but conditions existing elsewhere have only served to focalize attention on their importance and need. For that reason a group of public-spirited citizens of this and other pan-American countries have unselfishly banded together, unmotivated by thought of personal glory or promise of pecuniary gain, to promote sportsmanship, fellowship, and friendship among the Americas, on a scale never before attempted.

The pan-American games, based on the principle of sound understanding and abounding confidence, as engendered by competitive athletics, is a noble one and it was with great pleasure that I gladly accepted the invitation to be a member of that distinguished Committee.

I am convinced that if such a program were placed on a permanent basis with games alternating between the United States and the Latin American countries it would fit in perfectly with the good-neighbor policy of the President and of Mr. Hull, our distinguished Secretary of State.

In recent conversations with the heads of missions to this country, representing most of the South American governments, enthusiastic endorsement has been given to the proposed games and further they state that their people would be happy for the opportunity to visit the United States to compete with the splendid athletes of this country.

Washington, our Nation's Capital, has been selected as the site for inauguration because it is peculiarly and especially equipped. It is not only the capital of the greatest and wealthiest nation on earth, the capital of political ideology and intellectual attainment, it is also the hub around which revolves the spirit of pan-American unity and friendship.

So, with your cooperation and the cooperation of all Americans, I look forward with anticipation to a new era of friendly competitive athletic relations between the Americas and to that great spectacle of amateur sport, the pan-American Olympic games.

I will have more to say on this subject at a later date and will keep the House advised as to the progress of this plan.

EXTENSION OF REMARKS

Mr. KELLY and Mr. COSTELLO, by unanimous consent, were granted permission to revise and extend their own remarks.

BOLINROSS CHEMICAL CO., INC.

Mr. KENNEDY of Maryland. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8868) conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Bolinross Chemical Co., Inc., with Senate amendments, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 7, strike out "alleged unlawful."

Page 2, line 2, after "on", insert "or about."

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from the Secretary of the Interior, Hon. Harold L. Ickes, with reference to a bill that I introduced concerning Bonneville and Grand Coulee.

The SPEAKER. Is there objection?

There was no objection.

COULEE DAM

Mr. HILL. Mr. Speaker, on account of the fact that in the House only one Member can sponsor a bill, I have introduced a duplicate measure to that offered by the gentleman from Washington, Judge LEAVY. Because of the fact that Coulee Dam is in the northern part of my district and Bonneville in the lower part of my district, I am very much interested in having those two great projects united so as to give cheap electric power to the people of the State of Washington.

AMENDMENT TO THE MOTOR CARRIER ACT

Mr. SOUTH. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 10398) to amend part II of the Interstate Commerce Act—the Motor Carrier Act, 1935—as amended, so as to make certain provisions thereof applicable to freight forwarders, with amendments.

The SPEAKER. The Clerk will report the bill, as amended.

The Clerk read as follows:

A bill to amend part II of the Interstate Commerce Act, as amended, so as to make certain provisions thereof applicable to freight forwarders

Be it enacted, etc., That part II of the Interstate Commerce Act, as amended, is amended by adding after section 228 the following section:

"SEC. 229. The terms 'common carrier by motor vehicle,' 'common carrier of property by motor vehicle,' 'motor carrier,' and/or 'carrier' wherever used in sections 216 (b), 216 (c), 216 (d), 216 (e), 216 (f), 216 (g), 216 (h), 216 (i), 217, 219, 222, and 223 of this part, as now in effect or as hereafter amended, shall include freight forwarders, who are hereby defined to be all persons, except carriers otherwise subject to this act, who in the performance or discharge of an undertaking as a common carrier to transport property, or any class or classes thereof, for the general public in interstate or foreign commerce for compensation, utilize or employ the instrumentalities or services of another common carrier by railroad, water, motor vehicle, or express, or any combination thereof: *Provided, however*, That any common carrier subject to this act, without making application for or obtaining a certificate, may either directly or by means of a subsidiary corporation or other agency, engage in and conduct forwarding operations subject as to such operations to the same provisions of this act as respectively apply to freight forwarders."

SEC. 2. Such section 229 shall become effective 30 days after the date of enactment of this act, except as to rates, charges, classifications, regulations, and practices contained in tariffs voluntarily filed or adopted by any freight forwarder and filed prior to said effective date, with respect to all of which the provisions of such section shall be held to have become effective as of the date of the filing of such tariffs; and such section 229 shall cease to be effective on August 1, 1941. No freight forwarder shall be held to be criminally liable, under any provision referred to in such section 229, on account of any act done or omitted to be done prior to the date of enactment of this act.

The SPEAKER. Is a second demanded?

Mr. WOLVERTON. Mr. Speaker, I demand a second.

Mr. SOUTH. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Texas [Mr. SOUTH] is recognized.

Mr. SOUTH. Mr. Speaker, I think the membership pretty well understands what this bill undertakes to do.

Prior to the enactment of the Motor Carriers Act in 1936, certain so-called forwarding companies had been performing a valuable service to the shipping public. The railroads and other common carriers were not unfriendly toward them. After the enactment of this legislation—that is, the Motor Carriers Act—the forwarders entered into joint or combination rates with the railroads and other carriers. The question then came before the Interstate Commerce Commission as to whether they were indeed common carriers and had the right to enter into such rates. The Commission held that they did not have this right. The matter then went to the lower courts and finally to the Supreme Court of the United States, and the Supreme Court upheld the action of the Interstate Commerce Commission in holding that these forwarders did not have the right to enter into combination or joint rates.

The Interstate Commerce Commission has suspended from time to time the taking effect of this holding. The legislation now under consideration, if passed, would further defer the taking effect until August 1, 1941.

Mr. Eastman testified at some length before the committee of the Senate. He also appeared before the House committee, at which time this matter was under consideration, and Mr. Eastman agreed with our committee that this whole question of forwarder legislation should receive considerable study before permanent legislation is enacted.

This legislation, if passed, will retain the status quo, so to speak, until August 1941, and of course at that time it will expire regardless of whether permanent and well-considered legislation may have been enacted.

Mr. MURDOCK of Arizona. Mr. Speaker, will the gentleman yield?

Mr. SOUTH. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. May I ask what would be the situation if this bill should fail to pass at this session of Congress?

Mr. SOUTH. I think Mr. Eastman can best answer what the effect would be I may say to the gentleman from Arizona. His statement on this point is brief and I should like to read it:

As I have stated, if the motor carriers are obliged, after July 20, to charge their local less-carload rates on forwarder traffic, there is every reason to believe that not only the forwarders but many shippers in the smaller communities and hundreds of motor carriers of the smaller type will suffer. Nor will there be any benefits from the change to offset the harm done.

Mr. Eastman further testified:

The so-called freight-forwarding companies constitute a third group of agencies for specialized service in connection with package freight. There is an apparent tendency in some quarters to regard them as pariahs. I can see no justification for such an attitude. While there are blots on their escutcheon, their rapid growth is the result of the fact that they have given the general shipping public a service which it wanted and needed and was entitled to have. As the Commission, which certainly had no predisposition in favor of the forwarders, said in Freight Forwarding Investigation (220 I. C. C. 301):

"There can be no doubt that the forwarder method of handling traffic has made for itself an important place in the traffic field."

Their original service was a simple one. They provided a medium through which shippers of packages between the larger communities could concentrate their shipments into carloads. The forwarder took charge of the concentration at origin and of the distribution at destination, and shared the benefit of the lower carload rate with the shippers. The great growth of the forwarders, however, came with the development of over-the-road motortruck transportation. Such transportation, for the shorter hauls at least, is undoubtedly a more flexible, convenient, and economical means of transporting package freight than the railroad, particularly where the latter must use way-freight train service. By the use of trucks, the forwarders found that they could extend their operations beyond the larger centers into the smaller communities and give the latter the benefit of the concentrated carload movement between the centers. This coordination of motor and rail transportation gave the shippers at these smaller communities quicker, more convenient, and more dependable service than they could get from the railroads alone. For some hauls the forwarders used the truck all the way from origin to destination. Their service became very popular.

The result would be that about 50 percent of the work now being done by the forwarders would be stopped and the loss would be largely on off-line points, that is in the interior or small towns, and small shippers would suffer, whereas the shippers up and down the main lines would continue to get the benefit of these reduced rates.

Mr. MURDOCK of Arizona. The gentleman's statement is in keeping with the correspondence I have had that matters would be thrown into great confusion and that loss would result to businessmen.

Mr. SOUTH. I thank the gentleman, and I think that is absolutely true.

Mr. MURDOCK of Utah. Mr. Speaker, will the gentleman yield?

Mr. SOUTH. I yield.

Mr. MURDOCK of Utah. I have had a couple of inquiries from my State with reference to this bill and there seems to be some misapprehension on the part of the writers of these communications that this bill has something to do with the long-and-short-haul clause of the fourth section. From

what the gentleman says I assume the bill has nothing to do with the long-and-short-haul clause.

Mr. SOUTH. Not at all. This bill regulates forwarders only and the question of the long-and-short-haul clause does not enter into it, I may say to the gentleman from Utah.

Mr. Speaker, I reserve the balance of my time.

Mr. WOLVERTON of New Jersey. Mr. Speaker, I wish to emphasize the thought that the purpose of this act is nothing more or less than an effort to maintain in a sense of the status quo of forwarders engaged in interstate commerce.

Under the ruling of the Interstate Commerce Commission, and affirmed by the Supreme Court of the United States, certain operations or practices of so-called freight forwarders were declared contrary to law. The Interstate Commerce Commission has, since the Supreme Court decision, granted a stay of its cease-and-desist order to a future date to enable consideration to be given to the subject matter by the Congress before the business of said forwarders should be adversely affected by the order to which I have already made reference.

The present bill does not seek to provide permanent legislation on the subject. To do so would require long hearings and careful consideration. As it was not possible to conduct such hearings and give the necessary consideration in the closing hours of this session, it seemed best to recommend "stopgap" legislation to be effective only until August 1, 1941.

The SPEAKER. The question is, Shall the rules be suspended and the bill passed?

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed, and a motion to reconsider was laid on the table.

The title was amended so as to read: "A bill to amend part II of the Interstate Commerce Act, as amended, so as to make certain provisions thereof applicable to freight forwarders."

EXTENSION OF REMARKS

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by Fred W. Catlett, member of the Federal Home Loan Bank Board, on the history, purpose, and accomplishments of the Home Owners' Loan Corporation, before the National Association of Mutual Insurance Agents at the Wardman Park Hotel, Washington, D. C., on September 25. This slightly exceeds the limit, but I have an estimate from the Public Printer.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Milwaukee Journal.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK of Arizona asked and was given permission to revise and extend his remarks.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a few remarks about Thomas Jefferson.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. JENSEN].

There was no objection.

The SPEAKER pro tempore (Mr. JOHNSON of Oklahoma). Under a previous special order the gentleman from Ohio [Mr. SMITH] is recognized for 30 minutes.

DEBT—INFLATION—CONFISCATION

Mr. SMITH of Ohio. I am fully aware of the great unpopularity in Congress and about Washington of discussing forthrightly and realistically the subject matter that I am presently considering—particularly with that portion relating to the public debt. I am also fully cognizant of the danger to any Member who attempts such a discussion before this body of being charged by innuendo, if not openly, of being against adequate military preparedness, if not something even worse. It appears this subject now has become almost taboo in this Chamber—indeed that it is little short of sin to admit it to our councils. There has even developed a belligerency against it.

This sentiment is, of course, both baseless and unfair, because there is nothing to substantiate the idea that those of us who would keep watch on the Treasury are any less desirous of supplying adequate defense, or that our motives are less patriotic than those with whom we may not always see eye to eye. Conserving the national credit in time of peace, as well as in time of war, always has been one of the major tasks of statesmen. Financing defense or war so as to achieve maximum results and do the least amount of harm to the internal economy, as reference to history will show, has always been their guiding motive. The wisest and best of them never failed, under any circumstances, to guard with the greatest concern, the resources entrusted to their care.

With respect to the military they have ever been keen in realizing that it can never exceed in strength and effectiveness its source of supply, the Treasury. Here perhaps in time of peace, and certainly in time of war is likely the basic protection of every people, and assuredly their first line of defense against external attack. So self-evident and basic is this principle that it should be unnecessary for anyone now to restate it.

What appears to me to be even more serious is the passive attitude of mind which apparently prevails in the Congress toward the question of our Federal finances and debt. It seems to me a feeling of resignation, of giving up trying to do anything about it, of defeatism itself, is now almost controlling here. This to me is a deplorable situation, and should not be.

This Congress should snap out of all this. It is our duty and responsibility to face this problem squarely. This much is demanded of us.

In my judgment the most essential need of the hour is a forthright recognition by the Congress and the people throughout the country that our rapidly mounting public debt and disordered currency and credit are becoming increasingly serious and menacing. Whatever hope the Congress may have of being able to take in hand and get under control this situation, we cannot defer action much longer. Either we will get it under control quickly or our Nation will become bankrupt, and the whole matter will be left to be settled by forces, which, judging from past experience, will have the most dire consequences to our people.

The menace is doubly aggravated by the new defense problem. We are involved in a vicious process—a weak and disorganized economy threatened with national bankruptcy, yet the need of spending large sums for defense, which are being raised by more deficit financing which in turn results in a further increase in the debt and more aggravation of the distressed economy, and so, caught in the mangling Charybdis, we go on round and round and down and down in this vicious cycle.

Since the strength of our military is dependent on the soundness of our economy, and since this process operates every moment to weaken still further our basic means of supply, there is all the more reason why we should get our finances under control.

The very need of spending large sums for defense demands this.

It is no part of this discussion to lay the blame for our trouble to any particular party. It has its root causes so deep in the past that it is now impossible to trace all of them to their sources, much less locate them in individuals or political parties.

This study is divided into three main parts, namely, first, that relating to the growing Federal debt; second, the condition of the bank credit, more particularly with respect to inflation possibilities; and third, the political confiscation of the produce of labor and its arbitrary redistribution by means of grants, payments, subsidies, and so forth.

Bringing together these three separate studies under one general head gives us a clearer picture of the diseased

condition of our economy as a whole. Deficit financing, credit inflation, and political redistribution of wealth are, as I shall try to show, a part of the same general process. Therefore, the studies under each of these headings should be considered from this standpoint.

MOUNTING FEDERAL DEBT

Table A relates to the state of the Federal finances. In studying this table it is of the utmost importance to constantly bear in mind the important fact that the figures for the depression period relate entirely to peacetime and that they do not include expenditures for the new defense program, except a comparatively small amount for 1940.

It should also be constantly kept in mind that the Treasury Department debt figures pertaining to the depression-year period do not include items involving substantial amounts which should be included. This phase will be discussed more fully later.

Column 3 shows the World War rise in the annual interest charge on the pre-war debt from $22,900,869 in 1916 to $1,020,251,000 in 1920; its drop to $559,276,000 the early part of the depression in 1932; its rise again in peacetime to $1,041,000,000 in 1940.

Column 4 shows the World War rise in the annual amount of ordinary receipts from the pre-war level of $782,534,000 in 1916 to $6,694,565,000 in 1920, its drop to $4,177,941,000 in the first year of the depression in 1930, and its sharp and great drop from this point to $2,005,725,000 in 1932, and, finally, its rise again in peacetime to $5,925,000,000 in 1940.

Column 5 shows the wartime rise in total ordinary expenditures from the pre-war level of $734,056,000 in 1916 to the high mark of $18,514,879,000 in 1919; their drop from this high point to $4,535,147,000 in 1932—they had in 1927 reached the post-World War low of $2,974,029,000—then a temporary drop to $3,863,544,000 in 1933, and a sharp rise again over the next 7 years of peacetime to $9,537,000,000 in 1940.

Column 7 shows the rise of the pre-World War debt of $1,225,145,000 in 1916 to the highest World War debt of $25,482,034,000 in 1919; its drop from the latter figure to $16,185,308,000 in 1930; and, finally, its rise to the all-time high during peacetime to $42,967,531,000 in 1940.

Column 8 shows the rise of per capita ordinary receipts from the pre-World War level of $7.92 to the highest World War figure of $63.33 in 1920; the drop from this latter figure to $15.74 in 1932; and thence the rise again to $44.88 in 1940.

Column 9 shows the rise of the pre-World War per capita debt of $11.96 in 1916 to the highest World War figure of $240.09 in 1919; the gradual drop from the latter figure to $131.49 in 1930; and, finally, its steep rise to $325.53, in 1940, the all-time high.

Column 6. The data presented here are highly significant. Their importance will be made more apparent when they are considered in connection with ordinary receipts and expenditures and divided with reference to three periods of time—that of the 4 heavy World War years, 1917–20, the 3 first deficit years of the depression, 1931–33, and that of the 7 years of the depression, 1934–39, as follows:

	4 heavy World War years, 1917–20	3 first deficit years of depression, 1931–33	7 deficit years of depression, 1934–40
Total receipts	$16,635,728,000	$7,275,060,000	$34,160,302,000
Average annual receipts	4,158,932,000	2,425,013,000	4,880,043,000
Total expenditures	39,592,605,000	13,364,000,000	56,501,926,000
Average annual expenditure	9,898,151,000	4,444,000,000	8,071,703,000
Total deficit	23,044,771,000	6,089,463,000	24,035,217,000
Average annual deficit	5,761,192,000	2,029,821,000	3,433,602,000

NOTE.—The separation of the depression years int two periods is not made to emphasize the increase of expenditures of this over the previous administration. It is made primarily to show that the sudden great increase in expenditures in 1934 and the final abandonment of the gold standard and orthodox financing took place at the same time. The heavy deficit financing since then could, of course, not have taken place had we remained on specie payment.

From this arrangement, first by comparing the figures of the 7-peacetime-year period with those of the 4-wartime-year period and second, comparing the 7 last deficit-year period of the depression with the 3-first-deficit-year period of the depression, the following important deductions appear—chargeable against ordinary receipts.

The average annual expenditure of the 7-peacetime-year period was 81 percent of that of the 4-year World War period.

The average annual deficit of the 7-peacetime-year period was approximately 60 percent of that of the 4-year World War period. Note also that receipts during the 7-year period averaged annually 17 percent more than during the 4-year World War period.

While the average annual receipts in the 7-last-deficit-year period of the depression were more than double those of the 3-first-deficit years of the depression, the average annual expenditure also doubled and the average annual deficit increased nearly 70 percent.

The total deficit of all administrations up to the end of the fiscal year 1930, covering a period of 141 years, which included the costs of all our wars, all our previous panics and depressions, was $26,655,000,000.

The total deficit from the end of the fiscal year 1930 to the end of the fiscal year 1940, covering a period of only 10 years, all peacetime and including a comparatively small part of the costs of the added defense program, was $30,124,680,000, or about 13 percent more than that of the 141-year period.

The total net deficit, as reflected in the gross public-debt figure, of the 141-year period was $16,800,000,000, while the total net deficit, as also shown in the public-debt figure, for the 10-year period was, roundly, $26,500,000,000, or nearly 58 percent more than the 141-year period.

The total cost of the Federal Government through 1930, including all wars, depressions, and panics, 141 years, was, roundly, $100,000,000,000. Congress has spent, appropriated, and authorized to be spent since 1930 to the present time a little more than 10 years, more than $90,000,000,000.

But, as stated, the debt figures as shown on Treasury statements do not reflect certain items which should be included. An instance is $800,000,000 appropriated to the United States Housing Authority—see analysis of operations of the United States Housing Act, CONGRESSIONAL RECORD, July 24, 1939, page 3482, by the Honorable FREDERICK C. SMITH.

Perhaps nothing reveals more clearly the deplorable state of our national finances than the daily statement of the United States Treasury of the general-fund balance.

As of August 31, 1940, this was given as $2,610,565,371.14. Actually on that date the general-fund balance stood at $907,775,285.65. Table B at the end of the text is an analysis of the general-fund balance, which was made for me by the General Accounting Office. Of this $907,775,285, $142,816,382.16 was increment of gold; that is, so-called gold profit from devaluation, and $590,457,103.09 silver coined at $1.29 an ounce.

Let us admit for the sake of argument this gold increment to be worth the amount given in the Treasury statement. But we cannot admit even this much for the value of the silver. We are positive silver is now worth no more than 35 cents an ounce, for that is the price the Treasury is paying for it in the world market. Therefore, at 35 cents an ounce instead of $1.29 an ounce, the silver figure in the operating-fund balance should be about $160,300,000, which would reduce the balance to, roundly, $303,000,000, instead of the Treasury's daily statement figure of $2,610,565,371.14. This analysis of the general-fund balance actually shows the Treasury was carrying $1,544,000,000 liabilities as assets.

Confronted with findings in the Treasury of such irregular transactions as this, what possibility is there of knowing what the real debt status is?

The Treasury figure placed the public debt as of July 2, 1940, at $42,967,000,000—Treasury press release, July 2, 1940. To this, as we have already seen, would have to be added the $800,000,000 U. S. H. A. appropriation which brings it up to $43,767,000,000 as of that date.

As of July 31, 1940, in addition to this amount, the Government had outstanding liabilities in the form of guaranteed Federal securities amounting to $5,548,904,930—includes accrued interest.

It is true the thirty-some political lending agencies which have issued these obligations claim to have an excess of assets over liabilities of $4,250,423,831—combined statement of assets and liabilities of Government corporations and credit agencies of the United States Treasury, July 31, 1940. Daily statement of the United States Treasury, August 31, 1940. But this statement is of little value since there has not been any audit of the operations of these lending agencies by the General Accounting Office or any other independent agency.

Five of these agencies with assets, other than interagency assets, of $4,878,769,000, which is more than a third of the assets of all the agencies, are only "partially subject to audit"—Senate Document 172—by the General Accounting Office, four of which are subject to such partial audit only by Executive order—Senate Document 172—which the President could withhold at will.

Fifteen of them, with assets, other than interagency assets, of $6,725,861,000, which is more than half of all the agencies, are not subject to audit at all by the General Accounting Office.

Thus far we have considered the debt only up to the end of the fiscal year 1940. This has included no part of the cost for the new or added defense, except a comparatively small amount of 1940. What of 1941? What will be this year's deficit?

Senator BYRD estimated the deficit for the fiscal year 1941 will be "at least eight billions and perhaps more—CONGRESSIONAL RECORD, page 12191, September 14, 1940. The gentleman from Pennsylvania, Congressman RICH, estimated it would be $6,192,602,706—CONGRESSIONAL RECORD, page 9803, August 1, 7940. The Secretary of the Treasury estimated the deficit for 1941 would be about $5,700,000,000"—Statement by Secretary Morgenthau before the Ways and Means Committee of the House of Representatives, Friday, August 9, 1940. However, neither he nor the gentleman from Pennsylvania [Mr. RICH] included in their estimates the additional $1,800,000,000 appropriation and authorization for defraying the cost of training conscripts and National Guard men.

From these and other available figures we can be reasonably certain the public-debt figure will reach the $50,000,000,000 mark by the end of the fiscal year 1941. This will be a per capita rise in the Federal debt for 1941 of $50.25 and will bring the total per capita debt up to $378.78.

For defense alone this Congress at this session has appropriated and authorized to be spent, roundly, $16,572,000,000.—Seventy-sixth Congress, third session, third supplemental deficiency appropriation bill report. In addition, about $7,000,000,000 has been appropriated for the regular operating costs of the Government. This totals $23,572,000,000. It is most likely more appropriations will be made for the fiscal year 1941.

Not all of the amount appropriated and authorized will be spent this fiscal year, but in all probability most of it will be spent by the end of 1942.

From these data I believe it is safe to say the Federal debt will reach sixty billions by June 1942. This does not include contingent liabilities, and so forth. This rise in 2 years of the public debt will increase the annual interest charges by $425,000,000. The estimated increase in 1942 will raise the per capita debt by $68.76, or to a total of $454.76.

The new taxes voted, about one billion, are too piddling to even be taken into consideration. Considering the mood the administration and Congress are in, it may be expected additional appropriations in sufficient amount to absorb all the new taxes that have been levied or will be levied this year will be forthcoming.

But this is not all that is looming before us. Let us consider for a moment the probable cost of conscription and the two-ocean Navy when they are in full operation. In 1939 our Navy cost us, roundly, $673,000,000. It is estimated it will cost upward of $2,000,000,000 for operating and maintaining the two-ocean Navy when it is entirely completed.—Christian Science Monitor, August 1, 1940. Surely this estimate is not too high, considering the great expansion in naval bases, and so forth, that are involved. This would be an increase in our annual Navy cost of $1,327,000,000.

What will peacetime conscription cost annually? Referring to our armed forces, the Statesman's Year Book—1940 edition, page 501—says, "The actual strength at the end of June 1939 was 187,893, all ranks," exclusive, of course, of the National Guard, Officers' Reserve Corps, and Organized Reserve Corps.

The total cost of the War Department in 1939 was, roundly, $696,000,000. Dividing this figure by 188,000, the number of men then in the Army, we get the figure $3,700, the cost per soldier. This, of course, includes all Army costs, including those of the guard, Officers' Reserve Corps, and so forth. But I believe it may be reasonably assumed that the costs of the guard and all other units outside of the Regular Establishments will in this new program not be decreased, but more than likely greatly increased. But assume they remain the same.

Now, the conscription program contemplates the addition of no fewer than one and one-quarter million men to the forces we had in 1939. Certainly the program provides for a standing Army in peacetime of no fewer than a billion and a half men. But let us assume only 1,250,000 conscripts are added.

At the rate our Army cost us in 1939 the total annual cost for the additional men will be $4,625,000,000. Surely tanks, airplanes, guns, ammunition, and all the other supplies and material that go with a soldier will not cost any less in the future than in the past; neither is it likely the obsolescence will be less; the cost will probably be more and the obsolescence greater.

Adding the additional cost that will result from the two-ocean Navy, $1,327,000,000, to the cost of the conscript Army, we have a total added annual cost of $5,925,000,000. To this sum, however, must be added the $425,000,000 increased cost of service charges that will result from the increased debt. Adding this figure to the above we have a total of $6,379,000,000.

The large defense appropriations that have been made will supply the Army with material and supplies for sometime to come. But it may be expected that within a few years, as new equipment and supplies are needed, this will be the annual cost to the taxpayers for these additions.

Now, let us see where this will bring our annual Federal expenditure. The average for the 7-year period, 1934–40, was roundly eight billions. The addition of $6,379,000,000 will bring it up to $14,379,000,000.

How much of this amount can be met with current taxes?

This year the amount to be taken in is estimated at $6,367,000,000. With expenditures running at $14,379,000,000 annually it will be necessary to collect each year $8,000,000,000 additional taxes to merely balance the Budget.—Secretary of the Treasury Release, August 9, 1940.

The question is, How much of this $8,000,000,000 that is needed in addition to the amount already being collected will be forthcoming? Does anyone believe all of it will?

How much will be the deficits from here on out? How long can the debt continue to increase? What is the limit of the amount it will stand?

What will be the total annual Federal, State, and local governmental costs? Estimating State and local costs on the basis of tax collections, these amounted in 1939 to $7,630,000,000.—1939 Industrial Conference Board Almanac, page 341. To which add $14,379,000,000 Federal Government costs and we have the figure $22,000,000,000 which will be the annual cost to the producing population of the United States to maintain their several governmental subdivisions. Can we do it?

Wage earners, small-salaried employees, farmers, and the other lower-income groups pay at least 85 percent of all taxes.

Where will their standard of living go when they have to pay more than $18,000,000,000 a year in taxes?

Can there be any doubt that our Federal finances are out of control and that we are now seriously threatened with national bankruptcy?

CONDITION OF BANK CREDIT AND INFLATION POSSIBILITIES WITH PARTICULAR REFERENCE TO THE POSITION OF THE FEDERAL RESERVE SYSTEM

An act to provide for the establishment of Federal Reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

So reads the preamble to the Federal Reserve Banking Act which was passed in 1913.

The chief purposes of the banking and currency bill is to give stability to the commerce and industry of the United States, prevent financial panics or financial stringencies; make available effective commercial credit for individuals engaged in manufacturing, in commerce, in finance, and in business to the extent of their just deserts; put an end to the pyramiding of the bank reserves of the country and the use of such reserves for gambling purposes on the stock exchange.

So reads Report No. 133—page 7, part 2, Sixty-third Congress, first session—of the Senate Committee on Finance, which had under consideration the bill to create the Federal Reserve Banking System. Then the report goes on to say further:

In order to accomplish these results there are certain fundamentals recognized by all experts as essential and necessary, to wit:

First. The proper concentration of the bank reserves of the country under the control of the bank themselves safeguarded by governmental supervision.

Second. A suitable banking capital as a margin of safety.

Third. Placing the larger part of the Government funds with such banks, where they may be used in the service of the national commerce.

Fourth. Authorizing the issuance of elastic currency against liquid commercial bills under proper safeguards.

Fifth. Establishing an open market for liquid commercial bills, by providing through the Reserve banks a constant and unfailing market for such bills at a steady rate of interest.

Sixth. Finally, protecting the gold reserve of the United States by the same methods adopted in Europe, to wit, raising the rate of interest through the Federal reserve banks and authorizing such banks to acquire foreign bills when gold shipments are anticipated and taking other precautionary measures.

In the preamble and the few words quoted from this report are stated practically all of the basic purposes of the Federal Reserve Banking Act. The decentralization of banking was another promise held out.

To what extent these alleged purposes and promises were achieved and fulfilled is now too well known to require much review.

We need but glance at the accompanying table, No. C, to see how some of the major provisions are now being carried out. The System was to serve primarily as a pool, or reservoir, of redundant bank credit. By this process it was thought such credit might be better conserved and made more readily available for general use where it was in demand.

In the table C, column 2, it will be noted that during the World War period it did serve in a large measure the purpose of supplying credit to member banks, and to a lesser extent from then on until 1932. But from 1932 to the present time this function has been almost wholly dormant.

Reference to column 4 shows that practically all the credit facilities of the Reserve banks have been switched from serving the needs of member banks and private enterprise to serving the credit demands of the Federal Government incident to the heavy deficit financing.

Columns 14 and 15 of this table show how the required reserve balance has risen from a little less than $2,000,000,000 in 1931 to approximately $13,500,000,000 in 1940, and how excess reserves climbed from minus $33,000,000 in 1931 to $6,417,000,000 in 1940. These tables will be referred to again later.

The extent to which the other promises and alleged purposes of the act have been fulfilled is seen in the record of the thousands of bank failures in the twenties and in the most disastrous financial stringency and depression our Nation has ever experienced.

At least one purpose of the act, however, that of providing an "elastic currency," appears to have been fulfilled. It is with this that we are mainly concerned here.

Three principal means were provided for creating and regulating elastic currency, namely, control over the reserve requirements, control over the discount rate, and provision for open-market operations. These were the three principal levers that were to be used to put elasticity into the currency and cause it to increase in volume when the demand for credit slackened too much, and to take the elasticity out of the currency and cause it to shrink in volume when the credit demand became excessive. In perfect synchronization, these credit-control levers were to be used separately or collectively—pushed, now forward, and then backward—to supply everybody who desired credit according to their "just desserts" and "to prevent financial panics or financial stringencies," and to put an end to gambling with bank reserves.

If the demand for credit became dangerously low, the discount rate was to be lowered, reserve requirements might be reduced, and open-market buying by the Federal Reserve banks possibly instituted, one or all of which would increase the credit supply and relieve a currency stringency.

If the demand for credit became dangerously excessive, the discount rate was to be raised, reserve requirements might be increased, and open-market selling by the Federal Reserve banks possibly instituted, one or all of which would alleviate the excessive credit expansion.

Let us examine these "elastic currency" producing and regulating levers and see just how they are working, if in fact they are now working at all. We have already stated that there is no demand by the banks for loans from the Federal Reserve System. Primarily this demand is absent because the supreme political authority confiscated our gold money, thereby abolishing our standard unit of value, and forced our Nation under the domination of irredeemable paper currency. It being impossible under this moneyless system to write or make contracts in terms of any fixed value, the investment market for new capital, especially with reference to long-term agreements, has been almost completely destroyed, and naturally is in the process of being totally destroyed. New capital for investment incorporations averaged annually from 1932 to 1940, inclusive, only about 14 percent of that in the years of 1923–31, inclusive.

Another reason why people have stopped investing in venture capital what savings they still may be able to accumulate is the terriffic political onslaught against private enterprise that has taken place in the last few years, the many totalitarian, restrictive, regulatory, discriminatory, and punitive laws that have been enacted, and the inordinate increase in taxation and bureaucratic growth and control that have been foisted upon us. Still another is the enormous amount of arbitrary confiscation, taxation, and mortgaging of property that is being indulged in by the supreme political authority, and the use by it of those vast resources to redistribute the wealth of the Nation.

Still another cause of private lending institutions being driven out of existence is the recent creation of the enormous political "lending" bureaucracy. This scheme has already seriously intruded upon the whole field of private lending. There are now more than 30 of those agencies, all of which, excepting only 1, have been established since beginning in 1932. They have already usurped a substantial part of the lending business that normally belongs to private lending institutions. Their activities extend into practically all fields of endeavor, private and corporate. As of June 1939 they had made a gross amount of loans totaling about $25,000,000,000, about 15½ of which had been repaid and about 9½, including accrued interest, of which was still outstanding.—Seventy-sixth Congress, third session, Senate Document 172, part 1, table 9, page 11.

Their lending activities are on the increase. Within the last year the Export-Import Bank of Washington alone has been authorized to increase its lending capacity from $100,000,000 to $200,000,000 and later to $700,000,000. At the same

time this latter increase was made, the lending power of the Reconstruction Finance Corporation was increased a billion dollars in addition to the amount of increase granted the Export-Import Bank.

The amount of encroachment of political banking upon private banking may be better appreciated when it is reflected that the total amount of loans, discounts, and overdrafts, including rediscounts, outstanding of all the commercial and savings banks in the United States as of December 1939 was only $22,130,000,000.—Assets and liabilities of operating insured banks, Federal Deposit Insurance Corporation report. Thus it will be seen the amount of political loans outstanding by these most recently created Federal bureaus was in 1939 approximately 43 percent as much as that of the total of all loans in all commercial and savings banks of the same year. It should be borne in mind that private banking is the product of hundreds of years of development, while the political banking here being considered is mostly the product of the last 8 or 10 years.

Several important and controlling factors are responsible for the rapid progress these political lending bureaus have made in usurping the business of private lending institutions. First is the fact that the requirements for adequate security for loans is in general not as stringent with the former as the latter. The matter of adequate security cannot possibly be of as much concern to the individuals who operate a political lending agency as they are to those who operate a private lending agency. One important reason for this is that undue losses caused by lack of adequate security in the one case must be paid by the taxpayers, while in the other they must be paid by the individuals who made the blunder. An abundance of evidence has already accumulated in the operations of these political lending bureaus which shows there is a great laxity in requiring adequate security for loans. To see the truth of this one needs but to read the record as it is shown in some of the annual reports of these agencies, and especially in the report made by the Secretary of the Treasury in response to Senate Resolution 150.—Senate Document No. 172, Seventy-sixth Congress, third session.

The greater laxity of the political lending agencies in security requirements undoubtedly is a strong factor in creating demand from them for certain kinds of loans.

Loans made by these lending agencies on certain kinds of security, especially on real estate, are made particularly attractive because they are offered for a much longer period of time than those of private lenders.

Still another contributing factor here is the interest rate. The political lending agencies take a certain type of business away from private lending institutions because they charge the individual borrower a lower rate of interest than is charged by private banks.

Still another important factor that contributes powerfully to depress the private lending market is the great volume of Government obligations to finance deficits that is being forced into the credit market. With the venture capital market practically dead, such savings as still exist have no place to go but to Government securities. Having destroyed the contract and, hence, all private long-term investment possibilities, the political authority, through its present medium of deficit financing which is essentially a process of forced lending now has an extensive monopoly of credit.

Sixty percent of all Government obligations are held by the banking system and the Government itself.—Bulletin of the Treasury, March 1940, page 20. We are here dealing with one of the most serious pathologic processes that can afflict our economy. As just stated, the raising of funds to meet the huge deficits of the Federal Government is largely a matter of forced lending. The obligations that are put out by the Government are mostly not paid for out of savings resulting from productive enterprise. The process is essentially one of creating fiat credit. The costs of the World War were to a great extent financed by the same process, and it was the fiat credit created thereby which was one of the principal underlying causes of the great inflation in the twenties that led to the disastrous collapse in 1929. Fundamentally there is no difference whatever between this process of creating fiat credit and that used by Germany and which ultimately caused her great inflation.

Every dollar's worth of Government securities that has been put out since the depression for which there does not exist a dollar's worth of actively producing needed enterprise is just so much fiat credit. Surely it should require no argument to prove so simple a proposition as this. Billions upon billions, as we all know, have been spent on objects for which there is now nothing to show but debt.

Of the more than twenty-seven billions of Government obligations held by the banking system and the Federal Government itself, the latter holds almost six billion. This is listed under "Federal Agencies and Trust Funds."—Bulletin of the Treasury, March 1940, page 20. An idea of what this involves is made clear if we examine the Treasury transaction pertaining to pay-roll taxes. These taxes are collected along with other revenues and become a part of the ordinary receipts. They are not earmarked for any specific purpose but are used along with other revenues to pay the costs, ordinary and extraordinary, of the Government. Then the Treasury enters on the debit side of its ledger the amount of pay-roll taxes spent which is merely its way of formally and legally acknowledging that the taxpayers of the United States, which includes the more than 34,000,000 people who paid in the pay-roll taxes in the first place, owe so much debt, the money for which they must dig up when it comes due.

That simple little Treasury bookkeeping transaction has received the designation "trust fund." The dictionary defines trust fund as "money, securities, or other like property settled or held in trust."

If Webster is correct, and I presume he is still good authority, I cannot see wherein this Treasury transaction even remotely conforms to this definition. It neither settles or holds anything in trust. It spends the money. Then it pledges the faith of the supreme political authority to at some time in the future lay a tax or place a mortgage on all the people to raise the money it spent, and some more, too, euphemistically called interest, and to pay it all back to the appropriate beneficiaries when it comes due. And this transaction is termed "investment." Divestment, it appears to me, would be more fitting.

So far, however, as the obligations held by the Treasury which are supposed to be representative of pay-roll trust accounts are concerned, the transaction represents nothing more than a promise by the supreme political authority to use the taxing power of the Federal Government in the future to levy sufficient taxes upon all the people to replace the amount of the pay-roll taxes spent, plus the additional amount erroneously called interest. The same is, of course, probably true of all other so-called trust accounts since the Budget became unbalanced and the present system of deficit financing was begun. This most unhealthy process is possible only because of the continued deficits. Surely a balanced Budget should be of primary concern to the group that pays the pay-roll taxes.

The table below is interesting in showing some important features of the present credit situation.—Statement prepared for me by Federal Reserve Board.

[000 omitted]

	Total deposits [1]	Total investment, U. S. Government securities	Total loans	Total commercial loans [2]
June 30, 1930	$45, 557, 000	$5, 497, 000	$40, 497, 000	$15, 795, 000
Dec. 31, 1939	58, 344, 000	19, 402, 000	22, 169, 000	11, 466, 000

[1] Deposits, excluding interbank deposits.
[2] Figures for "commercial loans" for all banks each year and for member banks through 1935 include all customer and open-market loans other than loans on securities and on real estate.

The totals in this table have reference to all banks in the United States.

Column 1 shows that total deposits increased by $12,787,000,000 in the last 9 years.

Column 2 shows that during the same time total bank holdings of Government securities increased by $13,905,000,000.

Column 3 shows that the total amount of loans outstanding decreased during the same time $18,330,000,000.

Column 4 shows that total commercial loans decreased $4,330,000,000 in this 9-year period.

Whatever may be the causes and their relative importance in destroying private lending and borrowing, we know they exist and we also know that they are sufficiently strong to prevent the Federal Reserve Board from effectively using any of its powers to change or counteract them. The statutory authority it has to regulate discount rates to effect the volume of credit is wholly useless. Here we have a rather outstanding demonstration of the natural laws of finance catching up with politically planned finance. Here we have revealed to us in lines so clear and distinct that none should fail or be unable to see them one of the basic fallacies which underlies nearly all legislation, namely, that it will operate as its framers intend it shall on the "all other conditions remaining the same" naive assumption.

Little did those who wrote the Federal Reserve Banking Act dream of the possibility of a time when the banks would be bulging with billions to lend but no borrowers, and interest rates would at the same time be so low that they were approaching the vanishing point. How would the act read if they had foreseen that excess reserves, which at the time it was written were hardly known to exist, would rise from minus $73,000,000—official figures—and the high interest rate on prime commercial paper of 6½ percent in 1929 to more than $6,000,000,000 and a low interest rate on the same paper of 0.5 percent—National Industrial Conference Board, Economic Almanac, 1940, page 137—in 1939.

Now let us consider another control, that of bank reserves. We shall here consider only the function this particular banking device was supposed to perform in preventing overexpansion of credit, "to curb the use of credit speculation,"—the Federal Reserve System, 1939, Board of Governors of Federal Reserve, page 42—and to "put an end to pyramiding of bank reserves of the country and the use of such reserves for gambling purposes."—Senate Report 133, Committee on Finance, Federal Reserve Act, page 7.

So there can be no mistake whatever as to this one purpose of this means of control, we quote the following:

> In August 1936 the Board of Governors had raised reserve requirements for member banks by 50 percent in order to absorb a part of the $3,000,000,000 of reserves in excess of requirements held by members banks. Under the law the board has the responsibility of changing reserve requirements in order to prevent injurious credit expansion or contraction and the board had acted to eliminate from the credit base a part of the redundant reserves accumulated through a large volume of gold imports.
>
> The Board's action was in the nature of a precautionary measure to prevent uncontrollable expansion of credit in the future.[1]
>
> Member banks at present have excess reserves of $3,600,000,000, and this total may be doubled in the future. To absorb these reserves the System has the power to raise reserve requirements by $800,000,000 and to make sales out of its portfolio of United States Government obligations, which amounts to $2,560,000,000. The use of the available means of absorbing reserves, to the extent that it may be in the public interest to do so, would still leave the banks with a volume of excess reserves upon which it would be possible for an injurious credit expansion to develop.
>
> The ability of the banks greatly to expand the volume of their credit without resort to the Federal Reserve banks would make it possible for a speculative situation to get under way that would be beyond the power of the System to check or control. The Reserve System would therefore be unable to discharge the responsibility placed upon it by Congress or to perform the service that the country rightly expects from it.[2] As of September 12, 1940, excess reserves of member banks amounted to $6,540,000,000.

If the Board of Governors found it necessary in 1936, when excess reserves were only $3,000,000,000, to raise Reserve requirements "by 50 percent * * * to prevent uncontrollable expansion of credit," why do they not in this year of 1940, when excess reserves are up to $6,540,000,000, find it necessary to raise reserve requirements "to prevent uncontrollable credit expansion?"

If a reduction of $3,600,000,000 excess reserves by $800,000,000 plus an additional substantial reduction by open-market selling of bonds out of their portfolio of $2,560,000,000 of Government's "would still leave the banks with a volume of excess reserves upon which it would be possible for an injurious credit expansion to develop," then what are we to think of the possibilities of injurious credit inflation with excess reserves standing at the present high figure? The $6,540,000,000 excess reserves if fully utilized could be expanded into rounding $40,000,000,000 deposit liabilities.

Though the Federal Reserve Governors heretofore, when the excess reserves were less than half of what they are now, took measures to reduce them because they regarded them as being a menace to our credit structure, yet they fail now to avail themselves of these measures. Why is this? Why do they not ask Congress for authority to increase the reserve requirements in order that they might reduce the enormous volume of excess?

In the first place, the old causes that operated to produce excessive bank reserves, those which were present when the Reserve Act was written, have, as I have already indicated, ceased to operate. But what is at the moment more to the point is that entirely new causes for creating abnormally excessive bank reserves, causes wholly undreamed of by the men who wrote the act, have in recent years made their appearance. No control levers could, of course, be provided for these unforeseen conditions.

Foremost of these are the gold and silver purchasing program. They are altogether new and powerful means for building up bank reserves. Every dollar of gold bought creates $1 of base credit in the banking system. This $1 is expandable into $6 of deposits. Since the gold-purchase program began we have imported in round numbers about fourteen billions of gold. That created fourteen billion base dollars, which under the Reserve plan could be expanded to eighty-four billion.

More than one and a quarter billion silver-dollar certificates have been issued at the rate of $1.29 an ounce against silver which on an open world market today might fetch as little as 10 cents an ounce.

Every one of these silver-dollar certificates represents one base deposit dollar. Here we have the possibility of an additional six billions of deposit liabilities.

As these enormous amounts of gold credit dollars and silver-dollar certificates are deposited and pyramided in the banking system they, of course, build up huge reserves, so great that any controls provided in the Federal Reserve Act for keeping them within the limits of safety would perhaps be wholly inadequate and ineffective even if the attempt were made to utilize them.

But the amount of reserves that may be created by the accumulation of primary credit deposits through the initial purchase alone of gold and silver is but a comparatively small part of that which may be created through other ways and means. Here in addition to those stated are some of these, and the amounts of deposit liabilities that could, theoretically, at least, be produced by them.

Although under present reserve arrangements credit can be pyramided to nearly seven times the amount of the original or base deposit, the multiplier six is being used to be conservative.

	Base deposits	Possible deposit liability
Thomas inflation amendment	$3,000,000,000	$18,000,000,000
Excess member-bank reserves	[1] 6,540,000,000	39,240,000,000
Excess gold reserves now held as security for Federal Reserve notes could be used as 40-percent security for additional Federal Reserve notes in the amount of	[2] 7,743,701,000	46,462,206,000

[1] Board of Governors, Federal Reserve press release, Sept. 12, 1940.

[2] As of Feb. 26, 1940. At that time there was outstanding in Federal Reserve notes $5,162,468,000. Under the Federal Reserve Act only 40 percent gold reserve is required as security for Federal Reserve notes. But actually the Federal Reserve notes outstanding were secured by more than 100 percent gold. The excess of 100 percent gold security was slight and is disregarded in the figures here presented. However, 60 percent of the gold dollars securing the Federal Reserve notes, or $3,097,480,000 would be available for additional Federal Reserve note issues, and would produce 2½ times that amount of Federal Reserve notes, or $7,743,701,000.

[1] Page 2, Twenty-fourth Annual Report of the Board of Governors of the Federal Reserve System covering operations for 1937.

[2] Page 22, Twenty-fifth Annual Report of the Board of Governors of the Federal Reserve System covering operations for 1938.

	Base deposits	Possible deposit liability
Excess gold reserves held by the Federal Reserve banks could be used as 40 percent security for Federal Reserve notes in the amount of	[3] 28, 227, 500, 000	169, 365, 000, 000
Silver [4]	1, 000, 000, 000	6, 000, 000, 000
Total	46, 511, 201, 000	279, 067, 206, 000
To which could be added, if the President used the powers he now has to "devalue" the gold and silver dollar to the limit allowed by law:		
Gold as 40 percent security against Federal Reserve notes	9, 310, 527, 500	55, 863, 165, 000
Silver as security for silver certificates	5, 000, 000, 000	30, 000, 000, 000
Total	60, 821, 728, 000	364, 930, 368, 000

[3] The amount of excess gold reserves is as of this date (information received from Mr. Scudder of the Federal Reserve) $11,291,000,000. As 40 percent reserve for Federal Reserve notes this amount of gold would produce 2½ times $11,291,000,000 or $28,227,500,000 Federal Reserve notes.

[4] As of January 1940. Silver continues to accumulate.

The above figures do not take into consideration the $2,000,000,000 stabilization fund which could be used in many ways to produce credit inflation. Nor do they include the further possibilities of credit inflation from the continued influx of gold and silver.

It is, of course, impossible for the mind to grasp anything like the full import of this situation, if indeed it can grasp any part of it. We are here apparently in the realm of the infinite. Judged by past monetary and credit standards, and some of the classical money and credit debauchments, that of Austria, in the latter part of the eighteenth and the forepart of the nineteenth centuries, of France in the nineties of the eighteenth century, of our own during colonial days, and that of Germany recently, it would appear to me that our money and credit are at present in a state of utter chaos. Certainly it will not be contended, and this is the point we wish to bring out here, that there is even a sign of any possible control by the Federal Reserve banks, by the Treasury, or any other agency, over the present credit situation.

THE POLITICAL CONFISCATION OF THE PRODUCE OF LABOR AND ITS ARBITRARY REDISTRIBUTION BY MEANS OF GRANTS, PAYMENTS, SUBSIDIES, ETC.

Tables 1, 3, and 4 at the end of the text are very important in connection with the present study. They reveal in measurable physical terms a part of the effects of the taxing, mortgaging, and spending process that is involved in the heavy deficit financing. As already indicated the process of disintegration of the economy and confiscation of private property is taking place on a large scale in many parts of the economic body. However, those changes cannot always be measured as easily, nor their implications as readily understood, as is possible in this particular field. Here we see it is possible to accurately measure in terms of money value the amount of property involved in the transfer and to see how this takes place from one State to another. It will be noted that the shift is mainly from the more easternly States westward, and to the Southern States.

It must not be thought, however, that this shift takes place only with respect to States. The process involves as well a transfer from individuals and groups to other individuals and groups within each State.

It is very important that we understand clearly what is meant by the term "wealth," that it is simply the produce of labor. Hence, by shifting of wealth we mean the taking away, by taxation, of the produce of labor from some States, groups, and individuals, and giving it to other States, groups, and individuals. In between, of course, is the political machine which in this process is now taking a toll of about a billion dollars a year.

Table 1 relates to grants, payments, subsidies, and so forth, received by each State, cost of same, and so forth, from June 30, 1933 to June 30, 1939.

A study of this table will show that in the 6 fiscal years, 1934–39, the first 30 States on this list have paid in taxes and obligated themselves by being mortgaged by the Federal Government for about $5,270,000,000 but have received in the same period of time $11,113,000,000, or in other words have had all taxes and debt returned to them and a bonus of $5,843,000,000 in addition.

The 18 remaining States have paid and obligated themselves for $35,227,000,000 and have received $15,000,000,000 in grants and subsidies, which means they have paid and obligated themselves for $20,000,000,000 more than they received. Which all adds up to this: The 30 States have had all costs refunded, hence the Federal Government has cost them nothing during this 6-year period and they have made a clear profit of nearly $6,000,000,000 while the other 18 States have had to pay all Government costs, assume the whole burden of the added debt, pay their own subsidies, and give the 30 States the $6,000,000,000 bonus.

Thirty-seven percent of the population lives in the first 30 States listed in table 1. They paid in taxes and obligated themselves about 13 percent of Federal costs and received 42.5 percent of the grants and subsidies.

The remaining 18 States with 63 percent of the population paid in taxes and obligated themselves for 87 percent of the cost and received only 57.5 percent of the grants and subsidies.

The 30 States received 42.5 percent of grants and subsidies of $11,113,126,069. Had they received grants and subsidies in proportion to the taxes and debt thus assumed they would have received 13 percent of the total grants and subsidies or $3,401,383,687. The excess these 30 States received in proportion to the taxes paid was $7,711,742,382, which represents the shift in wealth from the 18 States to the 30.

Note the extremes in this table. The highest per capita gain over the per capita cost was $682 in Nevada.

At the other extreme is Delaware where the per capita loss was $1,686.

Table 3 relates to farm-benefit payments for the 6-year period 1933–39. Here is shown also the inequitable distribution of farm-benefit payments. Note particularly, North Dakota obligated herself in Federal taxes and debt for the funds disbursed under this program for roundly $1,000,000 but received as her share roundly $117,000,000; or $117 received for every dollar paid.

At the other extreme New York obligated herself under this program in taxes and debt for roundly $639,400,000 and received as her share roundly $11,700,000; or she paid out about $54 for every dollar received.

Twenty-eight States obligated themselves in taxes and debt under this program for roundly $500,000,000 and received in farm-benefit payments roundly $2,400,000,000. Thus, these 28 States received roundly $1,900,000,000 more than they paid in.

The remaining 20 States obligated themselves in taxes and debt under this program for roundly $2,460,000,000 and received in farm-benefit payments roundly $500,000,000. Thus, these 20 States paid in roundly $1,900,000,000 more than they received.

The actual total amount of farm benefits received by the farmers themselves in this 6-year period was roundly $2,828,000,000—see footnotes under table. I have estimated, on a population basis, the farmers' share of the increase of the public debt in the 6 corresponding years is about $4,400,000,000. Thus, in these 6 years they have had their farms mortgaged for about a billion and a half more than the subsidies they received. On a population basis the farmers must pay $100,000,000 a year interest on their share of the increase in the Federal debt. On a population basis the farmers are themselves paying in taxes or debt—practically all debt—about 25 percent of the farm payments they receive.

These are some of the things the politicians do not tell the farmers.

Table 4 relates to the percentage of farm-benefit payments each State received of its farm-land valuation.

Note again the two extremes: Mississippi and Arkansas farmers received in farm-benefit payments an amount equal to 23.8 percent of their farm-land value.

One could buy a farm in Mississippi or Arkansas and pay for it almost entirely in about 24 years, except the interest on the principal, with the farm-benefit payments.

On the other hand if one bought a farm in Rhode Island and depended on farm-benefit payments to pay for it, it would take 2,000 years to get it paid off.

Thus far we have considered mainly effects, or what might be called symptoms, of deeper, underlying disease processes. Back of all the conditions discussed here at least one of these can be identified—namely, the destruction of the standard unit of value by completely confiscating all our monetary gold and forcing our Nation under the domination of irredeemable paper currency; the debasement of the gold dollar, by reducing its content; the coining of silver, which is worth perhaps no more than 20 cents an ounce, at the purely arbitrary figure of $1.29; the gold and silver purchase program at fixed prices way above the market value; the use by the Treasury of the "stabilization" fund for bolstering foreign economies by supporting their currencies; the Thomas inflation amendment which permits the Executive to print three billions of greenbacks; and the complete destruction of the contract by the Supreme Court gold-clause abrogation decision.

Look at the condition of our Federal debt and finances, of the credit situation, the stagnation of industry, long continued mass unemployment, the strong and increasing tendency of fixing prices by law and otherwise regimenting the people, the further tendency of substituting government by men for government by law, in fact the whole general trend toward government absolutism which is now so manifestly evident in our Nation.

Compare these conditions and movements with the experiences of Austria in the latter part of the eighteenth and forepart of the nineteenth centuries; of France in John Law's time, and later again in the nineties of the eighteenth century, and also with our own in colonial days.

Every one of the troubles we are now having was present in their experiences.

Now, I think there is a general agreement by all historians and students of money that inconvertible paper currency played a major role in causing the distressed condition of those countries during those periods and our own before the Revolution. How, then, can we possibly escape the conclusion that our own irredeemable paper is a major factor in causing our present financial and economic trouble?

It should be remembered that there are but two basic kinds of economy, the moneyless and the money economy.

The moneyless economy is the crude and primitive process of barter, which in organized societies vests the supreme political authority with unlimited power to fix all values.

The money economy is the refined and refining process of trading by means of a common standard unit of value. Here prices are fixed by the simple laws of demand and supply with the precious metals, gold and silver, circulating freely as coins and bullion at their intrinsic value.

Our Nation is now definitely under the moneyless economy.

The supreme political authority, which includes the Congress, has complete and unlimited power to regulate the purchasing power of the currency. Being without any standard unit of value there is, of course, no other alternative. As long, therefore, as we remain without a common standard unit of value, as long, in other words, as we remain on irredeemable paper currency, the supreme political authority must continue at an accelerating rate to fix by decree all wages, all prices, all values. Which brings us to the crux of this study. Says Andrew Dixon White in his "Fiat Money Inflation in France":

> It is easily seen that these maximum laws were perfectly logical. Whenever any nation entrusts to its legislators the issue of a currency not based on the idea of redemption in standard coin recognized in the commerce of civilized nations, it entrusts to them the power to raise or depress the value of every article in the possession of every citizen. Louis XIV had claimed that all property in France was his own, and that what private persons held was as much his as if it were in his coffers. But even this assumption is exceeded by the confiscating power exercised in a country, where, instead of leaving values to be measured by a standard common to the whole world, they are left to be depressed or raised at the whim, caprice, or interest of a body of legislators. When this power is given, the power of fixing prices is inevitably included in it.

And said the great Ricardo in the House of Commons in the classical debate on resumption:

> One principle was clear, it was of the utmost importance in the consideration of this subject, it was this, that those who had the power of regulating the quantity of the circulating medium of the country, had the power of regulating the rate of exchanges, and the price of every commodity.

The scales were definitely tipped to the left over the center in 1933 and 1934 when our standard unit of value was taken from us completely and we were forced under the domination of irredeemable paper currency.

Dictatorship—totalitarianism—is not a man. It is a system, impossible in a money economy, inevitable under a moneyless economy.

These are the facts as I see them. I regard the situation as being grave, and that it demands our most prompt and earnest attention. In this critical hour, we should spare no effort to get our national finances under control with the view of eliminating every item of cost that can possibly be dispensed with, and when this is done provide for the raising of more revenue so as to work toward a balanced Budget.

The circumstances demand this. They also demand that the Congress act as promptly as possible to restore our Nation to the money economy. This must be done to break the vicious cycle we are now in. The emergency makes this imperative.

I am introducing a resolution asking the Speaker to appoint a committee to work toward this end.

TABLE A.—*Figures taken from 1939 Treasury Report*

Year	Population	Interest on Federal public debt	Total ordinary Federal receipts	Total ordinary Federal expenditures	Surplus (+) or deficit (−) of ordinary receipts covered into Treasury compared with expenditures charged against ordinary receipts	Federal debt	Per capita Federal ordinary receipts	Per capita Federal debt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*		
1916		$22,900	$782,534	$734,056	+$48,478	$1,225,145	$7.92	$11.96
1917		24,742	1,124,324	1,977,681	−853,356	2,975,618	11.37	28.57
1918		189,743	3,664,582	12,696,702	−9,033,253	12,243,628	37.06	115.65
1919		619,215	5,152,257	18,514,879	−13,370,637	25,482,034	52.12	240.09
1920	105,710	1,020,251	6,694,565	6,403,343	+212,475	24,297,918	63.33	228.32
1930	122,775	659,347	4,177,941	3,440,268	+183,789	16,185,308	34.02	131.49
1931		611,559	3,189,638	3,651,515	−901,959	16,801,485	25.04	135.37
1932		599,276	2,005,725	4,535,147	−2,942,051	19,487,009	15.74	155.93
1933		689,365	2,079,696	3,863,544	−2,245,452	22,538,672	16.32	179.21
1934		756,617	3,115,554	6,011,083	−3,255,393	27,053,085	24.45	213.65
1935		820,926	3,800,467	7,009,875	−3,782,966	28,701,167	29.75	225.07
1936		749,396	4,115,956	8,665,645	−4,952,928	33,545,384	32.23	261.20
1937		866,384	5,293,840	8,442,408	−3,252,539	36,427,091	41.55	281.82
1938		926,280	6,241,661	7,625,822	−1,449,625	37,167,487	48.95	285.43
1939		940,539	5,667,823	9,210,091	−3,600,514	40,445,417	44.49	308.34
1940	132,000	1,041,000	5,925,000	9,537,000	−3,741,249	42,967,531	44.88	325.53

TABLE B—EXHIBIT A.—*Financial statement of the U. S. Treasury, Aug. 31, 1940*

	As per daily statement	Adjustments	Revised
ASSETS			
Gold unencumbered	$272,864,561.32		$272,864,561.32
Silver unencumbered	25,164,713.91		25,164,713.91
Subsidiary silver coin	6,674,100.26		6,674,100.26
Silver bullion at recoinage value	1,664.00		1,664.00
Silver bullion at cost value	648,356,906.18		648,356,906.18
Minor coin	1,270,615.03		1,270,615.03
United States notes	1,838,548.00		1,838,548.00
Federal Reserve notes	12,458,467.50		12,458,467.50
Federal Reserve bank notes	575,355.00	$575,356.00	
National bank notes	512,821.00	512,821.00	
Unclassified collections	21,800,009.03	210,163.54	21,589,845.49
Depositaries:			
To credit of Treasurer of the United States	1,584,175,970.72		1,584,175,970.72
To credit of other Government officers	34,871,638.19		34,871,638.19
Total	2,610,565,371.14	1,298,340.54	2,609,267,030.60

TABLE B—EXHIBIT A.—*Financial statement of the U. S. Treasury, Aug. 31, 1940*—Continued

	As per daily statement	Adjustments	Revised
LIABILITIES			
Treasurer's checks outstanding	4,705,169.15		4,705,169.15
Post Office Department	4,547,522.06		4,547,522.06
Board of trustees, Postal Savings System	64,292,318.83		64,292,318.83
Postmasters, clerks of court, disbursing officers, etc	65,134,482.81		65,134,482.81
Uncollected items, exchanges, etc	18,224,308.18		18,224,308.18
Total	156,903,801.03		156,903,801.03
Balances	2,453,661,570.11	−1,298,340.54	2,452,363,229.57
Other liabilities not reported by Treasury (exhibit B)			1,544,587,944.92
General fund balance (revised)			907,775,284.65

EXHIBIT B.—*Statement of trust funds, etc., Aug. 31, 1940*

GENERAL FUND	
Assets: Transferred from exhibit A	$2,452,363,229.57
TRUST FUND, ETC.	
Liabilities:	
Trust funds	347,985,494.38
Special deposit accounts and other trust funds	140,917,454.22
Checking accounts of Government corporations and agencies	552,508,145.09
Matured public-debt securities and other public-debt items	222,998,303.05
Outstanding checks and interest coupon obligations	280,178,548.18
Total	1,544,587,944.92
Grand total	907,775,284.65

TABLE C.—*Member bank reserve balances, and related items—End of year 1918–39, and as of Aug. 21, 1940*

[In millions of dollars]

End of year or month	Reserve bank credit			Member bank reserve balances	
	Bills discounted	Bills bought	U. S. Government securities	Total	Excess
1918	1,766	287	239	1,636	51
1919	2,215	574	300	1,890	68
1920	2,687	260	287	1,781	
1921	1,144	145	234	1,753	99
1922	618	272	436	1,934	
1923	723	355	134	1,898	14
1924	320	387	540	2,220	59
1925	643	374	375	2,212	−44
1926	637	381	315	2,194	−56
1927	582	392	617	2,487	63
1928	1,056	489	228	2,389	−41
1929	632	392	511	2,355	−73
1930	251	364	729	2,471	96
1931	638	339	817	1,961	−33
1932	235	33	1,855	2,509	576
1933	98	133	2,437	2,729	859
1934	7	6	2,430	4,096	1,814
1935	5	5	2,431	5,587	2,844
1936	3	3	2,430	6,606	1,984
1937	10	1	2,564	7,027	1,212
1938	4	1	2,564	8,724	3,205
1939	8		2,489	11,493	5,046
Aug. 21, 1940	3		2,446	13,419	6,417

TABLE 1.—*Grants, payments, subsidies, etc., received by each State, cost to same, etc., from June 30, 1933, to June 30, 1939* [1]

State [2]	Cost to each State from June 30, 1933, to June 30, 1939	Grants, subsidies, etc., received by each State, 1933–39	Gain (+) or loss (−) in grants, subsidies, etc.	Per capita cost	Received per person	Per capita gain (+) or loss (−)
Arkansas	$51,863,359	$449,542,157	+$397,678,798	$25.6	$222.2	+$196.6
Mississippi	40,658,778	434,549,178	+393,890,400	20.2	216.4	+196.2
Iowa	210,708,725	543,815,031	+333,106,306	82.8	213.8	+131.0
Washington	241,251,233	564,290,314	+323,039,081	146.8	343.4	+196.6
Alabama	121,108,534	441,844,809	+320,736,275	42.2	154.2	+112.0

[1] Data from No. 9 report, Office Government Reports, and Consolidated State Report of Selected Federal Loans and Expenditures, and annual reports of the Secretary of the Treasury for years 1933–39, inclusive.

[2] We have assumed that each State will be charged for its share of the Federal debt, added during this period, in the same proportion as the taxes it has paid bear to the total Federal taxes paid during these years.

TABLE 1.—*Grants, payments, subsidies, etc., received by each State, cost to same, etc., from June 30, 1933, to June 30, 1939*—Con.

State	Cost to each State of the New Deal from June 30, 1933, to June 30, 1939	Grants, subsidies, etc., received by each State 1933–39	Gain (+) or loss (−) in grants, subsidies, etc.	Per capita cost	Received per person	Per capita gain (+) or loss (−)
Montana	$51,821,375	$371,528,936	+$319,707,561	$97.5	$699.6	+$602.1
Kansas	199,929,568	509,087,296	+309,157,728	106.0	269.9	+163.9
South Dakota	15,890,340	301,355,576	+285,465,236	22.9	435.4	+412.5
North Dakota	14,728,242	287,354,283	+272,626,041	20.9	408.7	+387.8
Nebraska	141,296,115	386,044,470	+244,748,355	103.5	283.0	+179.5
Arizona	27,924,980	250,385,834	+222,460,854	68.7	616.7	+548.0
Oregon	103,088,772	322,510,952	+219,422,180	101.3	317.1	+215.8
Tennessee	236,218,662	445,233,842	+209,015,180	82.4	155.4	+73.0
South Crolina	127,213,072	333,016,627	+205,803,555	68.3	179.0	+110.7
New Mexico	17,594,271	214,699,177	+197,104,906	41.6	508.7	+467.1
Georgia	279,101,772	474,255,105	+195,153,333	91.2	154.9	+63.7
Texas	967,386,234	1,154,640,812	+187,254,578	158.1	188.7	+30.6
West Virginia	159,083,475	334,580,871	+175,497,396	86.9	182.8	+95.9
Idaho	27,738,452	202,858,793	+175,120,341	57.1	418.2	+361.1
Louisiana	320,067,322	439,803,057	+119,735,735	150.8	207.2	+56.4
Colorado	241,248,275	359,694,946	+118,446,671	226.3	337.4	+111.1
Wyoming	21,242,492	134,893,601	+113,651,109	91.1	578.9	+487.8
Minnesota	559,142,095	668,415,115	+109,273,020	212.1	253.6	+41.5
Utah	59,622,631	168,244,166	+108,621,535	115.5	326.0	+210.5
Nevada	30,961,411	99,252,154	+68,290,743	309.6	992.5	+682.9
Oklahoma	500,049,626	558,906,628	+58,857,002	197.8	221.0	+23.2
Vermont	29,819,293	85,972,971	+56,153,678	78.4	226.2	+147.8
Maine	104,646,464	147,268,899	+42,622,435	122.6	172.6	+50.0
Florida	305,584,191	344,282,165	+38,697,974	186.1	209.6	+23.5
New Hampshire	63,005,137	84,798,304	+21,793,167	124.0	166.9	+42.9
Wisconsin	682,585,128	658,493,937	−24,091,191	234.7	226.4	−8.3
Rhode Island	222,295,540	109,228,964	−113,066,576	326.4	160.3	−166.1
Indiana	802,057,860	632,231,175	−169,826,685	231.8	182.7	−49.1
Missouri	1,012,148,210	805,930,224	−206,217,986	255.6	203.5	−52.1
Connecticut	606,524,844	240,287,381	−366,237,463	349.7	138.5	−211.2
Delaware	490,720,873	54,024,156	−436,696,717	1,894.6	208.5	−1,686.1
Maryland	753,016,362	287,290,527	−465,725,835	449.8	171.6	−278.2
Massachusetts	1,354,696,478	880,148,388	−474,548,090	306.1	198.9	−107.2
Kentucky	1,011,355,074	436,991,895	−574,363,179	350.8	151.5	−199.3
California	2,288,700,822	1,445,245,342	−843,455,480	377.7	238.5	−139.2
Ohio	2,240,373,926	1,380,074,712	−860,299,214	333.7	205.5	−128.2
New Jersey	1,574,397,289	691,203,797	−883,193,492	363.7	159.7	−204.0
Michigan	2,084,690,566	849,210,607	−1,235,479,959	435.8	177.5	−258.3
Virginia	1,643,694,289	405,629,113	−1,238,065,176	615.3	151.8	−463.5
Pennsylvania	3,357,164,781	1,743,456,390	−1,613,708,391	331.2	172.0	−159.2
Illinois	3,527,809,955	1,506,230,773	−2,021,579,182	231.8	182.7	−49.1
North Carolina	2,901,326,849	434,277,613	−2,467,049,236	839.2	125.6	−713.6
New York	8,673,202,594	2,491,408,838	−6,181,793,756	670.5	192.6	−477.9
Total	[3]40,496,756,336	26,164,489,901				

[3] This $40,496,756,336 does not represent the entire cost of the 6-year period. In the operation of the Treasury there are sources of income that cannot be credited directly to the various States. Also a study of the "Report submitted by the Secretary of the Treasury to the Senate of the United States pursuant to S. Res. 150" indicates that a true accounting and audit of the operations of the numerous agencies with which this report deals would show heavy losses. Eventually all costs must be borne by the States in proportion to the taxes they pay.

TABLE 3.—*Farm-benefit payments for years 1933–39* [1]

[Data from special report furnished by Department of Agriculture]

State	Farm-benefit payments received	Amount of Federal taxes and debt assumed for funds disbursed under the program	Excess of the amount received over the amount assumed in taxes and debt	Excess of the amount assumed in taxes and debt over the amount received
North Dakota	$117,349,000	$1,075,000	$116,274,000	
South Dakota	97,191,000	1,164,000	96,027,000	
New Mexico	16,226,000	1,284,000	14,942,000	
Wyoming	12,151,000	1,553,000	10,598,000	
Idaho	31,115,000	2,030,000	29,085,000	
Arizona	11,516,000	2,030,000	9,486,000	
Vermont	2,250,000	2,180,000	70,000	
Nevada	747,000	2,269,000		$1,522,000
Mississippi	104,012,000	2,986,000	101,026,000	
Montana	53,385,000	3,792,000	49,593,000	
Arkansas	96,810,000	3,702,000	93,108,000	
Utah	10,946,000	4,389,000	6,557,000	
New Hampshire	883,000	4,628,000		3,745,000
South Carolina	61,957,000	9,256,000	52,701,000	
Alabama	89,036,000	8,927,000	80,109,000	
Oregon	22,434,000	7,584,000	14,850,000	
Maine	4,284,000	7,703,000		3,419,000
Nebraska	135,810,000	10,390,000	125,420,000	
Kansas	186,872,000	14,720,000	172,152,000	
West Virginia	4,987,000	11,704,000		6,717,000
Iowa	242,504,000	15,526,000	226,978,000	
Delaware	2,358,000	36,157,000		33,799,000
Georgia	89,749,000	20,572,000	69,177,000	
Tennessee	58,584,000	17,407,000	41,177,000	
Washington	35,509,000	17,765,000	17,744,000	
Rhode Island	116,000	16,362,000		16,246,000
Louisiana	78,081,000	23,587,000	54,494,000	
Florida	11,348,000	22,512,000		11,164,000
Minnesota	101,408,000	41,203,000	60,205,000	
Colorado	43,695,000	17,765,000	25,930,000	
Oklahoma	127,929,000	36,844,000	91,085,000	

[1] Includes county association expenses (including committeemen), but not Federal administrative expenses. Figures supplied me by the Agricultural Department indicate county association expenses to be about 5.3 percent of the amounts disbursed.

TABLE 3.—*Farm-benefit payments for years 1933–39*—Continued

State	Farm-benefit payments received	Amount of Federal taxes and debt assumed for funds disbursed under the program	Excess of the amount received over the amount assumed in taxes and debt	Excess of the amount assumed in taxes and debt over the amount received
Connecticut	$4,054,000	$44,696,000		$40,642,000
Wisconsin	57,685,000	50,310,000	$7,375,000	
Maryland	9,210,000	55,236,000		46,026,000
Indiana	84,412,000	59,117,000	25,295,000	
Missouri	106,969,000	74,345,000	32,624,000	
Texas	362,259,000	71,299,000	290,960,000	
Kentucky	59,128,000	74,554,000		15,426,000
Massachusetts	2,998,000	99,723,000		96,725,000
New Jersey	3,421,000	115,846,000		112,425,000
Virginia	22,401,000	121,161,000		98,760,000
Michigan	38,243,000	153,467,000		115,224,000
Ohio	72,449,000	165,111,000		92,662,000
California	53,870,000	168,724,000		114,854,000
North Carolina	82,395,000	213,898,000		131,503,000
Illinois	146,654,000	260,057,000		113,403,000
Pennsylvania	16,629,000	247,487,000		230,858,000
New York	11,713,000	639,424,000		627,711,000
Total	2,985,732,000	2,983,521,000	1,915,042,000	1,912,831,000

TABLE 4.—*Farm benefit payments—percentage of farm benefit payments each State received of its farm land valuation*

State	Farm benefit payments 1933–39 [1]	Valuation of farm property (land and buildings) [2]	Percent of farm benefit payments of farm land value arranged in order of amounts
Mississippi	$104,011,881	$436,154,000	23.8
Arkansas	96,809,734	406,283,000	23.8
Louisiana	78,080,567	333,904,000	23.3
Alabama	89,035,641	411,305,000	21.6
South Carolina	61,956,620	329,580,000	18.7
Georgia	89,748,871	482,152,000	18.6
North Dakota	117,348,659	640,755,000	18.3
South Dakota	97,190,906	604,018,000	16.0
Oklahoma	127,928,716	851,924,000	15.0
Texas	362,258,620	2,721,676,000	13.3
Montana	53,384,782	404,804,000	13.1
Kansas	186,871,647	1,543,994,000	12.1
North Carolina	82,395,177	769,741,000	10.7
Missouri	106,969,473	1,091,598,000	9.7
Idaho	31,114,719	325,519,000	9.5
Tennessee	58,583,761	635,177,000	9.2
Nebraska	135,810,283	1,472,592,000	9.2
Colorado	43,695,090	475,459,000	9.0
Iowa	242,504,496	2,718,153,000	8.8
New Mexico	16,226,117	185,401,000	8.8
Arizona	11,516,416	136,821,000	8.4
Kentucky	59,128,198	761,084,000	7.7
Minnesota	101,408,063	1,425,938,000	7.0
Wyoming	12,150,894	177,702,000	6.7
Indiana	84,411,695	1,242,205,000	6.7
Utah	10,946,457	168,711,000	6.4
Washington	35,508,595	600,269,000	5.9
Illinois	146,653,665	2,598,435,000	5.6
Ohio	72,449,221	1,474,321,000	4.9
Oregon	22,434,159	495,732,000	4.5
Wisconsin	57,685,094	1,294,244,000	4.4
Michigan	38,243,049	918,012,000	4.1
Delaware	2,358,420	56,215,000	4.1
Florida	11,347,972	332,602,000	3.4
Maryland	9,209,577	268,191,000	3.4
Virginia	22,400,879	672,976,000	3.3
Maine	4,283,897	142,552,000	3.0
California	53,869,553	2,427,734,000	2.2
West Virginia	4,986,988	258,774,000	1.9
Vermont	2,249,738	114,933,000	1.7
Pennsylvania	16,629,186	925,476,000	1.7
Nevada	746,804	44,910,000	1.6
Connecticut	4,054,119	287,010,000	1.4
New Jersey	3,420,632	246,250,000	1.3
New Hampshire	882,814	68,819,000	1.2
Massachusetts	2,998,213	261,553,000	1.1
New York	11,713,103	1,071,627,000	1.0
Rhode Island	115,851	35,308,000	.3
Total, continental United States	2,985,730,000	35,335,773,000	

[1] Figures from Department of Agriculture, Feb. 17, 1940.
[2] Department of Commerce, June 10, 1939, Summary of Finances of State Governments, No. 20.

SUPPLEMENTAL REPORT ON H. R. 10098

Mr. LEA. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill H. R. 10098.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. LEA]?

There was no objection.

EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in reference to the subject No Third Term.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. VOORHIS of California asked and was given permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein decision of the Department of Justice regarding the deportation of certain aliens, so-called Czechoslovakians, who were employed, or supposed to be employed, as instructors in the Bata shoe plant at Belcamp, Md.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, a year ago last July, I believe it was, I brought publicly to the attention of the country the permission to enter granted by the Department of Labor of some 100 so-called instructors from Czechoslovakia, which was then under German domination, to be employed by the Bata Shoe Co. at Belcamp, Md. Some 89 workers actually came into the country.

Mr. Speaker, in my opinion the Department of Labor should not have allowed those people to enter the country in the beginning. After it did allow them to enter the country these workers did not live up to their promise, and they should have been deported immediately. I took this matter up with the Department of Labor and received at first some cooperation. Later I received a good deal of cooperation.

Mr. Speaker, at no time in the history of our country has communism, nazi-ism, and various other "isms" hostile to our form of government, so flourished as during the past 8 years. I am bringing to the attention of the House again the very objectionable activities of the Bata Shoe Co., and I call the attention of the Members of the House to the speeches I made on January 13, 1940; March 13, 1940; March 19, 1940; and September 4, 1940.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for an additional 2 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mr. RICH. Will the gentlewoman from Massachusetts yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. RICH. I want to congratulate the gentlewoman from Massachusetts in trying to prohibit the importation of labor that replaces American labor. I was sorry to see in the paper news items that the gentlewoman from Massachusetts was being threatened because she is trying to prohibit people from coming here to take the jobs of American labor. I hope the gentlewoman will have the same support by the American people in trying to protect them as she gave in trying to protect American labor.

Mrs. ROGERS of Massachusetts. I am very sure I shall have their protection. The Department of Justice has made a public statement in reference to the activities at Belcamp, and I understand that further statements may be made, which, I believe, will result in more protection.

I want to remind the House again that a year ago last October an effort was made to bring in an additional 500 so-called instructors, not only in the shoe industry, but in various other industries, such as glass, and so forth. I feared

at that time that permission for entry would be given. Finally after some work I was promised that they would not be allowed to enter this country.

Mr. Speaker, as a part of my remarks I would like to include an article by Mr. Drew Pearson and Mr. Robert Allen appearing in the Times-Herald of Friday, September 27, and I should like also to include as a part of my remarks a statement released from the United Shoe Workers of America, C. I. O., regarding General Jackson's action and opinion.

Mr. Speaker, I should also like to give great credit to Mr. Leo Goodman, of the C. I. O.—he is, I believe, its research director in Washington—for his work in trying to prevent the un-American activities at Belcamp, Md., from continuing. Mr. Goodman has backed up with affidavits every one of his statements. He has made a great contribution in protecting not only the labor of the United States but the people of the United States from nazi-ism and the various isms that are hostile to our form of government.

The SPEAKER. Without objection, the request of the gentlewoman from Massachusetts [Mrs. ROGERS] will be granted.

There was no objection.

The matter referred to follows:

[From the Washington (D. C.) Times-Herald]

BATA SHOE PLANT TIE-UP WITH HITLER BARED BY UNITED STATES—DEPORTATION OF 59 MARYLAND WORKERS REVEALS RESULTS OF SECRET PROBE

(By Drew Pearson and Robert S. Allen)

Attorney General Robert Jackson had plenty of grounds for his announcement yesterday that 59 alien workers and executives of the Bata Shoe Co.'s branch at Belcamp, Md., would be deported.

Jackson could have given newsmen a much more sensational story had he divulged the contents of the confidential report on the Czechoslovakian concern compiled by United States immigration agents. This document charges flatly that the Bata firm has a direct tie-up with the Nazi Government.

PERSONA GRATA AT BERLIN

"There is no definite evidence that the company or its affiliates in the United States are, at the present time, engaged in subversive activities here," the report states, "but there is considerable evidence indicating that Jan A. Bata (president) and his officials are persona grata with the German Government.

"Further, there is every reason to believe that the Bata organization in this country is a part of the Nazi economic plan for trade expansion and that the Bata Co. and its affiliates serve as a source of foreign exchange for Germany."

Bata at first opposed the Nazis after they invaded Czechoslovakia and seized his main plant at Zlin, the report states, but apparently had a change of heart later. It relates of a conference between Bata and the American consul general at Prague in which the shoe tycoon stated that conciliatory gestures had been made to him by the Nazis.

NAZIS FORGAVE BATA

Representatives of the German ministry of economics approached him, Bata told the American diplomat, and agreed to "condone" his anti-Nazi utterances prior to March 15, 1939, if he would return to Zlin and continue operation of the plant there.

He was offered a written guaranty of personal safety, signed by Herman Goering, but returned voluntarily. Bata further told the consul that it would be "extremely difficult" to make shoes at Zlin for the American market because of the high countervailing tariff imposed by the United States on imports from Germany or nations under its control.

Later, two representatives of the Bata Co., Dr. Joseph Lewinsky and Miroslav Schubert, visited the American Chargé de'Affaires at Berlin and urged the former United States-Czecho trade agreement be revived. They indicated that the German Government was willing to approach the United States Government to negotiate such an agreement.

FOREIGN STATUS PROVED

Jan Bata claims that his Belcamp, Md., plant is an American concern and not connected with the Nazi-controlled Zlin plant. In evidence to the contrary, the immigration report reveals:

"A Bata agent in Guatemala, claiming to be a representative of an American corporation, applied to the American legation for assistance this year when the Central American republic refused permission for Bata to open a factory there in competition with local industry.

"The request was submitted to the State and Commerce Departments in Washington, where it was held that although Bata was incorporated under the laws of New York, the company was not an American concern, but a subsidiary of a Czech organization, and, therefore, a foreign firm."

MYSTERY IN FOREIGN CASH

In this same connection, the report states that in the last 18 months Jan Bata and his affiliates have received approximately $2,500,000 from mysterious foreign sources, chiefly in Norway, Sweden, Switzerland, and Holland.

"There is nothing to indicate," the report states, "that any of this money came from Germany; however, if any funds were remitted through German agents, they naturally would be sent through a bank of a neutral country."

The Bata Co. received $572,000 in bank credits from abroad from February to August, 1940, and in the same period of last year the Belcamp, Md., plant sent over $288,000 to Zlin, indicating a close financial tie-up with the Nazi-dominated parent factory.

Ever since the Belcamp plant was established 18 months ago it has had a consistent running battle with American labor unions. Concerning Bata labor practices, the report declares:

"In most countries where the organization has established or tried to establish factories or stores there has been strenuous objection from labor, industry, and trade associations because of the Bata policy of cheap labor, speed-up production methods, and cut-rate competition."

Both the Wage and Hour Division and the Children's Bureau of the Labor Department have records of prosecutions against the company. On May 7, 1940, the company pleaded guilty in the United States District Court at Baltimore to a violation of the Wage and Hour Act and was fined $8,000.

WORKER REGIMENTATION

At the same time the company was ordered to pay back wages, totaling $8,090, to employees for its failure to comply with the minimum-wage and overtime compensation sections of the act. The Children's Bureau also entered an injunction against the firm last June, restraining the employment of children after it was found that Bata was employing 69 youths under 18, 5 of whom were under 16.

The Maryland factory is almost an exact replica of the parent one in Zlin. A high wire fence surrounds the property. Workers lead a semimilitary existence, arising at the same time each morning, eating the same food, engaging in the same recreations, and buying their necessities from company stores.

"FOREIGN TOWN" CHARGED

The feudalistic motif is carried out in the real-estate plan of the community. Workers live in matchbox bungalows, built by Bata, overlooked by a bluff on the "lace curtain" side of the town, on which are located the domiciles of company executives. Bata's house, a three-story dwelling with a solarium, is at the crest of the bluff, overlooking everything.

"It is generally believed by persons in the area that the company intends to make Belcamp a 'foreign town,'" the report says, "that it intends to exploit American labor, keep the workers under subjugation by paying them small wages and requiring them to buy from company stores and invest their money in a company bank.

"Investigators found that Bata hires only persons under 25 years of age and has a speed-up system that borders on slave driving. They said the company charges workers $30 a month for a four-room house which could be rented for less in the vicinity."

[Press release from United Shoe Workers of America, of the C. I. O., Washington, D. C.]

Upon hearing of Attorney General Jackson's action in refusing to extend the permits of the Bata Shoe Co. employees and executives James J. Mitchell, general secretary-treasurer of the C. I. O. shoe union said: "The United Shoe Workers have continued to point out the danger that this company's policies have been and are to the American shoe industry for over a year and a half.

"We are glad that the Department of Justice after a thorough check has confirmed our contentions and taken steps which will prevent this company from throwing the American shoe industry into chaos as they have done in every country in which they have been established.

"Shoe manufacturers as well as shoe workers throughout the country can now feel more confident that the industry and labor standards which they have developed will not be suddenly wiped out by the chiseling low-wage competition of this firm.

"The United Shoe Workers for over a year have contended that this firm which operated for the benefit of the Nazi economy, aids the continuation of Hitler's war.

"We congratulate the Attorney General and hope that his action today will bring an end to the antisocial policy of this company throughout the Western Hemisphere."

DEPARTMENT OF JUSTICE,
September 26, 1940.

Attorney General Robert H. Jackson today announced that the Department of Justice has denied the requests of 47 alien workers and 12 alien officers of the Bata Shoe Co., of Belcamp, Md., for renewal of their visitors' permits for an additional 12 months. Upon expiration of their present permits, the Attorney General said, all 59 aliens must leave the United States within a reasonable period or be deported.

The Department's action was based upon the recommendations of Maj. L. B. Schofield, Special Assistant to the Attorney General in charge of the Immigration and Naturalization Service, following a thorough investigation of applications for renewal of visitor's permits submitted by the Bata workers and officers. This investigation disclosed that 78 workers admitted as "instructors" for the Bata Shoe Co. plant at Belcamp under a blanket permit, dated June 7, 1939, were for the most part not engaged in the work for which they were admitted; that in requesting such blanket permit the Bata Shoe Co. misrepresented the character of the work to be performed by the alien employees and the methods of manufacture at the Belcamp plant; and that their employment, rather than of a temporary nature as specified in the application for admission, was actually permanent.

The blanket permit, issued on June 7, 1939, authorized the admission of not more than 100 aliens to train American workers in

the production methods of the Bata Shoe Co. In applying for this permit, the company represented the work to be done as of so unique a character that American workers could not act as instructors but must first themselves be instructed by aliens. The investigation disclosed, however, that with one possible exception, the manufacturing methods of the company were not unique and required little or no special training of the employees. It was further ascertained that the work done by a majority of the alien instructors was actually competitive in character and that there was nothing in the production methods of the company that made it impossible or impracticable for American workers to perform the work after a very short period of instruction.

For this reason, it was found that 8 of the 47 alien workers, who were actually engaged in instructing American workers at the time of the investigation, should have completed their instruction within the 12-month period of the permit and should leave the country at the expiration of that period or be deported. It was also found that the remaining 39 workers and 12 officers of the Bata company and affiliates were not bona fide visitors under terms of their permits and should also leave the country at expiration of the permit period or be deported.

The remaining 31 alien workers admitted under the June 7, 1939, blanket permit have not yet applied for extensions. Some have already left the United States; others are now preparing to leave or are subject to deportation. The permits of others have not expired.

All the aliens involved are natives of Czechoslovakia, with departures guaranteed by a bond for $10,000 furnished by the company.

BACKGROUND

On May 5, 1939, the Bata Shoe Co. applied for permission to import 100 Czechoslovakian citizens to act as instructors at a shoe-manufacturing plant to be erected at Belcamp, Md. Permission was sought under section 3 of the 1917 Immigration Act, which excludes contract labor but provides that skilled labor, if otherwise admissible, may be imported if similar workers cannot be obtained in this country.

The company alleged that the alien workers were necessary because of the unique features of the "Bata method" of shoe manufacture. This was held to involve use of the "conveyor" system, as opposed to the "rack" method of American factories, requiring substantially different training of workers; and use of Bata machinery, which, made abroad, could not be operated by American workers without instruction by trained Bata experts.

On June 7, 1939, the Commissioner of Immigration and Naturalization issued a formal order permitting blanket importation of not more than 100 such instructors.

This was followed by protests from a large number of labor organizations, particularly the United Shoe Workers of America, a C. I. O. affiliate, charging that (1) the permit had been obtained by misrepresentation of the "Bata method," and (2) the imported instructors were actually to be engaged in production work as craftsmen or foremen.

As a result of these protests, two investigations were made by the Immigration and Naturalization Service—on September 18, 1939, and on November 27, 1939. The first of these was inconclusive because only one small production unit of the Belcamp plant was then in operation.

However, the second and more extensive investigation, including interviews with most of the imported Czech instructors, resulted in these findings:

1. In addition to manufacturing ordinary shoes—the only operation specified in the Bata application—the company was also making a combination shoe with leather uppers and rubber soles, rubbers, rubber boots, and house slippers.

2. In all these operations, with a single exception, there was no essential difference between methods of the Bata Co. and those of American shoe factories, so far as the workmen themselves were concerned.

3. The "conveyor system," much emphasized by Bata in its application, was found to differ from ordinary American "rack method" of plant operation only in the manner of feeding material to the workmen. It in no way affected the actual labor performed in making shoes.

4. With the exception of a "pulling over" machine, there was no machinery in the Bata plant which skilled American shoe craftsmen could not immediately operate or could not teach others to operate. The "pulling over" machine was, in fact, mastered by American workers within a few days.

5. Only in the manufacture of the combination leather uppers-rubber soled shoes was there any unique operation. A vulcanizing system used in making these shoes might, it was found, require outside instruction before American workers could operate it, and this instruction could not be obtained from skilled American workers.

6. Of the 78 aliens imported under the blanket permit of June 7, 1939, not all were actually engaged in instructing the 700 American workers in this Bata method, and those so engaged did not spend all their time at instructing but also operated machinery or served as craftsmen, supervisors, inspectors, or foremen.

7. Some of the 78 imported instructors were actually engaged entirely in office or administrative work.

8. Officers of the Bata Co. or its affiliates who were admitted as temporary visitors under individual permits were employed on a permanent basis.

As a result of these findings, the investigators recommended that the company be permitted to retain 10 instructors for the vulcanizing process and for work on certain machinery, and that in all other respects the blanket permit of June 7, 1939, be revoked. They also recommended that 10 of 14 Bata executives admitted on individual permits be granted extensions until June 30, 1940.

These recommendations were embodied in an order by the Commissioner dated December 26, 1939, though effective date of the order was postponed until February 1, 1940, at the request of the company.

Briefs were then filed by the company and by the United Shoe Workers of America. The company admitted that 40 of the 78 alien instructors were actually engaged in management work, but contended this was vitally necessary. The Commissioner in consequence reclassified 15 of this group of 40 as administrative workers and on January 26, 1940, granted permission for a total of 25 of the 78 aliens to remain in Bata employ until the expiration of the permit. All others were notified on February 1, 1940, that if their employment were not immediately terminated deportation proceedings would be instituted.

The company thereupon brought suit in the United States District Court for the District of Columbia to restrain the revocation order on the ground it was arbitrary and illegal, and would cause irreparable injury to an investment of $1,800,000 in the Bata plant. Each of the aliens affected also claimed that loss of his job would result in irreparable injury.

On June 11, 1940, Judge Morris, of the district court, handed down an opinion upholding the Government's motion to dismiss the suit. The court held that the plaintiffs had adequate remedies at law either in deportation proceedings or in defense of criminal prosecutions.

In his decision announced today the Attorney General denied the requests of 47 alien instructors and 12 company executives for extension of their vistors' permits and ordered that they leave the country within a reasonable period or be deported.

The following are the alien instructors whose jobs were reclassified by the Commissioner on January 26, 1940, allowing them to remain in Bata employ until expiration of their visitors' permits on the dates shown below:

Alois Pikula, September 9; Joseph Hejmanck, August 17; Joseph Vachek, August 17; Ludvik Cerbec, August 11; John Dolezal, August 10; Joseph Hybner, August 10; Oldrich Klatil, August 10; Joseph Kolarik, August 10; Karl Novotny, August 10; Karel Ordau, August 10; Frank Smedek, August 10; Joseph Komarek, August 4; Alois Lata, July 6, 1940.

The following are the alien workers permitted, under the reclassification order of January 26, 1940, to continue as instructors in the vulcanizing process until expiration of their permits on the dates given below:

Hynek Zacek, September 9; Ladislav Zajic, September 9; Bozena Volcikova, August 28; Joseph Zboril, August 17; Joseph Fejfar, August 10; Frank Kovar, August 10; Stephanie Ondrova, August 10; Bozana Smigurova, August 10, 1940.

The following are the alien workers whose visitors' permits were revoked by the order of January 26, 1939, and who must leave the country within a reasonable time or be deported, regardless of the date of expiration of their original visitors' permits: Frank Polasek, Ladislav Vagner, Joseph Sevcik, Jerome Svec, Charles Dancak, Joseph Varek, Vladimir Javora, Francis Krizova, Vlasta Pavelkova, Bohumil Soupal, Julie Palarcikova, Francis Indrychova, Peter Biela, Charles Stastny, Jerome Svetlik, Hermina Husakova, Jerome Stefanik, Jerome Jurca, Antonin Javora, Karel Hlobil, Joseph Polasek, Frank Koncak, Lillian Svehlakova, Jerome Vasicek, Aneska Kocianova, and Anna Siskova.

The following are the executives of the Bata Shoe Co. or affiliates whose individual visitors' permits expired on June 30, 1940, and who must leave the country within a reasonable period or be deported: Gustav Blodig, Solomon Landesmann, Josef Polasek, Frantisek Ricica, Zikmund Skyba, Frantisek Smid, Karel Bara, Anton Ulehla, Robert Podzemny, Josef Cernovsky, Stepan Blaho, and Karel Aster.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I hope that constant reference will be made to the un-American activities of the Belcamp, Md., shop and any other shop in the United States that engages in such un-American activities, which are not only detrimental to the workers but to the very life of our country.

The United States, in my opinion, is in grave peril from subversive movements of that sort, and every human being in the country should work to the end that if there are aliens within our gates engaging in un-American activities they should be immediately deported. If, by chance, some of these people happen to be American citizens, something very drastic should be done to them. I am sure the House will join me in pushing this to its utmost conclusion. [Applause.]

EXTENSION OF CLASSIFIED EXECUTIVE CIVIL SERVICE OF THE UNITED STATES

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 960, extending the classified executive civil service of the United States, with

Senate amendments thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. RAMSPECK]?

Mr. MICHENER. Mr. Speaker, reserving the right to object, is that the bill that has caused so much discussion in the Senate?

Mr. RAMSPECK. It was under discussion for several days in the Senate and passed the Senate last Thursday.

Mr. MICHENER. I am familiar with the bill as it was when it was in the House. Have the Senate amendments done anything to remove any of the partisan part of the bill as it left the House? Have they attempted to make it more as a genuine civil-service bill should be?

Mr. RAMSPECK. My answer to the gentleman about that is that in my judgment it had no partisan matter in it when it left the House, and has none now.

Mr. MICHENER. I admire this about the gentleman: He is one of the outstanding and dependable Members of the House, and has always been frank about his civil-service bills. He has always admitted on the floor that the party in power would take advantage in enacting civil-service laws for its own benefit. I have seen the gentleman stand here, and heard him say that a bill did that, and he did not attempt to deny it. I believe that is true of this bill. It does seem to me, though, that where we are covering in 200,000 people or affecting 200,000 people who have been appointed within the last 7 years on political recommendations, there should be a competitive examination in order that all the eligible people in the country should be able to share in these jobs, regardless of their religion, their politics, or their hope for the future. These employees are paid out of taxpayers' money, and should be selected through genuine civil service. Covering these politically appointed employees into life jobs, without competitive examination, is not civil service.

Mr. RICH. Reserving the right to object, Mr. Speaker, we had Government employees to the number of about 560,000 in March 1933. On June 30 of this year we had over 1,066,000, and they have probably added 100,000 since then. No doubt we will have 1,300,000 by the end of the year. How long does the gentleman believe we can keep adding to the Government pay-roll employees by the hundred thousand and continue to keep this country from going into bankruptcy?

Mr. RAMSPECK. I am sure the gentleman from Pennsylvania knows as much about that as I do.

Mr. RICH. I know the country cannot go very long that way. Does not the gentleman believe we ought to try to stop it? We ought to put something in these civil-service bills prohibiting the Congress from establishing any more bureaus, and try to eliminate some of the Government employees. There will not be anyone back home shortly to do any work. They will all be down here in Washington.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. RAMSPECK, Mr. RANDOLPH, Mr. FRIES, Mrs. ROGERS of Massachusetts, and Mr. REES of Kansas.

ADJOURNMENT

Mr. RAMSPECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 2 minutes p. m.), under its previous order, the House adjourned until tomorrow, Tuesday, October 1, 1940, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of the rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1975. A letter from the Acting Secretary of the Interior, transmitting a draft of a proposed bill to authorize a preliminary examination and survey of certain rivers and their tributaries on the islands of St. Croix and St. Thomas, V. I., for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

1976. A letter from the Acting Secretary of the Navy, transmitting a report of the contracts awarded under the authority of the act of March 5, 1940 (Public, No. 426, 76th Cong., 3d sess.); to the Committee on Military Affairs.

1977. A letter from the Acting Comptroller General of the United States, transmitting a report and recommendation concerning the claim of Edgar H. Ingham, guardian of Margaret Marie Ingham, against the United States; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PATRICK: Committee on Interstate and Foreign Commerce. House Report No. 2878 (Pt. II). Supplemental report to accompany H. R. 10098. Referred to the Committee of the Whole House on the state of the Union.

Mr. LEWIS of Colorado: Committee on Rules. House Resolution 617. Resolution for the consideration of S. 3936, an act to extend the provisions of the act of May 22, 1934, known as the National Stolen Property Act; without amendment (Rept. No. 2991). Referred to the House Calendar.

Mr. YOUNGDAHL: Committee on Interstate and Foreign Commerce. H. R. 10518. A bill granting the consent of Congress to the department of highways and the county of Big Stone, State of Minnesota, to construct, maintain, and operate a free highway bridge across the Whetstone Diversion Channel at or near Ortonville, Minn.; without amendment (Rept. No. 2992). Referred to the House Calendar.

Mr. SCHAFER of Wisconsin: Committee on Indian Affairs. S. 3524. An act conferring jurisdiction on the Court of Claims to hear and determine the claims of the Choctaw Indians of the State of Mississippi; without amendment (Rept. No. 2996). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 10278. A bill to authorize the discontinuance of professional examinations for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps during time of war or emergency declared by Congress; without amendment (Rept. No. 2997). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. H. R. 10338. A bill to promote and strengthen the national defense by suspending enforcement of certain civil liabilities of persons serving in the Military and Naval Establishments, including the Coast Guard; without amendment (Rept. No. 3001). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee of conference on the disagreeing votes of the two Houses. H. R. 10413. A bill for taxation for national defense (Rept. No. 3002). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 5047. A bill for the relief of Charles R. Woods; with amendment (Rept. No. 2993). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 8679. A bill for the relief of the estate of Frank H. Lusse, deceased, of Frankfort, Ky.; with amendment (Rept. No. 2994). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 10285. A bill for the relief of Charles S. Ladinsky and Moe Kanner; with amendment (Rept. No. 2995). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee of conference on the disagreeing votes of the two Houses. S. 1160. An act for the relief of Roland Hanson, a minor, and Dr. E. A. Julien (Rept. No. 2998). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee of conference on the disagreeing votes of the two Houses. H. R. 3481. A bill for the relief of C. Z. Bush and D. W. Kennedy (Rept. No.

2999). Referred to the Committee of the Whole House on the state of the Union.

Mr. KENNEDY of Maryland: Committee of conference on the disagreeing votes of the two Houses. H. R. 4126. A bill for the relief of Warren Zimmerman (Rept. No. 3000). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HILL:

H. R. 10584. A bill for the development and conservation of the resources of the Pacific Northwest through the wide distribution of electric energy generated by certain Federal projects, for the improvement of navigation and the promotion of the national defense, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. MICHAEL J. KENNEDY:

H. R. 10585. A bill to amend the Selective Training and Service Act of 1940 with respect to the pay of persons who immediately prior to induction into the land or naval forces were receiving compensation from the United States, its Territories or possessions, or the District of Columbia; to the Committee on Military Affairs.

By Mr. LEAVY:

H. R. 10586. A bill for the development and conservation of the resources of the Pacific Northwest through the wide distribution of electric energy generated by certain Federal projects, for the improvement of navigation and the promotion of the national defense, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. McCORMACK:

H. R. 10587 (by request). A bill to amend the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their Assembly Joint Resolution No. 1, dated September 22, 1940, with reference to legislation for the control of predators; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHURCH:

H. R. 10588. A bill authorizing the naturalization of Joseph Mead, of Lake Forest, Ill.; to the Committee on Immigration and Naturalization.

By Mr. FITZPATRICK:

H. R. 10589. A bill for the relief of Dr. Albert Sondheimer, Margaret Sondheimer, Anna Rebecca and Eva Gabriele Sondheimer, Selma Sondheimer, and Augusta Sondheimer; to the Committee on Immigration and Naturalization.

By Mr. McANDREWS:

H. R. 10590. A bill authorizing the naturalization of Frank Thomas Fleura; to the Committee on Immigration and Naturalization.

By Mr. THOMASON:

H. R. 10591. A bill for the relief of Franklin G. Galpin; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9326. By Mr. CHIPERFIELD: Petition of approximately 500 citizens of Henry County, Ill., urging that no war materials be shipped to Japan; to the Committee on Foreign Affairs.

9327. By Mr. MARTIN J. KENNEDY: Petition of the International Photoengravers' Union of North America, in forty-first annual convention, urging appropriation of adequate funds to carry out investigation and enforcement of the Fair Labor Standards Act, the wage and hour law; to the Committee on Labor.

9328. By Mr. THOMASON: Petition of the citizens of Ward County, Tex., sponsored by the Rex Baird Post, No. 473, recommending a national policy that will provide for the quick and speedy tooling of industry and for the immediate coordination of the industrial resources for the production of war materials, approving selective draft of men and industry and capital in order to build adequate Army, Navy, and air forces, urging Congress pass such laws as are deemed necessary to properly combat the "fifth column" and curb the actions of any subversive moves or suggestions among actors of the screen as well as all other means and actions; to the Committee on Military Affairs.

9329. By Mr. VOORHIS of California: Petition of William T. Kerr, of Glendale, Calif., and 13 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9330. Also, petition of Christine Hufford, of Whitmore, Calif., and 17 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9331. Also, petition of Karl Liepold, of Atchison, Kans., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9332. Also, petition of W. M. Gamble, of Chicago, Ill., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9333. Also, petition of F. A. Billhimer, of Los Angeles, Calif., and 24 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9334. Also, petition of J. K. Calkins, of Tujunga., Calif., and 23 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9335. Also, petition of George H. Wernex, of Los Angeles, Calif., and 22 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9336. Also, petition of John P. Shefke, of Chicago, Ill., and 20 others, endorsing House bill 4931, providing for Government ownership of the stock of the 12 Federal Reserve banks and for the exercise by Congress of its constitutional monetary powers, requesting the Banking and Currency Committee to hold hearings on the said bill; to the Committee on Banking and Currency.

9337. By the SPEAKER: Petition of the Western Association of State Game and Fish Commissioners, at its twentieth annual conference, Seattle, Wash., urging consideration of their resolution with reference to the Western Federation of Wildlife Interests; to the Committee on Merchant Marine and Fisheries.